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**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA
RECONSTRUCTION (SIPAR)**

**REPORT OF INDEPENDENT AUDITORS
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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STATEMENT BY THE MANAGEMENT

The management of Soutien à l'Initiative Privée pour l'Aide à la Construction ("SIPAR Cambodge" or "the Organization") is responsible for ensuring that proper accounting records are kept which enable the financial statements of the Organization 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 Organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL BY THE BOARD OF MANAGEMENT

I, do hereby state that in our opinion, the accompanying financial statements of Soutien à l'Initiative Privée pour l'Aide à la Reconstruction ("SIPAR Cambodge" or "the Organization") for the year ended 31 December 2022, together with the notes thereto, have been prepared, in all material respects, in accordance with the basis of accounting set out in Note 2 to the financial statements.

Signed on behalf of the Management

Hok Sothik
Director

Date: 7 March 2023

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION (SIPAR)

Opinion

We have audited the financial statements of Soutien à Initiative Privée pour l'Aide à la Reconstruction (the "Organisation"), which comprise the statement of financial position as of 31 December 2022 and the related statements of comprehensive income, changes in equity, and cash flows for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2022, and of its financial performance and cash flows for the year then ended, in accordance with the basis of accounting set out 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and 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

During the course of our audit, we noted that the selling books activity continues to take an important part of the revenues of the Organisation which is originally from the start, a non-profit making entity.

The above situation would impair the substance of the Organisation purpose and create confusion in terms of compliance with respect to the Cambodian tax law and regulation. Management is required to take further actions to separate the commercial activity especially at the Cambodian General Tax Department (GDT) level.

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

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

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

In preparing the separate 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 liquidate the Organisation or 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' Responsibilities for the Audit of Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 auditor's report to the related disclosures in the separate 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 Organisation to cease to continue as a going concern.

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

REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION (Continued)

Auditors' Responsibilities for the Audit of Separate Financial Statements (Continued)

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
Registered Auditors



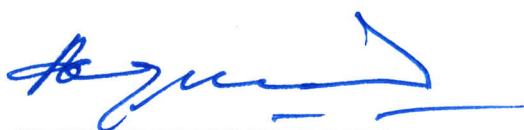
Key KAK
Managing Partner

Date: 7 March 2023

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	31/12/22		31/12/21	
		USD	KHR'000	USD	KHR'000
ASSETS					
Current assets					
Cash and cash equivalents	3	73,610	303,052	108,163	440,655
Account Receivable		26,778	110,245	36,686	149,458
Inventories		238,802	983,148	211,932	863,410
Other receivables	4	43,223	177,949	95,415	388,722
Total Current assets		382,413	1,574,394	452,196	1,842,245
Non-current assets					
Property and equipment	5	-	-	-	-
TOTAL ASSETS		382,413	1,574,394	452,196	1,842,245
LIABILITIES AND EQUITY					
Current liabilities					
Account Payable	6	15,832	65,180	41,376	168,566
Other Payables	7	12,291	50,602	70,531	287,342
TOTAL LIABILITIES		28,123	115,782	111,907	455,908
EQUITY					
Capital	8	365,938	1,506,567	365,938	1,490,831
Retained earnings		(11,649)	(47,959)	(25,649)	(104,494)
		354,289	1,458,608	340,289	1,386,337
TOTAL LIABILITIES AND EQUITY		382,413	1,574,394	452,196	1,842,245

On behalf of the Board of Directors



Hok Sothik
Country director


Date: 7 March 2023

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		31/12/22		31/12/21	
	Note	USD	KHR'000	USD	KHR'000
Revenue	9	590,971	2,415,298	797,651	3,249,630
Cost of goods	10	(238,678)	(975,477)	(331,553)	(1,350,747)
Gross profit		352,293	1,439,821	466,098	1,898,883
Other income	11	858,723	3,509,601	531,849	2,166,753
Operating profit		1,332,845	5,447,338	997,947	4,065,636
Personnel and other related costs	12	(562,653)	(2,299,563)	(524,847)	(2,138,227)
Other operating expenses	13	(634,363)	(2,592,642)	(487,100)	(1,984,445)
Profit before income tax		14,000	57,218	(14,000)	(57,036)
Income tax expense		-	-	-	-
Net profit for the year		14,000	57,218	(14,000)	(57,036)

On behalf of the Board of Directors



Hok Sothik
Country director

Date: 7 March 2023

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Equity USD	Retained earnings USD	Total USD
Balance as at 01 January 2021	365,938	(11,649)	354,289
Net profit for the year	-	(14,000)	(14,000)
Balance as at 31 December 2021	365,938	(25,649)	340,289
Balance as at 01 January 2022	365,938	(25,649)	340,289
Net profit for the year	-	14,000	14,000
Balance as at 31 December 2022	365,938	(11,649)	354,289
Balance as at 31 December 2022- (KHM'000)	1,495,589	(47,609)	1,447,979

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	31/12/22		31/12/22	
	USD	KHR'000		USD
OPERATING ACTIVITIES				
Profit before income tax	14,000	57,218	(14,000)	(57,036)
<i>Adjustments for:</i>				
<i>Increase/(decrease) in cash attributable to changes in working assets and liabilities:</i>				
Account receivables	9,908	40,494	(17,590)	(71,662)
Other assets	52,192	213,309	(22,977)	(93,608)
Inventories	(26,870)	(109,818)	(72,325)	(294,652)
Account payables	(25,543)	(104,394)	5,187	21,132
other payables	(58,240)	(238,027)	7,203	29,345
Cash generated from operations	(34,553)	(141,218)	(114,502)	(466,481)
Income tax paid			-	-
Net cash generated from operating activities	(34,553)	(141,218)	(114,502)	(466,481)
INVESTING ACTIVITIES				
Purchases of property and equipment	-		-	-
Net cash flows used in investing activities	-	-	-	-
FINANCING ACTIVITIES				
Equity increase	-	-	-	-
Net cash flows from financing	-	-	-	-
Net changes in cash and cash equivalents	(34,553)	(141,218)	(114,502)	(466,481)
CASH AND CASH EQUIVALENTS				
At beginning of year	108,163	442,062	222,665	907,137
At end of year	<u>73,610</u>	<u>303,052</u>	<u>108,163</u>	<u>440,656</u>

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

SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION (SIPAR)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General

Background :

SIPAR Cambodge (or “the Organisation”) is an independent International Non-Profit Organisation established in Cambodia on the initiative of SIPAR France, a Non-Profit Organisation functioning under French law called “la loi de 1901”.

The purpose of the Organisation is to contribute to the education of disadvantaged people in Southeast Asia and in particular in Cambodia through reading development by setting up libraries, training animator and printing books.

On 5 November 2019, the Organisation has signed the Memorandum of Understanding with the Ministry of Foreign Affairs and International Cooperation in which SIPAR agrees to comply with the laws and regulations of the Kingdom of Cambodia. Besides, on 18 May 2020, another Memorandum of Understanding has been signed with the Ministry of Education to implement the “strengthening education development through reading (Lifelong Learning)” project and to put in place the libraries throughout the country and detention centres with financial support of AFD.

In Cambodia SIPAR Cambodge is located at # 9 Street 334 Sangkat Boeung Keng Kang I, Khan Chamcarmon – PHNOM PENH

The management of the Organisation is under the responsibility of SIPAR France Board of Directors and the country executive director.

The financial statements were authorised for issue on behalf of the Board of directors on 7 March 2023.

2. Significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below:

(a) Basis of preparation

The financial statements, which are expressed in United States Dollar (“USD”), have been prepared according to the generally accepted French accounting principles and methods, in accordance with the French accounting system and principles Plan Comptable. This is a complete conceptual basis of accounting which is appropriate to meet the requirements of the Organisation.

The accounting principles and practices utilized by the Organisation may differ from other generally accepted accounting principles. The financial statements are not intended to be a presentation in conformity with the Cambodian International Financial Reporting Standards.

SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION (SIPAR)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2- Significant accounting policies (continued)

(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 converted 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 4,087 published by the Accounting and Auditing Regulator on 31 December 2022 (31 December 2021: USD 1 to KHR 4,074)) and the closing rate of USD 1 to Riel 4,117. 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 advance

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) Inventory

Inventory in SIPAR is recorded at cost in the statement of financial position.

(g) Account receivables

Trade receivables are recognised initially at transaction price based on normal credit terms and do not bear interest.

(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.

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Significant accounting policies (continued)

(j) Grants from 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) 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.

3. Cash on hand

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Cash on hand	1,635	6,731	5,612	22,863
Cash in bank	71,975	296,321	102,551	417,792
	73,610	303,052	108,163	440,655

4. Other receivables

	31/12/22		31/12/21	
	USD	KHR'000		USD
Prets au personnel	18,730	77,111	11,070	45,099
Fonds en transit Versailles	21,767	89,615	69,808	284,398
Dépot PDH	2,200	9,057	2,200	8,963
Débiteur et créiteur Malop Tapang	-	-	77	314
Débiteur et Créiteur Mith Samlanh	-	-	818	3,333
Débiteur et Créiteur PN	(749)	(3,084)	8,470	34,507
Débiteur et Créiteur Youth Star	384	1,581	2,972	12,108
Débiteur et Créiteur PN-Prisons	109	449	-	-
Débiteur et Créiteur PN-Michelin	782	3,219	-	-
	43,223	177,949	95,415	388,722

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Property and equipment (*)

	Vehicle	IT	Total
	USD	USD	USD
Cost			
At 01 January 2022	26,650	2,756	29,406
Additions	-	-	-
At 31 December 2022	26,650	2,756	29,406
Accumulated depreciation			
At 01 January 2022	26,650	2,756	29,406
Charge for the year	-	-	-
At 31 December 2022	26,650	2,756	29,406
Net book value			
At 31 December 2022	-	-	-
At 31 December 2021	-	-	-

(*) All fixed assets have been fully depreciated (toutes les immobilisations sont totalement amorties)

6. Account payable

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Charges à payer	4,052	16,682	26,893	109,562
Charge à payer Usines	832	3,425	8,712	35,493
OIF (Museum et Kh. Histoire)	4,072	16,764	4,072	16,589
Résidence G. Reynard	1,699	6,995	1,699	6,922
Publishing Services	5,177	21,314	-	-
	15,832	65,180	41,376	168,566

7. Other payable

	31/12/22		31/12/21	
	USD	KHR'000	USD	
Retraites dues au personnel	9,119	37,543	67,968	276,901
Taxe salaires	1,309	5,389	1,246	5,076
Witholding tax payable	1,557	6,410	1,317	5,365
2% NSSF Pension Funds	306	1,260	-	-
	12,291	50,602	70,531	287,342

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Equity (*)

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Résultats accumulés des années antérieures	365,938	1,506,567	354,289	1,443,373
Profit ou (perte) de l'exercice	(11,649)	(47,959)	(14,000)	57,036
	<u>354,289</u>	<u>1,458,608</u>	<u>340,289</u>	<u>1,500,409</u>

(*) The Organisation equity is composed of the accumulated retained earnings which is the funds excess since the start of its activities.

9. Revenue

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Ventes toutes collections	426,368	1,742,566	500,901	2,040,671
Prestations de services	13,635	55,726	17,521	71,381
Dons affectés	150,968	617,006	279,229	1,137,578
	<u>590,971</u>	<u>2,415,298</u>	<u>797,651</u>	<u>3,249,630</u>

10. Cost of goods sold

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Variation du stock	(26,870)	(109,818)	(72,325)	(294,652)
Achat livres	62,895	257,052	115,487	470,494
Achat livres intérieur	31,446	128,520	19,051	77,614
Réimpression	121,829	497,915	-	-
Impression	49,378	201,808	269,340	1,097,291
	<u>238,678</u>	<u>975,477</u>	<u>331,553</u>	<u>1,350,747</u>

11. Other Income

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Financement siège	803,949	3,285,740	103,756	422,702
Subvent° AFD-Jeuness	-	-	417,602	1,701,311
Recettes Passerelles Numériques	33,832	138,271	4,750	19,352
Recettes Youth Star	19,902	81,339	4,473	18,223
Subvention divers	-	-	1,035	4,217
Others	1,040	4,251	233	948
	<u>858,723</u>	<u>3,509,601</u>	<u>531,849</u>	<u>2,166,753</u>

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Personnel and other related costs

	31/12/22		31/12/21	
	USD	KHR'000		USD
Assurance personnel	14,961	61,145	12,616	51,398
Autres frais personnels	10,697	43,719	10,169	41,429
Salaire, prime personnel local	490,720	2,005,573	416,940	1,698,614
Commission	4,705	19,229	5,880	23,955
Indemnité expatrié	24,011	98,133	55,734	227,060
Indemnités retraites PP	17,559	71,764	23,508	95,771
	562,653	2,299,563	524,847	2,138,227

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Other operating expenses

	31/12/22		31/12/21	
	USD	KHR'000	USD	KHR'000
Petits équipements	146,017	596,771	51,642	210,390
Electricité	4,775	19,515	3,465	14,117
Others	7,176	29,328	8,148	33,195
Fournitures administratives	1,484	6,065	3,387	13,799
Info-audio: Fournitures	2,625	10,728	1,802	7,341
Matériel informatique	6,508	26,598	10,057	40,972
Fournitures scolaires	17,351	70,914	26,945	109,774
Consom. locaux: Fournitures	4,465	18,248	5,438	22,154
Loyer 9 rue 334	28,201	115,257	42,500	173,145
Stock Lending & Rattanakiri	1,320	5,395	1,250	5,093
Tax Expenses	2,274	9,294	5,400	22,000
Travaux	38,514	157,407	44,495	181,273
Réparat° véhicule	21,768	88,966	17,754	72,330
Maintenance	1,056	4,316	1,199	4,885
Assurance	2,703	11,047	2,243	9,138
Services extérieurs	61,541	251,517	59,298	241,580
Rémunération d'intermédiaires	38,261	156,373	32,850	133,831
Formations	7,760	31,715	6,435	26,216
Honoraires	6,820	27,873	2,120	8,637
Droits	13,436	54,913	10,749	43,791
Illustrateurs	3,671	15,003	5,825	23,731
Traduction	6,592	26,942	9,826	40,031
Relecture	190	777	949	3,866
Publicite publicat. relat. publiqu.	9,230	37,723	9,243	37,656
Promotion (Edition)	1,924	7,863	1,466	5,972
Catalogues et imprimes	-	-	300	1,222
Carbur. petits déplacements	31,911	130,420	15,661	63,803
Longs déplacements	3,676	15,024	4,932	20,093
Frais de mission	115,598	472,449	72,817	296,656
Réception/convivialités	15,942	65,155	10,522	42,867
PTT	9,958	40,698	13,648	55,602
Frais bancaires	629	2,571	1,339	5,454
Cotisation	14,000	57,219	3,223	13,130
Recrutement de personnel	607	2,481	172	701
Charges sur exercice précédent	6,380	26,075	-	-
	634,363	2,592,642	487,100	1,984,445

**SOUTIEN A L'INITIATIVE PRIVEE POUR L'AIDE A LA RECONSTRUCTION
(SIPAR)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Subsequent events

The Organisation has evaluated events after the end of reporting period until the date the financial statements were available for issue. The Director affirms that no material events should be reported to be adjusting or non-adjusting events.