

KROUSAR THMEY CAMBODIA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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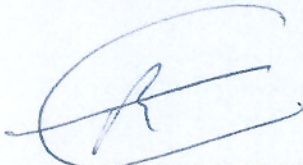
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STATEMENT BY THE BOARD OF DIRECTORS

I, Benoît Duchâteau-Arminjon, President of Krousar Thmey Cambodia do hereby state that in the opinion of the Board of Directors:

The accompanying financial statements, together with the notes thereto, of Krousar Thmey Cambodia ("the Organisation") as at and for the year ended 31 December 2014 have been prepared, in all material respects, in accordance with the basis set out in note 2 to the financial statements.

Signed in accordance with a resolution of the Board of Directors



Benoît Duchâteau-Arminjon
President

Phnom Penh, Kingdom of Cambodia

Date: 10 APR 2015



Independent auditor's report

To the Board of Directors of Krousar Thmey Cambodia

We have audited the accompanying financial statements of Krousar Thmey Cambodia which comprise balance sheet as at 31 December 2014 and statement of income and expenditure for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management on the basis set out in Note 2.

Management's responsibility for the financial statement

Management is responsible for the preparation of the financial statements on the basis described in Note 2. This includes determining that the basis described in Note 2 is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statements free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessments of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of Krousar Thmey Cambodia for the year ended 31 December 2014 have been prepared, in all material respects, in accordance with the basis set out in Note 2.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to provide information to Krousar Thmey Cambodia. As a result, the financial statements may not be suitable for another purpose. This report is intended solely for Krousar Thmey Cambodia, and should not be distributed to or used by any party other than Krousar Thmey Cambodia.

For PricewaterhouseCoopers (Cambodia) Ltd.

A blue ink signature of Lang Hy is written over a circular blue ink stamp. The stamp contains the text 'PricewaterhouseCoopers (Cambodia) Ltd.' in English and Khmer, along with a star symbol.

By Lang Hy
Director

Phnom Penh, Kingdom of Cambodia
Date: 10 April 2015

KROUSAR THMEY CAMBODIA

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	2014 US\$	2013 US\$
Assets			
Property and equipment	3	1,743,411	1,986,087
Intangible assets	4	7	1,227
Receivables	5	19,723	2,525
Cash on hand		9,017	9,960
Cash at banks	6	273,464	348,611
		<u>2,045,622</u>	<u>2,348,410</u>
Liabilities			
Provision for provident fund	7	109,803	135,509
Provision for health fund	8	48,289	46,421
		<u>158,092</u>	<u>181,930</u>
Net assets		<u>1,887,530</u>	<u>2,166,480</u>
Fund balance at end of year		<u>1,887,530</u>	<u>2,166,480</u>

The notes on pages 6 to 13 are an integral part of these financial statements.

KROUSAR THMEY CAMBODIA

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$	2013 US\$
Income			
Grants/Donations	9	508,909	325,348
Other income	10	142,704	92,237
Funds received from Krousar Thmey international network	11	739,774	975,776
Donation in kind	12	84,150	84,379
		<u>1,475,537</u>	<u>1,477,740</u>
Expenditure			
Human Resources	13	738,428	744,950
Transportation		33,705	48,008
Food and clothes		238,612	279,457
Health and hygiene		69,801	62,818
Schooling expenses		90,085	73,063
Sport, cultural activities		15,381	27,352
Utilities, equipment and supplies		135,213	141,588
Monitoring and evaluation		21,143	17,806
Capacity building, trainings		60,335	32,934
Advocacy, communication and fundraising		47,319	41,712
Other costs, services		93,391	11,033
Assets amortisation		211,074	250,330
		<u>1,754,487</u>	<u>1,731,051</u>
Excess of income over expenditure		(278,950)	(253,311)
Fund balance at beginning of year		<u>2,166,480</u>	<u>2,419,791</u>
Fund balance at end of year		<u>1,887,530</u>	<u>2,166,480</u>

The notes on pages 6 to 13 are an integral part of these financial statements.

KROUSAR THMEY CAMBODIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. BACKGROUND AND PRINCIPAL ACTIVITIES

Krousar Thmey Cambodia ("the Organisation") is a non-government organisation established in 1991. The Organisation is principally involved in children's protection, education, schooling support and artistic development. It is dedicated to assisting Cambodian children in difficulty by offering them appropriate emotional, educational and social assistance. The activities of the Organisation are based in Phnom Penh, Battambang, Poipet, Siem Reap, Sisophon and Kompong Cham provinces.

The office of the Organisation is No. 4 Street 257, Kampuchea Krom Boulevard, Phnom Penh, Kingdom of Cambodia

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements, expressed in US dollars (US\$), are prepared under the historical cost convention. The principal accounting policies applied in the preparation of the financial statements are summarised below.

(b) Income and expenditure

Income is recognised when the Organisation receives funds in cash or when it receives sufficient and appropriate supporting documents for expenditure paid or contributions made by the donors on behalf of the Organisation. Expenditure is recognised when paid rather than when incurred, except for the following:

- (i) Donations in kind are recognised both as income and expenditure on the basis of the market price of the items given at the time of the donation. Donations in kind in respect of the property and equipment are recognised as assets (rather than expenditure) and depreciated over their useful lives.
- (ii) Loans to employees, advances to staff and deposits are recognised as receivables until they have been repaid.
- (iii) Property and equipment are recognised as assets and depreciated over their useful lives.
- (iv) Intangible assets are recognised as assets and amortised over their useful lives.
- (v) Provident and health fund (see Note 2 (f) below)

(c) Foreign currency translation

The Organisation executes transactions primarily in United States Dollars ("US\$") and maintains its accounting records in US\$. Transactions in currencies other than US\$ are converted into US\$ at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at the open market rates of exchange ruling at the year-end date. Exchange differences are recognised in the statement of income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Freehold land is not depreciated. Depreciation of other property and equipment is charged to the statement of income and expenditure on a straight-line basis over the estimated useful lives of the individual assets at the following annual rates:

	Rate
Buildings	5% - 10%
Building renovation	20% - 50%
Motor vehicles	25% - 33.33%
Office equipment, furniture and fitting	20% - 50%

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Organisation. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Construction in progress includes cost of constructing the building and is stated at cost. Construction in progress is not depreciated until such time as the construction is completed and the assets put into operational use.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the statement of income and expenditure on the date of retirement or disposal.

Fully depreciated property and equipment are retained in the financial statements until disposed or written off.

(e) Intangible assets

Intangible assets that are acquired by the Organisation are stated at cost less accumulated amortisation. Amortisation is recognised in the statement of income and expenditure on a straight line method at an annual rate of 100%. Fully amortised intangible assets are retained in the financial statements until disposed or written off.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provident and health fund

The Organisation set up a provident and health fund for all eligible Cambodian full-time employees, having signed an undetermined length contract with the Organisation and have been working with the Organisation for more than six months.

- Staff are entitled to half an average month's salary per each year worked until 2006 and thereafter one month's salary with effect from 1 January 2007 onwards. The fund is maintained in a separate bank account but under the Organisation's name. The remaining balance will be carried forward to the following year.
- Every year, the health fund is provisioned by the Organisation which equivalent to US\$50 per employee and deposited in another separate bank account. This fund is used to pay for the medical expenses of the employees if they follow the conditions set in the Organisation's rules for the medical benefits of employees. The remaining balance will be carried forward to the following year.

Payments made by the Organisation to provident and health fund are charged to the statement of income and expenditure on payments to the respective bank account of provident and health fund, and the fund balances are recorded in the balance sheet.

Interest income earned from provident fund and health fund bank accounts are retained and recognised as addition into the provident fund and health fund of the Organisation.

KROUSAR THMEY CAMBODIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3. PROPERTY AND EQUIPMENT

	Freehold land US\$	Buildings US\$	Building renovation US\$	Motor vehicles US\$	Office equipment, furniture and fitting US\$	Total US\$
Cost						
At 1 January 2013	322,563	2,563,150	32,859	421,474	283,482	3,623,528
Additions	-	40,500	-	-	27,708	68,208
Write-off	-	-	-	-	(27,079)	(27,079)
Adjustments	-	(1,382)	-	(4,919)	(275)	(6,576)
At 31 December 2013	<u>322,563</u>	<u>2,602,268</u>	<u>32,859</u>	<u>416,555</u>	<u>283,836</u>	<u>3,658,081</u>
Accumulated depreciation						
At 1 January 2013	-	(937,853)	(25,111)	(297,805)	(195,204)	(1,455,973)
Depreciation charge	-	(138,912)	(2,730)	(43,782)	(45,309)	(230,733)
Adjustments	-	(7,537)	-	16,795	5,454	14,712
At 31 December 2013	-	<u>(1,084,302)</u>	<u>(27,841)</u>	<u>(324,792)</u>	<u>(235,059)</u>	<u>(1,671,994)</u>
Net book value						
At 31 December 2013	<u>322,563</u>	<u>1,517,966</u>	<u>5,018</u>	<u>91,763</u>	<u>48,777</u>	<u>1,986,087</u>
Cost						
At 1 January 2014	322,563	2,602,268	32,859	416,555	283,836	3,658,081
Additions	-	4,054	-	6,500	22,160	32,714
Disposal	(2,486)	(122,519)	-	(68,630)	(122,576)	(316,211)
At 31 December 2014	<u>320,077</u>	<u>2,483,803</u>	<u>32,859</u>	<u>354,425</u>	<u>183,420</u>	<u>3,374,584</u>
Accumulated depreciation						
At 1 January 2014	-	(1,084,302)	(27,841)	(324,792)	(235,059)	(1,671,994)
Depreciation charge	-	(129,080)	(2,567)	(41,812)	(36,395)	(209,854)
Disposal	-	62,527	-	68,677	119,471	250,675
At 31 December 2014	-	<u>(1,150,855)</u>	<u>(30,408)</u>	<u>(297,927)</u>	<u>(151,983)</u>	<u>(1,631,173)</u>
Net book value						
At 31 December 2014	<u>320,077</u>	<u>1,332,948</u>	<u>2,451</u>	<u>56,498</u>	<u>31,437</u>	<u>1,743,411</u>

The Organisation acquired number of pieces of land to build schools, houses, protection and street children centers. The Organisation does not directly own the lands. However, lands were legally owned on behalf of the Organisation by various staff due to restriction of land law. In addition, there are certain buildings constructed on the lands provided by the Royal Government of Cambodia. The Organisation did not record lands provided by the Government on balance sheet because the Organisation does not have legal title deeds of those lands.

KROUSAR THMEY CAMBODIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. INTANGIBLE ASSETS

	Accounting and Braille software US\$	Screen reader US\$	Total US\$
Cost			
At 1 January 2013	2,236	14,360	16,596
Additions	1,300	-	1,300
At 31 December 2013	3,536	14,360	17,896
Accumulated amortisation			
At 1 January 2013	(1,654)	(14,360)	(16,014)
Amortisation for the year	(426)	-	(426)
Adjustment	(229)	-	(229)
At 31 December 2013	(2,309)	(14,360)	(16,669)
Net book value			
At 31 December 2013	1,227	-	1,227
Cost			
At 1 January 2014	3,536	14,360	17,896
Disposal	(1,666)	-	(1,666)
At 31 December 2014	1,870	14,360	16,230
Accumulated amortisation			
At 1 January 2014	(2,309)	(14,360)	(16,669)
Amortisation for the year	(1,220)	-	(1,220)
Disposal	1,666	-	1,666
At 31 December 2014	(1,863)	(14,360)	(16,223)
Net book value			
At 31 December 2014	7	-	7

5. RECEIVABLES

	2014 US\$	2013 US\$
Deposits	564	740
Loans to employees	14,560	1,785
Loans to students	246	-
Others	4,353	-
	19,723	2,525

KROUSAR THMEY CAMBODIA**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****6. CASH AT BANKS**

Cash at banks represents non-interest bearing current accounts, saving accounts and fixed deposit maintained with local commercial banks. Annual interest rate for saving accounts and fixed deposit are as follows:

	2014 US\$	2013 US\$
Saving accounts	0.50%	0.50%
Fixed deposit	5%	Nil

7. PROVISION FOR PROVIDENT FUND

The movement is as follows:

	2014 US\$	2013 US\$
As at 1 January	135,509	151,125
Addition during the year	19,516	18,874
Provident fund paid during the year	(45,222)	(34,490)
As at 31 December	<u>109,803</u>	<u>135,509</u>

8. PROVISION FOR HEALTH FUND

The movement is as follows:

	2014 US\$	2013 US\$
As at 1 January	46,421	35,933
Addition during the year	12,650	13,350
Health fund paid during the year	(10,782)	(2,862)
As at 31 December	<u>48,289</u>	<u>46,421</u>

The remaining balances of unused health fund are carried forward to pay the medical expenses claimed by employees.

KROUSAR THMEY CAMBODIA**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****9. GRANTS/DONATIONS**

	2014 US\$	2013 US\$
Grants/donations from organisations and foundations	414,532	253,814
Grants/donations from Cambodian authorities	41,819	41,420
Grants/donations from individuals/ private companies	52,558	30,114
	<u>508,909</u>	<u>325,348</u>

10. OTHER INCOME

	2014 US\$	2013 US\$
Contribution from parents/children's sponsors	28,898	19,463
Income-generating activities	47,904	41,488
Asset sales	17,995	300
Bank interest and gain on exchange (*)	7,424	6,742
Funds collected for the family festival	-	24,244
Others	40,483	-
	<u>142,704</u>	<u>92,237</u>

11. FUNDS RECEIVED FROM KROUSAR THMEY INTERNATIONAL NETWORK

	2014 US\$	2013 US\$
Krousar Thmey France	370,273	466,738
Krousar Thmey Switzerland	299,844	421,115
Krousar Thmey United Kingdom	-	12,057
Krousar Thmey Singapore	48,648	57,241
Ny Familj Kambodja	21,009	18,625
	<u>739,774</u>	<u>975,776</u>

KROUSAR THMEY CAMBODIA**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014****12. DONATIONS IN KIND**

	2014 US\$	2013 US\$
Rice donation		
Other donation	56,463	36,795
	<u>27,687</u>	<u>47,584</u>
	<u>84,150</u>	<u>84,379</u>

13. HUMAN RESOURCES

	2014 US\$	2013 US\$
Local staff salary:		
Basic salary	591,035	596,776
Benefits	76,907	78,272
Volunteers' compensation	43,767	40,638
Incentive to public schools' teachers and directors	11,136	20,694
Other compensations	<u>15,583</u>	<u>8,570</u>
	<u>738,428</u>	<u>744,950</u>