

**KROUSAR THMEY CAMBODIA**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**KROUSAR THMEY CAMBODIA**

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FOR THE YEAR ENDED 31 DECEMBER 2015**

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STATEMENT BY THE BOARD OF DIRECTORS

I, Benoit Duchateau-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 2015 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



Benoit Duchateau-Arminjon  
President

Phnom Penh, Kingdom of Cambodia  
Date: 05 JUL 2016



## **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 2015 and statement of income and expenditure for the year ended 31 December 2015 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 2015 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.

  
By Lang Hy  
Director



Phnom Penh, Kingdom of Cambodia  
Date: 5 July 2016

**KROUSAR THMEY CAMBODIA**

**BALANCE SHEET  
AS AT 31 DECEMBER 2015**

	<b>Note</b>	<b>2015 US\$</b>	<b>2014 US\$</b>
<b>Assets</b>			
Property and equipment	3	1,664,677	1,743,411
Intangible assets	4	832	7
Receivables	5	12,391	19,723
Cash on hand		10,246	9,017
Cash at banks	6	233,885	273,464
		<u>1,922,031</u>	<u>2,045,622</u>
<b>Liabilities</b>			
Provision for provident fund	7	101,999	109,803
Provision for health fund	8	56,349	48,289
Payables		5	-
		<u>158,353</u>	<u>158,092</u>
<b>Net assets</b>		<u>1,763,678</u>	<u>1,887,530</u>
<b>Fund balance at end of year</b>		<u>1,763,678</u>	<u>1,887,530</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 2015

	<b>Note</b>	<b>2015 US\$</b>	<b>2014 US\$</b>
<b>Income</b>			
Funds received from Krousar Thmey international network	9	749,540	739,774
Grants/donations	10	571,739	508,909
Donation in kind	11	115,058	84,150
Other income	12	83,699	142,704
		<u>1,520,036</u>	<u>1,475,537</u>
<b>Expenditure</b>			
Human resources	13	751,222	738,428
Transportation		30,860	33,705
Food and clothes		230,894	238,612
Health and hygiene		69,379	69,801
Schooling expenses		85,158	90,085
Sport, cultural activities		20,036	15,381
Utilities, equipment and supplies		110,457	135,213
Monitoring and evaluation		37,783	21,143
Capacity building, trainings		49,615	60,335
Advocacy, communication and fundraising		40,304	47,319
Other costs, services		13,877	93,391
Assets amortisation		204,303	211,074
		<u>1,643,888</u>	<u>1,754,487</u>
<b>Deficit of income over expenditure</b>		(123,852)	(278,950)
Fund balance at beginning of year		<u>1,887,530</u>	<u>2,166,480</u>
<b>Fund balance at end of year</b>		<u>1,763,678</u>	<u>1,887,530</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 2015**

#### **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) Receivables from Krousar Thmey Network 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)
- (vi) Payables to Krousar Thmey Network are recognised as payables until they have been paid.

##### **(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.



## KROUSAR THMEY CAMBODIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 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.

## KROUSAR THMEY CAMBODIA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 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 other income of the Organisation.

**KROUSAR THMEY CAMBODIA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. PROPERTY AND EQUIPMENT**

	<b>Freehold land US\$</b>	<b>Buildings US\$</b>	<b>Building renovation US\$</b>	<b>Motor vehicles US\$</b>	<b>Office equipment, furniture and fitting US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
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>
<b>Accumulated depreciation</b>						
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>-</u>	<u>(1,150,855)</u>	<u>(30,408)</u>	<u>(297,927)</u>	<u>(151,983)</u>	<u>(1,631,173)</u>
<b>Net book value</b>						
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>
<b>Cost</b>						
At 1 January 2015	320,077	2,483,803	32,859	354,425	183,420	3,374,584
Additions	763	31,984	13,770	2,550	75,097	124,164
Write-off/disposal	-	-	-	(12,779)	(11,786)	(24,565)
At 31 December 2015	<u>320,840</u>	<u>2,515,787</u>	<u>46,629</u>	<u>344,196</u>	<u>246,731</u>	<u>3,474,183</u>
<b>Accumulated depreciation</b>						
At 1 January 2015	-	(1,150,855)	(30,408)	(297,927)	(151,983)	(1,631,173)
Depreciation charge	-	(129,616)	(3,102)	(41,177)	(29,003)	(202,898)
Write-off/Disposal	-	-	-	12,779	11,786	24,565
At 31 December 2015	<u>-</u>	<u>(1,280,471)</u>	<u>(33,510)</u>	<u>(326,325)</u>	<u>(169,200)</u>	<u>(1,809,506)</u>
<b>Net book value</b>						
At 31 December 2015	<u>320,840</u>	<u>1,235,316</u>	<u>13,119</u>	<u>17,871</u>	<u>77,531</u>	<u>1,664,677</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, land ownerships were under various staff's name who owned on behalf of the Organisation. 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 2015**

**4. INTANGIBLE ASSETS**

	<b>Accounting and Braille software US\$</b>	<b>Screen reader US\$</b>	<b>Total US\$</b>
<b>Cost</b>			
At 1 January 2014	3,536	14,360	17,896
Disposal	(1,666)	-	(1,666)
At 31 December 2014	<u>1,870</u>	<u>14,360</u>	<u>16,230</u>
<b>Accumulated amortisation</b>			
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	<u>(1,863)</u>	<u>(14,360)</u>	<u>(16,223)</u>
<b>Net book value</b>			
At 31 December 2014	<u>7</u>	<u>-</u>	<u>7</u>
<b>Cost</b>			
At 1 January 2015	1,870	14,360	16,230
Additions	2,230	-	2,230
At 31 December 2015	<u>4,100</u>	<u>14,360</u>	<u>18,460</u>
<b>Accumulated amortisation</b>			
At 1 January 2015	(1,863)	(14,360)	(16,223)
Amortisation for the year	(1,405)	-	(1,405)
At 31 December 2015	<u>(3,268)</u>	<u>(14,360)</u>	<u>(17,628)</u>
<b>Net book value</b>			
At 31 December 2015	<u>832</u>	<u>-</u>	<u>832</u>

**5. RECEIVABLES**

	<b>2015 US\$</b>	<b>2014 US\$</b>
Loans to employees	8,986	14,560
Loans to students	1,244	246
Deposits	564	564
Receivables from Krousar Thmey Network (*)	146	3,070
Others	<u>1,451</u>	<u>1,283</u>
	<u>12,391</u>	<u>19,723</u>

(\*) These represented the payment on behalf of Krousar Thmey Network, and will be subsequently reimbursed.

**KROUSAR THMEY CAMBODIA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. CASH AT BANKS**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Savings accounts	229,902	268,206
Current accounts	3,983	5,258
	<u>233,885</u>	<u>273,464</u>

Cash at banks maintained in current accounts are non-interest bearing. Annual interest rate for savings accounts are 0.50%.

**7. PROVISION FOR PROVIDENT FUND**

The movement is as follows:

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
As at 1 January	109,803	135,509
Addition during the year	20,788	19,516
Provident fund paid during the year	<u>(28,592)</u>	<u>(45,222)</u>
As at 31 December	<u>101,999</u>	<u>109,803</u>

**8. PROVISION FOR HEALTH FUND**

The movement is as follows:

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
As at 1 January	48,289	46,421
Addition during the year	12,300	12,650
Health fund paid during the year	<u>(4,240)</u>	<u>(10,782)</u>
As at 31 December	<u>56,349</u>	<u>48,289</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 2015

#### 9. FUNDS RECEIVED FROM KROUSAR THMEY INTERNATIONAL NETWORK

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Krousar Thmey France	428,737	370,273
Krousar Thmey Switzerland	232,008	299,844
Krousar Thmey United Kingdom	11,048	-
Krousar Thmey Singapore	58,383	48,648
Ny Familj Kambodja	19,364	21,009
	<u>749,540</u>	<u>739,774</u>

#### 10. GRANTS/DONATIONS

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Grants/donations from organisations and foundations	345,274	414,532
Grants/donations from Cambodian authorities	199,800	41,819
Grants/donations from individuals/ private companies	26,665	52,558
	<u>571,739</u>	<u>508,909</u>

#### 11. DONATIONS IN KIND

	<b>2015</b>	<b>2015</b>
	<b>US\$</b>	<b>US\$</b>
Rice donation	43,560	56,463
Construction, maintenance and equipment donation	33,374	4,532
Electronic appliance, computer and other equipment donation	16,475	17,487
Utilities	10,876	-
Other donation	10,773	5,668
	<u>115,058</u>	<u>84,150</u>

#### 12. OTHER INCOME

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Contribution from parents/children's sponsors	39,758	28,898
Income-generating activities	26,901	47,904
Asset sales	8,425	17,995
Bank interest	5,876	46,173
Foreign exchange gain	2,739	1,734
	<u>83,699</u>	<u>142,704</u>

**KROUSAR THMEY CAMBODIA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**13. HUMAN RESOURCES**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Local staff salary:		
Basic salary	595,437	591,035
Benefits	76,549	76,907
Volunteers' compensation	56,634	43,767
Incentive to public schools' teachers and directors	7,839	11,136
Other compensations	<u>14,763</u>	<u>15,583</u>
	<u>751,222</u>	<u>738,428</u>