

BORVOR FINANCE PLC.

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS**

FOR THE YEAR ENDED 31 DECEMBER 2023

BORVOR FINANCE PLC.

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2023

CORPORATE INFORMATION

Company	:	Borvor Finance Plc.	
Registration No.	:	00029713	
Registered office	:	#99, Group 4, Romchek 5 Village Ratanak Commune, Battambang City Battambang Province, Kingdom of Cambodia	
Shareholders	:	Association of Employee share (represented by Mr. Ly Chan Ty) Mr. Meas Thon Ms. Nget Ny Ms. Chea Chanda Mr. Veurn Phally Mr. Ly Chan Ty	
Board of Directors	:	Mr. Sao Roeun	Chairman
		Mr. Ly Chan Ty	Vice Chairman
		Mr. Prom Mary	Member
		Mr. Suos Savann	Member
		Mr. Pheng Raksa	Member
Principal bankers	:	National Bank of Cambodia Acleda Bank Plc. Advanced Bank of Asia Limited	
Auditors	:	Morisonkak MKA Audit - Accounting Co., Ltd.	

BORVOR FINANCE PLC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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REPORT OF THE BOARD OF DIRECTORS

The Directors (“the Board of Directors”) are pleased to submit their report together with the audited financial statements of Borvor Finance Plc. (“the Company”) as at and for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in all aspects of credit service and other financial services to individual customers in Cambodia. There were no significant changes in the nature of the principal activities during the year.

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2023 are set out in the statement of comprehensive income on page 8.

STATUTORY CAPITAL

There were no changes in the issued and paid-up capital of the Company during the year.

RESERVES AND PROVISIONS

There were no material movements to or from provisions during the financial year other than those disclosed in the financial statements.

ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ensure that any assets, which were unlikely to be realized in the ordinary course of business at their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of provisions for doubtful loans, and satisfied themselves that all known bad loans had been written off and that adequate provisions had been made in the financial statements.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad loans or the amount of the provisions for doubtful loans in the financial statements of the Company inadequate to any material extent.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.



CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- a. Any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- b. Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of micro-finance business and as disclosed in the financial statements.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they fall due.

CHANGES OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The financial performance of the Company for the financial year were not, in the opinion of the directors, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the financial performance of the Company for the current financial year in which this report is made.

EVENTS SINCE THE REPORTING DATE

There have been no significant events occurred after the reporting date which would require disclosure or adjustments other than those already disclosed in the financial statements.

THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and as at the date of this report are:

Mr. Sao Roeun	Chairman
Mr. Ly Chan Ty	Vice Chairman
Mr. Prom Mary	Member
Mr. Suos Sovann	Member
Mr. Pheng Raksa	Member

DIRECTORS' INTERESTS

The Directors who held office at the end of the financial year and their direct financial interests in the Company are disclosed in Note 14.



DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object 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 corporate body.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or receivable by the Directors) by reason of a contract made by the Company with the Directors or with a firm of which the Directors are members, or with a company in which the Directors have a substantial financial interest, other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended. In preparing those financial statements, the Board of Directors is required to:

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

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT BY DIRECTORS

We, being the Directors of Borvor Finance Plc., do hereby approve the accompanying financial statements of the Company which have been drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023, and of financial performance and cash flows for the year ended, in accordance with the CIFRS for SMEs.

Signed on behalf of the Board of Directors:



Meas Thon

Mr. Meas Thon
Chief Executive Officer

Date: 06 May 2024

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE PLC.**

Opinion

We have audited the financial statements of Borvor Finance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2023 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended, in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”)

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 matter

The financial statements of Borvor Finance Plc. for the year ended 31 December 2022 were audited by another audit firm who expressed an unmodified opinion on those financial statements in their report dated 28 April 2023.

Other information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 3, but does not include the financial statements and our auditors’ report thereon.

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

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

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE
PLC. (continued)**

Responsibilities of Management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of 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, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

**REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF BORVOR FINANCE
PLC. (continued)**

Auditors' responsibilities for the audit of financial statements (continued)

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

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

On behalf of Morisonkak MKA

Morisonkak MKA
Certified Public Accountants
Independent Auditors




Key KAK
Managing Partner

Date: 06 May 2024

BORVOR FINANCE PLC.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	2023		2022	
		KHR'000	USD	KHR'000	USD
ASSETS					
Cash in hand	4	152,685	37,377	186,234	45,235
Balances with the NBC	5	487,480	119,334	487,560	118,426
Balances with other banks	6	1,466,429	358,979	1,040,785	252,802
Loans to customers – net	7	25,309,660	6,195,755	28,303,510	6,874,790
Property and equipment	8	1,131,937	277,096	1,221,411	296,675
Other assets	9	67,811	16,600	66,213	16,083
Deferred tax assets	21 (c)	122,940	30,095	249,971	60,717
TOTAL ASSETS		28,738,942	7,035,236	31,555,684	7,664,728
LIABILITIES AND EQUITY					
LIABILITIES					
Customer deposits	10	1,107,089	271,013	1,159,365	281,604
Other liabilities	11	905,274	221,609	1,207,754	293,358
Borrowings	12	6,441,232	1,576,801	8,929,847	2,169,018
Current tax liabilities	21 (b)	5,749	1,407	5,952	1,446
TOTAL LIABILITIES		8,459,344	2,070,830	11,302,918	2,745,426
EQUITY					
Project SEAD capital	13	949,821	237,455	949,821	237,455
Share capital	14	9,741,600	2,435,400	9,741,600	2,435,400
Regulatory reserves	15	885,565	216,786	1,094,218	265,780
Retained earnings		8,702,612	2,166,097	8,467,127	2,108,801
Currency translation differences		-	(91,332)	-	(128,134)
TOTAL EQUITY		20,279,598	4,964,406	20,252,766	4,919,302
TOTAL LIABILITIES AND EQUITY		28,738,942	7,035,236	31,555,684	7,664,728

Signed and authorized for release on behalf of the Board



Mr. Meas Thon
Chief Executive Officer

Date: 06 May 2024

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

BORVOR FINANCE PLC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023		2022	
		KHR'000	USD	KHR'000	USD
Interest income	16	4,637,003	1,128,225	5,300,540	1,296,927
Interest expense	17	(444,123)	(108,059)	(672,151)	(164,461)
Net interest income		4,192,880	1,020,166	4,628,389	1,132,466
Other operating income	18	321,764	78,288	211,621	51,779
Personnel expenses	19	(3,164,021)	(769,835)	(3,193,521)	(781,385)
Depreciation expenses		(103,539)	(25,192)	(95,875)	(23,459)
Other operating expenses	20	(817,990)	(199,024)	(1,027,846)	(251,492)
Operating profit		429,094	104,403	522,768	127,909
Written back/(allowances for) impairment losses	7	(215,588)	(52,455)	(73,473)	(17,977)
Profit before income tax		213,506	51,948	449,295	109,932
Income tax expense	21 (a)	(181,820)	(44,238)	(247,074)	(60,453)
Net income		31,686	7,710	202,221	49,479
Currency translation differences		-	36,802	-	(51,764)
Net comprehensive income		31,686	44,512	202,221	(2,285)

Signed and authorized for release on behalf of the Board



Meas Thon

Mr. Meas Thon
Chief Executive Officer

Date: 06 May 2024

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

EVERGREEN MICROFINANCE PLC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Project		Share capital		Regulatory reserve		Retained earnings		Currency translation		Total	
	SEAD KHR'000	SEAD USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	USD	KHR'000	USD	USD
As at 1 January 2022	949,821	237,455	9,741,600	2,435,400	1,174,621	288,321	8,184,503	2,039,649	(79,238)	20,050,545	4,921,587	
Net profit/(loss) for the year	-	-	-	-	-	-	202,221	49,479	-	202,221	49,479	
Transfer from regulatory reserve	-	-	-	-	(80,403)	(19,673)	80,403	19,673	-	-	-	
Exchange translation difference	-	-	-	-	-	(2,868)	-	-	(48,896)	-	(51,764)	
As at 31 December 2022	949,821	237,455	9,741,600	2,435,400	1,094,218	265,780	8,467,127	2,108,801	(128,134)	20,252,766	4,919,302	
As at 1 January 2023	949,821	237,455	9,741,600	2,435,400	1,094,218	265,780	8,467,127	2,108,801	(128,134)	20,252,766	4,919,302	
Last year's adjustment	-	-	-	-	-	-	(4,854)	(1,181)	-	(4,854)	(1,181)	
Net profit/(loss) for the year	-	-	-	-	-	-	31,686	7,710	-	31,686	7,710	
Transfer from regulatory reserve	-	-	-	-	(208,653)	(50,767)	208,653	50,767	-	-	-	
Exchange translation difference	-	-	-	-	-	1,773	-	-	-	36,802	38,575	
As at 31 December 2023	949,821	237,455	9,741,600	2,435,400	885,565	216,786	8,702,612	2,166,097	-	(91,332)	20,279,598	

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

BORVOR FINANCE PLC.**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023		2022	
	KHR'000	USD	KHR'000	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before income tax	31,686	7,710	202,221	49,479
<i>Adjustments for:</i>				
Income tax expense	181,820	44,238	247,074	60,453
Depreciation expenses	103,539	25,192	95,875	23,459
Allowance for impairment losses	215,588	52,455	73,473	17,977
Unrealised exchange gain	-	-	(265,128)	(64,871)
Operating profit before working capital changes	532,633	129,595	353,515	86,497
<i>Changes in working capital:</i>				
Loans to customers	2,778,262	675,976	3,390,520	829,586
Other assets	(1,597)	(389)	14,807	3,623
Customer deposits	(52,276)	(12,719)	(181,202)	(44,336)
Other liabilities	(302,479)	(73,596)	14,941	3,656
Cash generated from operations	2,954,543	718,867	3,592,581	879,026
Seniority indemnity paid	(1,765)	(429)	(68,493)	(16,759)
Income tax paid (Note 21)	(54,992)	(13,380)	(55,252)	(13,519)
Net cash from operating activities	2,897,786	705,058	3,468,836	848,748
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(17,156)	(4,174)	(47,726)	(11,678)
Net cash used in investing activities	(17,156)	(4,174)	(47,726)	(11,678)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from borrowings (Note 12)	3,034,397	738,296	1,167,293	285,611
Repayment of borrowings (Note 12)	(5,523,012)	(1,343,799)	(4,047,684)	(990,380)
Net cash used in financing activities	(2,488,615)	(605,503)	(2,880,391)	(704,769)
Net changes in cash and cash equivalents	392,015	95,381	540,719	132,301
Cash and cash equivalents at beginning of year	1,227,499	298,154	686,780	168,576
Currency translation differences	-	2,919	-	(2,723)
Cash and cash equivalents at end of year (Note 22)	1,619,514	396,454	1,227,499	298,154

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

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. ENTITY INFORMATION

Borvor Finance Plc. (“the Company”) was incorporated as a public limited company in the Kingdom of Cambodia under registration number 00029713 dated 25 December 2017 with the Ministry of Commerce. On 22 November 2017, the Company obtained a license from the National Bank of Cambodia (“the Central Bank” or “the NBC”) to operate as a rural credit operator.

The Company was formerly known as Small Economic Activity Development (“SEAD”), a project operated under the umbrella of CARE International in Cambodia. SEAD’s saving programme is a component of CARE International Cambodia’s community saving programme in Battambang province.

SEAD was designed in 1998 with the aim to promote the economic security of low-income households through mobilisation of savings of the members. SEAD is implemented through community-based micro-finance institution by the establishment of saving banks at the community level.

On 5 September 2002, SEAD was registered as a non-political association under the name of Cambodian Savings and Credit Federation (“CSCF”). Subsequently, on 1 October 2002, the CSCF requested to the Ministry of Interior to change its name to Cambodian Community Savings Federation.

The Company is principally engaged in providing financial support to low income family and other related financial services within the scope of rural credit operator license in Cambodia. The Company operates through 3 branches located in Battambang, Banteay Meanchey, and Bavel.

The registered office of the Company is located at No. 99, Group 4, Phum Romchek 5, Sangkat Ratanak, Krong Battambang, Battambang Province, Kingdom of Cambodia.

As at 31 December 2023, the Company had 107 employees (2022: 109 employees).

The financial statements were authorized for issue by the Board of Directors on 06 May 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-Sized Entities (“the CIFRS for SMEs”), which are based on International Financial Reporting Standard for Small and Medium-Sized Entities issued by the International Accounting Standards Board. They are prepared under the historical cost convention, except otherwise indicated.

The preparation of financial statements in conformity with CIFRS for SMEs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. Although these estimates and judgements are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currencies translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The Company transacts essentially in Khmer Riel (“KHR”) and maintains its books of accounts primarily in KHR, as the management has determined the KHR to be the Company’s measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

(b) Transactions and balances

Transactions in currencies other than the KHR are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the KHR are recognized in the statement of comprehensive income.

2.3 Presentation in USD

The statements of comprehensive income and cash flows are translated from KHR into USD using the average rates for the year. Assets and liabilities for each statement of financial position presented and items of capital are translated at the closing rates as at the year-end. All resulting exchange differences arising from the translation are recognized in the other comprehensive income and as a separate component of equity. These convenience translations should not be construed as representations that the KHR amounts have been, could be, or could in the future be, converted into USD at this or any other rate of exchange.

The Company has used the following official rates of exchange published by the National Bank of Cambodia:

<i>Reporting date</i>	<i>Closing rate</i>	<i>Average rate</i>
31 December 2023	USD1 = KHR 4,085	USD1 = KHR 4,110
31 December 2022	USD1 = KHR 4,117	USD1 = KHR 4,089

2.4 Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

All financial assets and financial liabilities of the Company are classified as basic financial instruments, namely cash and debt instruments such as deposits and placements with NBC and other banks, loans to customers, borrowings, other receivables and payables.

Financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Financial assets and financial liabilities (continued)

(iii) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flow from these assets ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

A financial liability is derecognized when it is extinguished, discharged or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The relevant amounts have therefore been presented net in the statement of financial position.

2.5 Impairment

(i) Impairment of financial assets

Objective evidence of impairment

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The criteria the Company uses to determine whether there is objective evidence of impairment loss include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default of delinquency in interest or principal amounts and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment (continued)

(i) Impairment of financial assets (continued)

Impairment assessments

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determine that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. The loan receivables are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed.

Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated using a formula approach on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Assumptions are made to determine the required input parameters and to define the inherent losses to estimate the required loss allowance. In assessing the collective loss allowance, management considers factors such as ageing profile, credit quality, portfolio size, concentrations and economic trends.

Measurement

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Reversal of impairment and write off

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive income.

When a financial asset is uncollectible, it is written off against the related allowance for the financial asset. Such financial assets are written off after the realizable value of collateral has been taken into consideration, if any, when in the judgment of the management, there is no prospect of recovery.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Impairment (continued)

(ii) Impairment of non-financial assets

At each reporting date, assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. Impairment loss is recognized immediately for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Any impairment loss is charged to the statement of comprehensive income in the period in which it arises. Reversal of impairment loss is recognized in the statement of comprehensive income to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with the NBC and balances with other banks which are readily convertible to known amounts of cash within three months and subject to an insignificant risk of changes in value.

2.7 Statutory deposits with NBC

Statutory deposits represent mandatory capital guarantee deposits, which are determined by defined percentages of minimum share capital, maintained with the NBC in compliance with the Law on Banking and Financial Institutions ("LBFI"); and are not available to finance the Company day-to-day operations and hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

2.8 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.9 Other assets

Other assets are recognized initially at transaction price and measured subsequently at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at transaction price.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

No depreciation is charged on land. Depreciation of property and equipment is calculated on a straight line basis over the estimated useful lives of the assets at the following years:

Building	20 years
Office equipment	2 years
Motor vehicle	2-5 years
IT and computer equipment	2 years

If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognized in profit or loss on the date of disposal.

2.11 Borrowings and other liabilities

Borrowings and other liabilities are recognized at transaction price and are subsequently measured at amortized cost, unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.12 Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liabilities according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged to equity.

2.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are measured at amortized cost and are recognized within “interest income” and “interest expense” in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company takes into account all contractual terms of financial instruments and, if significant, include any fees or incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability, which are an integral part of the effective interest rate of the contract, but does not consider future credit losses.

When there is change in estimate future cash payments or receipts, the carrying amount of the financial asset and financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument’s original effective interest rate. Such adjustment is recognized as interest income or expense in the statement of comprehensive income at the date of revision.

When a financial asset is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans to customers is recognized using the original effective interest rate.

2.15 Fee and commission income and expense

Fee and commission incomes comprise loan monitoring fee and fee on penalty charged for late payment.

Other fees and commission incomes are not integral to effective interest of loans at amortized cost and are thus recognized as income when services are rendered. Other fees on penalty charged for late payment is recognized when cash is received.

Other fees and commission expenses are recognized on an accrual basis as the services are received.

2.16 Employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

Wages, salaries, social security contributions, seniority indemnity payment, pension fund, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Income tax

Income tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss for the year. Taxes other than on income are recorded within operating expenses.

Income tax is calculated on the basis of taxable profit using tax rates that have been enacted or substantially enacted at the reporting date in accordance with Cambodian Law on Taxation, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred tax is determined using tax rates enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realized or deferred tax liability is settled

Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. Deferred tax assets are reviewed at each reporting date and recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

2.18 Operating leases

Leases in which a significant portion of risks and rewards of ownership of assets are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the leases.

2.19 Regulatory provision and reserves

According to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk grading and impairment provisioning issued by the National Bank of Cambodia (NBC), banks and financial institutions are required to measure the impairment and provide sufficient regulatory provisions for all financial facilities based on the new credit risk grading and provision, and the minimum regulatory provision is made depending on the classification concerned.

The facilities under this Prakas are defined as all loans, other financial products and off-the-statement of financial position financial commitments, provided by the financial institutions to a counterparty, which give rise to credit risk exposure.

If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS for SMEs, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision be lower than accumulated impairment based on CIFRS for SMEs. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

BORVOR FINANCE PLC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Related parties

Parties are considered to be related parties if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities and include close family members of any individuals considered to be a related party.

Under the LBFI, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital or voting power and includes any individual who participates in the administration, direction, management or internal control of the Company.

3. USE OF ESTIMATES AND JUDGEMENTS

The Company makes estimates and judgements that have significant affect reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances. These estimates may differ from actual results.

(i) Impairment losses of financial assets

The Company makes allowance for impairment for losses on loan to customers and other financial assets based on assessment of recoverability. When making a judgement on the estimation of the amount and timing of future cash flows in allowance for impairment of loans to customers and other financial assets and to evaluate the adequacy of the allowance for impairment losses, Management specifically analyses segmentation of loan to customer portfolios and other financial assets, and their ageing profile, historical loss experience, customer concentrations, customer creditworthiness, current economic trends, the capacity to generate sufficient cash flow to service debt obligations and changes in the customer payment terms. The accuracy of the allowance depends on the model assumptions and parameters used in determining the loss allowance. If the expectation is different from the estimation, such difference will impact the carrying value of loans to customers and other financial assets.

(ii) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at the reporting date. However, the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reassessed by tax authorities of the General Department of Taxation. The Company's judgment of its business activities may not coincide with the interpretation of the same activities by the tax authorities. These may result in tax increases and other retroactive tax claims and penalties. Where the final tax outcome is different from the amounts that were initially recorded, the taxes liabilities reported in the financial statements could be changed in the financial period upon final determination by the tax authorities.

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4. CASH IN HAND**

	2023		2022	
	KHR'000	USD	KHR'000	USD
Cash in hand	152,685	37,377	186,234	45,235
	<u>152,685</u>	<u>37,377</u>	<u>186,234</u>	<u>45,235</u>

Cash in hand is analysed as follows:

By currency denomination:

	2023		2022	
	KHR'000	USD	KHR'000	USD
US Dollar	59,547	14,577	79,623	19,340
Khmer Riel	61,648	15,091	79,745	19,370
Thai Baht	31,490	7,709	26,866	6,525
	<u>152,685</u>	<u>37,377</u>	<u>186,234</u>	<u>45,235</u>

5. BALANCES WITH THE NBC

	2023		2022	
	KHR'000	USD	KHR'000	USD
Current accounts (*)	400	98	480	117
Capital guarantee (**)	487,080	119,236	487,080	118,309
	<u>487,480</u>	<u>119,334</u>	<u>487,560</u>	<u>118,426</u>

(*) Current accounts are non-interests bearing.

(**) Capital guarantee deposit represent a five percent of the Company's registered capital to comply with NBC's Prakas No. B7-017-326 dated 25 October 2017. The deposit is non-interest bearing and refundable when the Company voluntarily liquidates its business which has no deposit liabilities.

6. BALANCES WITH OTHER BANKS

	2023		2022	
	KHR'000	USD	KHR'000	USD
Saving accounts	1,466,020	358,879	1,040,373	252,702
Current accounts	409	100	412	100
	<u>1,466,429</u>	<u>358,979</u>	<u>1,040,785</u>	<u>252,802</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****6. BALANCES WITH OTHER BANKS (continued)**

Balances with other banks are analysed as follows:

a) By maturity period:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Within one month	1,466,429	358,979	1,040,785	252,802

b) By currency denomination:

	2023		2022	
	KHR'000	USD	KHR'000	USD
US Dollars	296,608	72,609	238,725	57,985
Khmer Riel	491,221	120,250	551,348	133,920
Thai Baht	678,600	166,120	250,712	60,897
	1,466,429	358,979	1,040,785	252,802

c) By interest rate (per annum):

	2023	2022
Saving accounts	0.05% - 0.75%	0.05% - 0.50%
Current accounts	0%	0%

7. LOANS TO CUSTOMERS – NET

	2023		2022	
	KHR'000	USD	KHR'000	USD
Individual loans	26,062,478	6,380,044	28,988,062	7,041,064
Unearned income	(374,880)	(91,771)	(373,721)	(90,775)
	25,687,598	6,288,273	28,614,341	6,950,289
Allowance for impairment losses	(377,938)	(92,518)	(310,831)	(75,499)
Net loans to customers	25,309,660	6,195,755	28,303,510	6,874,790

Movements on allowances for impairment loss are as follows:

	2023		2022	
	KHR'000	USD	KHR'000	USD
At beginning of year	310,831	75,499	349,703	85,838
Allowance for the year	215,588	52,455	73,473	17,977
Written off during the year	(148,481)	(36,127)	(112,345)	(27,488)
Currency translation differences	-	691	-	(828)
At end of year	377,938	92,518	310,831	75,499

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****7. LOANS TO CUSTOMERS – NET (continued)**

Further analysis of the above loans to customers is provided below:

a) By maturity period:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Within one year	2,499,835	611,955	237,907	57,786
From one to five years	22,089,613	5,407,494	22,250,164	5,404,461
Over five years	1,473,030	360,595	6,499,991	1,578,817
	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

b) By currency:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Khmer Riel	9,147,492	2,239,288	8,972,519	2,179,383
US Dollar	13,335,346	3,264,467	15,663,832	3,804,671
Thai Baht	3,579,640	876,289	4,351,711	1,057,010
	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

c) By status of residence:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Residents	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

d) By industry:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Agriculture	12,781,682	3,128,931	14,369,196	3,490,210
Consumption	8,606,977	2,106,971	8,666,296	2,105,003
Trade	2,745,034	671,979	3,620,978	879,519
Service	974,970	238,671	1,377,947	334,697
Construction	920,322	225,293	938,845	228,041
Other categories	33,493	8,199	14,800	3,594
	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

e) By relationship:

	31 Dec 2023		31 Dec 2022	
	KHR'000	USD	KHR'000	USD
External customers	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****7. LOANS TO CUSTOMERS – NET (continued)**

Further analysis of the above loans to customers is provided below: (continued)

f) By locations:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Battambang	8,999,654	2,203,098	10,909,156	2,649,783
Banteay Meanchey	9,255,822	2,265,807	9,779,798	2,375,467
Bavel	7,807,002	1,911,139	8,299,108	2,015,814
	<u>26,062,478</u>	<u>6,380,044</u>	<u>28,988,062</u>	<u>7,041,064</u>

g) By interest rates (per annum):

	2023	2022
	% p.a.	% p.a.
Loans to SMEs	16.80% - 18%	15.60% - 18%

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. PROPERTY AND EQUIPMENT

Cost	Land KHR'000	Building KHR'000	Motor vehicles KHR'000	Office equipment KHR'000	IT and computer equipment KHR'000	Total KHR'000	USD
At 1 January 2023	703,281	537,848	375,273	212,676	112,281	1,941,359	471,547
Additions	-	-	5,206	10,140	1,811	17,156	4,174
Disposals	-	-	-	-	(4,861)	(4,861)	(1,183)
Other adjustments	545	479	(2,785)	(1,406)	(717)	(3,884)	(945)
Currency translation difference	-	-	-	-	-	-	3,707
At 31 December 2023	703,826	538,327	377,694	221,410	108,513	1,949,770	477,300
Accumulated depreciation							
At 1 January 2023	-	164,329	265,336	181,118	109,165	719,948	174,872
Charge for the year	-	28,997	45,399	25,843	3,301	103,539	25,334
Disposals	-	-	-	-	(4,861)	(4,861)	(1,189)
Other adjustments	-	(1,375)	2,928	(1,488)	(859)	(793)	(194)
Currency translation difference	-	-	-	-	-	-	1,381
At 31 December 2023	-	191,951	313,663	205,474	106,745	817,833	200,204
Carrying value							
At 31 December 2023	703,826	346,376	64,031	15,936	1,768	1,131,937	277,096

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. PROPERTY AND EQUIPMENT (continued)

Cost	Land KHR'000	Building KHR'000	Motor vehicles KHR'000	Office equipment KHR'000	IT and computer equipment KHR'000	Total KHR'000	USD
At 1 January 2022	704,918	539,283	380,394	211,553	104,636	1,940,784	476,383
Additions	-	-	18,054	22,831	6,841	47,726	11,678
Disposals	-	-	(26,793)	(23,813)	-	(50,606)	(12,382)
Other adjustments	(1,637)	(1,435)	3,618	2,105	804	3,455	845
Currency translation difference	-	-	-	-	-	-	(4,977)
At 31 December 2022	703,281	537,848	375,273	212,676	112,281	1,941,359	471,547
Accumulated depreciation							
At 1 January 2022	-	133,791	252,383	178,772	101,298	666,244	163,536
Charge for the year	-	28,795	36,014	24,335	6,731	95,875	23,459
Disposals	-	-	(26,588)	(23,742)	-	(50,330)	(12,315)
Other adjustments	-	1,743	3,527	1,753	1,136	8,159	1,996
Currency translation difference	-	-	-	-	-	-	(1,804)
At 31 December 2022	-	164,329	265,336	181,118	109,165	719,948	174,872
Carrying value							
At 31 December 2022	703,281	373,519	109,937	31,558	3,116	1,221,411	296,675

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. OTHER ASSETS

	2023		2022	
	KHR'000	USD	KHR'000	USD
Prepayments	12,255	3,000	16,640	4,042
Others	55,556	13,599	49,573	12,041
	<u>67,811</u>	<u>16,599</u>	<u>66,213</u>	<u>16,083</u>

10. DEPOSIT FROM CUSTOMERS

	2023		2022	
	KHR'000	USD	KHR'000	USD
Deposit from SMEs:				
Dormant accounts	747,281	182,933	782,226	189,999
Compulsory savings	351,973	86,162	366,868	89,110
Promissory notes	5,560	1,361	6,913	1,679
Voluntary savings	2,275	557	3,358	816
	<u>1,107,089</u>	<u>271,013</u>	<u>1,159,365</u>	<u>281,604</u>

Deposit from customers are carried forward from prior years. No additional deposits from customers have been collected from 2019. The amounts are analysed as follows:

a) By currency:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Khmer Riel	852,471	208,683	884,103	214,744
Thai Baht	254,618	62,330	275,262	66,860
	<u>1,107,089</u>	<u>271,013</u>	<u>1,159,365</u>	<u>281,604</u>

b) By location:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Battambang	484,878	118,697	511,269	124,185
Banteay Meanchey	254,454	62,290	275,262	66,860
Bavel	367,757	90,026	372,834	90,559
	<u>1,107,089</u>	<u>271,013</u>	<u>1,159,365</u>	<u>281,604</u>

c) By interest rates (per annum):

	2023	2022
	% p.a.	% p.a.
Deposit from SMEs:		
Promissory notes	5.00% -10.50%	5.00% -10.50%
Compulsory savings	6.00%	6.00%
Voluntary savings	3.00%	3.00%

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****11. OTHER LIABILITIES**

	2023		2022	
	KHR'000	USD	KHR'000	USD
Severance benefits payable	527,791	129,202	897,238	217,935
Annual leave payable	156,817	38,388	151,490	36,796
Accrued expenses	80,232	19,641	51,902	12,607
Tax payments	18,638	4,563	18,407	4,471
Other payables	121,796	29,815	88,717	21,549
	<u>905,274</u>	<u>221,609</u>	<u>1,207,754</u>	<u>293,358</u>

12. BORROWINGS

	2023		2022	
	KHR'000	USD	KHR'000	USD
Stichting Rabo Bank Foundation (*)	-	-	823,400	200,000
CARE International UK Micro funds	3,119,523	763,653	3,439,857	835,525
Impulso	17,959	4,396	-	-
Individuals	3,303,750	808,752	4,057,348	985,511
Oikocredit Ecumenical Development Cooperative Society U.A. (*)	-	-	609,242	147,982
	<u>6,441,232</u>	<u>1,576,801</u>	<u>8,929,847</u>	<u>2,169,018</u>

(*) During the year under audit, the Company has fully paid off these loans.

a) By maturity:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Within one month	362,550	88,752	160,000	38,863
Within two to three months	367,650	90,000	993,960	241,428
Three to Twelve months	1,021,250	250,000	1,138,571	276,554
One to five years	4,689,782	1,148,049	6,637,316	1,612,173
	<u>6,441,232</u>	<u>1,576,801</u>	<u>8,929,847</u>	<u>2,169,018</u>

b) By currency:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Khmer Riel	240,000	58,752	-	-
US Dollar	6,201,232	1,518,049	8,929,847	2,169,018
	<u>6,441,232</u>	<u>1,576,801</u>	<u>8,929,847</u>	<u>2,169,018</u>

c) By interest rates (per annum):

	2023	2022
	% p.a.	% p.a.
Khmer Riel	8.30%	-
US Dollar	0% - 9%	8% - 9.50%

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****13. PROJECT SEAD CAPITAL**

	2023		2022	
	KHR'000	USD	KHR'000	USD
Project SEAD capital under Credit Union Foundation Australia ("CUFA") funds	83,365	20,841	83,365	20,841
Project SEAD capital under AusAID funds	866,456	216,614	866,456	216,614
	<u>949,821</u>	<u>237,455</u>	<u>949,821</u>	<u>237,455</u>

Be referred to Note 1 for detail.

14. SHARE CAPITAL

	2023		2022	
	KHR'000	USD	KHR'000	USD
Issued and fully paid	<u>9,741,600</u>	<u>2,435,400</u>	<u>9,741,600</u>	<u>2,435,400</u>

The registered capital of the Company as at 31 December 2023 is composed of 48,708 shares at par value of KHR 200,000 per share. All shares are fully paid up by the following shareholders and their respective shareholding in the Company is as follows:

	2023		2022	
	%	Number of shares of KHR 200,000 each	%	Number of shares of KHR 200,000 each
Association of employee share (represented by Mr. Ly Chan Ty)	97.78%	47,622	97.78%	47,622
Mr. Meas Thon	0.82%	400	0.82%	400
Ms. Nget Ny	0.41%	200	0.41%	200
Ms. Chea Chanda	0.44%	216	0.44%	216
Mr. Veurn Phally	0.14%	70	0.14%	70
Mr. Ly Chan Ty	0.41%	200	0.41%	200
	<u>100%</u>	<u>48,708</u>	<u>100%</u>	<u>48,708</u>

15. REGULATORY RESERVE

Regulatory reserves represent the difference between the allowance of impairment losses calculated in accordance with CIFRS for SMEs and the regulatory provision calculated in accordance with the NBC's requirement. When the regulatory provision is higher than impairment losses calculated in accordance with CIFRS for SMEs, the difference is recorded as regulatory reserve. The reserve is transferred from the retained earnings.

	2023		2022	
	KHR'000	USD	KHR'000	USD
At 1 January	1,094,218	265,780	1,174,621	288,321
Transfer	(208,653)	(50,767)	(80,403)	(19,673)
Currency translation difference	-	1,773	-	(2,868)
At 31 December	<u>885,565</u>	<u>216,786</u>	<u>1,094,218</u>	<u>265,780</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****15. REGULATORY RESERVE (continued)**

Transfer from retained earnings to reserve pertaining to impairment during the year:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Impairment on credit facilities required by the NBC				
- Balance with other banks	14,664	3,590	10,408	2,527
- Loans to customers	1,248,839	305,713	1,394,641	338,752
	<u>1,263,503</u>	<u>309,303</u>	<u>1,405,049</u>	<u>341,279</u>
Impairment loss on financial assets under CIFRS for SMEs	377,938	92,518	310,831	75,499
	<u>885,565</u>	<u>216,785</u>	<u>1,094,218</u>	<u>265,780</u>

16. INTEREST INCOME

	2023		2022	
	KHR'000	USD	KHR'000	USD
Interest income is earned from:				
Loans to customers	4,630,790	1,126,713	5,296,958	1,296,050
Deposits with other banks	6,213	1,512	3,582	877
	<u>4,637,003</u>	<u>1,128,225</u>	<u>5,300,540</u>	<u>1,296,927</u>

17. INTEREST EXPENSE

	2023		2022	
	KHR'000	USD	KHR'000	USD
Borrowings	422,839	102,881	645,525	157,946
Deposit from customers	21,284	5,178	26,626	6,515
	<u>444,123</u>	<u>108,059</u>	<u>672,151</u>	<u>164,461</u>

18. OTHER OPERATING INCOME

	2023		2022	
	KHR'000	USD	KHR'000	USD
Other incomes	258,810	62,971	130,084	31,829
Loan recovery	62,954	15,317	81,537	19,950
	<u>321,764</u>	<u>78,288</u>	<u>211,621</u>	<u>51,779</u>

19. PERSONNEL EXPENSES

	2023		2022	
	KHR'000	USD	KHR'000	USD
Staff salaries and wages	2,882,159	701,255	2,813,743	688,462
Severance and benefits	150,980	36,735	227,462	55,655
Annual leave expenses	117,797	28,661	118,313	28,949
Medical expenses	13,085	3,184	34,003	8,319
	<u>3,164,021</u>	<u>769,835</u>	<u>3,193,521</u>	<u>781,385</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****20. OTHER OPERATING EXPENSES**

	2023		2022	
	KHR'000	USD	KHR'000	USD
Rental	217,379	52,890	212,439	51,979
Professional fees	127,043	30,911	123,435	30,202
Training and workshop	91,093	22,164	82,111	20,091
Office supplies	68,425	16,648	53,297	13,041
Insurance	48,373	11,770	50,221	12,288
Utilities	49,856	12,130	46,439	11,363
Fuel and gasoline	42,186	10,264	45,355	11,097
Travel and DSA	29,788	7,248	26,983	6,602
Social service fees	6,090	1,482	19,317	4,726
Loan protection and life savings expense	24,390	5,934	23,312	5,704
Other charge on borrowings	4,268	1,038	18,075	4,423
Repair and maintenance	15,883	3,864	16,741	4,096
Communication	15,489	3,770	16,695	4,085
License fees	12,000	2,920	2,500	612
Withholding tax	5,645	1,373	5,875	1,437
Litigation fees	396	96	1,788	437
Affiliation fees	14,551	3,540	1,423	348
Loss on exchange rate	28,690	6,981	265,128	64,871
Other expenses	16,445	4,001	16,712	4,090
	<u>817,990</u>	<u>199,024</u>	<u>1,027,846</u>	<u>251,492</u>

21. INCOME TAX EXPENSE

	2023		2022	
	KHR'000	USD	KHR'000	USD
Current tax	54,789	13,330	55,122	13,487
Deferred tax	127,031	30,908	191,952	46,966
	<u>181,820</u>	<u>44,238</u>	<u>247,074</u>	<u>60,453</u>

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****21. INCOME TAX EXPENSE (continued)****(a) Reconciliation of current income tax**

In accordance with the Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profit or the minimum tax at 1% of gross revenue, whichever is higher.

	2023		2022	
	KHR'000	USD	KHR'000	USD
Profit before income tax	213,507	51,948	394,173	96,446
Income tax @ 20%	42,701	10,390	78,835	19,289
Effect of non-deductible expenses	4,878	1,187	4,363	1,068
Effect of allowable expenses	(106,222)	(25,845)	(191,952)	(46,966)
Unrecognized tax loss	58,643	14,268	114,810	28,092
Others	-	-	(6,056)	(1,483)
	-	-	-	-
Minimum tax @ 1%	54,789	13,330	55,122	13,487
Current income tax	54,789	13,330	55,122	13,487
Recognised deferred tax	127,031	30,908	191,952	46,966
Income tax expense	181,820	44,238	247,074	60,453

(b) Provision for income tax

	2023		2022	
	KHR'000	USD	KHR'000	USD
Balance at beginning of year	5,952	1,446	6,082	1,493
Charge during the year	54,789	13,330	55,122	13,487
Taxation paid during the year	(54,992)	(13,380)	(55,252)	(13,519)
Currency translation difference	-	11	-	(15)
Balance at end of year	5,749	1,407	5,952	1,446

(c) Deferred tax assets

	2023		2022	
	KHR'000	USD	KHR'000	USD
Deferred tax assets	226,512	55,449	345,955	84,031.00
Deferred tax liabilities	(103,572)	(25,354)	(95,984)	(23,314.00)
Deferred tax assets/(liabilities), net	122,940	30,095	249,971	60,717

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****21. INCOME TAX EXPENSE (continued)**

(i) Deferred tax assets are attributable as follows:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Deferred tax liability				
Allowance for impairment losses	(103,572)	(25,354)	(95,984)	(23,314)
Deferred tax assets				
Accelerated depreciation	8,851	2,167	8,439	2,050
Provision for severance pay and annual leave	136,922	33,518	209,746	50,946
Unrealized exchange loss	5,763	1,411	53,026	12,880
Deferred income	74,976	18,353	74,744	18,155
Deferred tax (liabilities)/assets, net	<u>122,940</u>	<u>30,095</u>	<u>249,971</u>	<u>60,717</u>

(ii) Movements on net deferred tax are as follows:

	2023		2022	
	KHR'000	USD	KHR'000	USD
At 1 January	249,971	60,717	441,923	108,474
Recognised during the year	(127,031)	(30,908)	(191,952)	(46,966)
Currency translation difference	-	286	-	(791)
At 31 December	<u>122,940</u>	<u>30,095</u>	<u>249,971</u>	<u>60,717</u>

22. CASH AND CASH EQUIVALANTS

	2023		2022	
	KHR'000	USD	KHR'000	USD
Cash in hand (Note 4)	152,685	37,377	186,234	45,235
Balances with the NBC (Note 5)	400	98	480	117
Balances with other banks (Note 6)	1,466,429	358,979	1,040,785	252,802
	<u>1,619,514</u>	<u>396,454</u>	<u>1,227,499</u>	<u>298,154</u>

23. RELATED PARTY DISCLOSURES

The Company had the following significant balances and transactions with related party during the financial year.

	2023		2022	
	KHR'000	USD	KHR'000	USD
Related parties				
Mr. Meas Thon				
Borrowing	245,100	60,000	248,667	60,843
Interest expense	23,209	5,647	22,887	5,600
	<u>268,309</u>	<u>65,647</u>	<u>271,554</u>	<u>66,443</u>
Mr. Prom Mary				
Borrowing	408,500	100,000	414,512	101,422
Interest expense	40,839	9,936	29,267	7,161
	<u>449,339</u>	<u>109,936</u>	<u>443,779</u>	<u>108,583</u>

BORVOR FINANCE PLC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. RELATED PARTY DISCLOSURES (continued)

	2023		2022	
	KHR'000	USD	KHR'000	USD
Key management remuneration:				
Directors and key management compensation	<u>539,689</u>	<u>131,312</u>	<u>486,205</u>	<u>118,963</u>

24. LEASE COMMITMENTS

The Company lease commitments for the lease of its offices are as follows:

	2023		2022	
	KHR'000	USD	KHR'000	USD
Within one year	179,242	43,878	1,515,627	368,139
Over one year and up to five years	<u>117,439</u>	<u>28,749</u>	<u>1,600,009</u>	<u>388,635</u>
	<u>296,681</u>	<u>72,627</u>	<u>3,115,636</u>	<u>756,774</u>

25. TAX CONTINGENCY

Taxes are subject to review and investigation by tax authorities of the General Department of Taxation (GDT). The application of tax laws and regulations on many types of transactions are susceptible to varying interpretations when reviewed by these tax authorities. These may result in tax increases and other retroactive tax claims and penalties.

Management believes that it has adequately provided for tax liabilities based on its interpretation of the tax legislation. If a particular treatment was to be challenged by those tax authorities, the Company may be assessed additional taxes, penalties and interest, whose effects could be significant. Tax years remain open to review by the GDT for three years with a possible extension of up to ten years.

BORVOR FINANCE PLC.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****26. RESTATEMENTS**

The following comparative figures have been restated to conform to current year presentation of the financial statements:

	2022		
	As previously stated KHR'000	As restated KHR'000	Changes KHR'000
Taxation			
Minimum tax expenses	55,122	-	(55,122)
Income tax expenses	191,952	247,074	55,122
Other operating expenses			
Staff salaries & wages	2,813,743	-	(2,813,743)
Severance & benefits	227,462	-	(227,462)
Medical expenses	118,313	-	(118,313)
Annual leave expense	34,003	-	(34,003)
Personnel expenses			
Staff salaries & wages	-	2,813,743	2,813,743
Severance & benefits	-	227,462	227,462
Medical expenses	-	118,313	118,313
Annual leave expense	-	34,003	34,003

27. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated events after the end of the reporting period until the date the financial statements were available for issue. The Directors affirm that no other material events should be reported.

