



LENG NAVATRA CAPITAL PLC

**LENG NAVATRA CAPITAL PLC .**

**ANNUAL REPORT**

**2023**







# CONTENTS

	Page
<b>I- Company Profile.....</b>	<b>1</b>
<b>II- Vission and Mission.....</b>	<b>2</b>
<b>III- Icons and colors.....</b>	<b>3</b>
<b>IV- Board of Directors .....</b>	<b>4-5</b>
<b>V- Message from the CEO.....</b>	<b>6-7</b>
<b>VI- Organization chart .....</b>	<b>8</b>
<b>VII- Shareholder.....</b>	<b>9</b>
<b>VIII- Products Loan.....</b>	<b>10-14</b>
<b>IV- Human Resource Development and Management .....</b>	<b>15-18</b>
<b>X- Report of the Board of Director.....</b>	<b>19-21</b>
<b>XI- Report of Independent Auditors.....</b>	<b>22-23</b>
<b>XII- Statement of Financial Positions.....</b>	<b>24</b>
<b>XIII- Statement of Comprehensive Income.....</b>	<b>25</b>
<b>XIV- Statemnet of Change in Equity .....</b>	<b>26</b>
<b>XV- Statement of Cash Flows .....</b>	<b>27</b>
<b>XVI- Noted to the Financial Statements.....</b>	<b>28-44</b>





## I- Company Profile



Leng Navatra Capital Plc is a subsidiary of Galaxy Navatra Group Co. Ltd., Leng Navatra Capital Plc, established in the form of a public limited company, has received the Certificate of Registration in Business Registration No. 00027916, dated 20 August 2015, issued by the Ministry of Commerce and is a private institution licensed to operate a financial institution No. M.F 80 dated 28 February 2021 issued by the National Bank of Cambodia.

Leng Navatra Capital Plc, was established with the intention of providing a wide range of financial products and services in Cambodia to enhance the national economy by facilitating and expending financial to support the demand for financial services of people who want to open a business, expend their business, buy a house and for personal use.

## ***II- Vision and Mission***





### ***III- Icon and Colors***



**LENG NAVATRA CAPITAL PLC.**

At the center of the circle of letters is the golden color word **Galaxy**, which emphasizes purity, strength and growth, full of common sense that accompanied by the combination of many colors, which signifying the professional skill and talent combined to develop society towards success in both science and technology.

## ***IV- Board Of Directors***



### **Neak Oknha. LENG Pheaktra**

Neak Oknha. Leng Pheaktra, was born in Prey Veng Province in Cambodia in 1985 . He is a businessman in Cambodia. He has been expanding his business through various kinds of investments in many different sectors significantly in the construction, resort, market, production as well as financial sectors. He has currently held key positions in the member companies of Galaxy Navatra Group Co Ltd., such as a President Leng Navatra Capital Plc



### **Oknha. LENG Panhchakpor** **Board Member**

Oknha. LENG Panhchakpor, was born in Prey Veng Province in Cambodia in 1996. She is a businesswoman in Cambodia. She has more than 8-years of work experience in the Banking & Finance. She has currently held key positions in the member companies of Galaxy Navatra Group such as a Vice President and Board member of Leng Navatra Capital



## ***IV- Board Of Directors***



### **Ms. MENG Siden Board Member**

Ms. MENG Siden was born in Prey Veng Province, Cambodia in 1995. She is a businesswomen in Cambodia. She has many work experiences in market sectors real-estate and Banking & Finance. She has currently held key positions in the member companies of Galaxy Navatra Group such as a Vice President and Board member of LENG NAVATRA CAPITAL PLC.



### **Mr. SENG Sokhom Board Member**

Mr. SENG Sokhom was born in Kandal Province in Cambodia in 1968. He graduated master's degree majored in International Business Management at Royal University of Phnom Penh in 2002, bachelor's degree of International Business Management (IBM) at Royal University of Phnom Penh in 1999, and bachelor's degree of art (Philosophy and psychology) at Royal University of Phnom Penh in 1995. He started his career in 1995, as Micro-Enterprise Coordinator for EUROPEAN UNION (PRASAC). In 2000 he worked for CAMBODIA BREWERY LIMITED (Tiger Beer Factory) as Purchasing Officer. In 2001, He worked for UNION COMMERCIAL BANK PLC., (UCB) as Sales & Marketing Supervisor Card Center, in 2004, he worked for Advanced Bank of Asia Limited (ABA) as Head of Sale & Marketing, in 2007, He was Operation Manager and Assistant to CEO of Cambodian Development Specialized Bank (CDB). In 2009-2011, he worked for Booyong Khmer Bank Plc as Operation Manager, in 2011, He was CEO of Agro Empire Co., Ltd. (AE), in 2013, He was the Head of Financial Controller for AZI GROUP. Currently, he is Board Member and CEO of Leng Navatra Capital Plc.

## V- Message from the CEO



Since the early of 2022 until now, the global economic outlook has remained uncertain and raised global recession concerns due to soaring inflation, Federal Reserve's monetary policy tightening, ongoing supply chain disruption, Covid-19 pandemic outbreak, and prolonged Russia-Ukraine, Israel-Hamas War. The International Monetary Fund (IMF) forecasted that the global economic growth will be at 3% while growth will be at 1.5% for advanced economics, and 4% for emerging market and developing economic, and 4.4% for the ASEAN economy.

At the same time, the Cambodian economy shrunk due to the effects of the prolonged Russia-Ukraine Israel-Hamas War, soaring inflation, and ongoing supply chain disruption. In response to this situation, The Royal Government of Cambodia promulgated many strategies and measures as well as injected the national budget to reduce the inflation rate and keep the economy growing in 2022 and the following years. Furthermore, the government also injected funds to support and restore the micro and small business and economic activities and the poor and vulnerable families affected by the Covid-19. As the results, these mechanisms of the Royal Government effectively reduced the inflation rate and boosted the economic growth in 2022. The Cambodia's economic outlook gained momentum to gradually rebound to the normal faster than expected in 2021 due to reopening economic activities and driven by a robust trade performance. However, Cambodia's economic growth is estimated to be at 5.5% in 2023 and could reach 6.4% in 2024.



Leng Navatra Capital Plc conducted its business operations with caution and maintained its loan portfolio growth by focusing on quality and strong internal control. While the country was still recovering from Covid-19 and Russia-Ukraine Israel-Hamas War. Leng Navatra Capital Plc. Will expand and provide loan products quickly and flexibly to customer's needs.

Finally, I would like to express my sincerest gratitude to all shareholders, customers, employees, the public at large, and especially relevant authorities who always support the contribution to the good performance of the BFIs.

For the year 2023, Leng Navatra Capital Plc, will expand the scope of lending and services that are rich, fast and flexible to better suit the needs of customers, Finally, the company would like to express its deep gratitude to the Royal Government, including the leadership of the National Bank of Cambodia and the relevant ministries and institutions that always support and give good recommendations to our institution.

I would also like to thank and appreciate all the staff for their hard work and commitment in the past.

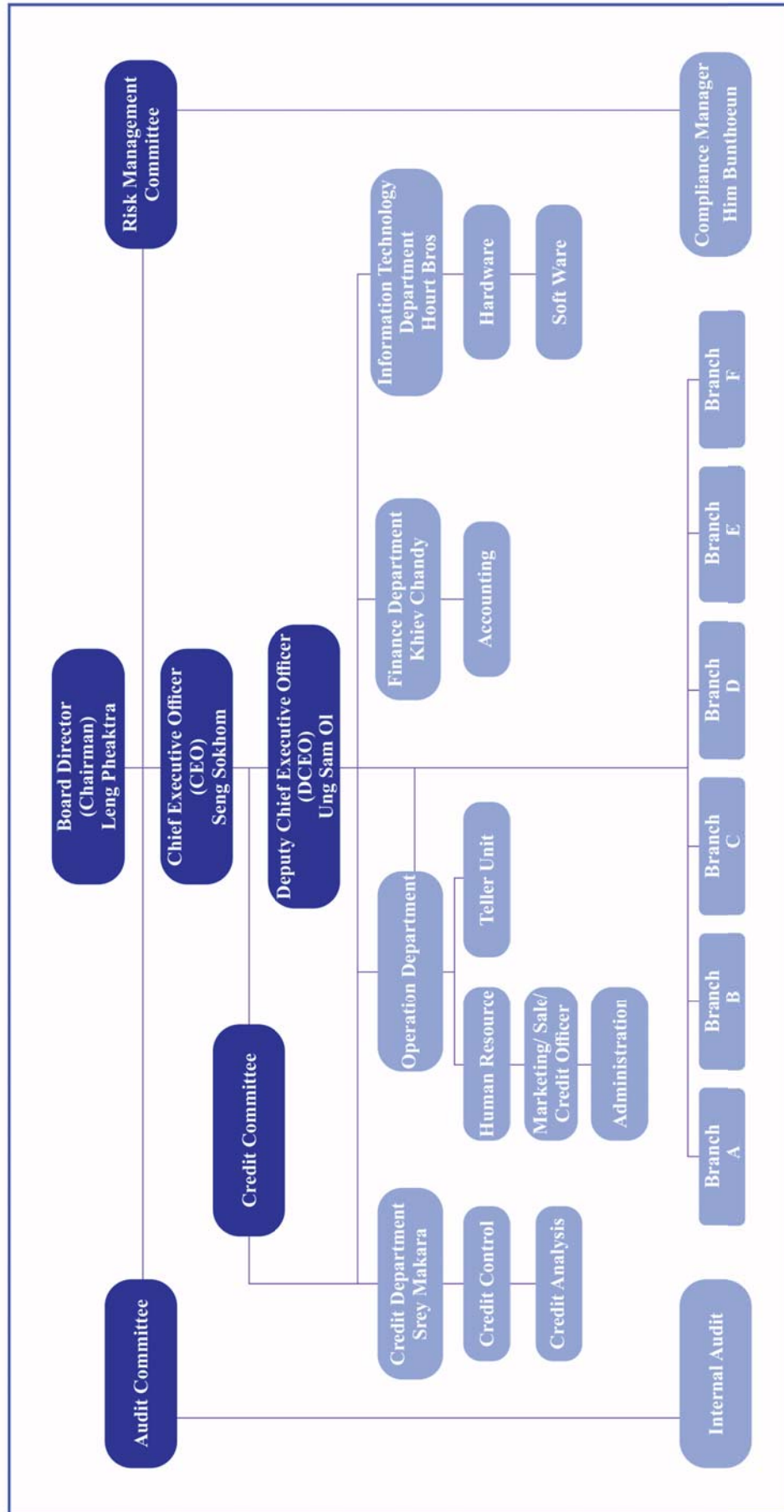
I would like to thank all the customers who have supported and trusted the institution now and in the future.

Chief Executive Officer



Seng Sokhom

## VI - Organization Chart





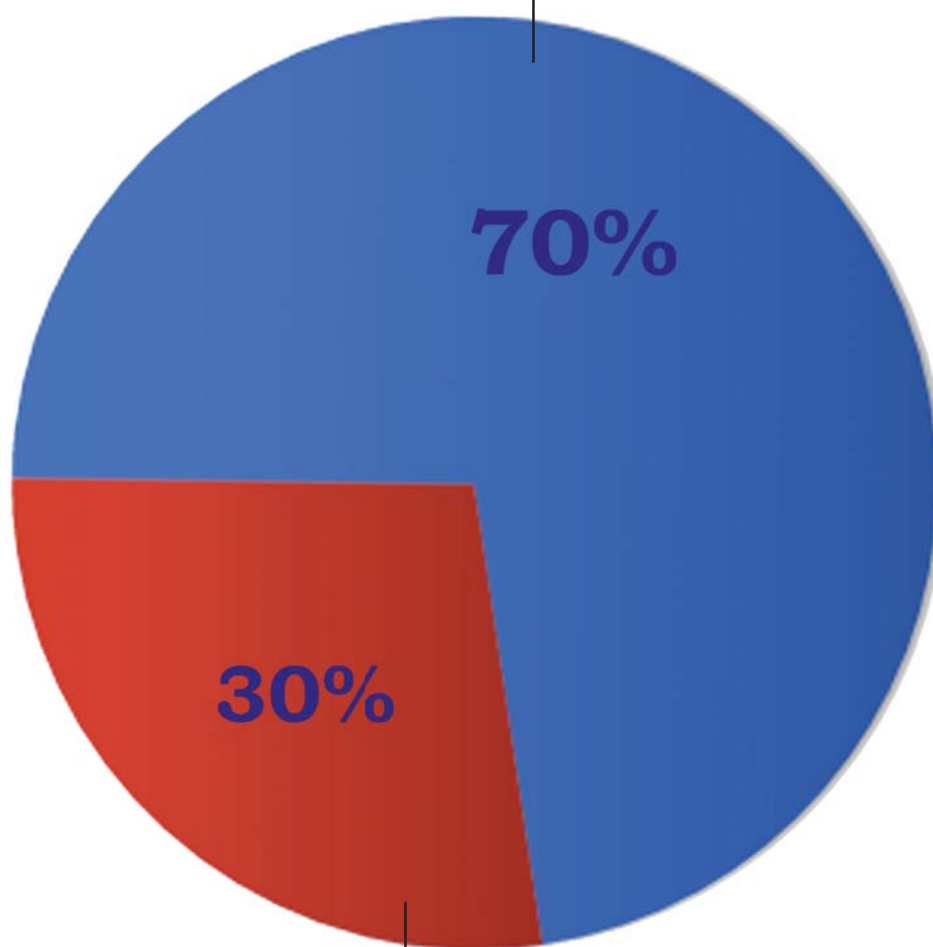
## VII- Shareholder

### Total :

- Number of Shares : 90,000  
- Amount : 4,500,000 USD  
- Percentage : 100 %

### Ms.Leng Panhchackpor

- Number of Shares : 63,000  
- Amount : 3,150,000 USD  
- Percentage : 70%



### Mr.Seng Sokhom

- Number of Shares : 27,000  
- Amount : 1,350,000 USD  
- Percentage : 30%

## VIII- Products and Services

Leng Navatra Capital Microfinance Institution. Will offer a wide range of credit products and financial services and is primarily aimed at providing affordable housing and land loans in Cambodia. The purpose of opening a personal microfinance institution is to expand financing to support the need for housing and the purchase of affordable plots. We are committed to achieving our business goals, objectives and ambitions. Our business offers the following:

- \* Provide loans to home buyers who are the main customers according to each of our affordable housing projects.
- \* Provide a wide range of credit products to meet the needs and requirements of the market.
- \* Provide on-demand options with affordable prices, as well as flexible payment terms to customers. Leng Navatra K-Capital has the following credit services:

**1-Housing and land purchase loans** are provided to customers in KHR or USD, which is from 15,000 USD or 400 million Riel, up to 120 months, 100,000 USD or 60 million Riel, Money from 12% year to 18% year.

**2- Business loan** in KHR or USD, 20 million to \$ 50,000 or 200 million Riel, with a term of up to 120 months and interest rate from 12% year to 18% year.





**3) Individual loan** in KHR or USD, which is from to \$ 5,000 or 20 million Riel to \$ 30,000 or 120 million Riel, with a term of up to 120 months and interest rate from 12% year to 18 % Year.



## Partners to repay loans



## Investment plan to be completed in 2024

In 2023, Leng Navatra Capital Microfinance Institution's achieved a loan portfolio of \$ 7,450,000 and 736 active clients.



LENG NAVATRA CAPITAL



# Housing Loan Providing Loan

*Up to 100,000 Dollars*

*Up to 120 years*

**MORE DETAIL  
023 93 4444**





LENG NAVATRA CAPITAL PLC.



# Individual Loan

*Providing Loan Up To*

**\$ 30,000**

**120 Months**

MORE DETAILS

023 93 4444



LENG NAVATRA CAPITAL PLC.



# Business Loan

*Providing Loan up to **50,000** Dollars*

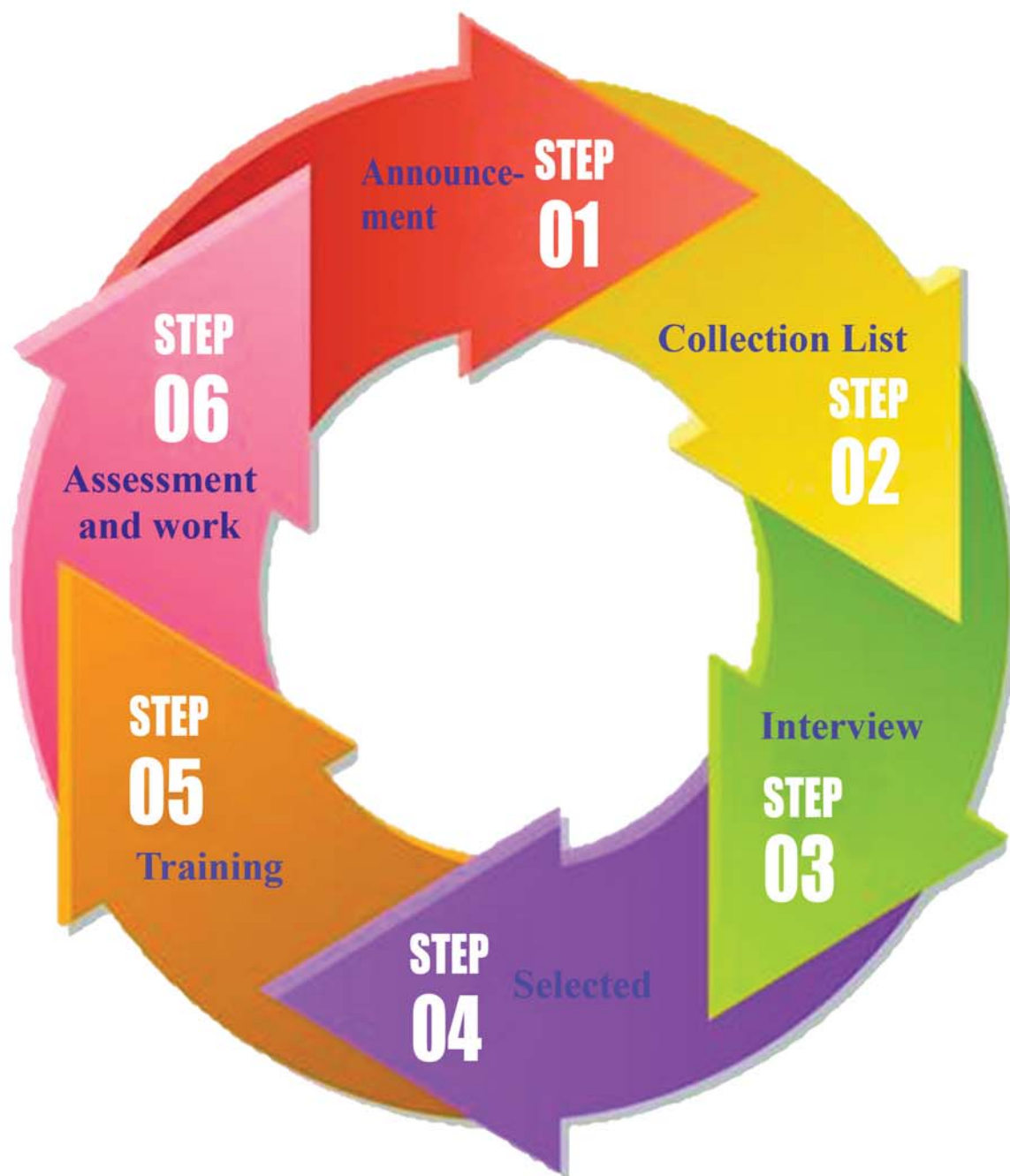
*120 Months*

MORE DETAILS

023 93 4444



## IX- Human Resource Development and Management



## 1- Human resources Digital Recruitment

Leng Navatra Capital Microfinance Institution Welcome all qualified candidatesPotential and highly confident continue to contribute to our success. Therefore, recruiting competent and potential employees remains the key mechanism to support business growth. In fact, we have increased the number of employees by 13% -16% compared to last year. In addition, we have made reforms related to the necessary documents in the selection process. By following all digital systems, including submission, approval, and start-up process of new employees. At Leng Navatra Capital Microfinance Institution. We are always trying to find a way Fresh rice to accomplish various tasks.

Human resources are all people in one capacity or another for or contributing to Leng Navatra Capital Microfinance Institution. A neck. These people create a workforce for the company. Especially with the booming economy, more and more people are starting to work for the Leng Navatra Capital Microfinance Institution. A. Because these people are all involved in the Leng Navatra Capital Microfinance Institution. To different levels, how they manage and participate in the microfinance institution Leng Navatra Capital. The neck should also be different.

In times of economic hardship, brothels provide opportunities to strengthen access to better support and cooperation from stakeholders and discover new ways of learning to promote development. Capacity of staff of Leng Navatra Capital Microfinance Institution.



## 2- Continuing planning

Successful planning is the process of time planning in the case of key employees. Leaving Leng Navatra Capital Microfinance Institution Plc.

Success planning is often based on performance appraisals and efforts that we call Abbreviated as L&D (learning and development). This results in the creation of a talent pipeline. This is a group of candidates who are qualified and ready to fill the position (senior) in case someone leaves.



### 3 - Staff capacity building training

The effectiveness of good customer service is a key advantage that each institution can contact Attract more potential customers to support their business. At the same time, the ability, skills and good attitude of employees play a central role in bringing products to customers and increase the winning advantage of customers. Compete in the market.

However, in 2023, the management of Leng Navatra Capital Microfinance Institution (CCM) has jointly organized a number of training courses for staff, training new employees regularly and employees are working. Each department also ensures that each employee has the ability to perform their duties well, meet the actual market needs with clear, timely management.







LENG NAVATRA CAPITAL

# **LENG NAVATRA CAPITAL PLC.**

## **FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**LENG NAVATRA CAPITAL PLC.**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT AUDITORS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

## **LENG NAVATRA CAPITAL PLC.**

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

#### **CORPORATE INFORMATION**

Company	: Leng Navatra Capital Plc.
Registration No.	: 00027916
Registered office	: OCIC Street, Phum Kean Khleang Sangkat Chroy Changvar, Khan Chroy Changvar, Phnom Penh, Kingdom of Cambodia
Shareholders	: Ms. Leng Panhchakpor Mr. Seng Sokhom
Board of directors	: Mr. Leng Pheaktra Chairman Ms. Leng Panhchakpor Director Mr. Seng Sokhom Director Ms. Meng Siden Director
Principal bankers:	: Sathapana Bank Plc. Advanced bank of Asia Ltd. Acleda Bank Plc RHB Bank (Cambodia) Plc Wing Bank (Cambodia) Plc Hong Leong Bank (Cambodia) Plc.
Auditors	: Morisonkak MKA



**LENG NAVATRA CAPITAL PLC.**

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

**CONTENTS**

	Pages
REPORT OF THE BOARD OF DIRECTORS	19 - 21
REPORT OF INDEPENDENT AUDITORS	22 - 23
FINANCIAL STATEMENTS	
Statement of financial position	24
Statement of comprehensive income	25
Statement of changes in equity	26
Statement of cash flows	27
Notes to the financial statements	28 - 44

## **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 Leng Navatra Capital Plc. (“the Company”) as at and for the year ended 31 December 2023.

## **PRINCIPAL ACTIVITIES**

The principal activities of the Company are those of credit operator business and the provision of related financial services in Cambodia. There were no changes in the nature of the principal activities during the year.

## **FINANCIAL PERFORMANCE AND DIVIDENDS**

The financial performance for the year ended 31 December 2023 are set out in the statement of comprehensive income on page 7.

There were no dividends declared or paid during the financial year.

## **STATUTORY CAPITAL**

The Company’s share capital is amounting to USD 4,500,000 represented by 90,000 ordinary shares, each having a par value of USD 50. All shares are fully paid up.

The Company did not declare and pay dividends during the financial 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.

## **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.

## **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.

## 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 its business operations 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.

## THE BOARD OF DIRECTORS

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

Mr. Leng Pheaktra	Chairperson
Ms. Leng Panhchakpor	Director
Mr. Seng Sokhom	Director
Ms. Meng Siden	Director

## DIRECTORS' INTERESTS

As at 31 December 2023, the Director holding office at the end of the financial year and who has any interest in the share capital of the Company is as follows:

	Number of shares	Amount in US\$	%
Ms. Leng Panhchakpor	63,000	3,150,000	70
Mr. Seng Sokhom	27,000	1,350,000	30

## 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 by reason of a contract made by the Company with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in the financial statements.



## RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors is 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 judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards 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 the going concern basis unless it is inappropriate to assume that the Bank 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, the undersigned, being the Directors of Leng Navatra Capital Plc., do hereby state that in our opinion:

- i) the financial performance of the Company for the year ended 31 December 2023 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- ii) the accompanying financial statements of the Company 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 on that date, in compliance with CIFRS for SMEs.

Signed on behalf of the Board of Directors:



Mr. Seng Sokhom  
Chief Executive Officer

Date: 31 May 2024

## **REPORT OF INDEPENDENT AUDITORS TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF LENG NAVATRA CAPITAL PLC.**

### **Disclaimer of opinion**

We have audited the financial statements of Leng Navatra Capital 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 a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significant of the matters described in the ‘basis for disclaimer of opinion’ section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

- a) As indicated in the statement of financial position, the Company’s cash on hand balance as per the accounting records amounted to USD 100,135 as at 31 December 2023. However, according to the management, the actual physical cash balance was zero at the year end. Due to the lack of internal controls, including the absence of cash reconciliations and cash books, the cash balance could not be reconciled. As a result, we were unable to satisfy ourselves as to the accuracy and completeness of the cash on hand balance. This discrepancy could potentially impact other financial statement elements, such as unrecorded expenses or unsettled liabilities. Consequently, we were unable to determine whether any adjustments might be necessary in respect of the cash on hand balance, related expenses, liabilities, and other related elements making up the statements of financial position and comprehensive income as at and for the year ended 31 December 2023 by way of other audit procedures.
- b) As indicated in Note 4, the total bank balance as per the accounting records amounted to a negative USD 44,174 as at 31 December 2023. Out of this balance, we were able to verify a positive balance of USD 3,784 through bank confirmations and other audit procedures. However, the remaining balance of negative USD 47,958 could not be verified. For this negative balance, the banking records showed a positive balance of USD 14,181, resulting in an unexplained variance of USD 62,139 (negative USD 47,958 as per accounting records and positive USD 14,181 as per banking records). The Management did not prepare timely and accurate bank reconciliations, which could have been used to identify and adjust these variances. As a result of these matters, we were unable to satisfy ourselves with respect to the accuracy and completeness of the unreconciled bank balances as at 31 December 2023. Additionally, the unreconciled bank balances may have an impact on the completeness of expenses recorded, liabilities settled, and income recognized during the year, for which we were unable to determine whether any adjustments were necessary in respect of recorded expenses, liabilities, income, and other related elements making up the statements of financial position and comprehensive income as at and during the year ended 31 December 2023 by way of other audit procedures.
- c) As indicated in note 7, other assets as at 31 December 2023 amounted to USD 64,819, which included prepaid expenses of USD 11,384. However, out of the prepaid expenses balance, we were unable to verify USD 7,107 as management was unable to provide a breakdown or supporting documentation for this amount. As a result of the lack of documentation, we could not ascertain the accuracy and proper valuation of this portion of the prepaid expenses within the other assets as of the reporting date.

**REPORT OF INDEPENDENT AUDITORS  
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF LENG NAVATRA  
CAPITAL PLC. (continued)**

- d) As indicated in note 10, other payables as at 31 December 2023 amounted to USD 79,626. Out of this balance, we were unable to verify USD 9,532, which comprises USD 3,319 under accounts payable and USD 6,213 under other payables. Management was unable provide a breakdown or supporting documentation for these amounts. As a result of the lack of proper documentation, we were unable to satisfy ourselves with respect to the accuracy and valuation of the said portion of other payables as at 31 December 2023.
- e) As indicated in Note 14, the Company's interest income as per the accounting records amounted to USD 885,746 for the year ended 31 December 2023. However, the system-generated report for interest income showed a balance of USD 737,953, resulting in an unexplained difference of USD 147,793. Management was unable to reconcile the difference or provide an explanation on how to recalculate the interest income. As a result, we were unable to satisfy ourselves as to the accuracy and completeness of the interest income. This discrepancy could potentially impact other related elements of the financial statements, such as net income and retained earnings.

**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 responsibility is to conduct an audit of the Company's financial statements in accordance with Cambodian International Standards on Auditing ("CISAs") and to issue an auditor's report. However, because of the matters described in the 'Basis for Disclaimer Opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

**Morisonkak MKA**  
Certified Public Accountants  
Independent Auditors

  
**Key KAK**  
Managing Partner





# LENG NAVATRA CAPITAL PLC.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		31 Dec 2023		31 Dec 2022	
	Notes	USD	KHR'000	USD	KHR'000
ASSETS					
Cash on hand		100,135	409,051	-	-
Balances with the Central Bank		3,446	14,077	629	2,590
Balances with other banks	4	(44,174)	(180,451)	67,593	278,280
Statutory deposits with Central Bank	5	225,000	919,125	225,000	926,325
Loans to customers - net	6	6,065,928	24,779,316	5,225,905	21,515,051
Other assets	7	64,819	264,786	57,175	235,389
Property and equipment	8	88,527	361,633	123,873	509,985
Intangible asset	9	56,375	230,292	60,133	247,568
TOTAL ASSETS		6,560,056	26,797,829	5,760,308	23,715,188
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	10	79,626	325,272	670,301	2,759,629
Amount due to related party	11	2,707,507	11,060,167	1,333,334	5,489,336
Current tax liabilities	17	697	2,847	519	2,137
TOTAL LIABILITIES		2,787,830	11,388,286	2,004,154	8,251,102
EQUITY					
Share capital	12	4,500,000	18,382,500	4,500,000	18,526,500
Regulatory reserves	13	-	-	52,245	212,846
Accumulated losses		(727,774)	(2,961,774)	(796,091)	(3,242,556)
Currency translation difference		-	(11,183)	-	(32,704)
TOTAL EQUITY		3,772,226	15,409,543	3,756,154	15,464,086
TOTAL LIABILITIES AND EQUITY		6,560,056	26,797,829	5,760,308	23,715,188

Signed and authorized for release on behalf of the Board



Mr. Seng Sokhom  
Chief Executive Officer

Date: 31 May 2024

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

# LENG NAVATRA CAPITAL PLC.

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

	Notes	31 Dec 2023		31 Dec 2022	
		USD	KHR'000	USD	KHR'000
Interest income	14	888,582	3,652,072	255,110	1,043,145
<b>Total interest income</b>		<b>888,582</b>	<b>3,652,072</b>	<b>255,110</b>	<b>1,043,145</b>
Fee and Commission					
Income/(expense), net		(1,240)	(5,096)	1,383	5,655
Other income		2,239	9,202	716	2,928
<b>Total operating income</b>		<b>889,581</b>	<b>3,656,178</b>	<b>257,209</b>	<b>1,051,728</b>
Allowances for impairment losses	6	(207,674)	(853,540)	-	-
Personnel costs	15	(333,816)	(1,371,984)	(282,660)	(1,155,797)
Depreciation and amortization	8 & 9	(74,750)	(307,223)	(59,206)	(242,093)
Other operating expenses	16	(248,361)	(1,020,764)	(208,457)	(852,381)
<b>Total operating expenses</b>		<b>(864,601)</b>	<b>(3,553,511)</b>	<b>(550,323)</b>	<b>(2,250,271)</b>
<b>Loss before income tax</b>		<b>24,980</b>	<b>102,667</b>	<b>(293,114)</b>	<b>(1,198,543)</b>
Income tax expense	17	(8,908)	(36,612)	(2,572)	(10,517)
<b>Net loss for the year</b>		<b>16,072</b>	<b>66,055</b>	<b>(295,686)</b>	<b>(1,209,060)</b>
Currency translation differences		-	21,521	-	(26,777)
<b>Net comprehensive loss</b>		<b>16,072</b>	<b>87,576</b>	<b>(295,686)</b>	<b>(1,235,837)</b>

Signed and authorized for release on behalf of the Board



Mr. Seng Sokhom  
Chief Executive Officer

Date: 31 May 2024

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

# LENG NAVATRA CAPITAL PLC.

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

	Share capital		Regulatory reserve		Retained earnings		Currency translation		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000	
As at 1 January 2023	4,500,000	18,526,500	52,245	212,846	(796,091)	(3,242,556)	(32,704)	3,756,154	15,464,086	
Net profit/(loss) for the year	-	-	-	-	16,072	66,055	-	16,072	66,055	
Issuance of share capital	-	-	-	-	-	-	-	-	-	
Reversal of regulatory reserve	-	-	(52,245)	(214,727)	52,245	214,727	-	-	-	
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	
Exchange translation difference	-	(144,000)	-	1,881	-	-	21,521	-	(120,598)	
As at 31 December 2023	4,500,000	18,382,500	-	-	(727,774)	(2,961,774)	(11,183)	3,772,226	15,409,543	
As at 1 January 2022	1,500,000	6,111,000	738	3,007	(448,898)	(1,822,884)	(5,927)	1,051,840	4,285,196	
Net profit/(loss) for the year	-	-	-	-	(295,686)	(1,209,060)	-	(295,686)	(1,209,060)	
Issuance of share capital	3,000,000	12,351,000	-	-	-	-	-	3,000,000	12,351,000	
Reversal of regulatory reserve	-	-	-	-	-	-	-	-	-	
Transfer to regulatory reserve	-	-	51,507	210,612	(51,507)	(210,612)	-	-	-	
Exchange translation difference	-	64,500	-	(773)	-	-	(26,777)	-	36,950	
As at 31 December 2022	4,500,000	18,526,500	52,245	212,846	(796,091)	(3,242,556)	(32,704)	3,756,154	15,464,086	

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



LENG NAVATRA CAPITAL PLC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before income tax	24,980	102,667	(293,114)	(1,198,543)
<i>Adjustments for:</i>				
Net interest income	(888,582)	(3,652,072)	(255,110)	(1,043,145)
Allowances for impairment losses	207,674	853,540	-	-
Depreciation and amortization	74,750	307,223	59,206	242,093
Loss on write off of intangible asset	39,462	162,189	-	-
Adjustment to property and equipment	1,566	6,436		
<b>Operating loss before working capital changes</b>	<b>(540,150)</b>	<b>(2,220,017)</b>	<b>(489,018)</b>	<b>(1,999,595)</b>
<i>Changes in working capital:</i>				
Loans to customers	(1,028,428)	(4,226,839)	(5,115,842)	(20,918,678)
Other assets	(7,644)	(31,417)	668,552	2,733,709
Other payables	(590,675)	(2,427,674)	537,260	2,196,856
Amount due to related party	1,374,173	5,647,851	1,333,334	5,452,003
Cash used in operations	(792,724)	(3,258,096)	(3,065,714)	(12,535,705)
Interest received	869,313	3,572,876	218,497	893,434
Income tax paid	(8,730)	(35,880)	(2,053)	(8,395)
<b>Net cash generated from/(used in) operating activities</b>	<b>67,859</b>	<b>278,900</b>	<b>(2,849,270)</b>	<b>(11,650,666)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Statutory deposit	-	-	(150,000)	(613,350)
Acquisition of property and equipment	(9,299)	(38,219)	(34,783)	(142,228)
Acquisition of intangible assets	(67,375)	(276,911)	-	-
<b>Net cash used in investing activities</b>	<b>(76,674)</b>	<b>(315,130)</b>	<b>(184,783)</b>	<b>(755,578)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of share capital	-	-	3,000,000	12,267,000
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>	<b>12,267,000</b>
<b>Net changes in cash and cash equivalents</b>	<b>(8,815)</b>	<b>(36,230)</b>	<b>(34,053)</b>	<b>(139,244)</b>
Cash and cash equivalents at beginning of year	68,222	280,870	102,275	416,668
Currency translation difference	-	(1,963)	-	3,446
<b>Cash and cash equivalents at end of year</b>	<b>59,407</b>	<b>242,677</b>	<b>68,222</b>	<b>280,870</b>
<b>Represented by:</b>				
Cash on hand	100,135	409,051	-	-
Balances with the Central Bank	3,446	14,077	629	2,590
Balances with other banks	(44,174)	(180,451)	67,593	278,280
	<b>59,407</b>	<b>242,677</b>	<b>68,222</b>	<b>280,870</b>

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

## **LENG NAVATRA CAPITAL PLC.**

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

#### **1. GENERAL INFORMATION**

Leng Navatra Capital PLC. (“the Company”) is a public limited company incorporated in Cambodia under registration number 00027916 dated 20 August 2015, issued by the Ministry of Commerce (“MoC”).

The Company obtained its license from the National Bank of Cambodia (“NBC”) to operate as a microfinance institution on 9 January 2017. Under this license, the Company is authorized to grant credit to all people in the Kingdom of Cambodia. The Company again obtained the license from NBC on 25 February 2021 under the name of Leng Navatra Capital PLC.

The registered office and principal place of business of the Company is located on OCIC Street, Phum Kean Khleang, Sangkat Chroy Changvar, Khan Chroy Changvar, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2023, the Company had 26 employees.

The financial statements were authorized for issue by the Board of Directors on 31 May 2024.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

The accompanying 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 full International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board, and adopted by the National Accounting Council of the Ministry of Economy and Finance of the Kingdom of Cambodia. They are prepared under historical cost convention and presented in United States Dollars (“USD”).

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 judgments are based on the management’s best knowledge of current events and actions, actual results may differ from those estimates.

##### **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 US Dollar (“USD”) and maintains its books of accounts primarily in USD, as the Management has determined the USD to be the Company’s measurement and functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

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

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

**2.2 Foreign currencies translation (continued)**

*(b) Transactions and balances*

Transactions in currencies other than the USD 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 USD are recognized in the statement of comprehensive income.

**2.3 Presentation in Khmer Riel**

In compliance with various Cambodian laws and regulations, a translation of the financial statements from USD to Khmer Riel is required. The statements of comprehensive income and cash flows are translated into thousand Khmer Riel (“KHR’000”) using the average rate for the year. Assets and liabilities for each financial position presented and shareholders’ capital are translated at the closing rate as at the reporting date. All resulting exchange differences arising from the translation are recognized as a separate component of equity. These translations are for compliance purposes only and 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 official rates of exchange announced by the General Department of Taxation of the Kingdom of Cambodia. As at 31 December 2023, the yearly average rate was USD 1 to KHR 4,110 (2022: USD 1 to KHR 4,087) and the closing rate was USD 1 to KHR 4,085 (2022: USD 1 to KHR 4,117).

**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 transaction prices adjusted for transaction costs.

*(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 (deposits and placements with banks, loans to customers, 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.



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

**2. SUMMARY OF 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 balance sheet.

***(v) Amortised cost and effective interest method***

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial asset, adjusted for any loss allowance.

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 receipts or payments (including transaction costs, other premiums or discounts and all fees paid or received that form an integral part of the effective interest rate) through the expected life of the financial asset or financial liability or, when appropriate, a shorter period to the gross carrying amount of the financial asset or the amortised cost of the financial liability on initial recognition.

**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.

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

### 2.5 Impairment (continued)

#### (i) *Impairment of Financial assets (continued)*

##### *Objective evidence of impairment (continued)*

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.

##### *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.

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

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

**2.5 Impairment (continued)**

**(i) *Impairment of Financial assets (continued)***

***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.

**(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 recognised at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.



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

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

**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.

**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.

Depreciation of property and equipment is charged to profit or loss over the estimated useful lives of the assets using the straight-line method as follows:

	<b>Useful life</b>
Leasehold improvements	4 years
Furniture and fixtures	4 years
Office equipment	4 years
Computer equipment	4 years

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 Intangible assets**

Intangible assets comprise of core-banking software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortization and accumulated impairment losses, if any. Software costs are amortized on a straight-line basis over the expected useful lives of 4 years.

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

**2.12 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.

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

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

**2.13 Other liabilities**

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.

**2.14 Interest income**

Interest income for all interest-bearing financial instruments are measured at amortized cost and are recognized within “interest income” 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 and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. 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 instrument, 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 receipts, the carrying amount of the financial asset 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 in the statement of comprehensive income at the date of revision.

Interest on impaired financial assets is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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 lease receivable is recognized using the original effective interest rate.

**2.15 Fee and commission income and expense**

Fee and commission incomes comprise loan processing fee, fee on penalty charged for late payment and penalty charged on early paid off.

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 and penalty charged on early paid off are recognized when cash is received.

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

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

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

**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, pension fund, and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

**2.17 Income tax**

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

Current tax is calculated on the basis of taxable profit using tax rates that have been enacted or substantially enacted at the reporting sheet date in accordance with Cambodian Law on Taxation.

Deferred tax is provided on temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rate enacted or substantially enacted at the reporting sheet date.

A deferred tax asset is recognized only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Bank intend to settle its current tax assets and liabilities on a net basis.

**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 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.

**2.20 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.



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

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

**2.20 Regulatory provision and reserves (continued)**

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.

**2.21 Related parties**

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, 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 Law on Banking and Financial Institutions, the definition of related parties includes parties who hold, directly or indirectly, at least 10 percent of the capital of the Company or voting rights, and includes any individual who participates in the administration, direction, management or internal control of the Company.

**3. USE OF ESTIMATES AND JUDGMENTS**

The Company makes estimates and judgments that have significant affect reported amounts of assets and liabilities. Estimates and judgments 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) Property and equipment***

Accounting for property and equipment involves the use of estimates for determining the expected useful lives of these assets. The determination of useful lives of the assets is based on Management's judgment.

## LENG NAVATRA CAPITAL PLC.

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

#### 3. USE OF ESTIMATES AND JUDGMENTS (continued)

##### (iii) Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following inspection by the General Department of Taxation (GDT). Where the final tax outcome is different from the amounts that were initially recorded, such differences will have an impact on the tax provisions in the financial period in which such determination is made. These factors may create significant tax exposure for the Company. The Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of current tax regulations.

#### 4. BALANCES WITH OTHER BANKS

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Current account	(44,174)	(180,451)	67,593	278,280
	(44,174)	(180,451)	67,593	278,280

#### 5. STATUTORY DEPOSITS WITH CENTRAL BANK

Statutory deposit on capital represent a five percent interest-bearing statutory deposit on capital to comply with NBC's *Prakas* No. B 7-06-209 dated 13 September 2006. The deposit is refundable when the Company voluntarily liquidates its activities and has no deposit liabilities.

This statutory deposit is interest bearing at  $\frac{1}{2}$  of the six-month period refinancing rate set by the NBC for statutory deposit maintained in Khmer Riel and  $\frac{3}{8}$  of the six-month period SIBOR rate for statutory deposit maintained in US Dollar.

#### 6. LOANS TO CUSTOMERS - NET

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Individual loans	6,273,599	25,627,652	5,225,905	21,515,051
Less: Allowance for impairment losses	(207,671)	(848,336)	-	-
	6,065,928	24,779,316	5,225,905	21,515,051

Further analysis of the above loans to customers are as follows:

##### (a) By maturity period:

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Over one to five years	1,792,973	7,324,295	1,288,968	5,306,681
Over five years	4,480,626	18,303,357	3,936,937	16,208,370
	6,273,599	25,627,652	5,225,905	21,515,051

**LENG NAVATRA CAPITAL PLC.**

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

**6. LOANS TO CUSTOMERS - NET (continued)**

(b) By economic sector:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Personal loans	4,818,769	19,684,671	3,631,022	14,948,918
Housing	1,454,830	5,942,981	1,594,883	6,566,133
	<u>6,273,599</u>	<u>25,627,652</u>	<u>5,225,905</u>	<u>21,515,051</u>

(c) By relationship:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
External customers	6,263,260	25,585,417	5,215,541	21,472,382
Staff	10,339	42,235	10,364	42,669
	<u>6,273,599</u>	<u>25,627,652</u>	<u>5,225,905</u>	<u>21,515,051</u>

(d) By currency denomination:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
US Dollars	6,130,966	25,044,996	5,225,905	21,515,051
Khmer Riels	142,633	582,656	-	-
	<u>6,273,599</u>	<u>25,627,652</u>	<u>5,225,905</u>	<u>21,515,051</u>

(e) By exposure:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Non-large exposure	6,273,599	25,627,652	5,225,905	21,515,051
	<u>6,273,599</u>	<u>25,627,652</u>	<u>5,225,905</u>	<u>21,515,051</u>

(f) By Overdue:

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Long-term loans				
<30 days	5,872,678	23,989,890	5,205,222	21,429,899
≥ 30 days – 89 days	258,973	1,057,905	20,683	85,152
≥ 90 days – 179 days	126,620	517,243	-	-
≥ 180 days – 359 days	15,328	62,614	-	-
	<u>6,273,599</u>	<u>25,627,652</u>	<u>5,225,905</u>	<u>21,515,051</u>

(g) By interest rate (per annum):

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
External customers	12% - 18%	12% - 15.6%
Staff loans	12%	12%



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

**7. OTHER ASSETS**

	<b>31 Dec 2023</b>		<b>31 Dec 2022</b>	
	<b>USD</b>	<b>KHR'000</b>	<b>USD</b>	<b>KHR'000</b>
Deposits	53,435	218,282	50,150	206,467
Prepayments	11,384	46,504	7,025	28,922
	<u>64,819</u>	<u>264,786</u>	<u>57,175</u>	<u>235,389</u>

**8. PROPERTY AND EQUIPMENT**

<b>2023</b>	<b>Leasehold improvements</b>	<b>Furniture and fixtures</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
At 1 January 2023	45,523	18,476	7,625	114,100	185,724
Additions	5,313	627	1,139	2,220	9,299
Adjustment	-	-	-	(1,566)	(1,566)
At 31 December 2023	50,836	19,103	8,764	114,754	193,457
<b>Accumulated depreciation</b>					
At 1 January 2023	17,389	5,742	3,206	35,514	61,851
Depreciation for the year	12,483	3,742	1,255	25,599	43,079
Adjustment	-	-	-	-	-
At 31 December 2023	29,872	9,484	4,461	61,113	104,930
<b>Net book value</b>					
At 31 December 2023	<u>20,964</u>	<u>9,619</u>	<u>4,303</u>	<u>53,641</u>	<u>88,527</u>
<b>Equivalent in KHR'000</b>	<u>85,638</u>	<u>39,294</u>	<u>17,578</u>	<u>219,123</u>	<u>361,633</u>
At 31 December 2022	<u>28,134</u>	<u>12,734</u>	<u>4,419</u>	<u>78,586</u>	<u>123,873</u>
<b>Equivalent in KHR'000</b>	<u>115,828</u>	<u>52,426</u>	<u>18,193</u>	<u>323,538</u>	<u>509,985</u>

**9. INTANGIBLE ASSET**

<b>Core-banking system</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Cost</b>	<b>USD</b>	<b>USD</b>
At 1 January	90,200	90,200
Additions	67,375	-
Write off	(90,200)	-
At 31 December	<u>67,375</u>	<u>90,200</u>
<b>Accumulated amortization</b>		
At 1 January	30,067	7,517
Amortization for the year	31,671	22,550
Write off	(50,738)	-
At 31 December	<u>11,000</u>	<u>30,067</u>
<b>Net book value</b>		
At 31 December	<u>56,375</u>	<u>60,133</u>
<b>Equivalent in KHR'000</b>	<u>230,292</u>	<u>247,568</u>

## LENG NAVATRA CAPITAL PLC.

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

#### 10. OTHER PAYABLES

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Amount due to Chairman*	-	-	656,141	2,701,332
Accounts payable	23,257	95,005		
Accruals	5,940	24,265	8,800	36,230
Other tax payables	2,340	9,559	183	753
Salary payable	28,343	115,781		
Provision for unpaid seniority payment	13,533	55,282		
Other payables	6,213	25,380	5,177	21,314
	<u>79,626</u>	<u>325,272</u>	<u>670,301</u>	<u>2,759,629</u>

(\*) During the year, the Company's Board of Directors, in a meeting held on 15 December 2023, decided to transfer the amount due to Chairman, Mr. Leng Pheaktra, to the Company's related party, Galaxy Navatra Group Co., Ltd. This amount, which is interest-free and has no fixed term of repayment, will now be paid to the related party company instead of being refundable to the Chairman. The Company has disclosed this transaction with the related party in accordance with the relevant accounting standards.

#### 11. AMOUNT DUE TO RELATED PARTY

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Payable against customers' loans*	1,585,725	6,477,687	1,333,334	5,489,336
Payable against working capital management**	1,121,782	4,582,479	-	-
	<u>2,707,507</u>	<u>11,060,166</u>	<u>1,333,334</u>	<u>5,489,336</u>

(\*) This represents an amount payable to Galaxy Navatra Group Co., Ltd., a related party entity in the real estate business. When the Company issues loans to its customers, the funds are recorded as payables to Galaxy Navatra Group Co., Ltd. The loan customers do not receive the funds directly. Instead, the Company transfers the funds to Galaxy Navatra Group Co., Ltd. for the construction of houses for those customers, as and when the Company has available cash flow or receives loan repayments from the customers. The amount is interest-free with no fixed term of repayment. This arrangement is governed by an agreement between the Company and its related party dated 1 June 2022.

(\*\*) This represents the amount obtained from Galaxy Navatra Group Co., Ltd. to cover the working capital needs of the Company. The amount is interest-free, with no fixed term of repayment and will be refundable on request as soon as the Company has free cash flows.

## LENG NAVATRA CAPITAL PLC.

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

#### 12. SHARE CAPITAL

	31 Dec 2023			31 Dec 2022		
	Holding %	Number of shares	Amount USD	Holding %	Number of shares	Amount USD
Ms. Leng Panchakpor	70%	63,000	3,150,000	70%	63,000	3,150,000
Mr. Seng Sokhom	30%	27,000	1,350,000	30%	27,000	1,350,000
	100%	90,000	4,500,000	100%	90,000	4,500,000
Equivalent in KHR'000			18,382,500			18,526,500

The registered statutory capital of the Company as at 31 December 2023 is composed of 30,000 (2022: 30,000) shares with par value of USD 50 per share. All the shares are fully paid-up.

During the year 2022, the Company's paid-up capital was increased from USD 1,500,000 to USD 4,500,000. The capital increase was approved by the NBC on 25 August 2022. On 5 September 2022, the Company obtained the approval from MOC to amend the Company's Memorandum and Articles of Association to reflect the above changes. However, as at the date of our audit report, the Company has not yet updated the Memorandum and Articles of Association to reflect the changes in the paid-up capital.

#### 13. 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. During the year, the Company's provision for impairment losses calculated in accordance with CIFRS for SMEs was higher than the regulatory provision required by the NBC. As a result, the regulatory reserve previously created was reversed and transferred back to retained earnings.

#### 14. INTEREST INCOME

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Loan to customers	885,746	3,640,416	254,447	1,040,434
Deposits and placements with banks	2,836	11,656	663	2,711
	888,582	3,652,072	255,110	1,043,145

#### 15. PERSONNEL COSTS

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Salaries	292,318	1,201,427	270,778	1,107,211
Other benefits	41,498	170,557	11,882	48,586
	333,816	1,371,984	282,660	1,155,797



## LENG NAVATRA CAPITAL PLC.

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

#### 16. OTHER OPERATING EXPENSES

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Office rental	114,480	470,513	108,000	441,612
Loss on intangible asset written off	39,462	162,189	-	-
Utilities	17,340	71,267	14,529	59,409
Office supplies and stationeries	17,093	70,252	11,536	47,171
Professional fee	13,205	54,273	10,431	42,652
Other tax expenses	12,427	51,075	21,384	87,439
Communication	8,248	33,899	7,864	32,156
Security	7,436	30,562	5,278	21,582
Business License and Local Taxes	6,742	27,710	8,117	33,190
Annual software license and maintenance fee	4,011	16,485	13,530	55,324
Repair and maintenance	366	1,504	-	-
Bank charges	70	288	57	233
Other expenses	7,481	30,747	7,731	31,613
	<u>248,361</u>	<u>1,020,764</u>	<u>208,457</u>	<u>852,381</u>

#### 17. INCOME TAX EXPENSE

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Current year income tax	8,908	36,612	2,572	10,517
	<u>8,908</u>	<u>36,612</u>	<u>2,572</u>	<u>10,517</u>

##### (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.

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Profit/(loss) before income tax	24,980	102,667	(293,114)	(1,198,543)
Income tax @ 20%	4,996	20,534	(58,623)	(239,709)
Expenses not deductible for tax purposes	14,865	61,095	17,585	71,905
Utilized tax losses	(11,250)	(46,238)	-	-
Deferred tax asset not recognized during the year	-	-	52,354	214,075
Deductible expenses for tax purposes	<u>(8,611)</u>	<u>(35,391)</u>	<u>(11,316)</u>	<u>(46,271)</u>
Income tax expenses @ 20%	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Minimum tax expense @ 1%	8,908	36,612	2,572	10,517

## LENG NAVATRA CAPITAL PLC.

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

#### 17. INCOME TAX EXPENSE (continued)

Movement of income tax liability is as follows:

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Balance at beginning of year	519	2,137	-	-
Charge during the year	8,908	36,612	2,572	10,517
Taxation paid for current year	(8,227)	(33,813)	(2,053)	(8,395)
Prior year tax paid during the year	(503)	(2,067)	-	-
Currency translation difference	-	(22)	-	15
Balance at end of year	697	2,847	519	2,137

#### *Tax losses carried forward*

The Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within five (5) years subsequent to the year in which the loss was incurred. At the balance sheet date, the Company has estimated accumulated tax losses of USD 523,974 or KHR 2.3 billion (2022: USD 611,219 or KHR 2.5 billion) available for offset against future taxable profits. However, the Company has not recognized a deferred tax asset for these tax losses, as management has determined that it is not probable that sufficient taxable profits will be generated in the future to utilize these losses.

#### 18. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party balances for the year are as follow:

Related party balances with companies under the common control of directors

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Galaxy Navatra Group Co., Ltd				
Amount due to	2,707,507	11,060,166	1,333,334	5,489,336

Related party balances with key management personnel

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Chairman, Mr. Leng Pheaktra				
Amount due to	-	-	656,141	2,701,332

Related party transactions with key management personnel

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Remuneration of key management personnel	77,924	320,268	71,977	294,314

## LENG NAVATRA CAPITAL PLC.

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

#### 19. COMMITMENTS AND CONTINGENCIES

##### (i) LEASE COMMITMENTS

The Company has commitments for the lease of its office under an operating lease arrangement, with future minimum lease amounts due as follows:

	31 Dec 2023		31 Dec 2022	
	USD	KHR'000	USD	KHR'000
Within one year	118,800	488,268	118,800	485,773
Over one year and up to five years	158,400	651,024	277,200	1,133,471
	<u>277,200</u>	<u>1,139,292</u>	<u>396,000</u>	<u>1,619,244</u>

##### (ii) TAX CONTINGENCY

Taxes are calculated on the basis of current interpretation of the tax regulations. However, the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations when reviewed by the General Department of Taxation (GDT). The Company's judgment of its business activities may not coincide with the interpretation of the same activities by the GDT. These may result in tax increases and other retroactive tax claims and penalties, which can be significant. Therefore, the amounts reported in the financial statements could be changed at a later date upon final determination by the General Department of Taxation.

#### 20. EVENTS AFTER REPORTING PERIOD

The Directors has evaluated events after the end of reporting period until the date the financial statements were available for issue. The Directors affirm that no material events should be reported to be adjusting or non-adjusting events.







LENG NAVATRA CAPITAL PLC

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