

Company Registration No. 06469886 (England and Wales)

**BRAC SAAJAN EXCHANGE LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# BRAC SAAJAN EXCHANGE LTD

## COMPANY INFORMATION

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**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

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# **BRAC SAAJAN EXCHANGE LTD**

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# **BRAC SAAJAN EXCHANGE LTD**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors present the strategic report for the year ended 31 December 2020.

#### **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.

Total remittance to all receiving countries fell by 16% from £542m in 2019 to £455m in 2020. UK retail volume which has been effected by the Covid-19 pandemic, saw a reduction of 20% to £189m. Uncertainty in the EU throughout 2020 with Brexit arrangements resulted in a sharp fall of 46% of EU volume from £70.4m to £38m remittance. All EU operations have been suspended since the last quarter of 2020 and the resumption of EU business is not expected until suitable EU licencing arrangements are in place. As part of the company's Enterprise Wide Risk Assessment, it was determined that several cash based aggregator partners would be de-risked. This has contributed to a further £7m fall in volume.

As a result, turnover fell by 6% to just under £7.0m. There was a small increase of 3% to the gross margin percentage because of a different mix of business. However, gross profit remained almost unchanged from 2019 at £4.3m

The effect of the pandemic, and EU uncertainty with regard to Brexit have presented difficult challenges for the business which has hampered performance. Alongside higher banking costs introduced in the last quarter of 2019 have also been absorbed. Additional increases in the last quarter of 2020 due to changes in banking relationships and moving to a cash collection model means that the increase in banking costs alone added over £780k when compared to 2019, representing an increase of over 67% in banking costs.

The company remains committed to its long term growth plans and strategies, however due to the downturn in 2019 headcount and expenses were curtailed across discretionary areas of expenditure. The company did continue its focus on maintaining and enhancing its compliance framework which will support the company in the longer term. Excluding bank costs, all other expenses were reduced by £161k, (6% less than 2019), this was despite one-off expenses in 2020 of over £130k for legal and other re-structuring costs.

# BRAC SAAJAN EXCHANGE LTD

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The table below shows a detailed comparison of 2020 performance vs. 2019.

Income Statement Line Item	2020 (£)	2019 (£)	Change
Income	6,917,406	7,378,724	(6%)
Cost of Services	2,645,334	3,050,353	(13%)
Gross Profit	4,272,072	4,328,371	(1%)
Gross Margin	62%	59%	3%
Expenses	4,613,378	3,990,426	16%
Net Operating Income	(341,306)	337,945	(201%)
Total Other Income	250,573	95,894	161%
Loan Interest and similar	158,316	172,088	(8%)
Bad Debt	54,041	54,156	(0%)
Tax	(28,138)	59,772	(147%)
Total Other Expenses	184,219	286,016	(36%)
Net Income	(274,952)	147,823	(286%)

### 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 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.

# **BRAC SAAJAN EXCHANGE LTD**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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 2020**

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**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 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 2020

### Key Performance Indicators

Key Performance Indicators	2020 £'000	2019 £'000	Movement £'000	Movement (%)
Turnover	6,917	7,379	(461)	-6.3%
Total remittance sent to all countries	455,046	542,327	(87,280)	-16.1%
UK Staff Costs	1,077	1,292	(214)	-16.6%
Operating Costs	7,443	7,327	116	1.6%
PBT	(303)	208	(511)	-246.0%
PAT	(275)	148	(423)	-286.0%

Key Performance Indicators	2020 (Value)	2019 (Value)	Movement (Value)	Movement (%)
EPS	£0.82	£0.44	-1.27	-286.0%
Number of agents	284	556	(272)	-48.9%
Number of countries remittance is sent	14	5	9	180.0%
Number of transactions	777,349	949,704	(172,355)	-18.1%
Number of employees	81	90	-9	-10.0%

Employees	2020 (Value)	2019 (Value)	Movement (Value)	Movement (%)
Italy	6	6	0	0.0%
Portugal	1	2	-1	-50.0%
Spain	1	1	0	0.0%
UK	26	33	-7	-21.2%
Bangladesh	47	48	-1	-2.1%
Total	81	90	-9	-10.0%



# **BRAC SAAJAN EXCHANGE LTD**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Development and performance**

Expenses increased by £0.62m (15%) to £4.67m. Of this increase, £0.78m was attributable to bank charges, reflecting the increased banking costs in the industry, particularly in regards to cash deposits. Plans to mitigate this cost going forward include promoting non-cash remittance.

Due to the difficult trading conditions experienced in 2020 the company did reduce costs in all discretionary areas of spend. Headcount in the UK reduced from 33 to 26. Globally headcount reduced from 90 to 81.

The company suspended taking remittance transactions from Europe. Whilst the EU does still represent a major market for future development and growth, the absence of suitable transition arrangements as a result of Brexit means that the company is unable to take transaction from EU in the meantime.

The company has applied to the Portuguese regulator for permission to act as an Authorised Payment Institution. The company is still waiting for a final decision, if approved upon authorisation it will transfer the passporting of its European business from the UK to Portugal.

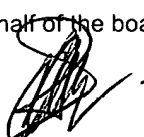
The Company has maintained its on going investment in Compliance and Financial Crime Controls. In particular, the Transaction Monitoring Team staffing has been increased as well as several major enhancements to the Transaction Monitoring Methodology and the systems supporting this essential process. The systems changes include: Automated targeted data filtering reports, automated daily notification of customers telephone and material data changes and automated global daily transaction data reports. These new functions now provide specific data, covering all aspects of the behaviour of both our Customers and Agents. This enables the Transaction Monitoring Team to identify, investigate and produce accurate reports of any malpractice to the attention of the MLRO.

### **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 2021

# **BRAC SAAJAN EXCHANGE LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **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.

#### **Results and dividends**

The results for the year are set out on page 13.

Ordinary dividends were paid amounting to £147,823. 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 Sajaan.

#### **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

#### **Future developments**

The company is forecasting more than 38% YOY remittance growth within the UK retail sector in 2021. It expects to achieve this as the country comes out of restrictions imposed from the pandemic which will allow to company to focus on regaining lost market share particularly in the UK to Bangladesh market. 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.

Although the company has a strategic goal to spread its service to more than 30 countries and to this end the company is developing partnership opportunities to scale up its reach into new corridors. However, with the existing transition arrangements in the EU following on from Brexit, no remittance is forecasted from the EU. The EU is still a part of the strategic plans longer-term where a significant opportunity still exists.

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

The strategic plan for 2021 and beyond 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.

#### **Energy and carbon report**

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

# **BRAC SAAJAN EXCHANGE LTD**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Statement of disclosure to auditor**

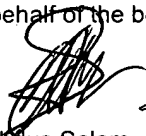
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

### **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 2021

# **BRAC SAAJAN EXCHANGE LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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

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#### Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2020 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 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 2020 and of its loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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**

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#### **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 2021

**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 2020

	Notes	2020 £	2019 £
Turnover	3	6,917,406	7,378,724
Cost of sales		(2,645,334)	(3,050,353)
<b>Gross profit</b>		<b>4,272,072</b>	<b>4,328,371</b>
Administrative expenses		(4,667,419)	(4,044,581)
Other operating income		245,228	94,172
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(150,119)</b>	<b>377,962</b>
Interest receivable and similar income	7	5,345	1,722
Interest payable and similar expenses	8	(158,316)	(172,088)
<b>(Loss)/profit before taxation</b>		<b>(303,090)</b>	<b>207,596</b>
Tax on (loss)/profit	9	28,138	(59,772)
<b>(Loss)/profit for the financial year</b>		<b>(274,952)</b>	<b>147,824</b>

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 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	12		139,797		179,741
Tangible assets	13		590,688		633,481
Investments	14		44,900		44,765
			<u>775,385</u>		<u>857,987</u>
<b>Current assets</b>					
Debtors	16	2,823,739		6,379,231	
Investments	17	50,597		49,966	
Cash at bank and in hand		8,209,092		3,705,060	
			<u>11,083,428</u>	<u>10,134,257</u>	
<b>Creditors: amounts falling due within one year</b>	18	(9,803,466)		(8,499,612)	
<b>Net current assets</b>			<u>1,279,962</u>		<u>1,634,645</u>
<b>Total assets less current liabilities</b>			<u>2,055,347</u>		<u>2,492,632</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(168,866)		(175,657)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	53,650		61,369	
			<u>(53,650)</u>	<u>(61,369)</u>	
<b>Net assets</b>			<u>1,832,831</u>		<u>2,255,606</u>
<b>Capital and reserves</b>					
Called up share capital	23		333,333		333,333
Share premium account	24		249,999		249,999
Profit and loss reserves	25		1,249,499		1,672,274
<b>Total equity</b>			<u>1,832,831</u>		<u>2,255,606</u>

The financial statements were approved by the board of directors and authorised for issue on 9 April 2021 and are signed on its behalf by:

  
Mr Abbas Salam  
Director

Company Registration No. 06469886

# BRAC SAAJAN EXCHANGE LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		333,333	249,999	1,607,783	2,191,115
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year		-	-	147,824	147,824
Dividends	10	-	-	(83,333)	(83,333)
<b>Balance at 31 December 2019</b>		333,333	249,999	1,672,274	2,255,606
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year		-	-	(274,952)	(274,952)
Dividends	10	-	-	(147,823)	(147,823)
<b>Balance at 31 December 2020</b>		333,333	249,999	1,249,499	1,832,831

# BRAC SAAJAN EXCHANGE LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	31	4,759,446		(2,294,805)	
Interest paid		(158,316)		(172,088)	
Income taxes paid		(44,891)		(121,101)	
<b>Net cash inflow/(outflow) from operating activities</b>		<u>4,556,239</u>		<u>(2,587,994)</u>	
<b>Investing activities</b>					
Purchase of intangible assets		(17,601)		(81,473)	
Purchase of tangible fixed assets		(4,402)		(126,876)	
Proceeds on disposal of subsidiaries		(135)		-	
Receipts arising from loans made		(631)		-	
Interest received		5,345		1,722	
<b>Net cash used in investing activities</b>		<u>(17,424)</u>		<u>(206,627)</u>	
<b>Financing activities</b>					
Repayment of borrowings		(6,791)		(23,743)	
Dividends paid		(25,000)		(83,333)	
<b>Net cash used in financing activities</b>		<u>(31,791)</u>		<u>(107,076)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>4,507,024</u>		<u>(2,901,697)</u>	
Cash and cash equivalents at beginning of year		3,702,068		6,603,765	
<b>Cash and cash equivalents at end of year</b>		<u>8,209,092</u>		<u>3,702,068</u>	
<b>Relating to:</b>					
Cash at bank and in hand		8,209,092		3,705,060	
Bank overdrafts included in creditors payable within one year		-		(2,992)	

# **BRAC SAAJAN EXCHANGE LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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 2020

---

#### 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 2020

---

#### 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 2020

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#### 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 2020

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#### 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 2020

#### 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 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

##### 1.18 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 in the period are included in profit or loss.

#### 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:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Commission Income	5,825,877	6,424,987
Foreign exchange Income	1,091,529	953,737
	<u>6,917,406</u>	<u>7,378,724</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Interest income	5,345	1,722
Grants received	<u>152,633</u>	<u>-</u>

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

(Continued)

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	6,559,792	6,710,876
Europe/ Other	357,614	667,848
	<u>6,917,406</u>	<u>7,378,724</u>
	<u><u>6,917,406</u></u>	<u><u>7,378,724</u></u>
<b>Remittance Volume</b>	<b>2020 £</b>	<b>2019 £</b>
UK	417,057,899	471,880,910
Italy	13,928,929	29,173,043
Spain	15,858,249	20,522,695
France	5,147,521	11,309,213
Portugal	2,627,972	9,440,716
Greece	425,622	-
	<u>455,046,192</u>	<u>542,326,577</u>
	<u><u>455,046,192</u></u>	<u><u>542,326,577</u></u>

### 4 Other operating income

	2020 £	2019 £
Agents fees received	92,595	94,172
Government grant received	152,633	-
	<u>245,228</u>	<u>94,172</u>
	<u><u>245,228</u></u>	<u><u>94,172</u></u>

### 5 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	23,993	106,017
Government grants	(152,633)	-
Fees payable to the company's auditor for the audit of the company's financial statements	17,796	16,183
Depreciation of owned tangible fixed assets	41,194	51,995
Impairment of owned tangible fixed assets	6,001	-
Amortisation of intangible assets	57,545	59,827
Operating lease charges	137,575	131,753
	<u>137,575</u>	<u>131,753</u>
	<u><u>137,575</u></u>	<u><u>131,753</u></u>

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 6 Employees

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

	2020 Number	2019 Number
Administration	81	90

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,322,203	1,412,194
Social security costs	101,916	163,636
Pension costs	13,664	9,480
	<u>1,437,783</u>	<u>1,585,310</u>

#### 7 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	5,345	1,722

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>5,345</u>	<u>1,722</u>
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#### 8 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	5,474	5,909
Other interest on financial liabilities	152,842	166,179
	<u>158,316</u>	<u>172,088</u>

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	44,891
Adjustments in respect of prior periods	(20,450)	-
	<u>(20,450)</u>	<u>44,891</u>
Total current tax	<u>(20,450)</u>	<u>44,891</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,688)	14,881
	<u>(7,688)</u>	<u>14,881</u>
Total tax (credit)/charge	<u>(28,138)</u>	<u>59,772</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	(303,090)	207,596
	<u>(303,090)</u>	<u>207,596</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(57,587)	39,443
Tax effect of expenses that are not deductible in determining taxable profit	10,934	11,367
Unutilised tax losses carried forward	22,968	-
Permanent capital allowances in excess of depreciation	(4,592)	(40,239)
Depreciation on assets not qualifying for tax allowances	7,827	9,879
Other non-reversing timing differences	(7,688)	14,881
Charge on Director's loan	-	24,441
	<u>(28,138)</u>	<u>59,772</u>
Taxation (credit)/charge for the year	<u>(28,138)</u>	<u>59,772</u>

#### 10 Dividends

	2020 £	2019 £
Final paid	147,823	83,333
	<u>147,823</u>	<u>83,333</u>

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	13	6,001	-
		<u>6,001</u>	<u>-</u>
Recognised in:			
Administrative expenses		6,001	-
		<u>6,001</u>	<u>-</u>

### 12 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 January 2020	331,845
Additions	17,601
	<u>349,446</u>
At 31 December 2020	349,446
<b>Amortisation and impairment</b>	
At 1 January 2020	152,104
Amortisation charged for the year	57,545
	<u>209,649</u>
At 31 December 2020	209,649
<b>Carrying amount</b>	
At 31 December 2020	139,797
	<u>139,797</u>
At 31 December 2019	179,741
	<u>179,741</u>

More information on impairment movements in the year is given in note 11.

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	286,683	455,758	137,343	879,784
Additions	-	794	3,608	4,402
At 31 December 2020	286,683	456,552	140,951	884,186
<b>Depreciation and impairment</b>				
At 1 January 2020	19,246	142,286	84,771	246,303
Depreciation charged in the year	7,029	9,034	25,131	41,194
Impairment losses	-	6,001	-	6,001
At 31 December 2020	26,275	157,321	109,902	293,498
<b>Carrying amount</b>				
At 31 December 2020	260,408	299,231	31,049	590,688
At 31 December 2019	267,437	313,472	52,572	633,481

More information on impairment movements in the year is given in note 11.

#### 14 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	28	44,900	44,765

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2020	44,765
Foreign exchange difference	135
At 31 December 2020	44,900
<b>Carrying amount</b>	
At 31 December 2020	44,900
At 31 December 2019	44,765

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	50,597	49,966

### 16 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,522,577	5,769,495
Corporation tax recoverable	20,450	-
Other debtors	182,338	458,337
Prepayments and accrued income	98,374	151,399
	<u>2,823,739</u>	<u>6,379,231</u>

Debtors include £(1,442) due from BRAC Saajan France as at the year-end, a 100% subsidiary of the company.

### 17 Current asset investments

	2020 £	2019 £
Unlisted investments	50,597	49,966

The company has invested in BBVA Mutual Fund in Spain.

### 18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	-	2,992
Trade creditors		1,502,140	2,771,124
Amounts owed to group undertakings		6,060,538	3,591,902
Corporation tax		-	44,860
Other taxation and social security		10,468	13,400
Dividends payable		122,823	-
Other creditors		1,627,155	1,862,242
Accruals and deferred income		480,342	213,092
		<u>9,803,466</u>	<u>8,499,612</u>

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Other borrowings	20	168,866	175,657

### 20 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	-	2,992
Other loans	168,866	175,657
	<u>168,866</u>	<u>178,649</u>
Payable within one year	-	2,992
Payable after one year	168,866	175,657

### 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 2020 £	Liabilities 2019 £
<b>Balances:</b>		
ACAs	<u>53,650</u>	<u>61,369</u>
<b>Movements in the year:</b>		<b>2020 £</b>
Liability at 1 January 2020		61,369
Credit to profit or loss		(7,719)
Liability at 31 December 2020		<u>53,650</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.



# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 22 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	13,664	9,480

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.

#### 23 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	333,333	333,333	333,333	333,333

#### 24 Share premium account

	2020 £	2019 £
At beginning and end of year	249,999	249,999

#### 25 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	1,672,274	1,607,783
(Loss)/profit for the year	(274,952)	147,824
Dividends declared and paid in the year	(25,000)	(83,333)
Dividends declared in the year and unpaid	(122,823)	-
At the end of the year	1,249,499	1,672,274

#### 26 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:

	2020 £	2019 £
Within one year	38,367	49,100
Between two and five years	140,400	155,567
In over five years	39,825	110,025
	218,592	314,692

# BRAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	141,190	139,282

#### Transactions with related parties

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
<b>Amounts owed to related parties</b>		
Entities with control, joint control or significant influence over the company	6,060,538	3,591,902
Entities over which the entity has control, joint control or significant influence	1,442	-
	6,061,980	3,591,902

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

The following amounts were outstanding at the reporting end date:

	2020 Balance £
<b>Amounts owed by related parties</b>	
Key management personnel	96,133
	2019 Balance £
<b>Amounts owed in previous period</b>	
Entities over which the entity has control, joint control or significant influence	540,752
Key management personnel	101,899
	642,651

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 2020

#### 27 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-21
Dhaka Bank	27-Mar-13	\$10,000.00	26-Mar-21
AB Bank Limited	27-Mar-13	\$10,000.00	26-Mar-21
Islami Bank Bangladesh Ltd.	18-Jun-13	\$10,000.00	15-Jun-21
Uttara Bank Ltd.	10-Dec-13	\$10,000.00	9-Dec-21
Janata Bank Ltd.	23-Apr-14	\$10,000.00	22-Apr-21
Rupali Bank Ltd.	7-Jun-15	\$10,000.00	6-Jun-21
Southeast Bank Ltd.	7-Jun-15	\$10,000.00	6-Jun-21
Standard Bank Ltd.	30-Aug-16	\$10,000.00	29-Aug-21
First Security Islami Bank	19-Dec-16	\$10,000.00	18-Dec-21
National Bank Limited	12-Jul-17	\$10,000.00	11-Jul-21
Mutual Trust Bank Limited	12-Jul-17	\$10,000.00	11-Jul-21
Pubali Bank Limited	2-Oct-17	\$10,000.00	1-Oct-21
Al Arafah Islami Bank Limited	2-Oct-17	\$10,000.00	1-Oct-21
NCC Bank Limited	2-Oct-17	\$10,000.00	1-Oct-21
The City Bank Limited	2-Oct-17	\$10,000.00	1-Oct-21
Exim Bank Limited	1-Jan-18	\$10,000.00	31-Dec-21
Mercantile Bank Limited	1-Jan-18	\$10,000.00	31-Dec-21
Sonali Bank Ltd	25-Jan-18	\$10,000.00	24-Jan-22
Agrani Bank Ltd	25-Jan-18	\$10,000.00	14-Jan-22
Bangladesh Krishi Bank Ltd	1-Jan-19	\$10,000.00	31-Dec-21
NRB Banking & Foreign Remittance Division	1-Jan-19	\$10,000.00	31-Dec-21
Shahjalal Islami Bank Limited	2-Apr-19	\$10,000.00	26-Mar-21
Social Islami Bank Limited	2-Apr-19	\$10,000.00	26-Mar-21

## BRAC SAAJAN EXCHANGE LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 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 2020 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	(31,272)	597

#### 29 Ultimate controlling party

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

# RAC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 30 Liquid resources

	0-1 months	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
<b>Assets</b>						
Cash held on account	3,688					3,688
Cash at bank and in hand	8,209,092					8,209,092
Trade receivables	2,522,577					2,522,577
Other receivables		178,650				178,650
Prepayments & accrued income	98,374					98,374
Investments	50,597					50,597
Director's loan			10,125	86,008		96,133
<b>Total Assets</b>	<b>10,884,328</b>	<b>178,650</b>	<b>10,125</b>	<b>86,008</b>	<b>-</b>	<b>11,159,111</b>
<b>Liabilities</b>						
Trade creditors	1,502,140					1,502,140
Agent payables	1,477,700					1,477,700
Agency deposit held			170,496			170,496
Social security taxes	2,498		7,970			10,468
Wages and salaries			75,092			75,092
Accruals	480,342					480,342
Amounts owed to parent company	6,183,361					6,183,361
Bank loan					168,866	168,866
<b>Total Liabilities</b>	<b>9,646,041</b>	<b>-</b>	<b>253,558</b>	<b>-</b>	<b>168,866</b>	<b>10,068,465</b>
<b>Net liquidity difference</b>	<b>1,238,287</b>	<b>178,650</b>	<b>(243,433)</b>	<b>86,008</b>	<b>(168,866)</b>	<b>1,090,646</b>

### 31 Cash generated from/(absorbed by) operations

	2020	2019
	£	£
(Loss)/profit for the year after tax	(274,952)	147,824
<b>Adjustments for:</b>		
Taxation (credited)/charged	(28,138)	59,772
Finance costs	158,316	172,088
Investment income	(5,345)	(1,722)
Amortisation and impairment of intangible assets	57,545	59,827
Depreciation and impairment of tangible fixed assets	47,195	51,995
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	3,575,942	(872,721)
Increase/(decrease) in creditors	1,228,883	(1,911,868)
<b>Cash generated from/(absorbed by) operations</b>	<b>4,759,446</b>	<b>(2,294,805)</b>

# AC SAAJAN EXCHANGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 32 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	3,705,060	4,504,032	8,209,092
Bank overdrafts	(2,992)	2,992	-
	<u>3,702,068</u>	<u>4,507,024</u>	<u>8,209,092</u>
Borrowings excluding overdrafts	(175,657)	6,791	(168,866)
	<u>3,526,411</u>	<u>4,513,815</u>	<u>8,040,226</u>