

KROUSAR THMEY CAMBODIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

KROUSAR THMEY CAMBODIA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**


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STATEMENT BY THE BOARD OF DIRECTORS

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

The accompanying financial statements, together with the notes thereto, of Krousar Thmey ("the Organisation") as at and for the year ended 31 December 2013 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: 04/07/2014



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 2013 and statement of income and expenditure for the year ended 31 December 2013 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 2013 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: 04 July 2014

KROUSAR THMEY CAMBODIA

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 US\$	2012 US\$
Assets			
Property and equipment	3	1,986,087	2,167,555
Intangible assets	4	1,227	582
Receivables	5	2,525	9,274
Cash on hand		9,960	11,536
Cash at banks	6	348,611	417,902
		<u>2,348,410</u>	<u>2,606,849</u>
Liabilities			
Provision for provident fund	7	135,509	151,125
Provision for health fund	8	46,421	35,933
		<u>181,930</u>	<u>187,058</u>
Net assets		<u>2,166,480</u>	<u>2,419,791</u>
Fund balance at end of year		<u>2,166,480</u>	<u>2,419,791</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 2012

	Note	2013 US\$	2012 US\$
Income			
Grants/Donations	9	325,348	537,967
Other income	10	92,237	59,881
Funds received from Krousar Thmey international network	11	975,776	1,155,373
Donation in kind	12	84,379	34,229
		<u>1,477,740</u>	<u>1,787,450</u>
Expenditure			
Human Resources	13	744,950	768,499
Transportation		48,008	41,383
Food and clothes		279,457	272,911
Health and hygiene		62,818	59,570
Schooling expenses		73,063	112,414
Sport, cultural activities		27,352	24,911
Utilities, equipment and supplies		141,588	145,246
Monitoring and evaluation		17,806	24,512
Capacity building, trainings		32,934	98,244
Advocacy, communication and fundraising		41,712	18,986
Other costs, services		11,033	10,418
Assets amortisation		250,330	196,961
		<u>1,731,051</u>	<u>1,774,055</u>
Excess of income over expenditure		(253,311)	13,395
Fund balance at beginning of year		<u>2,419,791</u>	<u>2,406,396</u>
Fund balance at end of year		<u><u>2,166,480</u></u>	<u><u>2,419,791</u></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 2013

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, Sihanoukville, Siem Reap, Sisophon and Kompong Cham provinces.

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.

(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 2013

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 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provident and health fund

The Organisation set up a provision for 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.
- The health fund with US\$50 per year per employee which is 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.

KROUSAR THMEY CAMBODIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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>-</u>	<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>
At 1 January 2013	<u>322,563</u>	<u>1,625,297</u>	<u>7,748</u>	<u>123,669</u>	<u>88,278</u>	<u>2,167,555</u>

The Organisation acquired number of pieces of land to build schools and houses. However, the Organisation does not legally own the lands. Lands were 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 2013**

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	<u>3,536</u>	<u>14,360</u>	<u>17,896</u>
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	<u>2,309</u>	<u>14,360</u>	<u>16,669</u>
Net book value			
At 31 December 2013	<u>1,227</u>	<u>-</u>	<u>1,227</u>
At 1 January 2013	<u>582</u>	<u>-</u>	<u>582</u>

5. RECEIVABLES

	2013 US\$	2012 US\$
Deposits	740	564
Loans to employees	1,785	3,350
Others	-	5,360
	<u>2,525</u>	<u>9,274</u>

6. CASH AT BANKS

Cash at banks represents non-interest bearing current accounts and saving accounts at interest rate of 0.50% per annum (2012: 0.50% per annum) maintained with local commercial banks.

KROUSAR THMEY CAMBODIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. PROVISION FOR PROVIDENT FUND

The movement is as follows:

	2013 US\$	2012 US\$
As at 1 January	151,125	134,860
Addition during the year	18,874	44,820
Provident fund paid during the year	<u>(34,490)</u>	<u>(28,555)</u>
As at 31 December	<u>135,509</u>	<u>151,125</u>

8. PROVISION FOR HEALTH FUND

The movement is as follows:

	2013 US\$	2012 US\$
As at 1 January	35,933	29,726
Addition during the year	13,350	12800
Health fund paid during the year	<u>(2,862)</u>	<u>(6,593)</u>
As at 31 December	<u>46,421</u>	<u>35,933</u>

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

9. GRANTS/DONATIONS

	2013 US\$	2012 US\$
Grants/donations from organisations and foundations	253,814	477,376
Grants/donations from Cambodian authorities	41,420	33,701
Grants/donations from individuals/ private companies	<u>30,114</u>	<u>26,890</u>
	<u>325,348</u>	<u>537,967</u>

KROUSAR THMEY CAMBODIA**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013****10. OTHER INCOME**

	2013	2012
	US\$	US\$
Contribution from parents/children's sponsors	19,463	10,277
Income-generating activities	41,488	43,898
Asset sales	300	877
Bank interest and gain of change	6,742	4,829
Funds collected for the family festival	24,244	-
	<u>92,237</u>	<u>59,881</u>

11. FUNDS RECEIVED FROM KROUSAR THMEY INTERNATIONAL NETWORK

	2013	2012
	US\$	US\$
Krousar Thmey France	466,738	699,769
Krousar Thmey Switzerland	421,115	346,194
Krousar Thmey United Kingdom	12,057	14,311
Krousar Thmey Singapore	57,241	74,126
Ny Familj Kambodja	18,625	20,973
	<u>975,776</u>	<u>1,155,373</u>

12. DONATIONS IN KIND

	2013	2012
	US\$	US\$
Rice donation:		
From Cambodian authorities	28,875	-
From individuals/ private companies	7,136	-
From organisations and foundations	784	-
Construction, maintenance and equipment (Cambodian government)	32,500	-
Hygiene supplies (individuals/ private companies)	3,393	-
Other equipment donation	11,691	-
Food and clothing	-	34,229
	<u>84,379</u>	<u>34,229</u>

KROUSAR THMEY CAMBODIA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

13. HUMAN RESOURCES

	2013	2012
	US\$	US\$
Local staff salary:		
Basic salary	596,776	579,221
Benefits	78,272	96,395
Volunteers' compensation	40,638	50,026
Incentive to public schools' teachers and directors	20,694	31,235
Other compensations	<u>8,570</u>	<u>11,622</u>
	<u>744,950</u>	<u>768,499</u>