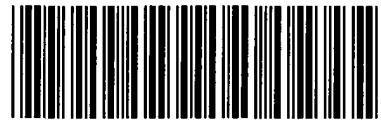


Company Registration No. 06469886 (England and Wales)

BRAC SAAJAN EXCHANGE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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BRAC SAAJAN EXCHANGE LTD

COMPANY INFORMATION

Directors	Mr Kazi Mahmood Sattar Mr Selim Reza 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 LLP 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 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair Review of the Business

The company, a subsidiary of BRAC Bank Limited of Bangladesh, provides remittance services and cross-border payment solutions for South Asian migrants living in UK and Europe. It offers a wide range of payment services principally to Bangladesh and Pakistan but also to India, Sri Lanka and Nepal. The company also offers its services through a French subsidiary, based in Paris. Revenue is earned through a combination of transaction fees and foreign exchange margin.

The company continues to grow, with total remittance to all receiving countries up by £62m (13%) in 2019 to £542m. The primary driver of this growth was a boost in commercial aggregators' remittance volumes of £65m (41%). UK retail volume increased by £6m (3%), although volume in EU countries fell by £9m (11%) mainly due to challenges in the Italian market in the early part of the year.

As a result, turnover increased by 7% to just under £7.4m, with the gross margin percentage staying broadly similar to 2018 at 59%. Gross profit grew by 8% to £4.3m (£4.0m in 2018).

The growth in turnover and gross profit has been a key enabler in allowing the company to continue its focus on maintaining and enhancing its compliance framework, as well as to invest significantly in its human resources. This will support the company in its long term growth plans and strategies. As a result, in 2019, expenses increased by £749k. Of this headcount costs accounted for an extra £306k compared to last year with other overheads accounting for a £247k year on year increase. The company believes this investment is critical to ensure long term sustainability. Volatility in the markets, largely caused by Brexit and the UK general election, resulted in a foreign exchange revaluation loss of £106k as opposed to a profit in 2018 of £90k. This resulted in £196k of additional expenses this year.

The table below shows a detailed comparison of 2019 performance vs. 2018.

Income Statement Line Item	2019	2018	Change
Income	£ 7,378,724	£ 6,917,796	7%
Cost of Services	£ 3,050,353	£ 2,906,089	5%
Gross Profit	£ 4,328,371	£ 4,011,757	8%
Gross Margin	59%	58%	1%
Expenses	£ 3,990,426	£ 3,241,467	23%
Net Operating Income	£ 337,945	£ 770,290	-56%
Total Other Income	£ 95,894	£ 56,368	70%
Loan Interest and similar	£ 172,088	£ 145,700	18%
Bad Debt	£ 54,156	£ 22,591	140%
Tax	£ 59,772	£ 122,705	-51%
Total Other Expenses	£ 286,016	£ 290,995	-2%
Net Income	£ 147,823	£ 535,662	-72%

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are compliance and operational risk, financial risks and strategic risks. The risk identification and mitigation activities are built into the day-to-day operations of the company. It is the responsibility of the Board to adopt and oversee the implementation of risk management and risk appetite throughout the company and its affiliates globally.

Board expectations

The business management (1st line of defence) will take responsibility for the implementation of risk appetite, and the Risk and Compliance function (2nd line of defence) will work with the 1st line to ensure that levels of risk against risk appetite is reported to the Board and escalated where lines of business are outside appetite.

Audit (3rd line of defence) will ensure independent assurance of the systems and controls in place are adequate and effective to mitigate the risks.

Risks faced by the company

In summary, the company is exposed to the following types of risk.

- Operational & compliance risks (i.e. risks associated with people, processes and systems)
- Financial risks (e.g. credit, liquidity & capital)
- Strategic risks (e.g. reputation risks)

Each risk category is further broken down into specific risk types:

Operational & compliance risks

Internal fraud - Loss due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy (excluding discrimination events) which involve at least one internal party. The company strives to minimise the likelihood of fraud manifesting in the business and allocates human and technology resources to minimise its impact on business activities. The company has no appetite for internal fraud and has adopted a continuous improvement approach to the policies and procedures designed to deter and detect internal fraud. Non-compliance results in disciplinary action, which may include dismissal and qualified withdrawals for approved persons.

External fraud - Loss due to acts intended to defraud, misappropriate property or circumvent the law, which involve a third party. The company has adopted a continuous improvement approach to the policies and procedures designed to deter and detect external fraud. The firm accepts that external fraud may happen from time to time. Nonetheless, the company has no appetite for external fraud.

Regulatory risk – regulatory risks refer to the fact that a change in laws or regulations may materially impact the business or market. The company complies with all relevant legislation and regulations in all the jurisdictions in which it operates. It monitors the regulatory framework and takes any necessary actions to its operations in order to achieve compliance. The company also employs external compliance audits to ensure best practice.

Employment practices and workplace safety - Losses arising from acts inconsistent with health or safety laws or agreements, from payments of personal injury claims, discrimination or harassment events. The company will take all reasonable steps to ensure its employees are treated with dignity and respect and will have adequate business processes in place to ensure that employees are provided with a safe and comfortable environment to work in.

Business disruption – Losses arising from disruption of business or system failures. The company has implemented a business continuity plan to monitor and mitigate any disruption.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Execution, delivery & process management - Losses from failed transaction processing or process management, from relations with trading counterparties, clients, vendors and/or critical outsourcers.

Data security – The company will take proportionate measures to protect employee, client and other third-party data, intellectual property and put in place good business practices with respect to data protection and retention standards.

IT security – The company employs robust IT security practices in the application development lifecycle, monitors and protects its perimeters and takes measures to deter and detect insider threats.

Financial risks

Currency risk – The company deals in multiple currencies and may therefore be exposed to movements in exchange rates.

It mitigates this risk by employing a dedicated team of foreign exchange specialists and tracking conversion rates of the trading currencies in real time.

This allows the company the opportunity to minimise foreign exchange losses and make gains from the favourable shifts in 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.

Market risk - Losses arising as a result of adverse changes in market prices. The company is an Authorised Payments Institution (API) and does not take outright market risk. Where market risks are inherent to the business activities (e.g. structural market risks such as those arising with respect to capital, liquidity and shareholder value) the company has implemented appropriate policies and procedures.

Credit risk - Losses arising as a result of one or more clients and/or trading counterparties failing to meet their financial obligations as they become due. Credit and counterparty risks are inherent in the business model through exposure to counterparty aged transactions and pre-settlement risks. The main credit risk faced by the company relates to agents failing to deposit monies collected on behalf of customers. The risk is managed by taking advance deposits, setting agent credit limits and performing a daily reconciliation of outstanding amounts.

Liquidity and capital risks - Losses arising as a result of the firm failing to meet its financial obligations as they become due. The company maintains sufficient liquidity and capital to fulfil business and regulatory requirements to meet its obligations as they become due, and has access to funding from its parent company, that will allow it to enact a contingency funding plan, if required.

Strategic risks

Business risk - Losses that arise from the decisions that the Board takes about the products or services that the company supplies, or the geographies that it operates in. They include risks associated with developing and marketing those products or services, economic risks affecting product sales and costs, and risks arising from changes in the regulatory, legal and/or technology environments which have an impact on those products and services or the way in which they are delivered.

Reputation risk - Losses that arise as a result of damage to the brand, howsoever caused. The company actively promotes its brand in the market place, takes pro-active steps to generate feedback from clients and employees and adheres to its core values and fulfil its corporate responsibilities by ensuring it acts responsibly, ethically and with integrity.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Key Performance Indicators

Key Performance Indicators	2019 £'000	2018 £'000	Movement £'000	Movement (%)
Turnover	7,379	6,918	461	6.7%
Total remittance sent to all countries	542,327	480,290	62,037	12.9%
UK Staff Costs	1,292	977	315	32.2%
Operating Costs	7,327	6,439	888	13.8%
PBT	208	658	-451	-68.5%
PAT	148	536	-388	-72.4%

Key Performance Indicators	2019 (Value)	2018 (Value)	Movement (Value)	Movement (%)
EPS	£0.44	£1.61	-1.16	-72.4%
Number of agents	556	419	137	32.7%
Number of countries remittance is sent	5	5	0	0.0%
Number of transactions	987,903	908,161	79,742	8.8%
Number of employees	90	80	10	12.5%

Employees	2019 (Value)	2018 (Value)	Movement (Value)	Movement (%)
Italy	6	5	1	20.0%
Portugal	2	3	-1	-33.3%
Spain	1	2	-1	-50.0%
UK	33	33	0	0.0%
Bangladesh	48	37	11	29.7%
Total	90	80	10	12.5%

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Development and performance

Expenses increased by almost £0.75m (23%) to £3.99m. Of this increase, £0.15m was attributable to bank charges, reflecting both the increased volume and higher banking costs in the industry.

In line with business growth, during the year the company invested significantly in human resources, with the total headcount growing from 80 to 90 across the UK and overseas. The management team has been expanded to include recruitment of a Head of Risk and Internal Control.

The company has made continued investments in compliance, recruiting experienced officers and managers to improve both quality and quantity, as well as expanding its Risk and Internal Control function. It has also invested further in its enterprise-wide risk and AML oversight programme by investing further in its Risk and Audit Committee, formed in 2018, with the addition of further independent expertise.

Further investment in EU operations across premises and personnel have been made to support both the growth of the EU business, where significant opportunity exists to support growing migrant populations, and to combat any potential Brexit-related issues which may adversely affect it.

The company has applied to the Portuguese regulator for permission to act as an Authorised Payment Institution. Upon authorisation it will transfer the passporting of its European business from the UK to Portugal.

IT Projects

Online proposition – The company has re-launched its online proposition to include both a traditional online portal and a new mobile application.

Data security – multiple user access, data and information security improvements were completed in the year to enhance data security.

On behalf of the board



Mr Abdus Salam

Director

9 April 2020

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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 Reza Farhad Hussain
Mr Abdus Salam

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £83,333. The directors do not recommend payment of a further 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 26% YOY remittance growth in 2020. It expects continued strong demand in commercial aggregator sales, and significant growth in both the UK and Italian retail agent network.

The company has a strategic goal to spread its service to more than 30 countries by 2022. To this end the company is exploring partnership opportunities to scale up its reach into new corridors.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The company is working hard to meet emerging demand from its customer base for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.

The strategic plan for 2020 involves rolling out its revamped online service across 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 2019

Going Concern

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the Directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the Company has sufficient liquidity to continue in business for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- To date there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.
- In addition, the directors do not believe there will be any material impact on the Company's ability to remain a going concern arising from the UK's exit from the European Union.

On behalf of the board



Mr. Abdus Salam
Director

9 April 2020

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019 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.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Use of our 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

9 April 2020

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 2019

	Notes	2019 £	2018 £
Turnover	3	7,378,724	6,917,796
Cost of sales		(3,050,353)	(2,906,039)
Gross profit		4,328,371	4,011,757
Administrative expenses		(4,044,581)	(3,264,059)
Other operating income		94,172	54,878
Operating profit	5	377,962	802,576
Interest receivable and similar income	8	1,722	1,490
Interest payable and similar expenses	9	(172,088)	(145,699)
Profit before taxation		207,596	658,367
Tax on profit	10	(59,772)	(122,705)
Profit for the financial year		147,824	535,662

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 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	12	179,741	-	158,095	
Tangible assets	13	633,481		558,600	
Investments	14	44,765		44,765	
		<u>857,987</u>		<u>761,460</u>	
Current assets					
Debtors	16	6,379,231		5,506,510	
Investments	17	49,966		49,966	
Cash at bank and in hand		3,705,060		6,606,932	
		<u>10,134,257</u>		<u>12,163,408</u>	
Creditors: amounts falling due within one year	18	<u>(8,499,612)</u>		<u>(10,487,865)</u>	
Net current assets		<u>1,634,645</u>		<u>1,675,543</u>	
Total assets less current liabilities		<u>2,492,632</u>		<u>2,437,003</u>	
Creditors: amounts falling due after more than one year	19	(175,657)		(199,400)	
Provisions for liabilities	21	(61,369)		(46,488)	
Net assets		<u>2,255,606</u>		<u>2,191,115</u>	
Capital and reserves					
Called up share capital	24	333,333		333,333	
Share premium account	25	249,999		249,999	
Profit and loss reserves	26	1,672,274		1,607,783	
Total equity		<u>2,255,606</u>		<u>2,191,115</u>	

The financial statements were approved by the board of directors and authorised for issue on 9 April 2020 and are signed on its behalf by:



Mr. Abdu Salam
Director

Company Registration No. 06469886

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		333,333	249,999	1,072,121	1,655,453
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	535,662	535,662
Balance at 31 December 2018		333,333	249,999	1,607,783	2,191,115
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	147,824	147,824
Dividends	11	-	-	(83,333)	(83,333)
Balance at 31 December 2019		333,333	249,999	1,672,274	2,255,606

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	32	(2,294,805)		4,525,610	
Interest paid		(172,088)		(145,699)	
Income taxes paid		(121,101)		(45,858)	
Net cash (outflow)/inflow from operating activities		(2,587,994)		4,334,053	
Investing activities					
Purchase of intangible assets		(81,473)		(48,562)	
Purchase of tangible fixed assets		(126,876)		(45,784)	
Proceeds on disposal of subsidiaries		-		39,196	
Proceeds from other investments and loans		-		(712)	
Interest received		1,722		1,490	
Net cash used in investing activities		(206,627)		(54,372)	
Financing activities					
Repayment of borrowings		(23,743)		(13,315)	
Dividends paid		(83,333)		-	
Net cash used in financing activities		(107,076)		(13,315)	
Net (decrease)/increase in cash and cash equivalents		(2,901,697)		4,266,366	
Cash and cash equivalents at beginning of year		6,603,765		2,337,399	
Cash and cash equivalents at end of year		3,702,068		6,603,765	
Relating to:					
Cash at bank and in hand		3,705,060		6,606,932	
Bank overdrafts included in creditors payable within one year		(2,992)		(3,167)	

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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 2019

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 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.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019

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 transaction 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 2019

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 profit or loss 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 leases 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:

	2019 £	2018 £
Turnover analysed by class of business		
Commission Income	6,424,987	5,874,197
Foreign exchange Income	953,737	1,043,599
	<u>7,378,724</u>	<u>6,917,796</u>
	2019 £	2018 £
Other significant revenue		
Interest income	1,722	1,490
Commissions received	-	1,368
	<u></u>	<u></u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

(Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	6,710,876	6,180,637
Europe/ Other	667,848	737,159
	<u>7,378,724</u>	<u>6,917,796</u>
	=====	=====
Remittance Volume	2019 £	2018 £
UK	471,880,910	400,904,928
Italy	29,173,043	39,248,721
Spain	20,522,695	20,922,239
France	11,309,213	11,320,963
Portugal	9,440,716	7,893,078
	<u>542,326,577</u>	<u>480,289,929</u>
	=====	=====

4 Other operating income

	2019 £	2018 £
Agents fees received	94,172	53,510
ATM rent	-	1,368
	<u>94,172</u>	<u>54,878</u>
	=====	=====

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	106,017	(89,923)
Research and development costs	-	530,155
Fees payable to the company's auditor for the audit of the company's financial statements	16,183	22,722
Depreciation of owned tangible fixed assets	51,995	41,533
Amortisation of intangible assets	59,827	36,010
Operating lease charges	131,753	61,110
	<u>365,675</u>	<u>680,407</u>
	=====	=====

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit

(Continued)

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £106,017 (2018 - £89,923).

6 Employees

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

	2019 Number	2018 Number
Administration	90	80

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,412,194	884,608
Social security costs	163,636	77,390
Pension costs	9,480	6,181
	1,585,310	968,179

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	139,282	138,850

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	1,722	1,490

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,722	1,490
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BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	5,909	6,477
Other interest on financial liabilities	166,179	139,222
	<u>172,088</u>	<u>145,699</u>

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	44,891	121,101
	<u>44,891</u>	<u>121,101</u>
Deferred tax		
Origination and reversal of timing differences	14,881	1,604
	<u>14,881</u>	<u>1,604</u>
Total tax charge	<u>59,772</u>	<u>122,705</u>

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:

	2019 £	2018 £
Profit before taxation	<u>207,596</u>	<u>658,367</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	39,443	125,090
Tax effect of expenses that are not deductible in determining taxable profit	11,367	6,842
Permanent capital allowances in excess of depreciation	(40,239)	(18,722)
Depreciation on assets not qualifying for tax allowances	9,879	7,891
Other non-reversing timing differences	14,881	1,604
Charge on Director's loan	24,441	-
Taxation charge for the year	<u>59,772</u>	<u>122,705</u>

11 Dividends

	2019 £	2018 £
Final paid	<u>83,333</u>	<u>-</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2019	250,372
Additions - separately acquired	81,473
	<u>331,845</u>
At 31 December 2019	331,845
Amortisation and impairment	
At 1 January 2019	92,277
Amortisation charged for the year	59,827
	<u>152,104</u>
At 31 December 2019	152,104
Carrying amount	
At 31 December 2019	179,741
	<u>158,095</u>
At 31 December 2018	<u>158,095</u>

13 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2019	286,683	380,285	85,940	752,908
Additions	-	75,473	51,403	126,876
	<u>286,683</u>	<u>455,758</u>	<u>137,343</u>	<u>879,784</u>
At 31 December 2019	286,683	455,758	137,343	879,784
Depreciation and impairment				
At 1 January 2019	12,163	116,106	66,039	194,308
Depreciation charged in the year	7,083	26,180	18,732	51,995
	<u>19,246</u>	<u>142,286</u>	<u>84,771</u>	<u>246,303</u>
At 31 December 2019	19,246	142,286	84,771	246,303
Carrying amount				
At 31 December 2019	267,437	313,472	52,572	633,481
	<u>274,520</u>	<u>264,179</u>	<u>19,901</u>	<u>558,600</u>
At 31 December 2018	274,520	264,179	19,901	558,600

14 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	29	44,765	44,765
		<u>44,765</u>	<u>44,765</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	44,765
Carrying amount	
At 31 December 2019	44,765
At 31 December 2018	44,765

15 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	49,966	49,966

16 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	5,769,495	5,168,737
Other debtors	458,337	208,092
Prepayments and accrued income	151,399	129,681
	6,379,231	5,506,510

Debtors include £540,752 due from BRAC Saajan France as at the year-end, a 100% subsidiary of the company.

17 Current asset investments

	2019 £	2018 £
Unlisted investments	49,966	49,966

The company has invested in BBVA Mutual Fund in Spain.

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	20	2,992	3,167
Trade creditors		2,771,124	4,300,308
Amounts owed to group undertakings		3,591,902	4,779,216
Corporation tax		44,860	121,070
Other taxation and social security		13,400	49,449
Other creditors		1,862,242	935,259
Accruals and deferred income		213,092	299,396
		<u>8,499,612</u>	<u>10,487,865</u>

19 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Other borrowings	20	<u>175,657</u>	<u>199,400</u>

20 Loans and overdrafts

	2019 £	2018 £
Bank overdrafts	2,992	3,167
Other loans	175,657	199,400
	<u>178,649</u>	<u>202,567</u>
Payable within one year	2,992	3,167
Payable after one year	175,657	199,400
	<u>178,649</u>	<u>202,567</u>

21 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	22	<u>61,369</u>	<u>46,488</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 £	Liabilities 2018 £
Balances:		
ACAs	61,369	46,488
	<u>61,369</u>	<u>46,488</u>
Movements in the year:		2019 £
Liability at 1 January 2019		46,488
Charge to profit or loss		14,881
		<u>61,369</u>
Liability at 31 December 2019		<u>61,369</u>

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.

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9,480	6,181
	<u>9,480</u>	<u>6,181</u>

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

	2019 £	2018 £
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

	2019 £	2018 £
At beginning and end of year	249,999	249,999
	<u>249,999</u>	<u>249,999</u>

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	1,607,783	1,072,121
Profit for the year	147,824	535,662
Dividends declared and paid in the year	(83,333)	-
At the end of the year	<u>1,672,274</u>	<u>1,607,783</u>

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:

	2019 £	2018 £
Within one year	49,100	73,100
Between two and five years	155,567	155,567
In over five years	110,025	110,025
	<u>314,692</u>	<u>338,692</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>139,282</u>	<u>138,850</u>

Transactions with related parties

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2019 £	2018 £
Entities with control, joint control or significant influence over the company	<u>3,591,902</u>	<u>4,779,216</u>
	<u>3,591,902</u>	<u>4,779,216</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 2019

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2019 Balance £
Amounts owed by related parties	
Entities over which the entity has control, joint control or significant influence	540,752
Key management personnel	101,899
	<u>642,651</u>
	2018 Balance £
Amounts owed in previous period	
Entities over which the entity has control, joint control or significant influence	332,961
Key management personnel	26,696
	<u>359,657</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 2019

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.

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	5-Sep-12	\$10,000.00	3-Sep-20
Dhaka Bank	27-Mar-13	\$10,000.00	26-Mar-20
AB Bank Limited	27-Mar-13	\$10,000.00	26-Mar-20
Islami Bank Bangladesh Ltd.	18-Jun-13	\$10,000.00	15-Jun-20
Uttara Bank Ltd.	10-Dec-13	\$10,000.00	9-Dec-20
Janata Bank Ltd.	23-Apr-14	\$10,000.00	22-Apr-20
Rupali Bank Ltd.	7-Jun-15	\$10,000.00	6-Jun-20
Southeast Bank Ltd.	7-Jun-15	\$10,000.00	6-Jun-20
Midland Bank Ltd.	7-Jun-15	\$10,000.00	6-Jun-20
Standard Bank Ltd.	30-Aug-16	\$10,000.00	29-Aug-20
Meghna Bank Ltd.	17-Nov-16	\$10,000.00	7-Oct-20
First Security Islami Bank	19-Dec-16	\$10,000.00	18-Dec-20
National Bank Limited	12-Jul-17	\$10,000.00	11-Jul-20
Mutual Trust Bank Limited	12-Jul-17	\$10,000.00	11-Jul-20
Pubali Bank Limited	2-Oct-17	\$10,000.00	1-Oct-20
Al Arafah Islami Bank Limited	2-Oct-17	\$10,000.00	1-Oct-20
NCC Bank Limited	2-Oct-17	\$10,000.00	1-Oct-20
The City Bank Limited	2-Oct-17	\$10,000.00	1-Oct-20
Exim Bank Limited	1-Jan-18	\$10,000.00	31-Dec-20
Mercantile Bank Limited	1-Jan-18	\$10,000.00	31-Dec-20
Sonali Bank Ltd	25-Jan-18	\$10,000.00	24-Jan-20
Agrani Bank Ltd	25-Jan-18	\$10,000.00	14-Jan-20
Bangladesh Krishi Bank Ltd	1-Jan-19	\$10,000.00	31-Dec-20
NRB Banking & Foreign Remittance Division	1-Jan-19	\$10,000.00	31-Dec-20
Shahjalal Islami Bank Limited	2-Apr-19	\$10,000.00	26-Mar-20
Social Islami Bank Limited	2-Apr-19	\$10,000.00	26-Mar-20

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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)	Capital and Reserves
	EUR	EUR
BRAC Saajan France	97,088	31,869

30 Ultimate controlling party

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

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Liquid resources

	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
Assets						
Cash held on account	23,154					23,154
Cash at bank and in hand	3,705,060					3,705,060
Trade receivables	5,746,341					5,746,341
Other receivables		458,337				
Prepayments & accrued income	151,399					151,399
Investments	49,966					49,966
Director's loan			10,125	91,774		101,899
Total Assets	9,675,920	458,337	10,125	91,774	-	9,777,819
Liabilities						
Bank credit card	2,992					2,992
Trade creditors	2,771,124					2,771,124
Agent payables	1,043,714					1,043,714
Corporation tax payable			44,860			44,860
Agency deposit held			177,338			177,338
Social security taxes	3,157		10,243			13,400
Wages and salaries	-					-
Accruals	213,092					213,092
Amounts owed to parent company	3,591,902					3,591,902
Bank loan					175,657	175,657
Total Liabilities	7,625,981	-	232,441	-	175,657	8,034,079
Net liquidity difference	2,049,939	458,337	(222,316)	91,774	(175,657)	1,743,740

BRAC SAAJAN EXCHANGE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

32 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	147,824	535,662
Adjustments for:		
Taxation charged	59,772	122,705
Finance costs	172,088	145,699
Investment income	(1,722)	(1,490)
Amortisation and impairment of intangible assets	59,827	36,010
Depreciation and impairment of tangible fixed assets	51,995	41,533
Movements in working capital:		
(Increase) in debtors	(872,722)	(3,486,302)
(Decrease)/increase in creditors	(1,911,867)	7,131,793
Cash (absorbed by)/generated from operations	(2,294,805)	4,525,609

33 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	6,606,932	(2,901,872)	3,705,060
Bank overdrafts	(3,167)	175	(2,992)
	<u>6,603,765</u>	<u>(2,901,697)</u>	<u>3,702,068</u>
Borrowings excluding overdrafts	(199,400)	23,743	(175,657)
	<u>6,404,365</u>	<u>(2,877,954)</u>	<u>3,526,411</u>