

# ANNUAL REPORT 2020



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GOLDEN CASH Microfinance Institution Plc

GOLDEN CASH MICROFINANCE INSTITUTION PLC

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*Golden Cash Microfinance Institution Plc is committed to providing high quality and professional credit to its customers.*



# ANNUAL REPORT 2020

## Golden Cash Microfinance Institution Plc

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### COMPANY BACKGROUND

*The Golden Cash MFI was firstly created as Srov Meas Organization recognized by local authority in letter No. 868 dated 25 November 2014.*

*On 12 December 2015, the Golden Cash Microfinance Institute Plc. received in-principal approval from the National Bank of Cambodia in letter No.TH7-015-873.*

*On 14 December 2015, the Golden Cash MFI obtained its first commercial certificate from the Ministry of Commerce to operate as Golden Cash Microfinance Institute Plc. under the Certificate of Incorporation No.0018 ៣៣.៥៥៣.*

*On 27 April 2016, the Golden Cash Microfinance Institute Plc. licensed to conduct Microfinance Business No.M.F-69 and renewed on 02 May 2019 from the National Bank of Cambodia.*



### VISION

*Golden Cash Microfinance Institution Plc will contribute to economic development in communities by providing strength on the effective use of financial resources and high stability.*

### MISSION

- *Advising a technical on the use of funds in the development of rural occupations.*
- *Financial services the needs of local consumers operational.*

### CORE VALUE

- *Good communication for all levels of staff, local authorities and service users.*
- *Highly esteem the time and courage of the senior management at all levels.*
- *Give greater freedom to decision and criticism of staff, customers and partners*
- *Have a high moral code of ethics training at all levels.*
- *Be learning and participating institution in rural professional development.*



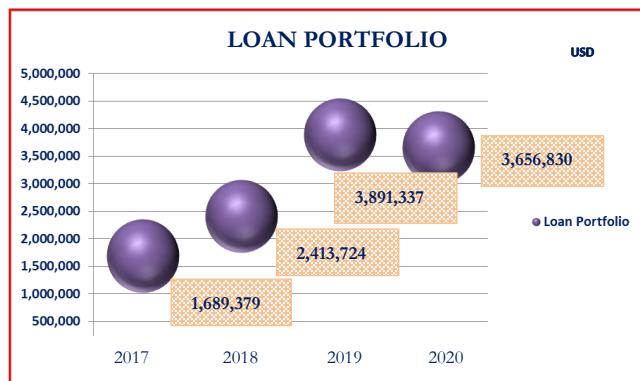
## HIGHLIGHT ON KEY ACHIEVEMENTS

### □ OPERATING PERFORMANCE

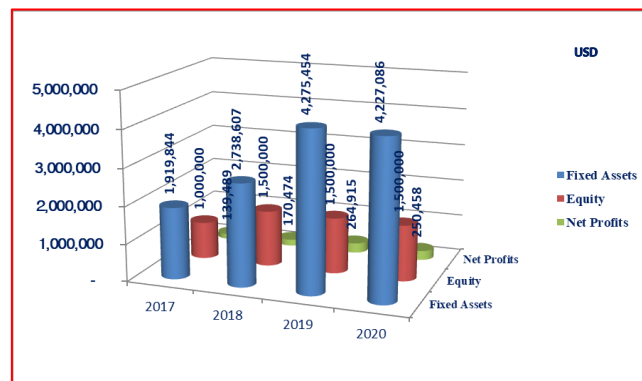
	2017	2018	2019	2020
Operating Province	1	1	1	1
Operating Districts	10	11	12	12
Operating Communes	65	75	70	71
Operating Villages	268	319	308	360
Head Office	1	1	1	1
District Branches	2	3	4	4
Staffs	65	85	90	87
Active Borrowers	2028	1417	1893	1849
Group loans	1120	130	24	3
Individual loans	908	1287	1869	1846
Loan Portfolio (USD)	1,689,379	2,413,724	3,891,337	3,656,830
Group loans Portfolio	263,224	31,387	7,339	125
Individual loans Portfolio	1,426,155	2,382,337	3,883,998	3,556,705
Portfolio at Risk Value (30 days)	47,303	18,344	42,026	95,340
Portfolio at Risk % (30 days)	2.8%	0.76%	1.08%	2.67%

### □ FINANCIAL PERFORMANCE

	2017	2018	2019	2020
Total Assets (USD)	1,919,844	2,738,607	4,275,454	4,227,086
Total Equity (USD)	1,000,000	1,500,000	1,500,000	1,500,000
Net Profit After Tax (USD)	139,489	170,474	264,915	250,458
Return on Equity (RoE)	13.95%	11.36%	17.66%	16.70%
Portfolio Yield	43.94%	33.20%	31.10%	37.41%
Operating Ratio	81.21%	78.73%	78.11%	80.92%
Return on Assets (RoA)	7.27%	6.22%	6.20%	5.93%



The graph above shows that Golden Cash's loan balance increased from \$ 1,689,379 in 2017 and has grown steadily to \$ 3,656,830 and decreased in 2020.



The graph above shows that Golden Cash assets increased from \$ 1,919,844 in 2017 and has grown steadily to \$ 4,227,086 in 2020. The capital is up to \$ 1,500,000 and the profit is up to \$ 250,458 and in 2020 there is a slight decrease.



**MR. SOK RATTANA**

In 2020, Golden Cash Microfinance Institution Plc has still continued to provide stable, sustainable and high-paying financial services to its clients, despite the many changes in the economic and political landscape, especially the Covid 19 pandemic. While the country has a GDP deficit of about -4.4% and inflation of 2.9% (NBC), it depends on key sectors such as garments, construction and agriculture.

In addition, Golden Cash has expanded its operations area with new products and services to better meet the needs of its customers. With its network closer to the community, its customers have access to credit services in 11 operating areas of Siem Reap province and one in Oddar Meanchey province. The target customers that are targeted are poor and middle class families with affordable and appropriate products and services for all. In the future, we plan to expand our branch network to all provinces in Cambodia.

In this context of Covid19 pandemic, Golden Cash has been allowed to bring new products, services and help the economic recovery of its Covid19 affected customers by facilitating customer payments through: Interest-only concessions, longer repayment periods, additional capital to expand and support business, and more in accordance with the guidelines of the Government and the National Bank.

The success of the Golden Cash depends on its social mission and strong will to make a difference in the market of microfinance. In addition, Golden Cash primarily focuses on customers, collaborating on customer protection principles.

Achievements and growth achieved in 2020 will further contribute to 2021; so that Golden Cash remain committed to providing innovative micro-finance services to help its clients succeed.

I would like to thank and extol all the management and staff for their tremendous commitment and all the stakeholders for their past active support. I am confident that the social outlook will be more and more relevant to all levels of the Golden Cash Microfinance Institution, which will continue to support the growth and stability of the Golden Cash Microfinance Institution Plc.



**MRS. KEA SINAT**

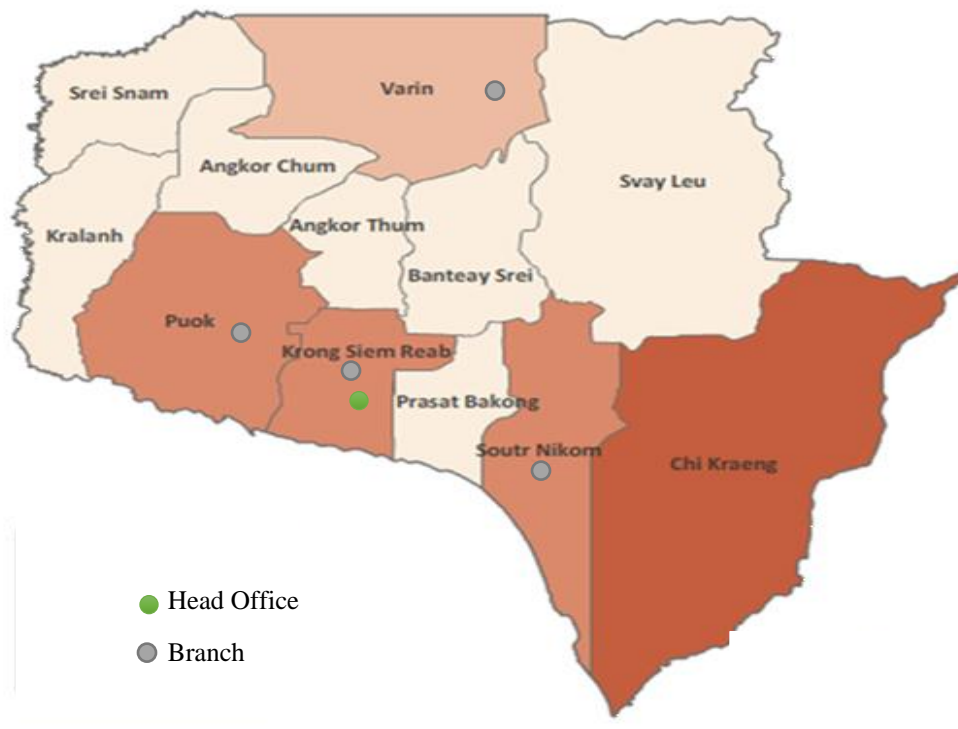
In 2020 is a difficult year in the spread of Covid19. In order to continue the goal of providing strong financial services to customers, the operating area has been expanded to urban and rural areas of some districts to ensure the provision of microfinance services to the poor. In addition, despite the difficult times of the spread of Covid19. As a result, by the end of 2020, profit decreased from \$ 264,915, an increase of about 36% in 2019 to \$ 250,458, a decrease of -5.8% in 2020. Assets amounted to \$ 4,275,454 in 2019 and \$ 4,227,086 in 2020, a decrease of approximately -1.1%. There were 1849 active borrowers, a decrease of -1.2% and a portfolio of loans down to \$ 3,656,830, a decrease of -6.4%. Five customer service offices and branches operating throughout Siem Reap and Anlong Veng districts of Oddar Meanchey province. A total of 90 employees in 2019 and 87 employees in 2020, a decrease of about -3.4%.

In order to meet the needs as well as contribute to reducing the risk of customers, some products and services have been developed, tested and put to use.

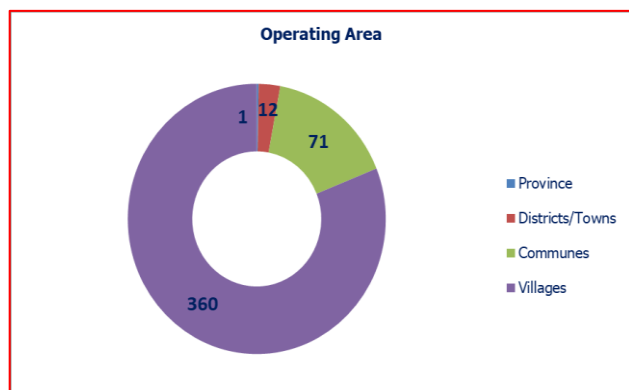
In addition, we are very proud of the growth of our socioeconomic services, such as training and advice on agricultural business and the proper use of financial services in the goals, efficiency and stability by highly skilled staff, ethical capabilities and creative ideas.

Finally, I would like to express my sincere thanks to all the Board of Directors, the Independent Board of Directors, the creditors, the authorities, the managements and staffs at all levels, the clients, the partners and the stakeholders for their contribution to the Golden Cash has made rapid progress to the present day and to continue and expand its activities to help people escape poverty, improve their lives, in line with the policy of the Government of the Kingdom of Cambodia. I really hope and expect you all to continue to support the Golden Cash in the years ahead.

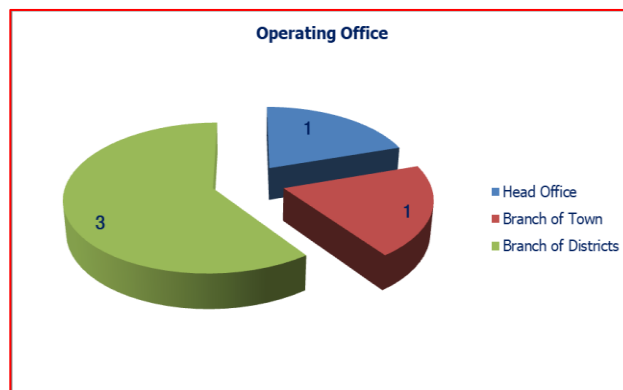
## Operating Area



## OPERATING PERFORMANCE (CONT.)

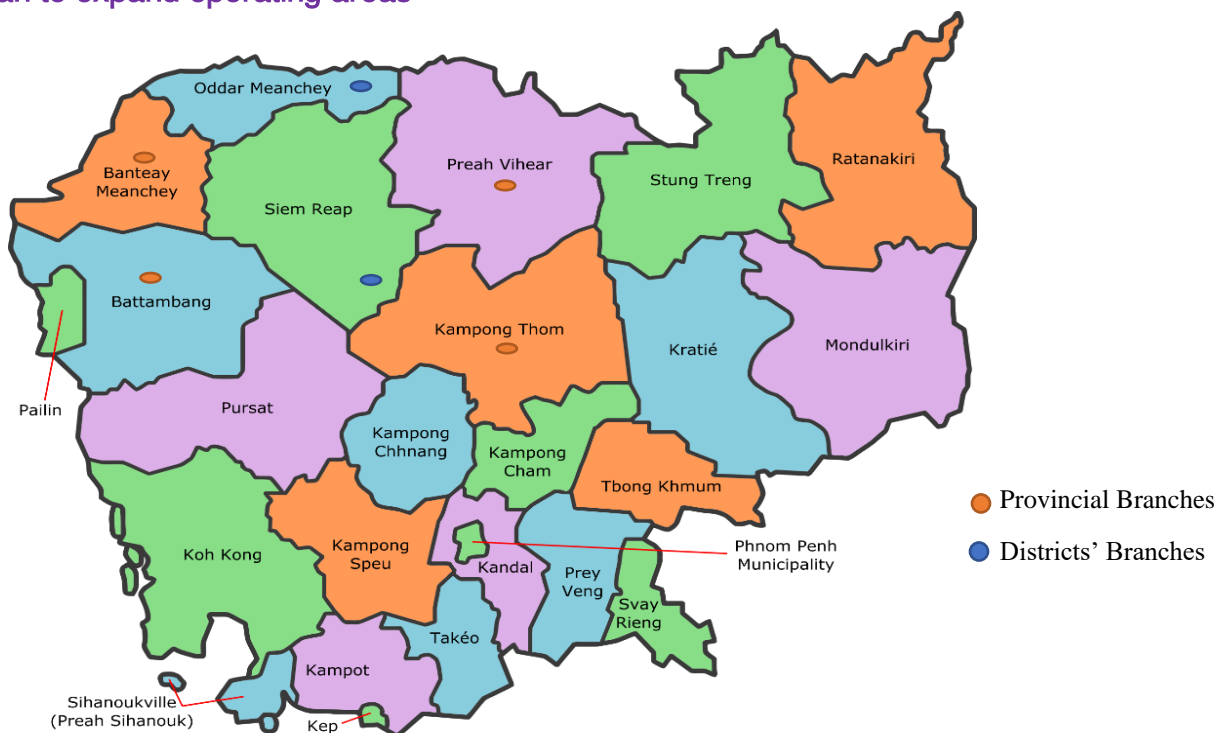


The graphic above shows that the Golden Cash operating area is 1 province, 12 districts, 71 communes and 360 villages.



The graphic above shows that the Golden Cash operations office has one headquarter, one city branch and three district branches, and total 5 offices and branches.

### Plan to expand operating areas



An additional six branches will be established over the next five years. The expansion is likely to expand and establish 1 more district branch in Siem Reap, Anlong Veng in Oddar Meanchey, Banteay Meanchey, Battambang, Kampong Thom and Preah Vihear branches in addition to existing branches in 2020. Expansion and establishment of additional branches to meet the clients' needs and in line with the growth of the institution, enabling the people to have sufficient capital for their business. In addition, we are committed to better service to our customers and to comply with the Prakas issued by the National Bank of Cambodia.



### CREDIT PRODUCTS

Golden Cash has developed a number of credit products to provide convenience and choice to its customers with reasonable interest rates in the competitive markets. These include:

#### INDIVIDUAL LOAN

**Individual Loan:** Individual loan product is a product of Golden Cash Microfinance Plc., which was established to serve the needs of customers who require a larger capital micro, small and medium business to business activities crafts and services for personal use by offering consumers in rural areas and towns in Regional operations of Golden Cash Microfinance Plc. Micro, Small and Medium Business Loan Products are defined as the following below:

##### Micro loan

**Micro Loan** is provided to small enterprises, most of which are family businesses. Business activities of these enterprises include agricultural trade, production, and other legitimate income generating activities. Loan size up to US \$ 1,000 or equivalent to the riel. The interest rate is competitive, with loan terms up to 18 months and multiple types of payment.



### SME Loan

**Small and Medium-sized Enterprises Loan** is specifically offered to small and medium-sized enterprises engaged in business activities in agriculture, trade, tourism, manufacturing and services. The loan size is up to US \$ 75,000 or equivalent to the riel. The interest rate is competitive, with a loan period of up to 60 months and multiple types of payment.



### Motor Loan

**Motor Loan** is designed to provide customers with the purchase of a motorbike. The loan size is up to US \$ 2,500 or equivalent to the riel. The interest rate is competitive, with loan terms up to 36 months, and multiple types of payment.



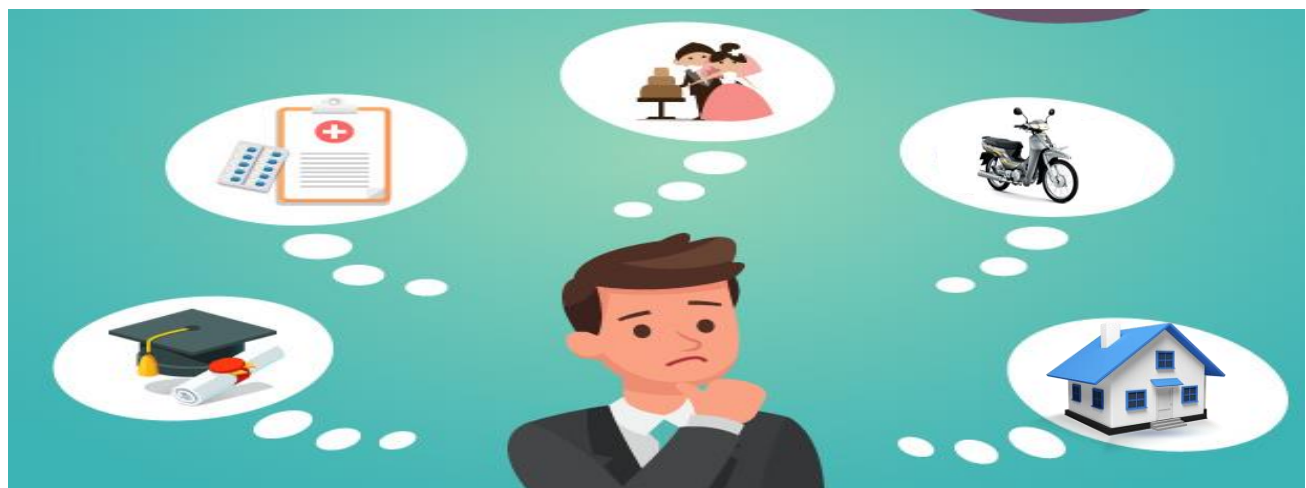
### Car Loan

**Car Loan** is designed to provide customers with car purchases. The loan size is up to US \$ 20,000 or equivalent to the riel. The interest rate is competitive, with loan term up to 36 months, and multiple types of payment.



### Staff Loan

**Staff loan** is designed to help employees fill up shortages in the purchase of essentials and provide a daily basis. Loan size is up to 70% of collateral value and no collateral for studying purpose. The interest rate is special for staff with loan term up to 36 months and multiple types of payment.





## FINANCIAL SERVICES (CONT.)

### Personal Loan

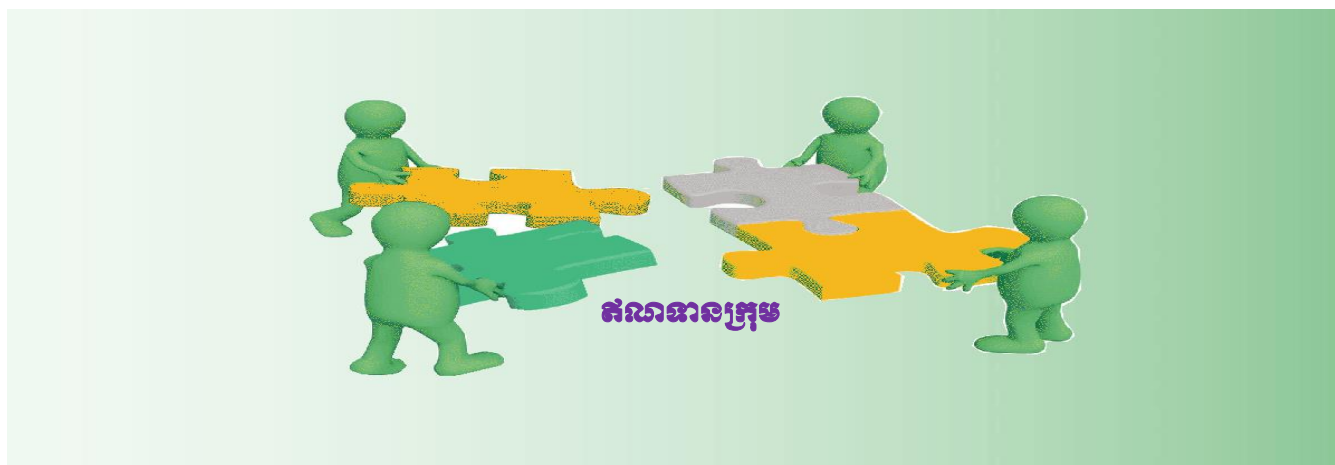
**Personal Loan** is designed to purchase materials for personal use or for personal expenses including furniture, equipment, wedding equipment, or other items. The loan size is up to US \$ 10,000 or equivalent to the riel. The interest rate is competitive, with loan term up to 36 months, and multiple types of payment.



## GROUP LOAN

### Group Loan

**Group Loan** is created for poor families, especially for low-income and wealthy people who cannot secure credit alone. Group loans are offered to a subscriber group of two to five members, each of which guarantees credit to each other. Loan size is up to 2,000,000 Riel. The interest rate is competitive, with loan term up to 12 months and multiple types of payment.

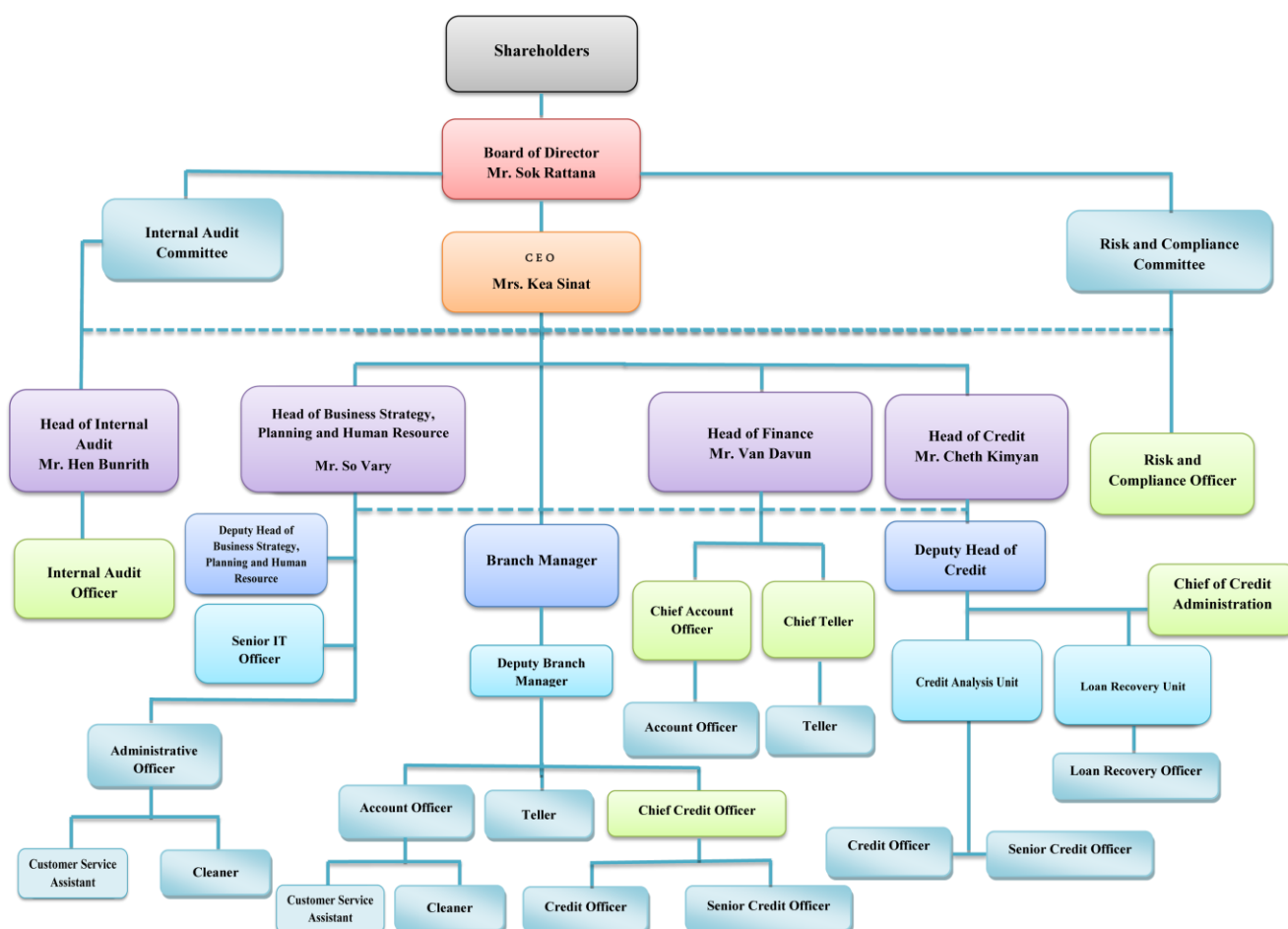




## SHAREHOLDERS

	Share %	2020 Share Price 4,000 Riel per Share (KHR '000)	Share Price in USD
Local Shareholders	100%	6,000,000	1,500,000
	100%	6,000,000	1,500,000

## STRUCTURE OF COMPANY



## BOARD COMMITTEE

Mr. Sok Rattana is co-founder of Golden Cash Microfinance Plc established in early 2015. He was appointed Chairman of the Board, Nomination and Governance Committee. Before he came to Golden Cash Microfinance, he had more than 20 years of experience in microfinance and banking, serving in various microfinance institutions and other banks, as Credit Manager, Deputy Branch Manager, Branch Manager, Regional Head, etc. He obtained a Bachelor Degree and Master's Degree in General Management at Build Bright University in 2009 and several Financial Training courses.



**MR. SOK RATTANA**  
Chairman of the Board, Nomination  
and Governance Committee



**MRS. KEA SINAT**  
Board member and  
Chief Executive Officer

Mrs. Kea Sinat was appointed to the Board member committee in 2015 and to become Chief Executive Officer of Golden Cash in 2016. She has been involved in Golden Cash for over four years. She has more than 10 years of experience in microfinance and banking, having held various positions: Chief Accountant, Chief Operating Officer, Deputy Branch Manager, Branch Manager, etc. During her career in this area, she has led the branches she managed to become an outstanding branch of leadership. She obtained her Bachelor's Degree from National University of Management in Phnom Penh in 2005 and several training courses related to banking and finance sectors.

Mr. Keang Chanveasna serves on the independent board of Golden Cash Microfinance Plc. He has over 10 years' experience in banking and finance. He has held various positions at a Malaysian bank for over nine years. He was a Branch Manager, Quality Assurance Manager, Assistant Branch Manager and Operation Officer. His career in banking began with a Thai bank in late 2007. Mr. Keang Chanveasna holds a Master's Degree in Finance from the National University of Management and a Bachelor's Degree in Informatics Economics from the Royal University of Law and Economics.



**MR. KEANG CHANVEASNA**  
Independent Board Member and  
Chairman of Risk and  
Compliance Committee

Mr. Tun Pano has worked and managed in the financial industry for nearly 20 years. He brings a wealth of experience to the Golden Cash. During his career, he has held various positions including Cashier, Deputy Branch Manager, Branch Manager, Branch Support Manager, etc. He holds a Bachelor's Degree from National University of Management and a Master's Degree from Build Bright University. He has also received numerous training courses both locally and internationally.



**MR. TUN PANO**  
Independent Board Member and Chairman of  
Internal Audit Committee



**MR. KHIN SARY**  
Board member and Assistant

Mr. Khin Sary has more than 10 years of experience in finance, administration and technology. He is also the co-founder of Golden Cash Microfinance Plc. He first started his career as an administrative technology accountant, and he was in charge of the position of Chief of Accounting, Administration and Technology, Deputy Finance Director, etc. He obtained a Bachelor Degree in Computer Engineering from Build Bright University in Siem Reap in 2007 and a Master's degree in Finance and Banking from University of South East Asia, and many other Financial Training courses.

## SENIOR MANAGERMENTS

Mr. Sot Vary is currently part of Golden Cash Microfinance's business strategy and business plan. He was appointed Head of Human Resource at the early of 2018. Prior to joining Golden Cash, he had been in the microfinance industry for over seven years. He started his career as a Credit Officer and was in charge of the position like Chief Credit Officer, Area Manager, Chief Accountant, etc. he holds a Bachelor's Degree from the University of South East Asia in 2012 in Finance and Banking. Besides, he has also received training in risk management and accounting, analysis of financial reports, administration, human resources, and other skills related to banking and financial sectors.



**MR. SOT VARY**  
Head of Business Strategy,  
Planning, Human Resource



**MR. CHETH KIMYAN**  
Head of Credit

Mr. Cheth Kimyan has a lot of experience in the financial sector for over 10 years. He was promoted to the position of Head of Credit of Golden Cash Microfinance in early 2017. He started his career as a Credit Officer, and he has held positions such as credit officer, credit manager, internal auditor, branch manager, etc. He holds a Bachelor's degree from Build Bright University in Siem Reap in 2011, majoring in Finance and Banking and many other training courses.

Mr. Van Davun has more than 16 years of experience in finance sector. He was appointed Golden Cash's Head of Finance in March 2018. He started his career as an accountant, and he held positions such as accountant, chief accountant, etc. He holds a Bachelor's degree from the National Institute of Management in Phnom Penh in 2003. He has specialized in finance and banking and a number of other training related to accounting, Finance, tax, leadership, and other skills.



**MR. VAN DAVUN**  
Head of Finance



**MR. HEN BUNRITH**  
Head of Internal Audit

Mr. Hen Bunrith has more than 9 years of experience in financial sector. He was appointed Head of Internal Audit in May 2018. He started his career as a loan officer, and he previously held positions as credit officer, accountant, credit manager, branch manager, internal auditor, deputy of internal audit department, etc. He holds a bachelor's degree from the University of South East Asia in Siem Reap in 2012 in finance and banking and other training related to banking, finance and Audit Field.



The Board of Directors submits this report together with the audited financial statements of Golden Cash Microfinance Institution Plc (“the Company”) as at 31 December 2020 and for the year then ended (“the year”).

#### The Company

Golden Cash Microfinance Institution Plc is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce under registration no. Co. 4406 KH/2015 dated 14 December 2015. On 10 May 2016, the Company completed its re-registration with the receipt of certificate no. 00008060 from the Ministry of Commerce. On 27 April 2016, the Company obtained its license from the National Bank of Cambodia to operate as a micro finance institution.

The Company is principally engaged in all aspects of micro-finance business and the provision of related financial services in Cambodia.

The registered office is located at No. 684, 7 Makara Street, Chhunlung Village, Sangkat Salakamreok, Siem Reap City, Siem Reap Province, Kingdom of Cambodia.

As at 31 December 2020, the Company had 88 employees (2019: 90).

#### Results of operations

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 does not recommend the payment of any dividends in respect of the year ended 31 December 2020.

#### 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:

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>
Mr. Sok Rattana	Chairman	5 December 2015
Mrs. Kea Sinat	Director	5 December 2015
Mr. Khin Sary	Director	5 December 2015
Mr. Keang Chanveasna	Independent director	2 January 2019
Mr. Tun Pano	Independent director	11 March 2019

#### Executive Committee

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

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>
Mr. Sok Rattana	Chairman of Board	2 June 2016
Mrs. Kea Sinat	Chief Executive Officer	2 June 2016
Mr. Sot Vary	Head of BP and Human Resource	2 June 2016
Mr. Cheth Kimyan	Head of Credit	26 April 2017
Mr. Van Davun	Head of Finance	12 March 2018
Mr. Hen Bunrith	Head of Internal Audit	1 November 2017
Mr. Chamreoun Kosal	Deputy Head of Credit	15 July 2019
Mr. Soun Sunlay	D.Head of BP and Human Resource	2 June 2016
Mr. Yun Chamreoun Dara	Branch Manager	2 June 2016
Mr. Hut Pheareak	Branch Manager	1 October 2018
Mr. Rin Reoun	Branch Manager	1 January 2019
Mr. Houn Sovanreach	Branch Manager	1 December 2020
Mr. Meak Da	Senior IT Officer	1 January 2019

### Auditor

The financial statements as at 31 December 2020 and for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

### Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no members of the Board of Directors of the Company have received or became entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which a director is a member, or with a company in which the director has substantial financial interest other than as disclosed in the financial statements.

### 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 its 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 and guidelines of the National Bank of Cambodia 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, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of 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 Cambodian International Financial Reporting Standard for Small and Medium-sized Entities and guidelines of the National Bank of Cambodia.

On behalf of the Board of Directors:




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Mr. Sok Rattana  
Chairman

Phnom Penh, Kingdom of Cambodia  
19 April 2021



# Grant Thornton

## Independent auditor's report

### **Grant Thornton (Cambodia) Limited**

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To the Shareholders of  
Golden Cash Microfinance Institution Plc

### Opinion

We have audited the financial statements of Golden Cash Microfinance Institution Plc (“the Company”), which comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to 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 Golden Cash Microfinance Institution Plc as at 31 December 2020, and of 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”) and guidelines of the National Bank of Cambodia (“NBC”).

### 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 the ethical requirements that are relevant to our audit of the 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

Management is responsible for the other information. The other information comprises the Report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon, which we 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.





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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 that matter in accordance with the requirements of CISA 720 (revised).

### Responsibilities of the Board of Directors for the financial statements

The Board of Directors of the Company 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 Board of Directors 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 Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or have 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



## Grant Thornton

- Conclude on the appropriateness of the directors' 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 Board of Directors 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 Board of Directors 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.

Grant Thornton

GRANT THORNTON (CAMB)  
Certified Public Accountants  
Registered Auditors



*Ronald C. Almera*

Ronald C. Almera  
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia  
19 April 2021

## Statement of financial position

		31 December 2020		31 December 2019	
	Note	USD	KHR'000	USD	KHR'000
			(Note 3.2)		(Note 3.2)
<b>Assets</b>					
Cash on hand	5	19,860	80,334	22,700	92,503
Deposits and placements with the National Bank of Cambodia	6	76,694	310,227	76,500	311,738
Deposits and placements with banks - net	7	410,172	1,659,146	87,782	357,712
Loans to customers - net	8	3,612,219	14,611,426	3,982,152	16,227,269
Other assets	9	23,486	95,001	28,266	115,184
Property and equipment	10	84,655	342,429	76,904	313,384
Intangible assets		-	-	1,150	4,686
<b>Total assets</b>		<b>4,227,086</b>	<b>17,098,563</b>	<b>4,275,454</b>	<b>17,422,476</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Other liabilities	11	99,146	401,046	75,020	305,707
Borrowings	12	2,016,722	8,157,640	2,331,157	9,499,465
Current income tax liabilities	13(b)	68,388	276,629	76,905	313,388
<b>Total liabilities</b>		<b>2,184,256</b>	<b>8,835,315</b>	<b>2,483,082</b>	<b>10,118,560</b>
<b>Equity</b>					
Share capital	14	1,500,000	6,000,000	1,500,000	6,000,000
Regulatory reserve	15	14,460	58,491	44,276	180,425
Retained earnings		528,370	2,153,668	248,096	1,010,991
Cumulative translation difference		-	51,089	-	112,500
<b>Total equity</b>		<b>2,042,830</b>	<b>8,263,248</b>	<b>1,792,372</b>	<b>7,303,916</b>
<b>Total liabilities and equity</b>		<b>4,227,086</b>	<b>17,098,563</b>	<b>4,275,454</b>	<b>17,422,476</b>

## Statement of profit or loss and other 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)
Interest income	16	713,534	2,909,078	624,508	2,530,506
	17				
Interest expense		(204,486)	(833,689)	(152,560)	(618,173)
<b>Net interest income</b>		509,048	2,075,389	471,948	1,912,333
Other operating income	18	647,610	2,640,306	585,561	2,372,693
					(2,825,358)
General and administrative expenses	19	(783,844)	(3,195,732)	(697,275)	( )
Provision for bad and doubtful loans	8	(38,657)	(157,605)	(5,896)	(23,891)
Movement in regulatory allowances		(3,257)	(13,279)	(265)	(1,074)
<b>Profit before income tax</b>		330,900	1,349,079	354,073	1,434,703
Income tax expense	13(a)	(80,442)	(327,962)	(89,158)	(361,268)
<b>Net profit for the year</b>		250,458	1,021,117	264,915	1,073,435
Other comprehensive (loss)/income-					
Currency translation difference		-	(61,411)	-	85,500
<b>Total comprehensive income for the year</b>		250,458	959,706	264,915	1,158,935



## Statement of changes in equity

		Share capital		Regulatory reserve		Retained earnings		Cumulative translation difference		Total
	Note	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
<b>Balance at 1 January 2020</b>		1,500,000	6,000,000	44,276	180,425	248,096	1,010,991	112,500	1,792,372	7,303,916
Net profit for the year		-	-	-	-	250,458	1,021,117	-	250,458	1,021,117
Change in regulatory reserve	15	-	-	(29,816)	(121,560)	29,816	121,560	-	-	-
Currency translation difference		-	-	-	(374)	-	-	(61,411)	-	(61,785)
<b>Balance at 31 December 2020</b>		1,500,000	6,000,000	14,460	58,491	528,370	2,153,668	51,089	2,042,830	8,263,248
<b>Balance at 1 January 2019</b>		1,500,000	6,000,000	26,760	107,522	325,997	1,309,856	27,000	1,852,757	7,444,378
Net profit for the year		-	-	-	-	264,915	1,073,435	-	264,915	1,073,435
Dividend		-	-	-	-	(325,300)	(1,318,116)	-	(325,300)	(1,318,116)
Change in regulatory reserve	15	-	-	17,516	70,975	(17,516)	(70,975)	-	-	-
Currency translation difference		-	-	-	1,928	-	16,791	85,500	-	104,219
<b>Balance at 31 December 2019</b>		1,500,000	6,000,000	44,276	180,425	248,096	1,010,991	112,500	1,792,372	7,303,916

# Statement of cash flows

	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)
<b>Operating activities</b>					
Profit before tax		330,900	1,349,079	354,073	1,434,703
<b>Adjustments for:</b>					
Depreciation	10	44,311	180,656	37,897	153,559
Amortisation		1,150	4,689	2,934	11,889
Loss on write-off of property and equipment		-	-	23	93
Movement in regulatory allowances		3,257	13,279	265	1,074
Provision for bad and doubtful loans	8	38,657	157,605	5,896	23,891
Operating profit before working capital changes		418,275	1,705,308	401,088	1,625,209
Net changes in:					
Loans to customers		331,276	1,350,612	(1,574,324)	(6,379,161)
Other assets		4,780	19,488	51,429	208,390
Other liabilities		24,126	98,362	9,369	37,963
Cash generated from/(used in) operations		778,457	3,173,770	(1,112,438)	(4,507,599)
Income tax paid		(88,959)	(362,686)	(47,452)	(192,276)
<b>Net cash from/(used in) operating activities</b>		689,498	2,811,084	(1,159,890)	(4,699,875)
<b>Investing activity</b>					
Acquisitions of property and equipment	10	(52,062)	(212,257)	(35,658)	(144,486)
<b>Net cash used in investing activity</b>		(52,062)	(212,257)	(35,658)	(144,486)
<b>Financing activities</b>					
Cash proceeds from borrowings		-	-	1,546,157	6,265,028
Repayments of borrowings		(314,435)	(1,281,951)	-	-
Repayments of dividend		-	-	(325,300)	(1,318,116)
<b>Net cash (used in)/from financing activities</b>		(314,435)	(1,281,951)	1,220,857	4,946,912
<b>Net change in cash and cash equivalents</b>		323,001	1,316,876	25,309	102,551
Cash and cash equivalents, beginning of year		112,868	459,938	87,559	351,812
Currency translation difference		-	(13,724)	-	5,575
<b>Cash and cash equivalents, end of year</b>		435,869	1,763,090	112,868	459,938

# Notes to the financial statements

## 1. General information

Golden Cash Microfinance Institution Plc ("the Company") is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce under registration no. Co. 4406 KH/2015 dated 14 December 2015. On 10 May 2016, the Company completed its re-registration with the receipt of certificate no. 00008060 from the Ministry of Commerce. On 27 April 2016, the Company obtained its license from the National Bank of Cambodia ("NBC") to operate as a micro finance institution.

The Company is principally engaged in all aspects of micro-finance business and the provision of related financial services in Cambodia. There have been no significant changes in the nature of principal activities during the financial year.

The registered office is located at No. 684, 7 Makara Street, Chhunlung Village, Sangkat Salakamreok, Siem Reap City, Siem Reap Province, Kingdom of Cambodia.

As at 31 December 2020, the Company had 88 employees (2019: 90).

## 2. Statement of compliance with CIFRS for SMEs

The financial statements of the Company 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.

## 3. Significant accounting policies

### 3.1 Basis of preparation

The financial statements of the Company, which are expressed in United States Dollars ("USD"), are prepared under the historical cost of convention and drawn up in accordance with CIFRS for SMEs.

### 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 rate of exchange ruling at that date. Exchange differences arising on translation are recognised in other 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 National Bank of Cambodia:

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

\*Average rates are calculated based on daily closing rate during the year

Such translated 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 of exchange.

### **3.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with other banks which are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

### **3.4 Deposits and placements with the NBC**

Deposits and placements with the NBC, including statutory deposits, are stated at cost. A statutory deposit is maintained with the NBC in compliance with the Cambodian Law on Banking and Financial Institutions and is determined by defined percentages of minimum share capital as required by the NBC and are not available to finance the Company's day-to-day operations. Hence, statutory deposit is not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

### **3.5 Deposits and placements with banks**

Deposits and placement with banks are stated at cost. The Company provides allowance for impairment losses for placements with banks at 1% (2019: 1%), in accordance with Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions.

### **3.6 Loans to customers**

Loans to customers are recognized initially at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans to customers are stated at the amount of principal plus accrued interest less allowance for bad and doubtful loans.

Loans are written off to the statement of profit or loss and other 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 disclosed as other operating income in the statement of profit or loss and other comprehensive income.

### **3.7 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.

### **3.8 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The Company adds the cost of replacement to the carrying amount of an item of property and equipment when the cost incurred is expected to provide incremental future benefits to the Company, and the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

## Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less the estimated residual value on a straight-line method over their respective estimated useful lives, as follows:

	Useful life
Motor vehicles	5 years
Furniture and fixtures	4 years
Computer equipment	3 years
Office renovation	5 years

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

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

## Impairment of non-financial assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, Management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by Management.

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) 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 cash-generating unit'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 (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

All assets are periodically reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge would be reversed if the cash-generating unit's recoverable amount exceeded its carrying amount.



### 3.9 Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised on a straight-line method over the expected useful lives of 3 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

### 3.10 Other liabilities

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

### 3.11 Borrowings

Borrowings are initially recognised at the transaction price (including transaction costs) and subsequently measured at amortised cost using the effective interest method.

### 3.12 Equity, reserves, retained earnings and dividend payments

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior years' profits.

Dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of the shareholders.

### 3.13 Regulatory provision

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

Classification	Number of days past due	Provision rate
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 the Prakas on Credit Risk Grading and Impairment Provisioning requires the Company to compare the provision calculated in accordance with CIFRS for SMEs 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 provision calculated in accordance with CIFRS for SMEs, the Company 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 provision calculated in accordance with CIFRS for SMEs, the Company shall record the provision calculated in accordance with CIFRS for SMEs and transfer the difference, which represents the additional provision required, from retained earnings or accumulated loss account into regulatory reserve in the equity section of the statement of financial position.

### **3.14 Income and expense recognition**

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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

### **3.15 Fees and commission income and expense**

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. Loan processing fee income are recognised as income over the term period of the loan to customer.

Unamortised loan fees are recognized as unearned income.

### **3.16 Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease commitments are not recognised as liabilities until the obligation to pay becomes due.

### **3.17 Income taxes**

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

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the 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. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is

assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### **3.18 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 Company.
- b. An entity is related to the Company if any of the following conditions applies:
  - i. 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 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.

## **4 Significant accounting estimates, assumptions and judgments**

The Company makes estimates, assumptions and judgments concerning future transactions which may not equal actual results. The accounting estimates, assumptions and judgments which may cause significant impact on the current recognition and measurement of assets, liabilities, income and expenses are summarised below:

### **a. Significant accounting estimates and assumptions**

#### **Impairment**

In assessing impairment, Management 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.

#### **Useful life of depreciable assets**

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

#### **Income tax expenses**

The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's current interpretation of the various tax legislations which are

subject to periodic changes. The final determination of tax expenses will be made following examination by the General Department of Taxation.

When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

**b. Significant accounting judgments**

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

## 5. Cash on hand

Cash on hand is further analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
<b>By currency:</b>				
US Dollars	7,263	29,379	11,105	45,253
Khmer Riels	12,597	50,955	11,595	47,250
	19,860	80,334	22,700	92,503

## 6. Deposits and placements with the National Bank of Cambodia

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
Statutory deposit*	75,000	303,375	75,000	305,625
Current account	1,694	6,852	1,500	6,113
	76,694	310,227	76,500	311,738

(\*) Under NBC Prakas B7-01-136 dated 15 October 2001, micro-finance institutions are required to maintain a statutory deposit of 5% of their registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate its business in Cambodia. Statutory deposit earns interest at the rate of 0.28% per annum (2019: 0.28% per annum).

## 7. Deposits and placements with banks - net

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
Cash in bank:				
Current accounts	225,347	911,529	32,718	133,326
Savings accounts	188,968	764,375	55,950	227,996
	414,315	1,675,904	88,668	361,322
Regulatory allowances	(4,143)	(16,758)	(886)	(3,610)
	410,172	1,659,146	87,782	357,712

The movements in regulatory allowances of deposits and placement with banks are as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
At 1 January	886	3,610	621	2,495
Movement in regulatory allowances	3,257	13,279	265	1,074
Currency translation difference	-	(131)	-	41
At 31 December	4,143	16,758	886	3,610



Further analysis is as follows:

**By currency:**

US Dollars	241,068	975,120	52,430	213,652
Khmer Riels	173,247	700,784	36,238	147,670
	414,315	1,675,904	88,668	361,322

8. Loans to customers - net

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Long-term loans	3,149,025	12,737,806	3,291,805	13,414,105
Short-term loans	417,805	1,690,021	606,816	2,472,775
	3,566,830	14,427,827	3,898,621	15,886,880
Accrued interest receivable	91,330	369,430	90,815	370,071
Loans to customers - gross	3,658,160	14,797,257	3,989,436	16,256,951
Allowance for bad and doubtful loans	(45,941)	(185,831)	(7,284)	(29,682)
Loans to customers - net	3,612,219	14,611,426	3,982,152	16,227,269

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

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
At 1 January	7,284	29,682	1,388	5,577
Provision for the year	38,657	157,605	5,896	23,891
Currency translation difference	-	(1,456)	-	214
At 31 December	45,941	185,831	7,284	29,682

Loans to customers are analysed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
<b>By maturity:</b>				
Within one year	672,470	2,720,141	606,816	2,472,775
From one to five years	2,894,360	11,707,686	3,291,805	13,414,105
Over five years	-	-	-	-
	3,566,830	14,427,827	3,898,621	15,886,880
<b>By currency:</b>				
US Dollars	2,388,746	9,662,478	2,735,546	11,147,350
Khmer riel	1,178,084	4,765,349	1,163,075	4,739,530
	3,566,830	14,427,827	3,898,621	15,886,880

**By economic sector:**

Agriculture	1,139,815	4,610,552	1,330,303	5,420,985
Trade and commerce	1,114,324	4,507,441	669,638	2,728,775
Home improvement	474,690	1,920,121	626,617	2,553,464
Motor vehicles	326,734	1,321,639	394,497	1,607,575
Real estate	194,825	788,067	279,452	1,138,767
Household/family	138,656	560,864	147,266	600,109
Construction	4,092	16,552	74,357	303,005
Transportation	29,630	119,853	72,378	294,940
Service	4,055	16,402	15,626	63,676
Others	140,009	566,336	288,487	1,175,584
	3,566,830	14,427,827	3,898,621	15,886,880

**By residency status:**

Residents	3,566,830	14,427,827	3,898,621	15,886,880
	3,566,830	14,427,827	3,898,621	15,886,880

**By relationship:**

External customers	3,558,475	14,394,031	3,866,430	15,755,702
Staff loans	8,355	33,796	32,191	131,178
	3,566,830	14,427,827	3,898,621	15,886,880

**By performance:**

Standard loans				
Secured	3,471,490	14,042,177	3,856,553	15,715,453
Special mention loans				
Secured	18,093	73,186	-	-
Sub-standard loans				
Secured	46,902	189,719	35,000	142,625
Doubtful loans				
Secured	29,164	117,968	2,147	8,749
Loss loans				
Secured	1,181	4,777	4,921	20,053
	3,566,830	14,427,827	3,898,621	15,886,880

2020

2019

**By interest rate (per annum):**

Individual loans	18%	18%
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**9. Other assets**

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Office rental deposits	22,372	90,495	22,550	91,891
Prepayments	989	4,001	727	2,963
Other receivables	125	505	4,989	20,330
	23,486	95,001	28,266	115,184

## 10. Property and equipment

	Motor vehicles USD	Furniture and fixtures USD	Computer equipment USD	Office Renovation USD	Total USD	KHR'000 (Note 3.2)
<b>Gross carrying amount</b>						
<b>Balance as at 1 January 2020</b>	84,478	37,084	39,598	5,796	166,956	680,346
Additions	45,268	3,683	3,111		52,062	212,257
Currency translation difference	-	-	-	-	-	(6,675)
<b>Balance as at 31 December 2020</b>	129,746	40,767	42,709	5,796	219,018	885,928
<b>Accumulated depreciation</b>						
<b>Balance as at 1 January 2020</b>	(42,173)	(21,549)	(24,854)	(1,476)	(90,052)	(366,962)
Depreciation	(25,344)	(7,619)	(10,190)	(1,158)	(44,311)	(180,656)
Currency translation difference	-	-	-	-	-	4,119
<b>Balance as at 31 December 2020</b>	(67,517)	(29,168)	(35,044)	(2,634)	(134,363)	(543,499)
<b>Carrying amounts as at 31 December 2020</b>	62,229	11,599	7,665	3,162	84,655	342,429

	Motor vehicles USD	Furniture and fixtures USD	Computer equipment USD	Office Renovation USD	Total USD	KHR'000 (Note 3.2)
<b>Gross carrying amount</b>						
<b>Balance as at 1 January 2019</b>	77,752	26,323	26,526	790	131,391	527,929
Additions	6,726	10,854	13,072	5,006	35,658	144,486
Written-off	-	(93)	-	-	(93)	(377)
Currency translation difference	-	-	-	-	-	8,308
<b>Balance as at 31 December 2019</b>	84,478	37,084	39,598	5,796	166,956	680,346
<b>Accumulated depreciation</b>						
<b>Balance as at 1 January 2019</b>	(25,726)	(12,734)	(13,449)	(316)	(52,225)	(209,840)
Depreciation	(16,447)	(8,885)	(11,405)	(1,160)	(37,897)	(153,559)
Written-off	-	70	-	-	70	284
Currency translation difference	-	-	-	-	-	(3,847)
<b>Balance as at 31 December 2019</b>	(42,173)	(21,549)	(24,854)	(1,476)	(90,052)	(366,962)
<b>Carrying amounts as at 31 December 2019</b>	42,305	15,535	14,744	4,320	76,904	313,384

## 11. Other liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
Salary payables	39,889	161,351	22,785	92,849
Unearned income	33,052	133,695	35,855	146,109
Collection in suspense	12,484	50,498	8,116	33,073
Accrued expenses	11,508	46,550	1,255	5,114
Compulsory deposit from customers	-	-	4,888	19,919
Other payables	2,213	8,952	2,121	8,643
	99,146	401,046	75,020	305,707

## 12. Borrowings

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
Short-term borrowings from shareholder	2,016,722	8,157,640	2,331,157	9,499,465

The borrowings from shareholders are unsecured, bear interest at rates of 9.6% per annum and repayable on maturity dates ranging from 4 to 12 months.

Further information on borrowings follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
<b>By currency:</b>				
US dollars	1,992,000	8,057,640	2,316,433	9,439,465
Khmer riels	24,722	100,000	14,724	60,000
	2,016,722	8,157,640	2,331,157	9,499,465

<b>By maturity:</b>				
Within 1 year	2,016,722	8,157,640	2,331,157	9,499,465

		2020		2019
<b>By annual interest rate:</b>				
Interest rate		9.6%		9.6%

## 13. Income tax

### a. Income tax expense

In accordance with Cambodia's tax regulations, the Company has an obligation to pay tax on income at the rate of 20% of taxable income or a minimum tax at 1% of annual turnover, inclusive of all taxes, except value-added tax, whichever is higher.

Income tax expense for the year is summarized 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)	
Current income tax	80,442	327,962	89,158	361,268



## Reconciliation between profit before income tax and estimated taxable income

A 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)
Profit before income tax	330,900	1,349,079	354,073	1,434,703
Add non-deductible expenses	71,310	290,731	91,715	371,629
Estimated taxable income	402,210	1,639,810	445,788	1,806,332
Income tax at 20% (A)	80,442	327,962	89,158	361,268
Minimum tax at 1% of revenue (B)	13,611	55,494	12,101	49,032
Estimated current income tax expense (higher of A or B)	80,442	327,962	89,158	361,268

The Company's tax returns are subject to examination by the GDT. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could be changed at a later date upon final determination by the GDT.

### b. Current income tax liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
As at 1 January	76,905	313,388	35,199	141,430
Charge during the year	80,442	327,962	89,158	361,268
Income tax paid	(88,959)	(362,686)	(47,452)	(192,276)
Currency translation difference	-	(2,035)	-	2,966
As at 31 December	68,388	276,629	76,905	313,388

## 14. Share capital

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Registered, issued and fully paid:				
1.5 million ordinary shares with par value of USD1 per share	1,500,000	6,000,000	1,500,000	6,000,000

As at 31 December 2020, the Company's shareholders and their respective interests are as follows:

	2020			2019		
	% of owner ship	Number of shares	Amount USD	% of ownership	Number of shares	Amount USD
Mr. Rattana Sok	24	360,000	360,000	24	360,000	360,000
Mrs. Sinat Kea	24	360,000	360,000	24	360,000	360,000
Mr. Vary Sot	13	195,000	195,000	13	195,000	195,000
Mr. Chamroeundara Yun	13	195,000	195,000	13	195,000	195,000
Mr. Sary Khin	13	195,000	195,000	13	195,000	195,000

Mr. Son Lay Suon	13	195,000	195,000	13	195,000	195,000
	100	1,500,000	1,500,000	100	1,500,000	1,500,000
Equivalent in KHR'000 (Note 3.2)			6,000,000			6,000,000

#### 15. Regulatory reserve

As at 31 December 2020, the regulatory provision calculation is USD60,401 (2019: USD51,560) which is USD14,460 (2019: USD44,276) higher than the required provision per CIFRS for SMEs of USD45,941 (2019: USD7,284). As such, in compliance with Prakas No. 7-017-344 Article 73 (b), USD29,816 is transferred from regulatory reserve to the closing balance of retained earnings.

#### 16. Interest income

	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 to customers	712,624	2,905,368	623,964	2,528,302
Deposits and placements with banks	910	3,710	544	2,204
	713,534	2,909,078	624,508	2,530,506

#### 17. Interest expense

	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)	
Interest expense on borrowings	204,486	833,689	152,560	618,173

#### 18. Other operating income

	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)	
Fees and commission on loans	612,298	2,496,339	551,487	2,234,625
Penalty income	18,564	75,685	25,456	103,148
Other operating income	16,748	68,282	8,618	34,920
	647,610	2,640,306	585,561	2,372,693

## 19. General and administrative 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)	
Personnel costs	482,415	1,966,806	428,179	1,734,981
Office rental	64,551	263,174	53,510	216,823
Depreciation	44,311	180,656	37,897	153,559
Representation and entertainment	41,337	168,531	41,090	166,497
Other tax expenses	28,767	117,283	25,448	103,115
Professional fees	23,701	96,629	11,984	48,559
Transportation	18,223	74,295	18,268	74,022
Office supplies	11,549	47,085	15,835	64,163
Utilities	10,195	41,565	8,813	35,710
Communications	9,291	37,879	8,711	35,297
License fees	7,215	29,416	6,736	27,294
Membership and service fees	5,287	21,555	4,774	19,344
Repairs and maintenance	4,650	18,958	2,657	10,766
Marketing and advertising	4,365	17,796	1,066	4,319
Insurance	2,655	10,824	-	-
Amortisation	1,150	4,689	2,934	11,889
Other expenses	24,182	98,591	29,373	119,020
	783,844	3,195,732	697,275	2,825,358

## 20. Related party balances and transactions

The following balances are outstanding with related parties:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
<b>Borrowings from shareholders</b>				
Mr. Rattana Sok	1,071,833	4,335,564	875,796	3,568,869
Mrs. Sinat Kea	730,000	2,952,850	939,072	3,826,718
Mr. Vary Sot	214,889	869,226	516,289	2,103,878
	2,016,722	8,157,640	2,331,157	9,499,465

The borrowings from shareholders are unsecured, bear interest at rates of 9.6% per annum and repayable on maturity dates ranging from 4 to 12 months.

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

	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)	
Repayment of borrowings from shareholders	(314,435)	(1,281,951)	-	-
Proceeds from borrowings from shareholders	-	-	1,546,157	6,265,028
Interest expense on borrowings from shareholders	204,486	833,689	152,560	618,173
Key management remuneration	106,601	434,612	56,000	226,912

## 21. Commitments and contingencies

### (a) Lease commitments

The Company has the following future minimum lease commitments for the lease of its office under operating lease arrangements:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
Within one year	56,100	228,718	50,705	205,457
Two to five years	30,837	125,721	132,897	538,499
More than five years	98,218	400,433	40,200	162,890
	185,154	754,872	223,802	906,846

### (b) Taxation contingencies

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Oftentimes, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

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

## 22. Financial risk management

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

### (a) Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific allowances 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 customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. 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 and credit approval processes and procedures implemented to ensure compliance with NBC Guidelines.

The Company holds collateral against loans to customers in the form of mortgage interests over property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as doubtful.

#### (i) Credit risk measurement

The Company assesses the probability of default of individual counterparties by focusing on a borrowers' forecasted profit and cash flows. The credit committee is 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 customers, which is a common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans to customers are:

- Mortgages over residential properties (land, building and other properties); and

- Charges over business assets such as land and buildings.
- (iii) Exposure to credit risk with regards to loans to customers

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)	
<b>Loans to customers - gross</b>				
Neither past due nor impaired	3,422,062	13,842,241	3,856,553	15,715,453
Past due but not impaired	70,436	284,914	37,147	151,374
Individually impaired	74,332	300,672	4,921	20,053
	<b>3,566,830</b>	<b>14,427,827</b>	<b>3,898,621</b>	<b>15,886,880</b>

#### **Neither past due nor impaired**

Neither past due nor impaired loans to customers are good quality loans to customers for which there is no experience of default. These loans are supported by collaterals and Management views that likelihood of default is relatively low.

#### **Past due but not impaired loans**

Past due but not impaired loans to customers are those for which contractual interest or principal payments that are past due less than 30 days for short-term loans and 90 days for long-term loans, unless other information is available to indicate otherwise.

#### **Impaired loans**

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.

In compliance with NBC Guidelines, an allowance for doubtful loans to customers is made for loans to customers with payment overdue more than 30 days for short-term loans and 89 days for long-term loans. A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

#### **(b) Operational risk**

The operational risk losses 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 control and support units which are independent of the business units and oversight provided by the Management.

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 continually to address the operational risks of its micro-finance business.

#### **(c) 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.

##### **i. Foreign currency exchange risk**

The Company's revenue is principally earned in USD. The Company's expenditure is principally paid in USD. Monetary assets and liability are significantly dominated in USD. The Company does not therefore have significant exposure to foreign currency risk.



ii. Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rates and shifts in the composition of the assets and liabilities. The exposure to interest rate risk relate primarily to its loans.

Since the majority of financial assets are not subject to significant change with the market rates, the Company does not use derivative financial instruments to hedge such risk.

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The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

2020	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rates %
<b>Financial assets</b>								
<b>Cash on hand</b>	-	-	-	-	-	19,860	19,860	
<b>Deposits and placements with the National Bank of Cambodia</b>	-	-	-	-	75,000	1,694	76,694	0.28
<b>Deposits and placements with banks - gross</b>	-	-	-	-	-	414,315	414,315	
<b>Loans to customers - gross</b>	48,722	101,175	522,573	2,894,360	-	-	3,566,830	18
<b>Other assets *</b>	-	-	-	-	-	22,497	22,497	
<b>Total financial assets</b>	48,722	101,175	522,573	2,894,360	75,000	458,366	4,100,196	
<b>Financial liabilities</b>								
<b>Borrowings</b>	-	-	2,016,722	-	-	-	2,016,722	9.6
<b>Other liabilities</b>	-	-	-	-	-	66,094	66,094	
<b>Total financial liabilities</b>	-	-	2,016,722	-	-	66,094	2,082,816	
<b>Total interest pricing gap</b>	48,722	101,175	(1,494,149)	2,894,360	75,000	392,272	2,017,380	
<b>Equivalent to KHR'000 (Note 3.2)</b>	197,080	409,253	(6,043,833)	11,707,686	303,375	1,586,740	8,160,302	

\* Excludes prepayments

<b>2019</b>	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rates %
<b>Financial assets</b>								
Cash on hand	-	-	-	-	-	22,700	22,700	
Deposits and placements with the National Bank of Cambodia	-	-	-	-	75,000	1,500	76,500	0.28
Deposits and placements with banks - gross	-	-	-	-	-	88,668	88,668	
Loans to customers - gross	-	10,000	596,816	3,291,805	-	-	3,898,621	18
Other assets *	-	-	-	-	-	27,539	27,539	
<b>Total financial assets</b>	-	10,000	596,816	3,291,805	75,000	140,407	4,114,028	
<b>Financial liabilities</b>								
Borrowings	-	-	2,331,157	-	-	-	2,331,157	9.6
Other liabilities	-	-	-	-	-	39,165	39,165	
<b>Total financial liabilities</b>	-	-	2,331,157	-	-	39,165	2,370,322	
<b>Total interest pricing gap</b>	-	10,000	(1,734,341)	3,291,805	75,000	101,242	1,743,706	
<b>Equivalent to KHR'000 (Note 3.2)</b>	-	40,750	(7,067,440)	13,414,105	305,625	412,561	7,105,602	

\* Excludes prepayments

**(d) 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 and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

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

<b>2020</b>	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	No fixed maturity date USD	Total USD
<b>Financial assets</b>							
<b>Cash on hand</b>	19,860	-	-	-	-	-	19,860
<b>Deposits and placements with the National Bank of Cambodia</b>	1,694	-	-	-	-	75,000	76,694
<b>Deposits and placements with banks - gross</b>	414,315	-	-	-	-	-	414,315
<b>Loans to customers - gross</b>	48,722	101,175	522,573	2,894,360	-	-	3,566,830
<b>Other assets *</b>	-	22,497	-	-	-	-	22,497
<b>Total financial assets</b>	484,591	123,672	522,573	2,894,360	-	75,000	4,100,196
<b>Financial liabilities</b>							
<b>Borrowings</b>	-	-	2,016,722	-	-	-	2,016,722
<b>Other liabilities</b>	-	66,094	-	-	-	-	66,094
<b>Total financial liabilities</b>	-	66,094	2,016,722	-	-	-	2,082,816
<b>Net liquidity surplus (gap)</b>	484,591	57,578	(1,494,149)	2,894,360	-	75,000	2,017,380
<b>Equivalent to KHR'000 (Note 3.2)</b>	1,960,171	232,903	(6,043,833)	11,707,686	-	303,375	8,160,302

\* Excludes prepayments



<b>2019</b>	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	No fixed maturity date USD	Total USD
<b>Financial assets</b>							
Cash on hand	22,700	-	-	-	-	-	22,700
Deposits and placements with National Bank of Cambodia	1,500	-	-	-	-	75,000	76,500
Deposits and placements with banks - gross	88,668	-	-	-	-	-	88,668
Loans to customers - gross	-	10,000	596,816	3,291,805	-	-	3,898,621
Other assets *	-	27,539	-	-	-	-	27,539
<b>Total financial assets</b>	<b>112,868</b>	<b>37,539</b>	<b>596,816</b>	<b>3,291,805</b>	<b>-</b>	<b>75,000</b>	<b>4,114,028</b>
<b>Financial liabilities</b>							
Borrowings	-	-	2,331,157	-	-	-	2,331,157
Other liabilities	-	39,165	-	-	-	-	39,165
<b>Total financial liabilities</b>	<b>-</b>	<b>39,165</b>	<b>2,331,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,370,322</b>
<b>Net liquidity surplus (gap)</b>	<b>112,868</b>	<b>(1,626)</b>	<b>(1,734,341)</b>	<b>3,291,805</b>	<b>-</b>	<b>75,000</b>	<b>1,743,706</b>
<b>Equivalent to KHR'000 (Note 3.2)</b>	<b>459,937</b>	<b>(6,626)</b>	<b>(7,067,440)</b>	<b>13,414,105</b>	<b>-</b>	<b>305,625</b>	<b>7,105,602</b>

\* Excludes prepayments

### **(e) Capital management**

#### **i. 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 and the Company recognised 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 has complied with all externally imposed capital requirements throughout the year.

#### **ii. 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.

#### **23. Events after the reporting date**

The Company considers the events surrounding the COVID-19 (coronavirus) pandemic as non-adjusting subsequent events, which do not impact its financial position and performance as at 31 December 2020 and for the year then ended. The Board of Directors is closely monitoring the evolution of this pandemic, including how it may affect the Company, the economy and the general population.

As at the date of this report, the outbreak in Cambodia is till manageable as backed up by the continuing roll out of its vaccination program and timely intervention by the government through the legislation of additional regulations to curb the spread of the virus in Cambodia.

#### **24. Authorization of financial statements**

The financial statements as at 31 December 2020 and for the year then ended were approved for issue by the Board of Directors on 19 April 2021

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