

Angkor Hospital for Children Limited

**Directors' report and audited financial statements
for the year ended 31 December 2014**



Angkor Hospital for Children Limited

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Angkor Hospital for Children Limited

Directors' report

The directors have pleasure in submitting the annual report together with the audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activities of Angkor Hospital for Children Limited (the "Company") are the provision of quality paediatric health care to Cambodian children and free care to those living in poverty; to work with the Cambodian Ministry of Health to strengthen Cambodia's healthcare system through the training of doctors, nurses and health workers; to play a central role in improving public health for all children.

Financial statements

The surplus for the year and the state of the Company's affairs as at that date are set out in the financial statements on pages 5 to 21.

Transfer to funds

The surplus for the year of USD473,775 (4.2.2013 to 31.12.2013: surplus of USD850,496) is comprised of a surplus in restricted funds of USD794,098 (4.2.2013 to 31.12.2013: surplus of USD725,352) offset against a deficit in unrestricted funds of USD320,323 (4.2.2013 to 31.12.2013: surplus of USD125,144). The results for the year have been transferred to the respective reserves.

Fixed assets

Movements in fixed assets are set out in note 8 to the financial statements.

Directors

The directors during the financial year and up to the date of this report were:

Akio Matsushima	(resigned on 27 January 2015)
Alexander Stuart Davy	
Alistair James Thompson	(appointed on 29 April 2014)
Chanpheaktra Ngoun	(appointed on 21 April 2015)
Francesco Caruso	(appointed on 29 April 2014)
Hartmut Giesecke	(resigned on 23 February 2015)
Katja Van't Ende	
Kenro Izu	
Lindsay William Ernest Cooper	
Lisa Katherine Genasci	
Manila Prak	(appointed on 21 April 2015)
Navy Tep	(appointed on 21 April 2015)
Nicholas Philip John Day	(appointed on 8 December 2014)
Robert Andrew Gazzi	

In accordance with Article 41 of the Company's Articles of Association, all directors are appointed for a three year term and are eligible for re-election upon retirement.

Angkor Hospital for Children Limited

Directors' report (continued)

Directors' interests in shares

At no time during the year was the Company, or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

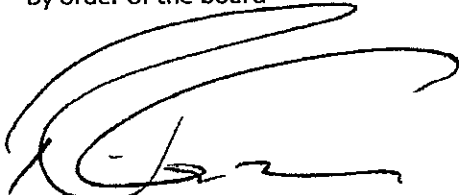
Directors' interests in contracts

No contract of significance to which the Company, or its holding companies or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the period or at any time during the year.

Auditor

Baker Tilly Hong Kong Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly Hong Kong Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized, somewhat abstract shape.

Chairman

- 8 JUN 2015



BAKER TILLY

HONG KONG | 天職香港

Independent auditor's report to the members of Angkor Hospital for Children Limited

(Incorporated in Hong Kong limited by guarantee)

We have audited the financial statements of Angkor Hospital for Children Limited (the "Company") set out on pages 5 to 21, which comprise the balance sheet as at 31 December 2014, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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.

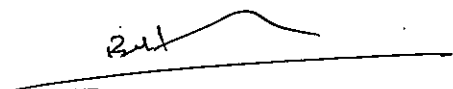
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 auditor's report to the members of
Angkor Hospital for Children Limited (continued)**
(Incorporated in Hong Kong limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs of as at 31 December 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, – 8 JUN 2015

Andrew David Ross

Practising certificate number P01183

Angkor Hospital for Children Limited
Statement of comprehensive income
for the year ended 31 December 2014
(Expressed in United States dollars)

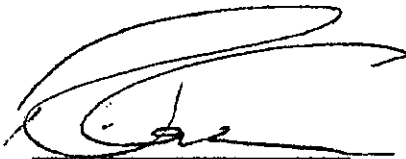
	1.1.2014 to 31.12.2014 USD	4.2.2013 (Date of incorporation) to 31.12.2013 USD
Income		
Contributions received from third parties	6,367,608	5,615,414
Overseas government grants	205,796	203,197
Donations in kind	3 127,223	436,525
Sale of goods	24,696	20,205
Provision of services	86,151	88,273
Other income	4 5,448	6,957
	<u>6,816,922</u>	<u>6,370,571</u>
Expenditure		
Operating expenses	<u>(6,343,147)</u>	<u>(5,520,075)</u>
Surplus and total comprehensive income for the year/period	5 <u>473,775</u>	<u>850,496</u>
Of which:		
Unrestricted (deficit)/surplus	(320,323)	125,144
Restricted surplus	<u>794,098</u>	<u>725,352</u>
	<u>473,775</u>	<u>850,496</u>


The notes on pages 9 to 21 form part of these financial statements.

Angkor Hospital for Children Limited
Balance sheet as at 31 December 2014
(Expressed in United States dollars)

	Note	2014 USD	2013 USD
Non-current assets			
Fixed assets	8	<u>3,993,443</u>	<u>3,540,178</u>
Current assets			
Inventories	9	825,119	852,266
Accounts receivables	10	416,886	263,427
Cash and cash equivalents		<u>1,243,022</u>	<u>957,243</u>
		<u>2,485,027</u>	<u>2,072,936</u>
Current liabilities			
Accounts payables and accruals	11	84,705	262,030
Deferred grant income	12	<u>1,011,356</u>	<u>442,450</u>
		<u>1,096,061</u>	<u>704,480</u>
Net current assets		<u>1,388,966</u>	<u>1,368,456</u>
NET ASSETS		<u>5,382,409</u>	<u>4,908,634</u>
Funds employed			
Unrestricted funds		3,887,733	4,183,282
Restricted funds		<u>1,494,676</u>	<u>725,352</u>
TOTAL FUNDS		<u>5,382,409</u>	<u>4,908,634</u>

Approved and authorised for issue by the board of directors on - 8 JUN 2015


Director


Director

The notes on pages 9 to 21 form part of these financial statements.

Angkor Hospital for Children Limited
Statement of changes in funds
for the year ended 31 December 2014
(Expressed in United States dollars)

	Unrestricted funds USD	Restricted funds USD	Total USD
Balance at 4 February 2013 (Date of incorporation)	-	-	-
Assets treated as transferred on incorporation (Note 1)	4,058,138	-	4,058,138
Surplus and total comprehensive income for the period	<u>125,144</u>	<u>725,352</u>	<u>850,496</u>
Balance at 31 December 2013 and 1 January 2014	4,183,282	725,352	4,908,634
(Deficit)/surplus and total comprehensive income for the year	(320,323)	794,098	473,775
Transfer	<u>24,774</u>	<u>(24,774)</u>	<u>-</u>
Balance at 31 December 2014	<u><u>3,887,733</u></u>	<u><u>1,494,676</u></u>	<u><u>5,382,409</u></u>

Note:

- The Company was incorporated in Hong Kong on 4 February 2013 to operate a charitable hospital in the Kingdom of Cambodia. The hospital was previously operated under another legal entity, Friends Without A Border, registered in the United States of America, from 1999 till 2013. Friends Without A Border agreed to transfer control and responsibility to the Company on 3 October 2012. These financial statements have been prepared on the basis that relevant hospital assets were transferred on the date of incorporation of the Company. Formal approval for the transfer was issued by the Attorney General of the State of New York on 3 September 2014.

The notes on pages 9 to 21 form part of these financial statements.

Angkor Hospital for Children Limited
Cash flow statement
for the year ended 31 December 2014
(Expressed in United States dollars)

	1.1.2014 to 31.12.2014 USD	4.2.2013 (Date of incorporation) to 31.12.2013 USD
Operating activities		
Surplus for the year/period	473,775	850,496
Adjustments for:		
- Depreciation	5 394,486	348,392
- Interest income	4 (28)	(113)
- Loss on disposal of fixed assets	5 43,490	11,028
- Donations in kind of fixed assets	(127,223)	(436,525)
- Written off of accounts receivables	5 20,113	-
Operating surplus before working capital changes	804,613	773,278
Decrease/(increase) in inventories	27,147	(852,266)
Increase in accounts receivables	(173,572)	(263,427)
(Decrease)/increase in accounts payables and accruals	(177,325)	262,030
Increase in deferred grant income	568,906	442,450
Net cash generated from operating activities	<u>1,049,769</u>	<u>362,065</u>
Investing activities		
Interest income received	28	113
Payment for the purchase of fixed assets	(764,868)	(430,295)
Proceed on disposal of fixed assets	850	-
Net cash used in investing activities	<u>(763,990)</u>	<u>(430,182)</u>
Financing activities		
Transfer of unrestricted funds	-	1,025,360
Net cash generated from financing activities	<u>-</u>	<u>1,025,360</u>
Net increase in cash and cash equivalents	285,779	957,243
Cash and cash equivalents at beginning of year/period	<u>957,243</u>	<u>-</u>
Cash and cash equivalents at end of year/period	<u>1,243,022</u>	<u>957,243</u>

The notes on pages 9 to 21 form part of these financial statements.

Angkor Hospital for Children Limited

Notes to the financial statements

(Expressed in United States dollars)

1 Company information

Angkor Hospital for Children Limited was incorporated on 4 February 2013 and has its registered office at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The Company is committed to improve the health and well-being of children and their families in Kingdom of Cambodia ("Cambodia").

The mission of the Company is to provide quality paediatric health care to Cambodian children and free care to those living in poverty; to work with the Cambodian Ministry of Health to strengthen Cambodia's healthcare system through the training of doctors, nurses and health workers; to play a central role in improving public health for all children.

The hospital operated by the Company opened in 1999. It is officially recognised as a paediatric teaching hospital by the Ministry of Health in Cambodia. The Medical Education Centre provides continuing medical education to healthcare professionals and nursing students from throughout the country, and has a Memorandum of Understanding with the Ministry of Health to provide such training to every graduate nurse in the country.

The Company is a non-profit making organisation within the meaning of section 88, Chapter 112 of the Inland Revenue Ordinance and, accordingly, is exempted from Hong Kong Profits Tax.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Entity is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial statements as a result of these developments.

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 17).

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Angkor Hospital for Children Limited

Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 2(d)(ii)).

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Land and buildings	50 years
- Leasehold improvements	50 years
- Medical equipment	7 years
- Office equipment	7 years
- Motor vehicles	7 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income and expenditure account on the date of retirement or disposal.

Angkor Hospital for Children Limited

Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(d) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment 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 asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income or expense. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly.

(ii) Impairment of fixed assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(d) Impairment of assets (continued)

(ii) Impairment of fixed assets (continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in income or expense if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income or expense in the year in which the reversals are recognised.

(e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to the income or expense in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income or expense as an integral part of the aggregate net lease payments made. Contingent rentals are charged to income or expense in the accounting period in which they are incurred.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out basis and comprises all costs of purchase and related freight charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The Company receives donated medicines and medical supplies, but has not recorded these in the financial statements because the value of this inventory cannot be reliably estimated.

(g) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(d)(i)).

(h) Payables

Payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investment that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) Employee benefits

Salaries, annual bonuses and paid annual leave are accrued in the year in which the associated services are rendered by employees.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of income and expenditure as follows:

(i) Contributions received from third parties and government subventions

Contributions received from third parties and government subventions are recognised when there is a reasonable assurance that the Company will comply with all attached conditions and that contributions from third parties and government subventions will be received.

In the statement of comprehensive income, where the revenue item is attributable to restricted funds for specific purposes, the revenue is allocated to the restricted funds category.

(ii) Donations in kind

Donations in kind are recognised when the goods or equipment are received and where the value can be reliably estimated.

(iii) Sales of goods

Sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(iv) Provision of services

Revenue from provision of services is recognised when the services are rendered.

(v) Interest income

Interest income is recognised as it accrues.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

2 Significant accounting policies (continued)

(m) Funds employed

(i) Unrestricted Funds

Unrestricted funds are available for the purposes of the organization to be spent as the management sees fit within the stated objectives of the Company. This includes funds for purchase of fixed assets used in running the hospital.

(ii) Restricted Funds

Restricted funds are subject to agreements which limit their use to a specific purpose, declared by the donor or their authority, which is still within the objectives of the Company.

3 Donations in kind

The Company receives donations in kind of fixed assets, medical supplies and medicines from donors.

Fixed assets donations are usually the result of specific requests made to donors for equipment needed for a defined immediate use in the hospital and for which the value is known. Donated fixed assets are valued at amounts which would be expected to be paid on the open market for equipment of a similar specification and age. The carrying value of donated fixed assets at 31 December 2014 was USD508,680 (2013: USD419,980).

Donations of medical supplies and medicines are less specific, and often represent goods that the hospital may not have purchased itself on the open market, and are therefore difficult to value. Donations of medicines and medical supplies are not recorded in the financial statements at 31 December 2014 and 2013 as the amounts cannot be reliably estimated.

4 Other income

	1.1.2014 to 31.12.2014 USD	4.2.2013 (Date of incorporation) to 31.12.2013 USD
Interest income	28	113
Sundry income	<u>5,420</u>	<u>6,844</u>
	<u>5,448</u>	<u>6,957</u>

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

5 Surplus for the year/period

Surplus for the year/period is arrived at after charging/(crediting):

	1.1.2014 to 31.12.2014 USD	4.2.2013 (Date of incorporation) to 31.12.2013 USD
(a) Staff costs:		
Salaries, allowances and other benefits	<u>3,410,848</u>	<u>3,088,174</u>
(b) Other items:		
Auditor's remuneration	10,256	9,670
Depreciation	394,486	348,392
Exchange (gains)/losses, net	(19)	9
Loss on disposal of fixed assets	43,490	11,028
Operating lease charges: minimum lease payments in respect of land and buildings	12,080	13,892
Written off of accounts receivables	<u>20,113</u>	<u>-</u>

6 Directors' remuneration

No directors received, or will receive, any fees or other emoluments in respect of their services to the Company during the year/period.

7 Income tax

The Company is an approved charitable organisation within the meaning of section 88, Chapter 112 of the Inland Revenue Ordinance and, accordingly, it is exempt from Hong Kong Profits Tax.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

8 Fixed assets

	Leasehold land and buildings USD	Leasehold improvements USD	Medical equipment USD	Office equipment USD	Motor vehicles USD	Total USD
Cost:						
At 4 February 2013 (Date of incorporation)	-	-	-	-	-	-
Additions	2,233,195	186,107	1,184,331	158,883	137,082	3,899,598
Disposals	-	-	(25,859)	-	-	(25,859)
At 31 December 2013 and 1 January 2014	2,233,195	186,107	1,158,472	158,883	137,082	3,873,739
Additions	172,160	273,509	390,516	50,816	5,090	892,091
Disposals	-	-	(56,999)	-	(3,988)	(60,987)
At 31 December 2014	<u>2,405,355</u>	<u>459,616</u>	<u>1,491,989</u>	<u>209,699</u>	<u>138,184</u>	<u>4,704,843</u>
Accumulated depreciation:						
At 4 February 2013 (Date of incorporation)	-	-	-	-	-	-
Charge for the year	49,171	895	224,941	38,629	34,756	348,392
Eliminated on disposals	-	-	(14,831)	-	-	(14,831)
At 31 December 2013 and 1 January 2014	49,171	895	210,110	38,629	34,756	333,561
Charge for the year	52,826	7,521	258,542	41,683	33,914	394,486
Eliminated on disposals	-	-	(15,814)	-	(833)	(16,647)
At 31 December 2014	<u>101,997</u>	<u>8,416</u>	<u>452,838</u>	<u>80,312</u>	<u>67,837</u>	<u>711,400</u>
Carrying value:						
At 31 December 2014	<u>2,303,358</u>	<u>451,200</u>	<u>1,039,151</u>	<u>129,387</u>	<u>70,347</u>	<u>3,993,443</u>
At 31 December 2013	<u>2,184,024</u>	<u>185,212</u>	<u>948,362</u>	<u>120,254</u>	<u>102,326</u>	<u>3,540,178</u>

Angkor Hospital for Children Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

9 Inventories

(a) Inventories in the balance sheet comprise:

	2014 USD	2013 USD
Medicines	306,454	419,847
Medical supplies	487,002	419,309
Office and housekeeping supplies	<u>31,663</u>	<u>13,110</u>
	<u>825,119</u>	<u>852,266</u>

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss is as follows:

	1.1.2014 to 31.12.2014 USD	4.2.2013 (Date of incorporation) to 31.12.2013 USD
Operating expenses:		
Medicines	439,352	368,205
Medical supplies	549,207	369,592
Office and housekeeping supplies	<u>85,021</u>	<u>75,585</u>
	<u>1,073,580</u>	<u>813,382</u>

10 Accounts receivables

	2014 USD	2013 USD
Contributions receivable	362,676	174,638
Prepayments	24,084	16,766
Other receivables	<u>30,126</u>	<u>72,023</u>
	<u>416,886</u>	<u>263,427</u>

The above receivables are denominated in US dollars.

No contributions receivable are due after more than one year.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)

(Expressed in United States dollars)

10 Accounts receivables (continued)

Ageing analysis

The ageing profile of contributions receivable at the balance sheet date is as follows:

	2014 USD	2013 USD
Within one month	<u>362,676</u>	<u>174,638</u>

Contributions receivable are recognised in line with the revenue recognition policy as set out in note 2. Further details on the Company's credit policy are set out in note 15(a).

11 Accounts payable and accruals

	2014 USD	2013 USD
Accounts payable	40,075	192,276
Accrued expenses	<u>44,630</u>	<u>69,754</u>
	<u>84,705</u>	<u>262,030</u>

All of the accounts payable are expected to be settled or recognised as income within one year.

12 Deferred grant income

Deferred grant income represents contributions received from third parties for the Company's future expenditure. The deployment of such contributions is restricted to specific uses and will be recognised as income in the period to which the related restricted expenditure occurs.

The deferred grant income is expected to be recognised as income within one year.

13 Operating lease commitments

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 USD	2013 USD
Within one year	<u>1,760</u>	<u>3,900</u>

The Company is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 2 years, at the end of which period all terms are renegotiated. No lease includes contingent rentals.

Angkor Hospital for Children Limited

Notes to the financial statements (continued)

(Expressed in United States dollars)

14 Funds management

The Company's objectives when managing funds are to safeguard the Company's ability to continue as a going concern in order to provide nurturing paediatric care, medical education and public health promotion among the children and their families in Southeast Asia.

15 Financial risk management and fair values

Exposures to credit, liquidity, interest rate and currency risks arise in the normal course of the Company's operations. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) Credit risk

The Company's credit risk is primarily attributable to the accounts receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to such credit risks are monitored on an ongoing basis.

Cash and cash equivalents are placed at financial institutions with sound credit ratings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Further quantitative disclosures in respect of the Company's exposure to credit risk arising from trade and other receivables are set out in note 10.

(b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity and funding requirements to ensure that it maintains sufficient cash to meet its liquidity and funding requirements in the short and longer term.

All of the Company's accounts payables and accruals are expected to be settled within one year. All financial liabilities of the Company are carried at amounts not materially different from their contractual undiscounted cash flows as at 31 December 2014 and 2013.

(c) Interest rate risk

The Company's interest-bearing financial instruments comprise mainly the cash at bank which is subject to cash flow interest rate risk. It is estimated that a change in the interest rates would not significantly affect the Company's income or expense.

(d) Currency risk

The Company has no significant currency risk as most of the transactions which give rise to receivables and payables, and cash and cash equivalents are denominated in the Company's functional currency.

Angkor Hospital for Children Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

15 Financial risk management and fair values (continued)

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013.

16 Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements.

The Company is assessing the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Company's results of operations and financial position.