

Net Income

BRAC in Tanzania completed a profitable year in 2018 by registering pretax profit of USD 6,900,841 in 2018 compared to USD 6,571,041 in 2017. This is mainly due to increase in the number of borrowers from 183,103 in 2017 to 197,172 in 2018 an increase of 8%.

Operating Expenses

Total operating expenses for the year were USD 11,816,313 as against USD 10,365,788 in 2017.

Provisions for Impairment Losses

Total reserve as against impairment in 2018 was USD 2,377,559 as against USD 2,206,978 in 2017, an increment 8% and representing 6% of Gross portfolio. This year amount charged for impairment on loans was USD 768,128 as against USD 1,398,868 in 2017. Portfolio at Risk (PAR>30 days) has gone down to 2.69% in 2018 as against 3.56% in 2017.

Financial Position

In 2018, total assets grew up by 10% to USD 46,139,797. Loans Outstanding to customers increased by 8% and is now 86% of total assets. Security deposits increased by 12% and Net Equity increased by 34% to USD 25,497,217 from USD 18,510,626 in 2017. The growth of net equity is a direct result of increase in profitability.

FINANCIAL HIGHLIGHTS – NGO

BRAC in Tanzania received grants amounting to USD 1,809,804 in 2018 as against USD 1,976,010 in 2017. Total Project expenses for the year were USD 1,749,619 (USD 2,044,726 in 2017). Out of the total expenses majority is expensed in Education programme supported by NORAD & LEGO Foundation. All most 93% of total expenditure is being used for program service with only 7% being incurred for administrative expenses.

Expenditure and financial balance

To achieve its mission and ambitions, IRC works with partner organisations, associates and consultants. From the total gross revenue of € 11.08 million in 2018, 29% went to partner organisations and 12% to associates or consultants. An additional 16% was spent on other project costs including travel, meeting venues and equipment. In total, almost 57% of the gross revenue went to third parties.

IRC closed 2018 with a positive balance sheet of € 112,148. This reflects an encouraging gross operating result of € 181,580 against which a provision of approximately € 65,000 was made for a bad debt on a closed project in India. Half of the annual balance was allocated to the general reserves, the other half to the earmarked reserves. The latter are earmarked for unemployment benefits (IRC is own-risk bearer), investments in ICT and financial systems, major adjustments to the website, as well as necessary refurbishments to the office in The Hague.

During 2018, € 87,850 was taken from the earmarked reserves for unemployment benefits, updating the website and changes to the ICT system. IRC's total reserves on 31 December 2018 were € 1,175,561 – including € 110,319 in earmarked reserves.

IRC's liquidity had narrowed significantly over the last few years, with the amount of cash and cash equivalents decreasing by almost € 5 million during the period 2014-2016. This trend reversed during 2017 and 2018 due to early disbursements from DGIS, with the total cash and cash equivalents increasing by some € 0.9 million during 2018. IRC's liquidity remains satisfactory and IRC is able to fulfil its short and long-time financial obligations.

The table below shows the actual 2018 expenses per programme, against budget and goals, and includes the DGIS Programmatic Funding used.

Assets**Non-Current Assets**

Operating fixed assets
Security deposits

Current Assets

Loans, advances & other receivables
Short-term investments
Interfund balances
Cash and bank balances

Total Current Assets**Current Liabilities**

Interfund balances
Accrued and other liabilities

Deferred capital grants
Deferred liability - gratuity

Net Assets**Represented By:**

Restricted fund balances
Accumulated unrestricted surplus
Unrealized gain on short term investment

CONTINGENCIES AND COMMITMENTS**Income**

Restricted funds utilized
Deferred capital grants released
Other income

Total Income**Expenses**

Operating expenses
Program and project expenses
Total Expenses

Surplus / (deficit) for the Year

CASH FLOWS FROM OPERATING ACTIVITIES

Surplus / (deficit) for the year

Adjustments for:

- depreciation
- provision for gratuity
- gain on sale of investments

Decrease in current assets

- advances and other receivables

Increase in current liabilities

- accrued and other liabilities

Deferred capital grants - net

Restricted funds - net

Cash generated from /(used in) operations

Gratuity paid

Net cash generated from/(used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of tangible fixed assets

Investment in short term investments

Sale proceed from sale of short term investments

Net cash used in investing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

The annexed notes 1 to 21 form an integral part of these financial statements.