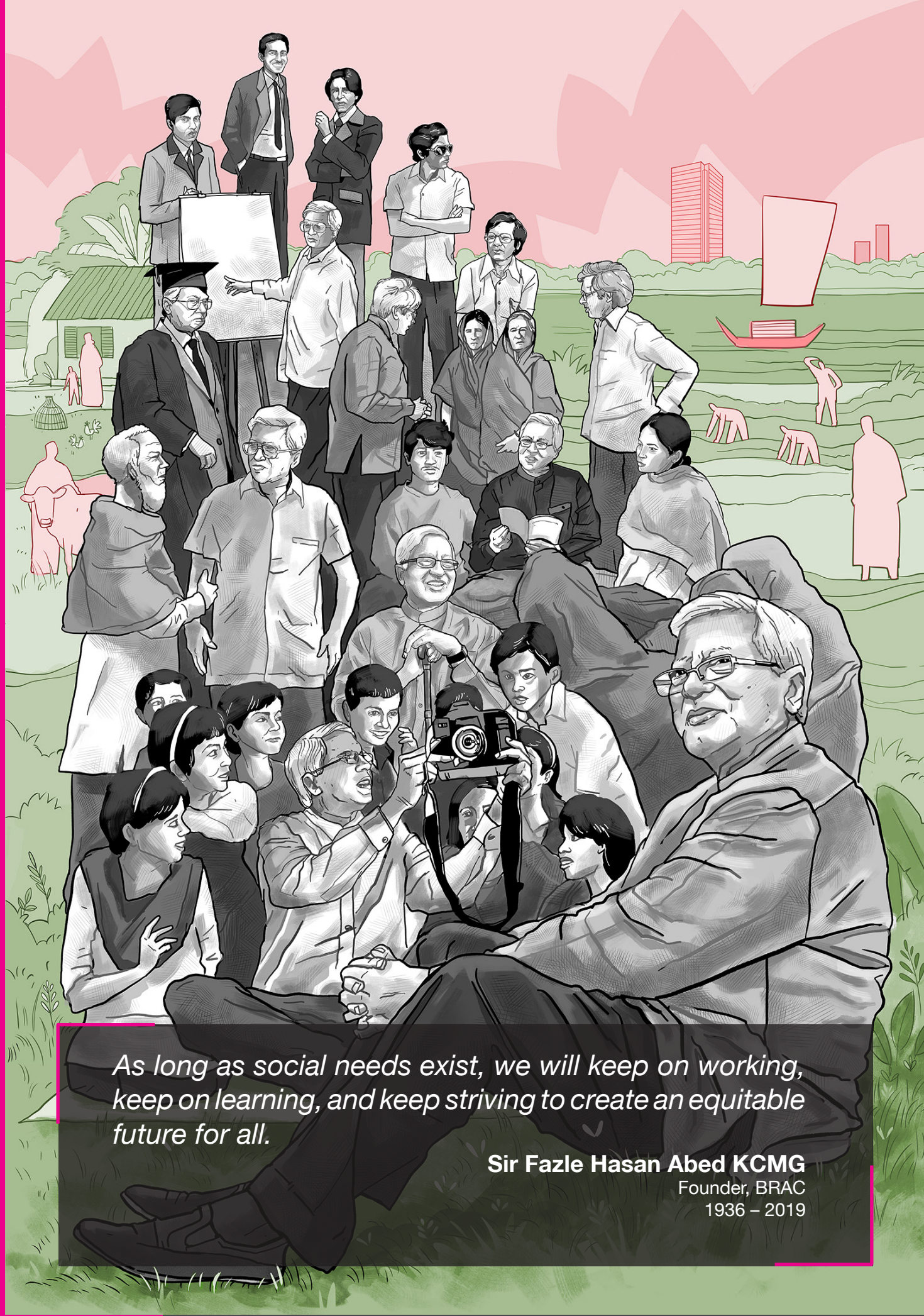




ANNUAL REPORT 2020

BRAC UGANDA





As long as social needs exist, we will keep on working, keep on learning, and keep striving to create an equitable future for all.

Sir Fazle Hasan Abed KCMG
Founder, BRAC
1936 – 2019

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LETTER FROM EXECUTIVE DIRECTOR

RESILIENCE IN TIMES OF CRISIS

As I write this letter, we continue to navigate through a global pandemic, climate crisis, social injustice, and more. While we began the year 2020 mourning the passing of our founder, Sir Fazle Hasan Abed, we turned that loss into renewed commitment by building on the vision he left behind for us. Sir Fazle said, “We must strive to continuously find solutions to emerging and re-emerging social challenges. We must reach out to those in need”. At BRAC, we feel proud to continue carrying the baton that he handed over to us.

2020 was a year full of challenges and transitions for BRAC International. The COVID-19 pandemic affected the health and wellbeing of millions of people worldwide; it led to drastic loss of human lives and pushed people back into poverty. Many were unable to feed themselves, and children, especially girls, missed out on crucial years of schooling. However, CY 2020 was also a year full of opportunity and learning, from which we were able to renew our commitment to pursue BRAC’s global strategic vision, reach out to the people we work with and give them the hope that BRAC stands with them in and in-between crises, while ensuring the safety and health of our own staff and their families.

The pandemic upended the lives of the people whom we work with in 10 countries across Asia and Africa; as of December 2020, a total of 963,847 people tested COVID-positive in the countries we operate. Our teams on the ground were able to reach over 49 million people across two continents by delivering services and support, using recommended infection control measures, case management support, and socio-economic recovery interventions. We carried out these programme activities by partnering with governments, community leaders, and local and international NGOs. In addition, our team developed innovative approaches for programming,



DR MUHAMMAD MUSA
Executive Director
BRAC International



As we build on our work and learning of 2020, and continue our programmatic interventions in 2021, we remain committed to working with communities to rebuild and emerge stronger than before. We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives

collaborating, and mobilising resources that included the co-creation of strategies and proposals with our funding partners. We pursued social impact and outcome-based approaches, as well as partnerships with multilateral organisations including the United Nations. We also focused on strengthening our organisation based on past learnings, starting with our safeguarding policies, as well as programme design and quality.

CY 2020 also afforded us the opportunity to redouble our efforts and develop innovative solutions to deliver services to our programme participants:

- Through our radio-based Play Lab model in Uganda and Tanzania, we reached over 18,763,540 parents and caregivers to help support their children learn from home.
- Our Microfinance programme provided services to 654,845 clients, 96% of whom are women, as of December 2020.
- Our Health programme provided basic healthcare services to 4,789,590 people in vulnerable situations in Asia and Africa.
- BRAC’s Early Childhood Development model, non-formal Education programme, and Youth Empowerment interventions supported the growth and development of more than 601,826 children and youths.
- Through our Agriculture, Food Security and Livelihood programme, we provided direct assistance to over 22,035 farmers and their families, who in turn shared their knowledge with a larger number of their neighbours and peer farmers.

With the goal of expanding our reach and impact to those living in poverty, inequality and injustice, we engaged in several global-level initiatives. Our participation in the Global Commission on Adaptation enabled BRAC International to take a stronger role in advancing Locally Led Adaptation and promoting more sustainable and community based resilience-building to address Climate Change and its consequences. We joined coalitions working for Early Childhood Development to advance policies and mobilise resources in favor of positive childhood promotion. We also became members of Humanitarian forums to support cutting-edge innovations, discuss global trends, and unveil ground-breaking solutions to improve the lives of millions in need.

As we build on our work and learning of 2020, and continue our programmatic interventions in 2021, we remain committed to working with communities to rebuild and emerge stronger than before. We believe that those living in poverty and inequality are not only resilient but that they are able to take control of their own lives.

I take this opportunity to express heartfelt gratitude to our staff members who worked hard during this difficult period and managed family and home-struggles while reaching out to millions of people. I also thank our Supervisory Board for its guidance and support throughout the year.

On behalf of BRAC International, I wholeheartedly thank our funding partners, government counterparts, affiliates, and key stakeholders for supporting us as we stand beside the world’s most vulnerable people.

We remain committed to building a more equitable and inclusive world.

MESSAGE FROM THE COUNTRY DIRECTOR

Like many organisations within the country and around the globe, BRAC Uganda faced an unprecedented challenge when COVID-19 landed at our doorstep. With the pandemic, a plethora of changes to how we live, work and conduct our businesses took centre stage.

Aligned to the BRAC International policies, the organisation took a stand that it saw necessary to maintain and sustain the staff in the face of this challenge and adversity. We neither laid off staff nor reduced their salaries. Our restructuring plan was focused on re-positioning for preparedness rather than cutting off the staff salary. BRAC Uganda also developed a business continuity plan. Quarantines and lockdowns became a way of life, forcing us to change the way we operate. Office staff, who were considered non-essential workers, began working from home while other country office staff (30-40) rose to the occasion. I greatly appreciate them for taking the challenge head on in the face of adversity. In-person meetings were severely constrained and replaced with collaboration tools (radio, leaflets, Zoom, and Google Meet) to boost the efficiency of virtual teams.

As a country office, we implemented several quick assessments to inform and develop our business continuity plan. The assessments examined the impact of the pandemic on household food security, livelihoods, and the coping strategy going forward. BRAC Uganda focused on supporting the government in implementing massive COVID-19 online training, sensitisation, and awareness sessions. We initially targeted our staff, the district stakeholders, and community health volunteers, directly reaching 14,750 direct programme participants and an additional 22 million with a light touch radio sensitisation. The highlight of this was the “Boda Boda Blitz”, which reached 2.2 million persons in the Wakiso district. Simultaneously, BRAC deepened our engagement with stakeholders with a view of making our footprint firmer at presidential, ministerial, national, and local district governments and the donors to support responses. The use of the One-BRAC model enabled us to continue the implementation. Digitisation helped deliver learning at home to scholars, while Boda Bodas were used to deliver essential drugs and health products to the community health promoters during the lockdown. Additionally, the 2,200 scholars received their stipends, household food rations, and seeds for agriculture.



GEORGE OWUOR

Country Director
BRAC Uganda

In 2020, we continued to improve our visibility, making moves that make news and thus establishing a strong image throughout the country while building staff capacity for sustainable implementation of development. Digitising payments through mobile money and distribution of Personal Protective Equipments to both staff and programme participants.

Even though we are already a year into the disruptions caused by the COVID-19 pandemic, the economic fallout reverberates in virtually all corners of the country. Although the impact continues to unfold, a few questions are put forward: Could BRAC Uganda have been better prepared? What lessons can be learned from this current state? Are there any opportunities that can be realised from this once-in-a-century global pandemic? Do the staff have the spine to bounce back from the shocks? My prayer is that we as a group as well as individuals will be better prepared than before.



ABOUT BRAC INTERNATIONAL

BRAC International operates in four countries in Asia (Afghanistan, Myanmar, Nepal, and the Philippines) and six countries in Africa (Liberia, Tanzania, Sierra Leone, Rwanda, South Sudan, and Uganda). Our interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realise their potential. In each of the countries BRAC International operates in, the entities are legally registered with relevant authorities in compliance with all applicable legal and regulatory requirements.

BRAC International Holdings B.V. was set up as a private limited liability company under the laws of the Netherlands and is a wholly-owned subsidiary of Stichting BRAC International. It is a socially responsible for profit organisation, engaging people in economic activities and creating sustainable income generating activities for themselves. It provides funding for social development programmes under Stichting BRAC International. The core focus of BRAC International Holdings

B.V. is to provide microfinance services to people who are financially constrained and marginalised, and people who do not have access to the financing facilities offered by banks and other non-bank financial institutions. Our social enterprise programme currently includes seed production and distribution in Uganda.

Our affiliates were founded in 2006 to raise our profile globally. They play a critical role in building awareness, developing new business plans, mobilising resources and maintaining effective partnership with institutional donors, foundations, NGOs, research organisations as well as the media. They collaborate with international counterparts to design and implement cost-effective and evidence-based poverty innovations worldwide.

BRAC USA is our North American affiliate based in New York.

BRAC UK is our UK-based affiliate in London.

BRAC ACROSS THE WORLD

UK
Initiated: 2006
An independent charity to raise profile and funds for BRAC globally

USA
Initiated: 2007
An independent charity to raise profile and funds for BRAC globally

SIERRA LEONE
Initiated: 2008
AFSL, YE, Health, EPRP, MF

RWANDA
Initiated: 2018
MF

LIBERIA
Initiated: 2008
AFSL, Education, YE, UPG, Health, MF

UGANDA
Initiated: 2006
AFSL, Education, ECD, YE, EPRP, Health, UPG-DI, MF

TANZANIA
Initiated: 2006
ECD, YE, WESOLVE, MF

SOUTH SUDAN
Initiated: 2007
AFSL

NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

AFGHANISTAN
Initiated: 2002
Education, Health, CCAP, CDP

BANGLADESH
Initiated: 1972
BEP, CC, CEP, GJD, HNPP, HRLS, IDP, MF, MG, SDP, SE, UDP, Uni, UPG, WASH, HCMP

PHILIPPINES
Initiated: 2012
Education, UPG

MYANMAR
Initiated: 2013
AFSL, EPRP, MF, FI

NEPAL
Initiated: 2015
YE, SDP, Health, AFSL

KENYA
Initiated: 2019
Africa Regional Office

AFSL: Agriculture, Food Security and Livelihood
BEP: BRAC Education Programme
CC: Climate Change
CCAP: Citizens' Charters Afghanistan Project
CEP: Community Empowerment Programme
CDP: Community Development Programme

ECD: Early Childhood Development
EPRP: Emergency Preparedness and Response Programme
FI: Financial Inclusion
GJD: Gender Justice and Diversity
HNPP: Health, Nutrition and Population Programme
HRLS: Human Resources and Legal Aid Services
HCMP: Humanitarian Crisis Management Programme

IDP: Integrated Development Programme
MG: Migration
MF: Microfinance
SE: Social Enterprises
SDP: Skills Development Programme
UDP: Urban Development Programme

Uni: University
WASH: Water, Sanitation and Hygiene
UPG: Ultra Poor Graduation
UPG-DI: Ultra Poor Graduation-Disability Inclusive
WE SOLVE: Women Entrepreneurship through Solar Value chain for Economic Development
YE: Youth Empowerment

BRAC INTERNATIONAL SAFEGUARDING ACHIEVEMENTS 2020

Safeguarding practices were initiated in BRAC from the very inception of the organisation. However, many of the practices were not formalised until 2019 when the organisation produced the overarching safeguarding policy and the five sub-set policies, namely:

- Child and Adolescent Protection policy
- Sexual Harassment Elimination policy
- Prevention of Workplace Bullying and Violence policy
- Adults with Special Needs policy
- Whistleblowing policy

In 2020, all these policies were adapted in the BRAC International (BI) countries considering the country context and law by review of the Country Management Team and vetting by a legal counsellor. The policies are now implemented in all the BI Country Offices, the Africa Regional Office in Kenya, and the Dhaka Office in Bangladesh. **All staff members have received training and orientation on safeguarding and the five sub-set policies, along with guidelines on the reporting and response mechanism of the organisation.**

All BI offices now have a committee, known as the Human Resource Compliance Committee (HRCC), in place to review and address the complaints received in an appropriate manner. With awareness raising in all countries on safeguarding, whistleblowing and the reporting mechanism, the number of complaints lodged in 2020 spiked to a number of 69 from only 5 in 2019.

STAFF TRAINING ON SAFEGUARDING IS AN ONGOING PROCESS. IT IS INCLUDED IN THE INDUCTION OF ANY NEW STAFF JOINING THE ORGANISATION. A NUMBER OF INITIATIVES WERE TAKEN TO MAINSTREAM SAFEGUARDING WITH OTHER KEY SYSTEMS OF THE ORGANISATION.



An online e-course was developed in 2020 when classroom training could not take place due to the COVID-19 pandemic.



A safeguarding checklist was developed for programme design, safeguarding indicators were developed to include in the Audit Charter.



Monitoring Mechanism and risk management framework, and a checklist was developed to assess safeguarding practices in different BI Countries.



Some of the BI countries have started safeguarding awareness building for their programme participants and informed them of the contact details to report any incident violating the safeguarding policy. The safeguarding clause is included in partnership agreements and partners are also oriented on safeguarding and sub-set policies, procedures, and the reporting mechanism.

Towards the end of 2020, BI reviewed the Sexual Harassment Elimination policy to incorporate the key elements of Protection of Sexual Exploitation and Abuse (PSEA). The revised policy was reviewed and vetted by UNICEF. The BI countries have also conducted a mapping exercise to locate service providers to support victims/survivors of safeguarding incidents.

Overall, a good attempt has been made to integrate safeguarding in various systems and processes within the organisation to contribute to building a safeguarding culture. However, a lot remains to be done and much more effort needs to be given in awareness building, incident reporting, case management, risk assessments, and capacity building. There are Safeguarding Focal Points in all the offices of BI who are working relentlessly to advocate and support safeguarding initiatives and ensure the safeguarding standards are met adequately.

BRAC INTERNATIONAL PROGRAMMES



Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.



Our **Early Childhood Development programme** is an investment towards breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6 year olds, with a low cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost effective local learning materials to children in marginalised communities.



The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.



Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.



Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.



The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.



Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.



With the help of **Microfinance**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard to reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

OUR GLOBAL REACH BY COUNTRY, 2020



3,705,095
people reached in
AFGHANISTAN



55,846
people reached in
LIBERIA



166,353
people reached in
MYANMAR



94
people reached in
NEPAL



6,776
people reached in
PHILIPPINES



7,196
people reached in
RWANDA



6,381,646
people reached in
SIERRA LEONE



2,650
people reached in
SOUTH SUDAN



691,008
people reached in
TANZANIA



2,552,510
people reached in
UGANDA

A TOTAL OF 7,251,344
PEOPLE REACHED IN
AFRICA AND ASIA IN 2020

Reporting period: January - December 2020

OUR REACH BY PROGRAMME AREA, 2020



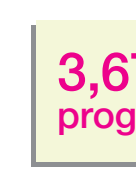
67,138 people reached through the **Education programme** in Afghanistan, Philippines, Uganda, Tanzania, and Liberia



22,035 people reached through the **Agriculture, Food Security and Livelihood programme** in Myanmar, South Sudan, Uganda, Liberia, and Sierra Leone



4,789,590 people reached through the **Health programme** in Afghanistan, Liberia, Uganda



3,672 people reached through the **Ultra-Poor Graduation programme** in Uganda and Liberia



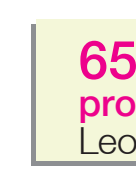
498,164 people reached through the **Early Childhood Development programme** in Tanzania and Uganda



36,524 people reached through the **Youth Empowerment programme** in Nepal, Tanzania, Uganda, Liberia, and Sierra Leone



6,176 people reached through the **Emergency Preparedness and Response programme** in Myanmar, Uganda, and Sierra Leone



654,845 borrowers reached through the **Microfinance programme** in Myanmar, Uganda, Liberia, Tanzania, Sierra Leone, and Rwanda

Reporting period: January - December 2020

KEY ACHIEVEMENTS IN 2020



Afghanistan

- **Over 11.5 million people were reached** across 14 targeted provinces of Afghanistan through programmatic interventions.
- **890 participants** were trained including 10 Community-based Girls School (CBGS) Master Trainers as a core team on Child Safeguarding.
- **2,066,519 people** were reached through the Citizens' Charter Afghanistan Project, **949,780 people** through the Health programme, and **69,435 participants** through the Education programme.

- **1,026 aqua-farmers were reached** through locally customised Nutrition Sensitive Aquaculture project.
- **486 persons with disabilities** (PWDs) were reached through the Financial Inclusion for PWDs Project.
- **140,285 people were reached** through Microfinance services.



Myanmar



Nepal

- BRAC Nepal launched the **disability-inclusive COVID-19 response** project, which will end in December 2020, with Handicap International and DEC Surkhet as partners.
- **94 young women** were trained as electrical technicians, with 56% of them now engaged as electricians in their communities.

- Provided technical assistance to DOLE and ADB to launch a graduation pilot that targeted **1,812 participants** in 29 barangays (villages) across five municipalities in Negros Occidental.
- **6,776 people** were reached through Education and Ultra-Poor Graduation programmatic interventions.



Philippines



Liberia

- **A total of 550,571 people's** lives were impacted through the direct provision of various social development services and indirect reach.
- **35,954 people were reached** through Microfinance services.



Sierra Leone

- Through the Youth Empowerment programme, **life-skills story books were translated into audio recordings** and aired on the Ministry of Education's daily radio shows.
- The Emergency Preparedness and Response Programme **expanded its activities to two new communities and schools**, and constructed water drainages which have helped greatly in reducing floods.
- The Agriculture, Food Security and Livelihood (AFSL) programme implemented two major projects and **reached a total number of 76,950 farmers**.
- **52,060 people were reached** through Microfinance services.

- The Emergency Food Security and Agriculture Project **targeted 1,400 flood-affected food insecure and displaced households** with **a total of 8,400 individuals**, and supported them with training and emergency supplies of vegetables and fish kits, seeds, farming tools, etc.



South Sudan



Tanzania

- The Early Childhood Development programme has **launched a radio show to provide young children with opportunities of early learning**, while parents and caregivers receive relevant information on children's health, nutrition, and child protection.
- **190,828 people were reached** through Microfinance services.

- **Reached more than 805,504 people** through the Health programme.
- **6,602 learners** from the Early Childhood Development programme accessed e-learning through SMS and community radio shows.
- **A total of 6,166 staff**, Community Health Workers, teachers, and volunteers received training on Psychosocial Support.
- **193,944 people were reached** through Microfinance services.



Uganda

COVID-19 KEY RESPONSE ACTIVITIES

AFGHANISTAN

- BRAC Afghanistan has reached a total of **11,552,637 people** directly in 14 provinces through the awareness raising and infection and prevention control activities.
- Under its dedicated COVID-19 hospital in Helmand province, BRAC Afghanistan is continuing to deliver the services and treatment to the patients with COVID-19 symptoms, including through **14 Rapid Response Teams** in the districts of the province, and has received and treated a total of 113 OPD patients.
- BRAC Afghanistan provided **helpline education support to the girls** of Girls Education Challenge-Transition (GEC-T) during the COVID-19 pandemic.

PHILIPPINES

- By the end of September 2020, BRAC Philippines **reached 100,072 individuals** through its independent COVID-19 response and recovery initiatives, including life-saving informational material distribution and awareness raising campaigns.
- BRAC Philippines introduced an **online platform** that includes COVID-19 awareness-raising response initiative.

MYANMAR

- COVID-19 awareness activities **reached approximately 900,000 people** in the regions BRAC Myanmar works in. BRAC trained over 150 staff on Humanitarian Principles and Humanitarian Skills; Disaster Risk Reduction and Climate Change Adaptation; and Disaster Risk Vulnerability Assessments.
- By the end of September 2020, BRAC Myanmar **reached 899,439 individuals** through its independent COVID-19 response and recovery initiatives, which included life-saving informational material distribution and awareness raising campaigns.

LIBERIA

- BRAC Liberia **reached a total of 1,664,370 people** across 10 counties while raising awareness on COVID-19. Which is 37% of the entire population (4.5 million).
- The country team, in partnership with government agencies including the line ministries, distributed **118,018 life-saving informational materials** to increase awareness on COVID-19 infection and prevention control.

NEPAL

- BRAC has been working with partners in Nepal to **develop and disseminate disability-inclusive messages** through SMS, radio, social media, and hotline.
- **Sanitary and hygiene kits** have been supplied at quarantine centers and municipalities, and support has been provided to make their relief guidelines and distributions more inclusive for persons with disabilities.

SIERRA LEONE

- BRAC Sierra Leone **reached over 608,187 people** through door-to-door initiatives, radio programmes, and SMS messaging.
- The Community Health Reach Project, aiming to support the government in the prevention, prompt detection, and effective response to the COVID-19 outbreak was implemented in 3 districts, reaching over **3 million people with life-saving messages and PPEs**.

SOUTH SUDAN

- BRAC South Sudan successfully completed its Emergency COVID-19 response plan funded by GAC, exceeding the majority of the targets. The project **reached more than 150,000 people** through awareness sessions, distributed 17,706 soaps/sanitizers, 33,870 IEC materials, 2,500 items of PPE and 4,000 hygiene kits and installed 300 handwashing stations.

TANZANIA

- BRAC Tanzania **reached over 3.9 million people** across the country, and distributed more than 215,537 life-saving informational materials to its programme participants.
- A **national child helpline** was set up to support the nurture and care of children especially those at risk during the pandemic.

UGANDA

- **Reached 42,729,036 people** at BRAC Uganda through COVID-19 awareness raising and infection prevention and control activities.
- **9,009 Community Health Workers (CHWs)** were provided with Personal Protection Equipment (PPE), such as hand sanitizers, face shields and masks.

BRAC INTERNATIONAL MICROFINANCE'S RESPONSE

MYANMAR, UGANDA, TANZANIA, RWANDA, SIERRA LEONE, LIBERIA

With the COVID-19 pandemic, our clients' inherent financial resilience has been severely tested. We are endeavoring to maintain it through additional support and providing the right financial tools to strengthen and multiply their resilience at the individual, household, and community level.

BRAC International Microfinance provided

immediate relief by offering payment holidays and continued to pay staff salaries with the goal of being ready for the recovery phase and to respond immediately once in-country operations recommenced. We encouraged economic recovery by rescheduling loans, refinancing existing clients, and providing recovery loans to new BRAC clients.

STICHTING BRAC INTERNATIONAL SUPERVISORY BOARD



IRENE KHAN

Chair

Irene Zubaida Khan is director general of the International Development Law Organization (IDLO). The first woman to hold this office, she took up her position on January 1, 2012.

An international thought leader on human rights, gender, and social justice issues, Ms Khan was secretary general of Amnesty International from 2001 to 2009. Prior to that, she worked for the UN High Commissioner for Refugees for 21 years at headquarters and in various field operations. She was visiting professor at the State University of New York Law School (Buffalo) in 2011.

Irene sits on the boards of several international human rights and development organisations. She is the recipient of numerous honorary degrees and prestigious awards, including the City of Sydney Peace Prize in 2006 for her work to end violence against women and girls. Her book, The Unheard Truth: Poverty and Human Rights, has been translated into seven languages.

Born in Bangladesh, Ms Khan studied law at the University of Manchester and Harvard Law School.



SYLVIA BORREN

Vice Chair

Sylvia Borren has worked all her life within and for civil society organisations, both professionally and as a volunteer.

She was part of the Dutch and global women's and sexual rights movements (COC, ILGA, IWC for a just and sustainable Palestinian-Israeli peace) and is now advisor to the UN Women National Committee Netherlands and ATRIA (Institute on gender equality

and women's history). Ms Borren was part of the anti-poverty movement (director of Oxfam Novib 1994-2008, and co-chair of the Global Call to Action against Poverty and EEN).

She was on two national governmental advisory commissions (for Youth Policy and the Advisory Council on International Affairs), co-chair of the Worldconnectors (a Dutch think tank), on the board of a large mental health institute (Altrecht), worked as an organisational consultant with De Beuk for many years, led the project Quality Educators for All with the trade union Education International, and continues to be a member of the Worldconnectors.

Ms Borren was recently director of Greenpeace Netherlands (2011-2016), part of the Forest Stewardship Council Netherlands, and is now on the advisory commission of Staatsbosbeheer, which manages nature reserves.

She is a freelance consultant at 'Working for Justice' and a senior adviser for Governance & Integrity.



PARVEEN MAHMUD FCA

Member

Parveen Mahmud, in her varied professional career has worked with social innovations, entrepreneurship, and sustainable development. Ms Mahmud started her career with BRAC, and has worked with international NGOs and development agencies. She was the deputy managing director of PKSF, Bangladesh's apex funding organisation for Microfinance Institutes. She is the founding managing director of Grameen Telecom Trust.

She was a partner in ACNABIN & Co, Chartered Accountants. She is the first female president of the Institute of Chartered Accountants of Bangladesh (ICAB), as well as the first female board member of the South Asian Federation of Accountants (SAFA), the apex accounting professional body of SAARC. She is the chairperson of CA Female Forum - Women in Leadership Committee, ICAB and is the vice chairperson of the Women in Leadership Committee of SAFA.

Ms Mahmud sits on numerous boards, including Stichting BRAC International, Apex Footwear Ltd, Grameenphone Ltd, Linde Bangladesh

Ltd, Manusher Jonnyo Foundation, Transparency International Bangladesh, and Centre for Policy Dialogue. She is the chairperson of UCEP Bangladesh, Shasha Foundation, and was chairperson of MIDAS, Shasha Denims Ltd, and Acid Survivors' Foundation. Ms Mahmud is also a member of the International Chamber of Commerce, Bangladesh. She was a member of the National Advisory Panel for SME Development of Bangladesh, founding board member of SME Foundation, and Convenor, SME Women's Forum.

Ms Mahmud is the recipient of Ananyinna Top Ten Women - 2018 Award, Women at Work - 2017 Award from Bangladesh Association of Software and Information Services, and Women of Inspiration Awards 2017 from the Bangladesh Organisation for Learning & Development. She received the Begum Rokeya Shining Personality Award 2006 for women's empowerment from Narikantha Foundation.



GREGORY CHEN

Member

Gregory Chen has worked on financial inclusion for 25 years, with most of his work spanning across South Asia. His work focuses on hands-on advisory and implementation with microfinance institutions and, for the past decade, with newer players in digital finance. This has included work with digital players like bKash, Wave Money and also development organisations including the Aga Khan Development Network, BRAC, and Dvara. His work has included deep technical engagements with more than a dozen financial sector regulators. He has also worked as a corporate banker at Bank of America and with the financial services consulting firm Enclude.

Mr Chen is a member of CGAP's management team and oversees CGAP's policy Engagement. He focuses on helping policy makers adapt to the rapid change in the world of financial services brought on by technology, and particularly to ensure that financial systems can responsibly reach the disadvantaged.

Mr Chen is a regular speaker on microfinance and digital finance at the Boulder Institute for Microfinance, BRAC University, Johns Hopkins, Tufts University, Yale University, and American University, among others. He has a master's degree in international development from Harvard Kennedy School and a bachelor's degree from Wesleyan University.



MARILOU VAN GOLSTEIN BROUWERS

Member

Marilou van Golstein Brouwers is a former chair of the Management Board and founder of Triodos Investment Management BV, a subsidiary of Triodos Bank.

Ms Brouwers is an international entrepreneurial impact investment banker, with more than 30 years of experience in values-driven business and banking, with immense expertise on impact investing.

She started working for Triodos Bank in 1990 and was involved in the founding of Triodos Investment Management, of which she became the managing director in 2003. She was the chair of the Management Board from January 2015 to December 2018.

Ms Brouwers is currently active in a variety of roles. Within Triodos Bank, she is a member of several boards and involved in the start-up of the Triodos Regenerative Money Centre. She is also a member of the Board of Directors of the Global Impact Investing Network and the Special Working Group on impact economy by the Global Steering Group for Impact Investment. She is chair of the Supervisory Board of B Lab Europe and the Supervisory Board of Qredits, The Netherlands, one of the Women Entrepreneurs Finance Initiative Leadership Champions.

Ms Brouwers has served on the board of directors of banks in Uganda, Kenya, Tanzania, Russia, Afghanistan and Pakistan. She was a member of the Group of Advisors for the United Nations Year of Microcredit in 2004 and 2005, of the Executive Committee of CCAP (2003-2008), the Board of Trustees of Women's World Banking (2003-2012), the Advisory Committee of the Mastercard Foundation Fund for Rural Prosperity (2014-2017) and the Advisory Council on International Affairs Committee for Development Cooperation in The Netherlands. She was chair of SBI Limited (2011-2013), the Steering Committee of the Principles for Responsible Investment / Principles for Investors in Inclusive Finance (2011-2013) and the Advisory Board of Women in Financial Services in The Netherlands (2011-2016). She was also treasurer of the Max Havelaar Foundation (2008-2015).

Ms Brouwers studied business and economics at Erasmus University in Rotterdam.



DR DEBAPRIYA BHATTACHARYA

Member

Dr Debapriya Bhattacharya, a macroeconomist and public policy analyst, is a Distinguished Fellow at the Centre for Policy Dialogue (CPD), Dhaka, where he was its first Executive Director. He was Bangladesh's Ambassador and Permanent Representative to WTO and UN Offices in Geneva and Vienna and former Special Advisor on LDCs to the Secretary General of UNCTAD. Earlier, he was a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

He studied in Dhaka, Moscow, and Oxford. Visiting positions held include Senior Fulbright Fellow at the Center for Global Development, Washington DC. He serves on the boards and working groups of various leading institutions and editorial boards of reputed journals including Oxford Development Studies. He was General Secretary of the Bangladesh Economic Association for three consecutive terms.

Dr Bhattacharya chairs the Southern Voice, a network of 50 think tanks from Africa, Asia, and Latin America, dedicated to following up and reviewing the implementation of the Sustainable Development Goals (SDGs). He led the pioneering multi-country studies on shaping the 2030 Agenda of the United Nations, data deficits of SDG monitoring, and early signals of SDG implementation in the developing countries. He also chairs LDC IV Monitor, an independent partnership of eight international organisations and academic institutions engaged in monitoring the outcome of the fourth United Nations Conference on the Least Developed Countries.

He serves as the Convenor of the Citizen's Platform for SDGs, Bangladesh – a platform of more than 100 NGOs and private sector bodies, seeking to contribute to the delivery of the SDGs at the country level.

He recently edited the volume Bangladesh's Graduation from the Least Developed Countries Group: Pitfalls and Promises, Routledge (2018); Southern Perspectives on the Post-2015 International Development Agenda, Routledge, London (2017); and was the team leader of the study Quest for Inclusive Transformation of Bangladesh: Who Not to be Left Behind (2017).



VICTORIA SEKITOLEKO

Member

Victoria Balyejusa Sekitoleko is a former Minister of Agriculture in the Ugandan government. She was a representative of the United Nations Food and Agriculture Organization (FAO) in China, Mongolia, and South Korea, and previously served as the FAO's representative in Ethiopia to the African Union and to the Economic Community for Africa.

Ms Sekitoleko is currently the chair of the governing board of the Uganda Agribusiness Alliance, which unites all those involved in the industry to optimise their ability to profitably and sustainably pursue the many global opportunities in the world's largest industry.

In 2010, Ms Sekitoleko founded the Uganda Community Cultural Centre which trades as Speakers Forum. This trains professionals to become skilled presenters and also supports community libraries.

Ms Sekitoleko was educated at Makerere University in Kampala, where she attained a BSc in Agriculture majoring in Farm Management and Extension.

GROUP FINANCE AND AUDIT COMMITTEE

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

- Parveen Mahmud FCA - Chair
- Dr Muhammad Musa - Member
- Syed Abdul Muntakim - Member Secretary
- Sylvia Borren - Member
- Hans Eskes - Member

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

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal audit function

STICHTING BRAC INTERNATIONAL MANAGEMENT AS OF JUNE, 2021

MANAGEMENT BOARD



DR MUHAMMAD MUSA

Executive Director



SHAMERAN ABED

Senior Director
Microfinance and Ultra-Poor Graduation



RUTH OKOWA

Director
Africa Region



SYED ABDUL MUNTAKIM

Director
Finance



MUNMUN SALMA CHOWDHURY

Director
Human Resources

DIRECTORS



NELLY ENWEREM-BROMSON
SENIOR DIRECTOR
Programme Development, Resource
Mobilisation and Learning (PRL)



SHAMERAN ABED
SENIOR DIRECTOR
Microfinance and Ultra-Poor Graduation



RUTH OKOWA
DIRECTOR
Africa Region



MUNMUN SALMA CHOWDHURY
DIRECTOR
Human Resources



SYED ABDUL MUNTAKIM
DIRECTOR
Finance



CASSANDRA NELSON
DIRECTOR
Communications and Outreach



SAJEDUL HASAN
DIRECTOR
Humanitarian Programme



SONIA WALLMAN
DIRECTOR
Grant Management, PRL



NANDA DULAL SAHA
DIRECTOR
Internal Audit



AFM SHAHIDUR RAHMAN
DIRECTOR
Programme Development
Asia, PRL



MD LIAKATH ALI
DIRECTOR
Climate Change

BRAC UGANDA MANAGEMENT

Dr. George Matete
Francis Tabu
Jane Kyokusiima
Nazim Uddin Khlalifa
George Mukisa
Ritah Naisanga
Nazia Sharmin
December Walter Anywar
Kalunda Alfred
Dr. Inshallah Franco
Eliud Maranga

Country Director
Head of Programmes
Head of Strategy
Head of Finance
Head of Audit
Head of Human Resource
Programme Manager
Manager Administration
Programme Manager
Programme Manager

Education and Youth
Monitoring and Evaluation
Procurement and Logistics
Health
Ultra-Poor Graduation

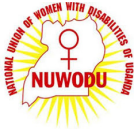
BRAC UGANDA DEVELOPMENT PARTNERS








































PROGRAMMES IN BRAC UGANDA

EDUCATION

Education has been identified as a critical component for driving social growth, economic development, and transformation after the political independence of Uganda. 80% of Uganda’s school-age children live in rural areas with underdeveloped infrastructure for education. As the pandemic continues, education in more impoverished rural areas is hit the hardest due to underlying disparities. Innovative solutions are needed to support this sector and ensure the continued education of rural populations.

OUR APPROACH

BRAC Uganda operates two programmes in the education sector - The Mastercard Foundation Scholars’ programme and the Early Childhood Development programme. With support from Mastercard Foundation, BRAC Uganda does enrolment and placement of scholars in the top 100 best schools of the country with good facilities that enable conducive learning with access to educational materials that promote quality education and holistic development of our scholars. We promote gender equality by providing an enabling environment and competitive criteria to ensure at least 60% enrolment of girls.

Our ECD programme implements play models through parenting and centre-based programme for 3-8 years old children. In this approach, children, parents, and play leaders are engaged in learning through play activities with funding support from the Lego Foundation, Yodan Foundation, ELMA Foundation, and NORAD. In 2020, BRAC piloted a number of innovative remote learning approaches to support children’s education during the pandemic wave, which caused long-term closure of schools in Uganda.

MOVING FORWARD

With the graduation of the last cohort of the MCF Scholars’ programme and the impending project closure, the programme will undertake an end-line evaluation to document the programme impact. Focus will also be diverted to supporting the transition of the recently graduated cohort of scholars to the tertiary level. We aim to expand our ECD programme to help more children through home-based learning during the pandemic, and 10 Humanitarian Play Labs are set to be piloted in 2021 in the refugee context of the West Nile region.



SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS



A YOUNG GIRL’S PIONEERING VISION TO HELP HER COMMUNITY

Bridget Natukunda is a budding entrepreneur in her first year at Kyambogo university pursuing a bachelor’s degree in Human Nutrition and dietetics. She graduated from Gayaza High School in 2019 under the Mastercard Foundation Scholars’ programme.

Bridget’s passion for agriculture was the primary driving force when it came to community service and giving back. She wanted to do something in agriculture that would enable her to earn money as well as benefit her community. While she was attending a biology class at Kabanyoro Agricultural Research Centre, she got the idea of rearing earthworms. After gathering enough information about the work and materials required, Bridget kicked off the project towards the end of 2018.

After setting up her project, she went door to door and distributed posters inviting anyone interested in learning about how earthworms can be used to produce organic fertilisers. Many people joined her training and learned to rear earthworms, obtain their urine and add value to it through making organic fertilisers and pesticides. Seeing the success of her project, Bridget feels confident about her capability to leave an impact on her community. “I am grateful to BRAC Uganda and the Mastercard Foundation for exposing me to such learning opportunities. I want to expand and make the production of organic fertiliser and pesticides more profitable,” said Bridget, optimistic about the future.

PROGRAMME HIGHLIGHTS

6,602 children enrolled into pre-primary/ ECD play labs

194 stakeholders reached through call centres

Launch of an E-learning platform for secondary students with preloaded learning materials

Distribution of tablets to **2126** scholars to facilitate E-learning

Distribution of seeds to **2126** scholars’ households to ensure food security and improved livelihoods during the pandemic

Reached **350,000** listeners on an average through **50** radio episodes

15,622 children (6602 direct learners and 9020 indirect learners), 12617 parents (6602 direct participants and 9020 indirect participants), 191 play leaders and teachers have been reached with 115 SMS activities developed for 3-8 years children

185 play leaders and teachers and **11048** parents were reached through **312** psychosocial training

Food package to **1,136** parents during lockdown

EMPOWERMENT AND LIVELIHOOD FOR ADOLESCENTS

Uganda has the world’s youngest population, with about 78% of its population below the age of 30. The country also has one of the highest youth unemployment rates in Sub-Saharan Africa as these youths are not engaged in education, employment, or any training. Many adolescent girls are survivors of rape, sexual assault, and experience early pregnancy. Rural adolescent girls face additional challenges due to gendered social norms that reinforce harmful practices such as early and forced marriage.

OUR APPROACH

BRAC Uganda’s Empowerment and Livelihood for Adolescents (ELA) programme aims to impact results in delayed pregnancy, delayed marriage, healthier relationships, improved enabling environment, and increased income opportunities for adolescent girls and young women. BRAC’s ELA programme offers tens of thousands of adolescent girls an opportunity for a better life through safe spaces, mentorship, life skills lessons, sexual reproductive health, and livelihood training. ELA programme’s safe spaces, also known as ELA clubs, focus on girls who have dropped out of school or may be at risk of early pregnancy, forced marriages, and gender-based violence.

ELA’s unique approach combines sexual and reproductive health education, livelihood training, and financial literacy training has been proven to be effective in helping girls to realise their full potential. Backed by the Randomised Control Trial (RCT), the programme has successfully empowered girls to reduce teenage pregnancy by 34%, delayed marriage by 62%, eliminated gender based violence by 25%, and promoted birth control among adolescents and young women as well as increased income generation.

BRAC Uganda ELA programme promotes the involvement of the stakeholders through community dialogues with parents, leaders, and other stakeholders.

MOVING FORWARD

BRAC’s RCT on ELA Uganda has proven its significant spillover effect on the communities. Our primary aim for scaling up is to create integration between ELA and other programmes at BRAC Uganda. The scale up of the ELA programme would uphold a cost-effective programme implementation model that is sustainable and challenges social norms, promotes gender equity, and eliminates gender based violence through SRH.



A DESPAIRED TEENAGE MOTHER BECOMES A SUCCESSFUL BUSINESS OWNER

Hajara Kawara, a young single mother without any formal education, now owns a firm business on which she stands. She was one of the 50 programme participants of the apprenticeship training conducted by BRAC Uganda under the EELAY project.

After her mother’s death, Hajara was left with barely any money, so school was never an option for her. When she was only 17, she started working as a housemaid, where her employer sexually assaulted her. As she was dealing with the trauma of the assault, Hajara soon discovered she was pregnant. The circumstances steered her towards a world of deep despair and sadness until one day, a friend told her about an organisation named BRAC training young girls like herself and equipping them with skills to improve their lives.

Hajara was educated on multiple topics such as reproductive health, family planning, and financial literacy for six months. She also received hands-on training on knitting. After the training was over, BRAC provided her with a startup kit that includes a knitting machine. Hajara distinctly remembers that as the happiest day of her life. With the help of the kit, she has built a successful knitting business that is doing well even amidst the pandemic. Hajara, whose life was once in a cloud of uncertainty, proudly says now, “I can support myself and my child all on my own. Thanks to BRAC, My life is so much better than it was before.”

PROGRAMME HIGHLIGHTS

553 clubs in 29 districts of Uganda

10,214 adolescent girls and boys registered in ELA clubs

18,749 mothers/ parents of club members trained

EMERGENCY PREPAREDNESS AND RESPONSE PROGRAMME

Uganda is one of the largest refugee-hosting nations in the world, with over 1,400,000 (as of February 2020). The vast influx of refugees is due to several factors in Uganda’s neighbouring countries, especially war and violence in South Sudan and the Democratic Republic of Congo (DRC) and associated economic crisis and political instability. Additionally, localised flooding and landslides occur throughout Uganda, particularly during the rainy seasons. Uganda is also an earthquake zone.

OUR APPROACH

BRAC Emergency Preparedness and Response Programme (EPRP) in Uganda provides a model for strengthening local emergency response capacities by collaborating with national and regional governments, non-governmental organisations, community members, local authorities, and academic institutions to conduct training programmes and simulation exercises on emergency preparedness. We aim to build disaster preparedness and emergency response capabilities of local actors, vulnerable communities, institutions, and BRAC country programmes in the Kiryandongo and Arua districts.

The EPRP programme supports government resilience strategy for refugees and host communities, based on the ReHoPE framework and in line with Uganda’s second National Development Plan (NDP) as well as the Settlement Transformative Agenda, that strengthen the resilience of refugees and host community members to cope with and recover from the impact of the large influx of refugees.

EPRP currently implements financial inclusion for the Refugees Project and provides financial inclusion by strengthening their livelihood resilience through multiple business skills training, life skills, savings and credit management, entrepreneurship, and start-up business enterprises. We also installed hand-washing facilities to reduce the spread of COVID-19 in the refugees and host communities.

MOVING FORWARD

BRAC Uganda will expand the programme to provide psychosocial support to COVID-19 survivors. We will continue delivering soap and sanitation and financial inclusion supports to the most vulnerable communities. Through all our interventions, we want to ensure women have control over the decisions that affect their lives during this crisis. We plan to improve our engagement with donor agencies to help support the affected populations in Uganda

SUSTAINABLE
DEVELOPMENT

GOALS

1 NO
POVERTY

10 REDUCED
INEQUALITIES

17 PARTNERSHIPS
FOR THE GOALS



PROGRAMME HIGHLIGHTS

- 104 community volunteers in 2 schools and community volunteer groups
- 235 students trained in disaster preparedness, first aid, and search and rescue
- 83 teachers and education department officials trained in disaster preparedness, first aid, and search and rescue
- 726 community members and volunteers trained in disaster preparedness, first aid, search and rescue, and simulation
- 250 community volunteers, students, and district officials trained in Ebola prevention
- 120 BRAC staff trained in disaster preparedness, first aid, and search and rescue
- 125 Village and Saving Groups Association VSLA in Rhino and Kiryandongo has access to financial services

Strengthened capacity and preparedness of 2 schools, 2 communities, and 2 local governments

BUILDING A RESILIENT ENVIRONMENT TOGETHER

Steven Gai is a South Sudanese refugee who has been living in Uganda since 2013. He is a community leader and Refugee Welfare Council secretary for disability in Rhino, Arua.

Steven’s journey from war-torn South Sudan was not an easy one. He faced myriads of struggle on the way to where he is now. These hardships made him more compassionate about his community and the environment. As an RWC secretary for disability, he helps the community with sensitisation and welfare and gives a voice to people with disabilities. With the help of BRAC’s training, he also helps to resolve conflicts among the youth and keep peace in the community.

Steven’s town faces frequent shortages of rain and strong winds that can damage their crops and houses. The disaster preparedness training from BRAC has made him understand the necessity of protecting the environment. He is now encouraging the community’s youth to be aware of the environmental needs and participate in tree plantations. “Before BRAC’s intervention, we were very vulnerable to disasters such as windstorms and fires. Now we have been able to build resilience and improve everyone’s capacity to withstand disasters across the whole community,” states Steven.

HEALTH

One of the biggest challenges for Uganda is inadequate healthcare centres and resources. There is only one doctor for every 8,300 Ugandans. With 70% of doctors practising in urban areas, where only 20% of the population lives, the coverage in rural areas is much worse: one doctor for every 22,000 people. The lack of medicines and equipment is evident with long waiting times, negative attitudes, and inadequate referrals.

OUR APPROACH

BRAC Uganda’s Health programme supports Uganda’s Ministry of Health (MoH) to implement essential maternal and child health care services through more than 4,500 private volunteers, known as ‘Community Health Promoters’ (CHPs). The CHPs provide access to essential health products, promotive, basic curative, and preventive health services and provide critical referral linkage to government health facilities.

BRAC Uganda delivers its health programme through implementing projects that address infectious diseases, health systems strengthening, and non-communicable disease prevention. We implement all our maternal and child health interventions with a digital mobile application that allows the CHPs to deliver the essential services accurately and report real-time data that supports timely and informed decision-making from community levels to the national level.

MOVING FORWARD

Our focus is to strengthen partnerships with the central government, district local governments, ministries, and other stakeholders. We will continue to contribute to the government’s efforts in combating COVID-19. Ensuring the provision of essential services for pregnant women and children under five and scaling up the digitisation process will be one of our major priorities.



YOUNG HEALTH PROFESSIONALS IMPROVING THEIR PEERS’ WELLBEING

Evelyn Nakimera is a 24 years old Young Community Health Promoter (YCHP) of Mabanda village. She was chosen by the Local Council and trained by BRAC in February 2020 to become a youth community health promoter in charge of educating young women and girls about family planning.

However, her work was not that easy in the beginning. “Before this project, these family planning services were inaccessible to the youth in this community. After I was trained, I started moving out to the communities to try and sensitise people about family planning, but they were very unwelcoming,” she says. The parents were not keen on the idea of teaching their children about family planning as social norms stigmatised it as immoral.

With time, Evelyn eventually was able to convince them that this was the right way to go. It has been smooth sailing for her since then. “Initially, I wanted nothing to do with it. But now I get an injection every three months, and so far I have not had any issues at all,” said Hamidah Jamada, a 23 years old mother who benefited from the programme. “Evelyn (YCHP) does not ask us for any money. She extensively explains our options and then administers the contraceptive depending on what we have chosen without charging us a single penny,” she added. As Evelyn is a member of their own community, they are more comfortable coming to her with their problems than going to a distant hospital that requires spending a lot of time and money. The number of early and unwanted pregnancies in Mabanda has declined significantly with the efforts of YCHPs like Evelyn.

PROGRAMME HIGHLIGHTS

In 2020, we were able to reach over **2,300,493** populations including 97,298 pregnant women and 1,149,169 children under five.

We treated **580,721** children under 5 for malaria, pneumonia, and diarrhoea.

We have supported the government of Uganda to respond holistically to the COVID-19 pandemic through sensitisation of over **22 million** Ugandans

Provision of handwashing soap, training of government workers in **75** districts on Integrated Diseases Surveillance and Response and Psychosocial Support.

DISABILITY INCLUSIVE GRADUATION

In Uganda, an estimated 12% of the population has a disability (UBOS, 2016). Because Uganda’s economy is dominated by subsistence farming, people with disabilities have fewer employment options (Inclusion Works consortium, 2019). Under-investment in disability inclusive development, a lack of rigorous evidence on the extent of the challenge, and weak capacity and accountability of development actors are stymying progress in eliminating poverty.

OUR APPROACH

The Disability Inclusive Graduation (DIG) project is designed to ensure the four pillars - Social Protection, Livelihood Promotion, Financial Inclusion, and Social Empowerment -are adapted to ensure inclusion for persons with disabilities. Over a period of 24 months, the project aims to help project participant households increase their income, improve their health and nutritional status, improve their saving behaviour, and support life and financial skills. Participants are further guided and empowered with skills and knowledge to make appropriate market linkage choices to ensure sustainable profitability of income-generating activities they are involved in.

To ensure participants with disabilities actively participate in all the DIG project activities on an equal basis with others, they receive a retinue of rehabilitation services (physiotherapy, occupation therapy, and psychosocial support), home and work premise adaptation, and assistive aids to enhance functional autonomy. Furthermore, their social capital is strengthened through social integration in the target district, which includes participation in decision making in the households and communal activities such as in the inclusive VSLA and VPRC.

MOVING FORWARD

In 2021, the programme envisions enrolling all 2700 project participants and integrate all four graduation pillars into project operations at the household level. We will form all 150 VSLA groups and 200 VPRC groups to foster a savings culture in ultra-poor households. These activities will provide them with the opportunity to build social capital, linkages for healthcare and markets, as well as access to government programmes and other social safety net services.



PROGRAMME HIGHLIGHTS

720 households (563 females, 29 males, and 128 (64 females, 64 male) persons with disabilities) received enterprise management, life skills, and financial literacy training

240 (195 females, 09 males, and 36 persons with disabilities) participants received VSLA training, and 10 VSLA groups were formed

720 households (563 females, 29 males, and **128** (64 females, 64 male) persons with disabilities) were supported to construct livestock shelters, where appropriate, and then receive livelihood assets transferred at the household levels

2,671 goats, **12** cattle, **614** poultry birds, **18** piglets, **17** ducks, and **4** turkeys were distributed.

108 persons with disabilities were selected to get various assistive technologies to improve their functional autonomy and independence. Support.

THE BEGINNING OF A BETTER TOMORROW

Atala Ambrose, 24 years old, is a person with multiple disabilities in Atur village. He lives with his wife and his toddler child.

As a person who no one believed in his community, life before the interventions of the BRAC DIG project is too painful for him to remember. He has attended the VSLA, financial literacy training, asset management, and life skills training, which all have positively impacted his life and that of his family. The training made him realise that his disability and poverty do not define him. He, too, had the capability to save using his financial literacy and life skills.

Alongside the training, Ambrose has received four goats and five chickens. He plans to put all his efforts into becoming a livestock owner in Atur village. Ambrose finally feels a sense of belonging to the community. He is motivated to catch up with his mates who left him behind and ensure all his children go to school. “The training changed our mindset about how to make a living. My family and I are grateful to BRAC for showing us the pathway to a better future,” says Ambrose.

PROGRAMME LOCATIONS, BRAC UGANDA



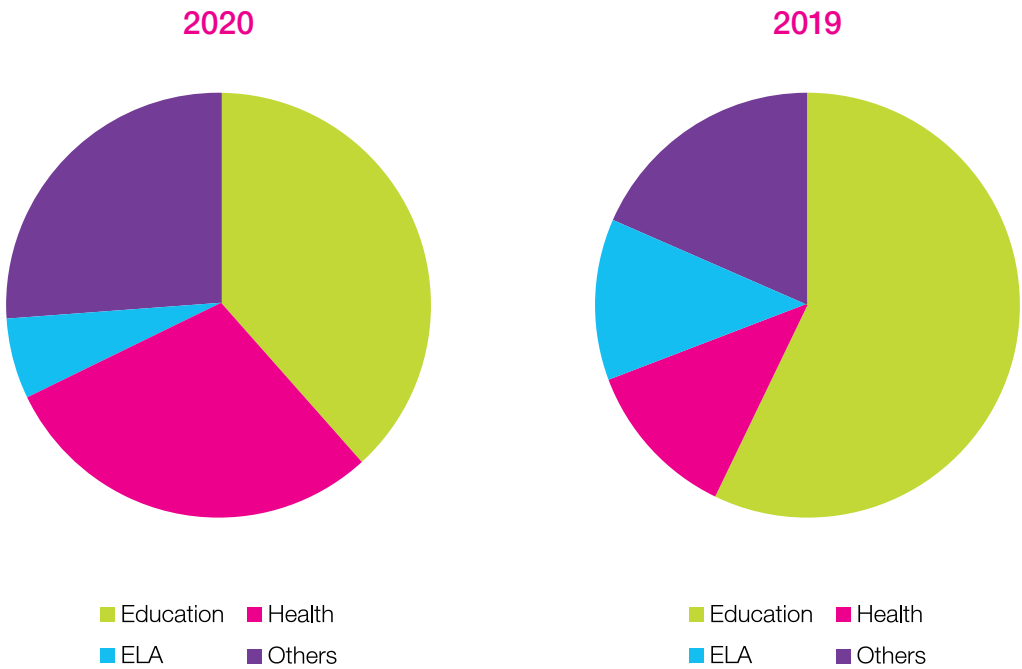
FINANCIAL STATEMENTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS OF BRAC UGANDA

BRAC Uganda received grants amounting to USD 10,414,296 in 2020 as compared to USD 10,863,863 in 2019. Total Project expenses utilized for the year were USD 14,783,205 (USD 14,600,404 in 2019) which represents a increase of 1%. Out of the total expenses, majority are expensed in Scholarship program supported by MasterCard Foundation. The expenses incurred for the major development programmes are as shown below. Almost 90% of total expenditure is being used for direct programme service with only 10% as administration expenses.

PROGRAMME COST BY NATURE OF PROGRAMME

Programme	2020		2019	
	Amount	%	Amount	%
Education	\$5,662,162	38%	\$8,351,887	57%
Health	\$4,361,248	30%	\$1,753,338	12%
ELA	\$910,854	6%	\$1,800,942	12%
Others	\$3,848,941	26%	\$2,694,237	18%
Total	\$14,783,205	100%	\$14,600,404	100%



CONTRIBUTION TO GOVERNMENT EXCHEQUER

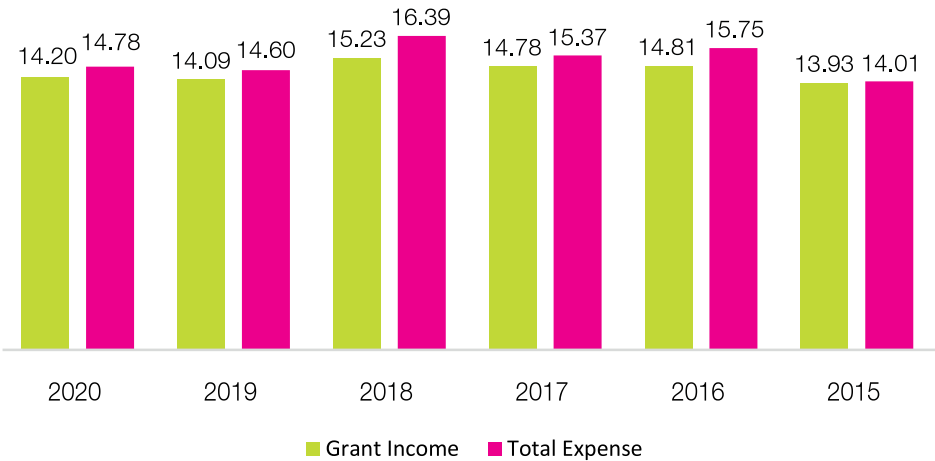
BRAC Uganda regularly contributes government exchequer through providing tax on its income and withholdings and deposition tax from its employees and suppliers and contributing to The National Social Security Fund (NSSF). Total contribution to government exchequer for the last two years as follows:

Particular	2020	2019
Withholdings tax	232,839	360,132
NSSF contribution	267,507	227,948
Total	500,346	588,080

PERFORMANCE REVIEW (IN USD)

	2020	2019	2018	2017	2016	2015
Income Statement						
Grant Income	14,198,478	14,094,536	15,226,113	14,780,581	14,805,944	13,926,160
Other Income	654,569	822,717	1,538,217	2,030,853	1,156,550	713,406
Programme expenses	13,304,885	13,136,627	15,174,462	13,856,366	14,172,754	12,749,375
Admin expenses	1,478,320	1,463,777	1,213,691	1,511,477	1,574,750	1,260,927
Financial Position						
Cash at bank	7,231,564	10,177,119	13,525,555	13,377,136	12,264,858	11,182,587
Grant Received in Advance	10,414,296	10,863,863	16,275,968	13,637,712	14,280,233	11,095,499
Operational Statistics						
No. of Programmes	8	8	8	8	8	8

GRANT INCOME VS PROGRAMME EXPENSES



BRAC UGANDA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

BRAC UGANDA
CORPORATE INFORMATION

DIRECTORS

Mr. Dr. Muhammad Musa *	-	Chairperson
Ms. Ruth Okowa	-	Member
Mr. Syed Abdul Muntakim*	-	Member

ADMINISTRATORS

Dr. George Owuor Matete (PhD)	-	Country Director
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PRINCIPAL PLACE OF BUSINESS:

Plot 880, Heritage Road Nsambya
P O Box 31817
Kampala Uganda

REGISTERED OFFICE:

Plot 880, Heritage Road Nsambya
P O Box 31817
Kampala, Uganda

COMPANY SECRETARY:

Khalifa Nazim Uddin
Head of finance, BRAC Uganda
Plot 880, Heritage Road
Nsambya, Kampala, Uganda

AUDITORS

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P O Box 3509
Kampala, Uganda

BANKERS

Standard Chartered Bank Uganda Ltd Plot 5 Speak Road P O Box 7111 Kampala, Uganda	Stanbic Bank Ltd 17 Hannington Road Crested Tower Building P O Box 7131 Kampala, Uganda	Bank of Africa Plot 45 Jinja Road P O Box 2750 Kampala, Uganda
Post Bank Uganda Ltd Post Bank House Plot 416 Nkrumah Road P O Box 7189 Kampala, Uganda	Dfcu Bank Plot 26, Kyadondo Road P O Box 70 Kampala, Uganda	Centenary Bank Mapeera House Plots 44-46 Kampala Road P O Box 1872 Kampala, Uganda
Tropical Bank Ltd Plot 27 Kampala Road P O Box 9487 Kampala, Uganda	Pride Microfinance Limited (MDI) Victoria Office Park, Block B, Bukoto, Plot 6-9, Ben Kiwanuka Okot Close P O Box 7566 Kampala, Uganda	Orient Bank Ltd Plot 6/6A Kampala Road P O Box 3072 Kampala, Uganda

The directors have pleasure in submitting their report and the audited financial statements of BRAC Uganda Limited (“the company”) for the year ended 31 December 2020, which disclose the state of affairs of the company.

(a) **Registration**

BRAC Uganda Limited got incorporated as a company limited by guarantee on 18th September 2009 as an independent company. The Organization prior to incorporation was a component of BRAC Uganda which was first incorporated as BRAC Foundation in January 2006 and it commenced business in June 2006. In March 2007 the name was changed to BRAC through the registry of companies. Later Microfinance and Non-Microfinance programs got incorporated as independent companies in August 2008 and September 2009 respectively. The Organization was duly registered under the non-governmental organization registration statute (1989) on 19th March 2010 as BRAC Uganda.

The two entities effectively commenced trading separately on 01 January 2010 and therefore have separate financial statements for BRAC Uganda and BRAC Uganda Microfinance Limited. BRAC Uganda registered with the registrar of companies on 18th March 2010 as a company limited by guarantee under the names of BRAC Uganda (“the company”).

(b) **Vision**

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

(c) **Mission**

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

(d) **Our Values**

Innovation - the company has been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in ground breaking development initiatives.

Integrity - the company values transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The company holds these to be the most essential elements of our work ethic.

Inclusiveness - the company is committed to engaging, supporting and recognizing the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness - the company values efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

(e) **Principal activities**

The company provides charitable and welfare activities on non-profit basis, engages in poverty eradication, promotes women empowerment in rural areas, and provides sanitation and clean water and provides basic education for school dropouts in rural areas in over 64 districts in Uganda.

(f) **Results from operations**

The results for the company for the year ended 31 December 2020 are set out on page 51.

(g) **Composition of Directors**

The directors who served during the year are set out on page 41.

(h) **Directors benefits**

No director has received or become entitled to receive any benefits during the financial year.

(i) **Corporate Governance**

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practices. In so doing the Directors therefore confirm that:

- The board of directors met regularly throughout the year;
- They retain full and effective control over the company;
- The board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2020 the board of directors had five directors. The board continued to carry out its role of formulating policies and strategies of the company, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the company are kept properly, and that the accounts are checked by authorized auditors as well as recruitment and development of key personnel.

(j) **Risk management**

The board accepts final responsibility for the risk management and internal control system of the company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

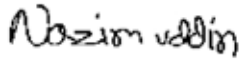
(k) **Management Structure**

The Company is under the supervision of the board of directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organization structure of the Company comprises of the following divisions:

- Agriculture and Poultry
 - Education
 - Health
 - Empowerment and Livelihood for Adolescents (ELA)
 - Research and Evaluation
 - Training
 - Emergency Response Program
 - Accounts and Finance
 - Internal Audit
 - Monitoring
 - Branch Review
 - Information Technology (IT) and Management Information System (MIS)
 - Human resources
 - Communication and Public Relations
 - Proposal Development
 - Procurement, Logistics and Transportation
- (l) **Related Party Transactions**
- Related party transactions are disclosed in notes 16 and 19 to the financial statements.
- (m) **Corporate Social Responsibility**
- BRAC Uganda is a development company dedicated to alleviating poverty by empowering the poor to bring about change in their own lives.
- (n) **Key achievements in 2020**
- 2139 scholars received tablets in 125 districts across the country
 - Distribution of learning materials among 2139 scholars as per the scholarship offer letter
 - A joint monitoring of TVET scholars on performance was done by BRAC and VSO. The major finding is that the institutions maintaining COVID19 SOPs and class have undertaken with Govt instruction.
 - 932 alumni participate one month learning internship and among them 150 alumni selected for three months paid internship.
 - 380 scholars transited both public and Private university
 - All program staff trained in e-learning and 93 teacher mentors trained in e-learning
 - Psychosocial support content developed for the Learning Management System
 - Successful school-wise career guidance for all 87 scholars on the program
 - All safeguarding policies were contextualized and 9 TOT team trained on safeguarding also 85% trained on safeguarding awareness.
 - 88% of reported safeguarding incidences have been resolved.
 - 129 Branches received safeguarding boxes.
 - In DIG project 72 staff receives enterprise development, life skills and VSLA and financial inclusion.
 - 703 participants received enterprise development training on goat rearing, 12 on bull rearing and 5 on small business.
 - 665 life skills training and VSLA & financial inclusive training.
 - 668 participants received asset.
 - 97,298 pregnant women were identified and linked to care at health facilities.

- 1,149,169 children under 5 were assessed for Malaria, Pneumonia, and Diarrhea of which 580,721 were treated by CHPs.
 - Replacement trainings for 473 CHWs and now we operating at full capacity of 4130 CHWs.
 - Procured 3250 new phones for CHPs.
 - 11,238 SATO products sold, with about 56,190 beneficiaries reached.
 - 81,358 adults from age of 35 and above screened for presbyopia, with 15,604 adults getting access to quality eye glasses at a low cost
 - 23,285 youth provided with family planning counseling services with 16,676 taking up a family planning method through the youth community health promoters' project.
 - 443,455 beneficiaries screened for TB with 246 positive cases initiated on treatment at the different health facilities.
 - Trained CHWs 5054 (VHTs/CHPs) and community leaders on integrated disease surveillance and response, psychosocial support and risk communication in 5 districts (Wakiso, Mukono, Luwero, Buikwe and Masindi).
 - Conducted 3 regional trainings for 144 District Health Team members and 168 BRAC Staff on integrated disease surveillance and response, psychosocial support and risk communication in 72 districts of BRAC Health Program operations.
 - Procured free PPEs and Medicines for 4,130 CHWs to last a period of six months until March 2021
 - ECD radio messages aired out to over 700,000 ECD parents and caregivers in the target districts of Wakiso, Kampala and Luwero.
 - 6,602 ECD children supported to access continuous learning amidst COVID-19 close down through SMS, radio, door2door visits and home learning packages
 - 185 ECD teachers trained as TOTs in Psychosocial support
 - 1500 refugees and host communities trained in financial literacy, savings and credit associations linked to access financial services
 - 110214 adolescents, youth and young women enrolled, trained and supported to participate in the project through basic life skills sessions, financial literacy, VAC and SRHR.
 - 456 mentors selected, trained and facilitated with honorarium to conduct club sessions
 - 175 boys clubs establishes in Karamoja region under ELA plus project through 75 clubs.
 - 18749 Mothers/parents of club members were reached with integrated activities including
 - 50 Girls were supported to undergo vocational skills training
 - 83 schools were supported and awareness was created on GBV and VAC especially for PTA, SMCs and foundation body members.
 - 500 IEC materials were designed and disseminated to the community (posters and T-shirts) to the clubs, male champions, schools, community leaders and implementing partner under ARSDP project
 - 8 key radio spot messages were produced targeting schools, general community, road workers and adolescents, youth and young women out of school.
 - 23 people receive specialized training, Resource mobilization and Proposal development, Strategic planning, public relations and financial management.
 - 27people receives Training needs assessment workshop, 179 people receives Safeguarding, 20 HMIS Training
 - 46 people receives Small Enterprise Analysis.
- (o) **Expectations for the year ending 31 December 2020**
- Graduation of 2139 mainstream 107 TVET scholars and subsequent induction into the alumni network.
 - Secondary Expo for candidate in school level
 - Career and Leadership workshop for 2139 graduated scholars in school level and also create a opportunity to access this knowledge in the E- learning system.
 - Preparation for the alumni network to run independently from the scholarship program.
 - Prepare a meaningful and significant end line evaluation report and officially closing of the scholarship program.

- Market linkages for graduating TVET scholars and support for business startup.
- 80% expenditure of the project funds in the most cost-effective way.
- Training of TVET scholars on reproductive health as per the need's assessment done by BRAC and VSO.
- 2032 participants will receive assets
- Uploading of academic content videos on the Learning portal.
- 2476 participants will receive Life skills training, Financial literacy training, Enterprise development training
- 610 beneficiary will receive health subsidy
- 200 Village Poverty Reduction Committee(VPRC) will be formed
- 2700 beneficiary will receive consumption support.
- Develop a safeguarding action plan based on the BI Safeguarding Standards.
- Ensure an online complaint safeguarding register.
- Rolling out peer supervision model "super CHW" to the remaining five regions given that the pilot in Mbarara and Fort Portal demonstrated improvement in performance of both the super CHWs and the CHWs supported. This will be done by January 2021.
- Recruitment of a Reproductive Health Officer to lead the family planning initiatives has been recruited with funding from Crown Philanthropies. The project lead will also oversee the roll out of S-CHW pilot under Crown Philanthropies. January 2021.
- Roll out of family planning activities among 1,021 CHWs as a pilot in mapped out branches of BRAC operations in February 2021.
- Project Officer Pilot that will see more qualified and higher paid staff recruited (a gross of 1,000,000/=), with an average of 75 CHWs supervised by each of the Project Officers. The total number of CHWs the fifteen (15) Project Officers will cover is 1120 CHWs in 15 BRAC branch offices in addition to S-CHWs.
- Collaborations with Ministry of Trade, different NGOs, tea estates, cooperatives and unions
- Donor mapping for possibilities of collaboration and partnerships
- Promote the one BRAC Strategy across country operations and synergies in program implementation
- Expand USHA operations to 5 new branches.
- Continued support to Ministry of Health in priority activities and engagements
- Enroll and train 3000 adolescents, youth and young women on life skills, financial literacy and SRHR.
- Support 1000 young with livelihood and entrepreneurship skills through apprenticeship programme under ELA after school project.
- 9240 Facilitating quarterly mothers, parent's forums with the adolescents Community stakeholder dialogues and engagements (quarterly) Elders forums, community awareness on GBV) including male engagement.
- Training of parents on parenting, material development and psychosocial support
- Capacity building of teachers/play leaders on play based pedagogy
- Conduct fathers forums
- Conduct quarterly CMC review meetings.
- Engagement of stakeholders through meetings/workshops/joint monitoring
- Provision of home learning package to learners
- Continue with SMS learning
- Training of teachers & play leaders in Child Protection / Covid Protection
- Establish 10 humanitarian play labs at Rhino refugee settlement and 25 at the mainstream
- Conduct basic training for Para counselors
- Continue with door to door support visits
- Basic training for staff on play and child protection
- Equipping play labs with play materials (both indoor and outdoor)

- (p) **Solvency**
- The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Board of directors confirms that the applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.
- (q) **Employee's Welfare**
- Management/employee relationship**
- There were continuous good relations between employees and management for the year 2020. There were no unresolved complaints received by management from the employees during the year. Staff continued to get performance incentive schemes in 2020.Grievance handling guidelines were circulated to all employees to create awareness about employee rights.
- The company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors such as gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.
- Training**
- Training and development of staff capacity is one of the key priorities of the company. During the year, 23 line managers had special training in Proposal writing, 196 staff had training in BRAC values, 21 staff were trained on child protection, 46 staff received small enterprise, 20 staff received HMIS training and 80 people received life skills training.
- Medical assistance**
- The company maintains a medical insurance scheme which covers all staff.
- Retirement benefits**
- All eligible employees are members of the National Social Security Fund (NSSF) which is an approved pension fund. The company contributes 10% of the employees' of the gross salary and employee contributes 5%. The NSSF is a defined contribution scheme with BRAC Uganda having no legal or constructive obligation to pay further top-up contribution.
- (r) **Gender Parity**
- In 2020, the company had 473 staff (480 in 2019). The female staffs were 60.5% (66% in 2019).
- (s) **Auditors**
- The auditor, KPMG, being eligible for reappointment, has expressed its willingness to continue in office in accordance with the terms of Section 167 (2) of the Companies Act of Uganda.
- (t) **Approval of the financial statements**
- The financial statements were approved by the directors at a meeting held on.....2021.
- By order of the Board**
- 
- SECRETARY**
- Date: 19th March 2021**

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of BRAC Uganda comprising the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in capital fund and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Non-Governmental Organisations Act 2016.

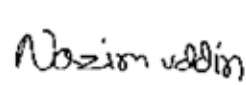
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

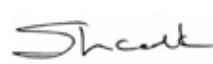
The directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern for at least the next twelve months from the date of the financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the International Financial Reporting Standards and the Non-Governmental Organisations Act 2016.

Approval of the financial statements

The financial statements of BRAC Uganda which appear on pages 51 to 87, were approved and authorised for issue by the Board of Directors on 19th March 2021.

Head of Finance: 

Director: 

Date: 19th March 2021

Country Director: 

Director: 



KPMG
Certified Public Accountants of Uganda
3rd Floor, Rwenzori Courts
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Independent auditors' report

To the members of BRAC Uganda
Report on the audit of the financial statements

Opinion

We have audited the financial statements of BRAC Uganda set out on pages 51 to 87, which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in capital fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BRAC Uganda as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Non-Governmental Organisations Act 2016.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BRAC Uganda in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Matter

We draw attention to the fact that the supplementary information presented in project information and the memorandum figures reported in United States dollars (USD) does not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Corporate Information, Directors' Report, the Statement of Directors' Responsibilities, the memorandum figures reported in United States Dollars (USD) and project reporting but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Non-Governmental Organisations Act 2016, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG Uganda is a registered partnership and a member firm of the KPMG global organization of Independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG is regulated by the Institute of Certified Public Accountants of Uganda (ICPAU)

Partners: Edgar Isingorna
Asad Lukwago
Stephen Inegel



Independent auditors' report

To the members of BRAC Uganda (Continued)

Report on the audit of the financial statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is CPA Asad Lukwago- P0365.

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P. O. Box 3509
Kampala, Uganda

Date: 16 April 2021

CPA Asad Lukwago

BRAC UGANDA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Grant income	4	52,866,352	52,173,745	14,198,478	14,094,536
Other income	5	2,437,210	3,045,455	654,569	822,717
Total income		55,303,562	55,219,200	14,853,047	14,917,253
Staff costs and other benefits	7	(11,239,433)	(10,280,403)	(3,018,609)	(2,777,209)
Training, workshops & seminars	8	(4,994,949)	(5,835,058)	(1,341,509)	(1,576,317)
Occupancy expenses	9	(659,626)	(723,105)	(177,158)	(195,344)
Program supplies, travel and other general expenses	10	(37,387,303)	(36,578,627)	(10,041,222)	(9,881,576)
Depreciation	12 & 21a	(762,202)	(629,133)	(204,707)	(169,958)
Total expenses		(55,043,513)	(54,046,326)	(14,783,205)	(14,600,404)
Operating surplus		260,049	1,172,874	69,842	316,849
Taxation	11	-	-	-	-
Surplus reserve		260,049	1,172,874	69,842	316,849
Other Comprehensive income					
Foreign exchange loss	6	(61,750)	(50,244)	(16,584)	(13,573)
Total Comprehensive income		198,299	1,122,630	53,258	303,276

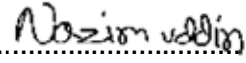
The notes set out on pages 55 to 90 form an integral part of these financial statements.

BRAC UGANDA

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
ASSETS					
Non-current assets					
Property and equipment	12	1,564,013	1,705,981	434,521	465,453
ROU Asset	21a	752,650	974,177	206,464	265,790
Current assets					
Cash and bank	13	26,362,160	37,301,280	7,231,564	10,177,119
Inventory	14	403,171	598,808	110,596	163,376
Due from related parties	15	1,227,189	1,358,890	336,638	370,754
Other receivables	16	1,017,632	3,964,740	279,153	1,081,722
Total Current Assets		29,010,152	43,223,718	7,957,951	11,792,971
Total Assets		31,346,815	45,903,876	8,598,935	12,524,214
Liabilities					
Lease liability	21b	775,794	1,045,398	212,813	285,222
Other payables	17	3,820,583	3,602,782	1,048,047	982,967
Due to related parties	18	198,959	290,725	54,578	79,320
Total Liabilities		4,795,336	4,938,905	1,315,438	1,347,509
Capital fund					
Donor funds	20	3,673,383	18,285,174	1,007,668	4,988,848
Retained surplus		22,878,096	22,679,797	6,275,829	6,187,857
Total Capital Fund		26,551,479	40,964,971	7,283,497	11,176,705
Total liabilities and capital fund		31,346,815	45,903,876	8,598,935	12,524,214

The financial statements of BRAC Uganda Limited which appear on pages 51 to 90, were approved and authorised for issue by the Board of Directors on 19 March 2021 and were signed on its behalf by:

Head of Finance: 

Country Director: 

Director: 

Director: 

Date: 19 March 2021

The notes set out on pages 55 to 90 form an integral part of these financial statements.

BRAC UGANDA

STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Donor Funds Ushs '000	Retained Surplus Ushs '000	Total Capital Fund Ushs '000	Total Capital Fund USD
At 1 January 2019		28,396,866	21,557,167	49,954,033	13,445,672
Donations received during the year	19.1(a)	39,952,463	-	39,952,463	10,863,863
Utilised during the year	19.1&2	(49,814,555)	-	(49,814,555)	(13,450,865)
Transfers to donor	19.1	(249,600)	-	(249,600)	(68,100)
Surplus for the year		-	1,122,630	1,122,630	303,276
Currency translation		-	-	-	82,859
At 31 December 2019		18,285,174	22,679,797	40,964,971	11,176,705
Donations received during the year	19.1(a)	38,615,254	-	38,615,254	10,414,296
Utilised during the year	19.1&2	(52,866,352)	-	(52,866,352)	(14,198,478)
Transfers to donor	19.1	(360,693)	-	(360,693)	(97,032)
Surplus for the year		-	198,299	198,299	53,258
Currency translation		-	-	-	(65,252)
At 31 December 2020		3,673,383	22,878,096	26,551,479	7,283,497

The notes set out on pages 55 to 90 form an integral part of these financial statements.

BRAC UGANDA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Net cash generated from operating activities	20	4,348,758	(1,986,789)	1,187,397	(546,620)
Cash flows from investing activities					
Acquisition of fixed assets	12	(422,327)	(668,233)	(115,851)	(182,318)
Disposal proceeds		-	66,813	-	18,049
Net cash used in investing activities		(422,327)	(601,420)	(115,851)	(164,269)
Cash flows from financing activities					
Decrease in grants received in advance		(14,611,791)	(10,111,692)	(4,008,249)	(2,758,830)
Lease payments		(253,760)	(249,639)	(68,153)	(67,439)
Net cash (used) / generated from financing activities		(14,865,551)	(10,361,331)	(4,076,402)	(2,826,269)
Net decrease in cash and cash equivalents		(10,939,120)	(12,949,540)	(3,004,856)	(3,537,158)
Currency translation		-	-	59,301	188,722
Cash and cash equivalents at the start of the year		37,301,280	50,250,820	10,177,119	13,525,555
Cash and cash equivalents at year end	13	26,362,160	37,301,280	7,231,564	10,177,119

The notes set out on pages 55 to 90 form an integral part of these financial statements.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. THE REPORTING ENTITY

BRAC begun its work in Uganda in June 2006, it chose to work in Uganda because of the opportunities to make a significant difference in a post-conflict country with high poverty and fertility rates as well as demonstrate the potential of its “microfinance multiplied” approach to the microfinance industry in Africa.

The organization was incorporated as BRAC Foundation in January 2006 and it commenced business in June 2006. In March 2007, the name was changed to BRAC through the registry of Companies. Later the Microfinance and Non-Microfinance Programs got incorporated as independent companies in August 2008 and September 2010 respectively but were still trading during the year under the umbrella of BRAC.

On 30 September 2010, at a duly convened meeting of the Governing Board, BRAC transferred all assets and liabilities that relate to or are in any way connected with the Microfinance activity it had been operating in Uganda to BRAC Uganda Microfinance Limited and all assets and liabilities that relate to or are in any way connected with the Non microfinance activities it had been operating in Uganda to BRAC Uganda.

BRAC Uganda effectively commenced operations as an independent entity on 1 January 2010. The core elements of the business model are BRAC’s community outreach – based delivery methodology and its unwavering focus on the poorer end of the poverty spectrum. These two principles distinguish BRAC from other operators in Africa, are apparent in the way BRAC has designed its operations.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the Non-Governmental Organizations Act 2016.

(i) Basis of measurement

The financial statements are prepared under the historical cost convention.

(ii) Basis of preparation

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

The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

(iii) Functional and presentation currency

These financial statements are presented in Uganda shillings (Shs'000), which is the entity’s functional currency.

The financial statements include figures, which have been translated from Uganda Shillings (Shs'000) to United States Dollars (USD) at the year-end rate of USD 1: Ushs 3,645.43 (2019: Ushs 3,665.21) for balance sheet items and USD 1: Ushs 3,723.38 (2019: Ushs 3,701.70) for the income statement balances. These figures are for memorandum purposes only and do not form part of the audited financial statements.

2. BASIS OF PREPARATION (Continued)

(iv) Use of estimates and judgment

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported revenues and expenses during the reported period. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 25.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Property and equipment

(i) Recognition and measurement

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying value of property and equipment and recognized net with other income in profit or loss.

(ii) Depreciation

Depreciation is recognized in profit or loss and calculated to write off the cost of the property and equipment on a straight line basis over the expected useful lives of the assets concerned, and intangible assets on a straight line basis. Land is not depreciated.

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

	Percentage (%)
Motor vehicles, motor cycles and bicycles	20%
Computers	33.33%
Furniture and Fixtures	10%
Equipment	20%
Buildings	5%

Management and directors review the depreciation methods, residual value and useful life of an asset at the year-end and any change considered to be appropriate in accounting estimate is recorded through the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period.

(iii) Disposal of property and equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

b. IFRS 16 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 The details of accounting policies under IAS 17 are disclosed separately.

Policy applicable from 1 January 2020

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2020.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

b. IFRS 16 Leases (continued)

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property separately and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c. Foreign currency transactions

Transactions in foreign currencies are translated to Ugandan Shilling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ugandan Shillings at the foreign exchange rate applicable for settlement. The foreign currency gain or loss on the monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period.

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

d. Financial instruments

i) Financial Assets:

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. The financial assets is classified according to the substance of the contractual arrangements entered into and the definitions of a financial asset.

Investments are stated at cost, the carrying amount is reduced if there is any indication of impairment in value. The financial assets include; cash deposits with banks, amounts due to related parties and other receivables.

At initial recognition, other receivables that do not have a significant financing component are measured at their transaction price.

Financial assets and financial liabilities are recognised initially at fair value; in case of a financial asset or financial liability at amortised cost, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are classified on the basis of both:

- The entity's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial asset.

The prevailing model for subsequent measurement of a financial asset under IFRS 9 is the fair value model (fair value through profit or loss).

Assets held solely to receive payments of principle and interest (SPPI) will be held at amortised cost, with all other financial assets held at fair value. A financial asset shall be subsequently measured at amortised cost if and only if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

This category includes: Bank deposits and other receivables.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at an amortized cost using the effective interest method (EI), less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income as provisions.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ii) Financial Liabilities:

Initial recognition

Financial liabilities are initially measured at fair value; in case of a financial liability at amortized cost, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Classification and Subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL.

Financial liabilities at fair value through profit or loss: A financial liability is classified as at FVTPL if it is classified as held-for-trading, it's a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company's financial liabilities include other payables and amounts due to related parties.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires: When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

e. Impairment

At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, whether or not any actual losses have been recognized, and whether or not the entity has insurance cover or guarantee in place to cover the potential economic loss.

Loss allowances for receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and information and including forward-looking information.

IFRS 9 uses a "three bucket model" for measuring loss allowance based on deterioration in credit rating after initial recognition.

Bucket 1: if at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12- month expected credit losses, whether or not any actual losses have been recognized, and whether or not the entity has insurance cover or guarantees in place to cover the potential economic loss;

Bucket 2: at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument.

Bucket 3: Where there is objective evidence of actual impairment, a lifetime credit loss is recognized and the effective interest rate is based on the net (post-impairment) amount.

The standard approach is applied to any financial assets held by the Company that have not been recognized as result of applying the revenue standard (IFRS 15) and leasing standard as a result IAS 17.

Measurement of Expected Credit Losses (ECLs)

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Organisation expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Management has made an assessment of the implementation of IFRS 9 will not lead to significant changes and therefore the impact on the financial statements of the Company is considered immaterial.

(ii) Non- financial assets

The carrying amounts of the Company's non- financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized for financial asset measured at amortized cost. The reversal is recognized in profit or loss.

f. Inventory

Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost comprises direct item cost that has been incurred in bringing the inventories to their present location and condition.

g. Other receivables

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

h. Cash and cash equivalents

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

i. Provisions and other liabilities

A provision is recognized if, as a result of a past event, BRAC Uganda has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Other accounts payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

j. Revenue recognition

Revenue is recognized on an accruals basis.

i. Grants

(i) Donor Grants

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

The portion of the grants utilized to purchase property and fixed assets are transferred as deferred income in liabilities and subsequently the portion of the depreciation expense of the same assets for the period is recognized in the Statement of Comprehensive Income as grant income. Grants utilized to reimburse program related expenditure are recognized as Grant Income for the period.

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

Donor grants received in kind, through the provision of gifts and/or services, are recorded at fair value (excluding situations when BRAC Uganda may receive emergency supplies for onward distribution in the event of a disaster which are not recorded as grants). For ongoing projects and programs, any expenditures yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as Grants receivable.

(ii) Grant income

Grant income is recognized on a cash basis to the extent that BRAC Uganda fulfils the conditions of the grant. This income is transferred from the deferred grant received from Donors and recognized as income in the statement of comprehensive income.

A portion of BRAC Uganda donor grants are for the funding of projects and programs, and for these grants, income recognized is matched to the extent of actual expenditures incurred on projects and programs for the period. For donor grants restricted to funding procurement fixed assets, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed asset.

(iii) Other income

Other income comprises of other project incomes from Agriculture, Training, Research and Health projects, interest from short term deposits, gains less losses related to trading assets and liabilities, and includes gains from disposal of BRAC Uganda assets and all realised and unrealised foreign exchange differences.

Revenue comprises the fair value of the consideration received or receivable for the provision of training services, medical health revolving products and project implementation in the ordinary course of the Company's activities. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised services to the Donors in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

IFRS 15 uses the concept of "control" to determine when revenue should be recognised and requires revenue to be recognised based upon the transfer of services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

BRAC Uganda Limited recognises grant revenue in accordance with the core principle by applying the following five steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised in the correct period ("cut-off" issue) and reported only where a service has been offered to the final beneficiaries of the grant. This signifies that BRAC Uganda Limited has satisfied a performance obligation to its Donor in accordance with the requirements of the contract with that Donor (steps 1, 2 and 5 of the Revenue model).

k. Interest from bank and short term deposits

Interest income on BRAC Uganda bank deposit is earned on an accruals basis at the agreed interest rate with the respective financial institution.

l. Employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the Statement of financial position date. The Company does not operate any retirement benefit fund. However severance pay is provided for in accordance with the Ugandan statute. The Company also operates an employee bonus incentive scheme. The provision for employee bonus incentive is based on a predetermined Company policy and is recognized in other accruals. The accrual for employee bonus incentive is expected to be settled within 12 months.

m. Contingent liabilities

The company recognizes a contingent liability where it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the company, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

n. Related party transactions

Related parties comprise directors, subsidiaries of BRAC International and key management personnel of the company and companies with common ownership and/or directors.

o. Fundraising costs

BRAC Uganda normally raises its funds through discussion with various donors and stake holders. It also follows a competitive process where it submits its proposal to multinational donor organizations and gets selected based on merit. BRAC Uganda does not incur any additional costs for fund raising purposes other than over heads which is recorded under HO logistic and management expenses.

p. Adoption of new and revised standards

(i) New standards, amendments and interpretations effective and adopted by the Company during the year

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 2020: The adoption of these new standards has not resulted in material changes to the company's accounting policies.

p. Adoption of new and revised standards (continued)

(i) New standards, amendments and interpretations effective and adopted by the Company during the year (continued)

New amendments or interpretation effective for annual periods beginning on or after 1 January 2020 are summarised below:

New amendments or interpretation	Effective date
Amendments to References to Conceptual Framework in IFRS	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2020

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual.

Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

The revised Conceptual Framework will form the basis of new IFRS standards set by the IASB as well as future amendments to existing IFRS standards.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.

p. Adoption of new and revised standards (continued)

(i) New standards, amendments and interpretations effective and adopted by the Company during the year (continued)

- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The adoption of these amendments will have no material impact on the disclosure or on the amounts recognised in the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

p. Adoption of new and revised standards (continued)

(i) New standards, amendments and interpretations effective and adopted by the Company during the year (continued)

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have had a significant impact on insurers. In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the International Accounting Standards Board (the Board) issued amendments to IFRS 4 Insurance Contracts in 2017 with an effective date of 1 January 2020.

The amendments introduced two options that could reduce the impacts but include various complexities as summarized as follows;

Temporary exemption from IFRS 9

- Rather than having to implement IFRS 9 in 2018, some companies are permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement.
- To qualify, a reporting company's activities need to be predominantly connected with insurance.

Overlay approach

- This optional solution provides an overlay approach to presentation to alleviate temporary accounting mismatches and volatility.
- For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

p. Adoption of new and revised standards (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020 (Continued)

At the date of authorisation of the financial statements of BRAC Uganda for the year ended 31 December 2020, the following Standards and Interpretations were in issue but not yet effective;

New standard or amendments	Effective for annual periods beginning on or after
Interest Rate Benchmark reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2021
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the company).

The applicable standards and amendments are discussed below;

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The amendments are not expected to have a material impact on the Company.

p. Adoption of new and revised standards (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020 (Continued)

Annual Improvements to IFRS Standards 2018-2020

• IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
• IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
• IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
• IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

p. Adoption of new and revised standards (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020 (Continued)

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The amendments are not expected to have a material impact on the Company.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendments are not expected to have a material impact on the Company.

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9.

The amendments are not expected to have a material impact on the Company.

p. Adoption of new and revised standards (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020 (Continued)

Classification of liabilities as current or non-current (Amendments to IAS 1

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have a material impact on the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The amendments are not expected to have a material impact on the Company.

p. Adoption of new and revised standards (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2020 (Continued)

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub- groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

Transition

The Company plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

q. Comparatives

There have not been any changes in the prior year comparative figures.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

4. GRANT INCOME

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Agriculture, poultry & livestock	-	290,926	-	78,592
Education	17,181,652	28,091,761	4,614,529	7,588,881
Health	16,170,676	6,200,018	4,343,008	1,674,911
Empowerment and Livelihood of Adolescents	2,371,832	5,655,958	637,010	1,527,935
Research & evaluation	3,993,566	7,560,687	1,072,564	2,042,491
UPG	3,200,453	1,037,791	859,556	280,355
Play lab	3,900,728	2,824,418	1,047,630	763,006
Emergency preparedness and response	6,047,445	512,186	1,624,181	138,365
	<u>52,866,352</u>	<u>52,173,745</u>	<u>14,198,478</u>	<u>14,094,536</u>

Grant income majorly relates to the operating expenses incurred by the different projects that are transferred from grants received in advance to the statement of comprehensive income.

5. OTHER INCOME

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Training program income	170,619	356,348	45,824	96,266
Research program income	783,175	453,410	210,340	122,487
Health program revolving fund income	613,227	1,346,570	164,696	363,770
Bank interest income	870,189	889,127	233,709	240,194
	<u>2,437,210</u>	<u>3,045,455</u>	<u>654,569</u>	<u>822,717</u>

Other project income relates to the income from the training program, research program, bank interest income and health program revolving fund.

Type of the product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Health Program revolving fund	Customers obtain control when the goods are delivered to and have been accepted at their premises. Invoices are generated at a point in time. Invoices are usually payable within 30 days.	Revenue is recognised when the health products are delivered and have been accepted by customers at their premises.
Training income	Customers obtain control when the training services have been offered by BRAC Uganda. Invoices are generated at a point in time. Invoices are usually payable within 30 days.	Revenue is recognised when an invoice is raised after the training.
Research income	Customers obtain control when the final research report has been delivered by BRAC Uganda. Invoices are generated at a point in time. Invoices are usually payable within 30 days.	Revenue is recognised when an invoice is raised on submission of the final report to the donors.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

6. FOREIGN EXCHANGE LOSS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Foreign exchange loss	(61,750)	(50,244)	(16,584)	(13,573)
	<u>(61,750)</u>	<u>(50,244)</u>	<u>(16,584)</u>	<u>(13,573)</u>

The exchange gains arise from translation of foreign currency transactions and revaluations of foreign currency denominated assets and liabilities to Uganda Shillings. Financial assets and liabilities denominated in foreign currencies at year end are translated to Uganda Shillings at the rate ruling at balance sheet date.

7. STAFF COSTS AND OTHER BENEFITS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Salaries	9,065,252	7,952,674	2,434,682	2,148,384
Bonus	690,256	574,120	185,384	155,096
10% employer NSSF contribution	996,031	843,797	267,507	227,948
Wages	400,113	819,752	107,460	221,452
Gratuity expenses	87,781	90,060	23,576	24,329
	<u>11,239,433</u>	<u>10,280,403</u>	<u>3,018,609</u>	<u>2,777,209</u>

8. TRAINING, WORKSHOPS AND SEMINARS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
External member trainings	4,676,400	5,207,329	1,255,955	1,406,740
Staff training	318,549	627,729	85,554	169,577
	<u>4,994,949</u>	<u>5,835,058</u>	<u>1,341,509</u>	<u>1,576,317</u>

9. OCCUPANCY EXPENSES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Rental charges	585,483	655,872	157,245	177,181
Utilities	74,143	67,233	19,913	18,163
	<u>659,626</u>	<u>723,105</u>	<u>177,158</u>	<u>195,344</u>

10. PROGRAM SUPPLIES, TRAVEL AND OTHER GENERAL EXPENSES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Legal and other fees	297,457	132,638	79,889	53,273
Audit fees	268,091	184,877	72,002	32,503
Maintenance & general expenses	5,905,620	5,748,662	1,586,090	1,552,979
Printing, stationary and supplies	329,511	371,143	88,498	100,263
Telephone expenses	442,608	576,127	118,873	155,638
Program supplies	25,765,908	23,961,607	6,920,028	6,473,136
Interest on lease liability	128,865	150,900	34,610	40,765
Inventory write-off	25,888	148,915	6,953	40,229
Software maintenance cost	102,391	132,842	27,499	35,887
Head office logistics expenses	594,915	1,546,616	159,778	417,812
Travel and transportation	3,526,049	3,624,300	947,002	979,091
	<u>37,387,304</u>	<u>36,578,627</u>	<u>10,041,222</u>	<u>9,881,576</u>

Program supplies mainly comprise of tuition, Scholarship, training materials, health kits, stipends, learning materials, technical support to projects and supplies for the beneficiaries.

11. TAXATION

BRAC Uganda is registered as an NGO, which is involved in charitable activities and therefore falls within the definition of exempt organizations for tax purposes as described in the Income Tax Act, Section 2 (bb)-interpretation. Under section 2(bb) (ii), the Income Tax Act states that for an organization to be tax exempt, it should have been issued with a written ruling by the Commissioner stating that it is an exempt organization.

Uganda Revenue Authority issued an exempt organization ruling to BRAC Uganda for the year 31December 2020 and 2021 in a notice DT-1109 and notice number 17410004 dated 13 October 2020.

12. PROPERTY AND EQUIPMENT

	Furniture Ushs (000)	Building Ushs (000)	Equipment Ushs (000)	Motor Vehicles Ushs (000)	Total Ushs (000)	Total USD
Cost						
At 1 January 2019	916,124	221,701	1,537,596	1,146,655	3,822,076	1,028,755
Additions	81,513	24,384	263,006	299,330	668,233	182,318
Disposals	(38,865)	-	(19,030)	(370,748)	(428,643)	(116,949)
Currency translation	-	-	-	-	-	-
As at 31 December 2019	958,772	246,085	1,781,572	1,075,237	4,061,666	1,094,124
Additions	37,134	-	376,243	8,950	422,327	115,851
Disposals	(1,945)	-	(42,806)	-	(44,751)	(12,276)
At 31 December 2020	993,961	246,085	2,115,009	1,084,187	4,439,242	1,197,699
Depreciation						
At 1 January 2019	549,652	28,494	980,176	809,793	2,368,115	637,404
Charge for the year	75,430	9,274	176,205	146,696	407,605	110,113
Acc depn on disposals	(34,588)	-	(14,752)	(370,695)	(420,035)	(114,600)
Currency translation	-	-	-	-	-	(4,246)
At 31 December 2019	590,494	37,768	1,141,629	585,794	2,355,685	628,671
Charge for the year	66,004	12,476	301,745	160,450	540,675	145,210
Acc depn on disposals	(1,247)	-	(39,884)	-	(41,131)	(11,283)
Currency translation	-	-	-	-	-	580
At 31 December 2020	655,251	50,244	1,403,490	746,244	2,855,229	763,178
Net Book Value						
At 31 December 2019	368,278	208,317	639,943	489,443	1,705,981	465,453
At 31 December 2020	338,710	195,841	711,519	337,943	1,584,013	434,521

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

13. CASH AND BANK

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Cash in hand		3,082	2,608	846	711
Cash at bank	13 a.	26,359,078	37,298,672	7,230,718	10,176,408
		<u>26,362,160</u>	<u>37,301,280</u>	<u>7,231,564</u>	<u>10,177,119</u>

13. a) Cash at bank

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Standard Chartered Bank	17,087,488	34,530,697	4,687,371	9,421,206
Bank of Africa	13,709	46,983	3,761	12,819
DFCU	4,513	3,215	1,238	877
Pride Microfinance Ltd	2,012	12,217	552	3,333
Equity Bank	15,421	10,601	4,230	2,892
Post Bank	49,577	58,060	13,600	15,841
Centenary Bank	83,355	89,861	22,866	24,517
Tropical Bank	-	10,065	-	2,746
BRAC Uganda Bank Ltd	6,323,182	-	1,734,550	-
Yo mobile walet	646,630	-	177,381	-
Stanbic Bank	2,133,191	2,536,973	585,169	692,177
	<u>26,359,078</u>	<u>37,298,672</u>	<u>7,230,718</u>	<u>10,176,408</u>

Reconciliation of movement in liabilities to cash flows arising from financing activities

	Lease liabilities Ushs '000	Donor Funds Ushs '000	Total Ushs '000
Balance as at 1 January 2020	<u>1,045,398</u>	<u>18,285,174</u>	<u>19,330,572</u>
Payment of lease liabilities	(382,625)	-	(382,625)
Donor funds received in advance	-	(14,611,791)	(14,611,791)
Total changes from financing cash flows	<u>662,773</u>	<u>3,673,383</u>	<u>4,336,156</u>
Other changes			
Interest expense	128,865	-	128,865
Interest paid	(128,865)	-	(128,865)
Foreign exchange gain on revaluation	(15,844)	-	(15,844)
Total other changes	<u>(15,844)</u>	<u>-</u>	<u>(15,844)</u>
Balance as at 31 December 2020	<u>775,794</u>	<u>3,673,383</u>	<u>4,449,177</u>

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14. INVENTORY

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Stock and consumables	403,171	598,808	110,596	163,376
	<u>403,171</u>	<u>598,808</u>	<u>110,596</u>	<u>163,376</u>

Stock and consumables includes the amount of the stock of health materials, poultry and agriculture that were not yet sold as at 31 December 2020. These materials are normally sold at subsidized rates to low income earners in communities.

15. DUE FROM RELATED PARTIES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
BRAC Bank Uganda Limited	-	771,543	-	210,163
BRAC Social Business Enterprise	1,227,189	587,347	336,638	160,591
	<u>1,227,189</u>	<u>1,358,890</u>	<u>336,638</u>	<u>370,754</u>

Due from related parties relates to amounts owing from BRAC Bank Uganda Limited and BRAC Uganda Social Enterprise Limited for the settlements of staff costs and operating expenditures. The fair value of these related party receivables approximates their carrying amounts. This amount will be settled during the ordinary course of business and bear no interest.

16. OTHER RECEIVABLES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Prepaid expenses	820,438	1,239,079	225,059	338,065
Staff Travel advances	197,194	366,471	54,094	99,986
Donor receivables	-	2,359,190	-	643,671
	<u>1,017,632</u>	<u>3,964,740</u>	<u>279,153</u>	<u>1,081,722</u>

Donor receivables relate to unremitted donor committed funds at yearend. The agreements with some donors are on reimbursement basis and thus this receivable relates to project expenditure incurred and yet to be reimbursed by donors. The carrying amounts of other receivables approximates their fair value.

17. OTHER PAYABLES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Accrued expenses	2,892,207	2,835,877	793,378	773,728
NSSF	232,478	179,753	63,772	49,043
VAT payable	19,064	50,761	5,230	13,849
Audit fees	86,353	87,176	23,688	23,785
Withholding tax	133,349	93,595	36,580	25,536
Salary	-	4,784	-	1,305
PAYE	457,132	350,836	125,399	95,721
	<u>3,820,583</u>	<u>3,602,782</u>	<u>1,048,047</u>	<u>982,967</u>

The carrying amounts of other payables approximates their fair value.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. DUE TO RELATED PARTIES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
BRAC Bangladesh	44,262	39,766	12,142	10,850
Stitching BRAC International	154,697	194,856	42,436	53,164
BRAC Bank Uganda Limited	-	56,103	-	15,306
	<u>198,959</u>	<u>290,725</u>	<u>54,578</u>	<u>79,320</u>

Related party payables relate to amounts owing to BRAC Bangladesh, Stitching BRAC International and BRAC Finance Limited, for the settlements of staff costs and operating expenditures incurred on behalf of BRAC Uganda. The fair value of these related party payables/receivables approximates their carrying amounts. Stitching BRAC International is the parent of BRAC Uganda. BRAC Bangladesh and BRAC Uganda Bank Limited are affiliate companies of BRAC Uganda. The amounts bear no interest and are settled in normal course of business.

19. DONOR FUNDS

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Donor funds received in advance	19.1	2,448,687	16,897,379	671,714	4,610,208
Donor funds - investment in fixed assets	19.2	1,224,696	1,387,795	335,954	378,640
		<u>3,673,383</u>	<u>18,285,174</u>	<u>1,007,668</u>	<u>4,988,848</u>

19.1 Donor funds received in advance

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Opening balance		16,897,379	26,841,056	4,610,208	7,224,563
Donations received during the Year	19.1 a	38,615,254	39,952,463	10,414,296	10,863,863
Transferred to donor*		(360,693)	(249,600)	(97,032)	(67,160)
Transferred from deferred income					
- investment in fixed assets		(422,327)	(668,233)	(115,851)	(182,318)
Asset disposals		44,751	428,643	12,276	116,948
Utilised during the year		(52,325,677)	(49,406,950)	(14,053,267)	(13,340,752)
Currency translation		-	-	(98,916)	(4,936)
		<u>2,448,687</u>	<u>16,897,379</u>	<u>671,714</u>	<u>4,610,208</u>

The funds utilized during the year relate to the expenditures that have been incurred in project implementation during the year. The expenditures are paid out from the pool of funds received in advance from the different donors supporting BRAC Uganda.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

19.1 a) Donations received during the year

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
MasterCard Foundation (Scholarship and TVET)	-	23,925,252	-	6,527,663
BRAC USA (IERC)	106,765	-	28,960	-
Y-CHPs	52,795	208,300	13,906	56,540
Health System (UHSS)	153,294	-	41,466	-
BRAC USA (PEDL Youth Research)	-	-	-	-
Emergency Preparedness	482,273	421,444	129,284	112,519
IDRC-CHW	165,161	-	43,501	-
Living Goods (Health)	12,822,112	1,547,710	3,450,007	418,694
Vision Spring (Eye care)	336,703	239,727	92,007	64,528
Women win	623,096	414,344	166,960	112,420
Oak Foundation	-	541,765	-	146,919
Capacity Building(Market Survey)	17,969	-	4,748	-
Stockholm university (Research study)	180,101	153,900	48,950	41,484
Sanitation for Health (Tetra Tech)	890,787	381,869	239,807	103,441
NANNY	211,216	369,903	57,188	100,128
NORAD-ELLAY	1,066,060	698,763	286,003	189,826
Capacity (IGC)	20,204	343,367	5,491	93,155
JSDF (Agriculture)	-	-	-	-
World Bank – (ADP)	-	-	-	-
Lego Foundation	196,825	1,952,049	53,012	526,981
ECM (ELA)	913,812	2,572,938	246,343	695,844
ELA -SCOPE MoGender	-	152,290	-	41,429
ELMA	946,351	741,287	248,302	201,658
TUP (BRAC UK)	-	767,051	-	206,156
UPG-Medicor	-	10,476	-	2,838
UPG-UK AID	588,734	302,185	157,569	82,447
UPG-UK AID-Covid	59,914	-	16,435	-
UPG-BLF	31,834	57,621	8,635	15,608
UPG-Cartier	1,088,968	455,727	293,799	123,441
SLEP	-	12,866	-	3,489
ADP	810,415	71,824	220,367	19,470
LEGO-Covid	1,417,236	-	385,373	-
Mastercard-Covid	9,192,318	-	2,499,565	-
Ebola Response	-	370,093	-	99,980
Skills Development Project Enable	-	-	-	-
TB Reach	382,588	320,706	104,950	87,500
YIDAN	850,972	-	224,840	-
Gates Foundation	143,339	-	38,749	-
FAO	-	103,493	-	28,007
ADP- ENABEL KARAMOJA Project	-	240,592	-	65,286
SDF-KIRYANDONGO	-	57,089	-	15,422
IERC-SEARCH	36,889	73,957	10,006	20,014

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
UNRA -World bank	726,620	379,721	193,727	102,854
IERC-CEGA	-	300,435		81,474
IERC-MNP	577,437	64,664	157,430	17,469
IERC-ELA	746,215	-	202,410	
IERC- Recap	325,440	212,093	87,324	57,734
IERC- LBS	30,252	-	7,993	-
IERC- Applied Research (DigiDev)	667,213	-	179,562	-
IERC- VSLA	554,521	-	149,234	-
IERC- Soft Skill Ela	-	87,598	-	23,777
IERC-Research	176,558	-	47,729	-
IERC-Behavioural Activation	158,009	-	42,946	-
IERC-Cluster	49,707	-	13,405	-
IERC-JSDF	-	161,307	-	43,720
IERC- Grand Challenger	56,355	211,671	15,459	57,056
IERC-Credit Incentive	30,581	82,954	8,198	22,469
IERC-Transparency	58,187	741,902	15,783	199,980
IDRC Incentive	669,428	201,530	176,873	54,443
	38,615,254	39,952,463	10,414,296	10,863,863

The receipts relate to the grants received from the different donors for implementation of the different projects undertaken by BRAC Uganda.

19.2 Donations – investment in fixed assets

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Opening balance	1,387,795	1,555,810	378,640	418,763
Transferred from donor funds received in advance	422,327	668,233	115,851	182,318
Disposals in the year	(44,751)	(428,643)	(12,276)	(116,948)
Depreciation charged during the year	(540,675)	(407,605)	(145,211)	(110,113)
Currency translation	-	-	(1,050)	4,620
Closing balance	1,224,696	1,387,795	335,954	378,640

These donations relate to the fixed assets that are purchased for project implementation using the grants received from the different donors.

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

20.	CASHFLOW FROM OPERATING EXPENSES	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
	Excess of income over expenditure	198,299	1,122,630	53,258	303,276
	Depreciation	762,202	629,133	204,707	169,958
	Interest on lease liability	128,865	-	34,610	-
	Write-off fixed assets	3,620	-	972	-
	Gain on disposal	-	(58,204)	-	(15,724)
	Cash flows before changes in working capital	1,092,986	1,693,559	293,547	457,510
	Changes in working capital				
	Decrease in inventory	195,637	338,288	53,666	92,297
	Decrease in other receivables	2,947,108	(3,647,227)	808,439	(995,094)
	Increase in related party receivables	131,701	(482,270)	36,128	(131,580)
	Decrease in other payables	201,957	955,575	55,400	260,715
	Decrease in related party payables	(91,766)	(844,714)	(25,173)	(230,468)
	Interest on lease liability	(128,865)	-	(34,610)	-
	Net cash generated from operations	4,348,758	(1,986,789)	1,187,397	(546,620)

21. ROU ASSET AND LEASE LIABILITIES

(a) Right-of-use assets

	Office Space Shs'000	Office Space USD
At 1 January 2019	1,195,705	318,855
Depreciation charge for the year	(221,528)	(59,845)
Currency translation	-	6,780
At 31 December 2019	974,177	265,790
At 1 January 2020	974,177	265,790
Depreciation charge for the year	(221,527)	(59,497)
Currency translation	-	171
At 31 December 2020	752,650	206,464

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

(b) Lease liabilities				
	Office Space Shs'000	Office Space USD		
At 1 January 2019	1,161,034	309,609		
Interest expense	150,900	40,765		
Lease payments	(249,639)	(67,439)		
Foreign exchange gains	(16,897)	(4,565)		
Currency translation	-	6,852		
At 31 December 2019	1,045,398	285,222		
At 1 January 2020	1,045,398	285,222		
Interest expense	128,865	34,610		
Lease payments	(382,625)	(102,763)		
Foreign exchange gains	(15,844)	(4,255)		
Currency translation	-	(1)		
At 31 December 2020	775,794	212,813		
Lease liabilities are payable as follows;				
	Principal Shs'000	Interest Shs'000	Present Value of minimum lease payments Shs'000	Present Value of minimum lease payments USD
31 December 2020				
Less than one year	10,719	381	11,100	3,045
More than one year	714,388	50,306	764,694	209,768
	725,107	50,687	775,794	212,813
	Principal Shs'000	Interest Shs'000	Present Value of minimum lease payments Shs'000	Present Value of minimum lease payments USD
31 December 2019				
Less than one year	50,038	1,779	51,817	14,138
More than one year	949,378	44,203	993,581	271,084
	999,416	45,982	1,045,398	285,222

BRAC UGANDA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

(c) Amounts recognized in profit or loss				
	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Interest on lease liabilities	128,865	150,900	34,610	40,765
Depreciation charge for the year	221,528	221,528	59,497	59,845
Expense relating to short term leases	573,736	646,485	154,090	174,645
Foreign exchange gain	(15,844)	(16,897)	(4,255)	(4,565)
	908,285	1,002,016	243,942	270,690
(d) Amounts recognized in the statement of cashflows				
	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Lease interest paid	128,865	150,900	34,610	40,765
Lease principal payments	253,760	98,739	68,153	26,674
	382,625	249,639	102,763	67,439
22. SUBSEQUENT EVENTS				
The Company has evaluated the subsequent events through the date of signing these financial statements and there were no significant events to be reported in these financial statements.				
23. CURRENCY				
The financial statements are expressed in Uganda Shillings which is the Company's functional currency.				
24. CAPITAL COMMITMENTS				
There were no capital commitments as at 31 December 2020 (2019: Nil).				
25. USE OF ESTIMATES AND JUDGMENT				
The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reported period.				
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.				
BRAC Uganda makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management identifies all significant accounting policies and those that involve high judgment and in particular the significant areas of estimation and un-certainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements. These are:				

(i) Impairment

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Provisions and contingencies

A provision is recognized if as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. For provisions included in the financial statements see note 18.

26. FINANCIAL RISK MANAGEMENT

Introduction and overview

The company has exposure to the following risks from financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk
- iv) Operational risk

This note presents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board of BRAC Bangladesh International, the parent company, has established the Group Audit and Risk Committee, Remuneration Committee, Investment Committee, Group Executive Committee and Subsidiary Companies Executive Committee which are responsible for developing and monitoring Group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Executive Committee which comprises of executive directors and senior management and report regularly to the Board of Directors on their activities.

BRAC financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sought the assistance of donors.

i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and principally from trade and other receivable balances and investment in cash and cash equivalents. The Credit policy of BRAC Uganda requires all credit exposures to be measured, monitored and managed proactively. All cash and cash equivalents are held with reputable banks that are regulated by the Central bank of Uganda and as a result the risk is low.

Management of the risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the Country Representative and the Monitoring department.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2020 Shs '000	2019 Shs '000	2020 USD	2019 USD
Cash and Cash equivalents	26,362,160	37,301,280	7,231,564	10,177,119
Other receivables	1,017,632	3,964,740	279,153	1,081,722
	<u>27,379,792</u>	<u>41,266,020</u>	<u>7,510,717</u>	<u>11,258,841</u>

The aging of trade receivables and other assets as at the reporting date was:

	2020 Shs '000	2019 Shs '000	2020 USD	2019 USD
Between 0 - 30 days	742,872	3,171,792	203,782	865,378
Between 31 - 60 days	274,760	792,948	75,371	216,344
	<u>1,017,632</u>	<u>3,964,740</u>	<u>279,153</u>	<u>1,081,722</u>

ii) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Company and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Company and also from available financial institutions facilities.

BRAC Uganda manages its debt maturity profile, operating cash flows and the availability of funding so as to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, BRAC Uganda maintains sufficient levels of cash or fixed deposits to meet its working capital requirements. In addition, BRAC Uganda maintains banking facilities of a reasonable level. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Exposure to Liquidity risk

The table below indicates the company liquidity at the statement of financial position date and an analysis of the liquidity period of the company's financial assets and liabilities.

2020	Matured Ushs '000'	Less than 30 days Ushs '000'	Between 31-60 Day Ushs '000'	Over 60 Days Ushs '000'	Total Ushs '000'
ASSETS					
Cash and bank	26,362,160	-	-	-	26,362,160
Due from related parties	-	-	-	1,227,189	1,227,189
Other receivables	-	742,872	274,760	-	1,017,632
	<u>26,362,160</u>	<u>742,872</u>	<u>274,760</u>	<u>1,227,189</u>	<u>28,606,981</u>
LIABILITIES AND CAPITAL FUND					
Other payables	-	2,206,260	1,286,985	1,103,132	4,596,377
Due to related parties	-	119,375	79,584	-	198,959
	<u>-</u>	<u>2,325,635</u>	<u>1,366,569</u>	<u>1,103,132</u>	<u>4,795,336</u>
Liquidity gap	<u>26,362,160</u>	<u>(1,582,763)</u>	<u>(1,091,809)</u>	<u>124,057</u>	<u>23,811,645</u>
2019	Matured Ushs '000'	Less than 30 days Ushs '000'	Between 31-60 Day Ushs '000'	Over 60 Days Ushs '000'	Total Ushs '000'
ASSETS					
Cash and bank	37,301,280	-	-	-	37,301,280
Due from related parties	-	771,543	-	587,347	1,358,890
Other receivables	-	2,894,260	1,070,480	-	3,964,740
	<u>37,301,280</u>	<u>3,665,803</u>	<u>1,070,480</u>	<u>587,347</u>	<u>42,624,910</u>
LIABILITIES AND CAPITAL FUND					
Other payables	-	2,277,608	1,347,972	1,022,600	4,648,180
Due to related parties	-	174,435	116,290	-	290,725
	<u>-</u>	<u>2,452,043</u>	<u>1,464,262</u>	<u>1,022,600</u>	<u>4,938,905</u>
Liquidity gap	<u>37,301,280</u>	<u>1,213,760</u>	<u>(393,782)</u>	<u>(435,253)</u>	<u>37,686,005</u>

iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Country Representative. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

i. Interest rate risk

There is no significant exposure to interest rate risk as there is no material overdraft or interest bearing assets or liabilities.

ii. Foreign exchange risk

BRAC Uganda foreign exchange risks comprise transactions risk which arise from donor grants received in currencies other than the local currency and minimal foreign currency deposits and cash at bank placed with licensed financial institutions. Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level. The company's transactional exposures give rise to foreign currency gains and losses that are recognized in profit or loss.

Exposure to Foreign currency risk

The following significant exchange rates applied during the year:

	Closing Rate		Average Rate	
	2020 Ushs	2019 Ushs	2020 Ushs	2019 Ushs
USD	<u>3,645</u>	<u>3,665</u>	<u>3,723</u>	<u>3,701</u>

The table below summarizes the company's exposure to foreign exchange risk;

	2020 USD'000	2019 USD'000
Ushs equivalent		
Bank Balances	26,359,078	27,292,626
Donor receivable	-	-
Due to related parties	198,959	367,464
Due from related parties`	-	-
	<u>26,558,037</u>	<u>27,660,900</u>

Sensitivity Analysis

A reasonably strengthening (weakening) of the US dollar against the Uganda Shilling at 31 December 2020 would have affected the measurement of the above financial instruments denominated in a foreign currency as shown below:

	2020		2019	
	USD'000	+/-5% Ushs'000	USD'000	+/-5% Ushs'000
Ushs equivalent				
Bank Balances	26,359,078	1,317,953	27,297,626	1,364,881
Donor receivable	-	-	-	-
Due to related parties	198,959	9,948	367,464	18,373
Due from related parties`	-	-	-	-
	<u>26,558,037</u>	<u>1,327,901</u>	<u>27,665,090</u>	<u>1,383,254</u>

iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each BRAC Program. This responsibility is supported by the development of company level standards for the management of operational risk in the following areas:

- i. Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- ii. Requirements for the reconciliation and monitoring of transactions.
- iii. Compliance with regulatory and other legal requirements.

iv.	Documentation of controls and procedures.
v.	Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
vi.	Requirements for the reporting of operational losses and proposed remedial action.
vii.	Development of contingency plans.
viii.	Training and professional development.
ix.	Ethical and business standards.
x.	Close monitoring and management oversight.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by the monitoring department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the company.

27. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor the performance of the company through management accounts and operational reviews. They also review the working capital requirements and these are discussed in the periodic board meetings with management.

The capital fund of the entity is made of the Donor Funds and the retained surplus. The Donor Funds comprise funds received from the donors and are managed according to the conditions stipulated by the different donors. Retained Surplus is maintained as a reserve for BRAC Uganda and forms part of the entity's capital structure. The retained surplus determines the extent of the entity's capital base and is monitored by management through periodic review of management accounts and operational reviews. The references in BI Accounting and Financial Manual, among other related policies are followed to monitor and manage this fund at Country and BI level. The Board reviews and discusses the status of the retained surplus during the quarterly board meetings.

There are no externally imposed capital requirements and there were no changes in the company's approach to capital management during the period.

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Donor Funds	3,673,382	18,285,174	1,007,668	4,988,848
Retained Surplus	<u>22,993,723</u>	<u>22,993,723</u>	<u>6,307,547</u>	<u>6,207,289</u>
	<u>26,667,105</u>	<u>41,036,192</u>	<u>7,315,215</u>	<u>11,196,137</u>

28. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, the fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g. quoted equity securities. These items are exchange traded positions.

28.	FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)
	- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. - Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include the net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

31 December 2020	Level 1	Level 2	Level 3	Total Fair value	Total Carrying Amount
Financial assets					
Cash and cash equivalents	-	26,362,160	-	26,362,160	26,362,160
Other receivables	-	1,017,632	-	1,017,632	1,017,632
Due from related parties	-	1,227,189	-	1,227,189	1,227,189
Financial liabilities					
Other payables	-	(4,596,377)	-	(4,596,377)	(4,596,377)
Due to related parties	-	(198,959)	-	(198,959)	(198,959)

The table above sets out the carrying amounts of financial assets and financial liabilities not measured at fair value. The carrying amounts of the financial assets and liabilities approximate their fair values.

29. CONTINGENT LIABILITIES

There are no known contingent liabilities as at 31 December 2020.

30. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Stichting BRAC International, a foundation registered in Netherland.

31. EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting period.

32. COVID 19 ASSESSMENT

On March 11, 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and

“locking-down” cities/regions or even entire countries. The pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of finalization of the financial statements its effects are subject to significant levels of uncertainty.

Associated with the COVID-19 virus, we have considered possible events and conditions for the purpose of identifying whether these events and conditions affect or may affect the future performance of the company. In making this assessment, we have considered the period up to 12 months after the end of the reporting period.

The following observations have been made regarding this assessment;

- There has been no impact on the donations of the entity with additional donations received in relation to COVID-19 relief measures.
- Despite the effects of the lockdown measures, the project implementation is still on course.

Based on the results of the assessment above, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

BRAC Uganda has the following projects. These projects offer different services and are managed separately. The following summary describes the operations of each project.

Projects	Operations
Health-Revolving fund	This has 3 projects which include: primary health care, Tuberculosis project and a revolving fund project. The first 2 projects ended but the revolving fund project is still active. The revolving fund project is self-sustaining i.e. Funds from the project are used to purchase health products for sale by the Community Health Promoters (CHP), who refund the money with a small margin after selling the health products.
Vision Spring	This project aims to increase access to presbyopia screening and affordable glasses for low income people in Uganda.
Sanitation 4 health	This project will introduce a series of contemporary and integrated water, sanitation and hygiene intervention at community and household level.
Living Goods	This is a health project that focuses on mainly children and mothers. Focuses mainly on maternal health and treatment of common diseases like malaria, diarrhoea, and pneumonia.
Scholarship	These are projects offering education by giving scholarships for secondary school education to bright students from poor families.
TVET	Technical Vocational and Education Training (TVET) support for 20% of the Scholars and strengthen career education support services to the Scholars. Increase the transition into further education or employment to at least 95% from current 77%.
ELA-Others	These projects focus on the empowerment and livelihood of adolescents. The focus is girls between the ages 11-21; giving them life skills and building their capacity. The funding is from UNRA, Enable and World bank.
OAK Foundation	This is an empowerment and livelihood of adolescent's project through formation of clubs
Women Win	This is an empowerment and livelihood of adolescent's project through sports
TRAINING	This is the training arm of BRAC Uganda; where staff are trained in different aspects like BRAC values, leadership skills. The running projects pay a minimal sum for the staff to be trained and to help in sustainability.
Research	This has all the research and independent evaluation funds / projects. BRAC Uganda has an independent research unit that carries out all the research and evaluation required by the projects and the entity as a whole.
Play Lab	This is an education project (Early Child Development) targeting children between the ages of 3 and 5.
Emergency Preparedness and response	This is a project focusing on emergency rescue. It focuses on areas where there is disaster, natural calamities and refugee camps.
EELAY- NORAD	This project will provide education and livelihood opportunities to out of school adolescent girls in Uganda. In addition, it will also provide early learning opportunities for children aged 3 – 6 years and enter primary schools in Uganda.
YCHPs	This is a health project that focuses on mainly family planning.
Ultra-Poor Graduation Program	This project targets the very poor in the Community; especially the youths and women, by providing them with start-up capital and animal assets, and offering them training.
ELA Plus	This is an “ELA Plus” projects which targets the adolescent girls, giving them life skills and apprentice.
Adolescent Health Promoter	This project focuses on reducing fertility rates, teenage pregnancy and the risk of maternal mobility, increase in use of contraceptives and girls' income generation activities.
Adolescent Health Promoter	Adolescent Health Promoter- Using the ELA model, to support health related aspects in youths like sexual reproductive training, sanitation.
ELMA	This is an education project (Early Child Development) targeting children between the ages of 5 to 8 years children.

YADAN PRIZE	This is an education project (Early Child Development) targeting children between the ages of 3 to 6 years children both in central Uganda and refugee setting.
UNCDF Project	This project is focusing on digitizing community health systems through equipping 400 Village Health Teams in 4 districts with Mhealth technology capacity to carry out their day to day duties and also providing financial inclusion services to promotes self-reliance and its running for 3 years
Uganda Health System Strengthening Activity(Palladium)	This project is being implemented in a consortium where BRAC is represented and the major focus is to enhance the community health systems in Uganda through supporting already existing structures and also building the capacity of health workers. Focus is also put to ensure functionality of the Community Health Workers' Registry in more than 60% of the districts in Uganda. It is running for a period of 5 years
TB Wave-7 project	This project is focused on increasing TB case detection and referral for treatment at health facilities in refugee hosting communities in 4 West-Niles Districts running from a period of 1 year starting March 2020 to March 2021.
Master Card COVID-19 (CRRP)	This project is focusing one COVID-19 recovery and resilience for both staff and beneficiaries of BRAC Uganda programs through providing psychosocial support training, risk communication, and providing PPEs, as well as handing washing and IEC materials to communities, schools as well as District Health Offices. It is running for 8 months starting August 2020 until April 2021.
LEGO covid	This project going to be close April in 2021.
Finance for refugee	The Project Established 200 ELA Space over 3 years in the District of Kiryandongo and Arua Madi Okollo. Who are all refugees? Train and Link 250 Savings Groups to the BRAC Bank; Train and Set up 125 IGA Groups. The Project is targeting 4500 Women and Adolescent Girls in the refugee settlement. Refugee Village Savings Groups, Bank opening and Linkages to the BRAC Bank, The Project will provide Income Generating Activities to the VSAL Groups.

Statement of Comprehensive Income for the year ended 31 December 2020 (Amount in Uganda Shillings)

	ADP Ushs (000)	Health - Revolving fund Ushs (000)	Vision Spring Ushs (000)	USAID Sanitation Ushs (000)	Living Goods Ushs (000)	YCHPs Ushs (000)	TVET Ushs (000)	TB Project Ushs (000)	Scholarship Ushs (000)	Mastercard Covid Ushs (000)	Women Win Ushs (000)	Training Ushs (000)
INCOME												
Grant Income	456,365	-	855,849	935,426	12,671,910	244,021	557,700	970,752	16,623,952	5,624,518	648,149	-
Other Income	1,011,977	471,439	-	-	-	-	-	-	-	-	-	170,619
Foreign exchange gains/ (losses)	(61,750)	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	1,406,592	471,439	855,849	935,426	12,671,910	244,021	557,700	970,752	16,623,952	5,624,518	648,149	170,619
EXPENDITURE												
Manpower and compensation	308,045	-	434,860	274,417	2,220,121	67,977	286,488	66,719	2,349,463	312,427	76,311	122,497
Travelling and transportation	120,992	1,409	166,765	212,584	1,298,989	79,887	18,672	90,439	368,040	70,159	74,562	42,050
Training, workshops and seminars	152,933	-	24,803	165,690	1,593,287	68,727	1,613	4,280	1,256,084	40,416	163,620	4,309
Occupancy expenses	(274,502)	-	1,564	21,250	183,699	-	6,250	777,023	275,718	-	12,935	85,819
Other general & administrative expenses	766,674	64,516	154,017	215,188	6,926,515	26,932	243,086	31,009	12,355,139	5,201,499	261,418	46,262
HO logistic expenses	(523,459)	-	73,840	44,456	321,212	-	-	73	-	-	58,885	-
Depreciation	474,789	1,989	-	1,841	128,087	498	1,591	-	19,508	17	418	5,490
TOTAL EXPENSES	1,025,472	67,914	855,849	935,426	12,671,910	244,021	557,700	970,752	16,623,952	5,624,518	648,149	306,427
Surplus/ Reserve	381,120	403,525	-	-	-	-	-	-	-	-	-	(135,808)
Foreign exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	381,120	403,525	-	-	-	-	-	-	-	-	-	(135,808)

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

Statement of Comprehensive Income for the year ended 31 December 2020 (Amount in Uganda Shillings)

	Research Ushs (000)	Emergency Prepared- ness Ushs (000)	EELAY- NORAD Ushs (000)	ELAMA Ushs (000)	YADAN PRIZE Ushs (000)	Play lab Ushs (000)	UNCDF Project Ushs (000)	Health System Ushs (000)	UPG Ushs (000)	ELA Plus Ushs (000)	TOTAL Ushs (000)
INCOME											
Grant Income	3,993,566	422,927	1,040,632	753,002	321,885	1,785,209	368,812	123,904	3,200,453	1,267,320	52,866,352
Other Income	783,175	-	-	-	-	-	-	-	-	-	2,437,210
Foreign exchange gains/ (losses)	-	-	-	-	-	-	-	-	-	-	(61,750)
TOTAL INCOME	4,776,741	422,927	1,040,632	753,002	321,885	1,785,209	368,812	123,904	3,200,453	1,267,320	55,241,812
EXPENDITURE											
Manpower and compensation	1,812,815	186,989	322,008	31,984	-	462,001	28,434	106,194	1,413,320	356,363	11,239,433
Travelling and transportation	165,176	31,202	65,248	18,243	20,180	131,659	28,024	-	495,528	26,241	3,526,049
Training, workshops and seminars	153,066	89,287	361,439	156,909	-	29,384	48,973	-	342,154	337,975	4,994,949
Occupancy expenses	63,161	8,248	23,359	24,721	2,427	10,019	-	-	70,773	142,976	659,626
Other general & administrative expenses	2,165,960	104,824	267,601	452,085	299,251	1,095,977	263,280	6,446	851,918	720,729	33,266,341
HO logistic expenses	351,395	-	-	68,394	-	36,800	-	11,264	-	121,118	594,914
Depreciation	65,168	2,377	977	666	27	19,369	101	-	26,760	12,456	762,201
TOTAL EXPENSES	4,776,741	422,927	1,040,632	753,002	321,885	1,785,209	368,812	123,904	3,200,453	1,717,858	55,043,513
Surplus/ Reserve	-	-	-	-	-	-	-	-	-	(450,538)	198,299
Foreign exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	(450,538)	198,299

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

	ADP USD	Health - Revolving fund USD	Vision Spring USD	USAID Sanitation USD	Living Goods USD	YCHPs USD	TVET USD	TB Project USD	Scholarship USD	Mastercard Covid USD	Women Win USD	Training USD
INCOME												
Grant Income	122,563	-	229,858	251,230	3,403,335	65,537	149,783	-	4,464,748	1,510,595	174,075	-
Other Income	271,790	126,615	-	-	-	-	-	-	-	-	-	45,824
Foreign exchange gains/ (losses)	(16,584)	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME	377,769	126,615	229,858	251,230	3,403,335	65,537	149,783	260,718	4,464,748	1,510,595	174,075	45,824
EXPENDITURE												
Manpower and compensation	82,733	-	116,792	73,701	596,265	18,257	76,943	17,919	631,003	83,909	20,495	32,898
Travelling and transportation	32,495	378	44,789	57,094	348,874	21,455	5,015	24,289	98,846	18,843	20,025	11,293
Training, workshops and seminars	41,075	-	6,661	44,500	427,914	18,458	433	1,149	337,350	10,855	43,944	1,157
Occupancy expenses	(73,725)	-	420	5,707	49,337	-	1,679	325	74,051	-	3,474	23,049
Other general & administrative expenses	205,908	17,328	41,365	57,793	1,860,275	7,233	65,286	208,688	8,328	1,396,983	70,210	12,427
HO logistic expenses	(140,592)	-	19,831	11,940	86,269	-	-	8,328	3,318,259	-	15,815	-
Depreciation	127,515	534	-	495	34,401	134	427	20	-	5	112	1,474
TOTAL EXPENSES	275,409	18,240	229,858	251,230	3,403,335	65,537	149,783	260,718	4,464,748	1,510,595	174,075	82,298
Surplus/ Reserve	102,360	108,375	-	-	-	-	-	-	-	-	-	(36,474)
Foreign exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	102,360	108,375	-	-	-	-	-	-	-	-	-	(36,474)

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

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Statement of comprehensive income for the year ended 31 December 2020 (Amount in United States Dollars)

	Research USD	Emergency Prepared- ness USD	EELAY- NORAD USD	ELAMA USD	YADAN PRIZE USD	Play lab USD	UNCDF Project USD	Health System USD	UPG USD	ELA Plus USD	TOTAL USD
INCOME											
Grant Income	1,072,564	113,587	279,486	202,236	86,450	479,459	99,053	33,277	859,556	340,368	14,198,478
Other Income	210,340	-	-	-	-	-	-	-	-	-	654,569
Foreign exchange gains/ (losses)											(16,584)
TOTAL INCOME	1,282,904	113,587	279,486	202,236	86,450	479,459	99,053	33,277	859,556	340,368	14,836,463
EXPENDITURE											
Manpower and compensation	486,873	50,220	86,483	8,590	-	124,081	7,637	28,521	379,580	95,709	3,018,609
Travelling and transportation	44,362	8,380	17,524	4,900	5,420	35,360	7,526	-	133,086	7,048	947,003
Training, workshops and seminars	41,109	23,980	97,073	42,142	-	7,892	13,153	-	91,893	90,771	1,341,509
Occupancy expenses	16,963	2,215	6,274	6,639	652	2,690	-	-	19,008	38,400	177,158
Other general & administrative expenses	581,719	28,153	71,870	121,417	80,371	294,351	70,710	1,731	228,802	193,568	8,934,447
HO logistic expenses	94,375	-	-	18,369	-	9,883	-	3,025	-	32,529	159,772
Depreciation	17,503	639	262	179	7	5,202	27	-	7,187	3,345	204,707
TOTAL EXPENSES	1,282,904	113,587	279,486	202,236	86,450	479,459	99,053	33,277	859,556	461,370	14,783,205
Surplus/ Reserve	-	-	-	-	-	-	-	-	-	(121,002)	53,258
Foreign exchange gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	(121,002)	53,258

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

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Statement of Financial Position for the year ended 31 December 2020 (Amount in Uganda Shillings)

	ADP Ushs (000)	Health - Revolving fund Ushs (000)	Vision Spring Ushs (000)	USAID Sanitation Ushs (000)	Living Goods Ushs (000)	YCHPs Ushs (000)	TVET Ushs (000)	TB Project Ushs (000)	Scholarship Ushs (000)	Mastercard Covid Ushs (000)	Women Win Ushs (000)	Training Ushs (000)	Research Ushs (000)
ASSETS													
Cash and bank	1,837,195	2,240,844	222,105	152,215	1,152,853	316,811	983,310	385,453	6,686,013	4,449,457	322,525	574,336	4,956,547
Receivables and other Current Assets	1,066,154	1,250,258	(217,643)	72,358	(932,074)	(86,636)	(451,347)	(531,350)	2,691,614	(572,448)	(218,263)	1,636,091	(693,663)
Property and equipment	1,317,265	36,830	-	3,456	345,043	498	23,328	73	-145,824	107,885	1,073	28,307	283,241
TOTAL PROPERTY AND ASSETS	4,220,614	3,527,932	4,462	228,029	565,822	230,673	555,291	385,453	9,485,512	3,877,026	105,335	2,238,734	4,546,125
LIABILITIES AND CAPITAL FUND													
LIABILITIES													
Other Current liabilities	(1,301,097)	752,684	728,640	148,499	1,371,777	20,725	84,948	107,219	456,361	309,225	124,927	47,678	639,668
Related Party Payables	(684,298)	(1,743,269)	39,187	30,718	1,852,990	-	60	11,371	128,730	-	21,057	(3,714)	186,991
Total Liabilities	(1,985,395)	(990,585)	767,827	179,217	3,224,767	20,725	85,008	118,590	585,091	309,225	145,984	43,964	826,659
CAPITAL FUND													
Donor funds	213,657	147,177	(763,365)	39,024	(2,129,432)	209,948	470,283	(264,414)	1,390,826	3,567,801	(138,064)	98,660	117,172
Retained Surplus	5,992,352	4,371,340	-	9,788	(529,513)	-	-	(264,414)	7,509,595	-	97,415	2,096,110	3,602,294
Total Capital Fund	6,206,009	4,518,517	(763,365)	48,812	(2,658,945)	209,948	470,283	-145,824	8,900,421	3,567,801	(40,649)	2,194,770	3,719,466
TOTAL LIABILITIES AND CAPITAL FUND	4,220,614	3,527,932	4,462	228,029	565,822	230,673	555,291	-145,824	9,485,512	3,877,026	105,335	2,238,734	4,546,125

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

Statement of Financial Position for the year ended 31 December 2020 (Amount in Uganda Shillings)

	Emergency Preparedness Ushs (000)	EELAY-NORAD Ushs (000)	ELAMA Ushs (000)	YADAN PRIZE Ushs (000)	Play lab Ushs (000)	UNCDF Project Ushs (000)	Health System Ushs (000)	UPG Ushs (000)	ELA Plus Ushs (000)	TOTAL Ushs (000)
ASSETS										
Cash and bank	84,779	873,101	81,186	193,135	138,649	163,576	44,963	410,928	92,179	26,362,160
Receivables and other Current Assets	41,544	(600,021)	542,501	366,566	897,484	(181,040)	34,720	(1,166,152)	(300,661)	2,647,992
Property and equipment	18,597	5,358	748	27	115,738	101	-	33,013	16,065	2,336,663
TOTAL PROPERTY AND ASSETS	144,920	278,438	624,435	559,728	1,151,871	(17,363)	79,683	(722,211)	(192,417)	31,346,815
LIABILITIES AND CAPITAL FUND										
LIABILITIES										
Other Current liabilities	25,113	248,066	35,091	30,641	290,117	20,468	46,132	132,775	276,720	4,596,377
Related Party Payables	646	27,486	38,435	-	108,825	-	4,162	30,837	148,745	198,959
Total Liabilities	25,759	275,552	73,526	30,641	398,942	20,468	50,294	163,612	425,465	4,795,336
CAPITAL FUND										
Donor funds	117,026	2,370	550,909	529,087	772,220	(37,831)	29,389	(885,823)	(863,237)	3,673,383
Retained Surplus	2,135	516	-	-	(19,291)	-	-	-	(254,645)	22,878,096
Total Capital Fund	119,161	2,886	550,909	529,087	752,929	(37,831)	29,389	(885,823)	(617,882)	26,551,479
TOTAL LIABILITIES AND CAPITAL FUND	144,920	278,438	624,435	559,728	1,151,871	(17,363)	79,683	(722,211)	(192,417)	31,346,815

BRAC UGANDA
PROJECT REPORTING (UNAUDITED) - CONTINUED

Statement of Financial Position for the year ended 31 December 2020 (Amount in United States Dollars)

	ADP USD	Health - Revolving fund USD	Vision Spring USD	USAID Sanitation USD	Living Goods USD	YCHPs USD	TVET USD	TB Project USD	Scholarship USD	Mastercard Covid USD	Women Win USD	Training USD	Research USD
ASSETS													
Cash and bank	503,972	614,699	60,927	41,755	316,246	86,906	269,739	1,834,081	1,220,557	157,550	88,474	157,550	1,359,660
Receivables and other Current Assets	292,464	342,966	(59,703)	19,849	(255,683)	(23,766)	(123,812)	20	738,353	(157,032)	(59,873)	448,806	(190,283)
Property and equipment	361,346	10,103	-	948	94,651	137	6,399	-40,002	29,595	5	294	7,765	77,697
TOTAL PROPERTY AND ASSETS	1,157,782	967,768	1,224	62,552	155,214	63,277	152,326	106,736	2,602,029	1,063,530	28,895	614,121	1,247,074
LIABILITIES AND CAPITAL FUND													
LIABILITIES													
Other Current liabilities	(356,914)	206,473	199,878	40,736	376,301	5,685	23,303	29,412	125,187	84,825	34,270	13,079	175,471
Related Party Payables	(187,713)	(478,207)	10,750	8,426	508,305	-	16	32,531	35,313	-	5,776	(1,019)	51,295
Total Liabilities	(544,627)	(271,734)	210,628	49,162	884,606	5,685	23,319	-72,533	160,500	84,825	40,046	12,060	226,766
CAPITAL FUND													
Donor funds	58,610	40,373	(209,404)	10,705	(584,138)	57,592	129,007	(72,533)	381,526	978,705	(37,873)	27,064	32,141
Retained Surplus	1,643,799	1,199,129	-	2,685	(145,254)	-	0	-72,533	2,060,003	-	26,722	574,997	988,167
Total Capital Fund	1,702,409	1,239,502	-209,404	13,390	-729,392	57,592	129,007	-40,002	2,441,529	978,705	-11,151	602,061	1,020,308
TOTAL LIABILITIES AND CAPITAL FUND	1,157,782	967,768	1,224	62,552	155,214	63,277	152,326	-40,002	2,602,029	1,063,530	28,895	614,121	1,247,074

Statement of Financial Position for the year ended 31 December 2020 (Amount in United States Dollars)

	Emergency Preparedness USD	EELAY-NORAD USD	ELAMA USD	YADAN PRIZE USD	Play lab USD	UNCDF Project USD	Health System USD	UPG USD	ELA Plus USD	TOTAL USD
ASSETS										
Cash and bank	23,256	239,506	22,271	52,980	38,034	44,871	12,334	112,724	25,286	7,231,564
Receivables and other Current Assets	11,396	(164,595)	148,817	100,555	246,194	49,662	9,524	(319,894)	(82,476)	726,387
Property and equipment	5,101	1,470	205	8	31,749	28	-	9,056	4,407	640,984
TOTAL PROPERTY AND ASSETS	39,753	76,381	171,293	153,543	315,977	-4,763	21,858	(198,114)	(52,783)	8,598,935
LIABILITIES AND CAPITAL FUND										
LIABILITIES										
Other Current liabilities	6,889	68,049	9,626	8,405	79,584	5,615	12,655	36,422	75,909	1,260,860
Related Party Payables	177	7,540	10,543	-	29,853	-	1,142	8,459	40,803	54,578
Total Liabilities	7,066	75,589	20,169	8,405	109,437	5,615	13,797	44,881	116,712	1,315,438
CAPITAL FUND										
Donor funds	32,102	650	151,124	145,138	211,832	(10,378)	8,061	(242,995)	(99,641)	1,007,668
Retained Surplus	585	142	-	-	(5,292)	-	-	-	(69,854)	6,275,829
Total Capital Fund	32,687	792	151,124	145,138	206,540	(10,378)	8,061	(242,995)	(169,495)	7,283,497
TOTAL LIABILITIES AND CAPITAL FUND	39,753	76,381	171,293	153,543	315,977	(4,763)	21,858	(198,114)	(52,783)	8,598,935

BRAC SOCIAL BUSINESS ENTERPRISES
UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

KPMG
Certified Public Accountants
P O Box 3509
Kampala
Uganda

COMPANY INFORMATION

DIRECTORS

Mr. Dr. Muhammad Musa*	-	Chairperson
Mr. Md. A Saleque*	-	Member
Mr. Syed Abdul Muntakim*	-	Member
Mr. George Owuor Matete	-	Member

ADMINISTRATORS

Mr. George Owuor Matete	-	Country Director
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*Bangladeshis

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Plot 880, Heritage Road Nsambya
P.O. Box 31817
Kampala Uganda

COMPANY SECRETARY

Khalifa Nazim Uddin
BRAC Uganda,
Plot 880, Heritage Road Nsambya
P O Box 31817
Kampala Uganda

AUDITOR

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts,
Plot 2 & 4A, Nakasero Road,
P O Box 3509
Kampala
Uganda

BANKERS

Standard Chartered Bank Uganda Ltd Plot 5 Speak Road P O Box 7111 Kampala, Uganda	Stanbic Bank Uganda Ltd Plot 17 Hannington Road, Crested Towers P O Box 7131 Kampala, Uganda
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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in submitting their report and the audited financial statements of BRAC Social Business Enterprises Uganda Limited (the company) for the year ended 31 December 2020, which disclose the state of affairs of the company.

(a) INCORPORATION

BRAC Social Business Enterprises Uganda limited was incorporated as a limited liability company on 9 April 2010 as an independent company. Its vision is to develop a just, enlightened, healthy and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, BRAC Social Business Enterprises Uganda Limited uses sustainable social businesses to create and protect the livelihoods of poor people.

The Company effectively commenced trading on 1 January 2012 as BRAC Social Business Enterprises Uganda limited.

(b) VISION

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

(c) MISSION

The Company's mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice. The interventions aim to achieve large scale, positive changes through economic and social programmes that enable men and women to realize their potential.

(d) OUR VALUES

Innovation- We have been an innovator in the creation of opportunities for the poor to lift themselves out of poverty. We value creativity in programme design and strive to display global leadership in groundbreaking development initiatives.

Integrity- We value transparency and accountability in all our professional work, with clear policies and procedures, while displaying the utmost level of honesty in our financial dealings. The Company holds these to be the most essential elements of our work ethic.

Inclusiveness- We are committed to engaging, supporting and recognising the value of all members of society, regardless of race, religion, gender, nationality, ethnicity, age, physical or mental ability, socioeconomic status and geography.

Effectiveness- We value efficiency and excellence in all our work, constantly challenging ourselves to perform better, to meet and exceed programme targets, and to improve and deepen the impact of our interventions.

(e) PRINCIPAL ACTIVITIES

The Company packs and sells seeds of agricultural and horticultural crops.

(f) RESULTS FROM OPERATIONS

The results for the Company for the year ended 31 December 2020 are set out on page 110.

(g) COMPOSITION OF DIRECTORS

The directors who served during the year and up to the date of this report are set out on page 102.

(h) DIRECTORS BENEFITS

No director has received or become entitled to receive any benefits during the financial year.

(i) CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

In 2020 the Board of Directors had three directors. The Board continued to carry out its role of formulating policies and strategies of the Company, reviewing the business plan, ensuring that the accounting system is maintained in accordance with acceptable standards, the books of the Company are kept properly, and that accounts are checked by authorised auditors, as well as recruitment and development of key personnel.

(j) RISK MANAGEMENT

The board accepts the final responsibility for the risk management and internal control system of the Company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding;

- The effectiveness and efficiency of operations;
- Safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

(k) MANAGEMENT STRUCTURE

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Country Representative who is assisted by the heads of divisions, departments and units. The organisation structure of the Company comprises of the following divisions:

- Accounts and finance;
- Public relations;
- Internal audit;
- Monitoring unit;
- Branch review unit;
- Agriculture;
- IT and MIS;
- Human resources;
- BRAC Learning Centre;
- Communications and
- Procurement, logistics and transportation

(l) RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 16 to the financial statements.

(m) DEVELOPMENT PLANS

BRAC International Holdings BV purchased all 99 shares held by BRAC industries limited. The transaction was completed on 06 January 2016. Authorized share capital increased from UGX 1 million to UGX 10.5 billion.

(n) KEY ACHIEVEMENTS IN 2020

The Seed Processing Plant was fully operational and this enhanced the quality of seeds and germination rate. Ten new varieties for vegetables and maize were introduced which boosted the production rate up to 427 MT.

(o) SOLVENCY

The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

(p) EMPLOYEES' WELFARE

Management/employee relationship

There was continued good relation between employees and management for the year ended 31 December 2020. There were no unresolved complaints received by management from the employees during the year.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training

Training and development of staff capacity is one of the key priorities of the company. During the year, a number of program staff were trained in their program related aspects.

Medical assistance

The Company has in place a medical insurance policy for all its staff.

Retirement benefit

All eligible employees are members of the National Social Security Fund (NSSF) which is an approved pension fund. The Company contributes 10% of the employees' gross salary.

The NSSF is a defined contribution scheme with BRAC Social Business Enterprises Uganda limited having no legal or constructive obligation to pay further top-up contributions.

(q) GENDER PARITY

In 2020, the company had a total staff of 25 staff (23 in 2019), female being 50% of the total staff.

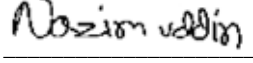
(r) AUDITOR

The auditor, KPMG, being eligible for re-appointment has expressed willingness to continue in office in accordance with the terms of Section 167(2) of the Companies Act of Uganda.

(s) APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the directors at a meeting held on 19 March 2021.

By order of the Board


SECRETARY

Date: 19 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of BRAC Social Business Enterprises Uganda Limited comprising the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act of Uganda.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not be a going concern for at least the next twelve months from the date of this statement. The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the International Financial Reporting Standards and Companies Act of Uganda.

Approval of the financial statements

The financial statements of BRAC Social Business Enterprises Uganda Limited which appear on pages 110 to 143, were approved and authorised for issue by the Board of Directors on 19th March 2021.


Director
Syed Abdul Muntakim
Director Finance, BRAC International


Director
Dr. Muhammad Musa
Executive Director, BRAC International

Date: 19th March 2021



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Website www.kpmg.com/eastafrika

Independent auditors' report

TO THE MEMBERS OF BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC Social Business Enterprises Uganda Limited ("the Company") set out on pages 110 to 143, which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of BRAC Social Business Enterprises Uganda Limited as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of Uganda.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Matter

We draw attention to the fact that the supplementary information presented in programme reporting and the memorandum figures reported in United States Dollars (USD) does not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, memorandum figures reported in United States Dollars (USD) and programme reporting but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG Uganda is a registered partnership and a member firm of the KPMG global organization of Independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG is regulated by the Institute of Certified Public Accountants of Uganda (ICPAU)

Partners: Edgar Isingoma
Asad Lukwago
Stephen Inegel



Independent auditors' report

TO THE MEMBERS OF BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act of Uganda, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditors' report

TO THE MEMBERS OF BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

Report on the Audit of the Financial Statements (continued)

Report on Other Legal Requirements

As required by the Companies Act of Uganda, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were considered necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the statements of financial position and comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Asad Lukwago – P0365.

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda

Date: 28 April 2021

CPA Asad Lukwago

BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Revenue	4	2,456,872	1,416,160	659,850	382,570
Cost of sales	6	(2,007,645)	(1,083,380)	(539,200)	(292,671)
Gross profit		449,227	332,780	120,650	89,899
Other income	5	117,885	214,629	31,660	57,981
Staff costs	7	(641,848)	(716,788)	(172,383)	(193,638)
Training, workshops & seminars	8	(6,219)	(10,077)	(1,670)	(2,722)
Other operating expenses	9	(445,796)	(793,791)	(119,729)	(214,440)
Depreciation	14	(216,156)	(139,939)	(58,054)	(37,804)
Lease amortization	15(a)	(35,728)	(35,728)	(9,595)	(9,652)
Impairment of trade receivables	13	(5,713)	(57,948)	(1,534)	(15,654)
Operating loss		(784,348)	(1,206,862)	(210,655)	(326,030)
Finance costs	10	(41,858)	(13,747)	(11,242)	(3,713)
Loss before tax		(826,206)	(1,220,609)	(221,897)	(329,743)
Income tax credit	18(a)	-	28,681	-	7,748
Net loss for the year		(826,206)	(1,191,928)	(221,897)	(321,995)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(826,206)	(1,191,928)	(221,897)	(321,995)

The notes set out on pages 114 to 143 are an integral part of these financial statements.

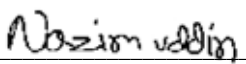
BRAC SOCIAL BUSINESS ENTERPRISES UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
ASSETS					
Non-current assets		1,104,075	1,307,477	302,863	356,725
Property and equipment	14	66,523	102,251	18,250	27,899
Right of use	15(a)	1,170,598	1,409,728	321,113	384,624
Total non-current assets					
Current assets					
Cash and bank	11	138,891	93,418	38,100	25,488
Inventory	12	393,404	143,690	107,917	39,204
Trade and other receivables	13	329,670	551,096	90,434	150,358
Tax receivable	18(c)	38,635	38,635	10,599	10,541
Total current assets		900,600	826,839	247,050	225,591
Total assets		2,071,198	2,236,567	568,163	610,215
EQUITY					
Share Capital	19	2,434,000	2,434,000	667,685	664,082
Accumulated losses		(3,055,939)	(2,229,733)	(838,293)	(608,351)
Total equity		(621,939)	204,267	(170,608)	55,731
LIABILITIES					
Non-current liabilities					
Loan due to related party	16(c)	1,093,629	1,099,562	300,000	300,000
Total non-current liabilities		1,093,629	1,099,562	300,000	300,000
Current liabilities					
Due to related parties	16(a)	1,335,598	695,757	366,376	189,827
Lease liability	15(b)	6,965	47,324	1,911	12,912
Other liabilities	17	256,945	189,657	70,484	51,745
Total current liabilities		1,599,508	932,738	438,771	254,484
Total liabilities		2,693,137	2,032,300	738,771	554,484
Total equity and liabilities		2,071,198	2,236,567	568,163	610,215

The financial statements on pages 110 to 143 were approved by the Board of Directors on 19 March 2021 and were signed on its behalf by:


Head of Finance


Country Director


Director
Syed Abdul Muntakim
Director Finance, BRAC International


Director
Dr. Muhammad Musa
Executive Director, BRAC International

Date: 19th March 2021

The notes set out on pages 114 to 143 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital Ushs '000	Accumulated losses Ushs '000	Total Equity Ushs '000	Total Equity USD
At 1 January 2019	2,434,000	(1,037,805)	1,396,195	375,801
Loss for the year	-	(1,191,928)	(1,191,928)	(321,995)
Currency translation	-	-	-	1,926
At 31 December 2019	2,434,000	(2,229,733)	204,267	55,732
At 1 January 2020	2,434,000	(2,229,733)	204,267	55,732
Loss for the year	-	(826,206)	(826,206)	(221,897)
Currency translation	-	-	-	(4,443)
At 31 December 2020	2,434,000	(3,055,939)	621,939	(170,608)

The notes set out on pages 114 to 143 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Cash flows from operating activities	20	103,680	(1,097,943)	31,450	(296,748)
Interest paid on lease liability	15(c)	(3,013)	-	(809)	-
Income tax paid	18(a)	-	-	-	-
Net cash used in operating activities		100,667	(1,097,943)	30,641	(296,748)
Cash flows from investing activities					
Purchase of property, plant and equipment	14	(14,835)	(1,420)	(4,069)	(384)
Net cash used in investing activities		(14,835)	(1,420)	(4,069)	(384)
Cash flows from financing activities					
Proceeds from loans and borrowings		-	1,099,562	-	300,000
Payment of lease liabilities		(40,359)	(40,330)	(11,071)	(10,896)
Net cash generated from financing activities		(40,359)	1,059,232	(11,071)	289,104
Net decrease in cash and cash equivalents		45,473	(40,131)	15,501	(8,028)
Cash at bank at start of year		93,418	133,549	25,488	35,946
Currency translation		-	-	(2,889)	(2,430)
Cash at bank at end of year	11	138,891	93,418	38,100	25,488

The notes set out on pages 114 to 143 are an integral part of these financial statements.

1. General Information

BRAC Social Business Enterprises Uganda Limited (the “Company”) is incorporated in Uganda under the Companies Act of Uganda as a limited liability company, and is domiciled in Uganda.

Its vision is to develop a just, enlightened, healthy and democratic society free from hunger, poverty, environmental degradation and all forms of exploitation based on age, sex and ethnicity. In order to achieve this vision, BRAC Social Enterprise uses sustainable social businesses to create and protect the livelihoods of poor people.

BRAC’s business model strongly reflects its philosophy, the core elements of the business model are BRAC’s community outreach based delivery methodology and its unwavering focus on people at the poorer end of the poverty spectrum.

The company officially started its journey on 4 April 2011 after receiving license from Ministry of Agriculture, Animal industry and Fishery of Uganda to pack and sell seeds of Agricultural and Horticultural crops.

For Companies Act of Uganda reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements.

2. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the Companies Act of Uganda. They were authorised for issue by the company’s board of directors on 3 March 2021.

The measurement basis applied is the historical cost basis, except for investments measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Details of the Company’s accounting policies are included in Note 3.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Changes in accounting policy and disclosures

The Company has initially adopted Definition of a Business (Amendments to IFRS 3) and Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Company’s financial statements.

The Company applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

(b) New standards, amendments and interpretations

(i) New and amended standards adopted by the Company

New amendments or interpretation effective for annual periods beginning on or after 1 January 2020 are summarised below:

New amendments or interpretation	Effective date
• Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
• Definition of a Business (Amendments to IFRS 3)	1 January 2020
• Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
• Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
• Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2020

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

The revised Conceptual Framework will form the basis of new IFRS standards set by the IASB as well as future amendments to existing IFRS standards.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of ‘material’ which is quoted below from the final amendments.

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

Differing effective dates of IFRS 9 Financial Instruments and the new insurance contracts standard could have had a significant impact on insurers. In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the International Accounting Standards Board (the Board) issued amendments to IFRS 4 Insurance Contracts in 2017 with an effective date of 1 January 2020.

The amendments introduced two options that could reduce the impacts but include various complexities as summarised as follows;

Temporary exemption from IFRS 9

- Rather than having to implement IFRS 9 in 2018, some companies are permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement.
- To qualify, a reporting company’s activities need to be predominantly connected with insurance.

Overlay approach

- This optional solution provides an overlay approach to presentation to alleviate temporary accounting mismatches and volatility.
- For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

The adoption of these amendments did not have a significant impact on the financial statements of the Company.

(ii) New standards and interpretations not yet adopted by 2020

At the date of authorisation of the financial statements of BRAC Social Business Enterprise Uganda Limited for the year ended 31 December 2020, the following Standards and Interpretations were in issue but not yet effective:

New amendments or interpretation	Effective for annual periods beginning on or after
• Interest Rate Benchmark reform-Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
• Annual Improvements to IFRS Standards 2018–2020	1 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
• Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
• Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
• IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
• COVID-19-Related Rent Concessions (Amendments to IFRS 16)	1 June 2020
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

All standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity).

Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the ‘costs of fulfilling a contract’ when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The amendments are not expected to have a material impact on the Company.

Annual Improvements to IFRS Standards 2018-2020

• IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
• IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
• IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
• IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The amendments are not expected to have a material impact on the Company.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The amendments are not expected to have a material impact on the Company.

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model (“general model”) for the recognition and measurement of liabilities arising from insurance contracts.

In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9.

The amendments are not expected to have a material impact on the Company.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management’s intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The amendments are not expected to have a material impact on the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a ‘business’ under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors’ interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors’ interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired.

In response to this conflict and the resulting diversity in practice, on 11 September 2014 the IASB issued Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The amendments are not expected to have a material impact on the Company.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub- groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

Disclosure

The amendments will require the Company to disclose additional information about the entity’s exposure to risks arising from interest rate benchmark reform and related risk management activities.

Transition

The Company plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The adoption of these amendments is not expected to have a material impact on the financial statements of the Company as the Company has not had any lease concessions.

(c) Revenue from contracts with customers

BRAC SE recognises revenue in accordance with the core principle of IFRS 15 Revenue from Contracts with Customers: by applying the following five steps

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised in the correct period (“cut-off” issue) and reported only where control of the goods has passed to the customer. This signifies that BRAC SE has satisfied a performance obligation to its customer in accordance with the requirements of the contract with that customer (steps 1, 2 and 5 of the Revenue model).

Revenue must be recognised and measured at the correct valuation after taking account of rebates, trade activities, returns and other adjustments to reported revenue in accordance with the requirements of the contract with that customer (steps 1, 3 and 4 of the Revenue model).

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company’s activities. Net revenue is shown after excluding value-added tax (VAT).

Nature and timing of satisfaction of performance obligations, including significant payment terms;

Customers obtain control of the products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are payable within 28 days.

The performance obligations in the sale of seeds involves delivering the goods to the customers and confirming that these have been accepted by the customers at their premises.

Revenue from the sale of seeds is recognised when the goods are delivered and have been accepted by customers at their premises.

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income is recognised as other income and this is from subleased property on the basis of valid contracts.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Uganda Shillings (Ushs) rounded to the nearest thousands. Uganda Shillings is the Company's functional currency.

The financial statements include figures, which have been translated from Uganda Shillings (Shs'000) to United States Dollars (USD) at the year-end rate of USD 1: Ushs 3,645.43 (2019: Ushs 3,645) for balance sheet items and USD 1: Ushs 3,723.38 (2019: Ushs 3,702) for the income statement balances. These figures are for memorandum purposes only and do not form part of the audited financial statements.

(ii) Transactions and balance

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a first-in first-out principle, and includes transport and handling costs. Net realizable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

(f) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(g) Property and equipment

All property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognized as an asset when:

- It is probable that future economic benefits associated with the item will flow to the company; and
- The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property and equipment. Property and equipment are subsequently shown at market value, based on valuations by external independent valuers, less subsequent accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increase of the same asset are charged against the revaluation reserve. All other decreases are charged to the profit and loss account.

Depreciation is provided to write down the property and equipment, on a straight line basis, over their useful life, to their residual values, as follows:

Buildings	5%
Furniture and fixtures	10%
Equipment	20%
Computer and Peripherals	33.33%
Motorcycles	20%

The residual value and the depreciation rates of each asset are reviewed at each financial period-end. Land is not depreciated.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the disposal of an item of property and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property and equipment are carried at cost less accumulated depreciation and any impairment losses.

(h) Impairment of assets

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized immediately in the profit and loss account.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Investments with a longer maturity at acquisition do not become cash equivalents once their remaining maturity period falls to three months.

(j) Taxation

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Tax expenses

Provision is made for current income tax on the net taxable profit for the year at the applicable rates of tax taking into account income and expenditure which is not subject to tax.

(k) Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Amounts owing by/ (to) related parties

These include amounts owing by/ (to) holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognized initially at fair value plus direct transaction costs.

Subsequently these amounts are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

On amounts receivable an impairment loss is recognized in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

(l) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amount and there is an intention to settle on net basis, or to realize the asset and settle the liability simultaneously.

(m) Provisions

A provision is recognized on the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

(n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

The accounting policies adopted are consistent with those used in the previous financial year except the following standards, amendments and interpretations which the company has adopted. The adoption of these standards, amendments and interpretations did not have significant effect on the financial performance or position of the company.

4. REVENUE

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Sale of seeds	2,456,647	1,296,325	659,790	350,197
Vine sale	225	119,835	60	32,373
	2,456,872	1,416,160	659,850	382,570

The following table provides information about the nature and timing of the satisfaction of performance obligation with customers, including significant payment terms and the related revenue recognition policies.

Type of the product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Sale of seeds and vine	Customers obtain control when the goods are delivered to and have been accepted at their premises. Invoices are generated at a point in time. Invoices are usually payable within 28 days.	Revenue is recognised when the seeds are delivered and have been accepted by customers at their premises.

5. OTHER INCOME

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Training income	110,012	214,276	29,546	57,886
Bank interest income	7,873	353	2,114	95
	117,885	214,629	31,660	57,981

Type of the product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Training income	Customers obtain control when the training services have been offered by BRAC Social Business Enterprise. Invoices are generated at a point in time. Invoices are usually payable within 28 days.	Revenue is recognised when an invoice is raised after the training.

6. COST OF SALES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Seed purchase	1,440,129	746,358	386,780	201,626
Labor	14,242	10,182	3,825	2,751
Transportation of seeds	202,536	101,403	54,396	27,394
Chemical cost	27,789	61,443	7,463	16,599
Irrigation cost	2,023	20,186	543	5,453
Fertilizer costs – chemicals	365	115	98	31
Packaging costs	217,903	68,876	58,523	18,606
Seed processing cost	47,703	21,904	12,812	5,917
Electricity bill	40,609	28,248	10,907	7,631
Fuel	14,346	24,665	3,853	6,663
	2,007,645	1,083,380	539,200	292,671

7. STAFF COSTS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Salaries	544,958	603,440	146,360	163,017
Bonus	42,363	44,875	11,378	12,123
Employer's contribution	54,527	64,847	14,645	17,518
Gratuity expenses	-	3,626	-	980
	641,848	716,788	172,383	193,638

8. TRAINING, WORKSHOP AND SEMINARS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
External member trainings	1,587	8,529	426	2,304
Staff training	4,632	1,548	1,244	418
	6,219	10,077	1,670	2,722

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9. OTHER OPERATING EXPENSES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Legal fees and other services	22,064	52,892	5,926	14,290
Audit fees	43,016	36,355	11,553	9,821
Maintenance and general expenses	64,728	109,434	17,384	29,563
Printing and stationery	50,136	20,924	13,465	5,653
Software maintenance cost	9,609	54,941	2,581	14,842
Stock loss provision	-	115,050	-	31,080
Other general expenses	52,411	127,463	14,076	34,434
Head office logistic expenses	-	34,626	-	9,354
Honorarium	4,970	9,714	1,335	2,624
Travel and transportation	145,632	177,953	39,113	48,073
Inventory write off	51,148	54,439	13,737	14,706
Fixed assets write off	2,082	-	559	-
	445,796	793,791	119,729	214,440

10. FINANCE COSTS

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Loan interest expense	44,778	14,373	12,026	3,883
IFRS16 interest expense	3,013	7,741	809	2,091
Exchange gain	(5,933)	(8,367)	(1,593)	(2,261)
	41,858	13,747	11,242	3,713

11. CASH AND BANK

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Cash in hand	109	392	30	107
Cash at Bank	138,782	93,026	38,070	25,381
	138,891	93,418	38,100	25,488

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities Ushs '000	Loan due to related party Ushs '000	Total Ushs '000
At 1 January 2020	47,324	1,099,562	1,146,886
Additional borrowings	-	-	-
Payment of lease liabilities	(40,359)	-	(40,359)
Total changes in financing activities	6,965	1,099,562	1,106,527
Other changes			
Interest expense	3,013	-	3,013
Interest paid	(3,013)	-	(3,013)
Foreign exchange gain on borrowings	-	(5,933)	(5,933)
Balance as at 31 December 2020	6,965	1,093,629	1,100,594

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12. INVENTORY

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Maize seeds	109,718	1,483	30,097	405
Rice seeds	13,173	27,761	3,614	7,574
Bean seeds	181,938	54,720	49,909	14,930
Tomato seeds	45,462	3,295	12,471	899
Egg plants	4,317	4,554	1,184	1,243
Pumpkins	467	6,722	128	1,834
Watermelon	11,553	28,602	3,169	7,804
Cabbage	26,776	16,553	7,345	4,515
	393,404	143,690	107,917	39,204

The inventory relates to agriculture seeds that were not yet sold as at 31 December 2020. A provision of Ushs 51,147,550 was made in regard to this inventory making the amount to drop from Ushs 444,551,617 to Ushs 393,404,067 as recognised above.

13. TRADE AND OTHER RECEIVABLES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Trade receivables	324,118	1,007,466	88,911	274,873
Less: Provision for impairment losses	(5,713)	(469,674)	(1,567)	(128,145)
Trade receivables – net	318,405	537,792	87,344	146,728
Receivables from others	11,265	13,304	3,090	3,630
	329,670	551,096	90,434	150,358

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Balance at 1 January under IFRS 9	469,674	411,726	128,145	110,821
Write off against provisions	(469,674)	-	(128,145)	-
Remeasurement of loss allowance	5,713	57,948	1,534	15,654
Currency translation	-	-	-	1,670
Balance at 31 December	5,713	469,674	1,534	128,145

Impairment of trade receivables was made based on a simplified approach measured at an amount equal to life time credit loss using a provision matrix that is based on historical credit loss experience of the trade receivables.

The carrying amounts of the above trade and other receivables approximate their fair values.

14. Property and equipment	Building Ushs '000	Motorcycles Ushs '000	Furniture Ushs '000	Equipment Ushs '000	Total Ushs '000	Total USD
COST						
At 1 January 2019	1,296,432	-	13,557	749,960	2,059,949	562,027
Additions	-	-	-	1,420	1,420	384
Currency translation	-	-	-	-	-	3
At 31 December 2019	1,296,432	-	13,557	751,380	2,061,369	562,414
At 1 January 2019	1,296,432	-	13,557	751,380	2,061,369	562,414
Additions	-	13,475	-	1,360	14,835	4,069
Asset write-off	-	-	(90)	(25,243)	(25,333)	(7,600)
Currency translation	-	-	-	-	-	3,702
At 31 December 2020	1,296,432	13,475	13,467	727,497	2,050,871	562,585
DEPRECIATION						
At 1 January 2019	158,393	-	5,135	450,425	613,953	165,253
Charge for the year	25,929	-	1,356	112,654	139,939	37,804
Currency translation	-	-	-	-	-	2,632
At 31 December 2019	184,322	-	6,491	563,079	753,892	205,689
As at 1 January 2019	184,322	-	6,491	563,079	753,892	205,689
Charge for the year	64,822	787	1,356	149,191	216,156	58,054
Accumulated depreciation write-off	-	-	(52)	(23,200)	(23,252)	(6,975)
Currency translation	-	-	-	-	-	2,954
At 31 December 2020	249,144	787	7,795	689,070	946,796	259,722
NET BOOK VALUE						
At 31 December 2020	1,047,288	12,688	5,672	38,427	1,104,075	302,863
At 31 December 2019	1,112,110	-	7,066	188,301	1,307,477	356,725

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15. LEASES

a) Right of use

Cost / Valuation	Ushs '000 Office Space	Ushs '000 Prepaid Lease hold Land	Ushs '000 Total	USD Total
At 1 January 2019	82,415	60,761	143,176	39,066
Additions	-	-	-	-
Currency translation	-	-	-	-
At 31 December 2019	82,415	60,761	143,176	39,066
At 1 January 2020	82,415	60,761	143,176	39,066
Additions	-	-	-	-
Currency translations	-	-	-	-
At 31 December 2020	82,415	60,761	143,176	39,066
Amortization				
At 1 January 2019	-	5,197	5,197	2,102
Charge for the year	35,114	614	35,728	9,652
Currency translations	-	-	-	(587)
At 31 December 2019	35,114	5,811	40,925	11,167
At 1 January 2020	35,114	5,811	40,925	11,167
Charge for the year	35,114	614	35,728	9,595
Currency translations	-	-	-	54
At 31 December 2020	70,228	6,425	76,653	20,816
NBV 2020	12,187	54,336	66,523	18,250
NBV 2019	47,301	54,950	102,251	27,899

The prepaid leasehold land relates to costs incurred for the acquisition of land located on Block 382, Plot 19 at Kiziba, Bulemezi. It is amortised on a straight-line basis over the period of the lease. The lease agreement became effective on 18 December 2008 for 99 years and as at 31 December 2020, the remaining lease period is 88 years.

At inception of the lease, the obligation associated with the acquisition was all paid upfront as required by the local laws. Therefore, all would be minimum lease payments were paid at once at the beginning of the lease. It's a requirement that for such a lease for the lessee to settle all the obligations upfront for the lease agreement to be effective.

b) Lease liability

	Office space Ushs'000	Office space USD
Balance at 1 January 2020	47,324	12,912
Interest expense	3,013	809
Interest paid	(3,013)	(809)
Lease Payments	(40,359)	(11,071)
Currency translation	-	70
Balance at 31 December 2020	6,965	1,911

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c) Amounts recognised in profit and loss

	Office space Ushs'000	Prepaid leasehold land Ushs'000	Total Ushs '000	Total USD
Interest on lease liabilities	3,013	-	3,013	809
Depreciation of right of use assets	35,114	614	35,728	9,595

d) Amounts recognised in statement of cashflows

	Office space Ushs'000	Office space USD
Lease interest expense	(3,013)	(809)
Lease payments-Principal	(40,359)	(11,071)
Total	<u>(43,372)</u>	<u>11,880</u>

16. RELATED PARTY TRANSACTIONS

The company has entered into transactions with related parties as follows:

(a) Amount due to related parties

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Stitching BRAC International	20,744	20,745	5,690	5,660
BRAC Bangladesh	-	-	-	-
BRAC International Holdings B.V	87,665	87,665	24,048	23,918
BRAC Uganda	1,227,189	587,347	336,638	160,249
	<u>1,335,598</u>	<u>695,757</u>	<u>366,376</u>	<u>189,827</u>

Related party payables relate to amounts owing to Stitching BRAC International, BRAC International Holdings B.V and BRAC Uganda for the settlements of operating expenditures on behalf of the company. Stitching BRAC International is the ultimate controlling party of BRAC Bangladesh, BRAC International Holdings B.V and BRAC Uganda. BRAC International Holdings B.V controls 99% of BRAC Social Business Enterprise Uganda.

The amounts due from and due to related parties are unsecured, bear no interest and will be settled in the normal course of business.

The carrying amounts of the above payables to related parties approximate their fair values.

(b) Sale of services

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Training income	78,497	200,012	21,082	54,032
	<u>78,497</u>	<u>200,012</u>	<u>21,082</u>	<u>54,032</u>

The company provides training services to related parties including BRAC Uganda and BRAC Uganda Bank Limited. All these related parties share a common ultimate controlling party with the Company.

(c) Loan due to related party

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
BRAC International Holdings B.V	1,093,629	1,099,562	300,000	300,000
	<u>1,093,629</u>	<u>1,099,562</u>	<u>300,000</u>	<u>300,000</u>

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The loan due to related party is not secured against any of the Company's assets. Information about the interest rate and other terms is included in the terms and payment schedule below.

The carrying amount of the above loan payable to related party approximates its fair value.

Terms and payment schedule

The terms and conditions of the outstanding loan are as follows:

	Nominal interest rate	Year of maturity	31 December 2020 Face value Ushs'000	31 December 2020 Carrying amount Ushs'000	31 December 2019 Face value Ushs'000	31 December 2019 Carrying amount Ushs'000
Loan due to related party	4%	2019-2022	1,137,374	1,093,629	1,172,867	1,099,562
			<u>1,137,374</u>	<u>1,093,629</u>	<u>1,172,867</u>	<u>1,099,562</u>

17. OTHER LIABILITIES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Provision for NSSF	13,874	13,990	3,806	3,817
Provision for audit fees	43,016	36,762	11,800	10,030
Provision for PAYE	28,054	29,438	7,696	8,032
Withholding tax & VAT payable	(11,312)	8,699	(3,103)	2,373
Accrued expenses	183,313	100,768	50,285	27,493
	<u>256,945</u>	<u>189,657</u>	<u>70,484</u>	<u>51,745</u>

The carrying amounts of the above other liabilities approximate their fair values.

18. TAXATION

(a) Income tax credit

The company's tax affairs are subjected to agreement with the tax authorities. Details of the tax computation are set out below:

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Corporation tax	-	-	-	-
Deferred tax (Note 18(b))	-	(28,681)	-	(7,748)
Income tax credit	<u>-</u>	<u>(28,681)</u>	<u>-</u>	<u>(7,748)</u>

The corporation tax rate is set at 30% of the profits for the year as adjusted for tax purposes in accordance with the Income Tax Act cap 340.

Since the Company did not make taxable profit during the year, no corporation tax was charged.

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	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Accounting loss	(826,206)	(1,220,609)	(221,897)	(329,743)
Tax at applicable rate 30%	(247,862)	(366,183)	(66,569)	(98,923)
Tax effect of:				
(Under)/ over provision from prior year	(451,770)	109,328	(121,333)	29,534
Movement in unrecognized tax losses	-	221,540	-	59,848
Unrecognised deferred tax asset	693,214	-	186,179	-
Non-deductible expenses	6,418	6,634	1,723	1,793
	-	(28,681)	-	(7,748)

No provision for corporation tax has been made in the financial statements as the company has accumulated tax losses amounting to Ushs 2,449 million (2019: Ushs 1,399).

(b) Unrecognised Deferred tax asset

In accordance with policy (j), the deferred tax asset arising from accumulated tax losses carried forward are realisation only to the extent that realisation of the tax benefit is probable.

The current year deferred tax asset has been recognised to the extent of the available temporary taxable differences. The net deferred tax asset amounting to Ushs 697 million has not been recognised in the financial statements. The unrecognised deferred tax asset as at 31 December 2020 is summarised below:

	2019 Ushs '000	Mov't Ushs '000	2020 Ushs '000	2019 USD	Mov't USD	2020 USD
Property and equipment	479,526	(168,428)	311,098	130,832	(45,493)	85,339
Provisions	(483,869)	308,700	(175,169)	(132,017)	83,965	(48,052)
Trading losses	-	(2,448,550)	(2,448,550)	-	(671,677)	(671,677)
Unrealized foreign exchange loss/(gain)	(8,368)	(2,434)	(10,802)	(2,283)	(680)	(2,963)
	(12,711)	(2,310,712)	(2,323,423)	(3,468)	(633,885)	(637,353)

Unrecognised deferred tax asset @ 30%	(3,813)	(693,214)	(697,027)	(1,040)	(190,165)	(191,206)
At 31 December	(3,813)	(693,214)	(697,027)	(1,040)	(190,165)	(191,206)

	2018 Ushs '000	Mov't Ushs '000	2019 Ushs '000	2018 USD	Mov't USD	2019 USD
Property and equipment	507,181	(27,655)	479,526	136,513	(5,681)	130,832
Provisions	(411,726)	(72,143)	(483,869)	(110,821)	(21,196)	(132,017)
Unrealized foreign exchange loss	149	(8,517)	(8,368)	41	(2,324)	(2,283)
	95,604	(108,315)	(12,711)	25,733	(29,201)	(3,468)

Deferred tax liability @ 30%	28,681	(28,681)	-	7,720	(7,720)	-
At 31 December	28,681	(28,681)	-	7,720	(7,720)	-

(c) Tax receivable

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
At 1 January	38,635	38,635	10,637	10,637
Currency translation	-	-	(38)	(96)
At 31 December	38,635	38,635	10,599	10,541

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19. SHARE CAPITAL AND FUNDS DESIGNATED FOR ISSUE OF ORDINARY SHARES

(a) Share Capital

	2020	2020	2019	2019
	Ushs '000	USD	Ushs '000	USD
At 1 January and 31 December				
Authorized Share Capital	<u>10,500,000</u>	<u>2,826,189</u>	<u>10,500,000</u>	<u>2,826,189</u>
Issued and raised shares				
	No of	2020	No of	2019
	Shares	Ushs '000	Shares	Ushs '000
		USD		USD
As at 1 January	243,400	2,434,000	243,400	2,434,000
Issued during the year @10,000	-	-	-	-
Currency translation	-	12,548	-	8,945
At 31 December	243,400	2,434,000	243,400	2,434,000
		667,685		664,082

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company.

20. CASH FLOW FROM OPERATING ACTIVITIES

	2020 Ushs '000	2019 Ushs '000	2020 USD	2019 USD
Loss before tax	(826,206)	(1,220,609)	(221,897)	(329,743)
<i>Adjustments for:</i>				
Depreciation	216,156	139,939	58,054	37,804
Amortization of right of use	35,728	35,727	9,595	9,652
Forex on borrowings	(5,933)	-	(1,594)	-
Interest on lease liability	3,013	-	809	-
Loss on disposal	2,082	-	559	-
Cash flow before changes in working capital	(575,160)	(1,044,943)	(154,474)	(282,287)
Changes in working capital				
Decrease/ (increase) in inventory	(249,714)	276,061	(68,794)	75,319
Increase in trade and other receivables	221,426	(460,843)	60,741	(125,735)
Increase in due to related parties	639,841	79,011	175,519	21,557
Increase/ (decrease) in other liabilities	67,287	52,771	18,458	14,398
Cashflows used in operations	103,680	(1,097,943)	31,450	(296,748)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

21. GOING CONCERN

The Company incurred a loss during the year ended 31 December 2020 of Ushs 826,206,331 (2019: Ushs 1,220,608,520) and as of that date, the Company's current liabilities exceeded its current assets by Ushs 698,908,577 (2019: Ushs 105,899,000). The losses are mainly due to the high seed processing costs incurred to produce quality seeds that attract high prices and the high labour costs in regards to staff salaries.

The directors are confident that the Company will be able to meet its obligations as and when they fall due for the next twelve months from the date the financial statements are approved due to the following factors:

- a) The holding company and other related companies are willing to continue providing financial support to the Company and this was evidenced through the letter of support. The holding company has represented in the letter of support that they will not recall the loan due to them from the company for atleast 12 months from the date of approval of these financial statements.
- b) The loan due to related parties (BRAC International Holdings B.V-parent company) amounting to Ushs 1,093,629,000 and the amount due to related parties amounting to Ushs 1,335,598,400 are to be converted into equity in 2021. This was approved by the Group finance director in March 2021 and is awaiting final board approval in April 2021.
- c) Management has put in place strategies to manage costs such as downsizing the number of staff from 25 in 2020 to 16 in January 2021, reducing staff salaries of the remaining existing staff and managing production costs through producing only when there is a confirmed order so as to avoid costs for any excess that may arise without demand and ensure that the Company has sufficient cash flows to meet its obligations as and when they fall due.

The Directors are confident that the going concern assumption is appropriate in the preparation of the financial statements as the losses are attributed to the fact that the Company has just commenced operations.

The Directors believe that the above financial support coupled with a new head of the Company and a new product introduction committee will result in revenue growth.

22. FINANCIAL RISK MANAGEMENT

All the Company's financial assets are classified as amortised cost and all financial liabilities are measured at amortised cost. The carrying amounts for each class of financial assets and financial liabilities are included in the table below:

	2020 USD	2019 USD
Financial assets		
<u>Amortised cost</u>		
Cash and cash equivalents	138,891	93,418
Inventories	393,404	143,690
Tax receivable	38,635	38,635
Trade and other receivables	329,670	551,096
	<u>900,600</u>	<u>826,839</u>
Financial liabilities		
<u>Measured at amortised cost:</u>		
Loan due to related party		
Other liabilities	1,093,629	1,099,562
Lease liabilities	256,945	189,657
Amount due to related parties	6,965	47,324
	<u>1,335,598</u>	<u>695,757</u>
	<u>2,693,137</u>	<u>2,032,300</u>

The Company has exposure to the following risks from financial instruments:

- i) Credit risk
- ii) Interest rate risk
- iii) Liquidity risk
- iv) Market risk
- v) Operational risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of BRAC International Holdings BV, the parent company, has established the Group Audit and Risk Management committee, Remuneration Committee, Investment Committee, Group Executive Committee and Subsidiary Companies Executive Committee which are responsible for developing and monitoring Group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Executive Committee which comprises of Executive Directors and Senior Management and report regularly to the Board of Directors on their activities.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Credit policy of BRAC Social Business Enterprises Uganda Limited requires all credit exposures to be measured, monitored and managed proactively.

Exposure to credit risk is monitored on an ongoing basis by the commercial ventures respective management teams. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure. Key areas where the company is exposed to credit risk are:

Trade and other receivable balances

BRAC financial risk management policy seeks to identify, appraise and monitor the risks facing BRAC whilst taking specific measures to manage its interest rate, foreign exchange, liquidity and credit risks. BRAC does not however, engage in speculative transactions or take speculative positions, and where affected by adverse movements, BRAC has sort the assistance of donors.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to the equity holders of the Company, comprising share capital, accumulated losses and other reserves as disclosed in the statement of changes in equity. Management regularly reviews the capital structure and make adjustments to it in light of changes in the economic conditions.

Management have defined debt as amounts owing to related and third parties. This includes short term loans and trade payables where credit has been extended. Equity is defined as the capital invested by shareholders as well as any accumulated reserves. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt; trade and other payables, less cash and cash equivalents. The company's net debt to equity ratio is analysed as follows:

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	2020	2019	2020	2019
	Ushs '000	Ushs '000	USD	USD
Loan due to related party	1,093,629	1,099,562	300,000	300,000
Lease liability	6,965	47,324	1,911	12,912
Other liabilities	256,945	189,657	70,484	51,745
Due to related parties	1,335,598	695,757	366,376	189,827
Less: Cash and cash equivalents	(138,891)	(93,418)	(38,100)	(25,488)
Net debt	2,554,246	1,938,882	700,671	528,996
Equity	(621,939)	204,267	(170,609)	55,731
Capital and Net debt	1,932,307	2,143,149	530,062	584,727
Net debt to equity ratio	(40%)	90%	(40%)	90%

The negative ratio means that the company is fully financed by debt and the shareholders equity has been fully utilized by the company through the accumulated losses.

Investments in cash and cash equivalents.

All cash at banks is held with reputable financial institutions with good credit history and are regulated by the Central Bank of Uganda. As a result, the probability of loss of cash held at banks due to credit risk is assessed as low.

The Board of Directors has delegated responsibility for the oversight of credit risk to the Country Representative and the Monitoring department.

The determined Company's maximum expose to credit risk is as shown below;

	2020	2019	2020	2019
	Ushs '000	Ushs '000	USD	USD
Trade and other receivables	329,670	551,096	90,434	150,359
Cash and bank	138,891	93,418	38,100	25,488
	468,561	644,514	128,534	175,847

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Country Representative. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

Interest rate risk

As at 31 December 2020, the company had interest bearing financial instruments. The Company's interest rate risk is largely limited to interest charged on the amount due to parent company. The company's policy is to manage its interest cost using negotiated rates. At the moment the intercompany loan has a fixed interest rate which will be renegotiated should economic conditions warrant for the subsequent disbursements. As at 31 December 2020 the company did not have any exposure to Interest rate risk.

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		2020	2019	2020	2019
		Ushs '000	Ushs '000	USD	USD
Loan	Interest rate				
Loan from BRAC					
International Holdings B.V	Fixed rate (4% p.a)	1,093,629	1,099,562	300,000	300,000
	Total	49,072,478	1,099,562	300,000	300,000

Foreign exchange risk

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which, sales, purchases and related party loans are denominated and the functional currency of the Company. Generally, related party loans are denominated in currencies that match the cash flows generated by the underlying operations of the company.

This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Foreign exchange exposures in transactional currencies other than the local currency are monitored via periodic cash flow and budget forecasts and are kept to an acceptable level.

The Company had the following foreign exchange exposure as at 31 December 2020.

	2020	2020	2020	2020
	Ushs '000	Ushs '000	Ushs '000	USD
	USD	USH	Total	Total
Assets				
Cash and cash equivalents	7,500	131,391	138,891	38,100
Trade and other receivables	-	329,670	329,670	90,434
	7,500	461,061	468,561	128,534
Liabilities				
Due to related parties	(108,409)	(1,227,189)	(1,335,598)	(366,367)
Loan due to related party	(1,093,629)	-	(1,093,629)	(300,000)
Other liabilities	(101,188)	(155,757)	(256,945)	(70,484)
Lease liability	-	(6,965)	(6,965)	(1,911)
	(1,303,226)	(1,389,911)	(2,693,137)	(738,762)
Net exposure	(1,295,726)	(928,850)	(2,224,576)	(610,228)

	2020	2020	2020	2020
	Ushs '000	Ushs '000	Ushs '000	USD
	USD	USH	Total	Total
Assets				
Cash and cash equivalents	2,979	90,439	93,418	25,488
Trade and other receivables	-	551,096	551,096	150,358
	2,979	641,535	644,514	175,846
Liabilities				
Due to related parties	(108,410)	(587,347)	(695,757)	(189,827)
Loan due to related party	(1,099,562)	-	(1,009,562)	(300,000)
Other liabilities	(66,292)	(123,365)	(189,657)	(51,745)
Lease liability	-	(47,324)	(47,324)	(12,912)
	(1,274,264)	(758,036)	(1,942,300)	(554,484)
Net exposure	(1,271,285)	(116,501)	(1,297,786)	(378,638)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The liquidity profile of the company is as follows:

	Less than 6 months Ushs '000	6 to 12 months Ushs '000	More than 12 months Ushs '000	Total Ushs '000
31 December 2020				
Assets				
Cash and cash equivalents	138,891	-	-	138,891
Inventories	393,404	-	-	393,404
Tax receivable	38,635	-	-	38,635
Trade and other receivables	329,670	-	-	329,670
Total assets	900,600	-	-	900,600
Liabilities				
Loan due to related party	-	-	(1,093,629)	(1,093,629)
Other liabilities	(256,945)	-	-	(256,945)
Lease liabilities	(6,965)	-	-	(6,965)
Amount due to related parties	(1,335,599)	-	-	(1,335,599)
Total liabilities	(1,599,509)	-	(1,093,629)	(2,693,138)
Liquidity gap	(698,909)	-	(1,093,629)	(1,792,538)

b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organization's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Organization's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each BRAC Program. This responsibility is supported by the development of overall Organizational standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards

Compliance with Company standards is supported by a programme of periodic reviews undertaken by the monitoring Department. The results of reviews are discussed with the management of the programs to which they relate, with summaries submitted to the senior management of the Company.

23. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a) Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g. quoted equity securities. These items are exchange traded positions.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and Bank	-	138,891	-	138,891	138,891
Inventories	-	393,404	-	393,404	393,404
Tax receivable	-	38,635	-	38,635	38,635
Trade and other receivables	-	329,670	-	329,670	329,670
	-	900,600	-	900,600	900,600
Liabilities					
Loan due to related party	-	(1,093,629)	-	(1,093,629)	(1,093,629)
Lease liabilities	-	(6,965)	-	(6,965)	(6,965)
Other liabilities	-	(256,945)	-	(256,945)	(256,945)
Amount due to related parties	-	(1,335,598)	-	(1,335,598)	(1,335,598)
	-	(2,693,137)	-	(2,693,137)	(2,693,137)

24. USE OF ESTIMATES AND JUDGEMENTS

Impairment of receivables

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company regularly reviews its assets and makes judgments in determining whether an impairment loss should be recognized in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Income Taxes

Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

25. CONTINGENT LIABILITIES

There were no known contingent liabilities as at the close of the year.

26. ULTIMATE CONTROLLING PARTY

Stitching BRAC International is the ultimate controlling party of BRAC International Holdings B.V. BRAC Social Business Enterprise Uganda is 99% owned by BRAC International Holdings B.V, a company registered in Netherlands.

27. CURRENCY

These financial statements are presented in thousands of Uganda Shillings, which is the entity's functional currency.

28. CAPITAL COMMITMENTS

There were no capital commitments at year end (2019: nil).

29. EVENTS AFTER THE REPORTING PERIOD

There are no reportable events after the reporting period.

30. COVID 19 ASSESSMENT

On March 11, 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. The pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of finalization of the financial statements its effects are subject to significant levels of uncertainty.

Associated with the COVID-19 virus, we have considered possible events and conditions for the purpose of identifying whether these events and conditions affect, or may affect the future performance of the company. In making this assessment, we have considered the period up to 12 months after the end of the reporting period, as well as the period up to 12 months after the date of this memorandum.

The following observations have been made regarding this assessment;

- The core activities of the entity are to sell seeds of agricultural and horticultural crops which are exempted from the Covid-19 restriction from the government.
- The major customer is now government and other NGO needs and BRAC SE is a listed partner of the government making them possible to continue with their activities.
- There are no issues with the parent company who is providing the finances and credit facilities to BRAC Social Business Enterprise Uganda Limited.

Based on the results of the assessment above, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Programme Reporting (unaudited)

Statement of comprehensive income for the year ended 31 December 2020

	Agriculture Ushs '000	Training Ushs '000	Total Ushs '000
Revenue	2,496,202	78,555	2,574,757
Cost of sales	(2,007,645)	-	(2,007,645)
Gross profit	488,557	78,555	567,112
Staff costs	(599,097)	(42,751)	(641,848)
Training, workshops & seminars	(4,934)	(1,285)	(6,219)
Other operating expenses	(427,660)	(18,136)	(445,796)
Depreciation	(216,156)	-	(216,156)
Lease amortization	(35,728)	-	(35,728)
Impairment of trade receivables	(5,713)	-	(5,713)
Operating expenses	(1,289,288)	(62,172)	(1,351,460)
Finance costs	(41,858)	-	(41,858)
Loss before tax	(842,589)	16,383	(826,206)
Income tax credit	-	-	-
Net loss for the year	(842,589)	16,383	(826,206)
Other comprehensive income	-	-	-
Total comprehensive loss	(842,589)	16,383	(826,206)

Statement of financial position as at 31 December 2020

	Agriculture Ushs '000	Training Ushs '000	Total Ushs '000
ASSETS			
Cash and bank	137,016	1,875	138,891
Inventory	393,404	-	393,404
Tax receivable	38,635	-	38,635
Trade and other receivables	329,504	166	329,670
Property and equipment	636,886	467,189	1,104,075
Right of use	66,523	-	66,523
Total assets	1,601,968	469,230	2,071,198
LIABILITIES AND EQUITY			
Liabilities			
Due to related parties	3,683,385	(2,347,787)	1,335,598
Loan to related party	1,093,629	-	1,093,629
Lease liabilities	6,965	-	6,965
Other liabilities	285,798	(28,853)	256,945
Total liabilities	5,069,777	(2,367,640)	2,693,137
Equity			
Share Capital	2,002,421	431,579	2,434,000
Retained earnings	(5,470,229)	2,414,290	(3,055,939)
Total Equity	(3,467,808)	2,845,869	(621,939)
Total liabilities and Equity	1,601,969	478,229	2,071,198

Programme Reporting (unaudited)

Statement of comprehensive income for the year ended 31 December 2020

	Agriculture USD	Training USD	Total USD
Revenue	670,412	21,098	691,510
Cost of sales	(539,200)	-	(539,200)
Gross profit	131,212	21,098	152,310
Staff costs	(160,901)	(11,482)	(172,383)
Training, workshops & seminars	(1,325)	(345)	(1,670)
Other operating expenses	(114,858)	(4,871)	(119,729)
Depreciation	(58,054)	-	(58,054)
Lease amortization	(9,595)	-	(9,595)
Impairment of trade receivables	(1,534)	-	(1,534)
Operating expenses	(346,267)	(16,698)	(362,965)
Finance costs	(11,242)	-	(11,242)
Loss before tax	(226,297)	4,400	(221,897)
Income tax credit	-	-	-
Net loss for the year	(226,297)	4,400	(221,897)
Other comprehensive income	-	-	-
Total comprehensive loss	(226,297)	4,400	(221,897)

Statement of financial position as at 31 December 2020

	Agriculture USD	Training USD	Total USD
ASSETS			
Cash and bank	37,586	514	38,100
Inventory	107,917	-	107,917
Tax receivable	10,599	-	10,599
Trade and other receivables	90,388	46	90,434
Property and equipment	174,706	128,157	302,863
Right of use	18,250	-	18,250
Total assets	439,446	128,717	568,163
LIABILITIES AND EQUITY			
Liabilities			
Due to related parties	1,010,412	(644,036)	366,376
Loan to related party	300,000	-	300,000
Lease liabilities	1,911	-	1,911
Other liabilities	78,399	(7,915)	70,484
Total liabilities	1,390,722	(651,951)	738,771
Equity			
Share Capital	549,296	118,389	667,685
Retained earnings	(1,500,572)	662,279	(838,293)
Total Equity	(951,276)	780,668	(170,608)
Total liabilities and Equity	439,446	128,717	568,163

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Disclaimer: Some names and identifying details in the case stories may have been changed to protect the privacy of the individuals.