

PONLEU NEY KDEY SANGKHUM

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



PONLEU NEY KDEY SANGKHUM

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS

	Page
Statement by the board of directors	1
Independent auditor's report	2 - 3
Balance sheet	4
Statement of income and expenditure	5
Notes to the financial statements	6 - 14



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លេខ: ០២០៦/៣៣ ពនកស

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 2013, 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



Sar Montha

Ms. Sar Montha
Chair of the board
Ponleu Ney Kdey Sangkhum

Phnom Penh, Kingdom of Cambodia

Date: 28 FEB 2014



Mr. Leak Chohan
Development Manager
Ponleu Ney Kdey Sangkhum

Phnom Penh, Kingdom of Cambodia

Date: 28 FEB 2014



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 2013, 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 audit opinion.

Opinion

In our opinion, the accompanying financial statements of Ponleu Ney Kdey Sangkhum as at and for the year ended 31 December 2013 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 Lang Hy
Director

A blue circular stamp of PricewaterhouseCoopers (Cambodia) Ltd. The outer ring contains the text 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) at the top and 'សាកលក្រុមហ៊ុនប្រឹក្សា' (Public Accounting Firm) at the bottom. The inner circle contains the text 'ប្រឹក្សា' (Accounting) at the top, 'សាកលក្រុមហ៊ុន(ខេមបូឌា)' (Public Accounting Firm (Cambodia)) in the middle, and 'PricewaterhouseCoopers (Cambodia) Ltd.' at the bottom.

Phnom Penh, Kingdom of Cambodia
Date: 28 February 2014

PONLEU NEY KDEY SANGKHUM

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 US\$	2012 US\$
ASSETS			
Advances and deposits	3	7,364	8,492
Cash on hand and at banks	4	173,220	137,561
		<u>180,584</u>	<u>146,053</u>
Total assets		<u>180,584</u>	<u>146,053</u>
LIABILITIES			
Staff welfare fund payables	5	52,859	51,192
Other payables	6	7,652	3,873
		<u>60,511</u>	<u>55,065</u>
FUND BALANCE			
Opening fund balance		90,988	75,250
Surplus of income over expenditure for the year		29,085	15,738
		<u>120,073</u>	<u>90,988</u>
Total fund balance and liabilities		<u>180,584</u>	<u>146,053</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 2013

	Note	2013 US\$	2012 US\$
Income			
Funds received from donors	7	466,749	378,340
Other income	8	10,625	5,223
		<u>477,374</u>	<u>383,563</u>
Expenditure			
Direct costs			
HIV/AIDS prevention and care programme	9	38,464	28,334
Social accountability programme	10	41,201	23,691
Capacity development programme	11	31,263	25,182
Livelihood programme	12	57,025	42,784
Climate Change programme	13	1,422	6,750
Direct operating and administrative costs	14	212,953	205,438
Indirect Costs			
Indirect operating and administrative costs	15	45,702	32,713
Capital costs	16	20,259	2,933
		<u>448,289</u>	<u>367,825</u>
SURPLUS FOR THE YEAR		<u>29,085</u>	<u>15,738</u>

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

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 principally involves in implementing Somleng projects in Prey Veng, Kampot and Kampong Speu provinces. The Climate Change project is operated 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 2013

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 it is 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.

h. *Cash and bank balance*

Cash and bank balances consist of cash on hand and cash at banks.

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3. ADVANCES AND DEPOSITS

	2013 US\$	2012 US\$
Staff loans (*)	5,150	6,077
Deposit on office rental	1,800	1,800
Other advances	414	615
	<u>7,364</u>	<u>8,492</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. This loan was disbursed to staff using the staff welfare fund.

4. CASH ON HAND AND AT BANKS

	2013 US\$	2012 US\$
Cash on hand (a)	6,954	5,363
Cash at banks		
Current accounts (b)	96,545	72,570
Saving account (c)	47,078	46,118
Fixed deposit (d)	22,643	13,510
	<u>166,266</u>	<u>132,198</u>
	<u>173,220</u>	<u>137,561</u>

- (a) Cash on hand includes staff welfare fund amounting to US\$625.
- (b) Current accounts are maintained with local banks and bear no interest.
- (c) This is the staff welfare fund account maintained with a local bank with the interest rate of 0.75% per annum.
- (d) This deposit is maintained with a local micro finance institution and earns an interest rate of 3.5% per annum with a maturity of three months.

5. STAFF WELFARE FUND PAYABLES

	2013 US\$	2012 US\$
Beginning balance for the year	51,192	46,837
Contribution during the year	11,281	10,806
Interest income	972	934
Payments to staff	(1,933)	(7,385)
Reversal of over accrual (**)	(8,653)	-
	<u>52,859</u>	<u>51,192</u>

(**) This represents over accrued amount in previous years and was reversed during the year.

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

6. OTHER PAYABLES

	2013 US\$	2012 US\$
Consultant fees payable	4,829	3,720
Payable for digging well (a)	2,823	-
Others	-	153
	<u>7,652</u>	<u>3,873</u>

These other payables will be settled within one year.

(a) This is the guarantee deposit before starting the well construction from digging well suppliers who won the bidding. This amount will be settled with the first payment when the construction is started.

7. FUNDS RECEIVED FROM DONORS

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

	2013 US\$	2012 US\$
TEAR Fund Australia	183,980	165,000
Transform Aid International	118,035	59,935
Danmission	79,801	29,689
Diakonia	55,960	72,946
Diaconaat/CORD-DH	26,704	10,365
ForumSyd	2,269	14,377
TEAR Fund Netherlands	-	26,028
	<u>466,749</u>	<u>378,340</u>

8. OTHER INCOME

	2013 US\$	2012 US\$
Sales of vehicles and other assets	4,843	1,278
income from office sharing	3,170	2,448
Interest income	483	393
Others	2,129	1,104
	<u>10,625</u>	<u>5,223</u>

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. HIV/AIDS PREVENTION AND CARE PROGRAMME

	2013 US\$	2012 US\$
Promote primary health care	14,670	-
Promote safe drinking-water	10,863	-
Improve health center services	9,175	-
Strengthen health network	3,756	-
Infection reduction activities	-	27,786
HIV/AIDs network	-	548
	<u>38,464</u>	<u>28,334</u>

10. SOCIAL ACCOUNTABILITY PROGRAMME

	2013 US\$	2012 US\$
Strengthen rights and peace	11,595	-
Link vulnerable groups to other	10,776	-
Promoting local democracy	8,154	-
Respond to the needs of vulnerable group	7,043	-
Men and women participation	3,633	-
Trainings and workshops	-	16,219
Promote democratic leadership	-	7,472
	<u>41,201</u>	<u>23,691</u>

11. CAPACITY BUILDING PROGRAMME

	2013 US\$	2012 US\$
Capacity development	19,806	15,752
Annual review and planning	11,052	8,435
Public relations and networks	405	995
	<u>31,263</u>	<u>25,182</u>

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

12. LIVELIHOOD PROGRAMME

	2013 US\$	2012 US\$
Strengthen water management	18,644	-
Promote adaptation	11,748	-
Promote local business	10,469	-
Strengthen disaster preparedness	8,404	-
Enable farmer association/women association to reach vulnerable group	3,960	-
Improve community water management	3,800	-
Agriculture technology	-	13,695
Water access and management	-	10,299
Micro business	-	7,505
Associations loan management system	-	5,911
Natural resource management	-	3,822
Community capacity development	-	1,552
	<u>57,025</u>	<u>42,784</u>

13. CLIMATE CHANGE PROGRAMME

	2013 US\$	2012 US\$
Annual reflection on climate change	1,422	-
Training and workshops	-	2,360
Promote livelihood, green environment and health care	-	1,977
Annual reflection on climate change	-	1,338
Campaigning activities	-	925
Pump well	-	150
	<u>1,422</u>	<u>6,750</u>

14. DIRECT OPERATING AND ADMINISTRATIVE COSTS

	2013 US\$	2012 US\$
Payroll costs	143,410	140,531
Transportation	19,757	19,398
Premises running costs	19,589	18,895
Staff insurance and benefits	14,364	19,165
Evaluation and monitoring	11,800	7,449
Network Prey Veng and other networks for advocacy movement	4,033	-
	<u>212,953</u>	<u>205,438</u>

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

15. INDIRECT OPERATING AND ADMINISTRATIVE COSTS

	2013 US\$	2012 US\$
Payroll costs	20,828	16,384
Office supplies and communication	7,039	4,665
Professional fee	8,246	2,970
Office rental and utilities	5,569	5,843
Staff insurance and benefits	3,030	-
Transportation costs	990	1,393
Other costs	-	1,458
	<u>45,702</u>	<u>32,713</u>

16. CAPITAL COSTS

	2013 US\$	2012 US\$
Vehicles and motorbikes	13,294	-
Office equipment	6,965	2,394
Office furniture	-	539
	<u>20,259</u>	<u>2,933</u>

17. AVAILABLE FUND BALANCE

	2013 US\$	2012 US\$
Fund balance as at 31 December 2013	180,584	146,053
Commitment (**)		
Digging pond (under fund of donor TEAR Fund Australia)	(1,238)	-
Digging pond (under fund of donor Danmission)	(357)	-
Digging pond (under fund of donor CORD-DH)	-	(3,274)
Training QuickBooks (under fund of donor TEAR Fund Australia)	-	(980)
	<u>(1,595)</u>	<u>(4,254)</u>
Available fund balance as at 31 December 2013	<u>178,989</u>	<u>141,799</u>

(**) This represents committed expenses that the Organisation has already entered into contracts with suppliers 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 2013

18. SEPARATE FUND BALANCE FOR THE YEAR ENDED 31 DECEMBER 2013

	TEAR Fund Australia US\$	Diakonia US\$	Danmission US\$	ForumSyd US\$	Diaconaat/ CORD-DH US\$	Transform Aid International US\$	Other US\$	Total 2013 US\$
INCOME								
Funds received from donors	183,980	55,960	79,801	2,269	26,704	118,035	-	466,749
Other receipts	-	-	-	-	-	-	10,625	10,625
	183,980	55,960	79,801	2,269	26,704	118,035	10,625	477,374
EXPENDITURE								
Direct Costs								
HIV/AIDS prevention and care programme	23,256	-	-	-	-	15,208	-	38,464
Social accountability programme	12,412	8,101	4,484	-	-	16,204	-	41,201
Staff capacity development programme	10,847	8,682	4,583	2,573	-	4,578	-	31,263
Livelihood programme	21,051	-	13,218	-	3,800	18,956	-	57,025
Climate change programme	-	-	-	1,422	-	-	-	1,422
Operating and administrative costs	82,727	27,349	42,996	1,004	1,619	64,113	*** (6,855)	212,953
Indirect costs								
Indirect operating and administrative costs	17,962	7,051	6,629	-	14	10,630	3,416	45,702
Capital costs	5,483	5,549	584	-	-	4,083	4,560	20,259
	173,738	56,732	72,494	4,999	5,433	133,772	1,121	448,289
SURPLUS/(DEFICIT) FOR THE YEAR	10,242	(772)	7,307	(2,730)	21,271	(15,737)	9,504	29,085
OPENING FUND BALANCE	7,533	822	2,389	2,732	5,068	54,246	18,198	90,988
FUND BALANCE AT THE END OF THE YEAR	17,775	50	9,696	2	26,339	38,509	27,702	120,073

*** This balance includes a reversal of over accrual of staff welfare fund as reported in note 5.

PONLEU NEY KDEY SANGKHUM

NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

19. 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\$	Diaconaat/ 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 AT THE END OF 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>