Company Registration No. 06469886 (England and Wales)

BRAC SAAJAN EXCHANGE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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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 Siddiqui & Kabani 183-189 The Vale Acton London W3 7RW

BRAC SAAJAN EXCHANGE LTD

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BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the Board of Directors, being the Managing Director and CEO of BRAC Saajan Exchange Limited, it is my immense pleasure to confirm that the results for the year ended 31 December 2016 and the financial position at the year-end were considered to be satisfactory. We are expecting continued growth in the foreseeable future.

Fair review of the business

During 2016, BRAC Saajan looked at diversifying its market and products as well as continuing to be the largest remitter to Bangladesh with over a 25% market share of the remittances sent from the UK. New products include Pre-Paid Card, which goes live from January 2017, and remitting through the online platform, which again is going live from January 2017. The Company has also entered in to business relationships with a number of European Payment Institutions with large networks during the second half of the year.

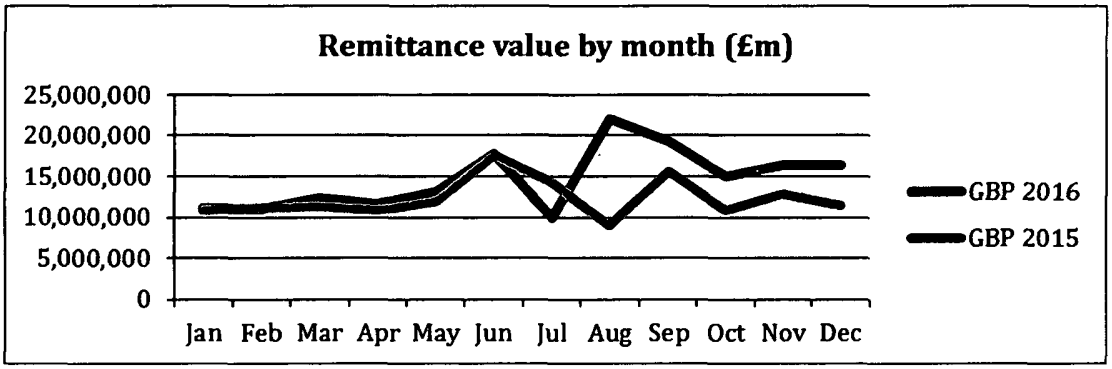
BRAC Saajan's commitment has always been to its consumer and communities; so not only have we been diversifying and offering new products, we also strive to achieve the most competitive exchange rates for our consumers through our relationships with banks in our beneficiary countries, thus providing our consumers the best "Value for Money", as well as providing them with the best customer service possible.

The European Payment Institution sector is highly regulated and competitive. To retain the sustainability and grow in this sector, the Company needs to expand its network globally. While the focus remains to serve the large non-resident Bangladeshis in European countries, the Company is allocating resources to expand its services from other African, Asian, Trans-Atlantic countries to Bangladesh.

The Company is currently providing its services from 9 European countries to Bangladesh, India, Pakistan, Sri Lanka and Poland.

BRAC Saajan's commitment to Anti-Money Laundering (AML) and compliance training saw its 'On-line Learning Module' rolled out in 2016. All employees of BRAC Saajan have successfully passed the training. The Compliance team is using this successful online learning tool to ensure that all employees and agents are trained on AML compliance on an ongoing basis. During 2016 BRAC Saajan also automated its Remit ERP System with its regulators to strengthen further it's money laundering and terrorist financing policy. BRAC Saajan takes AML Compliance very seriously. It does everything to prevent itself, its staff and its agents being used to facilitate money laundering and terrorist financing under the terms of relevant Payment Services Regulations, Money Laundering Regulations, Proceeds of Crime Act, and Counter-Terrorism Act.

The chart below shows the increase in remittances sent by BRAC Saajan in the UK and EU in 2016 in comparison to 2015.



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. 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.

   - Relying on one remittance corridor: The Company has set up a network of banks in Ukraine, Poland and Romania and are currently looking at African banks in order to remit money to Eastern Europe and Africa as well as Bangladesh.

   - Human Resources Management: The Company manages its operations from four countries - UK, Italy, Spain and Bangladesh. It is a very big challenge to liaise between the teams in different locations with different time zones.

   - 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 2016

Key Performance Indicators

	2015	2016	Movement (Value)	Movement (%)
	£'000	£'000		
Turnover	2,896	2,999	103	3.56%
Cover funds sent to corresponding banks in beneficiary countries	148,000	177,000	29,000	19.59%
Staff Costs	490	480	-10	-2.04%
Operating Costs	2,623	2,878	255	9.72%
PBT	294	247	-47	-15.99%
PAT	239	192	-47	-19.67%
Total number of transactions	307,108	366,008	58,900	19.18%
Total number of agents	368	379	11	2.99%
Total number of countries to where remittances are distributed	4	5	1	25.00%
Total number of employees	23	26	3	13.04%
Employees				
Italy	3	4		
Spain	1	1		
UK	19	20		
Bangladesh	16	22		
Total	**39**	**47**		

Other information and explanations

The turnover increased reasonably by 3.56% during the year despite a slow start in 2016. The aggregator and commercial work in the last half of the year resulted in increased number of transactions and higher ticket size, thereby improving turnover growth.

The company experienced a substantial increase in one-off costs and investment in overseas offices. Therefore, despite the increase in turnover, the profit before tax saw a decline of 16% and profit after tax declined by 20%. The company expects the costs to streamline in the coming year and the profit margin to normalise by 2017.

On behalf of the board

Mr Abdus Salam
Director
16 February 2017

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

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

Branches
The company operates through overseas branches in Italy 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 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments
The company is looking to expand it's agent and aggregator networks through out the UK, Italy, Spain and Portugal predominantly to remit funds to it's existing and growing networks in Bangladesh, Pakistan, India, Sri Lanka, Poland and Romania.

The Company's payment card business is going live from January 2017.

In order to compete in the dynamic payment services sector, the company has developed it's own online transaction platform. The platform went live in the latter end of 2016 and will be heavily marketed in 2017. In order to take the benefit of this technological era, the company is also developing a Smartphone app for sending money. The app is due to be rolled out in the first quarter of 2017.

In 2016, the company invested time exploring the possibility of remitting to other countries such as Eastern Europe, Africa and other Asian countries to reduce the risk and reliance of remitting solely to Bangladesh. The routes to Eastern Europe and other Asian countries are now open and the African corridor is still work in progress.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities

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.

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.

On behalf of the board

Mr Abdus Salam
Director
16 February 2017

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Matters on which we are required to report by exception

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.



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

16 February 2017

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W3 7RW

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	2,998,896	2,896,152
Cost of sales		(1,439,865)	(1,372,577)
Gross profit		1,559,031	1,523,575
Administrative expenses	6	(1,422,674)	(1,341,736)
Other operating income	4	89,783	90,328
Operating profit	5	226,140	272,167
Interest receivable and similar income	8	20,731	21,804
Interest payable and similar expenses	9	-	(110)
Profit before taxation		246,871	293,861
Taxation	10	(54,216)	(54,802)
Profit for the financial year	24	192,655	239,059
Total comprehensive income for the year		192,655	239,059

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 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	**12**		134,323		89,531
Tangible assets	**13**		216,280		121,905
Investments	**14**		115,335		93,969
			465,938		305,405
Current assets					
Debtors	**16**	1,988,973		1,067,762	
Investments	**17**	47,541		40,505	
Cash at bank and in hand		1,803,652		2,482,414	
		3,840,166		3,590,681	
Creditors: amounts falling due within one year	**19**	(2,850,688)		(2,656,725)	
Net current assets			989,478		933,956
Total assets less current liabilities			1,455,416		1,239,361
Provisions for liabilities	**20**		(37,576)		(14,176)
Net assets			1,417,840		1,225,185
Capital and reserves					
Called up share capital	**22**		333,333		333,333
Share premium account	**23**		208,383		208,383
Profit and loss reserves	**24**		876,124		683,469
Total equity			1,417,840		1,225,185

The financial statements were approved by the board of directors and authorised for issue on 16 February 2017 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 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015		333,333	208,383	496,376	1,038,092
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	239,059	239,059
Dividends	11	-	-	(51,966)	(51,966)
Balance at 31 December 2015		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

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30		(442,261)		1,339,921
Interest paid			-		(110)
Income taxes paid			(36,871)		(51,205)
Net cash (outflow)/inflow from operating activities			(479,132)		1,288,606
Investing activities					
Purchase of intangible assets		(63,669)		(80,829)	
Purchase of tangible fixed assets		(125,230)		(35,101)	
Proceeds on disposal of subsidiaries		(21,366)		51,874	
Other investments and loans made		(44,599)		-	
Proceeds from other investments and loans		37,563		(40,505)	
Interest received		20,731		21,804	
Net cash used in investing activities			(196,570)		(82,757)
Financing activities					
Dividends paid		-		(51,966)	
Net cash used in financing activities			-		(51,966)
Net (decrease)/increase in cash and cash equivalents			(675,702)		1,153,883
Cash and cash equivalents at beginning of year			2,477,899		1,324,016
Cash and cash equivalents at end of year			1,802,197		2,477,899
Relating to:					
Cash at bank and in hand			1,803,652		2,482,414
Bank overdrafts included in creditors payable within one year			(1,455)		(4,515)

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.

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

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 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.

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.

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.

1 Accounting policies **(Continued)**

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 and cash equivalents

Cash and cash equivalents 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.

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.

1 Accounting policies **(Continued)**

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 receipts 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 though 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.

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 Taxation

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

1 Accounting policies **(Continued)**

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.

1.13 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.

1.14 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.

1.15 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:

	2016	2015
	£	£
Turnover		
Commission Income	2,797,315	2,708,882
Foreign exchange Income	201,581	187,270
	2,998,896	2,896,152
Other significant revenue		
Interest income	20,731	21,804
Commissions received	2,500	2,500

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	2,630,284	2,742,551
Europe	258,163	153,601
Other	110,449	-
	2,998,896	2,896,152

Remittance Volume	2016	2015
	£	£
UK	154,608,209	140,791,768
Italy	16,692,989	3,197,638
Spain	5,060,884	2,569,574
Ireland	66,063	101,883
Greece	36,404	803,904
France	5,268,593	6,076,536
Portugal	458,125	-
	182,191,267	153,541,304

4 Other operating income

	2016 £	2015 £
Agents fees received	87,283	87,828
ATM rent	2,500	2,500
	89,783	90,328

5 Operating profit

Operating profit for the year is stated after charging/(crediting):	2016 £	2015 £
Exchange losses/(gains)	(137,015)	(41,573)
Overseas costs	263,590	113,532
Fees payable to the company's auditors for the audit of the company's financial statements	26,952	14,000
Depreciation of owned tangible fixed assets	30,854	19,805
Amortisation of intangible assets	18,876	9,948
Cost of sales recognised as an expense	1,439,865	1,372,577
Operating lease charges	83,879	69,412

6 Employees

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

	2016 Number	2015 Number
Administration	20	19

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	439,251	449,171
Social security costs	41,400	41,465
	480,651	490,636

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	90,590	86,560

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	20,731	21,804
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	20,731	21,804

9 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	76
Other finance costs:		
Other interest	-	34
	-	110

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	34,567	40,626
Adjustments in respect of prior periods	(3,751)	-
Total current tax	30,816	40,626
Deferred tax		
Origination and reversal of timing differences	23,400	14,176
Total tax charge	54,216	54,802

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:

	2016 £	2015 £
Profit before taxation	246,871	293,861
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	49,374	58,772
Tax effect of expenses that are not deductible in determining taxable profit	338	610
Permanent capital allowances in excess of depreciation	(37,026)	(8,541)
Depreciation on assets not qualifying for tax allowances	9,946	3,961
Other non-reversing timing differences	23,400	-
Under/(over) provided in prior years	(3,751)	-
Charge on Director's loan	11,935	-
Taxation for the year	54,216	54,802

11 Dividends

	2016 £	2015 £
Interim paid	-	51,966

12 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2016	99,478
Additions - separately acquired	63,669
At 31 December 2016	163,147
Amortisation and impairment	
At 1 January 2016	9,948
Amortisation charged for the year	18,876
At 31 December 2016	28,824
Carrying amount	
At 31 December 2016	134,323
At 31 December 2015	89,531

13 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2016	-	153,802	54,948	208,750
Additions	-	110,681	4,549	115,230
Business combinations	10,000	-	-	10,000
At 31 December 2016	10,000	264,483	59,497	333,980
Depreciation and impairment				
At 1 January 2016	-	45,711	41,134	86,845
Depreciation charged in the year	417	15,996	14,442	30,855
At 31 December 2016	417	61,707	55,576	117,700
Carrying amount				
At 31 December 2016	9,583	202,776	3,921	216,280
At 31 December 2015	-	108,090	13,815	121,905

14 Fixed asset investments

	Notes	2016	2015
		£	£
Investments in subsidiaries	**28**	36,823	36,823
Loans to subsidiaries	**28**	78,512	57,146
		115,335	93,969

Movements in fixed asset investments

	Shares in group undertakings	Loans to group undertakings	Total
	£	£	£
Cost or valuation			
At 1 January 2016	36,823	57,146	93,969
Additions	-	21,366	21,366
At 31 December 2016	36,823	78,512	115,335
Carrying amount			
At 31 December 2016	36,823	78,512	115,335
At 31 December 2015	36,823	57,146	93,969

15 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,031,349	1,112,908
Instruments measured at fair value through profit or loss	47,541	40,505
Carrying amount of financial liabilities		
Measured at amortised cost	2,802,196	2,609,722

16 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Trade debtors	1,132,306	1,055,173
Other debtors	820,531	589
Prepayments and accrued income	36,136	12,000
	1,988,973	1,067,762

	2016	2015
	£	£
Trade debtors		
Trade debtors	59,930	13,041
Cash held on account	16,760	25,219
Accrued bank interest	5,341	5,652
Oanda balance	-	11,360
Agent receivables	1,092,896	1,009,401
Bad debt provision	(42,621)	(9,500)
	1,132,306	1,055,173

	2016	2015
	£	£
Other debtors		
Staff loans	-	589
Funds in transit	820,531	-
	820,531	589

17 Current asset investments

	2016	2015
	£	£
Unlisted investments	47,541	40,505

The company has invested in BBVA Mutual Fund in Spain. The value of the investment was EUR 55,991 as at 31st December 2016.

18 Loans and overdrafts

	2016	2015
	£	£
Bank overdrafts	1,455	4,515
Payable within one year	1,455	4,515

19 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	18	1,455	4,515
Trade creditors		2,283,990	2,067,282
Amounts due to group undertakings		25,001	83,762
Corporation tax		34,567	40,622
Other taxation and social security		13,925	6,381
Other creditors		449,735	411,948
Accruals and deferred income		42,015	42,215
		2,850,688	2,656,725

20 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	21	37,576	14,176
		37,576	14,176

21 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 2016	Liabilities 2015
Balances:	£	£
ACAs	37,576	14,176

Movements in the year:	2016 £
Liability at 1 January 2016	14,176
Charge to profit or loss	23,400
Liability at 31 December 2016	37,576

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.

22 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
333,333 Ordinary shares of £1 each	333,333	333,333

23 Share premium account

	2016 £	2015 £
At beginning and end of year	208,383	208,383

24 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	683,469	496,376
Profit for the year	192,655	239,059
Dividends	-	(51,966)
At the end of the year	876,124	683,469

25 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:

	2016 £	2015 £
Within one year	73,100	58,600
Between two and five years	238,400	242,400
In over five years	368,500	362,220
	680,000	663,220

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	90,590	86,560

Transactions with related parties

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2016 £	2015 £
Entities with control, joint control or significant influence over the company	25,001	41,013
Other related parties	-	42,749
	25,001	83,762

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

26 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2016 Balance £**
Entities over which the entity has control, joint control or significant influence	341,161
Key management personnel	44,599
	385,760

Amounts owed in previous period	**2015 Balance £**
Entities over which the entity has control, joint control or significant influence	246,854

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

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	$25,000	04 September 2017
Dhaka Bank	27 March 2013	$25,000	26 March 2017
AB Bank Limited	27 March 2013	$25,000	26 March 2017
Islami Bank Bangladesh Ltd.	16 June 2013	$15,000	15 June 2017
Uttara Bank Ltd.	10 December 2013	$25,000	09 December 2016
Janata Bank Ltd.	23 April 2014	$25,000	22 April 2017
Rupali Bank Ltd.	07 June 2015	$25,000	06 June 2017
Southeast Bank Ltd.	07 June 2015	$25,000	06 June 2017
Midland Bank Ltd.	07 June 2015	$25,000	06 June 2017
NRB Commercial Bank	08 October 2015	$25,000	08 October 2016
Standard Bank Ltd.	29 August 2016	BDT 25,000	29 August 2017
Meghna Bank Ltd.	17 November 2016	$25,000	08 October 2017
First Security Islami Bank	18 December 2016	$25,000	18 December 2017

27 Controlling party

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

28 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 2016 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	

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	(60,531)	(59,004)

29 Liquid resources

	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
Assets						
Cash held on account	16,760					16,760
Trade debtors		59,930				59,930
Cash at bank and in hand	1,803,652					1,803,652
Agent receivables	1,092,896					1,092,896
Prepayments & accrued income	36,136					36,136
Bad debt provision	(42,621)					(42,621)
Funds in transit	82,531					82,531
Director's loan				44,599		44,599
Total Assets	2,989,354	59,930	-	44,599	-	3,093,883
Liabilities						
Bank credit card	1,455					1,455
Trade creditors	2,283,990					2,283,990
Agent payables	140,100					140,100
Corporation tax payable			34,567			34,567
Agency deposit held			325,234			325,234
Social security taxes		2,149	11,776			13,925
Wages and salaries		29,000				29,000
Accruals	42,015					42,015
Amounts owed to parent company		25,001				25,001
Total Liabilities	2,467,560	56,150	371,577	-	-	2,895,287
Net liquidity difference	521,794	3,780	(371,577)	44,599	-	198,596

30 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	192,655	239,059
Adjustments for:		
Taxation charged	54,216	54,802
Finance costs	-	110
Investment income	(20,731)	(21,804)
Amortisation and impairment of intangible assets	18,876	9,948
Depreciation and impairment of tangible fixed assets	30,855	19,805
Movements in working capital:		
(Increase)/decrease in debtors	(921,211)	89,214
Increase in creditors	203,079	948,787
Cash (absorbed by)/generated from operations	(442,261)	1,339,921

BRAC SAAJAN EXCHANGE LTD

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

BRAC SAAJAN EXCHANGE LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016		2015
	£	£	£	£
Turnover				
Commission Receivable		2,797,315		2,708,882
Exchange Income		201,581		187,270
		2,998,896		2,896,152
Cost of sales				
Commissions	1,439,865		1,372,577	
		(1,439,865)		(1,372,577)
Gross profit	51.99%	1,559,031	52.61%	1,523,575
Other operating income				
ATM rent	2,500		2,500	
Agent fee received	87,283		87,828	
		89,783		90,328
Administrative expenses		(1,422,674)		(1,341,736)
Operating profit		226,140		272,167
Investment revenues				
Bank interest received	20,731		21,804	
		20,731		21,804
Interest payable and similar expenses				
Bank interest on loans and overdrafts	-		76	
Interest on overdue taxation - not financial liabilities	-		34	
		-		(110)
Profit before taxation	8.23%	246,871	10.15%	293,861

BRAC SAAJAN EXCHANGE LTD

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Administrative expenses		
Wages and salaries	348,661	362,611
Social security costs	41,400	41,465
Staff welfare	1,210	-
Staff training	3,640	-
Directors' remuneration	90,590	86,560
Rent re operating leases	67,519	58,952
Domain Hosting	10,606	4,574
Rates	13,966	9,819
Cleaning	4,294	3,321
Power, light and heat	8,018	9,740
Repairs and maintenance	3,826	3,955
Insurance	3,479	3,809
Software costs	7,138	31,560
Hire of equipment (not operating lease)	7,875	7,734
Leasing - motor vehicles	16,360	10,460
Motor running expenses	2,075	2,658
Travelling expenses	52,589	43,592
Postage, courier and delivery charges	6,144	-
Professional subscriptions	22,448	23,889
Legal and professional fees	6,453	27,036
Consultancy fees	42,673	9,398
Accountancy	1,077	1,134
Non audit remuneration paid to auditors	-	1,552
Audit fees	26,952	14,000
Charitable donations	600	-
Bank charges	320,461	338,967
Credit card charges	32	32
Bad and doubtful debts	76,647	46,592
Printing and stationery	-	6,504
Advertising	16,104	45,524
Telecommunications	38,265	39,063
Entertaining	-	454
Entertaining N/A	-	1,480
Overseas costs	263,590	113,532
Sundry expenses	5,267	2,122
Staff welfare	-	1,467
Amortisation	18,876	9,948
Depreciation	30,854	19,805
Profit or loss on foreign exchange	(137,015)	(41,573)
	1,422,674	1,341,736