

TRANSPARENCY INTERNATIONAL CAMBODIA

**Financial Statements
for the year ended 31 December 2021
and
Report of the Independent Auditors**

Organisation information

Organisation name	Transparency International Cambodia	
Operating License	1004 ម ជ ណ	
Registered Office	No 13, Street 554, Village 10, Sangkat Boeung Kak1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia	
Funding Agency	The Swedish International Development Cooperation Agency The European Union Transparency International e.V. (Secretariat) Transparency International Australia The U.S Agency for International Development OXFAM NOVIB	
Board of Directors	Ms. Vong Socheata Mr. Klein Norbert Hans Ms. Srey Sotheavy Ms. Oung Chanthol Ms. Khak Chenda Ms. Pok Marina	Chairwoman Vice-chairman Member Member Member Member (appointed on 19 December 2020)
Principal bankers	Canadia Bank Plc. JTrust Royal Bank Plc. ACLEDA Bank Plc. Hong Leong Bank (Cambodia) Plc. Amret Microfinance Institution Advance Bank of Asia Ltd.	
Auditors	KPMG Cambodia Ltd	

Transparency International Cambodia

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Report of the Board of Directors

The Board of Directors of Transparency International Cambodia (“TI Cambodia” or “the Organisation”) submits its report together with the audited financial statements of the Organisation as at 31 December 2021 and for the year then ended.

The Organisation

Transparency International Cambodia was founded on 5 July 2010 and was officially registered with the Ministry of Interior on 6 July 2011. TI Cambodia is an accredited National Chapter of Transparency International. The mission of TI Cambodia is to work together with individuals and institutions at all levels to promote integrity and reduce corruption in Cambodia.

Principal activities

TI Cambodia’s strategic activities are in line with the United Nations Convention against Corruption’s (UNCAC) core chapters on preventive measures, law enforcement, international cooperation and implementing mechanism to promote and strengthen measures to prevent and combat corruption and to promote integrity and social accountability.

TI Cambodia’s strategic activities are also complementary to the efforts and commitments being made by the Anti-Corruption Unit (ACU) of the Royal Government of Cambodia set forth in the Anti-Corruption Strategic Foundation which requires a three-headed arrow to promote and fight corruption in Cambodia namely (1) public education, (2) prevention, and (3) enforcement of anti-corruption law.

The Board of Directors

Members of the Board of Directors during the year and at the date of this report are:

Ms. Vong Socheata	Chairwoman
Mr. Klein Norbert Hans	Vice-chairman
Ms. Srey Sotheavy	Member
Ms. Oung Chanthol	Member
Ms. Khak Chenda	Member
Ms. Pok Marina	Member

Auditor

KPMG Cambodia Ltd is the auditor of the Organisation.

Transparency International Cambodia

Statement of board of directors' responsibilities in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2021, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors oversees the preparation of these financial statements by managements who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- Comply with Cambodian International Financial Reporting Standard for Small and Medium-sized entities ("CIFRS for SMEs") or, if there has been any departures in the interests of true and fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- oversee the Organisation's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess 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 the board of director either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so; and
- control and direct effectively the Organisation in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Organisation and to ensure that the accounting records comply with the applicable accounting system. They are 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.

Board of Directors confirms that the Organisation has complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We hereby approve the accompanying financial statements which present fairly, in all material respects, of the financial position of the Organisation as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

On behalf of the Board of Directors:



Pech Pisey
Executive Director

Phnom Penh, Kingdom of Cambodia

15 March 2022



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Report of the independent auditors To the Donors of Transparency International Cambodia

Opinion

We have audited the accompanying financial statements of Transparency International Cambodia (“the Organisation”) which comprise the statement of financial position as at 31 December 2021, 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 7 to 38 (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 2021, 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 information

The Organisation is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors set out on pages 1 to 2. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter Comparative Information

We draw attention to Note 25 to the financial statements which describes that the comparative information presented as at and for the year ended 31 December 2020 and as at 1 January 2020 has been restated. Our opinion is not modified in respect of this matter.

Other Matter Relating to Comparative Information

The financial statements of the Organisation as at and for the year ended 31 December 2020 and 31 December 2019 (from which the statement of financial position as at 1 January 2020 has been derived), excluding the adjustments described in Note 25 to the financial statements, were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 1 June 2021.

As part of our audit of the financial statements as at and for the year ended 31 December 2021, we audited the adjustments described in Note 25 that were applied to restate the comparative information presented as at and for the year ended 31 December 2020 and the statement of financial position as at 1 January 2020. We were not engaged to audit, review or apply any procedures to the financial statements as at and for the year ended 31 December 2020 or 31 December 2019 (not presented herein) or to the statement of financial position as at 1 January 2020, other than with respect to the adjustments described in Note 25 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 25 are appropriate and have been properly applied.

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

15 March 2022

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Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4) (Restated)
Income					
Unrestricted income	5	826,783	3,363,353	809,118	3,298,774
Restricted income	6	897,820	3,652,332	694,322	2,830,751
Other income	7	9,949	40,473	24,772	100,995
Total income		1,734,552	7,056,158	1,528,212	6,230,520
Expenditures					
Program activity costs	8	706,560	2,874,286	399,977	1,630,706
Personnel costs	9	804,199	3,271,482	871,863	3,554,585
Capital expenditure	10	39,473	160,576	36,751	149,834
Office running costs	11	77,001	313,240	95,013	387,368
Communication	12	23,464	95,452	18,580	75,751
Capacity development	13	1,740	7,078	290	1,182
Professional fee	14	16,150	65,698	19,501	79,506
Indirect costs	15	9,855	40,090	-	-
Total expenditures		1,678,442	6,827,902	1,441,975	5,878,932
Net surplus for the year		56,110	228,256	86,237	351,588
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		56,110	228,256	86,237	351,588

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

Transparency International Cambodia

Statement of financial position as at 31 December 2021

	Notes	31 December 2021		31 December 2020		1 January 2020	
		US\$	KHR'000 (Note 4)	US\$ (Restated)	KHR'000 (Note 4)	US\$ (Restated)	KHR'000 (Note 4)
ASSETS							
Current assets							
Cash and cash equivalents	16	1,229,894	5,010,588	547,235	2,213,566	317,511	1,293,857
Deposits and prepayments	17	5,052	20,582	17,771	71,884	22,179	90,379
Accrued income- donors		2,651	10,800	-	-	8,844	36,039
Advance to project partners	18	214,173	872,541	140,186	567,052	1,344	5,477
Other assets		-	-	150	606	-	-
		1,451,770	5,914,511	705,342	2,853,108	349,878	1,425,752
Non-current assets							
Property and equipment	19	215,593	878,326	235,805	953,831	49,215	200,551
Intangible asset		-	-	-	-	91	371
Security deposit		13,200	53,777	-	-	-	-
		228,793	932,103	235,805	953,831	49,306	200,922
TOTAL ASSETS		1,680,563	6,846,614	941,147	3,806,939	399,184	1,626,674

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Statement of financial position (continued) as at 31 December 2021

	Notes	31 December 2021		31 December 2020		1 January 2020	
		US\$	KHR'000 (Note 4)	US\$ (Restated)	KHR'000 (Note 4) (Restated)	US\$ (Restated)	KHR'000 (Note 4) (Restated)
LIABILITIES							
Current liabilities							
Deferred income – donors	20	1,228,824	5,006,229	616,822	2,495,045	95,583	389,501
Other payables	21	80,052	326,132	70,835	286,528	69,505	283,231
Pension fund liabilities	22	23,322	95,014	23,322	94,337	36,022	146,790
		1,332,198	5,427,375	710,979	2,875,910	201,110	819,522
Non-current liability							
Pension fund liabilities	22	161,511	657,996	99,424	402,170	153,567	625,786
Total liabilities		1,493,709	6,085,371	810,403	3,278,080	354,677	1,445,308
RESERVES		186,854	761,243	130,744	528,859	44,507	181,366
TOTAL LIABILITIES AND RESERVES		1,680,563	6,846,614	941,147	3,806,939	399,184	1,626,674

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

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Statement of changes in reserves for the year ended 31 December 2021

	Reserves	
	US\$	KHR'000 (Note 4)
At 1 January 2021	130,744	528,859
Net surplus for the year	56,110	228,256
Currency translation difference	-	4,128
At 31 December 2021	<u>186,854</u>	<u>761,243</u>
At 1 January 2020 (Restated)	44,507	181,366
Net surplus for the year (Restated)	86,237	351,588
Currency translation difference	-	(4,095)
At 31 December 2020 (Restated)	<u>130,744</u>	<u>528,859</u>

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

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Statement of cash flows for the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4) (Restated)
OPERATING ACTIVITIES					
Net surplus for the year		56,110	228,256	86,237	351,588
<i>Non-cash adjustments:</i>					
Depreciation and amortisation		25,888	105,312	20,359	83,004
Interest income		(3,039)	(12,363)	(8,783)	(35,808)
Pension fund		98,973	402,622	98,738	402,555
<i>Changes in:</i>					
Deposit and prepayments		10,068	40,957	4,408	17,971
Accrued income – donors		-	-	8,844	36,057
Advance to project partners		(73,987)	(300,979)	(138,842)	(566,059)
Other assets		(13,050)	(53,087)	(150)	(612)
Other payables		9,217	37,495	1,330	5,422
Deferred income – donors		612,002	2,489,624	521,239	2,125,091
Interest received		722,182	2,937,837	593,380	2,419,209
Pension fund paid		(36,886)	(150,052)	(165,581)	(675,074)
Net cash generated from operating activities		688,335	2,800,148	436,582	1,779,943
INVESTING ACTIVITY					
Purchase of property and equipment		(5,676)	(23,090)	(206,858)	(843,360)
Net cash used in investing activities		(5,676)	(23,090)	(206,858)	(843,360)
Net increase in cash and cash equivalents		682,659	2,777,058	229,724	936,583
Cash and cash equivalents at beginning of year		547,235	2,213,566	317,511	1,293,857
Currency translation difference		-	19,964	-	(16,874)
Cash and cash equivalents at end of year	16	1,229,894	5,010,588	547,235	2,213,566

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

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Notes to the financial statements as at and for the year ended 31 December 2021

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

1. Background and activities

Transparency International (“TI”) is the global civil society Organisation leading the fight against corruption. It brings people together in a powerful worldwide coalition to end the devastating impact of corruption on men, women, and children around the world. TI’s mission is to create change towards a world free of corruption.

Transparency International Cambodia (“the Organisation” or “TI Cambodia”) was founded on 5 July 2010 and was officially registered with the Ministry of Interior on 6 July 2011. TI Cambodia is an accredited National Chapter of Transparency International. The mission of TI Cambodia is to work together with individuals and institutions at all levels to promote integrity and reduce corruption in Cambodia.

TI Cambodia’s strategic activities are in line with the United Nations Convention against Corruption’s (“UNCAC”) core chapters on preventive measures, law enforcement, international cooperation and implementing mechanism to promote and strengthen measures to prevent and combat corruption and to promote integrity and social accountability. TI Cambodia’s strategic activities are also complementary to the efforts and commitments being made by the Anti-Corruption Unit (“ACU”) of the Royal Government of Cambodia set forth in the Anti-Corruption Strategic Foundation which requires a three-headed arrow to promote and fight corruption in Cambodia namely (1) public education, (2) prevention, and (3) enforcement of anti-corruption law.

TI Cambodia receives core funding for the main strategic programmed from the Swedish International Development Cooperation Agency (“SIDA”) and the European Union (“EU”) for the period 1 January 2020 - 31 December 2022. TI Cambodia also receives funds for specific projects from TI-Secretariat (“TI-S”) and other donors.

The Organisation’s registered office is located at no.13, street 554, Sangkat Boeng Kak I, Khan Tuol Kork, Phnom Penh. As at 31 December 2021, the Organisation employed 34 employees (31 December 2020: 34 employees).

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

2. Basis of preparation (continued)

(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.

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.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(b) Recognition of income

TI Cambodia receives income mainly from grants, with residual amounts of funds being raised through individual donations, performance of charitable activities and finance income. Regardless of the origin of the income, all contributors to income are henceforth defined as “donors”. The recognition criteria for each category of income is detailed below.

(i) *Grant income*

Grant income is accounted for in accordance with Section 24 of CIFRS for SMEs. As such, income is recognised when (a) the grant proceeds are receivable, (b) performance conditions are met. TI Cambodia considers provision (a) met when the formal offer of funding is communicated in writing. Provision (b) is met when the activities required by the grant have been performed or the objectives upon which the grant is conditional have been met. When entitlement is dependent on certain specific performance conditions, funds are identified as “restricted or unrestricted” and recognised as income when conditions are satisfied. This is usually proportional to the relevant expenditure incurred. Grants received but not yet utilised are presented in the Statement of Financial Position as current liabilities under “deferred income - donors”; grants committed and utilised but not yet received in cash are presented within current assets under “accrued income - donors”.

(ii) *Individual donations*

Individual donations are recognised when they are deemed receivable. An individual donation is deemed to be receivable when actually received, e.g. in the case of voluntary cash payments collected via the TI Cambodia’s website; or when a contract is in place and any outstanding conditions under the contract have been met, e.g. contributions from legacies are recognised when the administrator confirms the transfer of title of the equity. 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 TI Cambodia becomes entitled to them.

(c) Recognition of expenditure

Expenditure comprises operating expenditure incurred at TI Cambodia, operating expenditure incurred by project partners, and finance costs. The recognition criteria for each category of expenditure are detailed below.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(c) Recognition of expenditure (continued)

(i) *Operating expenditure incurred at TI Cambodia*

Operating expenditure incurred at TI Cambodia consists generally of personnel costs, office running costs, travel costs and consultancy fees. Service and labour costs are recognised in line with the rendering of services and labour; purchases of goods are recognised when TI Cambodia acquires title to the property. Office running costs include leases, related to office space and equipment. Under current lease contracts, a significant portion of the risks and rewards of ownership are effectively retained by the lessor. As such, in accordance with Section 20, these are classified as operating leases, and the related payments are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Program costs are fully charged for each activity incurred under the respective donor while the running costs, supporting staff costs are shared-cost to each donor based on the approved budget.

(ii) *Operating expenditure incurred by project partners*

A portion of TI Cambodia's expenditure is incurred by project partners that receive grants from TI Cambodia, mostly for the implementation of grant-funded projects.

Expenditure is accounted for when incurred by the partner. TI Cambodia estimates the expenditure incurred based on periodic reports issued by partners, which are assessed for accuracy and compliance with donor requirements and good accounting practice.

Grants disbursed but not yet spent by project partners are included in the Statement of Financial Position as "Advances to project partners".

(iii) *Finance costs*

Finance costs comprise interest expense on bank overdraft, borrowings and finance charges in respect of leases liabilities. Finance costs are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(d) Classification of Expenditures

Program activity costs are direct expenditures charged to the projects funded by the respective donors. Other expenditures relating to personnel, capital expenditure, office running, communication, capacity development and professional fees are systematically allocated to projects and activities as per budget heading based on the available fund limit in the approved budget by the respective donors. Indirect overhead costs are charged to projects at a maximum of 7% for EU and 10% USAID and 15% for TI-A of total expenses respectively.

(e) 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.

(f) Other assets and Other liabilities

Other assets and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

(g) Property and equipment

(i) *Recognition and measurement*

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

When 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.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(g) 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 Company 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, less its residual value.

Depreciation of equipment is charged to profit or loss 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 equipment	5
Furniture and fittings	5
IT equipment	3
Vehicle	7

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.

(h) Intangible asset

Intangible asset comprises of computer software which is stated at historical cost less accumulated amortisation and impairment losses, if any. This is amortised using the straight-line method over an estimated useful life of three years. Costs associated with the maintenance of computer software are recognised as expenses when incurred.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(i) 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.

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.

(j) 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.

(k) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. 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.

A *Seniority payment*

Starting from 2019, the Organisation pays a fifteen days annual seniority payment to staff under unfixed duration contract in two instalments with half of the seniority payment (7.5 days) in June payroll and the remaining half (7.5 days) in December payroll of each year. Payments made by the Organisation are reported under Personnel costs in the statement of comprehensive income.

Transparency International Cambodia

Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(k) Employee benefits (continued)

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

B *Thirteen-month salary*

The Organisation pays a thirteen-month salary which is equal to one month's salary to the employees under extended-term contract and open-ended contract at the time of Khmer New Year (at the end of March or in early April). To be eligible for this benefit, employees must have 12 months of continuous employment with the Organisation. For a period of employment shorter than 12 months, the thirteen-month salary is reduced pro rata based on the number of full months worked to date. Payments made by the Organisation are being reported under Personnel costs in the statement of comprehensive income.

C *Paid annual leave*

Full-time employees of the Organisation are entitled to 18 days (1 day increase every 3 years) paid annual leave each year. Annual leave is to be taken at a time mutually agreed by the employee and their immediate supervisor. Employees are encouraged to take their full entitlement of annual leave during each calendar year. A maximum of 9 days of unused annual leave per employee can be carried forward to the following calendar year and any unused leave remaining more than 12 months will be forfeited. If employment is terminated or an employee resigns, their accrued unutilised annual leave will be paid to the employee.

(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.

A *Pension fund*

The Organisation sets up a provision for pension fund for employees immediately after their employment. The Organisation and staff contribute 10% each of the monthly salary to the pension fund scheme. The fund is maintained in a separate bank account maintained at J Trust Royal Bank and Amret MFI under the Organisation's name. The fund will be paid to the staff at the end of their employment. Staff who have been working with the Organisation for less than two years are entitled to only the amount of their own contribution. During the employment, staff can advance their fund if they have been working with the Organisation for more than two years.

Contribution of 10% by the Organisation are reported under Personnel costs in the statement of comprehensive income.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

3. Significant accounting policies (continued)

(l) 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.

(m) Income tax

No provision for income tax since TI Cambodia 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. The translations of United States Dollars amounts into Khmer Riel (“KHR”) are included solely for meeting the presentation requirements pursuant to the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date. The statements of comprehensive income and cash flows are translated into KHR at 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 other comprehensive income.

The Organisation uses the following exchange rates:

Financial year end			Closing rate	Average rate
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	KHR4,045	KHR4,077
1 January 2020	US\$1	=	KHR4,075	N/A

Transparency International Cambodia

Notes to the financial statements (continued) as at and for the year ended 31 December 2021

5. Unrestricted income

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	US\$ (Note 4)
The Swedish International Development Cooperation Agency and European Union (SIDA/EU)	<u>826,783</u>	<u>3,363,353</u>	<u>809,118</u>	<u>3,298,774</u>

This represents co-funding from SIDA and EU for the project Collective Actions Against Corruption 2020-2022.

6. Restricted income

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
The European Union (EU) (*)	543,845	2,212,361	377,844	1,540,470
U.S Agency for International Development (USAID) (*)	176,922	719,719	177,534	723,806
Transparency International Australia (TIA) (*)	64,946	264,200	41,959	171,067
Transparency International Secretariat (TIS) – IPP Project	40,892	166,349	25,664	104,632
Transparency International Secretariat (TIS) – 40 Project	38,400	156,211	33,298	135,756
Oxfam-YBT	11,105	45,175	-	-
Oxfam Fair Trade	10,257	41,726	-	-
Oxfam(FFIP-TI)	5,953	24,217	-	-
USA	5,500	22,374	-	-
Oxfam Novib Pro.A-04849-04	-	-	38,023	155,020
	<u>897,820</u>	<u>3,652,332</u>	<u>694,322</u>	<u>2,830,751</u>

(*) Including in these income are indirect cost charged based on 7%, 10% and 15% of total expenses of fund from EU, USAID and TI-A, respectively.

The cost will be deducted from respective fund account to TI Cambodia's account annually. During 2021, there was indirect cost amounting to US\$66,172 (2020: US\$52,841).

Transparency International Cambodia

Notes to the financial statements (continued) as at and for the year ended 31 December 2021

7. Other income

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Bank interest	3,039	12,363	8,783	35,808
Other contributions	6,568	26,718	1,850	7,542
Exchange gain	342	1,392	354	1,444
Miscellaneous	-	-	13,785	56,201
	<u>9,949</u>	<u>40,473</u>	<u>24,772</u>	<u>100,995</u>

Transparency International Cambodia

Notes to the financial statements (continued) as at and for the year ended 31 December 2021

8. Program activity costs

	2021												
	SIDA/EU	EU	USAID	Oxfam Fair Tax	Oxfam Fair Finance	TI-A	TIS-IPP	TIS.4.0	USA	UNCAC	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Project monitoring and evaluation	85,616	12,850	74,230	9,218	3,467	21,900	24,110	4,700	4,000	3,469	-	243,560	990,802
Workshop and conference	35,250	260,869	49,482	1,630	-	30,117	7,961	9,786	22	-	1,654	396,771	1,614,064
Publication	17	3,117	6,146	-	-	-	439	-	-	-	-	9,719	39,537
Transportation	12,900	4,145	3,189	-	-	2,982	375	-	102	-	-	23,693	96,383
Other direct costs	1,713	7,452	15,248	-	1,419	-	-	6,985	-	-	-	32,817	133,500
	135,496	288,433	148,295	10,848	4,886	54,999	32,885	21,471	4,124	3,469	1,654	706,560	2,874,286

	2020 (Restated)										
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIC	Total		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Project monitoring and evaluation	31,909	2,501	-	17,822	-	11,164	5,520	1,750	70,666	-	288,105
Workshop and conference	38,212	155,024	59,465	10,830	5,158	3,599	12,602	1,057	285,947	-	1,165,806
Publication	1,470	-	2,345	-	1,722	1,378	-	-	6,915	-	28,192
Transportation	10,616	641	5,254	985	2,770	872	-	78	21,216	-	86,498
Other direct costs	9,361	25	5,847	-	-	-	-	-	15,233	-	62,105
	91,568	158,191	72,911	29,637	9,650	17,013	18,122	2,885	399,977	-	1,630,706

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

9. Personnel costs

		2021										
		SIDA/EU	EU	USAID	Oxfam Fair Trade	Oxfam Fair Finance	TI-A	TIS-IPP	TIS.4.0	TIC	Total	
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Salary		447,273	164,094	3,225	7,175	949	286	3,066	12,210	-	638,278	2,596,515
Benefits		137,227	17,685	357	2,967	-	109	1,171	4,317	2,088	165,921	674,967
		584,500	181,779	3,582	10,142	949	395	4,237	16,527	2,088	804,199	3,271,482
		2020 (Restated)										
		SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIC	Total		
		US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)	
Salary		422,959	139,051	81,021	6,600	26,059	4,052	12,000	6,591	698,333	2,847,104	
Benefits		151,405	18,134	382	-	-	562	3,047	-	173,530	707,481	
		574,364	157,185	81,403	6,600	26,059	4,614	15,047	6,591	871,863	3,554,585	

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

10. Capital expenditure

	2021									
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Depreciation expense	13,453	11,864	-	-	-	-	-	571	25,888	105,312
Minor equipment	9,320	4,275	(10)	-	-	-	-	-	13,585	55,264
	22,773	16,139	(10)	-	-	-	-	571	39,473	160,576

	2020									
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Depreciation expense	14,903	3,418	-	-	-	-	-	571	18,892	77,023
Minor equipment	5,067	10,546	116	-	700	1,430	-	-	17,859	72,811
	19,970	13,964	116	-	700	1,430	-	571	36,751	149,834

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

11. Office running costs

	2021												
	SIDA/EU	EU	USAID	Oxfam Fair Trade	Oxfam Fair Tax	Oxfam Fair Finance	TI-A	TIS-IPP	TIS.4.0	UNCAC	TIC	Total	
	US\$	US\$	US\$	US\$			US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Office rental	30,810	6,750	4,050	-	-	-	-	-	-	-	-	41,610	169,269
Utilities	4,030	1,469	891	-	-	-	-	-	-	-	-	6,390	25,995
Stationeries and supplies	6,798	1,512	416	-	-	-	-	4	-	-	-	8,730	35,514
Other running costs	13,462	5,421	405	115	257	163	141	122	93	10	82	20,271	82,462
	55,100	15,152	5,762	115	257	163	141	126	93	10	82	77,001	313,240

	2020 (Restated)										
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIC	Total		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Office rental	29,920	6,600	3,960	-	-	-	-	-	40,480	-	165,037
Utilities	5,674	2,151	1,266	-	-	-	-	-	9,091	-	37,064
Stationeries and supplies	6,258	1,610	-	96	-	-	-	-	7,964	-	32,469
Other running costs	21,342	8,061	925	999	108	98	19	5,926	37,478	-	152,798
	63,194	18,422	6,151	1,095	108	98	19	5,926	95,013	-	387,368

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

12. Communication

	2021							Total	KHR'000 (Note 4)
	SIDA/EU US\$	EU US\$	USAID US\$	Oxfam US\$	TI-A US\$	TIS-IPP US\$	TIS.4.0 US\$		
Telephone and internet	<u>15,756</u>	<u>3,899</u>	<u>3,294</u>	<u>-</u>	<u>60</u>	<u>145</u>	<u>310</u>	<u>23,464</u>	<u>95,452</u>

	2020							Total	KHR'000 (Note 4)
	SIDA/EU US\$	EU US\$	USAID US\$	Oxfam US\$	TI-A US\$	TIS-IPP US\$	TIS.4.0 US\$		
Telephone and internet	<u>13,541</u>	<u>3,304</u>	<u>884</u>	<u>691</u>	<u>40</u>	<u>10</u>	<u>110</u>	<u>18,580</u>	<u>75,751</u>

13. Capacity development

	2021								Total	KHR'000 (Note 4)	
	SIDA/EU US\$	EU US\$	USAID US\$	Oxfam US\$	TI-A US\$	TIS-IPP US\$	TIS.4.0 US\$	USA US\$			TIC US\$
Capacity development	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,740</u>	<u>7,078</u>

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

13. Capacity development (continued)

	2020										
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIS - EGGER	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Capacity development	290	-	-	-	-	-	-	-	-	290	1,182

14. Professional fee

	2021										
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	USA	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Professional services	12,650	-	-	-	-	3,500	-	-	-	16,150	65,698

	2020										
	SIDA/EU	EU	USAID	Oxfam	TI-A	TIS-IPP	TIS.4.0	TIS - EGGER	TIC	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000 (Note 4)
Professional services	17,001	-	-	-	-	2,500	-	-	-	19,501	79,506

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

15. Indirect cost

	2021										
	SIDA/EU US\$	EU US\$	USAID US\$	Oxfam US\$	TI-A US\$	TIS-IPP US\$	TIS.4.0 US\$	USA US\$	TIC US\$	Total US\$	Total KHR'000 (Note 4)
Indirect costs	<u>1,152</u>	<u>-</u>	<u>2,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376</u>	<u>4,790</u>	<u>9,855</u>	<u>40,090</u>
	2020 (Restated)										
	SIDA/EU US\$	EU US\$	USAID US\$	Oxfam US\$	TI-A US\$	TIS-IPP US\$	TIS.4.0 US\$	TIS - EGGER US\$	TIC US\$	Total US\$	Total KHR'000 (Note 4)
Indirect costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

16. Cash and cash equivalents

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	2,676	10,902	1,208	4,886
Cash at banks	1,227,218	4,999,686	546,027	2,208,680
	1,229,894	5,010,588	547,235	2,213,566

17. Deposits and prepayments

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deposits	1,465	5,968	16,095	65,104
Prepaid insurance	2,444	9,957	1,676	6,780
Others	1,143	4,657	-	-
	5,052	20,582	17,771	71,884

18. Advance to project partners

This represents the outstanding advances provided to partners for project implementation.

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
ActionAid Cambodia Development and Partnership in Action	210,967	859,480	122,684	496,257
Highlanders Association	-	-	10,390	42,028
Politikofee	-	-	5,711	23,100
CamboJA	3,206	13,061	1,205	4,874
	-	-	196	793
	214,173	872,541	140,186	567,052

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

19. Property and equipment

2021	Land US\$	Office and IT equipment US\$	Furniture and fixtures US\$	Vehicles US\$	US\$	Total KHR'000 (Note 4)
Cost						
At 1 January 2021	127,425	34,525	12,490	99,651	274,091	1,108,698
Additions	-	5,676	-	-	5,676	23,090
Currency translation difference	-	-	-	-	-	7,983
At 31 December 2021	127,425	40,201	12,490	99,651	279,767	1,139,771
Accumulated depreciation						
At 1 January 2021	-	17,572	2,871	17,843	38,286	154,867
Depreciation for the year	-	9,867	1,892	14,129	25,888	105,312
Currency translation difference	-	-	-	-	-	1,266
At 31 December 2021	-	27,439	4,763	31,972	64,174	261,445
Carrying amounts						
At 31 December 2021	127,425	12,762	7,727	67,679	215,593	878,326

On 30 September 2020, the Organisation purchased a piece of land located at Putsiang commune in Khan Prek Phnov, Phnom Penh using TI Cambodia's own reserve which mainly generated from the indirect charge to donor based on percentage of total expenses approved by donor. The purpose of this land is to support its long-term sustainability efforts to have its own building for implementing programme activities and hosting events including meetings, workshops, forums, youth camp and youth gatherings. The land ownership was registered in soft title deed and hold in trust under the name of the three representatives of TI Cambodia. As at the date of this report, TI Cambodia has not proceeded for the hard title deed yet.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

19. Property and equipment (continued)

2020	Land US\$	Office and IT equipment US\$	Furniture and fixtures US\$	Vehicles US\$	US\$	Total KHR'000 (Note 4)
Cost						
At 1 January 2020	-	17,882	6,600	42,751	67,233	273,974
Additions	127,425	16,643	5,890	56,900	206,858	843,360
Currency translation difference	-	-	-	-	-	(8,636)
At 31 December 2020	<u>127,425</u>	<u>34,525</u>	<u>12,490</u>	<u>99,651</u>	<u>274,091</u>	<u>1,108,698</u>
Accumulated depreciation						
At 1 January 2020	-	8,447	980	8,591	18,018	73,423
Depreciation for the year	-	9,125	1,891	9,252	20,268	82,633
Currency translation difference	-	-	-	-	-	(1,189)
At 31 December 2020	<u>-</u>	<u>17,572</u>	<u>2,871</u>	<u>17,843</u>	<u>38,286</u>	<u>154,867</u>
Carrying amounts						
At 31 December 2020	<u>127,425</u>	<u>16,953</u>	<u>9,619</u>	<u>81,808</u>	<u>235,805</u>	<u>953,831</u>

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

20. Deferred income – donors

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
EU	745,981	3,039,127	406,459	1,644,127
SIDA and EU co-fund*	340,419	1,386,867	131,928	533,649
U.S Agency for International Development (USAID)	19,226	78,327	31,286	126,552
Transparency International Secretariat (TIS) – IPP Project	55,673	226,812	21,912	88,634
Oxfam Novib Pro.A-04849-04	67,525	275,096	10,519	42,549
Transparency International Australia	-	-	8,386	33,921
Transparency International Secretariat (TIS) – 4.0 Project	-	-	6,332	25,613
	<u>1,228,824</u>	<u>5,006,229</u>	<u>616,822</u>	<u>2,495,045</u>

(*) This represents co-funding from SIDA and EU for the project Collective Actions Against Corruption 2020-2022.

21. Other payables

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4) (Restated)
Accrual bonus	32,407	132,026	29,969	121,225
Unused annual leave	17,587	71,649	15,498	62,689
Withholding tax payable	12,382	50,444	8,429	34,095
Professional fee	9,825	40,027	12,700	51,372
Others	7,851	31,986	4,239	17,147
	<u>80,052</u>	<u>326,132</u>	<u>70,835</u>	<u>286,528</u>

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

22. Pension fund

Pension fund pertains to the balance of pension fund which is contributed by employee 10% of their monthly salary and contributed by TI Cambodia another 10%.

Movements of the pension fund was as follows:

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4) (Restated)
At 1 January	122,746	496,508	189,589	772,575
Contribution during the year	98,973	402,622	98,738	402,555
Settlements	(36,886)	(150,052)	(165,581)	(675,074)
Currency translation difference	-	3,932	-	(3,548)
At 31 December	184,833	753,010	122,746	496,508

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	23,322	95,014	23,322	94,337
Non-current	161,511	657,996	99,424	402,170
At 31 December	184,833	753,010	122,746	496,507

23. Related party transactions

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Compensation for key management	109,819	446,744	119,524	487,299
Board meeting honorarium (communication/transportation)	300	1,220	900	3,669

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

24. Commitments and contingencies

(i) Lease commitment

TI Cambodia has commitments under non-cancellable operating lease for office building. The total future minimum operating lease payments are as follow:

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4) (Restated)
Not later than one year	42,480	173,064	44,700	180,812
Later than one year but less than five years	<u>55,000</u>	<u>224,070</u>	<u>95,500</u>	<u>386,298</u>
	<u>97,480</u>	<u>397,134</u>	<u>140,200</u>	<u>567,110</u>

(ii). 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. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects since the incorporation of the Organisation could be significant.

25. Restatement of comparative information

During the preparation of the financial statements for the year ended 31 December 2021, Management of the Organisation has decided to restate the comparative information for the year ended 31 December 2020 and the accumulated fund balance as at 1 January 2020 to correct prior years' identified misstatements in relation to:

- A. **Other income/Indirect cost:** to reverse the overstatement of indirect cost amounting to US\$52,584, representing a recovery from designated donors' fund charged based on percentage of total donor's fund expenses for the year ended 31 December 2020. The amount was initially recognised as part of the restricted income and subsequently recognised as other income and expenses in the prior year's financial statements.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

25. Restatement of comparative information (continued)

- B. **Program activity cost/Personnel cost:** to reclassify the service contract expense (employee costs by project) amounting to US\$65,194 from Program activity costs to Personnel costs in order to be in line with the approved budget costs allocation and the Organisation's human resource management manual issued in July 2020.
- C. **Personnel cost:** to reverse 13th month employees' salary of year 2019 amounting to US\$29,969 from the 2020 financial statements to the opening accumulated funds balance and account payable as of 1 January 2020 and the statement of cash flows for the year ended 31 December 2020.
- D. **Program activity cost/office running cost:** to reclassify the security service costs of US\$9,311 from Program activities cost to Office running cost.
- E. To adjust the error in pension fund's disclosure in the statement of cash flows.

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

25. Restatement of comparative information (continued)

A summary of the line items affected by the restatements of the comparative information and correction of those errors is as follows:

	Note	1 January 2020				31 December 2020			
		As previously reported US\$	Adjustments US\$	As restated US\$	As restated KHR'000 (Note 4)	As previously reported US\$	Adjustments US\$	As restated US\$	As restated KHR'000 (Note 4)
Statement of financial position									
EQUITY AND LIABILITIES									
Equity									
Accumulated funds	C	<u>74,476</u>	<u>(29,969)</u>	<u>44,507</u>	<u>181,366</u>	<u>130,744</u>	<u>-</u>	<u>130,744</u>	<u>528,859</u>
Current liabilities									
Other payables	C	<u>39,536</u>	<u>29,969</u>	<u>69,505</u>	<u>283,231</u>	<u>70,835</u>	<u>-</u>	<u>70,835</u>	<u>286,528</u>

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Notes to the financial statements (continued) as at and for the year ended 31 December 2021

25. Restatement of comparative information (continued)

		31 December 2020			
		As previously reported US\$	Adjustment US\$	As restated US\$	KHR'000 (Note 4)
Notes					
Income					
	Unrestricted income	809,118	-	809,118	3,298,774
	Restricted income	694,322	-	694,322	2,830,751
A	Other income	77,613	(52,841)	24,772	100,995
	Total income	1,581,053	(52,841)	1,528,212	6,230,520
Expenditures					
	Program activity costs	474,482	(74,505)	399,977	1,630,706
	Personnel costs	836,638	35,225	871,863	3,554,585
	Capital expenditure	36,751	-	36,751	149,834
D	Office running costs	85,702	9,311	95,013	387,368
	Communication	18,580	-	18,580	75,751
	Capacity development	290	-	290	1,182
	Professional fee	19,501	-	19,501	79,506
A	Indirect costs	52,841	(52,841)	-	-
	Total expenditures	1,524,785	(82,810)	1,441,975	5,878,932
	Net surplus for the year	56,268	29,969	86,237	351,588
	Other comprehensive income	-	-	-	-
	Total comprehensive income for the year	56,268	29,969	86,237	351,588
Statement of cash flows					
Cash from operating activities					
	Net surplus for the year	56,268	29,969	86,237	351,588
<i>Non-cash adjustments:</i>					
	Pension fund	155,875	(57,137)	98,738	402,555
<i>Changes in operating liabilities:</i>					
	Other payables	31,299	(29,969)	1,330	5,422
	Pension fund paid	(222,718)	57,137	(165,581)	(675,074)