

Company Registration No. 06469886 (England and Wales)

BRAC SAAJAN EXCHANGE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

BRAC SAAJAN EXCHANGE LTD

COMPANY INFORMATION

Directors	Mr Kazi Mahmood Sattar Mr Selim Raza Farhad Hussain Mr Abdus Salam
Secretary	Mr Rais Uddin Ahmed
Company number	06469886
Registered office	160-162 Lozells Road Lozells Birmingham B19 2SX
Auditor	Reddy SiddiquiLLP 183-189 The Vale Acton London W3 7RW

BRAC SAAJAN EXCHANGE LTD

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 32

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

Revenue for 2017 was £4,629.5m compared to £2,999m for 2016, an increase of 54%. Remittances sent for 2017 totalled £305m, 73% up on the prior year of £176m. The growth increase was due to both, the boost in retail and commercial aggregators' remittance volumes. The French subsidiary generated a profit of EUR 54,295.

Gross Margin increased to 54%, this is in comparison to 52% gross margin in 2016.

The table below shows a more detailed comparison of 2017 performance vs. 2016.

Income Statement Line Item	2017	2016	Change
Income	£4,629,558	£2,998,897	↑54.4%
Cost of services	£2,150,668	£1,439,865	↑49.4%
Gross Profit	£2,478,890	£1,559,032	↑59.0%
Gross Margin	54%	52%	↑2.0%
Expenses	£2,268,912	£1,391,404	↑63.1%
Net Operating Income	£209,978	£167,627	↑25.3%
Total Other Income	£101,312	£110,514	↓8.3%
Other Expenses	£3,411	£8,841	↓61.4%
Loan Interest	£2,847	£0	↑100%
Bad debt	£52,267	£76,647	↓24,380
Total Other Expenses	£58,526	£85,488	↓31.5%
Net Other Income	£42,787	£25,026	↑71.0%
Net Income	£252,765	£192,653	↑31.2%

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Principal risks and uncertainties

The principal risks and uncertainties facing the company are similar to those facing other companies in the Payment Institution sector, namely, compliance risk, currency exchange fluctuation risk, liquidity risk and operational risk. The risk identification and mitigation activities are built into the day-to-day operations.

1. Compliance risk:

Payment Institutions are one of the highly regulated businesses and are often used by the money launderers. In order to remain on top of the regulatory requirements, policies and procedures are set based on risk based approach. The company has appointed a compliance team that works pro-actively along with the business team and the operations team to keep the policies & procedures up to date at all times. The policies and procedures are automated in the core software. The compliance team takes any issues raised by any internal or external stakeholder very seriously in order to resolve the issues in a timely manner.

2. Currency exchange fluctuation risk:

Currency exchange fluctuation risk is monitored by tracking conversion rate of the trading currencies. The payout currencies are mainly linked to USD and the company gets confirmed rates for most of the trading currencies from different providers. This gives the company a chance to not only minimise the foreign exchange loss, but also to make foreign exchange gains from the favorable shifts in the exchange rates. Economic Data with High, Medium and Low impact on exchange rates is collected from external sources at real time and their impact is closely monitored.

3. Liquidity risk:

The company maintains separate bank accounts for expenses and remittance funds, thus ensuring that the Client Funds are accounted for separately. The Client Funds that have not been released for transfer to the beneficiaries are safeguarded. Periodically, the company separates the commission income and the foreign exchange income from customer funds and transfers this from the remittance bank account into the expense bank account. A budget is set at the start of the year, which is implemented throughout the year and cash supply is ensured through timely transfer of commission and foreign exchange earnings. The performance against the budget is monitored by the Board of Directors on a monthly basis.

4. Operational Risk:

As a growing organisation, the company is exposed to various operational risks. The risk management team works closely along with all operational teams to ensure that the risks are managed efficiently. The core software is also capable of flagging up a number of operational risks. Below are some of the key operational risks the company faces and how it deals with them:

- Agency Account Monitoring: The operations team monitors all the agencies' accounts on a daily basis. Automated limits are set up in the software to ensure that no agent exceeds the acceptable limit of risk. This monitoring helps the company to comply with the safeguarding of clients fund requirement.
- Business Continuity: The operations team remains pro-active at all times to ensure that they can deal with any unforeseen situations that can hamper the running of day to day operations.
- Remittance corridors: BRAC Saajan currently remits to Bangladesh, Pakistan, India and Sri Lanka. To diversify the corridors in the future, we are looking at opportunities in Ukraine, Romania and Nigeria.
- Human Resources Management: The Company manages its operations from four countries - UK, Italy, Spain and Bangladesh.
- Implications of Brexit: To combat the issues with Brexit, which predominantly relates to passporting, the Company is in the process of creating a business and office in Portugal in which to passport.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Development and performance

During the year, BRAC Saajan invested in Human Resources infrastructure. There is an increased emphasis on compliance in the industry and so BRAC Saajan made additional investments in compliance this year as well and will continue to do so in line with the regulatory requirements. In 2017, BRAC Saajan launched an online Portal, which generated additional remittance volumes thus supporting our growth going forward.

In addition to the above, BRAC Saajan secured a leasehold property in Lisbon, Portugal, and applied to the Bank of Portugal for a licence to operate in the country. This is to mitigate the risks associated with Brexit and the ability to use the passporting rights. The property lease contract assumes a EUR 1.00 purchase of this property at the end of the contract.

Throughout 2017, BRAC Saajan continued to improve its IT infrastructure through various investments and system improvements. Amongst the most significant improvements are the following:

1. Redundancy Plan Web Production Server with more RAM, increased hard Drive space and Fail Over Cluster technology, which is always switched on.
2. Separate Testing server; this allows to exclude a possibility of issues that otherwise possible with the previous arrangement, i.e. Testing and Web production server combined.
3. A number of developments within the ERP system, including Bucket concept, which allows streamlining the processes within the Operations area; MLP Dashboards, which serve as a better reporting and overview tool business-wide. The learning module has been updated for both the agents and the staff; it is now multilingual and multi-exam.

Key Performance Indicators

	2016	2017	Movement (Value)	Movement (%)
	£'000	£'000	£'000	
Turnover	2,999	4,629	1,630	54.35%
Cover funds sent to corresponding banks in beneficiary countries	177,000	301,000	124,000	70.06%
Staff Costs	480	667	187	38.96%
Operating Costs	2,878	4,472	1,594	55.39%
PBT	247	316	69	27.94%
PAT	192	263	71	36.98%

	2016	2017	Movement (Value)	Movement (%)
EPS	£0.58	£0.79	£0.21	36.87%
Total number of agents	379	367	-12	-3.17%
Total number of countries to where remittances are distributed	5	5	0	0.00%
Total number of transactions	366,008	604,052	238,044	65.04%
Total number of employees	47	62	15	31.91%
Employees				
Italy	4	6		
Spain	1	2		
UK	20	26		
Bangladesh	22	28		
Total	47	62		

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



Mr Abdus Salam

Director

16 March 2018

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of money remittance.

Branches

The company operates through overseas branches in Italy, Portugal and Spain.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar

Mr Selim Raza Farhad Hussain

Mr Abdus Salam

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £66,792. The directors do not recommend payment of a final dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

Future developments

The Company is forecasting more than 90% year-on-year growth in 2018. Major growth is forecasted by the UK Retail Agent Network, Aggregator Network and Italy Retail Agent Network. The Company is also forecasting increase in payments to other countries, especially to Pakistan, Sri Lanka, Poland and Romania to reduce dependency on Bangladesh corridor. As per the strategic plan of the Company, payments from European countries to African countries, especially to Nigeria shall also contribute to the 2018's growth. The Company has a strategic goal to spread its service to more than 30 countries by 2021. In view of that, the Company is also open to explore mergers and acquisition opportunities in 2018 and in the coming years.

IT and Compliance, again, will play a significant role; there are various implementation plans, including Data Loss prevention Software implementation, implementation of Risk Matrix (Compliance/MLP).

Our Strategic Plan for 2018 involves the rolling out of the Online Platform in the European countries.

Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



Mr Abdus Salam
Director
16 March 2018

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui LLP

16 March 2018

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W3 7RW

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	4,629,557	2,998,896
Cost of sales		(2,150,668)	(1,439,865)
Gross profit		2,478,889	1,559,031
Administrative expenses		(2,175,634)	(1,422,674)
Other operating income		92,415	89,783
Operating profit	5	395,670	226,140
Interest receivable and similar income	8	8,898	20,731
Interest payable and similar expenses	9	(88,613)	-
Profit before taxation		315,955	246,871
Tax on profit	10	(53,166)	(54,216)
Profit for the financial year		262,789	192,655

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

BRAC SAAJAN EXCHANGE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	12		145,543		134,323
Tangible assets	13		554,348		216,280
Investments	14		83,961		115,335
			<u>783,852</u>		<u>465,938</u>
Current assets					
Debtors	16	2,020,209		1,988,973	
Investments	17	49,254		47,541	
Cash at bank and in hand		2,346,818		1,803,652	
		<u>4,416,281</u>		<u>3,840,166</u>	
Creditors: amounts falling due within one year	18	(3,287,081)		(2,850,688)	
Net current assets			<u>1,129,200</u>		<u>989,478</u>
Total assets less current liabilities			<u>1,913,052</u>		<u>1,455,416</u>
Creditors: amounts falling due after more than one year	19		(212,715)		-
Provisions for liabilities	21		(44,884)		(37,576)
Net assets			<u>1,655,453</u>		<u>1,417,840</u>
Capital and reserves					
Called up share capital	24		333,333		333,333
Share premium account	25		249,999		208,383
Profit and loss reserves	26		1,072,121		876,124
Total equity			<u>1,655,453</u>		<u>1,417,840</u>

The financial statements were approved by the board of directors and authorised for issue on 16 March 2018 and are signed on its behalf by:



Mr Abdus Salam
Director

Company Registration No. 06469886

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2016		333,333	208,383	683,469	1,225,185
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	192,655	192,655
Balance at 31 December 2016		333,333	208,383	876,124	1,417,840
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	262,789	262,789
Share premium	24	-	41,616	-	41,616
Dividends	11	-	-	(66,792)	(66,792)
Balance at 31 December 2017		333,333	249,999	1,072,121	1,655,453

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	32		844,121		(442,263)
Interest paid			(88,613)		-
Income taxes paid			(34,597)		(36,869)
Net cash inflow/(outflow) from operating activities			720,911		(479,132)
Investing activities					
Purchase of intangible assets		(38,663)		(63,669)	
Purchase of tangible fixed assets		(373,144)		(125,230)	
Proceeds on disposal of subsidiaries		31,374		(21,366)	
Other investments and loans made		-		(44,599)	
Proceeds from other investments and loans		(1,713)		37,563	
Interest received		8,898		20,731	
Net cash used in investing activities			(373,248)		(196,570)
Financing activities					
Proceeds from issue of shares		41,616		-	
Repayment of borrowings		212,715		-	
Dividends paid		(66,792)		-	
Net cash generated from/(used in) financing activities			187,539		-
Net increase/(decrease) in cash and cash equivalents			535,202		(675,702)
Cash and cash equivalents at beginning of year			1,802,197		2,477,899
Cash and cash equivalents at end of year			2,337,399		1,802,197
Relating to:					
Cash at bank and in hand			2,346,818		1,803,652
Bank overdrafts included in creditors payable within one year			(9,419)		(1,455)

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

BRAC SAAJAN EXCHANGE LTD is a private company limited by shares incorporated in England and Wales. The registered office is 160-162 Lozells Road, Lozells, Birmingham, B19 2SX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Group accounts are prepared by parent company, Brac Bank Limited. The consolidated group accounts are available at 1 Gulshan Avenue, Gulshan-I, Dhaka 1212, Bangladesh.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in the form of consumers' money transfer transaction fees. The transaction fees are based on the principal amount of the money transfer transaction and the locations from and to which funds are transferred. Transaction fees are set by the Company and recorded as revenue at the time of sale. The Company does not charge VAT on transactions owing to money transfer services being an exempt supply.

The Company also generates revenue based on the difference between the exchange rate set by the Company to the customer and the rate at which the Company or its agents are able to acquire the currency. This foreign exchange revenue is recognised at the same time at which the related money transfer transaction fee revenue is recognised.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	Straight line over useful life of five years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over ten to twelve years
Fixtures and fittings	Reducing balance at 10%
Computers	Straight line over useful life of three years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Commission Income	4,119,917	2,797,315
Foreign exchange Income	509,640	201,581
	<u>4,629,557</u>	<u>2,998,896</u>
Other significant revenue		
Interest income	8,898	20,731
Commissions received	<u>2,500</u>	<u>2,500</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue (Continued)

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	4,052,142	2,630,284
Europe	577,415	258,163
Other	-	110,449
	<u>4,629,557</u>	<u>2,998,896</u>

Remittance Volume	2017 £	2016 £
UK	239,022,863	154,608,209
Italy	35,167,055	16,692,989
Spain	16,736,900	5,060,884
Ireland	-	66,063
Greece	-	36,404
France	11,433,998	5,268,593
Portugal	3,037,774	458,125
	<u>305,398,590</u>	<u>182,191,267</u>
	=====	=====

4 Other operating income

	2017 £	2016 £
Agents fees received	89,915	87,283
ATM rent	2,500	2,500
	<u>92,415</u>	<u>89,783</u>
	=====	=====

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	26,272	(137,015)
Overseas costs	399,010	263,590
Fees payable to the company's auditors for the audit of the company's financial statements	15,660	26,952
Depreciation of owned tangible fixed assets	30,854	30,855
Amortisation of intangible assets	27,443	18,876
Cost of sales recognised as an expense	2,150,668	1,439,865
Operating lease charges	67,467	83,879

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administration	62	47

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	612,560	439,251
Social security costs	52,410	41,400
Pension costs	2,349	-
	667,319	480,651

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	106,090	90,590

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	1,011	20,731
Other interest income	7,887	-
Total income	<u>8,898</u>	<u>20,731</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,011</u>	<u>20,731</u>
--	--------------	---------------

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,847	-
Other interest on financial liabilities	85,766	-
	<u>88,613</u>	<u>-</u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	45,858	34,567
Adjustments in respect of prior periods	-	(3,751)
Total current tax	<u>45,858</u>	<u>30,816</u>
Deferred tax		
Origination and reversal of timing differences	<u>7,308</u>	<u>23,400</u>
Total tax charge	<u>53,166</u>	<u>54,216</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	315,955	246,871
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	60,821	49,374
Tax effect of expenses that are not deductible in determining taxable profit	5,960	338
Permanent capital allowances in excess of depreciation	(26,995)	(37,026)
Depreciation on assets not qualifying for tax allowances	6,072	9,946
Other non-reversing timing differences	7,308	23,400
Under/(over) provided in prior years	-	(3,751)
Charge on Director's loan	-	11,935
Taxation charge for the year	53,166	54,216

11 Dividends

	2017 £	2016 £
Interim paid	66,792	-

12 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2017	163,147
Additions - separately acquired	38,663
At 31 December 2017	201,810
Amortisation and impairment	
At 1 January 2017	28,824
Amortisation charged for the year	27,443
At 31 December 2017	56,267
Carrying amount	
At 31 December 2017	145,543
At 31 December 2016	134,323

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

13 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2017	10,000	264,483	59,497	333,980
Additions	276,683	88,204	8,257	373,144
At 31 December 2017	286,683	352,687	67,754	707,124
Depreciation and impairment				
At 1 January 2017	417	61,707	55,575	117,699
Depreciation charged in the year	3,521	28,649	2,907	35,077
At 31 December 2017	3,938	90,356	58,482	152,776
Carrying amount				
At 31 December 2017	282,745	262,331	9,272	554,348
At 31 December 2016	9,583	202,776	3,921	216,280

14 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	29	44,373	36,823
Loans to subsidiaries	29	39,588	78,512
		83,961	115,335

Movements in fixed asset investments

	Shares in group undertakings	Loans to group undertakings	Total
	£	£	£
Cost or valuation			
At 1 January 2017	36,823	78,512	115,335
Foreign exchange difference	7,550	-	7,550
Repayment	-	(38,924)	(38,924)
At 31 December 2017	44,373	39,588	83,961
Carrying amount			
At 31 December 2017	44,373	39,588	83,961
At 31 December 2016	36,823	78,512	115,335

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,958,609	2,043,349
Instruments measured at fair value through profit or loss	49,254	47,541
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	3,428,393	2,802,196
	<u> </u>	<u> </u>

16 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	1,894,117	1,132,306
Other debtors	-	820,531
Prepayments and accrued income	126,092	36,136
	<u> </u>	<u> </u>
	2,020,209	1,988,973
	<u> </u>	<u> </u>

Debtors include £510,583 due from BRAC Saajan France as at the year-end. This includes £54,561 that relates to un-reconciled year-end balance that has not been substantiated or reversed. The differences are expected to be reconciled in the first quarter of 2018.

17 Current asset investments

	2017	2016
	£	£
Unlisted investments	49,254	47,541

The company has invested in BBVA Mutual Fund in Spain. The value of the investment was EUR 55,501 as at 31st December 2017.

18 Creditors: amounts falling due within one year

		2017	2016
	Notes	£	£
Bank loans and overdrafts	20	9,419	1,455
Trade creditors		777,052	2,283,990
Amounts due to group undertakings		1,761,473	25,001
Corporation tax		45,827	34,567
Other taxation and social security		25,576	13,925
Other creditors		570,838	449,735
Accruals and deferred income		96,896	42,015
		<u> </u>	<u> </u>
		3,287,081	2,850,688
		<u> </u>	<u> </u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

19	Creditors: amounts falling due after more than one year		2017 £	2016 £
		Notes		
	Other borrowings	20	212,715	-
20	Loans and overdrafts		2017 £	2016 £
	Bank overdrafts		9,419	1,455
	Other loans		212,715	-
			222,134	1,455
	Payable within one year		9,419	1,455
	Payable after one year		212,715	-
21	Provisions for liabilities		2017 £	2016 £
		Notes		
	Deferred tax liabilities	22	44,884	37,576

22 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
ACAs	44,884	37,576
Movements in the year:		2017 £
Liability at 1 January 2017		37,576
Charge to profit or loss		7,308
Liability at 31 December 2017		44,884

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Retirement benefit schemes	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,349	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

24 Share capital	2017	2016
	£	£
Ordinary share capital Issued and fully paid 333,333 Ordinary shares of £1 each	333,333	333,333
	<u>333,333</u>	<u>333,333</u>

25 Share premium account	2017	2016
	£	£
At beginning of year	208,383	208,383
Share premium received	41,616	-
At end of year	<u>249,999</u>	<u>208,383</u>

26 Profit and loss reserves	2017	2016
	£	£
At the beginning of the year	876,124	683,469
Profit for the year	262,789	192,655
Dividends declared and paid in the year	(66,792)	-
At the end of the year	<u>1,072,121</u>	<u>876,124</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

27 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	73,100	73,100
Between two and five years	185,567	238,400
In over five years	145,125	368,500
	<u>403,792</u>	<u>680,000</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>106,090</u>	<u>90,590</u>

Transactions with related parties

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	<u>1,761,473</u>	<u>25,001</u>
	<u>1,761,473</u>	<u>25,001</u>

Brac Bank Limited, Bangladesh has control over the company by virtue of its controlling shareholding in the company.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2017 Balance £
Amounts owed by related parties	
Entities over which the entity has control, joint control or significant influence	550,171
Key management personnel	36,083
	<u>586,254</u>
	2016 Balance £
Amounts owed in previous period	
Entities over which the entity has control, joint control or significant influence	341,161
Key management personnel	44,599
	<u>385,760</u>

The company has control over Brac Saajan France by virtue of it's controlling shareholding in that company.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

28 Related party transactions

(Continued)

The company has given guarantee to meet the debts and commitments of Brac Saajan France, a 100% subsidiary of the company, as they fall due, and at least until 31st December 2017.

Bank guarantees given by the parent company, Brac Bank Limited, for the company during the year are outlined below:

Beneficiary	Issue date	Value	Maturity
United Commercial Bank Limited	05 September 2013	\$10,000	03 September 2018
Dhaka Bank	27 March 2013	\$10,000	26 March 2018
AB Bank Limited	27 March 2013	\$10,000	26 March 2018
Islami Bank Bangladesh Ltd.	16 June 2013	\$10,000	15 June 2018
Uttara Bank Ltd.	10 December 2013	\$10,000	09 December 2018
Janata Bank Ltd.	23 April 2014	\$10,000	22 April 2018
Rupali Bank Ltd.	07 June 2015	\$10,000	06 June 2018
Southeast Bank Ltd.	07 June 2015	\$10,000	06 June 2018
Midland Bank Ltd.	07 June 2015	\$10,000	06 June 2018
Standard Bank Ltd.	29 August 2016	\$10,000	28 August 2018
Meghna Bank Ltd.	17 November 2016	\$10,000	08 October 2018
First Security Islami Bank	18 December 2016	\$25,000	18 December 2018
National Bank Limited	12 July 2017	\$10,000	11 July 2018
Mutual Trust Bank Limited	12 July 2017	\$10,000	11 July 2018
Al Arafah Islami Bank Limited	02 October 2017	\$10,000	01 October 2018
NCC Bank Limited	02 October 2017	\$10,000	01 October 2018
The City Bank Limited	02 October 2017	\$10,000	01 October 2018
Pubali Bank Limited	02 October 2017	\$10,000	01 October 2018
Mercantile Bank Limited	01 January 2018	\$10,000	31 December 2018
Exim Bank Limited	01 January 2018	\$10,000	31 December 2018

29 Subsidiaries

These financial statements are separate company financial statements for Brac Saajan France.

Brac Saajan France is the only subsidiary of the company.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Group accounts are prepared by parent company, Brac Bank Limited. The consolidated group accounts are available at 1 Gulshan Avenue, Gulshan-I, Dhaka 1212, Bangladesh.

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Brac Saajan France	France	Money remittance	Ordinary 100.00

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

29 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) EUR	Capital and Reserves EUR
Brac Saajan France	54,295	(4,709)

30 Controlling party

The ultimate controlling party is Brac Bank Limited, Bangladesh that owns 75% of the issued share capital of the company.

31 Liquid resources

	0-1 months £	1-3 months £	3-12 months £	1-5 years £	Over 5 years £	Total £
Assets						
Cash held on account	41,568					41,568
Trade debtors						-
Cash at bank and in hand	2,346,818					2,346,818
Agent receivables	1,882,887					1,882,887
Prepayments & accrued income	126,092					126,092
Bad debt provision	(30,342)					(30,342)
Investments	49,254					49,254
Director's loan				36,083		36,083
Total Assets	4,416,277	-	-	36,083	-	4,452,360
Liabilities						
Bank credit card	9,419					9,419
Trade creditors	777,052					777,052
Agent payables	361,862					361,862
Corporation tax payable			45,827			45,827
Agency deposit held			186,575			186,575
Social security taxes		10,618	14,958			25,576
Wages and salaries		58,484				58,484
Accruals	96,896					96,896
Amounts owed to parent company	1,723,622	37,851				1,761,473
Bank loan					212,715	212,715
Total Liabilities	2,968,851	106,953	247,360	-	212,715	3,535,879
Net liquidity difference	1,447,426	(106,953)	(247,360)	36,083	(212,715)	916,481
	=====	=====	=====	=====	=====	=====

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

32 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	262,789	192,655
Adjustments for:		
Taxation charged	53,166	54,216
Finance costs	88,613	-
Investment income	(8,898)	(20,731)
Amortisation and impairment of intangible assets	27,443	18,876
Depreciation and impairment of tangible fixed assets	35,077	30,855
Movements in working capital:		
(Increase) in debtors	(31,238)	(921,212)
Increase in creditors	417,169	203,079
Cash generated from/(absorbed by) operations	844,121	(442,263)

BRAC SAAJAN EXCHANGE LTD
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

BRAC SAAJAN EXCHANGE LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016
	£	£	£	£
Turnover				
Commission Receivable		4,119,917		2,797,315
Exchange Income		509,640		201,581
		<u>4,629,557</u>		<u>2,998,896</u>
Cost of sales				
Commissions	2,150,668		1,439,865	
		<u>(2,150,668)</u>		<u>(1,439,865)</u>
Gross profit	53.54%	2,478,889	51.99%	1,559,031
Other operating income				
ATM rent	2,500		2,500	
Agent fee received	89,915		87,283	
		<u>92,415</u>		<u>89,783</u>
Administrative expenses		<u>(2,175,634)</u>		<u>(1,422,674)</u>
Operating profit		395,670		226,140
Investment revenues				
Bank interest received	1,011		20,731	
Other interest received on financial instruments	7,887		-	
		<u>8,898</u>		<u>20,731</u>
Interest payable and similar expenses				
Bank interest on loans and overdrafts	2,847		-	
Non bank interest on loans	85,766		-	
		<u>(88,613)</u>		<u>-</u>
Profit before taxation	6.82%	315,955	8.23%	246,871

BRAC SAAJAN EXCHANGE LTD

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Administrative expenses		
Wages and salaries	506,470	348,661
Social security costs	52,410	41,400
Staff welfare	917	1,210
Staff training	-	3,640
Staff pension costs defined contribution	2,349	-
Directors' remuneration	106,090	90,590
Rent re operating leases	64,996	67,519
Domain Hosting	16,698	10,606
Rates	9,966	13,966
Cleaning	3,198	4,294
Power, light and heat	6,581	8,018
Repairs and maintenance	9,032	3,826
Insurance	2,236	3,479
Software costs	14,793	7,138
Hire of equipment (not operating lease)	8,078	7,875
Leasing - motor vehicles	2,471	16,360
Motor running expenses	2,385	2,075
Travelling expenses	74,907	52,589
Postage, courier and delivery charges	3,758	6,144
Professional subscriptions	43,213	22,448
Legal and professional fees	10,085	6,453
Consultancy fees	91,500	42,673
Accountancy	1,457	1,077
Audit fees	15,660	26,952
Charitable donations	-	600
Bank charges	503,684	320,461
Credit card charges	-	32
Bad and doubtful debts	52,267	76,647
Advertising	35,166	16,104
Telecommunications	44,971	38,265
Overseas costs	399,010	263,590
Sundry expenses	2,494	5,267
Amortisation	30,964	18,876
Depreciation	31,556	30,854
Profit or loss on foreign exchange	26,272	(137,015)
	<u>2,175,634</u>	<u>1,422,674</u>