

BRAC IT Services Limited

Auditors' report and financial statements

As at and for the year ended 31 December 2015

**Independent Auditors' Report
to the Shareholders of
BRAC IT Services Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of BRAC IT Services Limited (bITS), which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC IT Services Limited (bITS) as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations.

We also report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.
- (c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Dhaka, **23 MAR 2016**


(A. Qasem & Co.)
Chartered Accountants

BRAC IT Services Limited
Statement of financial position
As at 31 December 2015

Assets	Notes	31-Dec-15 Taka	31-Dec-14 Taka Restated	1-Jan-14 Taka Restated
Non-current Assets				
Property, Plant and Equipment	Annex-A	62,362,973	50,160,991	31,498,119
Intangible Assets	Annex-B	33,653,265	6,647,210	83,681,045
Capital Work in progress	Annex-C	198,517,038	161,145,500	19,340,740
Total Non-Current Assets		294,533,276	217,953,701	134,519,904
Current Assets:				
Accounts Receivable	3	25,044,017	25,369,242	18,397,812
Advance, Deposits and Prepayments	4	14,139,891	10,668,748	11,883,730
Inventories		1,899,113	3,368,626	-
Cash and Cash Equivalents	5	9,455,641	7,872,872	17,005,871
Total Current Assets		50,538,662	47,279,488	47,287,413
Total Assets		345,071,938	265,233,189	181,807,317
Equity and Liabilities				
Shareholders' Equity:				
Share Capital- Paid up	6	61,224,000	61,224,000	61,224,000
Share Premium		937,215	937,215	937,215
Retained Earnings/(Loss)	7	(194,217,408)	(123,464,123)	(69,859,230)
Total Shareholders' Equity		(132,056,193)	(61,302,908)	(7,698,015)
Non-current Liabilities:				
Loan from BRAC		36,249,000	36,249,000	36,249,000
Total Non-Current Liabilities		36,249,000	36,249,000	36,249,000
Current Liabilities:				
Accounts Payable	8	42,150,050	35,078,444	22,117,161
Provision and Other Liabilities	9	17,902,578	21,918,358	13,585,930
Unearned Revenue	10	380,826,502	233,290,295	117,553,241
Total Current Liabilities		440,879,130	290,287,097	153,256,332
Total Equity and Liabilities		345,071,938	265,233,189	181,807,317

These financial statements should be read in conjunction with annexed notes



Director


Director


Acting CEO

As per our report of same date

Dhaka, 23 MAR 2016


(A. Qasem & Co.)
Chartered Accountants

BRAC IT Services Limited
Statement of comprehensive income
For the year ended 31 December 2015

	Notes	31-Dec-15 <u>Taka</u>	31-Dec-14 <u>Taka</u> <u>Restated</u>
Revenue			
Sales & Service Charges	11	211,156,842	182,132,309
Less: Sales VAT	12	8,887,494	7,080,258
Total Income		<u>202,269,348</u>	<u>175,052,051</u>
Operating Expenses			
Staff Cost	13	166,378,611	155,897,336
Operating Expenses	14	101,363,433	67,675,931
Other Operating Expenses	15	205,729	8,817
Total Operating Expenses		<u>267,947,773</u>	<u>223,582,084</u>
Net Operating Profit/ (Loss)		<u>(65,678,425)</u>	<u>(48,530,033)</u>
Finance Expenses	16	5,074,860	5,074,860
Net Profit/ (Loss) before income tax		<u>(70,753,285)</u>	<u>(53,604,893)</u>
Income Tax expenses		-	-
Net Profit/(Loss)		<u>(70,753,285)</u>	<u>(53,604,893)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>(70,753,285)</u>	<u>(53,604,893)</u>
Earning Per Share		<u>(1,156)</u>	<u>(876)</u>

These financial statements should be read in conjunction with annexed notes



Director



Director



Acting CEO

As per our report of same date

Dhaka, 23 MAR 2016



(A. Qasem & Co.)
Chartered Accountants

BRAC IT Services Limited
Statement of changes in equity
For the year ended 31 December 2015


Particulars	Paid up Capital Taka	Share Premium Taka	Retained Earnings/ (Losses) Taka	Total
Balance at 01 January 2014	61,224,000	937,215	(69,859,230)	(7,698,015)
Net profit for the year 2014	-	-	(53,604,893)	(53,604,893)
Restated Balance at 31 December 2014	61,224,000	937,215	(123,464,123)	(61,302,908)

Particulars	Paid up Capital	Share Premium	Retained Earnings / (Accumulated Losses)	Total
Balance at 01 January 2015	61,224,000	937,215	(123,464,123)	(61,302,908)
Net profit for the year 2015	-	-	(70,753,285)	(70,753,285)
Balance at 31 December 2015	61,224,000	937,215	(194,217,408)	(132,056,193)

These financial statements should be read in conjunction with annexed notes


Director



Director


Acting CEO


BRAC IT Services Limited
Statement of cash flows
For the period ended 31 December 2015

	31-Dec-15 Taka	31-Dec-14 Taka
Cash flows from operating activities		
Cash payments to employees	(250,589,290)	(186,271,837)
Cash payments to suppliers	(71,069,350)	(105,381,791)
Receipts from customers (item-wise)	242,276,841	261,931,815
Net cash flows from/(used in) operating activities	(79,381,798)	(29,721,814)
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,712,884)	(31,208,123)
Disposal of Fixed Assets	275,000	-
Net cash used in investing activities	(25,437,884)	(31,208,123)
Cash flows from financing activities		
Advance Received from BRAC	52,456,372	-
Advanced Received from BRAC Bank Ltd	53,946,079	51,796,938
Net cash flows from financing activities	106,402,451	51,796,938
Net increase/decrease in cash	1,582,769	(9,132,999)
Cash and cash equivalents at beginning of year	7,872,872	17,005,871
Cash and cash equivalents at end of the year	9,455,641	7,872,872

These financial statements should be read in conjunction with annexed notes


Director


Director


Acting CEO

BRAC IT Services Limited
Notes to the financial statements
As at and for the year ended 31 December 2015

1.0 Corporate information

BRAC IT Services Ltd. (biTS or the "Company") is a private company limited by shares and initially founded as DocumentaTM Ltd, a Digital Archiving Firm in 1999. Subsequently DocumentaTM Ltd spread its activities to other areas like software development and successfully executed some local and overseas software development projects.

biTS was then formed in April 2013 through the merger of DocumentaTM Ltd, a subsidiary IT Company owned by BRAC and the IT Division of BRAC Bank Limited. The Company is currently conducting its operation as an IT Solution and Services provider. The objectives of biTS are to become one of the most trustworthy IT Company in Bangladesh providing IT Solutions and Services.

biTS provides end-to-end solutions for industries like Bank, Financial Institution, FMCG & Consumer Durables, NGO etc. biTS has a team of capable and professional individuals committed to deliver best value solutions and services to its clients.

2.0 Summary of Significant Accounting Policies**2.1 Basis of accounting**

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standard (BAS), the Companies Act 1994 and other applicable laws & regulations.

The financial statements except for cash flow information are prepared on accrual basis of accounting.

The preparation of financial statements in conformity with Bangladesh Financial Reporting Standards (BFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

2.2 Property, plant and equipment**2.2.1 Recognition and measurement**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the assets.

2.2.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the income statement as incurred.

2.2.3 Depreciation

Depreciation is recognised in income statement on straight line basis over the estimated useful lives of each item of property, plant and equipment except land which is not depreciated. Depreciation on property, plant and equipment is charged from the date the assets are put into commercial operations. Depreciation on disposal of assets is made up to the day prior to the day of the disposal. Depreciation is calculated and charged on all other property, plant and equipment at the following rates on cost or valuation, considering the estimated useful lives of the assets:

<u>Category</u>	<u>Rate-%</u>
Furniture & Fixture	10%
Furniture & Fixture (Interior)	10%
Air-Conditioner	20%
Generator	20%
Multimedia Projector	20%
Computer & Others	33%
Server	20%
Motor Vehicle	20%
Office Equipment	10%
Fire, Alarm & CCTV System	20%
Hardware (Cisco Networking)	20%

2.2.4 Impairment

The carrying value of the company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement. For the assets that have indefinite useful life, if any, the recoverable amount is estimated at each reporting date. In the current year no impairment loss has been assessed.

2.3 Intangible Asset

(a) Initial Measurement

There are internally generated Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are recognised when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

(b) Subsequent cost

Subsequent costs are capitalise only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in the profit or loss as incurred.

(c) Amortization

Amortisation is recognised in profit or loss using the reducing balance method over the useful lives of intangible assets, from the date they are available for use. Amortisation methods, useful lives and values reviewed yearly and adjusted, if appropriate.

2.4 Trade receivables

Trade and other receivables represent the amounts due from customers for developing software or rendering services. Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to the uncollectibility of any amount so recognised.

2.5 Foreign currency

Foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective dates of such transactions as per BAS 21: "The Effects of Changes in Foreign Exchange Rates".

Foreign exchange difference arising on translation are recognised in the profit and loss account.

2.6 Revenue recognition

Revenues are recognised at fair value of the consideration received or receivable, net of discount and sales related taxes (e.g. VAT). Revenue are reported gross with separate recording of expenses to vendors of product and services. However, when the Company acts only as an agent or broker on behalf of supplier of products or services, revenue are reported on a net basis.

Sale of software

Revenue from the sale of software is recognised when significant risks and rewards associated with the software is transferred and the entity retains neither significant managerial involvement nor effective control over the software. The other criteria for revenue recognition, e.g. availability of reliable measure for revenue and associated costs and probable flow of economic benefits to the entity must also be met.

IT Service Revenue

Revenue from IT service is recognised on a percentage of completion of service is determine upon periodic review and usually evidenced by work completion certificate. Revenue is recognised only when it is probable that the economic benefits associated with the transaction with flow to the entity.

2.7 Trade creditors & other current liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services rendered to the company.

2.8 Provision

A provision is recognised in the statement of financial position when the Company has legal or constructive obligations as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

2.9 Taxation

As per provisions of Income Tax Ordinance 1984 (ITO), IT enabled services are subject to tax exemption until 30 June, 2024. However, income from other than IT enabled services is taxable as per Income Tax Ordinance 1984. Applicable income tax rate for such other income was 35 % (PY 37.5%) in the year under audit.

2.10 Responsibility of the preparation and presentation of the financial statements

The management of the company is responsible for the preparation and presentation of the financial statements.

2.11 Reporting Period and Currency

- a) The reporting period of the company covers one calendar year from 01 January to 31 December consistently.
- b) The figures in the financial statements represents Bangladeshi Taka currency.

2.12 General

- a) Previous year's figures have been rearranged where necessary to conform to current year's presentation.
- b) Figures appearing in the financial statements have been rounded off to the nearest Taka.

3 Accounts Receivable

	2015 Taka	2014 Taka
BRAC International(Srilanka)	-	4,683,900
BRAC International (Afghanistan)	-	1,762,488
BRAC International (Philippines)	-	3,900,000
BRAC Finance & Accounts	215,000	230,000
BRAC University	3,600,000	5,546,660
BIGH(Brac University)	13,650,000	4,290,000
BRAC Procurement	-	50,000
BRAC Store & Inventory Mgt. Systems	25,000	50,000
Sajida Foundation	35,000	35,000
BRAC Construction	-	40,000
BRAC Bank Internet Service	201,348	199,583
bKash Internet Service	175,304	192,718
BRAC EPL Internet Service	23,800	-
BRAC EPL Investment Internet	-	56,000
BRAC EPL Stock Brokerage	1,719,800	6,054,844
BIT School Programme	60,000	60,000
BRAC Advocacy Unit	-	15,625
GRG Project (ATM Maintenance)	-	7,222,500
BRAC Saajan Internet	-	9,261
BRAC Saajan Exchange Software (UK)	5,109,747	5,344,872
BRAC Institute of Governance & Development	-	300,000
IFS (Services Charges)	60,000	120,000
Singapore International School	19,018	19,427
Notre Dame University Bangladesh	150,000	-
Total Accounts Receivable	25,044,017	40,182,878
Accounts Receivable Adjustment for 2014	-	(14,813,636)
Total Accounts Receivable	25,044,017	25,369,242

Explanatory Note: The adjustment is for due to an error in regards of Brac International and GRG ATM maintenance Sales. Earlier the amount was booked as Sales but the transaction doesn't meet the criteria of revenue recognition as per BAS-18.

Now the management feels the necessity of restating the amounts of 2014 to reflect the fair view.

4 Advance, Deposits and Prepayments

	2015 Taka	2014 Taka
Advances:		
Advance To Employee Against Travel	-	220,766
Advance to Employee Against Training	-	40,000
Advance to Employee Against IOU/Salary	516,770	100,179
Advance to Employee Against Event	13,500	-
ERGO Ventures Ltd.	-	120,200
Mutual Trust Bank (Tender purchase)	-	200,000
Corporate Printers 50% advance for Calender	-	230,000
ERGO Ventures-40% Advance Webside design	-	125,609
Zahidul Enterprise-Adv for Showpiece CFO's room	-	8,424

Tribune architects Ltd-50% advance Decoration work
Infotel Technologies
Head Office Communication
Rahimafrooz Energy Services Ltd
Shurjomukhi Limited-
VENTI
Ismat Ara Enterprise Ltd.
Midland Bank Ltd-Tender Security Deposit
Documenta Landlord Mr. Munir
D.K. Associate

2015 Taka	2014 Taka
498,758	496,520
546,615	-
34,500	-
402,598	-
26,125	-
3,226,306	-
1,239,485	-
-	35,000
150,000	150,000
225,000	-
6,879,657	1,726,698

Prepaid Rent

Advance to Land Lord - 01 (HO)
Advance to Land Lord - 02 (Annex)
Advance to Land Lord - 03 (Parveen Villa)

5,312,370	8,422,050
-	520,000
1,947,864	-
7,260,234	8,942,050

Total

14,139,891	10,668,748
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5 Cash and Cash Equivalents

Cash in Hand
Cash at Bank with BRAC Bank Limited
Account number 1501200131959001
Account number 1501202588635001
Total Cash at Bank
Total Cash and Cash Equivalents

53,456	24,253
9,282,402	6,661,284
119,782	1,187,334
9,402,184	7,848,618
9,455,641	7,872,872

6 Share Capital

6.1 Authorised Capital

2,00,000 Ordinary shares @ Tk. 1,000 each

200,000,000	200,000,000
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6.2 Paid up capital

61,224 Ordinary shares @ Tk. 1,000 each

61,224,000	61,224,000
61,224,000	61,224,000

6.3 The Company's shareholding position as at 31 December 2015 was as follows:

Name of shareholders	Number of shares		Value per share	Total Amount (BDT)		2015
	2015	2014		2015	2014	Shareholding %
BRAC Bank Limited	31,224	31,224	1,000	31,224,000	31,224,000	51.00%
BRAC	29,800	29,800	1,000	29,800,000	29,800,000	48.67%
Ayesha Abed Foundation	200	200	1,000	200,000	200,000	0.33%
Total	61,224	61,224	1,000	61,224,000	61,224,000	100.00%

7 Retained Earnings/(accumulated losses)

Opening Balance
Net profit/(loss) during the year

7.1

(123,464,123)	(69,859,230)
(70,753,285)	(53,604,893)
(194,217,408)	(123,464,123)

Explanatory note: The opening retained earnings balance was restated due to a rectification of error of sales in the year of 2013. As per BAS-8, Changes in accounting policy, estimates and error, the opening balance of retained earnings of 2014 is being restated.

7.1 Retained Earnings Adjustment

Opening Balance
Adjustment 2013 for Sales of BRAC International
Adjustment 2013 for Sales of BRAC Bank Limited
Adjusted Opening Balance for 2014

2015 Taka	2014 Taka
-	(61,586,329)
-	(8,443,430)
-	170,529
-	(69,859,230)

8 Accounts Payable

Insurance Premium Payable
Interest on Loan Payable
Mobile Bill Payable
Electricity Bill Payable
Reimbursable Expenses BBL
Reimbursable from Others
Payable for Materials
Vendors' Security Deposit
Accounts Payable

150,000	618,630
28,001,085	22,926,225
291,032	-
282,177	-
13,265,095	10,749,158
(113,421)	-
274,082	527,376
-	257,055
42,150,050	35,078,444

9 Provision and Others

Welfare Fund
Project Bonus
Leave Fare Assistance
Leave Encashment
Provision for Services
Provision for Bad and Doubtful Debt
Total

349,890	203,720
15,041,384	15,041,384
-	4,105,256
1,581,060	1,787,754
150,000	-
780,244	780,244
17,902,578	21,918,358

9.1 Provision for Bad and Doubtful Debt

Opening Balance
Additional Provision
Adjustment during the year
Closing Balance

780,244	3,500,000
-	-
-	(2,719,756.00)
780,244	780,244

10 Unearned Revenue

Opening Balance
Add: Advance received during the year from BBL
Add: Advance received during the year from other parties
Less: Adjustment against BBL service charges during the year
Closing Balance

10.1

233,290,295	117,553,241
175,400,000	177,477,127
86,968,742	52,689,398
(114,832,535)	(114,429,471)
380,826,502	233,290,295

Explanatory notes: the adjustment in the opening balance of 2014 is made due to an error made in respect of recognizing sales in the year of 2013.

Management has now decided to rectify the error by restating the balances of the financial statements

10.1 Unearned Revenue Adjustment

Balance of 2013
Less : Sales Adjustment for BRAC Bank Limited
Add: Sales Adjustment for BRAC International
Closing Balance for 2013

2015 Taka	2014 Taka
-	109,280,340
-	(170,529)
-	8,443,430
-	117,553,241

11 Sales & Services Charges

BRAC Bank Limited
BRAC International(Tanzania)
BRAC International(Srilanka)
BRAC International (Myanmar)
BRAC International (Afghanistan)
BRAC International (Philippines)
BRAC International (South Sudan)
BRAC sbiCloud (Bangladesh)
BRAC Micro Finance
BRAC Finance & Accounts
BRAC University
BRAC University (BUSMS)
BRAC Procurement Department
BRAC Store & Inventory
Sajida Foundation
BRAC Construction
BRAC Bank Internet Service
bKash Internet Service
BRAC EPL Brokerage Internet
BRAC EPL Investment Internet
BRAC EPL Stock Brokerage
BIT School Programme
Bangladesh Insurance Academy
Sir John Wilson School
BRAC Advocacy Unit
GRG Project (ATM Maintenance)
GRG Project (Spare Parts)
BRAC Saajan Internet (BD)
BRAC Saajan Exchange Software
A.R.Malik
Mercantile Bank
BRAC Institute of Governance &
BRAC Bank Oracle Golden Gate
IFS (Services Charges)
Singapore International School
BIGH(Brac University)
Notre Dame University Bangladesh Software
Notre Dame University Bangladesh Internet
IFS Software
The Daily Ittefaq
Association Of Bankers Bangladesh Limited
BRAC BANK Nesses Vulnerability Assessment Tools License
Sales Adjustment for 2014
Total Sales & Services Charges

120,000,000	120,000,000
-	16,676,880
-	13,466,957
-	6,223,125
-	7,759,098
-	4,075,500
-	4,075,500
526,680	-
558,030	916,202
3,429,899	3,400,848
41,297,100	31,817,248
2,909,974	-
455,620	799,425
313,500	314,400
438,900	433,675
-	253,500
1,385,256	1,306,533
1,167,861	1,058,773
323,610	344,400
328,440	336,000
4,822,134	6,708,000
720,000	920,000
73,673	27,500
27,943	42,000
21,600	7,837
11,113,312	15,452,916
-	24,726
32,240	100,292
8,224,683	5,585,391
-	206,596
-	548,235
-	627,000
-	2,445,000
360,000	360,000
9,510	38,036
9,781,200	4,483,050
1,443,048	-
150,000	-
399,328	-
135,000	-
3,000	-
705,303	-
-	(68,702,334)
211,156,842	182,132,309

11.1 Sales Adjustment for 2014

Sales Adjustment for BRAC International
Sales Adjustment for BRAC Bank Limited
Sales Adjustment for GRG ATM Maintenance

2015 Taka	2014 Taka
-	52,277,060
-	11,757,000
-	4,668,274
-	68,702,334

Explanatory Note: The adjustment is for due to an error in regards recognition of sales. Earlier the amount was booked as Sales but the transaction doesn't meet the criteria of revenue recognition as per BAS-18.

12 VAT on Sales

BRAC Bank Limited
BRAC International(Tanzania)
BRAC International(Srilanka)
BRAC International (Myanmar)
BRAC International (Afghanistan)
BRAC International (Philippines)
BRAC International (South Sudan)
BRAC Finance & Accounts
BRAC Micro Finance
BRAC Procurement Department
BRAC Store & Inventory
BRAC Construction
BRAC Advocacy Unit
BRAC University
BIGH(Brac University)
BRAC Institute of Governance & Development
BRAC EPL Stock Brokerage
BRAC EPL Brokerage Internet Service
BRAC EPL Investment Internet
BRAC Saajan Exchange Software (UK)
Sajida Foundation
GRG Project (ATM Maintenance)
BRAC Bank Internet Service
BRAC sbiCloud (Bangladesh)
BRAC University (BUSMS)
bKash Internet Service
BRAC Saajan Internet (BD)
Bangladesh Insurance Academy
Singapore International School
BRAC BANK Nesses Vulnerability Assessment Tools License
Sir John Wilson School
VAT on Sales Adjustment for 2014

12.1

5,167,464	5,400,000
-	718,142
-	579,916
-	267,981
-	334,123
-	175,500
-	175,500
147,699	146,448
24,030	39,452
19,620	34,423
13,500	13,500
-	10,800
930	337
1,778,344	1,367,350
421,200	193,050
-	27,000
207,652	258,000
42,210	21,000
42,840	15,120
-	240,519
18,900	18,675
478,564	-
180,686	-
22,680	-
125,310	-
159,748	-
4,205	-
3,173	-
410	-
27,127	-
1,203	1,890
-	(2,958,468)
8,887,494	7,080,258

12.1 Vat on Sales Adjustment for 2014

Sales Adjustment for BRAC International
Sales Adjustment for BRAC Bank Limited
Sales Adjustment for GRG ATM Maintenance

2015 Taka	2014 Taka
-	2,251,160
-	506,282
-	201,026
-	2,958,468

13 Staff Cost

Salaries & Benefit (Regular)
PF (Employers)
Gratuity
Salaries & Benefit (Contractual)
Salaries & Benefit (Intern)
Festival Bonus
Project Bonus
Overtime & Night Allowances
Leave fare assistance
Leave encashment
Final settlement
Staff Loan Overhead

175,108,451	149,501,965
9,381,825	7,553,694
5,457,920	4,530,471
12,838,421	11,480,021
1,120,343	855,340
19,091,594	15,956,896
-	15,000,000
2,238,665	1,852,939
3,125,483	9,639,312
1,200,000	-
4,818,553	-
1,528,894	1,160,713
235,910,150	217,531,351
(69,531,538)	(72,330,886)
166,378,611	145,200,465
-	10,696,872
166,378,611	155,897,336

Salary Allocation to Projects

Total Staff Cost as reported in 2014

Staff Cost adjustment for 2014

13.1

Total Staff Cost

13.1 Staff Cost adjustment for 2014

sbiCloud
Porua VMS
Porua SMS
Rongdhanu
Education Stock Mgt
Archiving
SDU Micro Finance
Custom Applications
Tohobil
Preron
Pay 24
Mobile Apps
IT Governance
External Purchased ERP
Notre dame Infrastructure
Internally Developed ERP

-	(98,262,243)
-	(21,527,176)
-	(3,850,420)
-	(8,312,447)
-	(2,081,764)
-	(1,833,173)
-	(3,945,171)
-	(8,540,022)
-	(541,795)
-	(3,790,519)
-	(3,195,299)
-	(485,569)
-	779,110
-	1,493,689
-	1,067,400
-	163,722,271
-	10,696,872

Total

Explanatory note: During the year 2014 errors occurred in regard to classification of expenses between capital and revenue expenses. Management has now become aware of the errors, and rectifying adjustments are being made to show the fair presentation.

		2015 Taka	2014 Taka
14 Operating Expenses			
Office Rent		12,820,599	8,087,100
Amortisation of Intangible assets	14.1	5,153,949	13,046,636
Electricity, Gas & Water		3,281,042	2,589,300
Telephone & Fax Bill		3,177,270	2,444,339
Internet Bill		3,380,686	6,067,625
Internet Bill (BU)		5,794,160	974,860
Office Maintenance		2,990,428	1,546,426
Printing & Stationery		1,082,292	813,200
Repair & Maintenance-Generator		119,810	66,200
Repair & Maintenance (GRG Support)		3,381,990	1,978,378
Travelling (Local)		894,315	810,220
Travelling (Foreign)		276,272	792,986
Fuel & Lubricants (Car)		716,546	996,894
Fuel & Lubricants (Generator)		238,000	584,940
Transport Maintenance (Pool)		2,197,029	868,132
Transport Maintenance (Others)		14,504,539	13,896,548
Outsourcing Salary & Benefit (Cleanco)		1,506,975	1,176,502
Outsourcing Salary & Benefit (G4 Security)		705,429	220,801
Tax Token		45,178	75,450
Director's remuneration		238,000	150,000
Business Promotional Expenses		557,605	139,750
Entertainment		1,955,101	742,201
Audit Fee		100,000	50,000
Legal & Professional Fees		1,154,166	523,230
Licence & Renewal		4,162,654	220,840
Fees and Subscription		100,500	938,322
Meeting and Seminar		47,377	440,281
Training		5,375,469	3,189,265
Postage & Courier		20,859	748,156
Newspaper & Periodicals		21,744	13,820
Advertisement		693,620	112,329
Insurance Premium		80,806	204,441
Insurance (Others)		42,542	13,814
Computer Accessories		1,232,149	178,402
Networking Accessories		281,651	1,628,997
SMS Charges		195,700	136,000
Service Charges		-	46,442
Employee Event		1,335,242	194,975
Employee Insurance		1,763,750	228,438
Canteen Expenses		25,220	4,000
Software Maintenance Fees		240,000	40,000
Office Supplies		193,881	194,677
Miscellaneous expenses		4,350	355,866
Business Development Expense		1,965,087	116,800
Bank Charges		33,934	33,448
VAT Expenses		-	196,520

	2015 Taka	2014 Taka
Uniform Expenses	58,968	-
Medical expenses	3,480,000	-
Brac sbiCloud	490,638	-
ISO 27K	-	287,500
ISO 20K	82,010	20,550
Depreciation	13,163,902	11,099,745
Total Operating Expenses reported	101,363,433	79,285,346
Project Exps Adjustment	-	(11,609,414)
Total Operating Expenses	101,363,433	67,675,931

14.1 Amortisation Expenses

sbiCloud	-	8,365,047
Porua VMS	2,121,407	-
Porua SMS	-	340,921
Rongdhanu	-	973,527
Education Stock Mgt	310,782	380,230
Archiving	280,105	727,431
SDU Micro Finance	623,212	901,993
Custom Applications	1,818,442	1,140,661
Software (IFS-ERP)	-	216,826
Total Project Expenses/Amotization	5,153,949	13,046,635

14.2 Amortisation Expenses Adjustment

SbiCloud	-	1,856,126
Porua SMS	-	25,164
Rongdhanu	-	241,444
Education Stock Mgt	-	(546,428)
Archiving	-	11,949
SDU Micro Finance	-	(517,603)
Custom Applications	-	448,396
External Purchased ERP	-	265,010
Internally Developed ERP	-	9,825,356
	-	11,609,414

Explanatory notes: during the year 2014 due to the error made in respect of classification of expenses, some of the items were treated as intangible assets and amortization of such items were being charged which don't meet the criteria of an intangible asset as per BAS-38. now after the error being discovered, adjustments of such errors are being made

15 Other operating expense/(income)

Misc. Income	-	(67,570)
Loss on Sale of Fixed Assets	72,000	-
Loss on Dollar Exchange Rate	133,729	76,387
	205,729	8,817

2015
Taka

2014
Taka

16 Finance Expenses

Interest on Loan

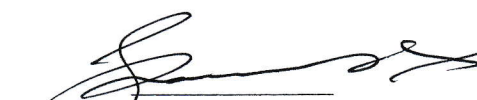
Total Finance Expenses

5,074,860	5,074,860
<u>5,074,860</u>	<u>5,074,860</u>

T&C of Loan from BRAC:

Interest is accrued @ 14% on loan from BRAC. Detailed agreement is in process.


Director


Director


Acting CEO

Annexure- A

BRAC IT Services Limited
FIXED ASSETS SCHEDULE
As on 31 December 2015

2015

Particulars	ASSET AT COST				Depreciation Rate (%)	ACCUMULATED DEPRECIATION				WDV as on 31.12.2015
	Balance as on 01.01.2015	Additions During the Year	Sale or Disposal	Balance as on 31.12.2015		Balance as on 01.01.2015	Addition during the year	Sale or Disposal	Balance as on 31.12.2015	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
Furniture & Fixture	7,191,499	580,652	-	7,772,151	10%	1,812,556	579,462	-	2,392,018	5,380,133
Furniture & Fixture (Interior)	22,878,883	3,451,645	-	26,330,528	10%	2,113,528	2,345,452	-	4,458,980	21,871,548
Air-Conditioner	7,796,000	4,282,674	-	12,078,674	20%	1,554,033	1,716,607	-	3,270,640	8,808,034
Generator	1,648,650	4,212,000	-	5,860,650	20%	357,208	550,080	-	907,288	4,953,363
Multimedia Projector	328,320	65,850	-	394,170	20%	55,760	68,639	-	124,399	269,771
Computer & Others	19,343,507	7,224,951	-	26,568,458	33%	12,590,273	4,536,649	-	17,126,922	9,441,536
Server	5,162,000	1,646,522	-	6,808,522	20%	1,023,725	1,789,535	-	2,813,260	3,995,262
Motor Vehicle	3,772,000	-	(390,000)	3,382,000	20%	706,367	571,600	(43,000)	1,234,967	2,147,033
Office Equipment	406,178	122,890	-	529,068	10%	33,015	45,528	-	78,543	450,525
Fire, Alarm & CCTV System	1,219,250	47,200	-	1,266,450	20%	212,672	219,015	-	431,687	834,763
Hardware (Cisco Networking)	1,070,010	1,060,000	-	2,130,010	20%	196,169	273,802	-	469,971	1,660,039
ATM Machine	-	3,018,500	-	3,018,500	20%	-	467,533	-	467,533	2,550,967
Total	70,816,297	25,712,884	(390,000)	96,139,181		20,655,306	13,163,902	(43,000)	33,776,208	62,362,973

2014

Particulars	ASSET AT COST			Depreciation Rate (%)	ACCUMULATED DEPRECIATION				WDV as on 31.12.2014
	Balance as on 01.01.2014	Additions During the Year	Sale or Disposal	Balance as on 31.12.2014	Balance as on 01.01.2014	Addition during the year	Sale or disposal	Balance as on 31.12.2014	
Furniture & Fixture	2,105,865	5,085,634	-	7,191,499	1,201,767	610,789	-	1,812,556	5,378,943
Furniture & Fixture (Interior)	15,184,450	7,694,433	-	22,878,883	126,537	1,986,991	-	2,113,528	20,765,355
Air-Conditioner	6,638,000	1,158,000	-	7,796,000	110,633	1,443,400	-	1,554,033	6,241,967
Generator	1,648,650	-	-	1,648,650	27,478	329,730	-	357,208	1,291,442
Multimedia Projector	120,000	208,320	-	328,320	6,000	49,760	-	55,760	272,560
Computer & Others	10,850,713	8,492,794	-	19,343,507	7,663,045	4,927,229	-	12,590,273	6,753,234
Server	3,606,000	1,556,000	-	5,162,000	60,100	963,625	-	1,023,725	4,138,275
Motor Vehicle	900,000	2,872,000	-	3,772,000	360,000	346,367	-	706,367	3,065,633
Office Equipment	-	406,178	-	406,178	-	33,015	-	33,015	373,163
Fire, Alarm & CCTV System	-	1,219,250	-	1,219,250	-	212,672	-	212,672	1,006,578
Hardware (Cisco Networking)	-	1,070,010	-	1,070,010	-	196,169	-	196,169	873,841
Total	41,053,678	29,762,619	-	70,816,297	9,555,560	11,099,746	-	20,655,306	50,160,991

Annexure- B

BRAC IT Services Limited
INTANGIBLE ASSETS SCHEDULE
As on 31 December 2015

2015

Particulars	Opening Balance 01.01.2015	Additions During the Year	Disposal	Balance as on 31.12.2015	Amortization Rate	Amortization During the Year	Carrying Value as on 31.12.2015
	Taka	Taka	Taka	Taka		Taka	Taka
Education Stock Mgt	1,701,535	-	-	1,701,535	20%	310,782	1,390,753
Archiving	1,533,580	-	-	1,533,580	20%	280,105	1,253,475
SDU Micro Finance	3,412,095	-	-	3,412,095	20%	623,212	2,788,883
Custom Applications	-	9,955,994	-	9,955,994	20%	1,818,442	8,137,552
Portua VMS	-	22,204,009	-	22,204,009	10%	2,121,406	20,082,603
Total	6,647,210	32,160,003	-	38,807,213		5,153,948	33,653,265

2014

Particulars	Opening Balance 01.01.2014	Additions During the Year	Disposal	Balance as on 31.12.2014	Amortization Rate	Amortization During the Year	Carrying Value as on 31.12.2014
	Taka	Taka	Taka	Taka		Taka	Taka
Education Stock Mgt	2,081,764	-	-	2,081,764	20%	380,229	1,701,535
Archiving	1,876,279	-	-	1,876,279	20%	342,699	1,533,580
SDU Micro Finance	4,174,572	-	-	4,174,572	20%	762,477	3,412,095
Internally Generated ERP	75,548,430	-	75,548,430	-	20%	-	-
Total	83,681,045	-	75,548,430	8,132,615		1,485,405	6,647,210

Explanatory note: During the year 2014 and 2013 there were some errors in capitalization of expenses, in the year 2015 the errors were identified and the amounts of 2014 account have been restated. The figures shown in the financial statements are the restated amounts.

BRAC IT Services Limited
CAPITAL WORK IN PROGRESS
As on 31 December 2015

2015

Particulars	Opening Balance 01.01.2015	Addition During the Year	Transferred to Intangible assets	Balance as on 31.12.2015
	Taka	Taka	Taka	Taka
sbiCloud	105,589,360	49,258,454	-	154,847,815
Porua SMS	4,022,572	2,193,188	-	6,215,760
Rongdhanu	9,095,648	5,156,091	-	14,251,739
Tohobil	676,837	913,647	-	1,590,485
Preron	4,893,425	7,008,930	-	11,902,355
Pay 24	3,976,758	3,378,063	-	7,354,821
Mobile Apps	730,897	1,623,166	-	2,354,063
Customs application	9,955,994	-	(9,955,994)	-
Porua VMS	22,204,009	-	(22,204,009)	-
Total	161,145,500	69,531,540	(32,160,003)	198,517,038

Particulars	Opening Balance 01.01.2014	Addition During the Year	Transferred to Intangible assets	Balance as on 31.12.2014
	Taka	Taka	Taka	Taka
sbiCloud	-	105,589,360	-	105,589,360
Porua SMS	-	4,022,572	-	4,022,572
Rongdhanu	-	9,095,648	-	9,095,648
Tohobil	-	676,837	-	676,837
Preron	-	4,893,425	-	4,893,425
Pay 24	-	3,976,758	-	3,976,758
Mobile Apps	-	730,897	-	730,897
Customs application	2,267,500	7,688,494	-	9,955,994
Porua VMS	17,073,240	5,130,769	-	22,204,009
Total	19,340,740	128,985,498	-	161,145,500

Explanatory note: During the year 2014 and 2013 there were some errors in capitalization of expenses, in the year 2015 the errors were identified and the amounts of 2014 account have been restated. The figures shown in the financial statements are the restated amounts.