

PHARE PONLEU SELPAK

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS**

FOR THE YEAR ENDED 31 DECEMBER 2021

PHARE PONLEU SELPAK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Organisation 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)
Voice - Oxfam Cambodia
EU Commission
We World - GVC Onlus
Terre des hommes Germany

Governance Board/ Founders Committee

Mr. Khuon Det
Mr. Tor Vutha
Mr. Lon Lao
Mr. Srey Bandaul (Deceased 10 August 2021)

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

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

Auditors Morisonkak MKA Audit - Accounting Co., Ltd.

PHARE PONLEU SELPAK

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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STATEMENT BY THE MANAGEMENT

The management of Phare Ponleu Selpak (“the Organisation”) is responsible for ensuring that proper accounting records are kept which enable the financial statements of the Organisation to be prepared in accordance with the basis of accounting set out in Note 2 to the financial statements. The management is also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management assumes the responsibility to provide, and has provided, the auditors with all accounting records, supporting and other documents, minutes, and any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

APPROVAL OF THE FINANCIAL STATEMENTS BY THE MANAGEMENT

I, the undersigned, do hereby state that in my opinion, the accompanying financial statements of Phare Ponleu Selpak (“PPS” or the “Organisation”) which comprise the statement of financial position as at 31 December 2021 and the statement of income and expenditure for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

Signed on behalf of the Management



Mr. Osman Khawaja
Executive Director

Date: 17 May 2022



REPORT OF INDEPENDENT AUDITORS TO THE MANAGEMENT OF PHARE PONLEU SELPAK

Opinion

We have audited the financial statements of Phare Ponleu Selpak (“PPS” or the “Organisation”), which comprises the statement of financial position as at 31 December 2021 and the related statement of income and expenditure for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

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 Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to Note 2 to the financial statements which describe the basis of accounting adopted by the Organisation. The financial statements are prepared in accordance with the basis of accounting set out in Note 2 to the financial statements, which is a comprehensive basis of accounting designed to meet the requirements of the Organization. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the use by the Organisation and its Donors and for no other purposes and should not be distributed to or used by parties other than the Organization. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 2 to the financial statements; this includes determining that the basis of preparation is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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.

**REPORT OF INDEPENDENT AUDITORS
TO THE MANAGEMENT OF PHARE PONLEU SELPAK (Continued)**

Auditors' 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 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 scepticism 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, if any, 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.

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.

Morisonkak MKA
Certified Public Accountants
Independent Auditors



Key KAK
Managing Partner

Date: 17 May 2022

PHARE PONLEU SELPAK**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

		31 Dec 2021		31 Dec 2020	
	Note	USD	KHR'000	USD	KHR'000
ASSETS					
Cash and bank balances	4	583,836	2,375,045	542,285	2,212,523
Other receivables	5	26,546	107,989	88,752	362,108
Investment in PPSE	6	472,044	1,920,275	472,044	1,925,940
TOTAL ASSETS		1,082,426	4,403,309	1,103,081	4,500,571
LIABILITIES					
Other payables	7	115,399	469,443	81,796	333,728
NET ASSETS		967,027	3,933,866	1,021,285	4,166,843
<i>Represented by:</i>					
FUND BALANCE AT END OF YEAR		967,027	3,933,866	1,021,285	4,166,843

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

PHARE PONLEU SELPAK**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2021**

		31 Dec 2021		31 Dec 2020	
	Note	USD	KHR'000	USD	KHR'000
INCOME					
Corporations	8	98,721	401,597	20,396	83,216
Foundations / Organisations	9	373,696	1,520,195	402,694	1,642,992
Individuals	10	70,275	285,879	91,044	371,460
Sales revenue	11	127,091	517,007	174,216	710,801
Phare Performing Social Enterprise	12	861	3,503	93,202	380,264
Other income	13	27,514	111,927	23,152	94,460
		698,158	2,840,108	804,704	3,283,193
EXPENDITURE					
Personnel and related costs	14	403,395	1,641,011	473,846	1,933,292
Expenses from activities and projects	15	174,327	709,162	150,136	612,555
Partner project expenses	16	33,773	137,389	158,354	646,084
Legal and professional fees	17	33,009	134,281	30,197	123,204
Administration expenses	18	48,436	197,038	55,625	226,950
Cost of sales of boutique and food and beverages		9,040	36,775	9,544	38,940
Non-expendable equipment	19	40,585	165,100	14,943	60,967
Taxes paid	20	9,851	40,073	14,463	59,009
		752,416	3,060,829	907,108	3,701,001
(Deficit)/Excess of income over expenditure		(54,258)	(220,721)	(102,404)	(417,808)
Fund balance at beginning of the year		<u>1,021,285</u>	<u>4,154,587</u>	<u>1,123,689</u>	<u>4,584,651</u>
FUND BALANCE AT END OF THE YEAR		<u>967,027</u>	<u>3,933,866</u>	<u>1,021,285</u>	<u>4,166,843</u>

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

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. BACKGROUND

The PHARE (Patrimoine Humain et Artistique des Réfugiés et de leurs Enfants) was founded in 1986 in Site 2 Camp, running the activities of drawing instruction to the children.

In 1994, a group of senior students from the Site 2 camp of PHARE opened the dwelling-place located in Anchanh Village, Ochar Commune, Svaypor district, Battambang Province. With the opening of the arts centre, PHARE amended its name to Phare Ponleu Selpak in 1998.

In 2002, Phare Ponleu Selpak (the “Organisation”) was registered with the Ministry of Interior of Cambodia as a non-profit and non-political association with office at the above address.

At present, the Organisation’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.

As at 31 December 2021, the Organisation had 76 employees (2020: 81 employees).

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted by the Organisation in the preparation of these financial statements.

(a) Basis of preparation

The financial statements, which are expressed in United States Dollar (“USD”), have been prepared under the historical cost convention and drawn up in accordance with the modified cash receipts and disbursements basis of accounting. This is a comprehensive basis of accounting which is designed to meet the requirements of the Organisation.

The accounting principles and practices utilized by the Organisation may differ from those generally accepted accounting principles. The financial statements are prepared for the information of and use by the Donors and management of the Organisation. As a result, the financial statements may not be suitable for another purpose.

(b) Foreign currency transactions

The Organisation transacts its business primarily in USD and maintains its accounting records in USD. Transactions in currencies other than USD are recorded into USD at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in currencies other than USD are translated into USD at the rates of exchange ruling at the year-end date. Exchange differences are recognised in the statement of income and expenditure.

(c) Presentation in Khmer Riel

The financial statements are stated in USD. The translations of USD amounts into Khmer Riel are included solely for meeting the presentation requirements pursuant to various Cambodian laws and regulations and have been made using the prescribed official average exchange rate of USD 1 to KHR 4,068 published by the National Bank of Cambodia on 31 December 2021 (31 December 2020: USD 1 to KHR 4,080). These convenience translations should not be construed as representations that the USD amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

(d) 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.

(e) Cash advances

Cash advances are initially recognised as receivables in the statement of financial position and only recognised as expenditure when they have been liquidated by supporting invoices.

(f) Investment in PPSE

Investment in PPSE is recorded at cost in the statement of financial position.

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other receivables

Other receivables are stated at transaction price and are recognised as expenditures or income upon liquidation or settlement.

(h) Other payables

Other payables are recorded at cost and stated at outstanding balances until they are settled.

(i) Income and expenditure

Income from corporate, individuals, sales, and other sources is recognised when received in cash rather than when earned.

Expenditure represents all costs incurred and paid with respect to the Organisation's activities and budgets approved by donors, except for balance due to donors, tax payables, and other payables which are recognized on an accrual basis.

(j) Grants from donors

Grant receipts are fund receipts from donors during the reporting period. Grant receipts are recorded as liabilities and are recognised as expenditures upon utilisation. Any unused balances are presented as amounts due to donors.

Grant incomes are recognised as incomes based on the actual cost spent by the Organisation and presented in the statement of income and expenditure which equal to the fund utilisation during the period by transferring the amount from liabilities.

(k) Grants to implementing partners

The Organisation implements its projects through the assistance of two implementing partners. Grants to implementing partners for a period of one or two years are awarded upon approval of the grant agreements. Funds are transferred in accordance with the grant agreements.

Grants to implementing partners are recognised as expenditures upon the approval of expense reports from the implementing partners. The disbursed funds are recognised as advances to partners, any advance balances are refunded to the Organisation and any deficits are reimbursed to partners at the end of the agreement period.

(l) Non-expendable equipment

The cost of non-expendable equipment is charged to statement of income and expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employees benefits

- *Severance pay*

All employees, who have been employed by the Organisation for two years or less, are entitled to severance payments proportional to both their salary and the length of their contract. In circumstance where it is not specifically stipulated in the employment contract, it is calculated at the rate of 5% of employee's salary paid during their employment contact.

The severance pay is paid to employee at the end of the employee's contract along with the monthly salary payment.

- *Seniority indemnity payment*

According to the ministerial Prakas No. 443 MLVT/Br. K dated 21 September 2018 and Instruction No. 058/19 MLVT dated 10 June 2019, all entities are required to settle seniority indemnity payment to all eligible employees whose employment are for unspecified duration employment contract (UDC) starting from 1 January 2019 onwards. These payments are to be made every six month, on 30 June and 31 December.

All employees, who are employed by the Organisation on unspecified duration contract (UDC), are entitled to seniority indemnity payment. The Organisation recognises the seniority payment as expenses when the payment is made to the staff in June and December along with the monthly salary payment.

(n) Reporting period

The reporting period is as at and for the year ended 31 December 2021. The other donors' agreements implemented activities throughout the reporting period; however, the reporting period does not necessarily coincide with the period of availability of the funds from other donors' agreements.

3. NEW FINANCIAL REPORTING FRAMEWORK

The Accounting and Auditing Regulator (ACAR) (formerly known as the National Accounting Council) of the Ministry of Economy and Finance issued Prakas No. 335 MoEF.BK dated 27 March 2018 on the implementation of the Cambodian Financial Reporting Standard for Not-for-profit Entities (CFRS for NFPEs) for accounting period beginning on or after 1 January 2018. The ACAR through Circular No. 030 dated 21 January 2019 approved the delay of adoption of CFRS for NFPEs until further notice.

Based on CFRS for NFPEs, NFPEs are required to prepare their financial statements in accordance with the cash basis of accounting. At this stage, the Organization does not intend to adopt the standard before its effective date.

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

4. CASH AND BANK BALANCES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Cash on hand	2,289	9,312	2,746	11,204
Cash at bank - current accounts (*)	499	2,030	1,999	8,156
Cash at bank - saving accounts (*)	331,048	1,346,703	437,540	1,785,163
Fixed deposit (**)	250,000	1,017,000	100,000	408,000
	<u>583,836</u>	<u>2,375,045</u>	<u>542,285</u>	<u>2,212,523</u>

(*) Cash at bank is maintained at various local financial institutions. Current accounts are non-interest bearing. Saving accounts earn interest at the rates ranging from 0.50% to 0.20% per annum.

(**) On 27 April 2021, Phare Ponleu Selpak 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.).

And on 07 September 2021, Phare Ponleu Selpak 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.

5. OTHER RECEIVABLES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Advances to partners	7,791	31,694	63,951	260,920
Accounts receivables	5,599	22,777	20,997	85,668
Staff advances	9,356	38,060	3,594	14,664
Others	3,800	15,458	210	856
	<u>26,546</u>	<u>107,989</u>	<u>88,752</u>	<u>362,108</u>

6. INVESTMENT IN PPSE

In 2013, Phare Ponleu Selpak (“PPS” or “the Organisation”) 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, PPS 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, Phare Ponleu Selpak Association 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.

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

7. OTHER PAYABLES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Amounts due to donors	97,400	396,223	77,442	315,963
Taxation	1,020	4,149	981	4,002
Others	16,979	69,071	3,373	13,763
	<u>115,399</u>	<u>469,443</u>	<u>81,796</u>	<u>333,728</u>

8. CORPORATIONS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Local	61,071	248,437	15,031	61,327
International	37,650	153,160	5,365	21,889
	<u>98,721</u>	<u>401,597</u>	<u>20,396</u>	<u>83,216</u>

9. FOUNDATIONS / ORGANISATIONS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Phare Ponleu Selpak France	103,078	419,321	71,649	292,328
Voice - Oxfam	52,330	212,878	43,262	176,509
Fund for Partners	33,773	137,389	158,354	646,084
Norec (formerly known as FK Norway)	26,211	106,626	35,789	146,019
EU Aid	4,776	19,429	-	-
Others	153,528	624,552	93,640	382,052
	<u>373,696</u>	<u>1,520,195</u>	<u>402,694</u>	<u>1,642,992</u>

10. INDIVIDUALS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Local Community (donations)	9,512	38,695	2,555	10,424
PPSE Big Top Shows (donations)	2,157	8,775	26,256	107,124
Individuals monthly recurring	1,070	4,353	1,817	7,413
PPS Big Top Shows (donations)	299	1,216	4,457	18,185
Others	57,237	232,840	55,959	228,314
	<u>70,275</u>	<u>285,879</u>	<u>91,044</u>	<u>371,460</u>

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

11. SALES REVENUE

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
External shows / Events	59,044	240,191	35,860	146,309
Internal workshops / Events	28,605	116,365	67,347	274,776
Boutique	17,787	72,358	11,229	45,814
Food & beverage	2,774	11,285	6,453	26,328
Big Top shows	1,505	6,122	50,660	206,693
Media / Design services	17,376	70,686	-	-
Visitors tickets	-	-	2,667	10,881
	<u>127,091</u>	<u>517,007</u>	<u>174,216</u>	<u>710,801</u>

12. PHARE PERFORMING SOCIAL ENTERPRISE

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
PPSE royalties	861	3,503	93,202	380,264
	<u>861</u>	<u>3,503</u>	<u>93,202</u>	<u>380,264</u>

13. OTHER INCOME

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Rental service income	18,237	74,188	12,997	53,028
Interest income	6,950	28,273	7,550	30,804
Others	2,327	9,466	2,605	10,628
	<u>27,514</u>	<u>111,927</u>	<u>23,152</u>	<u>94,460</u>

14. PERSONNEL AND RELATED COSTS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Staff salaries	370,431	1,506,913	438,833	1,790,439
Staff insurance	20,184	82,109	24,348	99,340
Staff travelling costs related to admin & activities	10,960	44,585	6,591	26,891
Other personnel costs	1,736	7,062	2,520	10,282
Staff training & development	84	342	1,554	6,340
	<u>403,395</u>	<u>1,641,011</u>	<u>473,846</u>	<u>1,933,292</u>

15. EXPENSES FROM ACTIVITIES AND PROJECTS

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Expense related to activity / project	97,068	394,872	117,639	479,967
Expense for student show and workshop	70,276	285,883	22,005	89,780
Rental expenses	6,983	28,407	10,492	42,808
	<u>174,327</u>	<u>709,162</u>	<u>150,136</u>	<u>612,555</u>

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

16. PARTNER PROJECT EXPENSES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Blue Dragon	24,131	98,165	131,794	537,720
Help Age	9,642	39,224	26,560	108,364
	<u>33,773</u>	<u>137,389</u>	<u>158,354</u>	<u>646,084</u>

17. LEGAL AND PROFESSIONAL FEES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Professional service fees	18,636	75,811	15,057	61,433
Auditing services	9,400	38,239	6,000	24,480
Training fee and services for staff	3,828	15,572	957	3,905
Other services related to admin	1,145	4,659	1,555	6,343
Consultant services	-	-	5,669	23,130
Training fee and services for students/projects	-	-	959	3,913
	<u>33,009</u>	<u>134,281</u>	<u>30,197</u>	<u>123,204</u>

18. ADMINISTRATION EXPENSES

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Utilities	18,205	74,058	18,981	77,442
Repair and maintenance	14,817	60,276	15,469	63,114
Office stationeries and supplies	715	2,909	1,311	5,349
Other insurance	2,003	8,148	1,416	5,777
Bank charges	1,029	4,186	1,318	5,377
Postal services	371	1,509	207	845
Other administrative costs	11,296	45,952	16,923	69,046
	<u>48,436</u>	<u>197,038</u>	<u>55,625</u>	<u>226,950</u>

19. NON-EXPENDABLE EQUIPMENT

	31 Dec 2021		31 Dec 2020	
	USD	KHR'000	USD	KHR'000
Machinery and equipment	40,585	165,100	7,313	29,836
Land and buildings	-	-	6,995	28,540
Furniture and fixtures	-	-	635	2,591
	<u>40,585</u>	<u>165,100</u>	<u>14,943</u>	<u>60,967</u>

20. TAXES PAID

This represents withholding tax on rental and services paid during the year.

PHARE PONLEU SELPAK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

21. COMMITMENT

In accordance with the ministerial Prakas No. 443 K.B/Br.K.Kh.L issued on 21 September 2018 and Instruction No. 042/19 K.B/Br.K.Kh.L issued on 22 March 2019 on past year of seniority service before 2019, all employees as at 31 December 2021 are entitled to past year of seniority service. The management has estimated the maximum seniority payment commitment before 2019 at USD 47,573.70. These past seniority payments are eligible only when the Organization has enough or surplus funds to support the payments.

22. TAXATION

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at the reporting date. However, the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reviewed by the General Department of Taxation various tax offices. The Organisation's judgment of its activities may not coincide with the interpretation of the same activities by those tax offices. These may result in tax provisions and other retroactive tax claims.

If a particular treatment was to be challenged by those tax offices, the Organisation may be assessed additional taxes, penalties and interests, which can be significant. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and fund balance in the period in which the determination is made.

23. EVENTS AFTER THE END OF REPORTING PERIOD

The Management has evaluated events after the end of reporting period until the date the financial statements were available for issue. The Management affirms that no material events should be reported.