

**MITH SAMLANH**

**Financial Statements  
for the year ended 31 December 2023  
and  
Report of the Independent Auditors**

## **Mith Samlanh**

### **Contents**

|                                       | <b>Pages</b> |
|---------------------------------------|--------------|
| 1. Statement by the management        | 1            |
| 2. Report of the Independent Auditors | 2 – 4        |
| 3. Statement of financial position    | 5            |
| 4. Statement of comprehensive income  | 6            |
| 5. Statement of changes in reserves   | 7            |
| 6. Statement of cash flows            | 8            |
| 7. Notes to the financial statements  | 9 – 30       |

## Organisation Information

|                       |  |   |
|-----------------------|--|---|
| Organisation document | Registration No.172 issued by the Ministry of Interior on 11 February 2002   |   |
| Registered Office     | #215, Street 13, Phnom Penh<br>Kingdom of Cambodia   |   |
| Main donors           | Asian Community Trust<br>Asian Development Bank<br>Accor Heartist Solidarity/FI<br>Bel Foundation/FI<br>Credit Suisse APAC Foundation Limited/FI<br>ECPAT Luxembourg asbl/FI<br>Epic Fondation/FI<br>Fondation Philanthropique NEXT/FI<br>Fondation Junclair<br>Fondation Pierre Bellon/FI<br>Gisela Stichting<br>Global Fund/NCHADS/FI<br>Shiseido Travel Retail Asia Pacific Pte. Ltd./FI<br>United Nations Children's Fund ("UNICEF")/FI<br>United Nations Economic & Social Commission for Asia and the Pacific<br>World Childhood Foundation/FI |   |
| Board of Directors    | Mr. Reth Vuthy<br>Mr. Sebastien Marot<br>Ms. Chhun Chendasophea<br>Ms. Tith Davy   | Chairperson<br>Treasurer<br>Member<br>Member  |
| Technical Coordinator | Friends-International (FI)   |   |
| Management Team       | Ms. Mâp Somaya<br>Mr. Pring KimChhay<br>Ms. Khem Soleil<br>Ms. Nao Phalla<br>Mr. Phourmg Tola  | Program Director<br>Finance Coordinator<br>Building Futures Coordinator<br>Saving Lives Coordinator<br>HR/Admin Coordinator |
| Principal Bankers     | J Trust Royal Bank Plc.<br>ACLEDA Bank Plc.<br>Advanced Bank of Asia Limited<br>Wing Bank (Cambodia) Plc   |   |
| Auditors              | KPMG Cambodia Ltd  |   |

## Statement by the management

I, the undersigned, on behalf of the Board of Directors of Mith Samlanh ("the Organisation"), do hereby state that the financial statements as set out on pages 5 to 30 present fairly, in all material respects, the financial position of the Organisation as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

*Signed on behalf of the Board of Directors in accordance with a resolution of the Board,*



Ms. Măp Somaya  
Program Director

Phnom Penh, Kingdom of Cambodia

28 June 2024



KPMG Cambodia Ltd  
GIA Tower, Sopheap Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
+855 (17) 666 537 / +855 (81) 533 999 | kpmg.com.kh

## **Report of the Independent Auditors**

### **To the Donors of Mith Samlanh**

#### ***Opinion***

We have audited the accompanying financial statements of Mith Samlanh (“the Organisation”) which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 30 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

#### ***Basis for Opinion***

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Statement* section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other Matter***

As stated in Note 24 to the financial statements, the Organisation adopted CIFRS for SMEs on 1 January 2023 with a transition date of 1 January 2022. These standards were applied retrospectively to the comparative information in these financial statements, including the statements of financial position as at 31 December 2022 and 1 January 2022, and the statements of comprehensive income, changes in reserves and cash flows of the Organisation for the year ended 31 December 2022 and related explanatory notes.

We were not engaged to audit on the restated comparative information and it is unaudited. Our responsibilities in respect of this comparative information is to determine whether the financial statements include the comparative information required by CIFRS for SMEs and whether such information is appropriately classified.





## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **KPMG Cambodia Ltd**

  
Taing YoukFong  
Partner



Phnom Penh, Kingdom of Cambodia

28 June 2024

# Mith Samlanh

## Statement of financial position for the year ended 31 December 2023

|                                       |       | 31 December 2023 |                   | 31 December 2022 |                   |
|---------------------------------------|-------|------------------|-------------------|------------------|-------------------|
|                                       |       | US\$             | KHR'000           | US\$             | KHR'000           |
|                                       | Notes |                  | (Note 4)          |                  | (Note 4)          |
| <b>ASSETS</b>                         |       |                  |                   |                  |                   |
| <b>Current assets</b>                 |       |                  |                   |                  |                   |
| Cash and cash equivalents             | 5     | 233,423          | 953,533           | 626,371          | 2,578,770         |
| Term deposits                         | 6     | 365,884          | 1,494,636         | 514,731          | 2,119,147         |
| Accrued income – donors               | 7     | 55,616           | 227,191           | 31,429           | 129,393           |
| Other receivables                     | 8     | 5,472            | 22,354            | 13,953           | 57,445            |
|                                       |       | 660,395          | 2,697,714         | 1,186,484        | 4,884,755         |
| <b>Non-current assets</b>             |       |                  |                   |                  |                   |
| Property and equipment                | 9     | 2,831,668        | 11,567,364        | 2,830,214        | 11,651,991        |
| <b>TOTAL ASSETS</b>                   |       | <b>3,492,063</b> | <b>14,265,078</b> | <b>4,016,698</b> | <b>16,536,746</b> |
| <b>LIABILITIES AND RESERVES</b>       |       |                  |                   |                  |                   |
| <b>LIABILITIES</b>                    |       |                  |                   |                  |                   |
| <b>Current liabilities</b>            |       |                  |                   |                  |                   |
| Unearned income – donors              | 10    | 209,998          | 857,842           | 470,131          | 1,935,529         |
| Employee benefit obligation           | 11    | -                | -                 | 136,635          | 562,526           |
| Other payables                        | 12    | 17,015           | 69,506            | 5,246            | 21,598            |
| <b>Total liabilities</b>              |       | <b>227,013</b>   | <b>927,348</b>    | <b>612,012</b>   | <b>2,519,653</b>  |
| <b>RESERVES</b>                       |       |                  |                   |                  |                   |
| Fund balance                          |       | 3,265,050        | 13,298,132        | 3,404,686        | 13,872,035        |
| Currency translation reserves         |       | -                | 39,598            | -                | 145,058           |
| <b>Total reserves</b>                 |       | <b>3,265,050</b> | <b>13,337,730</b> | <b>3,404,686</b> | <b>14,017,093</b> |
| <b>TOTAL LIABILITIES AND RESERVES</b> |       | <b>3,492,063</b> | <b>14,265,078</b> | <b>4,016,698</b> | <b>16,536,746</b> |

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



# Mith Samlanh

## Statement of comprehensive income for the year ended 31 December 2023

|   |      | 2023             |                     | 2022             |                     |
|---|------|------------------|---------------------|------------------|---------------------|
|   | Note | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| <b>Income</b>   |      |                  |                     |                  |                     |
| Donor grants  | 13   | 1,731,479        | 7,116,379           | 1,825,551        | 7,461,027           |
| Private donation  | 14   | 11,516           | 47,331              | 306,925          | 1,254,402           |
| Other income  | 15   | 34,370           | 141,261             | 23,978           | 97,998              |
|   |      | <u>1,777,365</u> | <u>7,304,971</u>    | <u>2,156,454</u> | <u>8,813,427</u>    |
| <b>Expenditure</b>  |      |                  |                     |                  |                     |
| Personnel costs   | 16   | 954,058          | 3,921,178           | 915,520          | 3,741,730           |
| Direct costs  | 17   | 451,923          | 1,857,404           | 762,281          | 3,115,442           |
| Equipment/Assets  | 18   | 9,958            | 40,927              | 12,803           | 52,326              |
| Indirect costs  | 19   | 180,860          | 743,335             | 146,218          | 597,593             |
| Travel and Training   | 20   | 4,417            | 18,154              | 5,386            | 22,013              |
| Sub-Grants to Friends Alliance                                  | 21   | 315,785          | 1,297,876           | 210,923          | 862,042             |
| <b>Total expenditure</b>  |      | <u>1,917,001</u> | <u>7,878,874</u>    | <u>2,053,131</u> | <u>8,391,146</u>    |
| <b>Net (deficit)/surplus for the year</b>                       |      | <u>(139,636)</u> | <u>(573,903)</u>    | <u>103,323</u>   | <u>422,281</u>      |
| <b>Other comprehensive (loss)/<br/>income</b>                   |      |                  |                     |                  |                     |
| <i>Item that will not be reclassified to<br/>profit or loss</i> |      |                  |                     |                  |                     |
| Currency translation difference                                 |      | <u>-</u>         | <u>(105,460)</u>    | <u>-</u>         | <u>145,058</u>      |
| <b>Total comprehensive<br/>(loss)/income for the year</b>       |      | <u>(139,636)</u> | <u>(679,363)</u>    | <u>103,323</u>   | <u>567,339</u>      |

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

## Mith Samlanh

### Statement of changes in reserves for the year ended 31 December 2023

|  | Fund balance            |                          | Currency translation reserves |                       | Total reserves          |                          |
|--|-------------------------|--------------------------|-------------------------------|-----------------------|-------------------------|--------------------------|
|  | US\$                    | KHR'000<br>(Note 4)      | US\$                          | KHR'000<br>(Note 4)   | US\$                    | KHR'000<br>(Note 4)      |
| At 1 January 2023                        | 3,404,686               | 13,872,035               | -                             | 145,058               | 3,404,686               | 14,017,093               |
| <b><i>Total comprehensive loss</i></b>   |                         |                          |                               |                       |                         |                          |
| Net deficit for the year                 | (139,636)               | (573,903)                | -                             | -                     | (139,636)               | (573,903)                |
| Currency translation difference          | -                       | -                        | -                             | (105,460)             | -                       | (105,460)                |
|  | <u>(139,636)</u>        | <u>(573,903)</u>         | <u>-</u>                      | <u>(105,460)</u>      | <u>(139,636)</u>        | <u>(679,363)</u>         |
| <b>At 31 December 2023</b>               | <b><u>3,265,050</u></b> | <b><u>13,298,132</u></b> | <b><u>-</u></b>               | <b><u>39,598</u></b>  | <b><u>3,265,050</u></b> | <b><u>13,337,730</u></b> |
| At 1 January 2022                        | 3,301,363               | 13,449,754               | -                             | -                     | 3,301,363               | 13,449,754               |
| <b><i>Total comprehensive income</i></b> |                         |                          |                               |                       |                         |                          |
| Net surplus for the year                 | 103,323                 | 422,281                  | -                             | -                     | 103,323                 | 422,281                  |
| Currency translation difference          | -                       | -                        | -                             | 145,058               | -                       | 145,058                  |
|  | <u>103,323</u>          | <u>422,281</u>           | <u>-</u>                      | <u>145,058</u>        | <u>103,323</u>          | <u>567,339</u>           |
| <b>At 31 December 2022</b>               | <b><u>3,404,686</u></b> | <b><u>13,872,035</u></b> | <b><u>-</u></b>               | <b><u>145,058</u></b> | <b><u>3,404,686</u></b> | <b><u>14,017,093</u></b> |

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

# Mith Samlanh

## Statement of cash flows for the year ended 31 December 2023

|   |       | 2023             |                     | 2022             |                     |
|---|-------|------------------|---------------------|------------------|---------------------|
|   | Notes | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| <b>Cash flow from operating activities</b>                    |       |                  |                     |                  |                     |
| Net deficit/surplus for the year                              |       | (139,636)        | (573,903)           | 103,323          | 422,281             |
| <i>Non-cash adjustments:</i>                                  |       |                  |                     |                  |                     |
| Depreciation  |       | 1,634            | 6,716               | 1,016            | 4,152               |
| Employee benefit obligation                                   |       | 37,924           | 155,867             | 31,507           | 128,769             |
| Bad debt expense  |       | (1,320)          | (5,426)             | (1,198)          | (4,899)             |
| Interest income   |       | (31,671)         | (130,168)           | (23,967)         | (97,953)            |
| <i>Changes in:</i>  |       |                  |                     |                  |                     |
| Accrued donor income  |       | (24,187)         | (99,409)            | (13,682)         | (55,918)            |
| Other receivables   |       | 9,801            | 40,282              | (137)            | (560)               |
| Deferred income – donors                                      |       | (260,133)        | (1,069,147)         | (8,135)          | (33,248)            |
| Other payables  |       | 11,769           | 48,371              | 894              | 3,654               |
| Cash (used in)/generated from operations                      |       | (395,819)        | (1,626,817)         | 89,621           | 366,278             |
| Employee benefit obligation paid                              |       | (174,559)        | (717,437)           | (40,223)         | (164,391)           |
| Interest received   |       | 30,518           | 125,429             | 9,236            | 37,748              |
| <b>Net cash (used in)/generated from operating activities</b> |       | <u>(539,860)</u> | <u>(2,218,825)</u>  | <u>58,634</u>    | <u>239,635</u>      |
| <b>Cash flow from investing activities</b>                    |       |                  |                     |                  |                     |
| Purchase of property and equipment                            |       | (3,088)          | (12,692)            | (1,330)          | (5,436)             |
| Term deposit  |       | 150,000          | 616,500             | (100,000)        | (408,700)           |
| <b>Net cash generated from/(used in) investing activities</b> |       | <u>146,912</u>   | <u>603,808</u>      | <u>(101,330)</u> | <u>(414,136)</u>    |
| <b>Net decrease in cash and cash equivalents</b>              |       | (392,948)        | (1,615,017)         | (42,696)         | (174,501)           |
| Cash and cash equivalents at beginning of year                |       | 626,371          | 2,578,770           | 669,067          | 2,725,779           |
| Currency translation difference                               |       | -                | (10,220)            | -                | 27,492              |
| <b>Cash and cash equivalents at end of year</b>               | 5     | <u>233,423</u>   | <u>953,533</u>      | <u>626,371</u>   | <u>2,578,770</u>    |

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

# Mith Samlanh

## Notes to the financial statements for the year ended 31 December 2023

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

### 1. Background

Mith Samlanh (“the Organisation”) was established in 1994 in Phnom Penh, Cambodia, and works with vulnerable children/youth, their families and their communities. The Organisation registered as a local NGO with the Ministry of Interior on 11 February 2002 and revised the registration letter on 13 March 2020 under letter No. 1808, and is party to a Memorandum of Understanding with several Ministries as listed here:

- Ministry of Health (2 April 2016 - 31 May 2023)  
and renewed (1 January 2024 to 31 December 2026)
- Ministry of Education, Youth and Sports (1 January 2023 - 31 December 2025)
- Ministry of Vocational Training and Employment (20 December 2023 - 20 December 2028)
- Municipality of Phnom Penh (20 April 2023 – 20 April 2028)
- National Authority for Combating Drugs (2 July 2020 - 02 July 2021, 12 August 2022 - 27 August 2023).
- Ministry of Social Affairs, Veterans and, Youth Rehabilitation (28 October 2022 - 28 October 2025)

The Organisation’s objective is to save lives and build futures. Mith Samlanh saves lives through outreach, drop-in-centres, detoxification and rehabilitation centres, support groups, provision of emergency support services with the objective of stabilising and securing young people and caregivers, before supporting them to build their futures. After stabilization, Mith Samlanh focuses on building futures, reintegrating children into school, and youth, caregivers into employment and for communities to become active and productive citizens of their country and in protecting children. Since 1994, the Organisation has been working with children and youth to develop the best possible service to give them opportunities to go to school, learn a trade, find employment, recover from drug addiction and move away from life on the streets.

As at 31 December 2023, the Organisation had 141 employees (2022: 166 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”). These are the Organisation’s first set of financial statements prepared in accordance with CIFRS for SMEs and section 35 *Transition to the CIFRS for SMEs* has been applied.

# **Mith Samlanh**

## **Notes to the financial statements (continued) for the year ended 31 December 2023**

### **2. Basis of preparation (continued)**

#### **(a) Statement of compliance (continued)**

In the previous financial year, the financial statements were prepared in accordance with the Cash Basis of Accounting of Cambodian Financial Reporting Standard for Not-Profit Entities ("CFRS for NFPEs") relating to the preparation and presentation of financial statements for submission to the Cambodian Accounting and Auditing Regulatory Body (ACAR) ("Cambodia GAAP").

The Organisation has applied consistently to all periods presented in these financial statements and in preparing the opening CIFRS for SMEs statement of financial position at 1 January 2022 for the purposes of the transition to CIFRS for SMEs.

An explanation of how the transition to CIFRS for SMEs has affected the reported financial position, financial performance and cash flows of the Organisation is provided in Note 24.

These financial statements were authorised for issue by the Organisation's management on 28 June 2024.

#### **(b) Basis of measurement**

The financial statements expressed in United States Dollars ("US\$") have been prepared under the historical cost convention.

#### **(c) Functional and presentation currency**

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Organisation transacts its operations and maintains its accounting records primarily in United States Dollars ("US\$"), management has determined US\$ to be the Organisation's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Organisation.

These financial statements are presented in US\$, which is the Organisation's functional currency. All amounts have been rounded to the nearest dollar, except otherwise indicated.

#### **(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with CIFRS for SMEs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Significant accounting policies

#### (a) Foreign currency translation

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rate as at the respective dates of the initial transactions.

#### (b) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks with original maturities of three months or less and other highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

#### (c) Other receivables

Other receivables comprise prepayments, deposit and advance where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

#### (d) Property and equipment

##### (i) *Recognition and measurement*

The Organisation capitalises all items of property and equipment, except leased property renovation with acquisition cost in excess of US\$1,000 and leased property renovations is capitalised when the cost incurred excess of \$5,000.

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Significant accounting policies (continued)

#### (d) Property and equipment (continued)

##### (ii) *Subsequent cost*

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Organisation and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

##### (iii) *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Depreciation of equipment is charged to statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets as follows:

| <i>Class of assets</i>                             | <i>Years</i> |
|--|--------------|
| Office and IT equipment                            | 4            |
| Furniture, Machinery and other equipment           | 5            |
| Vehicles   | 5            |
| Construction and building works (owned properties) | 10           |

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Disposals are recorded when the assets are scrapped or sold. Cost of maintenance is expended as incurred.

#### (e) Other payables

Other payables are carried at amortised cost during the effective interest method in the statement of financial position.

#### (f) Impairment

At each reporting date, property and equipment and intangible asset are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Significant accounting policies (continued)

#### (f) Impairment (continued)

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (g) Operating leases

Leases when substantially all the rewards and risks of ownership of assets remain with the Lessor are accounted for as operating leases. Rental payable under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

#### (h) Provisions

A provision is recognised if, as a result of a past event, the Organisation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### (i) Employee benefits

##### (i) *Short-term employee benefits*

Short-term employee benefits are expense as the related service is provide. A liability is recognised for the amount expected to be paid if the Organisation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### (ii) *Other long-term employee benefits*

The Organisation's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 3. Significant accounting policies (continued)

#### (j) Recognition of income

##### (i) Donor grants

Donor grants are accounted for in accordance with Section 24 of CIFRS for SMEs. As such, the income received from restricted grants is only recognised when “earned”, regardless of when grant instalments are paid when a) for the period in which expenses for the related grant are recognised for which the grant is intended to compensate and b) where grant conditions are met.

Where the grant instalments have been received, but not recognised or utilised, they are presented in the statement of financial position as a current liability under “Unearned income – donors”.

Where grant instalments have not been received, are committed and utilised in advance of payment, they are presented in the statement of financial position as a current asset under “accrued income - donors”.

##### (ii) Private donation

Private donations are recognised when they are deemed receivable. A private donation is deemed to be receivable when actually received from individuals, companies, organisations or institutions which are not covered by specific grant agreements with terms and conditions. Donations in kind, if any, are recognised at fair value when received using a reliable estimate of the cost of the donated goods or services.

##### (iii) Finance income

Finance income comprises interest income on deposits and placements and exchange rate gains. Interest income and realised exchange rate gains are recognised when Mith Samlanh becomes entitled to them.

#### (k) Income tax

Provision for income tax is not applicable, as the Organisation is registered as not-for-profit organisation which is subject to exempt from income tax under Article 9 of Cambodian Law on Taxation.

### 4. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars (“US\$”) which is the Organisation’s functional currency. The translations of United States Dollars amount into Khmer Riel (“KHR”) meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 4. Translation of United States Dollars into Khmer Riel (continued)

Assets and liabilities are translated at the closing rate as at the reporting. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as “Currency translation reserves” in the other comprehensive income.

The Organisation uses the following exchange rates:

| Financial year end |         | Closing<br>rate | Average<br>rate |
|--------------------|---------|-----------------|-----------------|
| 31 December 2023   | US\$1 = | KHR4,085        | KHR4,110        |
| 31 December 2022   | US\$1 = | <u>KHR4,117</u> | <u>KHR4,087</u> |

The translation to Khmer Riel should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

### 5. Cash and cash equivalents

|                            | 31 December 2023 |                     | 31 December 2022 |                     |
|----------------------------|------------------|---------------------|------------------|---------------------|
|                            | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Cash on hand               | <u>164</u>       | <u>670</u>          | <u>13</u>        | <u>54</u>           |
| Cash at banks:             |                  |                     |                  |                     |
| J Trust Royal Bank Plc.    | 38,332           | 156,586             | 242,022          | 996,408             |
| ACLEDA Bank Plc.           | -                | -                   | 26,901           | 110,751             |
| Advanced Bank of Asia Ltd. | 194,910          | 796,207             | 357,354          | 1,471,227           |
| Wing Specialised Bank      | <u>17</u>        | <u>70</u>           | <u>81</u>        | <u>330</u>          |
|                            | <u>233,259</u>   | <u>952,863</u>      | <u>626,358</u>   | <u>2,578,716</u>    |
| Cash and cash equivalents  | <u>233,423</u>   | <u>953,533</u>      | <u>626,371</u>   | <u>2,578,770</u>    |



## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 6. Term deposits

|                         | 31 December 2023 |                     | 31 December 2022 |                     |
|-------------------------|------------------|---------------------|------------------|---------------------|
|                         | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Term deposits           | 350,000          | 1,429,750           | 500,000          | 2,058,500           |
| Accrued interest income | 15,884           | 64,886              | 14,731           | 60,647              |
|                         | <u>365,884</u>   | <u>1,494,636</u>    | <u>514,731</u>   | <u>2,119,147</u>    |

The term deposit placement at J Trust Royal Bank Plc. with principal amounting to US\$350,000 for maturity of one year and bear interest at rates of 8% (2022: 5.20%) per annum.

#### 7. Accrued income – donors

|   | 31 December 2023 |                     | 31 December 2022 |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| FI/Epic Foundation                                  | 55,616           | 227,191             | -                | -                   |
| Asian Development Bank                              | -                | -                   | 22,831           | 93,995              |
| FI/Shiseido Travel Retail Asia<br>Pacific Pte. Ltd. | -                | -                   | 8,598            | 35,398              |
|   | <u>55,616</u>    | <u>227,191</u>      | <u>31,429</u>    | <u>129,393</u>      |

#### 8. Other receivables

|  | 31 December 2023 |                     | 31 December 2022 |                     |
|--|------------------|---------------------|------------------|---------------------|
|  | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Prepayment                                 | 1,999            | 8,166               | 3,702            | 15,242              |
| Guarantee deposits                         | 1,630            | 6,659               | 3,112            | 12,812              |
| Insurance receivables                      | 1,572            | 6,422               | 2,008            | 8,267               |
| Vocational training accounts<br>receivable | -                | -                   | 1,471            | 6,056               |
| Staff loans                                | -                | -                   | 3,660            | 15,068              |
| Other                                      | 271              | 1,107               | -                | -                   |
|  | <u>5,472</u>     | <u>22,354</u>       | <u>13,953</u>    | <u>57,445</u>       |

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 9. Property and equipment

| 2023                                  | Freehold land (*)<br>US\$ | Vehicles<br>US\$ | Furniture, machinery<br>and other equipment<br>US\$ | US\$             | Total<br>KHR'000<br>(Note 4) |
|---------------------------------------|---------------------------|------------------|---|------------------|------------------------------|
| <b>Cost</b>                           |                           |                  |   |                  |                              |
| At 1 January 2023                     | 2,826,900                 | 5,080            | -   | 2,831,980        | 11,659,262                   |
| Additions                             | -                         | -                | 3,088   | 3,088            | 12,692                       |
| Disposals                             | -                         | -                | -   | -                | -                            |
| Currency translation difference       | -                         | -                | -   | -                | (90,701)                     |
| At 31 December 2023                   | <u>2,826,900</u>          | <u>5,080</u>     | <u>3,088</u>  | <u>2,835,068</u> | <u>11,581,253</u>            |
| <b>Less: Accumulated depreciation</b> |                           |                  |   |                  |                              |
| At 1 January 2023                     | -                         | 1,766            | -   | 1,766            | 7,271                        |
| Depreciation for the year             | -                         | 1,016            | 618   | 1,634            | 6,716                        |
| Disposals                             | -                         | -                | -   | -                | -                            |
| Currency translation difference       | -                         | -                | -   | -                | (98)                         |
| At 31 December 2023                   | <u>-</u>                  | <u>2,782</u>     | <u>618</u>  | <u>3,400</u>     | <u>13,889</u>                |
| <b>Carrying amounts</b>               |                           |                  |   |                  |                              |
| At 31 December 2023                   | <u>2,826,900</u>          | <u>2,298</u>     | <u>2,470</u>  | <u>2,831,668</u> | <u>11,567,364</u>            |

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 9. Property and equipment (Continued)

| 2022                                  | Freehold land (*)<br>US\$ | Vehicles<br>US\$    | Furniture, machinery<br>and other equipment<br>US\$ | US\$                    | Total<br>US\$            |
|---------------------------------------|---------------------------|---------------------|---|-------------------------|--------------------------|
| <b>Cost</b>                           |                           |                     |   |                         |                          |
| At 1 January 2022                     | 2,826,900                 | 3,750               | -   | 2,830,650               | 11,532,069               |
| Additions                             | -                         | 1,330               | -   | 1,330                   | 5,436                    |
| Currency translation difference       | -                         | -                   | -   | -                       | 121,757                  |
| At 31 December 2022                   | <u>2,826,900</u>          | <u>5,080</u>        | <u>-</u>  | <u>2,831,980</u>        | <u>11,659,262</u>        |
| <b>Less: Accumulated depreciation</b> |                           |                     |   |                         |                          |
| At 1 January 2022                     | -                         | 750                 | -   | 750                     | 3,056                    |
| Depreciation for the year             | -                         | 1,016               | -   | 1,016                   | 4,152                    |
| Currency translation difference       | -                         | -                   | -   | -                       | 63                       |
| At 31 December 2022                   | <u>-</u>                  | <u>1,766</u>        | <u>-</u>  | <u>1,766</u>            | <u>7,271</u>             |
| <b>Carrying amounts</b>               |                           |                     |   |                         |                          |
| At 31 December 2022                   | <u><u>2,826,900</u></u>   | <u><u>3,314</u></u> | <u><u>-</u></u>                                     | <u><u>2,830,214</u></u> | <u><u>11,651,991</u></u> |

(\*) On 5 December 2006, the Organisation purchased the freehold land located at located at #215, Street 13, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia. The purpose of this land is to secure the future of the programme of the Organisation where its core activities are based. The land ownership was registered in hard title deed and hold in trust under the name of the Program Director, Ms. Map Somaya on behalf of the Organisation.

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 10. Unearned income – donors

|   | 31 December 2023 |                     | 31 December 2022 |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Asian Community Trust   | 665              | 2,720               | 1,720            | 7,081               |
| United Nations Economic and Social<br>Commission for Asia and the<br>Pacific (UN ESCAP) | 18,641           | 76,148              | -                | -                   |
| FI/Credit Suisse APAC<br>Foundation Limited   | 23,040           | 94,118              | 34,769           | 143,144             |
| FI/ECPAT Luxembourg asbl  | 1,109            | 4,530               | -                | -                   |
| FI/Epic Foundation  | 5,396            | 22,043              | 4,128            | 16,995              |
| FI/NCHADS / GFATM   | 1,724            | 7,043               | 5,861            | 24,130              |
| Fondation Junclair  | 21,593           | 88,207              | 20,528           | 84,514              |
| FI/Fondation Junclair   | 31,228           | 127,566             | 6,227            | 25,637              |
| FI/Fondation Philanthropique NEXT   | 79,995           | 326,777             | 92,745           | 381,831             |
| FI/Fondation Pierre Bellon  | 26,607           | 108,690             | 61,129           | 251,668             |
| Gisela Stichting  | -                | -                   | 13,548           | 55,777              |
| FI/Accor Heartist Solidarity  | -                | -                   | 7,811            | 32,158              |
| FI/Bel Foundation   | -                | -                   | 15,699           | 64,633              |
| FI/CW Asia Fund Charitable Foundation   | -                | -                   | 6,500            | 26,761              |
| FI/Fossil Foundation  | -                | -                   | 13,799           | 56,810              |
| FI/The International Labour Organization  | -                | -                   | 11,759           | 48,412              |
| FI/Regent Capital Trust Corporation<br>Limited as Trustee of the Kwok<br>Foundation     | -                | -                   | 43,478           | 178,999             |
| FI/The Cold Mountain Fund of RSF<br>Social Finance                                      | -                | -                   | 129,577          | 533,468             |
| FI/World Childhood Foundation   | -                | -                   | 853              | 3,511               |
|   | <u>209,998</u>   | <u>857,842</u>      | <u>470,131</u>   | <u>1,935,529</u>    |

#### 11. Employee benefit obligation

|                     | 31 December 2023 |                     | 31 December 2022 |                     |
|---------------------|------------------|---------------------|------------------|---------------------|
|                     | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Seniority indemnity | <u>-</u>         | <u>-</u>            | <u>136,635</u>   | <u>562,526</u>      |

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 11. Employee benefit obligation (continued)

This represents provision for seniority indemnity on back-pay and current pay by Prakas N.443 issued by the Ministry of Labour and Vocational Training on 21 September 2018 and subsequently amended by the Instruction No.042/19 dated 22 March 2019.

The movement in employee benefit obligation are as bellow:

|  | 2023      |                     | 2022           |                     |
|--|-----------|---------------------|----------------|---------------------|
|  | US\$      | KHR'000<br>(Note 4) | US\$           | KHR'000<br>(Note 4) |
| At 1 January                           | 136,635   | 562,526             | 145,351        | 592,160             |
| Recognised in profit or loss (Note 16) | 37,924    | 155,867             | 31,507         | 128,769             |
| Payment during the year                | (174,559) | (717,437)           | (40,223)       | (164,391)           |
| Currency translation difference        | -         | (956)               | -              | 5,988               |
| On 31 December                         | <u>-</u>  | <u>-</u>            | <u>136,635</u> | <u>562,526</u>      |

On 26 May 2023, the Organisation paid off the obligation back pay seniority in lum-sump to individual employee. The Organisation maintains the current pay seniority which is due to be settled in June and December each year.

### 12. Other payables

|             | 2023          |                     | 2022         |                     |
|-------------|---------------|---------------------|--------------|---------------------|
|             | US\$          | KHR'000<br>(Note 4) | US\$         | KHR'000<br>(Note 4) |
| Tax payable | 2,658         | 10,858              | 3,786        | 15,587              |
| Others      | 14,357        | 58,648              | 1,460        | 6,011               |
|             | <u>17,015</u> | <u>69,506</u>       | <u>5,246</u> | <u>21,598</u>       |



# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 13. Donor grants

|   | 2023             |                     | 2022             |                     |
|---|------------------|---------------------|------------------|---------------------|
|   | US\$             | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Asian Community Trust   | 18,670           | 76,734              | 13,286           | 54,298              |
| Asian Development Bank  | 345,324          | 1,419,282           | 140,361          | 573,657             |
| Gisela Stichting  | 48,548           | 199,532             | 63,427           | 259,227             |
| United Nations Economic & Social<br>Commission for Asia and the Pacific<br>(UN ESCAP) | 6,359            | 26,135              | -                | -                   |
| FI/Accor Heartist Solidarity  | 28,347           | 116,506             | 40,426           | 165,220             |
| FI/Bel Foundation   | 15,699           | 64,523              | -                | -                   |
| FI/Credit Suisse APAC Foundation<br>Limited   | 66,730           | 274,260             | 94,756           | 387,268             |
| FI/CW Asia Fund Charitable Foundation   | 6,500            | 26,715              | 3,500            | 14,305              |
| FI/ECPAT Luxembourg asbl  | 129,033          | 530,326             | 126,627          | 517,525             |
| FI/Epic Foundation  | 154,347          | 634,366             | 45,872           | 187,480             |
| FI/Fondation Junclair/ATOZ  | 107,402          | 441,422             | 125,956          | 514,783             |
| FI/Fondation Junclair   | 114,308          | 469,806             | 53,350           | 218,043             |
| FI/Fondation Philanthropique NEXT   | 71,635           | 294,420             | 239,408          | 978,460             |
| FI/Fondation Pierre Bellon  | 83,236           | 342,100             | 66,829           | 273,130             |
| FI/Fossil Foundation  | 13,799           | 56,714              | 31,632           | 129,278             |
| FI/NCHADS / GFATM   | 149,255          | 613,438             | 133,280          | 544,717             |
| FI/Regent Capital Trust Corporation<br>Limited as Trustee of the Kwok<br>Foundation   | 43,478           | 178,695             | 6,522            | 26,654              |
| FI/Shiseido Travel Retail Asia Pacific<br>Pte. Ltd.                                   | 68,130           | 280,014             | 49,704           | 203,142             |
| FI/The Cold Mountain Fund of RSF<br>Social Finance                                    | 129,577          | 532,561             | 70,423           | 287,818             |
| FI/The International Labour Organization  | 6,909            | 28,396              | 14,438           | 59,009              |
| FI/UNICEF Cambodia  | 107,273          | 440,892             | 187,428          | 766,020             |
| FI/World Childhood Foundation   | 16,920           | 69,542              | 18,317           | 74,860              |
| DanChurchAid  | -                | -                   | 99,406           | 406,271             |
| FI/Give2Asia/VISA   | -                | -                   | 6,505            | 26,586              |
| Sipar/AFD   | -                | -                   | 33,353           | 136,312             |
| People In Need  | -                | -                   | (900)            | (3,678)             |
| Riverview Children's Foundation   | -                | -                   | 7,254            | 29,645              |
| FI/If Foundation  | -                | -                   | 154,391          | 630,997             |
| Total   | <u>1,731,479</u> | <u>7,116,379</u>    | <u>1,825,551</u> | <u>7,461,027</u>    |

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 14. Private donations

|                                 | 2023          |                     | 2022           |                     |
|---------------------------------|---------------|---------------------|----------------|---------------------|
|                                 | US\$          | KHR'000<br>(Note 3) | US\$           | KHR'000<br>(Note 3) |
| Other private/individual donors | <u>11,516</u> | <u>47,331</u>       | <u>306,925</u> | <u>1,254,402</u>    |

This represents donations from individuals, companies, organisations or institutes which are not covered by specific grant agreements.

#### 15. Other income

|                 | 2023          |                     | 2022          |                     |
|-----------------|---------------|---------------------|---------------|---------------------|
|                 | US\$          | KHR'000<br>(Note 4) | US\$          | KHR'000<br>(Note 4) |
| Interest income | 31,671        | 130,168             | 23,967        | 97,953              |
| Others          | <u>2,699</u>  | <u>11,093</u>       | <u>11</u>     | <u>45</u>           |
|                 | <u>34,370</u> | <u>141,261</u>      | <u>23,978</u> | <u>97,998</u>       |

#### 16. Personnel costs

|  | 2023           |                     | 2022           |                     |
|--|----------------|---------------------|----------------|---------------------|
|  | US\$           | KHR'000<br>(Note 4) | US\$           | KHR'000<br>(Note 4) |
| National staff                           | 850,817        | 3,496,858           | 836,742        | 3,419,765           |
| Health and pensions                      | 40,939         | 168,259             | 24,062         | 98,341              |
| Severance pay/seniority (*)<br>(Note 10) | 37,924         | 155,867             | 31,507         | 128,769             |
| Overtime                                 | 16,158         | 66,409              | 12,567         | 51,361              |
| Stipend                                  | 3,896          | 16,013              | 1,439          | 5,881               |
| Consultancies/professional fees          | 3,716          | 15,273              | 5,377          | 21,976              |
| Recruitment costs                        | 608            | 2,499               | 848            | 3,466               |
| Staff COVID testing                      | -              | -                   | 2,978          | 12,171              |
|  | <u>954,058</u> | <u>3,921,178</u>    | <u>915,520</u> | <u>3,741,730</u>    |

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 16. Personnel costs (continued)

(\*) In accordance with Prakas No. 443 MLVT/Br. K issued by the Ministry of Labor and Vocational Training on 21 September 2018 and subsequently amended by the Instruction No. 042/19 dated 22 March 2019, all employees are entitled to seniority indemnity at the amount equal to 15 days of net wage per year.

### 17. Direct costs

|  | 2023           |                     | 2022           |                     |
|--|----------------|---------------------|----------------|---------------------|
|  | US\$           | KHR'000<br>(Note 4) | US\$           | KHR'000<br>(Note 4) |
| Hygiene costs                                      | 11,161         | 45,872              | 13,733         | 56,127              |
| Medical costs                                      | 36,321         | 149,279             | 25,903         | 105,866             |
| Information, Education,<br>Communication Materials | 299            | 1,229               | 1,182          | 4,831               |
| Clothing for Beneficiaries                         | 2,152          | 8,845               | 2,322          | 9,490               |
| Non-Formal Education materials                     | 2,549          | 10,476              | 6,208          | 25,372              |
| Food/Drink for Beneficiaries                       | 95,470         | 392,382             | 267,413        | 1,092,917           |
| Family Support                                     | 49,345         | 202,808             | 213,771        | 873,682             |
| Harm Reduction Materials                           | 5,695          | 23,406              | 6,080          | 24,849              |
| Centre Supplies                                    | 15,151         | 62,271              | 9,692          | 39,611              |
| Other Activity Costs                               | 833            | 3,424               | 679            | 2,775               |
| Case Manager Travel                                | 6,740          | 27,701              | 5,108          | 20,876              |
| Recreational Activity Support                      | 3,552          | 14,598              | 3,397          | 13,884              |
| Outreach Materials                                 | 1,433          | 5,890               | 1,068          | 4,365               |
| School Reintegration Support                       | 41,452         | 170,368             | 40,214         | 164,355             |
| Vocational Training Materials                      | 33,752         | 138,721             | 23,412         | 95,685              |
| Employment activities                              | 39,212         | 161,161             | 56,632         | 231,455             |
| ChildSafe Activities                               | 11,313         | 46,496              | 6,136          | 25,078              |
| Foster Care Families                               | 43,804         | 180,034             | 33,659         | 137,564             |
| Staff Uniforms                                     | 1,035          | 4,254               | 1,198          | 4,895               |
| Independent Living                                 | 8,319          | 34,191              | 7,569          | 30,935              |
| Beneficiary Transport                              | 37,329         | 153,422             | 30,293         | 123,807             |
| Beneficiary Trainings / Meetings                   | 4,159          | 17,093              | 4,860          | 19,863              |
| Community Event Costs                              | 847            | 3,483               | 1,180          | 4,823               |
| Beneficiary COVID Testing                          | -              | -                   | 572            | 2,337               |
|  | <u>451,923</u> | <u>1,857,404</u>    | <u>762,281</u> | <u>3,115,442</u>    |

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 18. Equipment/Assets

|                               | 2023         |                     | 2022          |                     |
|-------------------------------|--------------|---------------------|---------------|---------------------|
|                               | US\$         | KHR'000<br>(Note 4) | US\$          | KHR'000<br>(Note 4) |
| Depreciation of Fixed Assets  | 1,634        | 6,716               | 1,016         | 4,152               |
| Vocational Training Equipment | 3,035        | 12,474              | 2,892         | 11,820              |
| IT/Computers                  | 2,600        | 10,686              | 5,228         | 21,367              |
| Furniture/Fittings            | 1,507        | 6,194               | 2,533         | 10,352              |
| Inventory                     | 1,182        | 4,857               | 1,034         | 4,227               |
| Vehicles                      | -            | -                   | 100           | 408                 |
|                               | <u>9,958</u> | <u>40,927</u>       | <u>12,803</u> | <u>52,326</u>       |

#### 19. Indirect costs

|                                  | 2023           |                     | 2022           |                     |
|----------------------------------|----------------|---------------------|----------------|---------------------|
|                                  | US\$           | KHR'000<br>(Note 4) | US\$           | KHR'000<br>(Note 4) |
| Communications                   | 15,159         | 62,303              | 11,546         | 47,189              |
| Transport/ Gasoline/ Maintenance | 33,091         | 136,004             | 34,075         | 139,265             |
| Maintenance/Renovations          | 25,815         | 106,100             | 14,099         | 57,623              |
| Office Supplies                  | 5,730          | 23,550              | 7,782          | 31,805              |
| Office Rent                      | 42,053         | 172,838             | 24,668         | 100,818             |
| Utilities                        | 27,498         | 113,017             | 27,469         | 112,266             |
| Printing/Photocopying            | 839            | 3,448               | 1,293          | 5,284               |
| Postage & Shipping               | 136            | 559                 | 173            | 707                 |
| Bank Charges                     | 821            | 3,374               | 902            | 3,686               |
| External Audits                  | 17,545         | 72,110              | 7,370          | 30,121              |
| Vehicle/Building Insurance       | 1,822          | 7,488               | 3,751          | 15,330              |
| Advertising/Marketing            | -              | -                   | 1,507          | 6,159               |
| Subscriptions                    | 874            | 3,592               | 650            | 2,657               |
| Donor/staff/Authority relations  | 3,734          | 15,347              | 2,805          | 11,464              |
| Other Expenses                   | 4,422          | 18,175              | 6,930          | 28,320              |
| Bad debts                        | 1,321          | 5,430               | 1,198          | 4,899               |
|                                  | <u>180,860</u> | <u>743,335</u>      | <u>146,218</u> | <u>597,593</u>      |

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 20. Travel and Training

|                          | 2023         |                     | 2022         |                     |
|--------------------------|--------------|---------------------|--------------|---------------------|
|                          | US\$         | KHR'000<br>(Note 4) | US\$         | KHR'000<br>(Note 4) |
| Staff training           | 3,762        | 15,462              | 4,243        | 17,341              |
| Workshops/Meetings       | 655          | 2,692               | 106          | 433                 |
| Exchanges/Exposure trips | -            | -                   | 1,037        | 4,239               |
|                          | <u>4,417</u> | <u>18,154</u>       | <u>5,386</u> | <u>22,013</u>       |

### 21. Sub-Grants to Friends Alliance

This represents sub-grants to other Friends Alliance partners, and Program Support by Friends-International – Phnom Penh for its technical support, fundraising support and core management. The amount ranges from 7% to 15% of the approved donor budgets. In 2023, Mith Samlanh provided sub-grants to partners in Cambodia and Thailand under its Asian Development Bank grant.

### 22. Related parties' transactions

|                                   | 2023           |                     | 2022             |                     |
|-----------------------------------|----------------|---------------------|------------------|---------------------|
|                                   | US\$           | KHR'000<br>(Note 4) | US\$             | KHR'000<br>(Note 4) |
| Key management remuneration       | <u>36,140</u>  | <u>148,535</u>      | <u>35,915</u>    | <u>146,785</u>      |
| Grant/donation paid to programs:  |                |                     |                  |                     |
| Kaliyan Mith, Siem Reap           | 90,380         | 371,462             | 18,627           | 76,129              |
| Peaun Peaun, Thailand             | 65,543         | 269,382             | 29,230           | 119,463             |
| Peaun Peaun, Aran                 | 39,092         | 160,668             | 8,620            | 35,230              |
| Friends International, Phnom Penh | <u>120,770</u> | <u>496,364</u>      | <u>154,446</u>   | <u>631,220</u>      |
|                                   | <u>315,785</u> | <u>1,297,876</u>    | <u>210,923</u>   | <u>862,042</u>      |
| Fund received from                |                |                     |                  |                     |
| Friends International, Phnom Penh | <u>995,402</u> | <u>4,091,101</u>    | <u>1,654,128</u> | <u>6,760,423</u>    |

## Mith Samlanh

### Notes to the financial statements (continued) for the year ended 31 December 2023

#### 23. Lease commitments

The Organisation leases its Transitional Homes and Drop-in-Centres under non-cancellable operating lease agreement which the lease term are 5 years and the expiry date will be on 31 October 2028.

As at 31 December, the Organisation has commitments in respect of these operating leases as follows:

|                          | 2023          |                     | 2022          |                     |
|--------------------------|---------------|---------------------|---------------|---------------------|
|                          | US\$          | KHR'000<br>(Note 4) | US\$          | KHR'000<br>(Note 4) |
| Within one year          | 9,636         | 39,363              | 35,971        | 148,093             |
| Within two to five years | 35,420        | 144,691             | 38,478        | 158,414             |
|                          | <u>45,056</u> | <u>184,054</u>      | <u>74,449</u> | <u>306,507</u>      |

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 24. Explanation of transition to CIFRS for SMEs

#### Transition to CIFRS for SMEs

As stated in Note 2 (a), these are the Organisation's first set of financial statements prepared in accordance with CIFRS for SMEs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2023, the comparative information presented in these financial statements for the year ended 31 December 2022 and in the preparation of an opening CIFRS for SMEs statement of financial position at 1 January 2022 (the Organisation's date of transition).

In preparing its opening CIFRS for SMEs statement of financial position, the Organisation has adjusted amounts reported previously in financial statements prepared in accordance with CFRS for NFPEs relating to the preparation and presentation of the financial statements ("Previous GAAP").

#### Reconciliation of cash

The following reconciliations summarise the impacts on initial application of CIFRS for SMEs on the Organisation's financial position as at 31 December 2022, and 1 January 2022 and the Organisation's statement of comprehensive income for the year ended 31 December 2022.

|                           |      | 31 December 2022                        |   |                           | 1 January 2022                          |   |                           |
|---------------------------|------|---|---|---------------------------|---|---|---------------------------|
|                           |      | Previous GAAP<br>CFRS for NFPEs<br>US\$ | Effect of Transition<br>to CIFRS for SMEs<br>US\$ | CIFRS<br>for SMEs<br>US\$ | Previous GAAP<br>CFRS for NFPEs<br>US\$ | Effect of Transition<br>to CIFRS for SMEs<br>US\$ | CIFRS<br>for SMEs<br>US\$ |
|                           | Note |   |   |                           |   |   |                           |
| <b>ASSETS</b>             |      |   |   |                           |   |   |                           |
| <b>Current assets</b>     |      |   |   |                           |   |   |                           |
| Cash and cash and banks   | A    | 1,126,371                               | (1,126,371)                                       | -                         | 1,069,067                               | (1,069,067)                                       | -                         |
| Cash and cash equivalents | A    |   | 626,371   | 626,371                   |   | 669,067   | 669,067                   |
| Term deposits             | A    | -                                       | 514,731   | 514,731                   | -                                       | 400,000   | 400,000                   |
| Accrued income – donors   | A    | -                                       | 31,429  | 31,429                    | -                                       | 17,747  | 17,747                    |
| Other receivables         | A    | -                                       | 13,953  | 13,953                    | -                                       | 12,618  | 12,618                    |
|                           |      | 1,126,371                               | 60,113  | 1,186,484                 | 1,069,067                               | 30,365  | 1,099,432                 |

# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 24. Explanation of transition to CIFRS for SMEs (continued)

#### Reconciliation of cash (continued)

|                                       |      | 31 December 2022                        |   |                           | 1 January 2022                          |   |                           |
|---------------------------------------|------|---|---|---------------------------|---|---|---------------------------|
|                                       | Note | Previous GAAP<br>CFRS for NFPEs<br>US\$ | Effect of Transition<br>to CIFRS for SMEs<br>US\$ | CIFRS<br>for SMEs<br>US\$ | Previous GAAP<br>CFRS for NFPEs<br>US\$ | Effect of Transition<br>to CIFRS for SMEs<br>US\$ | CIFRS<br>for SMEs<br>US\$ |
| <b>ASSETS</b>                         |      |   |   |                           |   |   |                           |
| <b>Non-current assets</b>             |      |   |   |                           |   |   |                           |
| Property and equipment                | A    | -                                       | 2,830,214   | 2,830,214                 | -                                       | 2,829,900   | 2,829,900                 |
|                                       |      | <u>1,126,371</u>                        | <u>2,890,327</u>                                  | <u>4,016,698</u>          | <u>1,069,067</u>                        | <u>2,860,265</u>                                  | <u>3,929,332</u>          |
| <b>LIABILITIES AND RESERVES</b>       |      |   |   |                           |   |   |                           |
| <b>LIABILITIES</b>                    |      |   |   |                           |   |   |                           |
| <b>Current liabilities</b>            |      |   |   |                           |   |   |                           |
| Unearned income – donors              | B    | -                                       | 470,131   | 470,131                   | -                                       | 478,266   | 478,266                   |
| Employee benefit obligation           | B    | -                                       | 136,635   | 136,635                   | -                                       | 145,351   | 145,351                   |
| Other payables                        | B    | -                                       | 5,246   | 5,246                     | -                                       | 4,352   | 4,352                     |
| <b>Total liabilities</b>              |      | -                                       | 612,012   | 612,012                   | -                                       | 627,969   | 627,969                   |
| <b>RESERVES</b>                       |      |   |   |                           |   |   |                           |
| Fund balance                          | A,B  | <u>1,126,371</u>                        | <u>2,278,315</u>                                  | <u>3,404,686</u>          | <u>1,069,067</u>                        | <u>2,232,296</u>                                  | <u>3,301,363</u>          |
| <b>TOTAL LIABILITIES AND RESERVES</b> |      | <u>1,126,371</u>                        | <u>2,890,327</u>                                  | <u>4,016,698</u>          | <u>1,069,067</u>                        | <u>2,860,265</u>                                  | <u>3,929,332</u>          |



# Mith Samlanh

## Notes to the financial statements (continued) for the year ended 31 December 2023

### 24. Explanation of transition to CIFRS for SMEs (continued)

Reconciliation of statement of comprehensive income for the year ended 31 December 2022

|   |      | 31 December 2022                        |  |                           |
|---|------|---|--|---------------------------|
|   | Note | Previous GAAP<br>CFRS for NFPEs<br>US\$ | Effect of<br>transition to<br>CIFRS for SMEs<br>US\$ | CIFRS<br>for SMEs<br>US\$ |
| <b>Income</b>                                     |      |   |  |                           |
| Donations, fundraising and other similar receipts | A    | 2,093,817                               | (2,093,817)  | -                         |
| Receipts from providing goods or services         | A    | 4,883                                   | (4,883)  | -                         |
| Interest and other investment income receipts     | A    | 20,761                                  | (20,761)   | -                         |
| Donor grants                                      | A    | -                                       | 1,825,551  | 1,825,551                 |
| Private donation                                  | A    | -                                       | 306,925  | 306,925                   |
| Other income                                      | A    | -                                       | 23,978   | 23,978                    |
|   |      | <u>2,119,461</u>                        | <u>36,993</u>  | <u>2,156,454</u>          |
| <b>Expenditure</b>                                |      |   |  |                           |
| Volunteer and employee related payments           | B    | 926,643                                 | (926,643)  | -                         |
| Program/Project by activities                     | B    | 760,907                                 | (760,907)  | -                         |
| Grants and donations paid                         | B    | 210,923                                 | (210,923)  | -                         |
| Other operating payments                          | B    | 150,568                                 | (150,568)  | -                         |
| Purchases of resources                            | B    | 13,116                                  | (13,116)   | -                         |
| Personnel costs                                   | B    | -                                       | 915,520  | 915,520                   |
| Direct costs                                      | B    | -                                       | 762,281  | 762,281                   |
| Equipment/Assets                                  | B    | -                                       | 12,803   | 12,803                    |
| Indirect costs                                    | B    | -                                       | 146,218  | 146,218                   |
| Travel and Training                               | B    | -                                       | 5,386  | 5,386                     |
| Sub-Grants to Friends Alliance                    | B    | -                                       | 210,923  | 210,923                   |
|   |      | <u>2,062,157</u>                        | <u>(9,026)</u>                                       | <u>2,053,131</u>          |
| <b>Net surplus for the year</b>                   |      | <u>57,304</u>                           | <u>46,019</u>  | <u>103,323</u>            |

#### A. Adjustment of assets

As the Organisation has complied with CIFRS for SMEs, these assets are adjusted from the corresponding expense/receipts accounts as well as in retained earnings for those balances brought forward from the previous year to the years of which the payments were actually made/or recorded to be in-line with the principle of CIFRS for SMEs.

## **Mith Samlanh**

### **Notes to the financial statements (continued) for the year ended 31 December 2023**

#### **24. Explanation of transition to CIFRS for SMEs (continued)**

##### **B. Adjustment of liabilities**

These liabilities are reversed from the corresponding expense/receipts accounts as well as in retained earnings for those balances carried forward from the previous year to the years of which the payments were actually made to be in-line with the principle of CIFRS for SMEs.

##### **c. Impact on retained surplus**

These mostly pertain to the beginning balances of all assets and liabilities which are recognised and measurement to be in-line with the principle of CIFRS for SMEs

All payments made/Receipts should be recognised as an expense or capitalise to assets according to the nature of transactions during the year its incurred or accounted in retained earnings for those balances carried forward from the previous year.

#### **25. Tax contingencies**

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. The management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects since the incorporation of the Organisation could be significant.