

**SOVANN PHOUM ORGANIZATION**

*THE INTEGRATE DEVELOPMENT ON URBAN PHNOM PENH,  
RURAL FAMILY EMPOWERMENT FOR VULNERABLE PEOPLE PROJECT,  
HEALTH EDUCATION PROJECT AND SCHOOL HEALTH PROMOTION PROJECT  
PROMOTING THE RIGHT OF ADOLESCENT GIRLS TO QUALITY BASIC EDUCATIO*

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**SOVANN PHOUM ORGANIZATION**

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**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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with Families for Development

# អង្គការសុវណ្ណភូមិ

ORGANISATION SOVANN PHOUM

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Website: www.sovannphoum.org.kh

## STATEMENT BY THE MANAGEMENT

I state that, in my opinion as the Management of the Project,

The accompanying statement of receipts, disbursements and fund balance, together with the notes thereon of the Integrated Development on Urban Phnom Penh, Rural Family Empowerment for Vulnerable People Project, Health Education Project, School Health Promotion Project (SHPP) and Promoting the Right of Adolescent Girls to Quality Basic Education Project (PPA2) (“the Project”), mainly funded by EU, AECID, ACCER, PROSPERO and PLAN International Cambodia, implemented by Sovann Phoum Organization (“the Organization”) as at 31 December 2011 and of its receipts and disbursements for the year then ended, has been prepared, in all material respects, in accordance with the basis set out in Note 2 to the statement of receipts, disbursements and fund balance.

On behalf of the Management of the Project



Mr. Out Sarang  
Executive Director

You Thay  
Assistant Director

Phnom Penh, Kingdom of Cambodia  
Date: 13-June-2012

**AT&C (Cambodia)**  
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The logo for AT&C, consisting of the letters 'AT&C' in a white, bold, sans-serif font, centered within a dark blue square.

## **INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SOVANN PHOUM ORGANIZATION**

We have audited the accompanying statement of receipts, disbursements and fund balance of the Integrated Development on Urban Phnom Penh, Rural Family Empowerment for Vulnerable People Project, Health Education Project, School Health Promotion Project Promoting the Right of Adolescent Girls to Quality Basic Education Project (PPA2) ("the Project"), on pages 4 to 9 which has been prepared in accordance with the accounting policies set out in note 2, significant accounting policies, to the statement of receipts, disbursement and fund balance.

### **Respective responsibilities of the Management and the auditors**

The Project's management is responsible for the preparation of the statement of receipts, disbursements and fund balance which gives a true and fair view. In preparing the statement of receipts, disbursements and fund balance which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on the statement of receipts, disbursements and fund balance and to report our opinion to you.

### **Basis of opinion**

We conduct our audit in accordance with International Standards on Auditing. An audit includes and examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of receipts, disbursement and fund balance. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the statement of receipts, disbursements and fund balance, and of whether the accounting policies are appropriate to the Project's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the statement of receipts, disbursements and fund balance is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statement of receipts, disbursements and fund balance. We believe that our audit provides a reasonable basis for our opinion.

The Project's policy is to prepare the accompanying statement of receipts, disbursements and fund balance under the cash basis of accounting. Under this basis, income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.



As indicated in note 2, significant accounting policies, to the statement of receipts, disbursements and fund balance, the accompanying statement of receipts, disbursements and fund balance is not prepared to present the financial position and its receipts and disbursements in accordance with International Financial Reporting Standards. The accounting principles and practices utilized in Cambodia may differ from those permitted under International Financial Reporting Standards.

**Opinion**

In our opinion, the accompanying the statement of receipts, disbursements and fund balance present fairly, in all material respects, the financial position of the Project as at 31 December 2011 and the results of its operations for the year then ended in accordance with the basis set out in Note 2 to the statement of receipts, disbursements and fund balance and accounting principles generally accepted in Cambodia.

  
AT & C (CAMBODIA) CO., LTD.  
Phnom Penh, Kingdom of Cambodia  
Date: 13-June-2012



SOVANN PHOUM ORGANIZATION  
 THE INTEGRATE DEVELOPMENT ON URBAN PHNOM PENH,  
 RURAL FAMILY EMPOWERMENT FOR VULNERABLE PEOPLE PROJECT,  
 HEALTH EDUCATION PROJECT AND SCHOOL HEALTH PROMOTION PROJECT  
 PROMOTING THE RIGHT OF ADOLESCENT GIRLS TO QUALITY BASIC EDUCATION

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
 FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 US\$	2010 US\$
<b>RECEIPTS</b>			
Fund received from donors	3	367,591	201,664
Fund transferred from Project to Project		7,637	3,020
Vocational training		853	2,362
Bank interest income		149	215
Other income		682	10
		<u>376,912</u>	<u>207,271</u>
<b>DISBURSEMENTS</b>			
Human resources	4	88,915	104,502
Equipment, materials and supplies	5	73,357	34,220
Local office/ project costs	6	21,225	27,041
Services	7	102,463	36,736
Exchange loss		-	2
		<u>285,960</u>	<u>202,501</u>
Surplus/ (Deficit) of receipts over disbursements		81,350	4,770
Fund balance at the beginning of year		28,182	24,812
The beginning of fund balance of SHPP Project		-	1,620
Fund returned to Plan		(9,602)	
Fund returned to E&D		(12,859)	-
Transferred cash of SP in PROSPERO 's bank account		(42)	-
Adjustment of over spent of Plan Project		(362)	-
Fund transferred from Project to Project		<u>(7,637)</u>	<u>(3,020)</u>
<b>Fund balance at the end of year</b>	<b>8</b>	<b><u>88,632</u></b>	<b><u>28,182</u></b>
<b>Represented:</b>			
Cash at bank		65,449	25,369
Cash on hand		22433	2,063
Office rental deposit		750	750
		<u>88,632</u>	<u>28,182</u>

The accompanying notes are an integral part of this statement of receipts, disbursements and fund balance.

**SOVANN PHOUM ORGANIZATION**  
***THE INTEGRATE DEVELOPMENT ON URBAN PHNOM PENH,***  
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**PROMOTING THE RIGHT OF ADOLESCENT GIRLS TO QUALITY BASIC EDUCATION**

**NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. GENERAL**

The Integrated Development on Urban Phnom Penh, Rural Family Empowerment for Vulnerable People Project, Health Education Project, School Health Promotion Project and Promoting the Right of Adolescent Girls to Quality Basic Education (“the Project”), is implemented by Sovann Phoum Organization (“the Organization”) and its mainly funded by EU and AECID (through E&D), Comité Catholique Contre la Faim et pour le Développement (CCFD), Association Cantalienne Cambodge Entraide à la Reconstruction (ACCER), and PLAN International Cambodia.

The main goal of the project is to improve the living standard of family in need in those communities by providing moral, economic, educational, health care support with the particular focus on children and women.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of accounting**

The statement of receipts, disbursements and fund balance, expressed in United States dollars (“US\$”), is prepared under the historical cost convention using the cash basis of accounting. Under the cash basis of accounting, receipts are recognised when received rather than when earned, and disbursements are recognised when paid rather than when incurred.

**b. Receipts and disbursements**

Receipts are defined as the receipts of grants from donors. Disbursements represent all costs incurred in meeting project’s objectives.

**c. Foreign currency transaction**

The statement of receipts, disbursements and fund balance is expressed in United States dollars (US\$) which is the functional currency. Transactions in currencies other than US\$ are converted to US\$ at the rate of exchange prevailing on the date of the transaction.

**d. Fixed assets**

The cost of fixed assets purchased during the year is treated as disbursement of funds in the statement of receipts, disbursements and fund balance in the year of purchase. For control purposes, Sovann Phoum maintains a fixed assets register.

**e. Bank and cash balances**

Bank and cash balances comprise bank saving accounts, and cash on hand that is short term and highly liquid balances readily convertible to cash with insignificant risk to change in value.



SOVANN PHOUM ORGANIZATION  
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NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
 FOR THE YEAR ENDED 31 DECEMBER 2011

3. FUNDS RECEIVED FROM DONORS

	2011 US\$	2010 US\$
AECID/E&D	57,660	60,100
CCFD	-	14,049
ACCER	4,300	4,300
EU	3,600	19,930
PLAN International Cambodia	286,013	103,285
PROSPERO	16,018	-
	<u>367,591</u>	<u>201,664</u>

4. HUMAN RESOURCES

	2011 US\$	2010 US\$
Local staff remuneration		
- Technical	52,158	63,887
- Administration	8,280	13,208
Bursaries	12,077	10,424
Others	16,400	16,983
	<u>88,915</u>	<u>104,502</u>

5. EQUIPMENT, MATERIALS AND SUPPLIES

	2011 US\$	2010 US\$
Vehicles	7,850	1,218
Furniture and computers	7,293	520
Training supplies	28,678	22,651
First aid kit & medical supply	-	1,349
Hygiene materials	4,716	4,267
Others	24,820	4,215
	<u>73,357</u>	<u>34,220</u>

**SOVANN PHOUM ORGANIZATION**  
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**NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**6. LOCAL OFFICE/ PROJECT COSTS**

	<b>2011</b>	<b>2010</b>
	<b>US\$</b>	<b>US\$</b>
Consumables		
- Fuel	10,695	8,148
- Office supplies	1,636	1,891
- Documentation	-	87
Rental charge	5,342	7,827
Insurance	-	625
Others	-	66
Post and telecommunication	1,448	1,915
Repairs and maintenance	2,104	6,482
	<b>21,225</b>	<b>27,041</b>

**7. SERVICES**

	<b>2011</b>	<b>2010</b>
	<b>US\$</b>	<b>US\$</b>
Audit	1,200	1,100
Training fee	47,873	5,981
Per diem for Sovann Phoum staff	20,894	10,850
Trainer fees for VT trainees	8,536	16,740
Publication	6,974	-
Public relation	1,210	-
Recruitment cost	416	-
Bank charge and exchange loss	5,166	148
Internal evaluation	10,186	947
Word aids campaign	8	970
	<b>102,463</b>	<b>36,736</b>

SOVANN PHOUM ORGANIZATION  
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NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
 FOR THE YEAR ENDED 31 DECEMBER 2011

8. FUND BALANCE

	VOVATIONAL		AFBASSETH		HEALTH EDUCATION PROJECT								SHPP		PPA2		TOTAL US\$
	TRAINING		PROJECT		CDPP (PP)		HERDC (KD)		DEKA(SR)		PROSPERO		PROJECT PLAN		PROJECT PLAN		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
<b>RECEIPTS</b>																	
Fund received from donors	57,660	3,600	-	4,300	-	-	-	-	-	-	-	-	-	16,018	122,827	163,186	367,591
Fund transferred from Project to Project	712	-	-	6,925	-	-	-	-	-	-	-	-	-	-	-	-	7,637
Vocational training	853	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	853
Interest income	14	2	4	25	11	3	8	63	19	452	230	452	682				149
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	682
	59,239	3,602	4	11,250	11	3	8	16,081	123,076	163,638	376,912						
<b>DISBURSEMENTS</b>																	
Human Resources	22,281	1,638	-	900	879	-	2,847	3,074	43,288	14,008	88,915						
Equipment, materials and supplies	5,473	925	-	1,287	351	-	182	46	18,568	46,525	73,357						
Local office/ project costs	4,295	112	1,171	57	1,065	-	464	327	8,892	4,842	21,225						
Services	11,849	1,340	208	29	391	5	554	693	42,224	45,170	102,463						
	43,898	4,015	1,379	2,273	2,686	5	4,047	4,140	112,972	110,545	285,960						
Surplus/ (Deficit) of receipts over disbursements	15,341	(413)	(1,375)	8,977	(2,675)	(2)	(4,039)	11,941	502	53,093	81,350						

**SOVANN PHOUM ORGANIZATION  
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**NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	VOVATIONAL		AFBASSETH		HEALTH EDUCATION PROJECT						SHP		PPA2		TOTAL						
	TRAINING		PROJECT		CDPP (PP)		HERDC (KD)		DEKA(SR)		DEKA& HERDC (SHP)		PROJECT			TOTAL					
	AECID/E&D	US\$	EU	US\$	CCFD	US\$	ACCR	US\$	CCFD	US\$	ACCR	US\$	CCFD	US\$			PROSPERO	US\$	PLAN	US\$	PLAN
<i>(Continued)</i>																					
Fund Balance as at the beginning of year	2,391		1,125	1,889	171	4,005	6,927	4,056	-	-	-	-	7,618	-	-	-	-	-	-	-	28,182
Fund returned to Plan	-		-	-	-	-	-	-	-	-	-	-	(9,602)	-	-	-	-	-	-	-	(9,602)
Fund returned to E&D	(12,859)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,859)
Transferred cash of SP in PROSPERO 's bank account	-		-	-	-	-	-	-	-	-	(42)	-	-	-	-	-	-	-	-	-	(42)
Adjustment of over spent of Plan Project	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(362)
Fund transferred from Project to Project	-		(712)	-	-	-	(6,925)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,637)
<b>Fund Balance as at the end of year</b>	<b>4,873</b>		-	<b>514</b>	<b>9,148</b>	<b>1,330</b>	-	<b>17</b>	<b>11,899</b>	<b>8,120</b>	<b>52,731</b>	<b>8,120</b>	<b>52,731</b>	<b>88,632</b>							
<b>Presented by:</b>																					
Cash at bank	-		-	514	8,638	1,330	-	17	11,525	7,681	35,744	7,681	35,744	65,449							
Cash on hand	4,123		-	-	510	-	-	-	374	439	16,987	439	16,987	22,433							
Office rental deposit	750		-	-	-	-	-	-	-	-	-	-	-	750							
	<b>4,873</b>		-	<b>514</b>	<b>9,148</b>	<b>1,330</b>	-	<b>17</b>	<b>11,899</b>	<b>8,120</b>	<b>52,731</b>	<b>8,120</b>	<b>52,731</b>	<b>88,632</b>							

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**NOTES TO THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011**

The logo for AT&C, consisting of the letters 'AT&C' in white, bold, sans-serif font, centered within a solid dark blue square.

**AT&C**

**SOVANN PHOUM ORGANIZATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**SOVANN PHOUM ORGANIZATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**STATEMENT BY THE BOARD OF DIRECTORS**

I, Out Sarang, on behalf of the Board of Directors of Sovann Phoum Organization do hereby state that the financial statements of Sovann Phoum Organization ("the Organisation"), together with the notes set out on pages 4 to 11, present fairly, in all material respects, of the financial position of Organization as at 31 December 2011 and the results of its operations for the year then ended in accordance with the basis set out in Note 2 to the financial statements.

Signed on behalf of the Board of Directors,



Mr. Out Sarang  
Executive Director  
Date: 13-June-2012  
Phnom Penh, Kingdom of Cambodia



**AT&C (Cambodia)**  
CPAs and management consultants  
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e: info@at-c.com.kh

The logo for AT&C, consisting of the letters 'AT&C' in white, bold, sans-serif font, centered within a dark blue square.

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTOR OF SOVANN PHOUM ORGANIZATION**

We have audited the financial statements of Sovann Phoum Organization ('the Organisation') for the year ended 31 December 2011 on pages 4 to 11 which has been prepared in accordance with the accounting policies set out in note 2 to the financial statements and accounting principles generally accepted in Cambodia.

### **Respective responsibilities of the management and the auditors**

This financial is the responsibility of the Organisations' management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

This report, including the opinion, has been prepared for and only for the Organisation and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, except where expressly agreed by our prior consent in writing.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The Organisation's policy is to prepare the accompanying financial statements under the cash basis of accounting modified to include the recognition of account receivable and payable. Under the cash basis, income is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

As indicated in note 2, significant accounting policies, to the financial statements, the accompanying financial statements is not prepared to present the financial position and its receipts and disbursements in accordance with International Financial Reporting Standards. The accounting principles and practices utilized in Cambodia may differ from those permitted under International Financial Reporting Standards.



**Limitation in audit scope**

The inventories amounting of US\$ 3,771 do not have a proper system of control or year ended stock count for verification for the purpose of our audit. There were no other satisfactory audit procedures that we could adopt to confirm the accuracy and completeness of this recorded.

**Opinion**

In our opinion, except for the matters in the caption *limitation in audit scope*, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2011 and the results of its operations for the year then ended in accordance with the basis set out in Note 2 to the financial statements and accounting principles generally accepted in Cambodia.

  
AT&C (CAMBODIA) CO., LTD.  
Phnom Penh, Kingdom of Cambodia  
Date: 13-June-2012

A circular blue ink stamp. The outer ring contains Khmer text: "ព្រះរាជាណាចក្រកម្ពុជា" at the top and "សហគ្រាស អេស៊ី អិល អិល" at the bottom. The inner circle contains Khmer text: "អេស៊ី អិល អិល (ខេមបូឌា)" and "AT&C (CAMBODIA) Co., Ltd." in the center.

SOVANN PHOUM ORGANIZATION

BALANCE SHEET  
AS AT 31 DECEMBER 2011

	<u>Notes</u>	<u>2011 US\$</u>	<u>2010 US\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	20,022	23,366
Loan	4	6,248	8,126
		<u>26,270</u>	<u>31,492</u>
<b>Current assets</b>			
Inventory	5	3,771	4,939
Receivables	6	2,111	2,111
Cash and cash equivalents	7	112,435	102,588
		<u>118,317</u>	<u>109,638</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Severance fund		6,793	4,752
AA members contributions		787	-
		<u>7,580</u>	<u>4,752</u>
<b>Net current assets</b>		<u>110,737</u>	<u>104,886</u>
<b>TOTAL NET ASSETS</b>		<u>137,007</u>	<u>136,378</u>
<b>REPRESENTED BY:</b>			
<b>FUNDS BALANCE</b>	9	<u>137,007</u>	<u>136,378</u>

The accompanying notes are an integral part of these financial statements.

SOVANN PHOUM ORGANIZATION

INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	<u>2011 US\$</u>	<u>2010 US\$</u>
<b>INCOME</b>			
Revenue	8	5,680	12,295
Other income		609	719
Interest income		<u>3,313</u>	<u>1,857</u>
		9,602	14,871
<b>EXPENDITURE</b>			
Cost of books		987	2,637
Local office and project costs		109	189
Material and supplies		4	346
Human resources		601	8
Depreciation charge	3	3,344	6,226
Other expenses		<u>3,928</u>	<u>3,558</u>
		8,973	12,964
<b>NET INCOME FOR THE YEAR</b>		<u><b>629</b></u>	<u><b>1,907</b></u>

The accompanying notes are an integral part of these financial statements.

SOVANN PHOUM ORGANIZATION

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011

	<u>Notes</u>	<u>2011 US\$</u>	<u>2010 US\$</u>
<b>RECEIPTS</b>			
Cash receipt from publications		5,183	8,365
Cash receipts from training services		128	2,065
Interest received		3,313	1,857
Interest from loan		369	1,865
Other income		609	719
Funds received from DEKA Project		16,002	-
Transferred remaining bank balance to SP		42	-
Repayment from loan		1,878	8,868
Staff severance fund deposit (SP & Plan Project)		<u>4,002</u>	<u>2,593</u>
		<u>31,526</u>	<u>26,332</u>
<b>DISBURSEMENTS</b>			
Publication		987	2,637
Local office/ project costs		109	189
Materials and supplies		4	346
Human resources		601	8
Other expenses		<u>3,928</u>	<u>3,558</u>
		<u>5,629</u>	<u>6,738</u>
Excess/ (Deficit) of receipts over disbursements		25,897	19,594
Cash and cash equivalents as at beginning of year		102,588	81,223
Transferred of severance fund from SHPP Project		-	1,771
Fund transfer to DEKA Project's bank account		<u>(16,050)</u>	<u>-</u>
<b>Cash and cash equivalents as at end of year</b>	<b>7</b>	<b><u>112,435</u></b>	<b><u>102,588</u></b>

The accompanying notes are an integral part of these financial statements.

## **SOVANN PHOUM ORGANIZATION**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. GENERAL**

Sovann Phoum Organization (the Organization) is a local non-governmental organization initiated by Enfants et Development (E&D) and registered with the Ministry of Interior on 10 April 2000. The Organization is principally engaged in producing health educational materials and conducting child training in order to achieve financial sustainability.

The address of the Organization's registered office is N0. 48, Boeung Kak 2, Toul Kork, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2011, the Organization has 30 employees (2010: 28 employees)

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The financial statements expressed in United States dollars ("US\$") have been prepared under the historical cost convention and using cash basis of accounting modified to include the recognition of account receivable and payable. On this basis, receipts are recognised when received rather than when earned, and disbursements are recognised when paid rather than when incurred.

The financial statements are not intended to present the financial position and receipts and disbursements in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Cambodia. The accounting principles and practices utilised in Cambodia may differ from those generally accepted in countries and jurisdictions other than Cambodia.

##### **2.2 Foreign currency translations**

The Organization transacts primarily in and maintains its accounting records in United States dollars ("US\$"). Monetary assets and liabilities in currencies other than US\$ are translated into US\$ at the rates of exchange ruling at the balance sheet date and transactions in currencies other than US\$ are translated into US\$ at the rates of exchange prevailing on the transaction dates. Exchange differences are recognised immediately in the income statement.

##### **2.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments which are readily convertible into know amounts of cash without notice and which are within three months of maturity when acquired, and bank overdrafts.

SOVANN PHOUM ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (*CONTINUED*)

2.4 Property, plant and equipment

The cost of property and equipment comprises of its purchase price and any directly attributable costs of bringing the assets to working condition for its intended use. Expenditure for addition, improvements and renewal are capitalized and expenditure for maintenance and repairs are charge to the income and expenditure statement. When assets are disposal or retied, their cost and accumulated depreciation are eliminated from the balance sheet and any gain or loss resulting from their disposal is include in the income and expenditure statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual values over its estimated useful life as follows:

Computer	20%
Equipment and furniture	5% - 20%
Motor and vehicles	12.5% - 20%
Tools and equipment	5% - 33%

2.5 Inventories

Inventories are stated at the lower of cost, which is determined on the weighted average basis, and realizable value.

2.6 Receivables

Receivable are carried at anticipated value. An allowance is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Organization and the revenue can be reliably measured. For sales of goods, revenue is recognised when the significant risks and rewards of ownership of goods has passed to the buyer, which generally coincides with their delivery and acceptance.

Special funds contributed by the donors for publication are recognized under a cash basis of accounting. Under this basis, revenue recognized when cash is received rather than when earned.

SOVANN PHOUM ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

3. PROPERTY, PLANT AND EQUIPMENT

	Land US\$	Computer US\$	Equipment & Furniture US\$	Motor vehicles US\$	Tools and equipment US\$	Total US\$
<b>COST</b>						
As at 01 January 2011	7,871	21,876	18,159	35,624	16,543	100,073
Additions	-	-	-	-	-	-
<b>As at 31 December 2011</b>	<b>7,871</b>	<b>21,876</b>	<b>18,159</b>	<b>35,624</b>	<b>16,543</b>	<b>100,073</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at 01 January 2011	-	18,887	15,154	35,142	7,524	76,707
Depreciation charge	-	1,377	377	836	754	3,344
<b>As at 31 December 2011</b>	<b>-</b>	<b>20,264</b>	<b>15,531</b>	<b>35,978</b>	<b>8,278</b>	<b>80,051</b>
<b>NET BOOK VALUE</b>						
As at 31 December 2011	7,871	1,612	2,628	(354)	8,265	20,022
As at 31 December 2010	7,871	2,989	3,005	482	9,019	23,366



SOVANN PHOUM ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

4. LOAN

The loan is provided to medium business and the maturity is 18 months. The interest rate of those loans is 3% per month.

5. INVENTORY

These consist of books and reading materials for health education.

6. RECEIVABLES

	<u>2011</u> US\$	<u>2010</u> US\$
Expense advances	11	11
Deposit- office, telephone and email	<u>2,100</u>	<u>2,100</u>
	<u>2,111</u>	<u>2,111</u>

7. CASH AND CASH EQUIVALANTS

	<u>2011</u> US\$	<u>2010</u> US\$
Cash on hand	313	386
Cash at bank	<u>112,122</u>	<u>102,202</u>
	<u>112,435</u>	<u>102,588</u>

8. REVENUE

	<u>2011</u> US\$	<u>2010</u> US\$
Sales of book and reading materials	5,183	8,365
Training course child-to-child and vocational training	128	2,065
Interest from MC loan	<u>369</u>	<u>1,865</u>
	<u>5,680</u>	<u>12,295</u>

SOVANN PHOUM ORGANIZATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. FUND BALANCE

	Project's capital contribution	Accumulated fund deficit	Total
	US\$	US\$	US\$
<b><u>2011</u></b>			
Balance as at 01 January 2011	113,584	22,794	136,378
Property and equipment transferred from projects	-	-	-
Net income for the year	-	629	629
<b>Balance as at 31 December 2011</b>	<b><u>113,584</u></b>	<b><u>23,423</u></b>	<b><u>137,007</u></b>
<b><u>2010</u></b>			
Balance as at 01 January 2010	113,064	20,887	133,951
Property and equipment transferred from projects	520	-	520
Net income for the year	-	1,907	1,907
<b>Balance as at 31 December 2010</b>	<b><u>113,584</u></b>	<b><u>22,794</u></b>	<b><u>136,378</u></b>



**SOVANN PHOUM ORGANIZATION**

***MICRO CREDIT FUND PROJECT***

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011**

The Board of Directors  
Sovann Phoum Organization  
48 Street 608 Sangkat Boeung Kok II  
Khan Toul Kork, Phnom Peng

Dear Sirs,

**MICRO CREDIT FUND PROJECT  
REPORT ON THE AGREED UPON PROCEDURE**

We have performed the procedure agreed with you and enumerated below with respect of the books and account of the Micro Credit Fund Project (the Project) implemented by Sovann Phoum Organization (the Organization) for the year ended 31 December 2011. These procedures and control and are summarized as follows:

- 1- We checked the statement of receipts and disbursement drawn up from the books of account on the test basis of the original vouchers, invoices and other document.
- 2- We compared the book keeping and documentation against the adopt accounting practice and their applicability.
- 3- We reconciled the funds received from donors for the micro credit activities against their contract.
- 4- We reconciled the funds transfer from the Integrated Development on Urban Phnom Penh unused in accordance with the objectives of the project.
- 5- We checked the bank balance of the account maintained with a licensed bank in Cambodia.
- 6- We obtained cash confirmation on the cash balance.

We report our finding as follows:

- The statement of receipts and disbursements is in agreement with the books of account on the test basis of original vouchers, invoices and other documents.
- The book keeping and documentation were observed to be reasonable to support the statement of receipts and disbursements. Further work is required to ascertain their adequacy.



- The funds received are in accordance with the contracts signed with donors
- The funds transferred from the Integrated Development on Urban Phnom Penh, were observed to be used in accordance with the objective of the project.
- The bank balance was in agreement with the bank statement
- The cash amount was confirmed as correct by custodian

Because the above procedure do not contribute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the controls existing during the year nor the true and fair view of the financial statement for the year ended on 31 December 2011.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any parties without our written consent. This report relates only the items specified above and does not extend to any financial statement of the Project, taken as a whole.

The signature 'AT&C' is written in blue ink to the left of a blue circular stamp. The stamp contains the text 'AT&C (CAMBODIA) CO., LTD.' in the center, with Khmer text around the perimeter and decorative elements.

AT&C (CAMBODIA) CO., LTD.

Phnom Penh, Kingdom of Cambodia  
Date: 13-June-2012

**SOVANN PHOUM ORGANIZATION  
MICRO CREDIT FUND PROJECT**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Notes</b>	<b>2011 US\$</b>	<b>2010 US\$</b>
<b>RECEIPTS</b>			
Repayment by borrowing customers	3	212,811	142,788
Customers' deposit	4	36,771	25,305
Interest received from loans and advances	5	34,594	19,664
Interest received from bank deposit		274	903
Fund received from EdM		3,500	6,455
Fund received from DBN		6,786	6,428
Foreign exchange gain		528	1,461
Write off collected from MC loan		312	63
Penalty from MC loan		317	201
		<u>295,893</u>	<u>203,268</u>
<b>DISBURSEMENTS</b>			
Human resource		32,612	22,093
Local office/ project costs		5,797	3,116
Loan to customers	3	229,556	171,240
Withdrawals by customer's deposit	4	27,110	22,316
Services		1,225	514
MC loan write off		-	8,404
Exchange loss		-	1,106
		<u>296,300</u>	<u>228,789</u>
(Deficit)/ Excess of receipts over disbursements		(407)	(25,521)
Fund balance at beginning of year		<u>45,237</u>	<u>70,758</u>
<b>Fund balance at the end of year</b>		<u><b>44,830</b></u>	<u><b>45,237</b></u>
<b>Represented by:</b>			
Cash on hand		5,392	3,314
Cash at bank		<u>39,438</u>	<u>41,923</u>
		<u><b>44,830</b></u>	<u><b>45,237</b></u>

The accompanying notes are an integral part of this statement of receipts, disbursements and fund balance.

**SOVANN PHOUM ORGANIZATION  
MICRO CREDIT FUND PROJECT**

**NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. PRINCIPAL**

Micro Credit Fund Project (the Project) is implemented by Sovann Phoum Organization (the Organization). The project provides micro finance to the poor and disadvantage families of target arrears of suburban Project to invest in economic activities and to increase target group income in reducing poverty. The activities of the Project are mainly funded by EU through Enfants et Development (E&D), Entrepreneur du Monde (EdM) and Don Boule de Neige (DBN).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of accounting**

The statement of receipts, disbursements and fund balance, expressed in United States dollars ("US\$"), is prepared under the historical cost convention using the cash basis of accounting. Under the cash basis of accounting, receipts are recognised when received rather than when earned, and disbursements are recognised when paid rather than when incurred.

**b. Income**

Fund is recognized on receipt rather than earned basis, which differs from International Financial Reporting Standards.

**c. None-expendable expenditure**

Non-expendable expenditure consists of property and equipment, and is charge to expenses upon acquisition. This practice differs from International Financial Reporting Standards, which require the capitalization and depreciation of property and equipment.

For control and management purpose, a memorandum is maintained by the way of a property and equipment listing.

**d. Foreign currency transaction**

The statement of receipts, disbursements and fund balance is expressed in United States dollars (US\$) which is the functional currency. Transactions in currencies other than US\$ are converted to US\$ at the rate of exchange prevailing on the date of the transaction.

**e. Bank and cash balances**

Bank and cash balances comprise bank saving accounts and cash on hand that is short term and highly liquid balances readily convertible to cash with insignificant risk to change in value.

**SOVANN PHOUM ORGANIZATION  
MICRO CREDIT FUND PROJECT**

**NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**3. LOAN TO CUSTOMERS AND REPAYMENTS**

The project maintains a database of borrowing customers, which is maintained by Organization. The total loan to customers as at 31 December 2011 is US\$229,556 (2010: US\$171,240). The interest rate of those loans is 3% per month.

The micro credit loans to customers during the year were funded as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
Sovann Phom Micro Credit	171,405	134,984
DBN	<u>58,151</u>	<u>36,256</u>
	<u><b>229,556</b></u>	<u><b>171,240</b></u>

The repayments by borrowing customers during the year were as follows:

	<u>2011</u> US\$	<u>2010</u> US\$
Sovann Phom Micro Credit	162,945	116,117
DBN	<u>49,866</u>	<u>26,671</u>
	<u><b>212,811</b></u>	<u><b>142,788</b></u>

**4. CUSTOMERS' DEPOSIT AND WITHDRAWALS**

These are deposits received from customers, which bear interest at negotiated rate of 2% per year disbursement and repayable on demand. The project maintains a record of customers' deposit in a memorandum for control and management purposes.

**5. INTERST INCOME FROM LOANS**

Interest income received from borrowing customers was earned at the rate of 3% per month.