

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

**AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
31 DECEMBER 2012**



**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

*Under the Multi-Donor Trust Fund Grant Agreement Number TF054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association (“IDA”)*

**PROJECT INFORMATION**

PROJECT MANAGEMENT: H.E Dr. Aun Pornmoniroth  
Dr. Sok Saravuth  
Mr. Tes Putheara

IMPLEMENTING AGENCY: Steering Committee Secretariat (“SCS”)  
Ministry of Economy and Finance

PRINCIPAL BANKER: National Bank of Cambodia

AUDITORS: BDO (Cambodia) Limited

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**  
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Development Association (“IDA”)*

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## **PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

*Under the Multi-Donor Trust Fund Grant Agreement Number TF054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association ("IDA")*

### **PROJECT MANAGEMENT'S REPORT**

The Project Management hereby submits the report together with the audited financial statements of Public Financial Management Reform Project ("the Project") for the financial year ended 31 December 2012.

#### **Responsibility of the Project Management in respect of the financial statements**

The Project Management is responsible to ascertain that the financial statements give a true and fair view of the financial position of the Project as at 31 December 2012 and its fund receipts and expenditures, activities of designated accounts and funds withdrawn for the financial year then ended. In preparing these financial statements, the Management is required to select suitable accounting policies and then apply them consistently.

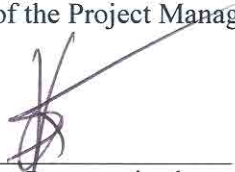
The Project Management is responsible for ensuring that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of accounting set out in Note 2 to the financial statements and in accordance with the terms of the financing agreement for the Multi-Donor Trust Fund Grant Agreement Number TF 054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association. The Project Management is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

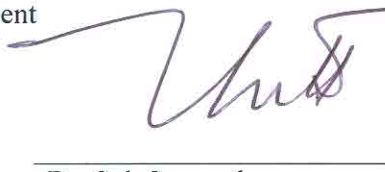
#### **Statement by the Project Management**

In the opinion of the Project Management, the accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2012, and its fund receipts and expenditures, activities of designated accounts, and funds withdrawn for the year then ended in accordance with the basis of accounting set out in Note 2 to the financial statements and the related financing agreements.

On behalf of the Project Management



H.E. Dr. Aun Pornmoniroth  
Secretary of State  
Chairman of Public  
Financial Management  
Steering Committee



Dr. Sok Saravuth  
Steering Committee  
Secretariat Manager



Mr. Tes Putheara  
Office Manager

Phnom Penh, Kingdom of Cambodia

Date: 12 JUN 2013



## **INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Public Financial Management Reform Project ("the Project"), which comprise Statement of financial position as at 31 December 2012, statement of sources of funds and expenditures, and statement of designated accounts for the financial year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 34.

### *Management's Responsibility for the Financial Statements*

The Management is responsible for the preparation of the financial statements, which give a true and fair view in accordance with the basis of accounting as set out in Note 2 to the financial statements and for such internal controls as the Management determines are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Project's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF  
PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT (continued)**

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Project as at 31 December 2012, and its fund receipts and expenditures, the activities of designated accounts, and the funds withdrawn for the year then ended in accordance with the basis of accounting set out in Note 2 to the financial statements.

**Other Matters**

We draw your attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to meet the financial reporting requirements of the Project. As such, the financial statements may not be suitable for other purposes.

We have considered the previous year financial statements and the auditors' reports which we have not acted as auditors and we are satisfied that the previous year financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Project. The audit reports on the previous year financial statements did not contain any qualification or any adverse comment.

  
Arthur Law  
Partner



**BDO (Cambodia) Limited**  
Certified Public Accountants

Phnom Penh, Kingdom of Cambodia

Date: 12 JUN 2013

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

*Under the Multi-Donor Trust Fund Grant Agreement Number TF054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association ("IDA")*

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Notes	31 Dec 2012 US\$	31 Dec 2011 US\$
<b>ASSETS</b>			
<b>Cash and bank balances</b>			
Multi-Donor Trust Fund	3	-	632,571
International Development Association	3	645,026	35,563
Royal Government of Cambodia (counterpart fund)	3	159,739	191,860
		<u>804,765</u>	<u>859,994</u>
<b>Other asset</b>			
Advances		<u>78,531</u>	<u>30,540</u>
<b>TOTAL ASSETS</b>		<u><u>883,296</u></u>	<u><u>890,534</u></u>
<b>ACCUMULATED EXCESS OF SOURCES OF FUNDS OVER EXPENDITURES</b>			
		<u><u>883,296</u></u>	<u><u>890,534</u></u>

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

*Under the Multi-Donor Trust Fund Grant Agreement Number TF054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association ("IDA")*

**STATEMENT OF SOURCES OF FUNDS AND EXPENDITURES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2011 US\$	Cumulative to 31 Dec 2012 US\$
<b>SOURCES OF FUNDS</b>				
Multi-Donor Trust Fund		(632,571)	3,052,883	9,463,117
International Development Association		4,324,280	3,129,486	13,464,845
Counterpart fund		1,614	277,500	704,635
Policy and Human Resource Development Grant		-	-	24,069
		<u>3,693,323</u>	<u>6,459,869</u>	<u>23,656,666</u>
<b>EXPENDITURE BY CATEGORIES</b>				
	4			
Goods	6	89,559	697,435	2,877,392
Consultancy services		707,637	718,233	3,884,771
Trainings and workshops	7	560,402	952,120	4,358,402
Incremental operating costs	8	157,328	106,623	517,692
Merit-based performance incentive		-	-	3,111,830
Priority operating costs		925,812	1,418,471	5,679,000
International procurement agent		<u>1,259,823</u>	<u>2,861,921</u>	<u>2,344,283</u>
		<u>3,700,561</u>	<u>6,754,803</u>	<u>22,773,370</u>
Surplus/(Deficit) of sources of funds over expenditures		(7,238)	(294,934)	883,296
Fund balance at beginning of the year		<u>890,534</u>	<u>1,185,468</u>	-
Fund balance at end of the year		<u><u>883,296</u></u>	<u><u>890,534</u></u>	<u><u>883,296</u></u>



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**STATEMENT OF SOURCES OF FUNDS AND EXPENDITURES (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2011 US\$	Cumulative to 31 Dec 2012 US\$
<b>EXPENDITURE BY COMPONENTS</b>	5			
Revenue management		122,686	275,476	1,268,981
Budget formulation		287,701	405,003	2,143,647
Budget execution		167,985	449,981	2,264,453
Capacity development:				
Policy group		464,473	898,391	4,219,289
General support group		916,730	925,709	5,608,364
Ministry and Institution		481,163	938,322	1,589,636
International procurement agency		<u>1,259,823</u>	<u>2,861,921</u>	<u>5,679,000</u>
		<u>3,700,561</u>	<u>6,754,803</u>	<u>22,773,370</u>

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**STATEMENT OF DESIGNATED ACCOUNTS - MDTF  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2011 US\$	Cumulative to 31 Dec 2012 US\$
<b>SOURCES OF FUNDS</b>				
Unused funds from previous period		632,571	385,421	-
Funds received		-	3,052,883	10,095,688
Unused funds returned to donors		(632,571)	-	(632,571)
		<u>-</u>	<u>3,438,304</u>	<u>9,463,117</u>
<b>EXPENDITURE BY CATEGORIES</b>				
	4			
Goods		-	594,893	1,841,899
Consultancy services		-	438,376	2,169,069
Trainings and workshops		-	684,722	2,356,694
Incremental operating costs		-	58,342	206,560
Merit-based performance incentive		-	-	1,859,495
Priority operating costs		-	1,029,400	1,029,400
		<u>-</u>	<u>2,805,733</u>	<u>9,463,117</u>
Excess of sources of funds over expenditures		<u>-</u>	<u>632,571</u>	<u>-</u>
<b>REPRESENTED BY:</b>				
Cash at bank	3	<u>-</u>	<u>632,571</u>	<u>-</u>
		<u>-</u>	<u>632,571</u>	<u>-</u>

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**STATEMENT OF DESIGNATED ACCOUNTS AND DIRECT PAYMENTS - IDA  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2011 US\$	Cumulative to 31 Dec 2012 US\$
<b>SOURCES OF FUNDS</b>				
Unused funds from previous period		66,103	800,047	-
Funds received		4,324,280	3,129,486	13,464,845
		<u>4,390,383</u>	<u>3,929,533</u>	<u>13,464,845</u>
<b>EXPENDITURE BY CATEGORIES</b>				
	4			
Goods		89,559	102,542	1,035,493
Consultancy services		707,637	279,857	1,715,702
Trainings and workshops		526,667	181,758	1,858,263
Incremental operating costs		157,328	48,281	311,133
Merit-based performance incentive		-	-	826,814
Priority operating costs		925,812	389,071	1,314,883
International procurement agent		1,259,823	2,861,921	5,679,000
		<u>3,666,826</u>	<u>3,863,430</u>	<u>12,741,288</u>
Excess of sources of funds over expenditures		<u>723,557</u>	<u>66,103</u>	<u>723,557</u>
<b>REPRESENTED BY:</b>				
Petty cash	3	749	335	749
Cash at bank	3	644,277	35,228	644,277
Advances		78,531	30,540	78,531
		<u>723,557</u>	<u>66,103</u>	<u>723,557</u>

## **PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. PROJECT BACKGROUND**

The Public Financial Management Reform Program (“the Project”) was established under the Multi-Donor Trust Fund (“MDTF”) Grant Agreement Number TF054547 signed on 11 August 2005 and IDA Grant Number H241-KH (“IDA Grant”) signed on 13 February 2007 between the Royal Government of Cambodia represented by the Ministry of Economy and Finance (“MEF”) and the International Development Association (“IDA”).

The Project commenced in September 2005 and will operate for 10 years with funding from the following sources:

- IDA Grant Number H241-KH and MDTF Number TF054547-KH administered by the World Bank with funds being contributed by the Development Partners of the World Bank, and AusAid, DFID, SIDA and European Commission (“EC”), respectively. Other donor partners may fund the Project through the MDTF in the future.
- Other development partners provide resources directly through bilateral arrangement. These funds and expenditures will be managed by the donor partners.
- Royal Government of Cambodia (“RGC”) counterpart funds for the Merit-Based Payment Initiative (“MBPI”) scheme/component of the Project implemented from 2005 to 2009.

The Project started with the objective to provide support for financial management activities carried out at the Government level, and establish a framework for professional civil service, in order that the officials will be able to maintain public financial management standards without depending on continuous external advice.

The Project is implemented by MEF and managed by the Steering Committee Secretariat (“SCS”) of the MEF.

The Project’s activities are divided into six main and complementary components as follows:

- Revenue Management
- Budget Formulation
- Budget Execution
- Capacity Development
- Merit-Based Payment Initiative
- Building the Oversight Capacity of the Recipient’s National Audit Authority

## **PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1. PROJECT BACKGROUND (continued)**

##### **Part A: Revenue Management**

- Supports and modernization of the MEF's Tax Department by: (a) reviewing and improving its organizational structure; (b) developing and implementing a strategic management plan and capacity development program; (c) improving service delivery and (d) developing mechanisms to improve transparency and accountability.
- Strengthens MEF's non tax revenue policy and administration.
- Supports transparent oil and gas revenue management by: (a) participating in the Extraction Industries Transparency Initiative (EITI); (b) developing oil fund and related taxation policy, and (c) strengthening the Recipient's staff technical and negotiations skills.
- Supports the recipient's fiscal and macroeconomic management by strengthening revenue policy, macroeconomic modeling, and forecasting.

##### **Part B: Budget Formulation**

- Strengthens the Recipient's capacity to formulate and integrate its budget, including: (a) improving budget coverage; (b) strengthening the control over expenditures; (c) developing the medium term macroeconomic-fiscal framework; (d) strengthening debt forecasting, financing analysis and payment management; (e) redesigning the budget and account classification system; (f) piloting a program-based budget structure; (g) redesigning the budget formulation process and calendar; (h) strengthening budget formulation; and (i) strengthening expenditure tracking techniques.

##### **Part C: Budget Execution**

- Supports the development of the Recipient's financial management system and processes, including: (a) establishing a financial management information system; and (b) providing computer hardware and software.
- Strengthens the Recipient's public procurement system by: (a) revising procurement processing arrangements; (b) developing an enhanced legal and regulatory procurement framework, including the development of a new procurement law; (c) developing and disseminating harmonized procurement procedures and documents; (d) supporting de-concentration of the public procurement system and establishment of effective oversight mechanisms; (e) developing an information and performance monitoring system in public procurement; and (f) improving public access to information, including electronic media.
- Strengthens the Recipient's Treasury systems and procedures by: (a) streamlining budget execution processes; (b) widening the scope of payments through the banking system including payments for tax collections and to civil servants and contractors; and (c) strengthening cash management.



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. PROJECT BACKGROUND (continued)**

Part D: Capacity Development

- Strengthens the Recipient's capacity to carry out internal audit and to manage internal audit standards and reviews.
- Strengthens the MEF's overall capacity, including: (a) reorganizing its institutional structure; and (b) strengthening its capacity to implement the Project, including the development and implementation of a communication strategy.
- Provide support to the Steering Committee Secretariat in managing the Project.
- Carry out training, workshops and study tours to support the execution of the Project.

Part E: Merit-Based Payment Initiative (implemented from 2005 to 2009)

- Implements the Recipient's Merit Based Payment Initiative Program through the provision of merit-based payment initiative allowances to selected MEF staff.
- Implement reforms in the MEF's personnel management, including the establishment of merit-based selection and promotion, and performance management.

Part F: Building the Oversight Capacity of the Recipient's National Audit Authority

Strengthens the capacity of the National Audit Authority, including: (a) developing an effective organizational structure; and (b) improving auditing standards and methodologies.

MDTF and IDA Grant were amended on 5 August 2011 and 12 November 2012 respectively.

The closing date of MDTF was 11 April 2012.

Amendment to IDA Grant, Section IV.B.2 of Schedule 2 to the Financing Agreement now established the closing date is 15 November 2013.

The table on the next page sets forth the items financed out of the proceeds of the IDA Grant and MDTF, including the allocation to each category and respective percentage of expenditures based on mentioned amendments.

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. PROJECT BACKGROUND (continued)**

**Category Schedule of Financing Agreement (Grant No. H241-KH)**

Category	Amount of IDA grant allocated (expressed in SDR)	% of expenditures to be financed
(1) Goods, consultant services, training, workshops and study tours and incremental operating costs for Part A to D	5,197,000	100% or other percentages that World Bank may determine from time to time by notice to the Recipient
(2) Merit-based payment initiative (Part E)	530,112	0% from the date of this amendment onward
(2a) Priority Operating Cost under Part E	625,888	100% or other percentages that World Bank may determine from time to time by notice to the Recipient
(3) Goods, consultant's services, training, workshops, study tours, and incremental operating costs for Part F	50,000	100% or other percentages that World Bank may determine from time to time by notice to the Recipient
(4) Services of an International procurement agent	3,397,000	100%
<b>TOTAL</b>	<b>9,800,000</b>	

**Category Schedule of Grant Agreement Already Closed (MDTF Grant No. TF054547-KH)**

Category	Amount of MDTF Grant (expressed in US\$)	Disbursement (expressed in US\$)
(1) Goods, consultant services, training, workshops and study tours under Part A	1,416,628	1,416,628
(2) MBPI allowances, consultant's services, training and workshops under Part B	1,353,544	1,353,544
(2a) POC Allowances, consultants' services, training and workshops under Part B	-	-
(3) Incremental operating cost	39,237	39,237
(4) Goods, consultants' services, training, workshops, study tours and incremental operating costs (for Part A to Part D)	5,117,551	5,117,551
(5) Merit-based payment initiative payments (Part E)	506,757	506,757
(5a) Priority operating cost (Part E)	1,029,400	1,029,400
(6) NAA-goods, consultants' services, training, workshops, study tours and incremental operating costs (for Part F)	-	-
<b>TOTAL</b>	<b>9,463,117</b>	<b>9,463,117</b>

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of accounting**

The financial statements of the Project, which are expressed in United States Dollar ("US\$"), have been prepared in accordance with modified cash basis of accounting, which is a comprehensive basis of accounting other than Cambodian International Financial Reporting Standards. Accordingly, fund received is recognised when received rather than when the right to receive it arises, and expenditure is recognised when it is paid rather than when incurred.

The financial statements present sources and uses of funds, and the related financial information in relation to the fund withdrawals and disbursements from the Project's designated account together with the corresponding counterpart funds as specified under the Multi-Donor Trust Fund Grant Agreement between the MEF and the IDA.

**2.2 Funds from IDA and MDTF**

Fund is recognised as a source when cash is transferred to the Project's designated account managed by SCS rather than when committed or budgeted. Funds received also comprise direct cash disbursements made by the IDA as well as counterpart funds from the RGC. These funds are accounted for when received.

**2.3 Counterpart fund**

Fund is recognized as a source when cash is withdrawn from the National Treasury or when a fund is transferred directly from the National Treasury to the Project's bank account held at ANZ Royal Bank to contribute to the monthly Merit-Based Payment Initiative ("MBPI") payment.

**2.4 Expenditures**

Expenditure is recognised when payment is made rather than when it is incurred, except for advance payments which are initially recognised as advances and recognised as expenditures when they are liquidated by presentation of supporting invoices.

**2.5 Equipment**

Equipment procured is recognized as expenditure when received or when handed-over from the contractors or suppliers upon acceptance and approval by the SCS.

**2.6 Foreign exchange difference**

Disbursements and withdrawals in foreign currencies (other than US\$) are converted into US\$ at the prevailing exchange rates declared by the National Bank of Cambodia ruling at the date of transactions. Monetary items denominated in foreign currencies are translated in to US\$ for reporting purposes at the closing exchange rate prevailing at the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.7 Commitment and service charges**

Commitment and service charges relating to the IDA are paid directly by the MEF and are not accounted for in the statement of sources of funds and expenditures and the statement of sources of funds and expenditures and the statement of designated accounts.

**2.8 Cash**

Cash consists of petty cash and bank balances with insignificant risk of changes in values.

**2.9 Direct payments**

Direct payments represent payments made by the IDA directly to third party suppliers on behalf of the Project.

**3. CASH AND BANK BALANCES**

	31 Dec 2012			31 Dec 2011		
	MDTF	IDA	Counterpart fund	MDTF	IDA	Counterpart fund
	US\$	US\$	US\$	US\$	US\$	US\$
Petty cash	-	749	-	-	335	-
Cash at bank	-	644,277	159,739	632,571	35,228	191,860
	-	645,026	159,739	632,571	35,563	191,860

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. EXPENDITURES BY CATEGORIES**

Notes	Year ended 31 Dec 2012				Total US\$
	MDTF US\$	IDA US\$	Counterpart fund US\$	PHRD Grant US\$	
6	-	89,559	-	-	89,559
7	-	707,637	-	-	707,637
8	-	526,667	33,735	-	560,402
	-	157,328	-	-	157,328
	-	-	-	-	-
	-	925,812	-	-	925,812
	-	1,259,823	-	-	1,259,823
	-	3,666,826	33,735	-	3,700,561

Notes	Year ended 31 Dec 2011				Total US\$
	MDTF US\$	IDA US\$	Counterpart fund US\$	PHRD Grant US\$	
6	594,893	102,542	-	-	697,435
7	438,376	279,857	-	-	718,233
8	684,722	181,758	85,640	-	952,120
	58,342	48,281	-	-	106,623
	-	-	-	-	-
	1,029,400	389,071	-	-	1,418,471
	-	2,861,921	-	-	2,861,921
	2,805,733	3,863,430	85,640	-	6,754,803



**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. EXPENDITURES BY CATEGORIES (continued)**

	Notes	Cumulative to 31 Dec 2012				Total US\$
		MDTF US\$	IDA US\$	Counterpart fund US\$	PHRD Grant	
Goods	6	1,841,899	1,035,493	-	-	2,877,392
Consultant's Service		2,169,069	1,715,702	-	-	3,884,771
Training and Workshops	7	2,356,694	1,858,263	119,376	24,069	4,358,402
Incremental Operating Costs	8	206,560	311,133	-	-	517,692
Merit-Based Payment Initiative		1,859,495	826,814	425,520	-	3,111,830
Priority Operating Cost		-	5,679,000	-	-	5,679,000
International Procurement Agent		1,029,400	1,314,883	-	-	2,344,283
		9,463,117	12,741,288	544,896	24,069	22,773,370

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. EXPENDITURES BY COMPONENTS**

	Year ended 31 Dec 2012			
	MDTF US\$	IDA US\$	Counterpart fund US\$	PHRD Grant US\$
Revenue Management	-	91,851	30,835	-
Budget Formulation	-	287,701	-	-
Budget Execution	-	165,836	2,149	-
Capacity development:				
Policy Group	-	464,473	-	-
General Support Group	-	915,979	751	-
Line Ministries/Institution	-	481,163	-	-
International Procurement Agency	-	1,259,823	-	-
	-	3,666,826	33,735	-
				3,700,561

	Year ended 31 Dec 2011			
	MDTF US\$	IDA US\$	Counterpart fund US\$	PHRD Grant US\$
Revenue Management	205,046	56,193	14,237	-
Budget Formulation	337,848	67,015	140	-
Budget Execution	342,519	97,837	9,625	-
Capacity development:				
Policy Group	636,842	200,191	61,358	-
General Support Group	556,418	369,011	280	-
Line Ministries/Institution	727,060	211,262	-	-
International Procurement Agency	-	2,861,921	-	-
	2,805,733	3,863,430	85,640	-
				6,754,803

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. EXPENDITURES BY COMPONENTS (continued)**

	MDTF US\$	Cumulative to 31 Dec 2012			Total US\$
		IDA US\$	Counterpart fund US\$	PHRD Grant US\$	
Revenue Management	721,255	462,748	84,978	-	1,268,981
Budget Formulation	1,344,428	727,075	72,144	-	2,143,647
Budget Execution	1,372,924	763,931	127,598	-	2,264,453
Capacity development:					
Policy Group	2,380,875	1,729,801	108,113	500	4,219,289
General Support Group	2,816,083	2,616,649	152,063	23,569	5,608,364
Line Ministries/Institution	827,552	762,084	-	-	1,589,636
International Procurement Agency	-	5,679,000	-	-	5,679,000
	9,463,117	12,741,288	544,896	24,069	22,773,370

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. GOODS**

	Year ended 31 Dec 12 US\$	Year ended 31 Dec 11 US\$	Cumulative to 31 Dec 12 US\$
Office Equipment	89,559	674,846	2,752,055
Printing and Publishing	-	22,589	36,981
Vehicle	-	-	88,356
	<u>89,559</u>	<u>697,435</u>	<u>2,877,392</u>

**7. TRAININGS AND WORKSHOPS**

	Year ended 31 Dec 12 US\$	Year ended 31 Dec 11 US\$	Cumulative to 31 Dec 12 US\$
Annual Review Workshop	50,480	-	156,812
International Training/Workshop/ Study Tour	155,029	623,670	3,055,819
Local Training/Workshop	354,128	328,450	1,103,390
Other Training/Workshop	765	-	42,381
	<u>560,402</u>	<u>952,120</u>	<u>4,358,402</u>

**8. INCREMENTAL OPERATING COSTS**

	Year ended 31 Dec 12 US\$	Year ended 31 Dec 11 US\$	Cumulative to 31 Dec 12 US\$
Advertising	12,673	3,768	31,258
Bank charge	1,124	3,428	26,556
Driver salary	7,800	6,820	22,240
Fuel expense	9,134	8,675	23,666
Meeting expense	-	515	9,065
Office consumable	4,397	3,683	21,768
Office supplies	56,886	11,754	114,389
Other miscellaneous	7,932	12,719	36,608
Photocopy & printing	1,103	4,313	12,296
Repair & maintenance	10,876	7,321	34,305
Secretary salary	4,950	-	4,950
Telephone/internet/communication	30,681	37,589	143,726
Translation	1,372	2,000	18,576
Travel allowance	8,400	4,038	18,289
	<u>157,328</u>	<u>106,623</u>	<u>517,692</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS**

**9.1 Statement of designated accounts and direct payments**

	<b>2012</b>	<b>2011</b>
	<b>US\$</b>	<b>US\$</b>
<b>IDA</b>		
<b>Balance as at 1 January</b>	66,103	800,047
Add:		
Total amount advanced by the IDA during the year	4,324,280	3,129,486
Less:		
Total amount withdrawn for expenditures during the year	3,666,826	3,863,430
Outstanding Advances	78,531	30,540
<b>Balance as at 31 December (Note 3)</b>	<u>645,026</u>	<u>35,563</u>
<b>MDTF</b>		
<b>Balance as at 1 January</b>	632,571	385,421
Add:		
Total amount advanced by the MDTF during the year	-	3,052,883
Less:		
Total amount withdrawn for expenditures during the year	-	2,805,733
Total amount returned to donors	(632,571)	-
<b>Balance as at 31 December (Note 3)</b>	<u>-</u>	<u>632,571</u>



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.2 Reconciliation of designated accounts and direct payments**

	<b>2012</b>	<b>2011</b>
	<b>US\$</b>	<b>US\$</b>
<b>IDA</b>		
<b>Total amount advanced as at 31 December</b>	<u>800,000</u>	<u>800,000</u>
<b>Ending balance of designated accounts as at 31 December</b>	645,026	35,563
Add:		
Amount paid but not yet claimed as at 31 December	76,443	549,851
Amount claimed but not yet credited as at 31 December	-	184,092
Outstanding Advances	78,531	30,540
Gain/loss on exchange rate	<u>-</u>	<u>(46)</u>
<b>Total advance accounted as at 31 December</b>	<u>800,000</u>	<u>800,000</u>
<b>MDTF</b>		
<b>Total amount advanced as at 31 December</b>	<u>-</u>	<u>1,788,926</u>
<b>Ending balance of designated accounts as at 31 December</b>	-	632,571
Add:		
Amount paid but not yet claimed as at 31 December	-	1,188,080
Gain/loss on exchange rate	-	(45)
Adjustment on POC (8 months) to MDTF	<u>-</u>	<u>(31,680)</u>
<b>Total advance accounted as at 31 December</b>	<u>-</u>	<u>1,788,926</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications**

**Application of MDTF**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment						Priority operating costs US\$	MBPI allowance US\$	Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$					
2005	05 December	400,000	-	-	-	-	-	-	-	-	400,000
2006											
Application No 1	12 January	-	5,713	5,000	-	1,842	-	-	385,915	398,470	
Application No 2	10 February	-	-	-	-	698	-	-	9,800	10,498	
Application No 3	07 April	-	-	48,399	23,477	643	-	-	61,092	133,611	
Application No 4	07 April	-	-	14,208	-	-	-	-	-	14,208	
Application No 5	07 April	-	-	3,700	24,850	772	-	-	9,800	39,122	
Application No 6	26 May	-	-	-	-	3,178	-	-	164,316	167,494	
Application No 7	03 July	-	50,144	17,325	5,964	887	-	-	9,800	84,120	
Application No 8	10 August	-	5,361	-	42,919	542	-	-	-	48,822	
Application No 9	06 September	-	107,212	16,714	23,085	2,666	-	-	232,793	382,470	
Application No 10	01 December	-	2,019	51,637	17,896	2,317	-	-	87,878	161,747	
		-	170,449	156,983	138,191	13,545	-	-	961,394	1,440,562	

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of MDTF (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment					Priority operating costs US\$	MBPI allowance US\$	Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$				
2007										
Application No 11	22 December	-	-	42,624	224	965	-	-	61,352	105,165
Application No 12	25 January	-	36,226	31,870	4,480	3,567	-	-	53,898	130,041
Application No 13	01 April	-	-	2,625	28,647	4,305	-	-	(23,713)	11,864
Application No 14	07 April	-	3,454	124,620	6,667	551	-	-	50,380	185,672
Application No 15	23 May	-	-	1,350	31,460	653	-	-	100,020	133,483
Application No 16	06 June	-	6,785	37,794	33,425	1,847	-	-	50,190	130,041
Application No 17	20 July	-	754	65,582	15,583	1,650	-	-	50,023	133,592
Application No 18	21 October	-	15,195	72,129	27,897	3,931	-	-	67,506	186,658
		-	62,414	378,594	148,383	17,469			409,656	1,016,516

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of MDTF (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment					MBPI allowance US\$	Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	Priority operating costs US\$		
<b>2008</b>									
Application No 19	26 December	-	1,688	107,745	3,504	1,738	-	18,290	132,965
Application No 20	18 December	400,000	-	-	-	-	-	-	400,000
Application No 21	18 March	-	16,146	158,578	45,110	5,565	-	71,989	297,388
Application No 22	30 June	-	1,565	20,208	23,435	4,814	-	34,790	84,812
Application No 23	23 October	-	108,934	31,354	72,695	4,067	-	69,560	286,610
		400,000	128,333	317,885	144,744	16,184	-	194,629	1,201,775

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of MDTF (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment						Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	Priority operating costs US\$	MBPI allowance US\$	
<b>2009</b>									
Application No 24	05 January	-	12,104	88,560	98,911	4,458	-	51,603	255,636
Direct payment No 2	15 January	-	89,242	-	-	-	-	-	89,242
Application No 25	23 March	-	22,200	2,161	101,599	5,120	-	37,640	168,720
Application No 26	23 April	-	51,006	11,518	68,398	5,377	-	17,327	153,626
Application No 27	24 June	-	39,656	53,915	82,216	5,128	-	52,808	233,723
Application No 28	13 August	-	24,505	73,242	93,652	5,650	-	8,321	205,370
Application No 29	15 September	-	18,425	52,099	26,609	1,327	-	18,005	116,465
Application No 30	07 October	-	64,423	27,378	22,561	3,381	-	35,697	153,440
Application No 31	07 December	-	1,667	87,769	116,598	6,832	-	36,347	249,213
		-	323,228	396,642	610,544	37,273	-	257,748	1,625,435



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of MDTF (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment					Priority operating costs US\$	MBPI allowance US\$	Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$				
2010										
Application No 32	13 January	-	5,682	11,084	57,750	2,335	-	-	-	76,851
Application No 33	22 February	-	1,039	54,664	73,996	1,807	-	-	18,185	149,691
Application No 34	01 March	-	-	38,376	30,460	4,038	-	-	17,883	90,757
Application No 35	13 April	-	-	13,436	31,967	6,944	-	-	-	52,347
Direct payment No 4	18 May	-	209,608	-	-	-	-	-	-	209,608
Application No 36	08 June	(48,000)	43,368	70,303	24,311	8,085	-	-	-	98,067
Application No 37	23 June	-	65,183	7,609	21,046	3,478	-	-	-	97,316
Application No 38	24 August	48,000	-	-	-	-	-	-	-	48,000
Application No 39	07 September	-	17,361	111,694	30,423	9,144	-	-	-	168,622
Application No 40	29 September	-	-	23,744	36,571	3,470	-	-	-	63,785
Application No 41	12 November	(30,000)	18,203	28,063	32,178	4,557	-	-	-	53,001
Application No 42	28 December	(250,000)	202,137	57,758	227,751	12,781	-	-	-	250,427
		(280,000)	562,581	416,731	566,453	56,639	-	-	36,068	1,358,472

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of MDTF (continued)**

Withdrawal application number	Date	Amount Claimed for Replenishment							Total US\$	
		Initial advance (recoveries) US\$	Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	Priority operating costs US\$	MBPI allowance US\$		
<b>2011</b>										
Direct payment No 6	04 January	-	271,189	-	-	-	-	-	-	271,189
Application No 43 & 44	23 February	280,000	-	63,859	63,657	7,107	-	-	-	414,623
Application No 45	07 April	(39,871)	35,459	175,524	117,884	17,432	-	-	-	306,428
Application No 46	30 May	(305,957)	61,115	73,669	159,883	11,290	-	-	-	-
Direct payment No 10	21 June	-	218,060	-	-	-	-	-	-	218,060
Application No 47	14 July	-	6,791	19,795	211,466	9,134	-	-	-	247,186
Application No 48	21 July	345,828	-	-	-	-	-	-	-	345,828
Application No 49	27 July	988,926	-	-	-	-	-	-	-	988,926
Application No 50	17 November	(127,000)	2,280	169,387	195,489	20,487	-	-	-	260,643
Application No 52	20 December	(1,029,400)	-	-	-	-	1,029,400	-	-	-
<b>2012</b>										
		112,526	594,894	502,234	748,379	65,450	1,029,400	-	-	3,052,883
Funds returned to donors*	29 May	(632,526)	-	-	-	-	-	-	-	(632,526)
		-	1,841,899	2,169,069	2,356,694	206,560	1,029,400	1,859,495	1,859,495	9,463,117

\* The remaining fund of US\$ 632,526 has been transferred to IDA on 29 May 2012 after the closing date of the financing agreement.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							Priority operating costs US\$	MBPI allowance US\$	Total US\$
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	International procurement agent US\$					
2007												
Application No 1	04 July	800,000	-	-	-	-	-	-	-	-	-	800,000
Direct payment to IPA	24 October	-	-	-	-	-	100,000	-	-	-	-	100,000
Application No 18	24 October	-	-	357	6,186	4,091	-	-	-	-	29,875	40,509
		800,000	-	357	6,186	4,091	100,000	-	-	-	29,875	940,509
2008												
Application No 19	26 December	-	-	178	3,646	1,809	-	-	-	-	29,842	35,475
Application No 21	18 March	-	16,805	29,000	46,951	5,792	-	-	-	-	117,455	216,003
Application No 22	30 June	-	1,630	2,754	24,392	5,011	-	-	-	-	56,762	90,549
Application No 23	23 October	-	-	146,014	75,662	4,233	1,961	-	-	-	113,493	341,363
		-	18,435	177,946	150,651	16,845	1,961	-	-	-	317,552	683,390

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							MBPI allowance US\$	Total US\$	
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	International procurement agent US\$	Priority operating costs US\$				
2009												
Application No 24	05 January	-	12,598	40,093	102,949	4,640	7,802	-	84,195	252,277		
Direct payment No 2	15 January	-	92,884	-	-	-	-	-	-	92,884		
Direct payment No 3	22 January	-	-	-	-	-	152,272	-	-	152,272		
Application No 25	23 March	-	23,106	2,249	105,745	5,329	-	-	61,413	197,842		
Application No 26	23 April	-	53,088	11,988	71,190	5,597	201,821	-	28,271	371,955		
Application No 27	24 June	-	41,275	44,719	85,572	5,337	235,786	-	86,160	498,849		
Application No 28	13 August	-	25,505	65,207	97,475	5,880	160,062	-	13,576	367,705		
Application No 29	14 September	-	19,177	54,225	27,694	1,381	92,483	-	29,377	224,336		
Application No 30	06 October	-	67,053	28,495	23,482	3,519	47,843	-	58,243	228,635		
Application No 31	02 December	-	1,735	75,725	121,357	7,111	150,000	-	59,304	415,232		
			336,421	322,701	635,464	38,794	1,048,068		420,539	2,801,987		

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							Total US\$	
			Goods US\$	Consultant services US\$	Trainings		Incremental operating costs US\$	International procurement agent US\$	Priority operating costs US\$		MBPI allowance US\$
					workshops US\$	and US\$					
2010											
Application No 32	13 January	-	5,916	11,538	60,107		2,427	25,055	-	-	105,043
Application No 33	16 February	-	1,081	56,896	77,016		1,881	62,061	-	29,670	228,605
Application No 34	26 February	-	-	39,942	31,703		4,203	79,073	-	29,178	184,099
Application No 35	13 April	-	-	13,984	33,272		7,228	107,148	-	-	161,632
Direct payment No 4	18 May	-	218,163	-	-		-	-	-	-	218,163
Application No 36	08 June	-	45,138	59,825	25,303		8,415	-	-	-	138,681
Application No 37	23 June	-	67,844	7,920	21,905		3,620	-	-	-	101,289
Application No 39	26 August	-	18,070	93,803	31,665		9,517	106,855	-	-	259,910
Application No 40	29 September	-	-	24,714	38,064		3,611	27,034	-	-	93,423
Application No 41	12 November	-	18,946	29,209	33,491		4,743	-	-	-	86,389
Application No 42	21 December	-	-	2,754	5,013		146	-	-	-	7,913
		-	375,158	340,585	357,539		45,791	407,226	-	58,848	1,585,147

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							Total US\$	
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	International procurement agent US\$	Priority operating costs US\$	MBPI allowance US\$		
2011											
Direct payment No 7	15 February	-	-	-	-	-	-	944,580	-	-	944,580
Application No 45	31 March	-	-	-	-	-	-	52,903	-	-	52,903
Direct payment No 8	05 May	-	-	-	-	-	-	165,701	-	-	165,701
Application No 46	06 September	-	-	-	-	-	-	105,463	-	-	105,463
Direct payment No 9	16 June	-	-	-	-	-	-	179,126	-	-	179,126
Direct payment No 11	29 July	-	-	-	-	-	-	258,747	-	-	258,747
Direct payment No 13	27 September	-	-	-	-	-	-	293,786	-	-	293,786
Direct payment No 14	18 October	-	-	-	-	-	-	302,952	-	-	302,952
Application No 50	15 November	-	48,668	93,503	56,388	17,481	-	-	-	-	216,040
Application No 51	24 November	-	20,932	22,200	38,527	8,765	-	-	-	-	90,424
Direct payment No 15	01 December	-	-	-	-	-	-	519,764	-	-	519,764
		-	69,600	115,703	94,915	26,246	2,823,022			-	3,129,486

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

*Under the Multi-Donor Trust Fund Grant Agreement Number TF054547-KH and IDA Grant Number H241-KH between the Royal Government of Cambodia and the International Development Association ("IDA")*

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							Total US\$	
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	International procurement agent US\$	Priority operating costs US\$	MBPI allowance US\$		
2012											
Direct payment No 16	09 January	-	-	-	-	-	-	139,894	-	-	139,894
Application No 52	11 January	-	32,943	132,429	12,359	6,362	-	-	-	-	184,093
Application No 53	06 February	-	-	31,725	74,484	15,673	38,899	389,070	-	-	549,851
Direct payment No 17	02 February	-	-	-	-	-	246,429	-	-	-	246,429
Application No 54	06 March	-	13,705	60,575	33,917	9,819	-	-	-	-	118,016
Direct payment No 18	27 March	-	-	-	-	-	197,030	-	-	-	197,030
Application No 55	28 March	-	-	71,914	40,455	10,219	-	264,500	-	-	387,088
Application No 56	24 May	-	-	50,531	2,260	8,412	-	63,730	-	-	124,933
Application No 57	12 June	-	9,700	85,130	51,289	8,628	98,015	-	-	-	252,762
Application No 58	09 July	-	10,320	12,670	40,997	11,303	76,978	256,353	-	-	408,621
Application No 59	13 August	(78,000)	-	84,802	7,765	12,943	84,086	198,890	-	-	310,486
Application No 60	06 September	(107,000)	720	26,780	96,208	11,185	82,383	142,340	-	-	252,616
Application No 61	02 October	(76,000)	-	47,292	115,905	7,630	82,645	-	-	-	177,472
Direct payment No 19	04 October	-	-	-	-	-	84,422	-	-	-	84,422
Direct payment No 20	11 October	-	-	-	-	-	61,141	-	-	-	61,141
Direct payment No 21	19 December	-	-	60,140	-	-	-	-	-	-	60,140
Direct payment No 22	08 November	-	-	-	-	-	106,799	-	-	-	106,799
Application No 62	15 November	-	418	95,140	74,229	11,835	-	-	-	-	181,622



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**9. DESIGNATED ACCOUNTS AND WITHDRAWAL APPLICATIONS (continued)**

**9.3 Summary of withdrawal applications (continued)**

**Application of IDA (continued)**

Withdrawal application number	Date	Initial advance (recoveries) US\$	Amount Claimed for Replenishment							Total US\$	
			Goods US\$	Consultant services US\$	Trainings and workshops US\$	Incremental operating costs US\$	International procurement agent US\$	Priority operating costs US\$	MBPI allowance US\$		
2012 (continued)											
Application No 63	14 December	261,000	-	-	-	-	-	-	-	-	261,000
Direct payment No 23	19 December	-	-	37,132	-	-	-	-	-	-	37,132
Direct payment No 24	19 December	-	54,696	-	-	-	-	-	-	-	54,696
Application No 64	26 December	-	-	15,470	28,559	7,010	-	-	-	-	51,039
Application No 65	26 December	-	-	8,770	16,298	51,976	-	-	-	-	77,044
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		-	122,502	820,500	594,725	172,995	1,298,721	1,314,883	-	-	4,324,326
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800,000		922,116	1,777,792	1,839,480	304,762	5,678,998	1,314,883	826,814	13,464,845		

**PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. COMMITMENTS**

The Project has commitments which were contracted but not yet paid as at 31 December 2012 as follows:

	<b>2012</b>	<b>2011</b>
	<b>US\$</b>	<b>US\$</b>
Professional fees	5,162	5,022
International procurement agency	933,123	-
Incremental operating costs	156,709	-
Consultant services	662,030	-
	<u>1,757,024</u>	<u>5,022</u>

**11. TAX CONTINGENCIES**

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, 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 differing interpretations and the effects could be significant.

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