

Phare Ponleu Selpak Association

Report of the Board of Directors
and
Audited financial statements

as at and for the year ended 31 December 2022



PHARE PONLEU SELPAK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Organization document: Phare Ponleu Selpak ("PPS" or "the Organisation") was established under the letter No. 391 issued by the Ministry of Interior on 25 April 2002

Office address: Anh Chanh Village, Ochar Commune, Battambang Province

Donors: Phare Ponleu Selpak France ("PPSF")
Norec (formerly known as FK Norway)
EU Commission
Terre des hommes Germany

Governance Board/ Founders Committee:

Mr. Khuon Det
Mr. Tor Vutha
Mr. Lon Lao

Management team: Mr. Osman Khawaja Executive Director
Ms. Ly Kanha Head of Finance

Principal bankers: Aceda Bank Plc.
Canadia Bank Plc.
ABA Bank Ltd.
WB Finance Co., Ltd.
Wing Bank Cambodia Plc.

Auditors: ECOVIS VSDK & Partners

Phare Ponleu Selpak Association

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The management of Phare Ponleu Selpak Association (the "Organization") is responsible for the statement of fund receipts, disbursements and fund balance for the year ended 31 December 2022 which are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

In preparing these financial statements, management is required to:

- select suitable accounting policies and then apply them consistently in accordance with the presentation and disclosure requirements as described in Note 2 to the financial statements;
- make judgements and estimates that are reasonable and prudent;
- maintain proper financial operations and controls;
- maintain adequacy of the management structure and general control environment;
- ensure that all non-expendable properties are used solely for and by the Association, and maintain proper control over those properties; and,

Management is responsible for ensuring that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of accounting described in Note 2 to the financial statements. Management is also responsible for safeguarding the assets of the Organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Management has confirmed that it has complied with the above requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements of the Organization, which are prepared, in all material respects, to present the Organization's fund balance as at 31 December 2022, and its receipts and disbursements for the year then ended, in accordance with the accounting policies described in Note 2 to the financial statements.

On behalf of the Organization's management:



Osman Khawaja
Executive Director
Phare Ponleu Selpak Association

Battambang, Kingdom of Cambodia
30 June 2023

INDEPENDENT AUDITORS' REPORT**To: The Management and Board of Directors of Phare Ponleu Selpak Association*****Qualified Opinion***

We have audited the accompanying financial statements of Phare Ponleu Selpak Association (the "Organization") which comprise the statement of fund balance as at 31 December 2022, and its receipts and disbursements for the year ended 31 December 2022 and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section in our report, the financial statements of the Organization as at 31 December 2022 and for the year then ended are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

Basis for Qualified Opinion

Management have not declared and remitted tax on profit from income generated by circus, theatre, music and other shows performance to tax department at all.

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of 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

The financial statements of the Organization for the year ended 31 December 2021 were audited by another auditor who expressed unqualified opinion on those statements on 17 May 2022.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw your attention to Note 2 to the financial statement which describes the basis of accounting. This financial statement is prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than the Cambodian International Financial Reporting Standards. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for Phare Ponleu Selpak Association and the donors and for no other purposes and should not be distributed to or used by parties other than Phare Ponleu Selpak Association and its donors. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 auditor's 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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 Management 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 of Phare Ponleu Selpak Association as at and for the year ended 31 December 2022.



Sopheak PEL
Partner

ECOVIS VSDK & Partners Co., Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia
30 June 2023

Phare Ponleu Selpak Association

STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

as at and for the year ended 31 December 2022

	Notes	2022		2021	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
FUND RECEIPTS					
Corporations	7	59,796	244,385	98,721	401,597
Foundations / Organizations	8	377,440	1,542,598	373,696	1,520,195
Individuals	9	55,121	225,281	70,275	285,879
Sales revenue	10	245,801	1,004,587	127,091	517,006
Phare performing social enterprise	11	6,792	27,758	861	3,503
Other incomes	12	49,432	202,029	27,514	111,927
Total fund received		794,382	3,246,639	698,158	2,840,107
EXPENDITURES					
Personnel and related costs	13	471,265	1,926,059	403,395	1,641,011
Expenses from activities and projects	15	265,285	1,084,220	174,327	709,162
Partner project expenses	17	55,323	226,105	33,773	137,389
Legal and professional fees	16	22,655	92,591	33,009	134,281
Administration expenses	14	57,615	235,471	48,436	197,038
Cost of sales of boutique and Food and Beverages	20	14,774	60,380	9,040	36,775
Non-expendable equipment	18	48,699	199,032	40,585	165,100
Taxes paid	19	26,162	106,925	9,851	40,074
Total expenditures		961,777	3,930,784	752,416	3,060,828
Excess (deficit) of source of fund over expenditures		(167,395)	(684,145)	(54,258)	(220,722)
Fund balance at beginning of the year		967,027	3,952,239	1,021,285	4,154,587
Total fund balance as at 31 December 2022		799,632	3,268,095	967,027	3,933,866
Fund balance represented by:					
Cash and bank balances	3	319,550	1,306,000	583,836	2,375,045
Other receivables	4	140,890	575,815	26,546	107,989
Investment in PPSE	5	472,044	1,929,243	472,044	1,920,275
Other payables	6	(132,852)	(542,964)	(115,399)	(469,443)
Total fund balance as at 31 December 2022		799,632	3,268,095	967,027	3,933,866

The attached notes 1 to 20 form part of the financial statement.

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE
as at and for the year ended 31 December 2022

1. ORGANIZATION BACKGROUND

Phare Ponleu Selpak Association ("PPSA" or "the Organization") is a Cambodian not for profit Organization registered with the Ministry of Interior on 25 April 2002 under registration No. ៣៩៨ ស២៧៧. PPSA is located at Anh Chanh Village, Ochar Commune, Battambang Province, offering support to children, youth and the surrounding communities through artistic, educational, social and community outreach and engagement programmes.

Over 1000 students are empowered every year through this Organization and its programmes: performing, visual and applied arts leisure classes, and vocational training aid children and young adults to develop their creativity, communication and concentration skills, and to access a sustainable artistic career whilst preserving and promoting Cambodian arts and culture.

Vision

PPSA believes passionately in the power of the arts as a tool for human development and social change.

Mission

PPSA is dedicated to providing a nurturing and creative environment where young people can access quality arts training, education, and social support.

At present, the Organization's major activities are as follows:

Formal education: its aims to promote children's access to their rights of which education is a key issue. Promoting access to formal education includes the availability of a school, which is free of charge, the development of a high teaching standard and the availability of school materials combined with complementary sources of knowledge including books.

Social action: its aims to enforce child rights through delivering social services to the most vulnerable. The Organisation is aware that it is impossible for children to follow educative and cultural activities without their basic life needs being fulfilled. The Organisation's social services support these needs in order to ensure children have access to their other rights.

Circus: the circus school has welcomed kids and teenagers to be trained all day long in several circus disciplines: acrobatics, juggling, balancing, contortion, trapeze and clowning.

Theatre: a natural division occurred within the circus with some members preferring a more physical approach, while others displayed an aptitude for theatre and the performing arts.

Music: through the music school's wide range of activities, its pupils can adapt their musical talents to a number of different settings. Musicians are also trained in traditional Khmer

music making them able to perform during traditional ceremonies (funerals, pagodas, weddings) but also in modern rhythms with contemporary musical instruments. This enables them to mix their knowledge of traditional music with new beats.

Visual arts: The first artistic school and the start of the Organisation. Welcoming all children and young adults, the visual arts school enjoys a high reputation in Cambodia and has started to develop activities abroad. Exhibitions have taken place throughout Cambodia, in hotels and cultural centres but also in Thailand and France. The Organisation's visual arts school is involved in set design and making costumes. It has also decorated many orphanages, schools and other buildings for children.

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(continued)
as at and for the year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Organization's financial statements, expressed in United States Dollar (USD), are prepared on a modified cash basis of accounting. This is the basis of accounting that is designed to meet the requirements of the Organization; it is not designed to produce financial statements that are compatible with any generally accepted accounting principles.

The translation of the US\$ amounts into Khmer Riel ("KHR") is presented in the financial statements using the closing and average rate for the year then ended, as announced by the Accounting and Auditing Regulator ("ACAR").

The financial statements are presented in KHR based on the following applicable exchange rates per US\$1:

	2022	2021
Closing rate	4,117	4,074
Average rate for the year	4,087	4,068

The significant policies adopted in the preparation of these financial statements are set out below:

Revenue recognition

Fund received from donors

Fund received from donors is the grant received from various donors including bank interests received on these funds. Fund is recognized as a source when cash is recorded in the Organization's designated account rather than when committed or budgeted.

Fund received from services providing

Fund received from services providing is recognised when services are performed.

Recognition of expenditures

Expenditure under each component is recognized when incurred and when the documents substantiating the Organization's transactions are approved.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company 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.

Seniority indemnity payments

In accordance with Prakas No. 443 MoLVT/Br.K dated 21 September 2018 issued by the Ministry of Labour and Vocational Training ("MoLVT"), the Company are required seniority indemnity to its workers/employees as follows:

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)

as at and for the year ended 31 December 2022

The employment seniority payment as stated in Article 89 (new) of the Labour Law shall apply to workers/employees who have unspecified duration contracts (UDC) only.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For workers/employees who have fixed duration contracts, the employer shall provide the worker/employee with severance pay proportional to both the wages and the length of the contract. The exact amount of the severance pay is set by a collective agreement. If nothing is set in the collective agreement, the severance pay is at least equal to 5% of the wages paid during the length of the contract.

From 1 January 2019 onwards, employees under the UDC shall be entitled to employment seniority payments, the employer shall pay them a seniority payment equal to 15 days per year of their wages and other accessory income. The seniority payment must be paid two times per year and payment shall be made to workers/employees as follows:

- Payment of 7.5 (seven and half) days shall be made in June of each year, and
- Payment of 7.5 (seven and half) days shall be made in December of each year.

Other long-term employee benefits

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

Pension schemes payments

In accordance with the Prakas No. 170/22 MoLVT dated 05 July 2022 issued by Ministry of Labour and Vocational Training's ("MoLVT") to set the starting date of contribution payments for social security compulsory and voluntary pension schemes as stated in Article 33 of Sub-Decree No. 32 ANKr-BrK dated 4 March 2021 on social security pension schemes for persons defined by Labour Law provisions.

The starting date of contribution payments for social security compulsory and voluntary pension schemes is 01 October 2022 onwards. The Company requires contributions old-age pension (OP) schemes are as follows:

First stage – In the first five years, the pension contribution rate is 4% of the contributory wage of the worker/employee. The employer contributes 2%, while the other 2% comes from the worker/employee.

Second stage – In the next five years (i.e. the sixth to tenth years), the contribution rate is 8% of the contributory wage.

Third stage – The contribution rate will increase 2.75% in the eleventh to twentieth years, with subsequent increases of 2.75% every ten years.

Workers/employees who are NSSF members are entitled to receive an OP if they fulfil the following conditions:

1. have registered for a pension scheme
2. are at least 60 years old, and
3. have paid contributions to the pension scheme for at least 12 months.

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE (continued)

as at and for the year ended 31 December 2022

If condition 3 is not met, they will receive an old-age allowance instead.

The pension contributions will be paid monthly. The sub-decree also introduces a voluntary pension contribution scheme for those who wish to receive a larger pension when they retire.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances held at banks that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Advance to partners

Advance to partners are initially recognized as receivables in financial statement and only recognized as expenditure when they have been liquidated by supporting invoice and other related documents.

Other assets

Other assets comprise deposit which is stated at transaction price and included in the fund balance in the statement of fund receipts, disbursements and fund balance. It is recognized as expenditures upon liquidation.

Other liabilities

Other liabilities are stated at the outstanding balances.

Foreign exchange differences

Disbursements and withdrawals in foreign currencies are converted into USD at the prevailing exchange rates at the date of transactions. Monetary items denominated in foreign currencies are translated into USD for reporting purposes at the closing exchange rate prevailing at the reporting date.

3. CASH AND BANK BALANCES

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Cash on hand	3,795	15,508	2,289	9,312
Cash in bank - current accounts	499	2,038	499	2,030
Cash in bank - saving accounts	215,258	886,216	331,048	1,346,703
Term deposit with maturity more than 3 months (*)	100,000	408,700	250,000	1,017,000
	319,551	1,306,004	583,836	2,375,045

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE
(continued)

as at and for the year ended 31 December 2022

* On 27 April 2021, PPSA placed deposit amount of USD 100,000 at interest rate of 7.25% per annum at WB Finance Co., Ltd. for the period from 27 April 2021 to 27 April 2022. (2020: 7.50% p.a.) However, PPSA have not withdrawn yet during the year.

And on 07 September 2021, PPSA placed deposit amount of USD 150,000 at interest rate of 7.25% per annum at WB Finance Co., Ltd. for the period from 07 September 2021 to 07 September 2022. However, PPSA have already withdrawn for this deposit during the year.

4. OTHER RECEIVABLES

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Advances to partners	89,415	365,440	7,791	31,694
Account receivables	27,230	111,289	5,599	22,777
Staff advances	22,451	91,756	9,356	38,060
Others	1,794	7,331	3,800	15,458
	140,890	575,815	26,546	107,989

5. INVESTMENT IN PPSE

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Investment in PPSE*	472,044	1,929,243	472,044	1,920,275
	472,044	1,929,243	472,044	1,920,275

* In 2013, PPSA transferred its tangible assets to Phare Performing Social Enterprise Co., Ltd. ("PPSE" or "the Company") amounting to USD 286,710 as equity contribution in kind in accordance with the provision of the Memorandum and Articles of Association dated 30 October 2013.

In 2015, PPSA injected additional capital contribution in cash of USD 129,020 which increased the total investment in PPSE's equity capital from USD 268,710 to USD 415,730 representing 71.10% of the PPSE's registered share capital in accordance with the letter of approval by the Ministry of Commerce dated 7 October 2015.

In 2018, PPSA injected share capital amounting to USD 56,314 which increased the total investment in PPSE to USD 472,044 representing 73.60% of the Company's share capital in accordance with the letter of approval by the Ministry of Commerce dated 6 April 2018.

6. OTHER LIABILITIES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

(continued)

as at and for the year ended 31 December 2022

		(Note 2)		(Note 2)
Amount due to Grants	8,284	33,857	97,400	396,223
Taxation	3,268	13,358	1,020	4,149
Others	121,299	495,749	16,979	69,071
	132,852	542,964	115,399	469,443

7. CORPORATIONS

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
International	4,491	18,353	37,650	153,160
Local	55,305	226,032	61,071	248,437
	59,796	244,385	98,721	401,597

8. FOUNDATIONS / ORGANIZATIONS

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
<i>Fund received from:</i>				
Phare Ponleu Selpak France	121,554	496,793	103,078	419,321
Fund for Partners	55,323	226,105	33,773	137,389
Norec (formerly known as FK Norway)	52,678	215,294	26,211	106,626
EU Aid	31,305	127,942	4,776	19,429
Voice – Oxfam	9,087	37,138	52,330	212,878
Others	107,494	439,328	153,528	624,552
	377,441	1,542,600	373,696	1,520,195

9. INDIVIDUALS

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Local Community (donations)	23,427	95,746	9,512	38,695
PPSE Big Top Shows (donations)	7,045	28,792	2,157	8,775
Individuals monthly recurring	767	3,134	1,070	4,353
PPS Big top shows (donations)	3,578	14,621	299	1,216

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

(continued)

as at and for the year ended 31 December 2022

Others	20,305	82,987	57,237	232,840
	55,121	225,281	70,275	285,879

10. SALES REVENUE

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
External shows/ Events	143,143	585,025	59,044	240,191
Internal workshops / Events	32,812	134,101	28,605	116,365
Boutique	17,253	70,514	17,787	72,358
Food and beverage	6,087	24,878	2,774	11,285
Big Top Shows	23,744	97,042	1,505	6,122
Media / Design services	22,762	93,028	17,376	70,686
Visitors tickets	-	-	-	-
	245,801	1,004,587	127,091	517,006

11. PHARE PERFORMING SOCIAL ENTERPRISE

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
PPSE Dividends	-	-	-	-
PPSE Royalties	6,792	27,758	861	3,503
	6,792	27,758	861	3,503

12. OTHER INCOMES

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Rental service income	24,152	98,711	18,237	74,188
Interest income	18,125	74,077	6,950	28,273
Others income	7,155	29,242	2,327	9,466
	49,432	202,029	27,514	111,927

13. PERSONNEL AND RELATED COSTS

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

(continued)

as at and for the year ended 31 December 2022

Staff salaries	421,594	1,723,056	370,431	1,506,913
Staff insurance	9,842	40,223	20,184	82,109
Staff travelling costs related to admin and activities	38,301	156,534	10,960	44,585
Other personnel costs	1,350	5,519	1,736	7,062
Staff training & development	178	726	84	342
	471,265	1,926,059	403,395	1,641,011

14. ADMINISTRATION EXPENSES

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Utilities	18,960	77,488	18,205	74,058
Repair and maintenance	21,379	87,374	14,817	60,276
Office stationeries and supplies	842	3,439	715	2,909
Other insurance	2,053	8,390	2,003	8,148
Bank charges	1,665	6,804	1,029	4,186
Postal services	254	1,040	371	1,509
Other administrative costs	12,463	50,936	11,296	45,952
	57,615	235,471	48,436	197,038

15. EXPENSES FROM ACTIVITIES AND PROJECTS

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Expense related to activity / project	193,259	789,849	97,068	394,873
Rental expenses	22,515	92,018	6,983	28,406
Expense for Student show and workshop	49,511	202,353	70,276	285,883
	265,285	1,084,220	174,327	709,162

16. LEGAL AND PROFESSIONAL FEES

	2022		2021	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Professional service fees	12,947	52,915	18,636	75,811
Auditing services	5,900	24,113	9,400	38,239
Training fee and services for staff	859	3,510	3,828	15,572
Other services related to admin	2,799	11,440	1,145	4,658
Consultant services	-	-	-	-
Training fee and services for students/projects	150	613	-	-

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

(continued)

as at and for the year ended 31 December 2022

	<u>22,655</u>	<u>92,591</u>	<u>33,009</u>	<u>134,281</u>
17. PARTNER PROJECT EXPENSES				
	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>
Blue Dragon	55,323	226,105	24,131	98,165
Help Age	-	-	9,642	39,224
EU Partners	-	-	-	-
	<u>55,323</u>	<u>226,105</u>	<u>33,773</u>	<u>137,389</u>
18. NON-EXPENDABLE EQUIPMENT				
	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>
Land and buildings	-	-	-	-
Furniture and fixtures	1,210	4,945	-	-
Machinery and equipment	47,489	194,087	40,585	165,100
Vehicles	-	-	-	-
	<u>48,699</u>	<u>199,032</u>	<u>40,585</u>	<u>165,100</u>
19. TAXES PAID				
	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>
Withholding tax	26,162	106,925	9,851	40,074
	<u>26,162</u>	<u>106,925</u>	<u>9,851</u>	<u>40,074</u>
20. COST OF SALES BOUTIQUE FOOD AND BEVERAGES				
	<i>2022</i>		<i>2021</i>	
	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>
Cost of Sale boutique food and beverages	14,774	60,380	9,040	36,775
	<u>14,774</u>	<u>60,380</u>	<u>9,040</u>	<u>36,775</u>

Phare Ponleu Selpak Association

NOTE TO THE STATEMENT OF FUND RECEIPTS, DISBURSEMENTS AND FUND BALANCE

(continued)

as at and for the year ended 31 December 2022

21. SUBSEQUENT EVENTS

Except for the ongoing impact of COVID-19 to the organisation as disclosed in the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of the financial statements, which would require adjustments or disclosures to be made in the financial statements.

22. TAX CONTINGENCY

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities. 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. These facts may create tax risks in Cambodia which can be substantially more significant than in other countries.

