

Report of the Board of Directors and Audited financial statements

Maxima Microfinance Plc

31 December 2020

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MAXIMA
Microfinance

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MAXIMA Microfinance Plc.

Report of the Board of Directors

The Board of Directors submits its report together with the audited financial statements of Maxima Microfinance Plc ("the Company") as at 31 December 2020 and for the year then ended.

The Company

Maxima Microfinance Plc, originally known as Maxima organisation for Household Economic Development, was incorporated in Cambodia and registered with the Ministry of Commerce on 27 July 2005 under registration number 00005996 (previously Co.7897E/2005). On 10 August 2005, the Company obtained license no. 013 from the National Bank of Cambodia ("NBC") to provide micro-finance services to the economically active poor population of Cambodia. On 22 February 2012, the NBC granted a permanent license no. M.F 013 to the Company who also amended its name to Maxima Mikroheranhvatho Plc. On 22 July 2015, the NBC approved the amendment of the new name of the Company as Maxima Microfinance Plc.

The registered office of the Company is located at House No. 21AB, Street 271, Sangkat Phsar Doeum Thkov, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia. The Company's provincial branches are located in Kandal, Kampong Speu and Takeo provinces.

As at 31 December 2020, the Company had 190 employees (2019: 171 employees).

Principal activities

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

There have been no significant changes in the nature of these principal activities during the financial year.

Results and dividends

The results of the Company's operations for the year ended 31 December 2020 and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors did not declare and pay dividends in respect of the Company's net profit for the year ended 31 December 2020 (31 December 2019: USD74,551).

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. An Bunhak	Chairman	8 March 2000
Mr. Chet Chanprasoeur	Member	In December 2000
Mr. Taejun Shin	Member	30 March 2015
Mr. Sanjay Gandhi	Member	30 March 2015
Mr. Ao Veng	Independent board member	10 October 2013
Mr. Yean Rithy	Independent board member	10 April 2012
Ms. Prachi Gandhi	Member	19 April 2019
Mr. Pa Ponnak Rithy	Member	19 April 2019

Management team

The management team of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Pa Ponnak Rithy	Chief Executive Officer	8 March 2000
Ms. Sreng Sivechheng	Chief Financial Officer	8 March 2000
Mr. Ngory Sorn	Senior Head of Credit Department	27 April 2015
Mr. Khean Darith	Senior Head of IT Department	1 December 2009
Ms. Wong Somaly	Head of Internal Audit Department	22 January 2018
Ms. Touch Pisey	Head of Finance Department	4 June 2018
Mr. Khiev Sengdy	Head of Marketing Department	5 June 2006
Ms. Sim Soupheakna	Head of Human Resource Department	1 October 2015
Ms. Lay Sineath	Head of Administrative Department	1 December 2001
Mr. Sok Kosal	Project Manager	1 November 2010
Mr. Sovann Chanda	Head of Compliance Department	2 September 2019
Mr. Yang Ra	Co-Head of Credit Department	25 November 2008

Directors' interests

The Directors who held office at the end of financial year and their interests in the shares of the Company are as follows:

	31 December 2020 and 2019	
	Holding %	Number of shares of USD10 each
Mr. An Bunhak	19.63%	100,000
Mr. Chet Chanprasoeur	1.08%	5,500

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the objective of enabling directors of the Company to acquire benefits by means of the acquisition of shares in the Company.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company other than as disclosed in the financial statements.

Auditors

The Company's financial statements as at 31 December 2020 and for the year then ended were audited by Grant Thornton (Cambodia) Limited.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the directors are required to:

- i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently,
- ii. comply with the disclosure requirements of the CIFRS for SMEs or, if there has been any departure from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements,
- iii. maintain adequate accounting records and an effective system of internal controls,
- iv. prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future, and
- v. effectively control and direct the Company in all material decisions affecting its operations and performance, and ensure that such have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of 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 and Management:



An Bunhak
Chairman

Phnom Penh, Kingdom of Cambodia
9 April 2021

**Grant Thornton**

Independent auditor's report

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To the Shareholders of Maxima Microfinance Plc.

Opinion

We have audited the financial statements of Maxima Microfinance Plc (“the Company”), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Maxima Microfinance Plc as at 31 December 2020, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

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 Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with ethical requirements that are relevant to our audit of financial statements in the Kingdom of 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors but does not include the financial statements and our auditor’s report thereon, which we have obtained prior to the date of this auditor’s report, and the annual report which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information prepared by the Board of Directors and we do not and will not express any form of assurance conclusion thereon.

Certified Public Accountants and Auditors

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to those matters in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Management for the financial statements

The 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 the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company'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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.



- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants
 Registered Auditors



Ronald C. Almera

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 9 April 2021

Certified Public Accountants and Auditors

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Statement of financial position

	Note	31 December 2020		31 December 2019	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) (Restated)
Assets					
Cash on hand	5	15,322	61,977	28,896	117,751
Balance with the NBC	6	2,879,968	11,649,471	1,175,369	4,789,629
Balances with other banks	7	852,959	3,450,219	1,227,878	5,003,603
Loans to customers - net	9	20,762,831	83,985,651	21,189,820	86,348,517
Equity investment	10	10,000	40,450	10,000	40,750
Other assets	11	106,071	429,057	122,054	497,370
Property and equipment	12	64,849	262,314	93,107	379,411
Intangible assets	13	24,306	98,318	32,910	134,108
Deferred tax assets -net	28.3	62,764	253,880	34,564	140,848
Total assets		24,779,070	100,231,337	23,914,598	97,451,987
Equity and liabilities					
Equity					
Share capital	14	5,095,290	20,569,686	5,095,290	20,569,686
Share premium	15	1,538,174	6,209,608	1,538,174	6,209,608
Retained earnings		2,222,222	8,991,033	1,702,488	6,872,168
Regulatory reserves	16	183,182	740,064	186,061	751,710
Revenue reserves		133,424	538,428	133,424	538,428
Currency translation reserves		-	53,103	-	329,305
Total equity		9,172,292	37,101,922	8,655,437	35,270,905
Liabilities					
Amounts due to shareholders	17	10,000,000	40,450,000	6,920,025	28,199,102
Borrowings	18	5,027,572	20,336,529	7,795,367	31,766,121
Employee benefits obligation	19	49,400	199,823	52,499	213,933
Other liabilities	20	428,288	1,732,423	411,663	1,677,527
Current income tax liability	28.2	101,518	410,640	79,607	324,399
Total liabilities		15,606,778	63,129,415	15,259,161	62,181,082
Total equity and liabilities		24,779,070	100,231,337	23,914,598	97,451,987

Statement of comprehensive income

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) (Restated)
Interest income	21	3,914,430	15,959,131	3,759,170	15,232,157
Interest expense	22	(1,278,053)	(5,210,622)	(1,189,561)	(4,820,101)
Net interest income		2,636,377	10,748,509	2,569,609	10,412,056
Fee and commission income	23.1	18,784	76,582	23,394	94,792
Fee and commission expense	23.2	(73,467)	(299,525)	-	-
Net fee and commission income		(54,683)	(222,943)	23,394	94,792
Other income	24	151,185	616,381	210,834	854,299
Operating income		2,732,879	11,141,947	2,803,837	11,361,147
Personnel expenses	25	(1,307,444)	(5,330,449)	(1,285,738)	(5,209,810)
Operating expenses	26	(598,499)	(2,440,080)	(774,791)	(3,139,453)
Depreciation and amortization	12 and 13	(50,086)	(204,200)	(20,423)	(82,754)
Provision on doubtful accounts -					
Banks	27	(6,424)	(26,190)	6,426	26,038
Loans	27	(100,308)	(408,956)	(27,849)	(112,844)
Profit before income tax		670,118	2,732,072	701,462	2,842,324
Income tax expense	28.1	(153,263)	(624,853)	(186,313)	(754,940)
Net profit for the year		516,855	2,107,219	515,149	2,087,384
Other comprehensive (loss)/income -					
Currency translation difference		-	(276,202)	-	480,215
Total comprehensive income for the year		516,855	1,831,017	515,149	2,567,599

Statement of changes in equity

	Share capital		Share premium		Retained earnings		Regulatory reserves		Revenue reserves		Currency translation reserves	Total equity	
	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR	KHR	USD	KHR
Balance at 1 January 2020	5,095,290	20,569,686	1,538,174	6,209,608	1,702,488	6,872,168	186,061	751,710	133,424	538,428	329,305	8,655,437	35,270,905
Net profit for the year	-	-	-	-	516,855	2,107,219	-	-	-	-	-	516,855	2,107,219
Transfer to regulatory reserves	-	-	-	-	2,879	11,646	(2,879)	(11,646)	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-	-	-	-	(276,202)	-	(276,202)
Balance as at 31 December 2020	5,095,290	20,569,686	1,538,174	6,209,608	2,222,222	8,991,033	183,182	740,064	133,424	538,428	53,103	9,172,292	37,101,922

	Share capital		Share premium		Retained earnings		Regulatory reserves		Revenue reserves		Currency translation reserves	Total equity	
	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR	KHR	USD	KHR
Balance at 1 January 2019	5,095,290	20,569,686	1,538,174	6,209,608	1,313,320	5,296,973	157,835	637,338	113,805	458,932	(150,910)	8,218,424	33,021,627
Net profit for the year	-	-	-	-	515,149	2,087,384	-	-	-	-	-	515,149	2,087,384
Dividends paid	-	-	-	-	(74,551)	(303,795)	-	-	-	-	-	(74,551)	(303,795)
Transfer to reserves	-	-	-	-	(19,619)	(79,496)	-	-	19,619	79,496	-	-	-
Transfer to regulatory reserves	-	-	-	-	(28,226)	(114,372)	28,226	114,372	-	-	-	-	-
Net effect on prior year's adjustment	-	-	-	-	(3,585)	(14,526)	-	-	-	-	-	(3,585)	(14,526)
Currency translation difference	-	-	-	-	-	-	-	-	-	-	480,215	-	480,215
Balance as at 31 December 2019	5,095,290	20,569,686	1,538,174	6,209,608	1,702,488	6,872,168	186,061	751,710	133,424	538,428	329,305	8,655,437	35,270,905

Statement of cash flows

		For the year ended 31 December 2020		For the year ended 31 December 2019	
	Note	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) (Restated)
Operating activities					
Profit before income tax		670,118	2,732,072	701,462	2,842,324
Adjustments for:					
Net interest income		(2,636,377)	(10,748,509)	(2,569,609)	(10,412,056)
Provision on loans and balances with other banks	27	106,732	(435,146)	21,423	86,806
Depreciation of property and equipment and net effect of change in accounting estimate	12	41,482	169,122	31,883	129,190
Amortization of intangible assets and net effect of change in accounting estimate	13	8,604	35,078	(11,460)	(46,436)
Loss on write-off of property and equipment		-	-	549	2,225
Loss on write-off of deposit in registered stock share of Consorcio Estimos S.C.		6,553	26,717	-	-
Decrease in employee benefits obligation		(3,099)	(12,635)	(5,580)	(22,610)
Operating profit		(1,805,987)	(8,233,301)	(1,831,332)	(7,420,557)
Net changes in:					
Loans to customers - gross		371,309	1,513,827	(2,903,428)	(11,764,690)
Other assets		9,430	38,446	143,263	580,502
Other liabilities		(81,684)	(333,026)	198,838	805,692
Cash flows used in operating activities		(1,506,932)	(7,014,054)	(4,392,659)	(17,799,053)
Interest received		3,869,802	15,777,183	3,770,362	15,277,507
Interest paid		(1,228,343)	(5,007,954)	(1,249,043)	(5,061,122)
Income tax paid	28.2	(159,552)	(650,494)	(199,534)	(808,512)
Net cash from/(used in) operating activities		974,975	3,104,681	(2,070,874)	(8,391,180)
Investing activity					
Acquisitions of property and equipment	12	(13,224)	(53,914)	(32,129)	(130,187)
Net cash used in investing activity		(13,224)	(53,914)	(32,129)	(130,187)
Financing activities					
Drawdown of borrowings		13,000,000	53,001,000	8,105,545	32,843,668
Repayments of borrowings		(12,639,19)	(51,529,998)	(5,155,360)	(20,889,519)
Dividends paid		-	-	(74,551)	(302,081)
Net cash from financing activities		360,805	1,471,002	2,875,634	11,652,068
Net change in cash and cash equivalents		1,322,556	4,521,769	772,631	3,130,701
Cash and cash equivalents as at 1 January		2,170,928	8,846,532	1,398,297	5,618,357
Currency translation difference		-	762,843	-	97,474
Cash and cash equivalents as at 31 December	8	3,493,484	14,131,144	2,170,928	8,846,532

Notes to the financial statements

1 General information

Maxima Microfinance Plc, originally known as Maxima organisation for Household Economic Development, was incorporated in Cambodia and registered with the Ministry of Commerce on 27 July 2005 under registration number 00005996 (previously Co.7897E/2005). On 10 August 2005, the Company obtained license no. 013 from the National Bank of Cambodia (“NBC”) to provide micro-finance services to the economically active poor population of Cambodia. On 22 February 2012, the NBC granted permanent license no. M.F 013 to the Company who also changed to its name to Maxima Mikroheranhvatho Plc. On 22 July 2015, the NBC approved the amendment of the new name of the Company as Maxima Microfinance Plc.

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

The Company’s registered office is located at House No. 21AB, Street 271, Sangkat Phsar Doeum Thkov, Khan Chamkamorn, Phnom Penh. The Company’s provincial branches are located in Kandal, Kampong Speu and Takeo provinces.

2 Statement of compliance with CIFRS for SMEs

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”), which have been adopted by the Ministry of Economy and Finance, under Prakas No. 068BK MEF dated 8 January 2009, and the National Accounting Council, under Announcement No. 097/09 MEF dated 28 August 2009. The financial statements are presented in US dollars (“USD”), which is also the functional currency of the Company.

3 Summary of significant accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in these financial statements, unless otherwise stated.

3.2 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016 and have been made using the prescribed official exchange rate based on the following applicable exchange rate per USD1 as announced by the General Department of Taxation (“GDT”). Starting from January 2020, the GDT instructed to use the rates published by the National Bank of Cambodia:

	2020	2019
Average rate*	4,077*	4,052
Closing rate	4,045	4,075

*The average amounts were determined by using the NBC’s average of month-end rates

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

3.3 Basis of aggregation

The financial statements include the financial statements of the head office and its fifteen branches after the elimination of significant inter-branch balances and transactions.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call where the Company has full ability to withdraw for general purpose whenever needed.

3.5 Balances with the National Bank of Cambodia and banks

Balances with the National Bank of Cambodia and other banks are stated at cost.

3.6 Statutory deposit

Statutory deposit is stated at cost and represents mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions and are not available to finance the Company’s day-to-day operations. Hence, it is not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.7 Loans to customers

Loans to customers are recognized initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less provision for impairment.

Loans are written off to the statement of comprehensive income when the loans are provisioned in full and remain unpaid after maturity date or when the certainty of being uncollectable is proven. Loans written off are taken out of the outstanding loan portfolio and deducted from the allowance for bad and doubtful loans.

Recoveries of loans previously written off are recorded as other operating income in the statement of comprehensive income. Reversal of previous allowance is presented in allowance expense in the statement of comprehensive income.

3.8 Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in an assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Depreciation of property and equipment is charged to the statement of comprehensive income on a straight-line method, over the useful lives of the individual assets as follows:

	Estimated useful life
Leasehold improvements	2 to 10 years
Office equipment	4 years
Computer and IT equipment	4 years
Furniture and fixtures	4 years
Motor vehicles	4 years

The residual value, useful lives and depreciation methods of assets are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying amount of an asset is written-down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Fully depreciated items of property and equipment are retained in the financial statements until it is disposed of or written off.

3.10 Intangible assets

Intangible assets consist of computer software license and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Acquired computer software license is capitalised on the basis of the cost incurred to acquire the specific software and bring it into use. Intangible assets are amortised on a straight-line method over 5 years. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

3.11 Borrowings

Borrowings are recognised initially at the transaction price and subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method.

3.12 Other liabilities

Other liabilities are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3.13 Employee benefit obligation

Past seniority payment

Prakas No. 443, issued on 21 September 2018 by the Minister of Labour and Vocational Training (“MoLVT”), requires the Company to pay past seniority indemnity to employees with undetermined duration contract. All employees who have been working before 1 January 2019 and continue to work are entitled to a payment of fifteen days of their average wages of each year of service, totalling but not exceeding six months, and shall be paid every year starting 2019 as follows.

- 7.5 days shall be made in June; and
- 7.5 days shall be made in December of each year.

The past seniority indemnity is recognised in full during the year 2018 and future seniority indemnity (amounting to 15 days per annum) to employees are recognised during the employees’ periods of service.

On 22 March 2019, MoLVT issued Directive no.042/19 on the Back Pay of Seniority Payment before 2019 for the Enterprise and Institution aside from the Textile, Garment and Footwear sectors, postponing the payment of past seniority indemnity until December 2021 and changing the payment of their average wages of each year of service from 15 days to 6 days as follows:

- 3 days shall be made in June; and
- 3 days shall be made in December of each year.

For employees with determined duration contract, they are entitled to the severance pay at least 5% of their wages paid during the length of the contract.

Employee are not entitled to the remaining past seniority payment upon resignation.

Short-term employee benefits

Wages, salaries, National Social Security Fund contributions, paid annual leave, paid sick leave, bonuses, severance pay and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absence occur and they lapse if the current period’s entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognized as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

3.14 Equity, reserves, dividend payments and retained earnings

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issuance of share capital.

Based on the Memorandum and Articles of Association, the Company shall transfer 5% of its net profit, if any, to the reserve fund. The transfer to this reserve fund shall cease when the reserve fund is equal to 10% of the Company’s registered capital.

Dividends declared and approved by the Company’s shareholders before the end of reporting date are recognised as a liability and accounted for as a deduction from the retained earnings in the financial statements. Dividends declared and approved by the Company’s shareholders after the reporting date are not recognised as a liability but disclosed as the subsequent events in the notes to the financial statements.

Retained earnings includes all current and prior period retained profits includes all current and prior period retained profits and losses.

Regulatory provision

Credit classification and provisioning for financial institutions in accordance with Prakas No. 7-017-344, dated 1 December 2017 as issued by the NBC provides guidance on credit classification and regulatory provisioning for financial institutions in Cambodia, as summarised below:

Classification	Number of days past due	Provision
Long term loans (more than one year)		
Standard	0 – 29 days	1%
Special mention	30 – 89 days	3%
Substandard	90 – 179 days	20%
Doubtful	180 – 359 days	50%
Loss	Over 359 days	100%
Short term loans (less than one year)		
Normal	0 – 14 days	1%
Special mention	15 – 30 days	3%
Substandard	31 – 60 days	20%
Doubtful	61 – 90 days	50%
Loss	Over 90 days	100%

Article 73 of Prakas on Credit Risk Grading and Impairment Provisioning requires banks to compare the provision calculated in accordance with CIFRSs and Prakas No 7-017-344 and, accordingly:

1. In case the regulatory provision calculated in accordance with the said Prakas is lower than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs.
2. In case the regulatory provision calculated in accordance with the said Prakas is higher than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings or accumulated loss account into regulatory reserve in the equity section of the statement of financial position.

3.15 Interest income and expense

Interest income is recognised on an accrual basis. Interest expense is recognised on accrual basis using the effective interest method.

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

3.16 Loan processing fee income

Loan processing fee income are recognised as income over the term of the loan to customer.

Unamortised loan fees are recognized as “unearned income” under other liabilities.

3.17 Operating expenses

Operating expenses are recognised in the statement of comprehensive income in the period in which they are incurred.

3.18 Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3.19 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax liabilities and/or assets comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

3.20 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. Has control or joint control over the Company;
 - ii. Has significant influence over the Company; or
 - iii. Is a member of the key management personnel of the ultimate holding company of the Company, or the Company
- b. An entity is related to the Company if any of the following conditions applies:
 - i. The entity and the Company are members of the same group.
 - ii. One entity is an associate or joint venture of the other entity.
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
 - vi. The entity is controlled or jointly-controlled by a person identified in a. above.
 - vii. A person identified in a. (i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3.21 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.22 Financial instruments

Financial assets

Loans to customers and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised in profit or loss.

Financial liabilities

The Company's financial liabilities include amount due to shareholders, borrowings and other liabilities. Financial liabilities are recognised initially at transaction price. After initial recognition, they are measured at amortised cost using the effective interest method. Other liabilities is on normal credit terms and do not bear interest.

4 Material judgments and estimation uncertainty

Information about material judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

4.1 Estimates and assumptions

Useful life of depreciable assets

The Company reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Impairment

In assessing impairment, the Company estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following assessment by the General Department of Taxation.

4.2 Material judgments

The directors are not aware of any critical judgments in relation to the amounts in the financial statements.

5 Cash on hand

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
US Dollars	10,460	42,311	22,390	91,239
Khmer Riels	4,862	19,666	6,506	26,512
	15,322	61,977	28,896	117,751

6 Balance with the NBC

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Statutory deposits (*)	254,765	1,030,524	254,765	1,038,167
Current account	2,625,203	10,618,947	920,604	3,751,462
	2,879,968	11,649,471	1,175,369	4,789,629

(*) In compliance with Prakas No. B7-06-209 dated on 13 September 2006 on the licensing of Micro-Finance Institution, the Company is required to maintain a statutory capital deposit with the NBC at 5% of the Company's registered share capital. This deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities. This statutory deposit earns interest at the rate of 0.06% per annum (2019: 0.54%).

7 Balances with other banks

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Current accounts	21,412	86,612	508,692	2,072,920
Saving accounts	831,547	3,363,607	712,736	2,904,399
	852,959	3,450,219	1,221,428	4,977,319
Allowance for impairment	8,530	(34,505)	13,664	55,681
CIFRS for SMEs adjustment	(8,530)	34,505	(7,214)	(29,397)
	852,959	3,450,219	1,227,878	5,003,603

8 Cash and cash equivalents

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Cash on hand	15,322	61,977	28,896	117,751
Balance with NBC-current account	2,625,203	10,618,947	920,604	3,751,462
Balances with other banks	852,959	3,450,219	1,221,428	4,977,319
	3,493,484	14,131,143	2,170,928	8,846,532

9 Loans to customers - net

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) (Restated)
Loans to customers				
Individual loans	20,595,419	83,308,469	21,027,910	85,688,733
Group loans	402,230	1,627,021	396,688	1,616,504
Loans to customer - gross	20,997,649	84,935,490	21,424,598	87,305,237
Discount	(62,962)	(254,681)	(107,590)	(438,429)
Loans to customer at amortized cost	20,934,687	84,680,809	21,317,008	86,866,808
Allowance for bad and doubtful accounts				
Specific	(143,304)	(579,665)	(76,734)	(312,691)
General	(203,204)	(821,960)	(212,144)	(864,487)
CIFRS for SMEs adjustments	174,652	706,467	161,690	658,887
	(171,856)	(695,158)	(127,188)	(518,291)
Loans to customer - net	20,762,831	83,985,651	21,189,820	86,348,517

Loans to customers - gross are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
(a) By maturity:				
Within 1 month	468	1,893	24,574	100,139
>1 to 3 months	2,347	9,494	88,247	359,607
>3 to 12 months	601,736	2,434,022	1,348,429	5,494,848
More than 12 months	20,393,098	82,490,081	19,963,348	81,350,643
	20,997,649	84,935,490	21,424,598	87,305,237
(b) By currency:				
US dollars	18,414,487	74,486,600	19,278,341	78,559,240
Khmer riels	2,583,162	10,448,890	2,146,257	8,745,997
	20,997,649	84,935,490	21,424,598	87,305,237
(c) By economic sectors:				
Construction	7,622,265	30,832,062	7,670,318	31,256,546
Agriculture	3,887,001	15,722,919	3,523,036	14,356,372
Transportation	1,801,713	7,287,929	1,926,162	7,849,110
Trade and commerce	3,503,758	14,172,701	3,247,183	13,232,271
Services	1,500,904	6,071,157	1,831,595	7,463,750
Household/family	401,514	1,624,124	392,436	1,599,177
Staff loans	112,006	453,064	121,028	493,189
Others	2,168,488	8,771,534	2,712,840	11,054,822
	20,997,649	84,935,490	21,424,598	87,305,237
(d) By residency status:				
Residents	20,997,649	84,935,490	21,424,598	87,305,237
(e) By relationship:				
Staff loans	112,006	453,064	121,028	493,189
Non-related parties	20,885,643	84,482,426	21,303,570	86,812,048
	20,997,649	84,935,490	21,424,598	87,305,237
(f) By location:				
Branches	20,997,649	84,935,490	20,961,070	85,416,360
Head office	-	-	463,528	1,888,877
	20,997,649	84,935,490	21,424,598	87,305,237

On 1 December 2016, the NBC issued a Prakas no. B7-016-334 on Provision of Credit in National Currency of Banking and Finance Institution, required all institutions to have loans in national currency ("KHR") at least 10% of the total loan portfolio. The Company is required to fully implement and complied with this requirement by 31 December 2020.

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
(g) By performance:				
Standard loans				
Secured	19,918,661	80,570,984	20,817,418	84,830,978
Unsecured	401,711	1,624,921	396,958	1,617,604
Special Mentioned loans				
Secured	458,888	1,856,202	86,819	353,787
Unsecured	3,261	13,191	1,041	4,242
Sub-standard loans				
Secured	47,418	191,806	39,253	159,956
Unsecured	926	3,746	-	-
Doubtful loans				
Secured	93,410	377,843	33,365	135,962
Unsecured	617	2,496	356	1,451
Loss loans				
Secured	68,261	276,116	47,798	194,777
Unsecured	4,496	18,185	1,590	6,480
	20,997,649	84,935,490	21,424,598	87,305,237

Secured loans are collateralized by hard and soft title deed. Soft title deed is not issued by cadastral department. Unsecured loans represent the uncollateralized loans.

(h) By interest rate (per annum):

Group loan	18.00%	18.00%
Individual loan	15.60% - 18.00%	16.20% - 18.00%
Staff loan	15.60%	15.60%
Small-Medium Entities	15.84% - 22.80%	15.84% - 22.80%

On 13 March 2017, the NBC issued Prakas no. B7-017-109 on Interest Rate Ceiling on Loans, requiring microfinance deposit-taking institutions, microfinance institutions and rural credit operators to set the interest rate not exceeding 18% per annum, effective from 1 April 2017 for all new loans, restructured loans and refinancing loans.

Interest rates which are higher than statutory interest rate ceiling limits as of 31 December 2020 and 2019 represent interest rates of loans disbursed prior to the effective date of the new regulation on 1 April 2017.

The movements in allowance for bad and doubtful loans are as follows:

	For the year ended		For the year ended	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Balance as at 1 January				
Regulatory provision	288,878	1,177,178	252,231	1,013,464
CIFRS for SMEs adjustment	(161,690)	(658,887)	(133,464)	(536,258)
Provision on loans during the year				
Regulatory provision	113,270	461,802	56,075	227,216
CIFRS for SMEs adjustment	(12,962)	(52,846)	(28,226)	(114,372)
Write-off during the year	(55,640)	(226,844)	(19,428)	(78,722)
Currency translation difference	-	(5,245)	-	6,963
Balance as at 31 December	171,856	695,158	127,188	518,291

10 Equity investment

This represents the cost of an equity investment in Credit Bureau Holding (Cambodia) Ltd (“CBH”) through the Cambodia Microfinance Association. CBH is one of shareholders of Credit Bureau (Cambodia) Co., Ltd which is a company operating as the leading provider of information, analytical tools and credit reporting services in the Kingdom of Cambodia.

11 Other assets

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) (Restated)
Interest receivables	189,747	767,527	200,976	818,977
Interest in suspense	(7,255)	(29,346)	(6,343)	(25,848)
Gross interest receivable	182,492	738,181	194,633	793,129
CIFRS for SMEs adjustment	(182,492)	(738,181)	(195,551)	(796,870)
Net interest receivable	-	-	(918)	(3,741)
Other receivables	97,503	394,400	63,381	258,278
CIFRS for SMEs adjustment	(44,080)	(178,304)	(2)	(8)
Others receivable	53,423	216,096	63,379	258,270
Prepaid rent	52,648	212,961	53,040	216,138
Deposit in registered stock share of Consortio Estimos S.C. (**)	-	-	6,553	26,703
	106,071	429,057	122,054	497,370

(**) In accordance with the loan agreement with Consortio Etimos S.C., the Company was required to subscribe to one share of Consortio Etimos S.C. for each loan amounting to USD50,000. The Company subscribed to 17 shares at EUR258 per share with total value of EUR4,386 (equivalent to USD6,553). This is to comply with the requirement of Consortio Etimos S.C. and the subscribed amount represents the deposit which was to be repaid following the loan's maturity date or when the Company pays off the loans. Although the loan has been paid off, the Company has not withdrawn the deposit to maintain relationship with the overseas lender. In 2020, the Company has written off the deposit as the Company no longer expects it to be recovered.

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12 Property and equipment

	Leasehold improvements USD	Office equipment USD	Computer equipment USD	Furniture and fixtures USD	Motor vehicles USD	USD	Total KHR
Gross carrying amount							
Balance as at 1 January 2020	33,273	44,638	66,908	25,640	92,832	263,291	1,072,911
Additions	903	1,120	10,714	487	-	13,224	53,914
Currency translation difference	-	-	-	-	-	-	(8,322)
Balance as at 31 December 2020	34,176	45,758	77,622	26,127	92,832	276,515	1,118,503
Accumulated depreciation							
Balance as at 1 January 2020	18,237	25,549	40,828	20,065	65,505	170,184	693,500
Charge during the year	5,906	7,356	12,999	2,794	12,427	41,482	169,122
Currency translation difference	-	-	-	-	-	-	(6,433)
Balance as at 31 December 2020	24,143	32,905	53,827	22,859	77,932	211,666	856,189
Carrying amount as at 31 December 2020	10,033	12,853	23,795	3,268	14,900	64,849	262,314

	Leasehold improvement USD	Office equipment USD	Computer equipment USD	Furniture and fixture USD	Motor vehicles USD	USD	Total KHR
Gross carrying amount							
Balance as at 1 January 2019	40,536	30,517	62,972	28,092	92,832	254,949	1,024,385
Additions	253	16,337	13,573	1,966	-	32,129	130,187
Write off	(7,516)	(2,216)	(9,637)	(4,418)	-	(23,787)	(96,385)
Currency translation difference	-	-	-	-	-	-	14,724
Balance as at 31 December 2019	33,273	44,638	66,908	25,640	92,832	263,291	1,072,911
Accumulated depreciation							
Balance as at 1 January 2019	21,522	17,876	49,260	19,502	53,379	161,539	649,064
Charge during the year	6,222	7,242	13,505	2,634	9,864	39,467	159,920
Net effect of change in accounting estimate	(1,942)	2,564	(12,613)	2,145	2,262	(7,584)	(30,730)
Write off	(7,565)	(2,133)	(9,324)	(4,216)	-	(23,238)	(94,160)
Currency translation difference	-	-	-	-	-	-	9,406
Balance as at 31 December 2019	18,237	25,549	40,828	20,065	65,505	170,184	693,500
Carrying amount as at 31 December 2019	15,036	19,089	26,080	5,575	27,327	93,107	379,411

13 Intangible assets

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR	USD	KHR
	(Note 3.2)		(Note 3.2)	
Computer software				
Gross carrying amount				
Balance as at 1 January	42,900	174,817	42,900	172,372
Additions	-	(1,287)	-	2,445
Balance as at 31 December	42,900	173,530	42,900	174,817
Accumulated amortisation				
Balance as at 1 January	9,990	40,709	21,450	86,186
Charge during the year	8,604	35,078	10,725	43,458
Net effect of change in accounting estimate	-	-	(22,185)	(89,894)
Currency translation difference	-	(575)	-	959
Balance as at 31 December	18,594	75,212	9,990	40,709
Carrying amount as at 31 December	24,306	98,318	32,910	134,108

14 Share capital

The Company has a registered capital of USD5,095,290 divided into 509,529 shares with a par value of USD10 per share. The ordinary shares have been fully issued and paid up.

The details of shareholding are as follows:

	31 December 2020 and 2019			
	% of Ownership	Number of shares	Amount in USD	Amount in KHR
				(Note 3.2)
Gojo & Company, Inc.	61.63%	314,029	3,140,290	12,677,351
Mr. An Bunhak	19.63%	100,000	1,000,000	4,037,000
Ms. Sreng Sivechheng	8.44%	43,000	430,000	1,735,910
Ms. Sarun Vithourat	8.24%	42,000	420,000	1,695,540
Mr. Chet Chanprasoeur	1.08%	5,500	55,000	222,035
Mr. Pa Ponnak Rithy	0.86%	4,385	43,850	177,022
Mr. Pa Ponnak Rithy (staff representative)	0.12%	615	6,150	24,828
	100%	509,529	5,095,290	20,569,686

15 Share premium

	31 December 2020 and 2019		
	Number of shares	Amount in USD	Amount in KHR
			(Note 3.2)
3 September 2012 (a)	51,500	121,025	488,578
17 October 2014 (b)	176,000	574,992	2,321,243
16 December 2016 (c)	202,029	842,157	3,399,788
	429,529	1,538,174	6,209,608

(a) On 3 September 2012, the Board of Directors decided to increase the number of the Company's shares from 80,000 shares to 131,500 shares by issuing 51,500 new shares at USD12.35 for each share. The excess of USD2.35 per share over the USD10 par value was recognised as share premium. The increase was approved by the NBC on 23 November 2012.

- (b) On 17 October 2014, the Board of Directors resolved to increase the number of shares from 131,500 shares to 307,500 shares through issuance of an additional 176,000 shares at USD13.267 each. The excess of USD3.267 per share over par value was recognised as share premium. The increase was approved by the NBC on 30 March 2015.
- (c) On 16 December 2016, the Board of Directors resolved to increase the number of share capital from 307,500 shares to 509,529 shares through issuance of an additional 202,029 shares, of which 159,029 shares were at USD14.16 each and 42,761 shares at USD14.20 each. The excess of USD4.16 and USD4.20 per share, respectively, over par value was recognised as share premium. The increase was approved by the NBC on 23 December 2016.

16 Regulatory reserves

As at 31 December 2020, the regulatory provision calculation was USD346,508 (31 December 2019: USD288,878) which was higher than the amount determined under CIFRS for SMEs. As such, in compliance with Prakas No. 7-017-344 Article 73 (b), USD2,879 is transferred from the closing balance of retained earnings to regulatory reserve as at 31 December 2020 (31 December 2019: USD28,226).

17 Amounts due to shareholders

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
<i>Borrowings from shareholders</i>				
Gojo & Company, Inc.	10,000,000	40,450,000	6,910,025	28,158,350
Mr. Pa Ponak Rithy	-	-	10,000	40,752
	10,000,000	40,450,000	6,920,025	28,199,102

The borrowings from shareholders are unsecured, have annual interest rate between 8%-10%, and repayable between 1 to 3 years.

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
(a) By maturity:				
Within 1 month	5,000,000	20,225,000	10,000	40,752
>1 to 3 months	-	-	4,000,000	16,300,000
>3 to 12 months	4,000,000	16,180,000	1,910,025	7,783,350
1 to 5 years	1,000,000	4,045,000	1,000,000	4,075,000
	10,000,000	40,450,000	6,920,025	28,199,102

18 Borrowings

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
WLB Asset II Pte. Ltd.	2,500,000	10,112,500	-	-
WaterCredit Investment Fund 3, LP	1,500,000	6,067,500	-	-
Vattanac Bank	494,438	2,000,002	817,996	3,333,335
Phnom Penh Commercial Bank	346,106	1,399,999	441,718	1,800,000
Chailease Finance Co, Ltd.	237,500	960,688	912,500	3,718,438
Oikocredit, EDCS U.A	-	-	4,625,000	18,846,875
Luxembourg Microfinance and Development Fund SICAV	-	-	1,000,000	4,075,000
	5,078,044	20,540,689	7,797,214	31,773,648
Premium/(discount)	(50,472)	(204,160)	(1,847)	(7,527)
	5,027,572	20,336,529	7,795,367	31,766,121

Borrowing-gross are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
a) By maturity				
Within 1 month	-	-	-	-
>1 to 3 months	346,106	1,399,999	-	-
>3 to 12 months	402,313	1,627,356	1,600,000	6,520,000
1 to 5 years	4,329,625	17,513,334	6,197,214	25,253,648
	5,078,044	20,540,689	7,797,214	31,773,648
b) By currency				
US dollars	4,237,500	17,140,688	6,537,500	26,640,313
Khmer riels	840,544	3,400,001	1,259,714	5,133,335
	5,078,044	20,540,689	7,797,214	31,773,648
c) By interest rate				
US Dollars	4.98% to 9.00%		5.10% to 9.88%	
Khmer Riel	8.00% to 9.00 %		8% to 9.00%	

19 Employee benefits obligation

This amount represents the seniority indemnity obligation by the Company in accordance with the Prakas on Seniority Payment issued by the Ministry of Labour and Vocational Training on 21 September 2018.

20 Other liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
				(Restated)
Unearned processing fee income	236,627	957,156	204,005	831,320
CIFRS for SMEs adjustment	(236,627)	(957,156)	(204,005)	(831,320)
	-	-	-	-
Accrued unutilised leave	-	-	-	-
CIFRS for SMEs adjustment	16,083	65,056	14,134	57,596
	16,083	65,056	14,134	57,596
Interest payable	98,743	399,415	80,586	328,388
Salary and withholding tax payable	30,238	122,313	28,029	114,218
Accrued professional fees	3,402	13,761	16,347	66,614
Insurance for staff	-	-	5,321	21,683
Others	279,822	1,131,878	267,246	1,089,028
	428,288	1,732,423	411,663	1,677,527

21 Interest income

	For the year ended		For the year ended	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
				Restated
Loans to customers	3,632,271	14,808,769	3,512,645	14,233,238
CIFRS for SMEs adjustment	281,436	1,147,415	243,929	988,400
	3,913,707	15,956,184	3,756,574	15,221,638
Deposits and placements with banks "	723	2,947	2,596	10,519
	3,914,430	15,959,131	3,759,170	15,232,157

22 Interest expense

	For the year ended		For the year ended	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Borrowings	753,502	3,072,028	660,114	2,674,782
CIFRS for SMEs adjustment	5,983	24,393	10,282	41,663
	759,485	3,096,421	670,396	2,716,445
Amounts due to shareholders	518,568	2,114,201	519,165	2,103,656
	1,278,053	5,210,622	1,189,561	4,820,101

23 Fee and commission

23.1 Fee and commission income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) Restated
Loan processing fees	199,484	813,296	96,663	391,678
CIFRS for SMEs adjustment	(192,052)	(782,996)	(88,408)	(358,231)
	7,432	30,300	8,255	33,447
Commission fee on CBC	11,352	46,282	15,139	61,345
	18,784	76,582	23,394	94,792

23.2 Fee and commission expense

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Borrowing processing fees	83,221	339,292	9,360	37,927
CIFRS for SMEs adjustment	(9,754)	(39,767)	(9,360)	(37,927)
	73,467	299,525	-	-

24 Other income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Gain on foreign exchange difference	49,060	200,018	95,446	386,746
Finance charge	66,979	273,073	71,325	289,009
Grants income	18,002	73,394	22,459	91,004
Dividends income	11,587	47,240	11,858	48,049
Others	5,557	22,656	9,746	39,491
	151,185	616,381	210,834	854,299

25 Personnel expenses

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Salaries and bonuses	1,209,175	4,929,806	1,180,870	4,784,885
CIFRS for SMEs adjustment	254	1,036	3,019	12,233
	1,209,429	4,930,842	1,183,889	4,797,118
Seniority benefits	59,915	244,273	58,330	236,353
Insurance	16,876	68,803	22,069	89,424
Staff material and incidental travel	12,988	52,952	13,155	53,304
Employee training	8,079	32,938	8,161	33,068
Provident benefits	-	-	134	543
Others	157	641	-	-
	1,307,444	5,330,449	1,285,738	5,209,810

26 Operating expenses

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Rent	200,113	815,861	194,435	787,851
Professional fees	161,102	656,813	258,127	1,045,931
Withholding tax	33,495	136,559	34,892	141,382
Loss on foreign exchange differences	29,157	118,873	75,638	306,485
Membership	21,061	85,866	24,939	101,053
License fees	19,497	79,489	31,411	127,277
Bank charges	17,543	71,523	17,234	69,832
Communication	12,332	50,278	11,399	46,189
Repairs and maintenance	11,743	47,876	8,591	34,811
Utilities	11,597	47,281	13,731	55,638
Stationery and supplies	9,756	39,775	10,214	41,387
Marketing and advertising	8,085	32,963	4,811	19,494
Security	6,244	25,457	5,544	22,464
Business meals and entertainment	4,050	16,512	19,117	77,462
Motor vehicle operating expense	2,955	12,048	6,343	25,702
Loss on disposal	6,553	26,717	549	2,225
Others	43,216	176,189	57,816	234,270
	598,499	2,440,080	774,791	3,139,453

27 Provision on doubtful accounts

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Loans	113,270	461,802	56,075	227,216
CIFRS for SMEs adjustment	(12,962)	(52,846)	(28,226)	(114,372)
	100,308	408,956	27,849	112,844
Banks	1,290	5,259	(6,426)	(26,038)
CIFRS for SMEs adjustment	5,134	20,931	-	-
	6,424	26,190	(6,426)	(26,038)
	106,732	435,146	21,423	86,806

28 Taxation

28.1 Income tax expense

The Company has an obligation to pay tax on income at rate of 20% of the taxable profit or a minimum tax, whichever is higher. The minimum tax is an annual tax with a liability equal to 1% of gross revenue and is due regardless.

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Current income tax expense	181,463	739,825	186,313	754,940
Deferred income tax	(28,200)	(114,972)	-	-
	153,263	624,853	186,313	754,940

The reconciliation between accounting profit before income tax and estimated taxable income for the year ended 31 December 2020 is shown below:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Minimum tax at 1%	42,765	174,354	39,934	161,813
Profit before income tax	670,118	2,732,072	701,462	2,842,324
Income tax using statutory rate at 20%	134,024	546,416	140,292	568,465
Add reconciling items:				
Non-deductible expenses	21,929	89,405	39,322	159,333
Temporary difference due to the use of different depreciation methods between accounting and tax purposes	-	-	6,699	27,142
Unrecognised deferred tax in previous year recognised this year	(43,016)	(175,376)	-	-
Effect of under provision in prior year	40,326	164,408	-	-
Estimated income tax expense	153,263	624,853	186,313	754,940

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported to the financial statements should change at a later date upon final determination by the tax authorities.

28.2 Income tax payable

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Balance as at 1 January	79,607	324,399	92,828	372,983
Current income tax expense	181,463	739,825	186,313	754,940
Income tax paid	(159,552)	(650,496)	(199,534)	(808,514)
Currency translation difference	-	(3,088)	-	4,990
Balance as at 31 December	101,518	410,640	79,607	324,399

28.3 Deferred tax assets -net

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Deferred tax assets	71,835	290,573	45,542	185,584
Deferred tax liabilities	(9,071)	(36,693)	(10,978)	(44,736)
	62,764	253,880	34,564	140,848

No additional deferred tax asset is recognised in the financial statements during 2019 due to its immateriality in amount and the uncertainty of its recoverability.

28.4 Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are also subject to reviews and investigation by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of current tax legislation. However, relevant authorities may have differing interpretations and the effects could be significant since the incorporation date of the Company.

29 Commitments

The Company has lease commitments for the lease of its head office and branches as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Within one year	95,267	388,402	83,192	339,007
Between two to five years	76,595	312,276	145,528	593,026
	171,861	700,678	228,720	932,033
<i>Other commitments</i>				
Others	-	-	19,360	78,892
	171,861	700,678	248,080	1,010,925

30 Related party transactions and balances

The following balances are outstanding with related parties:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Borrowings from shareholders				
Gojo & Company, Inc.	10,000,000	40,450,000	6,910,025	28,158,350
Mr. Pa Ponnak Rithy	-	-	10,000	40,750
	10,000,000	40,450,000	6,920,025	28,199,100

Gojo & Company, Inc.

The Company entered into various short-term and long-term loan agreements during 2020 and 2019 with Gojo & Company, Inc. The borrowings bear interest per annum ranging from 4.98%-10%, is unsecured, and with maturity ranging from one year to three years to be paid at the maturity date.

Mr. Pa Ponnak Rithy

On 1 January 2019, the Company entered into a short-term agreement with Mr. Pa Ponnak Rithy, with a total amount of USD10,000, bearing 8% interest per annum, and is unsecured.

During the year, the following transactions with related parties are recorded:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Interest expense				
Gojo & Company, Inc.	517,808	2,111,103	519,165	2,115,597
Proceeds from borrowings from shareholders				
Gojo & Company, Inc.	9,000,000	36,693,000	3,410,025	13,895,852
Mr. An Bunhak	-	-	250,000	1,018,750
Mr. Pa Ponnak Rithy	-	-	10,000	40,520
	9,000,000	36,693,000	3,670,025	14,955,122
Repayments of borrowings to shareholders				
Gojo & Company, Inc.	5,910,025	24,095,172	1,397,351	5,694,205
Mr. An Bunhak	-	-	250,000	1,018,750
Mr. Pa Ponnak Rithy	10,000	40,770	-	-
Ms. Sreng Sivechheng	-	-	150,000	611,250
	5,920,025	24,135,942	1,797,351	7,324,205

31 Transactions with key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management includes the Board of Directors and key management team (head of each department). Key management personnel remuneration includes the following:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Salaries and benefits:				
Board of Directors and head of each department	426,281	1,737,948	370,372	1,500,746

32 Financial assets and financial liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Financial assets measured at amortised cost less impairment				
Cash on hand	15,322	61,977	28,896	117,751
Balances with the NBC	2,879,968	11,649,471	1,175,369	4,789,629
Balances with other banks	852,959	3,450,219	1,227,878	5,003,603
Loan to customers	20,762,831	83,985,651	21,189,820	86,348,517
Equity investment	10,000	40,450	10,000	40,750
Other assets*	1,750	7,079	30,643	124,870
	24,522,830	99,194,847	23,662,606	96,425,120

* Excludes prepayment and deposit

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Financial liabilities measured at amortised cost				
Amounts due to shareholders	10,000,000	40,450,000	6,920,025	28,199,102
Borrowing	5,027,572	20,336,529	7,795,367	31,766,121
Other liabilities **	211,482	855,444	186,508	760,020
	15,239,054	61,641,973	14,901,900	60,725,243

** Excludes taxes payable to tax authorities

33 Financial risk management

The guideline and policies adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

33.1 Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending and investing activities.

The primary exposure to credit risk arises through its loans to customer and balances with other banks. The lending activities are guided by the Company's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy, credit approval process and procedures implemented to mitigate credit risks and to ensure compliance with the NBC guidelines.

The Company applies guidelines for selecting a bank partners for its credit and liquidity risk management.

i. Credit risk measurement

The Company assesses the probability of default of individual counterparties by focusing on borrowers' forecasted profit and cash flows. The credit committee are responsible for approving loans to customers.

ii. Risk limit control and mitigation policies

The Company manages limits and controls the concentration of credit risk whenever it is identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to individual customers. Loans are also provided to those small business borrowers that are deemed profitable.

The Board of Directors and Management believe that the Company's maximum exposure to credit risk is limited to the carry amount of loans less provisions for doubtful loans, and balances with other banks.

iii. Impairment and provisioning policies

The Company is required to follow the mandatory credit classification and provision in accordance with Prakas no. B7-017-344 and Circular no. B7-018-001 on Credit Risk Grading and Impairment Provisioning.

iv. Exposure to credit risk with regard to loans to customers:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loans to customers-gross				
Neither past due nor impaired	20,320,372	82,195,905	21,194,349	86,366,972
Past due but not impaired	533,973	2,159,920	59,627	242,979
Individually impaired	143,304	579,665	170,623	695,286
	20,997,649	84,935,490	21,424,598	87,305,237

- Neither past due nor impaired
Loans not past due is not considered impaired, unless other information is available to indicate the contrary.
- Past due but not impaired
Loans less than 31 days past due and 90 days past due form short-term loans and long-term loans, respectively are not considered impaired, unless other information is available to indicate the contrary.
- Impaired loans to customers
In accordance with Prakas no. B7-017-344 dated on 1 December 2017 on the classification and provisioning for loan losses and Circular no. B7-018-001 dated on 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, loans and advances more than 30 days and 89 days past due for short-term loans and long-term loans, respectively are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

In compliance with the guidelines issued by the NBC, a minimum level of specific provision and general provision is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

Restructuring activities include extended payment arrangement, modification and deferral of payment. Following restructuring, the loan is still kept in its current classification.

According to the new Prakas issued by NBC no. B7-017-344 on Credit Risk Grading and Impairment Provisioning in Article 81, once the loan is restructured it remains in the same category regardless of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within 6 instalments periods and within a period of not less than 6 months.

- Individually impaired
Individually impaired loans to customers are loans to customers for which the Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans to customers.

33.2 Operational risk

The operational risk which would result from inadequate or failed internal processes, people and systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by the management and oversight provided by the Board of Directors.

The operational risk management entail the establishment of clear organisational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation. These are reviewed annually to address the operational risks of its micro-finance business.

33.3 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk. Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits. The Company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company has maintained a minimum foreign currency, hence, it has limited exposure to foreign currency exchange risk.

i. Foreign currency exchange risk

The aggregate amounts of financial assets and financial liabilities, by currency denomination, are as follows:

	31 December 2020		
	USD	KHR	Total USD
	(in USD equivalent)		
Assets			
Cash on hand	10,460	4,862	15,322
Balance with the NBC	2,879,181	787	2,879,968
Balances with other banks	641,034	211,925	852,959
Loans to customers-net	18,217,500	2,545,331	20,762,831
Equity investment	10,000	-	10,000
Other assets	1,750	-	1,750
Total financial assets	21,759,925	2,762,905	24,522,830
Liabilities			
Amounts due to shareholders	10,000,000	-	10,000,000
Borrowings	4,183,666	843,906	5,027,572
Other liabilities	208,919	2,563	211,482
Total financial liabilities	14,392,585	846,469	15,239,054
Net financial asset position	7,367,340	1,916,436	9,283,776
Equivalent in KHR'000 (Note 3.2)	29,800,890	30,021,911	29,601,972

	31 December 2019		
	USD	KHR	Total USD
	(in USD equivalent)		
Assets			
Cash on hand	22,390	6,506	28,896
Balance with the NBC	1,174,878	491	1,175,369
Balances with other banks	599,851	621,577	1,221,428
Loans to customers-net	19,278,341	2,146,257	21,424,598
Equity investment	10,000	-	10,000
Other assets	30,643	-	30,643
Total financial assets	21,116,103	2,774,831	23,890,934
Liabilities			
Amounts due to shareholders	6,920,025	-	6,920,025
Borrowings	6,537,500	1,259,714	7,797,214
Other liabilities	167,920	4,454	186,508
Total financial liabilities	13,625,445	1,264,168	14,903,747
Net financial asset position	7,490,658	1,510,663	8,987,187
Equivalent in KHR'000 (Note 3.2)	30,524,431	6,155,952	36,622,787

ii. Interest rate risk

Interest rate risk refer to the volatility in net interest income as a result to changes in the level of interest rate and shifts in the composition of the assets and liabilities. The exposure to interest rate risk relate primarily to its loans, bank deposits and borrowings.

Since the interest rates are fixed and are not subject to change with the market rates, the Company does not use derivative financial instruments to hedge such risk.

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	USD	USD	USD	USD	USD	USD	USD	
As at 31 December 2020								
Financial assets								
Cash on hand	-	-	-	-	-	15,322	15,322	
Balance with the NBC	-	-	-	-	254,765	2,625,203	2,879,968	0.54%
Balances with other banks	831,547	-	-	-	-	21,412	852,959	
Loans to customers-net	468	2,347	791,483	18,541,974	1,426,559	-	20,762,831	15.84%-22.80%
Equity investment	-	-	-	-	-	10,000	10,000	
Other assets	-	-	-	-	-	1,750	1,750	
Total financial assets	832,015	2,347	791,483	18,541,974	1,681,324	2,673,687	24,522,830	
Financial liabilities								
Amounts due to shareholders	5,000,000	-	4,000,000	1,000,000	-	-	10,000,000	4.98% to 6.21%
Borrowings	-	345,719	401,817	4,280,036	-	-	5,027,572	4.98% to 9.00%
Other liabilities	-	-	-	-	-	211,482	211,482	
Total financial liabilities	5,000,000	345,719	4,401,817	5,280,036	-	211,482	15,239,054	
Interest re-pricing gap	(4,167,985)	(343,372)	(3,610,334)	13,261,938	1,681,324	2,462,205	9,283,776	
Equivalent in KHR'000 (Note 3.2)	(16,859,499)	(1,388,940)	(14,603,801)	53,644,539	6,800,956	9,959,619	37,552,874	

	Up to 1 month USD	1 to 3 months USD	3 to 12 months USD	1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate
As at 31 December 2019								
Financial assets								
Cash on hand	-	-	-	-	-	28,896	28,896	
Balance with the NBC	-	-	-	-	254,765	920,604	1,175,369	0.54%
Balances with other banks	719,186	-	-	-	-	508,692	1,227,878	
Loans to customers-net	24,574	88,247	1,348,429	19,728,570	-	-	21,189,820	15.84%-22.80%
Equity investment	-	-	-	-	-	10,000	10,000	
Other assets	-	-	-	-	-	6,553	30,643	
Total financial assets	743,760	88,247	1,348,429	19,728,570	-	271,318	23,662,606	
Financial liabilities								
Amounts due to shareholders	10,000	4,000,000	1,910,025	1,000,000	-	-	6,920,025	8%-10.00%
Borrowings	-	-	1,600,000	6,195,367	-	-	7,795,367	5.10%-9.88%
Other liabilities	-	-	-	-	-	186,508	186,508	
Total financial liabilities	10,000	4,000,000	3,510,025	7,195,367	0	186,508	14,901,900	
Interest re-pricing gap	733,760	(3,911,753)	(2,161,596)	12,533,203	254,765	1,312,327	8,760,706	
Equivalent in KHR'000 (Note 3.2)	2,990,072	(15,940,393)	(8,808,504)	51,072,802	1,038,167	5,347,733	35,699,877	

33.4 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans is monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as at when they fall due.

The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings, including instalment due.

	Up to 1 month USD	1 to 3 months USD	3 to 12 months USD	1 to 5 years USD	Over 5 years USD	No fixed term USD	Total USD
As at 31 December 2020							
Financial assets							
Cash on hand	15,322	-	-	-	-	-	15,322
Balance with the NBC	2,625,203	-	-	-	-	254,765	2,879,968
Balances with other banks	852,959	-	-	-	-	-	852,959
Loans to customers-net	468	2,347	791,483	18,541,974	1,426,559	-	20,762,831
Equity investment	-	-	-	-	-	10,000	10,000
Other assets	1,750	-	-	-	-	-	1,750
Total financial assets	3,495,702	2,347	791,483	18,541,974	1,426,559	264,765	24,522,830
Financial liabilities							
Amounts due to shareholders	5,000,000	-	4,000,000	1,000,000	-	-	10,000,000
Borrowings	-	345,719	401,817	4,280,036	-	-	5,027,572
Other liabilities	122,299	9,005	80,179	-	-	-	211,483
Total financial liabilities	5,122,299	354,724	4,481,996	5,280,036	-	-	15,239,055
Liquidity gap	(1,626,597)	(352,377)	(3,690,513)	13,261,938	1,426,559	264,765	9,283,775
Equivalent in KHR'000 (Note 3.2)	(6,628,381)	(1,435,936)	(15,038,840)	54,042,397	5,813,228	1,078,917	37,831,385

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	No fixed term	Total
	USD	USD	USD	USD	USD	USD	USD
As at 31 December 2019							
Financial assets							
Cash on hand	28,896	-	-	-	-	-	28,896
Balance with the NBC	920,604	-	-	-	-	254,765	1,175,369
Balances with other banks	1,227,878	-	-	-	-	-	1,227,878
Loans to customers-net	24,574	88,247	1,348,429	19,728,570	-	-	21,189,820
Equity investment	-	-	-	-	-	10,000	10,000
Other assets	24,090	-	-	-	-	6,553	30,643
Total financial assets	2,226,042	88,247	1,348,429	19,728,570	-	271,318	23,662,606
Financial liabilities							
Amounts due to shareholders	10,000	4,000,000	1,910,025	1,000,000	-	-	6,920,025
Borrowings	-	-	1,600,000	6,195,367	-	-	7,795,367
Other liabilities	186,508	-	-	-	-	-	186,508
Total financial liabilities	196,508	4,000,000	3,510,025	7,195,367	-	-	14,901,900
Liquidity gap	2,029,534	(3,911,753)	(2,161,596)	12,533,203	-	271,318	8,760,706
Equivalent in KHR'000 (Note 3.2)	8,270,351	(15,940,393)	(8,808,504)	51,072,802	-	1,105,621	35,699,877

33.5 Capital management

a. Regulatory capital

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

The Company's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised. The Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Company complied with all externally imposed capital requirements throughout the year.

b. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

34 Comparative figures

Certain information as presented in the financial statements as at 31 December 2019 and for the year then ended, were reclassified to conform with the current year's presentation of accounts as summarized below:

Statement of financial position as at 31 December 2019 (extracted)

	As previously reported USD	Reclassifications USD (Note 3.2)	USD	As restated KHR'000 (Note 3.2)
Assets				
Loans to customers - net	21,393,825	(204,005)	21,189,820	86,348,517
Other liabilities	615,668	204,005	411,663	1,677,527

Statement of comprehensive income as at 31 December 2019 (extracted)

	As previously reported USD	Reclassifications USD (Note 3.2)	USD	As restated KHR'000 (Note 3.2)
Income				
Interest income	3,671,472	87,698	3,759,170	15,232,157
Fee and commission income	111,092	(87,698)	23,394	94,792

35 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 December 2020 until the date of authorisation of these financial statements.

36 Authorisation of financial statements

The financial statements as at 31 December 2020 and for the year ended were approved for issue by the Board of Directors on 9 April 2021.