

PONLEU NEY KDEY SANGKHUM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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PONLEU NEY KDEY SANGKHUM

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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STATEMENT BY THE BOARD OF DIRECTORS

We state that, in our opinion as the board of directors of Ponleu Ney Kdey Sangkhum:

The accompanying financial statements of Ponleu Ney Kdey Sangkhum ("the Organisation") which comprise the balance sheet as at 31 December 2012, the statement of income and expenditure for the year then ended and a summary of significant accounting policies and the other explanation information thereon have been prepared, in all material respects, in accordance with the basis set out in Note 2 to the financial statements.

For and on behalf of the management

Mr. Sar Paulerk
Chairman of the board
Ponleu Ney Kdey Sangkhum

Mr. Leak Chowan
Development Manager
Ponleu Ney Kdey Sangkhum

Phnom Penh, Kingdom of Cambodia
Date: 05 MAR 2013

Phnom Penh, Kingdom of Cambodia
Date: 05 MAR 2013

ភ្នំពេញ : ផ្ទះលេខ១៩បេ ផ្លូវ១៤៥
ផ្សារដើមថ្កូវ ចំការមន
០២៣ ២១៩ ៥៥៤
pnksinfo@online.com.kh

ព្រៃវែង : ភូមិសំរោង ឃុំល្វា
ស្រុកព្រះស្តេច
០១២ ១៩៧ ៦៦ ៩៦
pnks_pv@yahoo.com

កំពង់ស្ពឺ : ភូមិព្រះម្លប់ ឃុំកំរើមានជ័យ
ស្រុកបរសេដ្ឋ
០២៥ ៦៦៦ ៦៦១២
pnks_ks@yahoo.com

កំពត : ភូមិកំពង់ត្រាច២ ឃុំកំពង់ត្រាចលិច
ស្រុកកំពង់ត្រាច
០២៥ ៦៦៦ ៦៦១២
pnks_ks@yahoo.com



Independent auditor's report

To the board of directors of Ponleu Ney Kdey Sangkhum

We have audited the accompanying financial statements of Ponleu Ney Kdey Sangkhum ("the Organisation"), which comprise the balance sheet as at 31 December 2012, the statement of income and expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared on the basis set out in Note 2.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements on the basis described in Note 2, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as management determines is necessary to enable the preparation of financial statements that are 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 risk of material misstatement of 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 qualified audit opinion.

Opinion

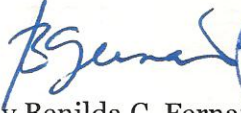
In our opinion, the accompanying financial statements of Ponleu Ney Kdey Sangkhum as at and for the year ended 31 December 2012 have been prepared, in all material respects, in accordance with basis set out in Note 2 to the financial statements.




Basis of accounting and restriction on distribution and use

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 Ponleu Ney Kdey Sangkhum. As a result, the financial statements may not be suitable for other purposes. This report is intended solely for Ponleu Ney Kdey Sangkhum and should not be distributed to or used by parties other than Ponleu Ney Kdey Sangkhum.

For PricewaterhouseCoopers (Cambodia) Ltd.


By Benilda C. Fernandez
Director



Phnom Penh, Kingdom of Cambodia
Date: 05 March 2013

PONLEU NEY KDEY SANGKHUM

**BALANCE SHEET
AS AT 31 DECEMBER 2012**

	Note	2012 US\$	2011 US\$
ASSETS			
Advances and deposits	3	8,492	8,250
Cash on hand and at banks	4	137,561	123,306
		<u>146,053</u>	<u>131,556</u>
Total assets		<u>146,053</u>	<u>131,556</u>
LIABILITIES			
Staff welfare fund payables	5	51,192	46,837
Other payables	6	3,873	9,469
		<u>55,065</u>	<u>56,306</u>
FUND BALANCE			
Opening fund balance		75,250	18,918
Refund to NGO Committee on the Right of the Child		-	(163)
Surplus of income over expenditure for the year		15,738	56,495
		<u>90,988</u>	<u>75,250</u>
Total fund balance and liabilities		<u>146,053</u>	<u>131,556</u>

The accompanying notes on pages 6 to 14 form an integral part of these financial statements.

PONLEU NEY KDEY SANGKHUM

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 US\$	2011 US\$
Income			
Funds received from donors	7	378,340	408,398
Other income		5,223	3,885
		<u>383,563</u>	<u>412,283</u>
Expenditure			
Direct costs			
HIV/AIDS prevention and care programme	8	28,334	37,244
Social accountability programme	9	23,691	20,953
Capacity development programme	10	25,182	18,702
Livelihood programme	11	42,784	16,079
Climate Change programme	12	6,750	6,732
Direct operating and administrative costs	13	205,438	199,058
Indirect Costs			
Indirect operating and administrative costs	14	32,713	33,776
Capital costs	15	2,933	17,088
Other capacity development	16	-	6,156
		<u>367,825</u>	<u>355,788</u>
SURPLUS FOR THE YEAR		<u>15,738</u>	<u>56,495</u>

The accompanying notes on pages 6 to 14 form an integral part of these financial statements.

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. BACKGROUND INFORMATION AND PROGRAMME ACTIVITIES

Ponleu Ney Kdey Sangkhum ("PNKS" or "the Organisation") is a Cambodian non-governmental organisation that works with poor communities in Cambodia. The Organisation was established through the Agriculture Business and Community and Development ("ABCD") program, originally implemented by Christian Outreach Relief and Development ("CORD"). It was registered with the Ministry of Interior on 30 January 2001.

The Organisation is principally involved in implementing Somleng projects in Prey Veng, Kampong Speu provinces and Kampot province which is the sub-project of Kampong Speu province and the Climate Change project in Kampong Speu province.

The main objective of the Somleng projects is to improve quality of life through better health, equity and greater self-reliance for the community, thereby enabling holistic and sustainable development. This project has three main components:

- Social Accountability
- Agriculture and Livelihood
- Health

The Climate Change project is a pilot project focused on resilient agriculture and ecological disaster risk reduction.

The registered office of the Organisation is house No. 19, Street 145, Sangkat Phsar Doeum Thkov, Khan Chamkar Morn, Phnom Penh, the Kingdom of Cambodia.

2. SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of accounting*

The accompanying financial statements of the Organisation have been prepared in accordance with the significant accounting policies set forth below.

The financial statements of the Organisation, which is expressed in United States dollars ("US\$") have been prepared under the historical cost convention.

b. *Recognition of income*

Income is defined as the funds received by the Organisation from donors. Other income represents income from savings accounts held at banks and other self-generated activities. The income is recognised when received, and recorded at the gross amount of bank charges.

c. *Expenditure*

Expenses are recognised on a cash basis of accounting except for staff advances and rental deposits, staff welfare fund and accruals for professional and consultant fees and capital expenditures.

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. *Staff welfare fund*

The Organisation has a defined contribution retirement plan (the Staff Welfare Fund), which consists of pension and severance funds covering all eligible employees. Staff welfare fund contributions are made by the Organisation on an annual basis to each employee at one month's basic salary.

The contributions made by the Organisation to the fund are charged to the statement of income and expenditure, and the outstanding balance of the fund is recorded in the balance sheet as "staff welfare fund payable".

The staff welfare fund will be fully paid to employees upon their retirement or resignation if they have worked for the Organisation for more than five years. If employees have worked for the Organisation for less than five years, they will only be entitled to receive 50% of the total contribution.

Employee who has worked for the Organisation for more than one year can request staff loans up to 70% of their welfare cumulative fund balances.

The fund is maintained in a separate bank account, but under the Organisation's name. Any interest earned from the fund is proportionately applied to each member of staff based on their cumulative fund balances.

e. *Property and equipment*

The cost of property and equipment purchased during the year is expensed in the statement of income and expenditure in the year in which the purchases are made.

f. *Advances and deposits*

Staff advances and office rental deposits are recorded as other receivables and recognised as expenditure upon liquidation.

g. *Foreign currency translation*

The Organisation maintains its accounting records and its financial statements in US\$, the Organisation's functional and presentation currencies.

Transactions in other currencies other than US\$ are translated into the functional currency using the exchange rates prevailing on the dates of the transactions.

PONLEU NEY KDEY SANGKHUM

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

3. ADVANCES AND DEPOSITS

	2012 US\$	2011 US\$
Staff loans (*)	6,077	6,060
Deposit on office rental	1,800	1,800
Other advances	615	390
	<u>8,492</u>	<u>8,250</u>

(*) Each employee who has worked for the Organisation for more than one year can request staff loans up to a maximum amount of 70% of their cumulative welfare fund. This staff loans bear interest at 10% per annum.

4. CASH ON HAND AND AT BANKS

	2012 US\$	2011 US\$
Cash on hand	5,363	6,122
Cash at banks		
Current accounts (a)	72,570	74,990
Saving account (b)	46,118	42,194
Fixed deposit (c)	13,510	-
	<u>132,198</u>	<u>117,184</u>
	<u>137,561</u>	<u>123,306</u>

- (a) Current accounts are maintained with local banks and bear no interest.
(b) This is the staff welfare fund account maintained with a local bank with the interest rate of 0.75% per annum.
(c) This deposit is maintained with a local micro finance institution at an interest rate of 5% per annum.

5. STAFF WELFARE FUND PAYABLES

	2012 US\$	2011 US\$
Beginning balance for the year	46,837	36,638
Contribution during the year	10,806	10,570
Interest income	934	701
Payments to staff	<u>(7,385)</u>	<u>(1,072)</u>
	<u>51,192</u>	<u>46,837</u>

PONLEU NEY KDEY SANGKHUM

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. OTHER PAYABLES

	2012 US\$	2011 US\$
Consultant fees payable	3,720	3,540
Purchases of vehicles	-	5,400
Others	153	529
	<u>3,873</u>	<u>9,469</u>

These other payables will be settled within one year.

7. FUNDS RECEIVED FROM DONORS

The funds received during the year from donors are as follows.

	2012 US\$	2011 US\$
TEAR Fund Australia	165,000	151,444
Diakonia	72,946	101,830
Baptist World Aid Australia	59,935	-
Danmission	29,689	44,233
TEAR Fund Netherlands	26,028	78,067
ForumSyd	14,377	20,710
CORD-DH	10,365	12,114
	<u>378,340</u>	<u>408,398</u>

8. HIV/AIDS PREVENTION AND CARE PROGRAMME

	2012 US\$	2011 US\$
Infection reduction activities	27,786	18,424
HIV/AIDs network	548	2,278
Improving quality of life for people living with HIV/AIDs	-	16,542
	<u>28,334</u>	<u>37,244</u>

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

9. SOCIAL ACCOUNTABILITY PROGRAMME

	2012 US\$	2011 US\$
Trainings and workshops	16,219	-
Promote democratic leadership	7,472	-
Strengthen local democracy	-	6,158
Foster development work participants	-	3,809
Strengthen local accountability	-	6,867
Strengthen local networks	-	2,294
Other capacity development	-	1,825
	<u>23,691</u>	<u>20,953</u>

10. CAPACITY BUILDING PROGRAMME

	2012 US\$	2011 US\$
Capacity development	15,752	12,048
Annual review and planning	8,435	5,409
Public relations and networks	995	1,245
	<u>25,182</u>	<u>18,702</u>

11. LIVELIHOOD PROGRAMME

	2012 US\$	2011 US\$
Agriculture technology	13,695	4,309
Water access and management	10,299	1,925
Micro business	7,505	4,451
Associations loan management system	5,911	-
Natural resource management	3,822	4,582
Community capacity development	1,552	326
Associations campaign	-	486
	<u>42,784</u>	<u>16,079</u>

PONLEU NEY KDEY SANGKHUM

**NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12. CLIMATE CHANGE PROGRAMME

	2012 US\$	2011 US\$
Training and workshops	2,360	763
Promote livelihood, green environment and health care	1,977	2,711
Annual reflection on climate change	1,338	-
Campaigning activities	925	-
Pump well	150	1,350
Climate change awareness	-	1,743
Risk management	-	165
	<u>6,750</u>	<u>6,732</u>

13. DIRECT OPERATING AND ADMINISTRATIVE COSTS

	2012 US\$	2011 US\$
Payroll costs	140,531	130,334
Transportation	19,398	20,283
Staff insurance and benefits	19,165	19,345
Premises running costs	18,895	18,550
Evaluation and monitoring	7,449	10,546
	<u>205,438</u>	<u>199,058</u>

14. INDIRECT OPERATING AND ADMINISTRATIVE COSTS

	2012 US\$	2011 US\$
Payroll costs	16,384	16,172
Office rental and utilities	5,843	5,375
Office supplies and communication	4,665	4,574
Transportation costs	1,393	299
Professional fee	2,970	6,200
Other costs	1,458	1,156
	<u>32,713</u>	<u>33,776</u>

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

15. CAPITAL COSTS

	2012 US\$	2011 US\$
Office equipment	2,394	4,808
Office furniture	539	-
Vehicles	-	12,280
	<u>2,933</u>	<u>17,088</u>

16. OTHER CAPACITY DEVELOPMENT

	2012 US\$	2011 US\$
Business and management training	-	2,986
Reflection	-	2,780
Study support	-	390
	<u>-</u>	<u>6,156</u>

17. AVAILABLE FUND BALANCE

	2012 US\$	2011 US\$
Fund balance as at 31 December 2012	146,053	131,556
Commitment (*)		
Digging pond (under fund of donor CORD-DH)	(3,274)	-
Training QuickBooks (under fund of donor TEAR Fund Australia)	(980)	-
	<u>(4,254)</u>	<u>-</u>
Available fund balance as at 31 December 2012	<u>141,799</u>	<u>131,556</u>

(*) This represents committed expenses that the Organisation has already entered into the contract with supplier during the year and which will be paid in following year.

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

18. SEPARATE FUND BALANCE FOR THE YEAR ENDED 31 DECEMBER 2012

	TEAR Fund Australia US\$	Diakonia US\$	Netherlands US\$	TEAR Fund US\$	Danmission US\$	ForumSyd US\$	CORD-DH US\$	Baptist World Aid Australia US\$	Other US\$	Total 2012 US\$
INCOME										
Funds received from donors	165,000	72,946	26,028	26,028	29,689	14,377	10,365	59,935	-	378,340
Other receipts	-	-	-	-	-	-	-	-	5,223	5,223
	<u>165,000</u>	<u>72,946</u>	<u>26,028</u>	<u>26,028</u>	<u>29,689</u>	<u>14,377</u>	<u>10,365</u>	<u>59,935</u>	<u>5,223</u>	<u>383,563</u>
EXPENDITURE										
Direct Costs										
HIV/AIDS prevention and care programme	13,114	2,616	10,430	10,430	-	-	-	2,174	-	28,334
Social accountability programme	9,341	9,349	-	-	4,537	-	-	464	-	23,691
Staff capacity development programme	7,221	6,991	4,753	4,753	6,217	-	-	-	-	25,182
Livelihood programme	17,762	2,949	-	-	8,782	-	10,299	2,991	-	42,783
Climate change programme	-	-	-	-	-	6,751	-	-	-	6,751
Operating and administrative costs	105,249	48,609	14,403	14,403	27,736	6,317	3,123	-	-	205,437
Indirect costs										
Indirect operating and administrative costs	14,052	9,334	3,089	3,089	4,643	1,536	-	60	-	32,714
Capital costs	1,943	279	279	279	290	-	-	-	142	2,933
	<u>168,682</u>	<u>80,127</u>	<u>32,954</u>	<u>32,954</u>	<u>52,205</u>	<u>14,604</u>	<u>13,422</u>	<u>5,689</u>	<u>142</u>	<u>367,825</u>
SURPLUS/(DEFICIT) FOR THE YEAR	(3,682)	(7,181)	(6,926)	(6,926)	(22,516)	(227)	(3,057)	54,246	5,081	15,738
OPENING FUND BALANCE	11,215	8,003	6,926	6,926	24,905	2,959	8,125	-	13,117	75,250
FUND BALANCE FOR THE YEAR	<u>7,533</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>2,389</u>	<u>2,732</u>	<u>5,068</u>	<u>54,246</u>	<u>18,198</u>	<u>90,988</u>

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

19. SEPARATE FUND BALANCE FOR THE YEAR ENDED 31 DECEMBER 2011

	TEAR Fund Australia US\$	Diakonia US\$	Netherlands US\$	Danmission US\$	ForumSyd US\$	CORD-DH US\$	Other US\$	Total 2011 US\$
INCOME								
Funds received from donors	151,444	101,830	78,067	44,233	20,710	12,114	-	408,398
Other income	-	-	-	-	-	-	3,885	3,885
	<u>151,444</u>	<u>101,830</u>	<u>78,067</u>	<u>44,233</u>	<u>20,710</u>	<u>12,114</u>	<u>3,885</u>	<u>412,283</u>
EXPENDITURE								
Direct Costs								
HIV/AIDS prevention and care programme	19,644	-	17,600	-	-	-	-	37,244
Social accountability programme	7,098	8,957	-	4,898	-	-	-	20,953
Staff capacity development programme	4,283	8,340	2,636	-	3,443	-	-	18,702
Livelihood programme	14,423	-	-	1,612	-	44	-	16,079
Climate change programme	-	-	-	-	6,732	-	-	6,732
Operating and administrative costs	81,479	63,372	42,405	552	5,924	3,945	1,381	199,058
Indirect costs								
Indirect operating and administrative costs	11,978	7,712	7,623	4,811	1,652	-	-	33,776
Capital costs	499	5,446	3,688	7,455	-	-	-	17,088
Capacity development	-	-	6,156	-	-	-	-	6,156
	<u>139,404</u>	<u>93,827</u>	<u>80,108</u>	<u>19,328</u>	<u>17,751</u>	<u>3,989</u>	<u>1,381</u>	<u>355,788</u>
SURPLUS/(DEFICIT) FOR THE YEAR								
OPENING FUND BALANCE	12,040	8,003	(2,041)	24,905	2,959	8,125	2,504	56,495
REFUND TO NGO-CRC	(825)	-	8,967	-	-	-	10,776	18,918
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(163)</u>	<u>(163)</u>
FUND BALANCE FOR THE YEAR	<u>11,215</u>	<u>8,003</u>	<u>6,926</u>	<u>24,905</u>	<u>2,959</u>	<u>8,125</u>	<u>13,117</u>	<u>75,250</u>

For the year ended 31 December 2011, the Organisation does not maintain a separate general ledger of expenditure for each donor. The allocation of expenditure was made at year end and based on the available budget of each donor. The manual allocation is performed for the purpose of reporting to the donors.