



KINGDOM OF CAMBODIA

NATION RELIGION KING



MINISTRY OF ECONOMY AND FINANCE

General Department of National Treasury

The Royal Government of the Kingdom of Cambodia

Financial Statements

For the Year Ended 31 December 2023

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Abbreviations, Statements and Appendix

The abbreviations used in the financial statements have the following meanings:

ACAR	Accounting and Auditing Regulator
DPS	Development Partners
CPSAS	Cambodian Public Sector Accounting Standards
GDB	General Department of Budget
GDNT	General Department of National Treasury
EU	European Union
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
LDs	Line Departments
LMs	Line Ministries
MEF	Ministry of Economy and Finance
NBC	National Bank of Cambodia
PTs	Provincial Treasuries
RGC	Royal Government of the Kingdom of Cambodia
SNA	Sub-National Administration

STATEMENT I Statement of Cash Flow for National Administration for the Year Ended 31 December 2023

STATEMENT II Statement of Cash Receipts and Payments for National Administration for the Year Ended 31 December 2023

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LETTER OF DIRECTOR GENERAL OF GENERAL DEPARTMENT OF NATIONAL TREASURY

28 November, 2024

Dear Excellency and all,

It is an honor and great pleasure to present attached with this statement the Financial Statements of the Royal Government of the Kingdom of Cambodia for the year ended 31st December 2023. This report complies with requirements under Prakas number 545 dated June 06, 2019 of the Ministry of Economy and Finance on Cambodian Public Sector Accounting Standards, and it is in compliance with the Cash Basis International Public Sector Accounting Standards.

We consider and strongly believe that, the financial statements present fairly in all material respects, the financial performance of the Royal Government of the Kingdom of Cambodia for the fiscal year 2023 and the statement of cash flow for the year end in accordance with CPSAS.

Also, I would like to take this opportunity to highly appreciate the GDNT's IPSAS working group, IMF's experts and EU's experts for their efforts contributing to producing such a remarkable achievement.

Taking into account that these financial statements represent the formal financial statements of the Kingdom of Cambodia, it is a great pleasure and privilege for us to submit them to the Ministry of Economy and Finance and the public for their consideration.

Sincerely Yours, 



H.E. Dr. Vong Bunintreavuth
Royal Government Delegate in Charge of Director General,
General Department of National Treasury,
Ministry of Economy and Finance

PART I: FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Cambodia's economy remains remarkably resilient with a growth rate of 5.0% in 2023. This outcome is mainly driven by both local and external demand for Cambodia's goods and services, whole sale-retail sector, hospitality and restaurant services (tourism). Whole sale-retail sector, hospitality and restaurant services (tourism) revealed faster growth this year, thanks to travel confidence, removal of travel restrictions, and removal of zero-covid-19 policy by China, which allow rapid influx of tourists into Cambodia. The economic performance looked good, though the government cash outflow overtakes cash inflow by a slight margin this year. Moreover, this year's cash movement yielded a deficit of 1,241,869 million Riels from a surplus of 1,379,366 million Riels a year earlier. The reverse trend also has been seen in the government's reserve, slightly down by 10.6 percent compared with 2022.

On revenue stream, total receipts which include borrowing, shrank slightly to 28,330,182 million Riels this year from 28,568,988 million Riels generated in a year earlier, a minor decline of 0.84 percent. The downward trend in revenue is attributed to a significant decrease in custom and excise incomes by 18.5 percent this year compared to a year before. Despite a considerable drop in custom income, tax revenues remains the biggest share of total receipts. Both non-tax income and borrowing are surging, whereas other receipts, grants and aid, and repayment of lending slightly declined. At the same time, capital receipts increased almost 8 times, but shares a small portion.

Total cash balance of the Royal Government of the Kingdom of Cambodia slightly contracted by 10.6 percent this year to 11,006,810 million Riels from 12,315,558 million Riels in a year before. The downward trend in revenue and upward trend in expenditure this year contributes to the contraction in the government's cash. The cash balance contains cash that is not available for use by the RGC with the amount of 5,189,824 million Riels as it is subjected to the restrictions by donors and/or third parties.

This restricted cash includes cash which is funded by donors for infrastructure development projects, and other deposits and funds held in trust for third parties, which are reserved for specific spending purposes.

On expenditure side, total payments in 2023 grew significantly and account for 29,572,050 million Riels this year from 27,189,622 million Riels the government spent a year before, soaring by as much as 8.8 percent. The upward trend in government spending is largely propelled by an increase in wages, salary, and employee benefits, cash advances, and repayments of loan and interest, constituting the largest part, followed by a slight surge in Others payments, whereas operating expenses and capital expenditure are decline.

1. MACROECONOMIC OUTCOME

Although Cambodia's social and economic activities return to normality after an end of the Covid-19 pandemic, the country's economy is still in transition of multiple crises, ranging from the prolonged warfare between Russia and Ukraine to the eruption of conflicts in the Red Sea region, while the global monetary policy is still restrictive. Cambodia's economy in 2023 grew at a rate of 5.0 percent, slower than that of last year by a small margin of 0.2 percent due to a slowdown of growth-stimulating sectors such as garments, and construction and real estate. Overall, the 2023 economic growth at such a relatively high level was propped up by non-garment manufacturing sector for export (solar panels, electronic components, tires, and furniture, etc) and for domestic consumption (automobile assembling industry, food and beverage production, etc.), hospitality and restaurant services (tourism), and other supporting services. As a result, Cambodia's GDP for 2023 was achieved at approximately 177,036 billion Riels and GDP per capita continued to rise to USD2,520 from USD2,383 in 2022. Inflation rate declined to 2.1 percent this year from 5.3 percent a year earlier, a significant drop thanks to the return to normality of international commodity prices, particularly the oil price. Average exchange rate continued to rise to 4,110 Riels this year from 4,090 Riels a year before, owing to the appreciation of US Dollar as a consequence of the restrictive monetary policy of the United States of America.

Industrial sector contracted approximately 4.3 percent in 2023 compared to last year's robust growth of 8.3 percent due to the slowdown of garment sector and the continued low growth of construction sector, but was compensated by a high growth of non-garment manufacturing sector. For instance, the garment sector fell by 3.5 percent because of a more-than-expected drop of external demand, especially that from trade-partner countries including the United States and the European Union, and the construction sector continued to see a low growth rate of 0.7 percent this year, whereas non-garment manufacturing sector produced a high growth of 17.0 percent.

Services sector continued to rise at a rate of 7.2 percent this year, slightly higher than that of a year earlier by 2.6 percent, triggered by a solid growth in hospitality and restaurant services (tourism), whole sale – retail sector, transportation and stock, and by a slow growth in real estate. For example, hospitality and restaurant services (tourism) continued to recover at a fast pace at 47.5 percent because of low comparing basis from previous years, that was a decline during 2 consecutive years of 2020 and 2021. Also, whole sale – retail sector, and transport and stock continued to progress at 4.0 percent and 4.7 percent respectively, thanks to the stability of spending activity, domestic consumption, and the surge of international tourists, as well as the rising trend of local transportation of goods.

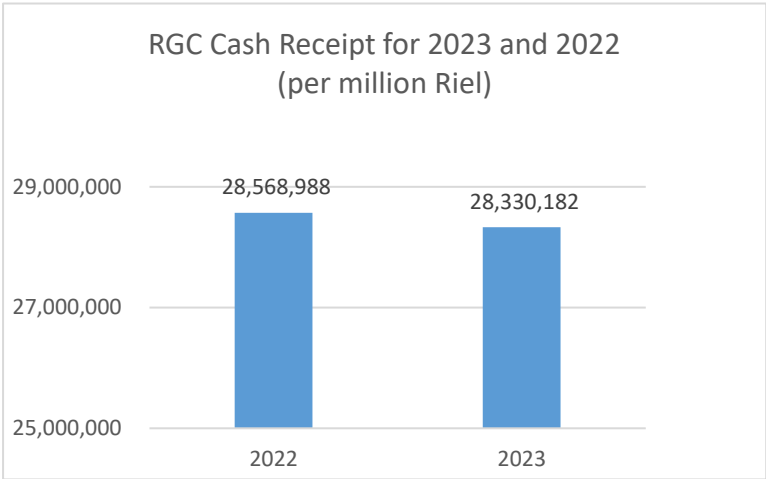
Agricultural sector continued to maintain the stability of growth at 0.9 percent in 2023 compared to 0.7 percent growth in 2022. This growth was backed by a healthy crop sub-sector, and a mediocre husbandry and fishing sub-sectors. The crop sub-sector soared at 1.3 percent, boosted by growth in rice production and horticulture, especially cassava and rubber. Husbandry and fishing sub-sectors surged at 0.9 percent and 0.1 percent respectively. Since the start of the Covid-19 epidemic or even before that, agriculture has been a robust sector helping prop up the country's economy, despite its small share compared with the industrial and services sectors. Thus, agricultural sector would apparently remain a key pillar of the economy and for the foreseeable future ensure the food security not only of the country but also of the rest of the world.

In 2023, the current account generated a surplus for the first time during more than 3 decades of approximately 1.3 percent of GDP, thanks to the decline in imports, especially the imports of gold and raw materials for production. Obviously, the import of raw materials for garment sector was down. However, the overall exports continued an upward trend, boosted by the exports of non-garment manufacturing products and agricultural products. Moreover, the revenues from foreign tourists also continued to rise, contributing to producing the surplus of the current account for the first time ever in 2023. Consequently, international reserves

increased from 17,805 million USD a year earlier to approximately 19,998 million USD in 2023, ensuring approximately 8.2-month imports.

2. CASH RECEIPTS

On revenue stream, total receipts which include borrowing, shrank slightly to 28,330,182 million Riels this year from 28,568,988 million Riels generated a year earlier, a decline of 0.84 percent.



The downward trend in revenue is attributed to the deceleration of fiscal income, significantly collected by the General Department of Customs and Excise such as custom, excise tax on specific goods and services, and tax and customs deposits, followed by the decline in grants and aid, repayment of lending, and other receipts, whereas the revenues collected by the General Department of Taxation, non-tax revenues, and borrowings continued to rise this year.

STATEMENT I:
(2.1). Net Cash flow from Operating Activities

Net cash flow from operating activities decreased dramatically to 3,587,689 million Riels this year from 5,752,104 million Riels generated a year before, a decline of 37.6 percent. The contraction is attributed to the shrink in revenue, while operating expenses augmented rapidly. Cash inflow from operating activities slightly decelerated from 26,851,812 a year earlier to 26,171,497 million Riels this year, a shrink of 2.5 percent. Notably, the downward trend in revenue was due mainly to the drop in tax receipts by 3.6 percent, but more than anything else in terms of total number, followed by 2.9 percent decline in others receipts, while grants and aid, and proceeds from interest plummeted by 20.1 percent and 50.2 percent respectively. However, non-tax receipts continued to rise steadily by 16.5 percent, the only component among others of the cash inflow from operating activities showing a positive trend in 2023.

Cash outflow of operating expense slightly surged to 22,583,808 million Riels this year from 21,099,708 million Riels in 2022, greater than last year by 7.0 percent. The upward trend in operating cash outflow was caused mainly by the hike in transfer and advance, being the biggest share, followed by the rise in wages, salaries and employee benefits. At the same time, others payments and interest payments soared steadily, whereas expenses on purchase of supplies and services were descending. Among the major cash outflows in operation, expenses on wages, salaries and employee benefits were the biggest portion, sharing approximately 38.3 percent against total cash outflow of operating activities, followed by others payments taking roughly 34.0 percent. Also, purchases of supplies and services, and transfers and advances represented around 12.8 percent and 12.3 percent respectively, while interest payment was the smallest portion with the proportion of as much as 2.6 percent of the total figure.

	Amount in million Riels	
	2023	2022
Cash Flow from Operating Activities		
Cash inflow	26,171,497	26,851,812
Cash outflow	(22,583,808)	(21,099,708)
Net Cash Flow from Operating Activities	3,587,689	5,752,104

(2.2). Net Cash flow from Investment Activities

Cash flow from investments on the other hand, shows a net cash outflow of 5,230,693 million Riels, the deficit rose by 12.6 percent this year compared with the cash outflow of 4,646,666 million Riels in a year before. Clearly, the government spending on infrastructure, purchase and renovation of fixed assets including property, plants and equipment, motor vehicles, and other office equipments to support its operation, was on the rise, whereas receipts from disposal of property, plants, and equipment shot up by almost 8 times this year, but from a very low base. This makes the net cash flow of investment activities slightly surge this year.

	Amount in million Riels	
	2023	2022
Cash Flow from Investing Activities		
Cash inflow	42,414	43,932
	89,509	11,608
Cash outflow	(574,070)	(303,933)
	(4,788,546)	(4,398,273)
Net Cash Flow from investing Activities	(5,230,693)	(4,646,666)

(2.3). Net Cash Flow from Financing Activities

Net cash inflow from financing activities grows to 401,135 millions Riels this year from 273,928 million Riels generated a year before. The upward trend was prompted principally by the upsurge in government borrowing this year as much as 20.0 percent more than it was in 2022, leading debts to 2,026,760 million Riels from 1,661,636 million Riels a year earlier. While government debt repayment also mounts to 1,625,625 million Riels from 1,387,708 million Riels in a year before, a rise of as much as 17.1 percent.

	Amount in million Riels	
	2023	2022
Cash Flow from Financing Activities		
Cash inflow	2,026,760	1,661,636
Cash outflow	(1,625,625)	(1,387,708)
Net Cash Flow from Financing Activities	401,135	273,928

On operation and cash flow stance, the government overall position remains healthy and firm, and is on the path towards a rapid recovery. Essentially, cash flow from operating activities remains relatively resilient despite the downward trend, and the ascending cash outflow in investment shows the action taken by the government to promote public investment and stimulate the economy. Subsequently, this robust foundation will certainly produce a favourable growth in the foreseeable future. On source of fund, net cash outflow in financing activities demonstrated the stimulated package to push Cambodia's economy back to the growth trajectory. Nevertheless, this practice could raise the size of the government's borrowing considerably.

STATEMENT II:

Total Receipts

On cash revenue flux, total receipts which include government borrowing slightly fell by 0.84 percent to 28,330,182 million Riels this year from 28,568,988 million Riels produced last year. The decrease in revenue was caused mainly by the plunge in customs and excise tax receipts, accompanied by the dive in grant and aid, and other receipts, while cash receipts from general tax on goods and services, income tax, non-tax revenue, and borrowing have managed to keep growing this year compared to a year earlier. Precisely, in spite of the drop in revenue collected by the General Department of Customs and Excise, tax receipts represented 75.1 percent of the total figure, a shrink by 3.6 percent, but being the largest share, and other receipts came after with 9.4 percent of income, down by 2.9 percent, followed by borrowing and non-tax receipts, the two sharing almost the same portion of revenue, standing at 7.2 percent and 7.0 percent, a surge of 22.0 percent and 16.5 percent respectively. Meanwhile, grant and aid, and repayment of lending account for 0.6 percent and 0.3 percent of total income, a considerable fall of as much as 20.1 percent and 36.7 percent separately. Whereas, capital receipt soared almost 7 times, taking the share of as much as 0.3 percent of the total receipts.

(2.4). Tax Receipts

The implementation of existing tax incentive measures and the expansion of the scope of tax exemption and tax relief by the government in order for facilitating business climate and encouraging local investments as well as proping up the economic recovery have affected the bases of revenue collection from several sectors. For this reason, tax receipts were slightly descending by 3.6 percent from 22,068,725 millions Riels a year earlier to 21,284,988 millions Riels this year.

	Amount in million Riels	
Tax Receipts	2023	2022
General tax on goods and services (VAT)	7,118,442	7,034,731
Customs	2,460,502	2,466,503
Excise tax on specific goods and services	3,685,234	5,073,421
Income tax	7,823,604	7,320,663
Tax and customs deposit	10,884	13,466
Others	186,323	159,941
Total tax receipts	21,284,988	22,068,725

Receipt from General Department of Customs and Excise:

The revenue collected by General Department of customs and excise(GDCE) was achieved at 82.8 percent compared to the target in the Law on Financial Management for 2023, declining by 18.5 percent this year compared to the amount collected a year before. Indisputably, the drop in demand for vehicles was seen to be the main cause of the fall in customs revenue, leading to an inadequate collection of revenue planned by GDCE. Similarly, the import of goods under the framework of free trade agreements (FTA) and the growth of local production instead of import have been increasing continually. Additionally, Cambodia's economy in 2023 continues to be impacted by the Russia-Ukraine protracted war, the Israel-Hamas war, the uncertainty and slow growth of the global economy, the tension of geopolitics, and trade wars. These factors further contributed to the downward trend of revenue collected by GDCE this year.

-Customs and fiscal policies

In order to strengthen the effectiveness in customs and excise revenue collection, a number of key tasks have been implemented including (1)-Continue improving the custom tax policy; (2)- Prompt the implementation of risk assessment mechanism of customs technicality and strengthen the execution of customs procedures; (3)-Strengthen mechanism for managing investment incentive principle and strengthen mechanism for providing customs incentive to small and medium enterprises; (4)-Curb and prevent tax evasion and strengthen the



effectiveness of crackdown on offenses (5)- Strengthen the effectiveness of audit work after the release of goods from customs (6)- strengthens the compliance of customs brokerage and merchant; (7)- Strengthen risk management system efficiency; (8)- Continue to modernize and simplify customs clearance procedures of goods; (9)- Strengthen compliance monitoring through information technology; (10)- Strengthen the effectiveness of implementing a single national counter system; (11)-Expand the scope and efficiency of the use of control systems by scanners and camera systems for customs control; (12)-Promote the implementation of trade facilitation and Authorized Economic Operator-AEO; (13)-Strengthen information sharing cooperation with national and international institutions for law reinforcement; (14)- Continue to consult at all levels with the private sector and expand international cooperation to improve the effectiveness of the implementation of the Free Trade Agreement; (15)- Heighten employment and integrity efficiency; (16)-Ameliorate the legal documents and standards concerned with the work of customs and create relevant laws and regulations.

-Experience and Challenges in collecting customs and excise revenue

Actually, the effects of Covid-19 have almost faded away, but new pressures have unfortunately emerged. That is the Russia-Ukraine prolonged bloody war, the Israel-Hamas battle, the geopolitical tension, and trade wars. Such new pressures have sparked a lot of troubles, uncertainty and difficulties not only for Cambodia but also for the rest of the world. Evidently, these issues led to a deceleration in international trade both in the region and around the globe, causing a downturn in tax revenue collection, particularly customs duties.

As a result, the revenue collected by the General Department of Customs and Excise fell by 18.5 percent in 2023 compared to the amount collected in 2022. This contraction was attributable to numerous aspects ranging from local to external. Domestically, the government has provided tax incentives continually and taken as its responsibility tax burden that should have been paid by investors in order to attract investment and encourage priority sectors. Also, it is seen that local production in place of imports and automobile assembling industry, which received much more tax incentives, has been growing gradually in the country. Additionally, Free Trade Agreements have been implemented broadly and proudly, and e-commerce has been rising considerably, making revenue collection and management difficult. Externally, the global economy has been growing at a slower pace, while the inflation rate in developed countries stood at a high level, making the purchasing power decrease.

Receipts from General Department of Taxation:

Although there are uncertainties, threats, and pressure, caused by the consequences left by the Covid-19 epidemic and the tension of geopolitics over Cambodia's social and economic situation, the GDT's performance in relation to tax collection remains exceptional, exceeding the annual target set in the Law on Financial Management for 2023 by 1 percent, and surpassing the amount collected in 2022 by 4.1 percent.

Such achievement was earned owing to a strong willingness and commitment in fulfilling job with professionalism and great efforts of the management and officials of GDT. In addition, the continued modernization of Information Technology System via the development and updating the existing and new systems as well as the development of supporting infrastructure were another contributor to this result. Furthermore, the consistent implementation of annual action plan of GDT 2019-2023, the strategic plan of GDT 2019-2023, and the strategic plan for human resources development of GDT 2019-2023 also played an important role in accomplishing this outcome.

Obviously, this year's increase in tax revenue came from the contribution of the following taxes: income tax, value-added tax, salary tax, and special tax. Significantly, income tax augmented by 6.1 percent, while value-added tax (VAT) grew by 18 percent. At the same time, tax on salaries soared by 10.9 percent and special taxes on services rose by 10 percent.

-Tax policies

The favorable result of tax revenue collection in 2023 stemmed from the continued implementation of key measures meant to ameliorate the tax policy, bolster the tax administration and good governance, ensure sustainable economic growth, maintain income



stability, guarantee the fair implementation of tax policies, and maintain social virtue. In this perspective, a number of main policies were introduced in order to ensure the sustainability of revenue mobilization including the improvement of key fiscal policies, modernization of tax administration and heightened service quality, and strengthening good governance.

-Experience and challenges in collecting tax revenue

Along with this positive outcome, the General Department of Taxation also faced a variety of challenges in revenue collections such as (1)-The production and distribution of counterfeit alcohol products and fake tobacco, and tax evasion; (2)-The modification of new mechanism for tax audit at the same time as successive measures for tax incentives; (3)-The continued exaggeration and misguiding of public opinion, and negative viewpoint of opportunists against tax collection institution; (4)-Some sectors are still facing risks from which tax revenue will unlikely be able to be collected, thus affecting state revenue as a whole; (5)-Lack of comprehensive information and data for revenue collection and limited data sharing by some line ministries and institutions; (6)-Risks caused by the overall slowdown and uncertainty of world's economy as well as geopolitical tension and global security continue affecting Cambodia's economy.

(2.5). Non-tax Receipts

With efforts and determination of concerned line ministries and institutions, non-tax revenue grew by 16.5 percent this year, reaching 1,982,399 million Riels compared to 1,701,426 million Riels collected a year earlier. The figure is 28.7 percent greater than the target approved in the Law on Financial Management for 2022. The positive growth of non-tax receipts was triggered by the recovery of revenue from tourism sector including the income from tourism activities, taxes levied on embassy, revenue from civil aviation, and revenue from post and telecommunication. Furthermore, other sources of revenue such as those from mineral sector and licenses commence to show potential, reflecting greater efforts made by line ministries and institutions and the introduction of stringent measures for managing the compliance by operators responsible for fostering and executing the tax liability collection.

	Amount in million Riels	
	2023	2022
Non-tax receipts		
Sale of goods and services	1,753,631	1,495,300
State property income	178,501	145,548
Others	50,267	60,578
Total non-tax receipts	1,982,399	1,701,426

-Non-tax revenue policies

To strengthen the effectiveness of non-tax revenue collection, a series of key measures were implemented in 2023 including (1)-Promote the enforcement of law on non-tax revenue management; (2)-Continue to promote the enforcement of law on state property management; (3)-Encourage the finalization of master plan preparation on reforming management system of non-tax revenues and master plan on state property management; (4)-Encourage the implementation of announcement No.811 SCN.HC, dated June 12, 2019, with the approval of Samdech Akka Moha Sena Padei Techo Hun Sen, allowing the recalculation of rental of economic land concession; (5)-Strengthen the cooperation with line ministries, institutions, and sub-national administration, which collect non-tax revenues, in implementing the sub-decree on non-tax revenue management and relevant legal documents in order to in fortify the effectiveness of management, records, and provision of revenue report in a transparent and timely maner; (6)-Continue to encourage the usage of Non-tax Revenue Management Information System-NRMIS by both national and sub-national administrations in a more effective, efficient, and accountable way as well as the utilization of Electronic Payment System (E-payment) so as to fortify the effectiveness of non-tax revenue payment, record, monitoring, and collection; (7)-Continue to spur the mobilization of revenue from the issuance of visa, passport, and employment books to foreigners, who are increasingly coming into the country; (8)-Continue to strengthen the effectiveness of revenue collection from mineral sector through

on-site check and verification of royalty payment with the actual quantity of exploited mineral raw material; (9)-Encourage the revenue collection from the current revenue items as much as possible and search for additional new income items; and (10)-Promote the tax liability collection measures from mineral sector, telecommunication sector, and revenue from state property management; (11)-Change the execution of non-tax revenue at city, district, and Khan administration in accordance with the decision No.100 SSR on suspending the delivery of some public services of city, district, and Khan administration to people having business, occupation, and little job in informal economy in order to facilitate the request for legal permission and the renewal of business validity, to reduce the expense on public service, and to care for people working in informal economy, determined as priority.

-Experiences and challenges of implementing non-tax revenue

In spite of good result, there exist challenges relevant to non-tax revenue collection as follows: (1)-Some revenue items were not collected at the maximum level; (2)-Lack of feasibility study and cooperation with concerned ministries and institutions in order to find out all possible new sources of income; (3)-Capacity of officials, institution's effectiveness, and income-generating supporting means were limited; (4)-Need for an appropriate time period for reforming the revenue collection from telecommunication sector, mineral resources, and economic land concession; (5)-Lack of verification mechanism of revenue collection by relevant ministries and institutions; and (6)-The uncertainty of casinos business operating along the borders.

(2.6). Grants and Aid

Grants and aid continued to fall by 20.1 percent to 176,154 million Riels this year from 220,363 million Riels a year earlier. Grants and aid are cash that the government received from development partners in the form of designated grants and aid, and budget support for financing the development and enhancement programs of various sectors of the government including education, health, agriculture, environment, infrastructure, good governance, etc. The figure of grant and aid represented 0.6 percent of the total receipts in 2023, while it stood at 0.8 percent of total receipts in 2022.

	Amount in million Riels	
	2023	2022
Grants and Aid		
Designed grants	99,196	90,438
Budget support grants	75,294	128,281
Other aid	1,664	1,644
Total Grants and Aid	176,154	220,363

(2.7). Repayment of Lending

Cash receipt from the repayment of government lending significantly dropped by 36.7 percent to 96,096 million Riels this year from 151,765 million Riels last year. It is clearly seen that the contraction of proceeds from interest was the cause of the decrease of total repayment of lending, falling by more than 50 percent year on year.

	Amount in million Riels	
	2023	2022
Repayments of lending		
Repayments of principal	42,414	43,932
Proceed from interest	53,682	107,833
Total Repayments of lending	96,096	151,765

(2.8). Capital Receipts (disposal of property, plant and equipment)

Capital receipts skyrocketed by almost 7 times in 2023 to 89,509 million Riels from 11,608 millions Riels in 2022. The hike of the capital receipts derived from the escalating disposal of the government's property, plant, and equipment.

	Amount in million Riels	
	2023	2022
Capital Receipts		
Disposal of property, plant and equipment	89,509	11,608
Total Capital Receipts	89,509	11,608

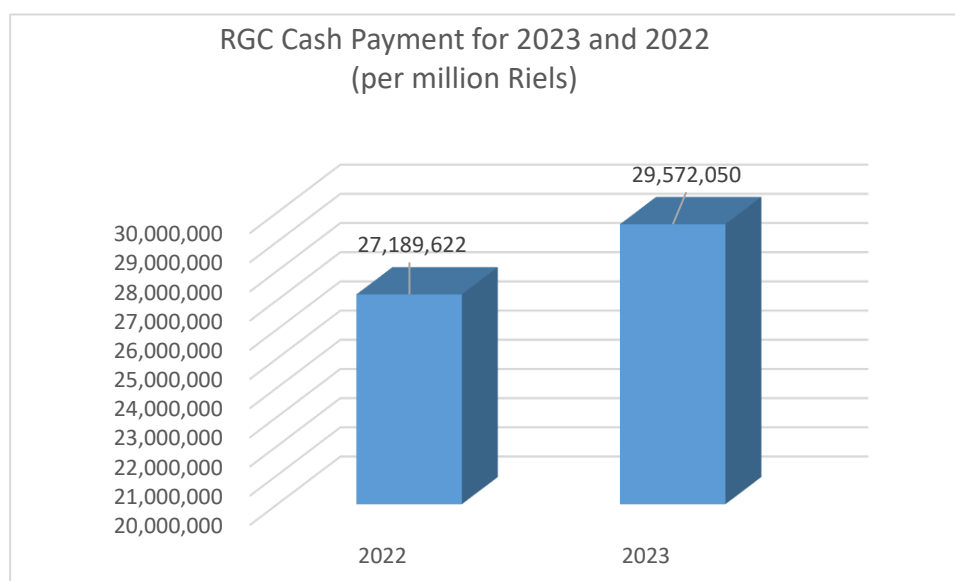
(2.9). Others

It is worth noting that the revenue from Others in 2023 almost doubled the amount of 2022, increasing from 44,572 million Riels to 83,904 millions Riels. Although there is improvement in FMIS, Non-tax revenue management information system (NRMIS), and Chart of Accounts in order to reduce the paper-based work procedure and to enhance the recognition of income including the unidentified revenue so that every income can be recorded properly into a designated category, income from Others accelerated by 88.2 percent this year. The figure includes leftover cash from spending, accounting for 32,756 million Riels and financial fees with the amount of 51,148 million Riels.

	Amount in million Riels	
	2023	2022
Others Receipt	83,904	44,572
Total Others Receipt	83,904	44,572

3. CASH PAYMENTS

With regard to expenditure, the 2023 government spending is greater than that of last year by 8.8 percent, rising to 29,572,050 million Riels from 27,189,622 million Riels spent in 2022. The cash expenditure is used to support the government's key sectors including general administration, national defense, security and public order, social affairs, economy, and transfer of functions from ministry and institution to sub-national administration through handing over and delegating the current functions of ministry and institution to capital, provinces, cities, and districts. Furthermore, the 2023 expenditure is also used for social and economic interventions such as cash assistance to poor family program, a one-time cash assistance to vulnerable family program, vocational training program and assistance to workers suspended from jobs, contributions to mine-free foundation of Cambodia 2025, and infrastructure development projects. In this perspective, these expenditures are aimed at maintaining social and economic stability as well as the livelihood of people, supporting the economic restoration, and encouraging the recovery of economic growth in Cambodia.



Statement II: Total Payments

On expenditure side, total cash payments slightly expanded by 8.8 percent to 29,572,050 million Riels this year from 27,189,622 million Riels a year earlier. The surge in government's expenses is mainly prompted by an increase in transfer and advances, followed by a rise in loan and interest repayment to lenders, in wages, salaries and employee benefits, and in others payments. Correspondingly, transfer and advances considerably increase by 40.6 percent and represent 13.4 percent of the total payments, while wages, salaries and employee benefits gradually grow by 11.6 percent, taking a share of 29.2 percent of total payment. At the same time, loan and interest payments to lenders moderately augment by 16.9 percent and Others payments slightly mounts by 3.7 percent, contributing 7.5 percent and 25.9 percent in the total payments respectively. On the other hand, the downward side has been seen in capital expenditure and operating expense, falling by 0.8 percent and 7.4 percent separately with a respective proportion of 15.8 percent and 8.2 percent of the total payment.

(3.1). Wages, salaries and employee benefits

Government spending in wages, salaries and employee benefits slightly grew by 11.7 percent to 8,656,440 million Riels this year from 7,751,297 million Riels in 2022. The upward trend is due largely to an increase in salary of public servants and in pension of retirees in order to prop up the livelihood of public servants and to reduce the gap of pension between past and recent retirees.

Amount in million Riels		
	2023	2022
Wages, salaries and employee benefits	8,656,440	7,751,297
Total	8,656,440	7,751,297

(3.2). Operations

The purchase of supplies and services slightly increased by 9.7 percent to 2,883,550 millions this year from 2,627,929 million Riels a year before. Actually, the measures to strengthen and heighten the efficiency of both recurrent and investment expenditure at the commitment and procurement phases have been taken, making some amount of commitment appropriation and commitment request reduced and saved at both steps consequently.

Amount in million Riels		
	2023	2022
Purchase of supplies and services	2,883,550	2,627,929
Total Operation	2,883,550	2,627,929

(3.3). Transfers and Advances

Cash transfers and advances, which are used to support government Adhoc program, organization and social assistance in case of emergency and to ensure the flexibility of social support from the government, slightly decreased by 1.3 percent to 2,780,778 million Riels this year from 2,816,409 million Riels a year before. The fall of transfers and advances in 2023 is mainly caused by the plummet of cash advances by 68.4 year on year. These cash advances include those for operation expenses and for investment expenses. Whereas, the social assistance grants, and local government and organization support grants slightly increased.

Amount in million Riels		
	2023	2022
Local government and organization support grants	800,178	507,629
Social assistance grants	1,718,903	1,480,931
Cash Advances	261,697	827,849

Total Transfers and Advances**2,780,778****2,816,409****(3.4). Capital Expenditure**

Capital expenditure slightly increased by 14.0 percent to 5,362,617 million Riels this year from 4,702,206 million Riels a year earlier. The upward trend of capital expenditure is driven by the spending on infrastructure and on the purchase of property, plant, and equipment, which is on the rise by almost 23 percent year over year.

	Amount in million Riels	
	2023	2022
Purchase Fixed assets (plants Equipment)	4,788,546	3,894,376
Cash lending	0	303,933
Other capital expenditure	574,070	503,897
Total capital expenditure	5,362,617	4,702,206

(3.5). Others

Other expenses dramatically go up by as much as 81.0 percent to 436,287 million Riels this year from 241,068 million Riels a year before. Other expenses are mainly attributed to VAT refunds and other expenses sharing a smaller portion of the total figure.


	Amount in million Riels	
	2023	2022
Others expense	436,287	241,068
Total	436,287	241,068

PART II: FINANCIAL STATEMENTS




**STATEMENT I- STATEMENT OF CASH FLOW FOR NATIONAL ADMINISTRATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

		Amount in million Riels	
	Notes	2023	2022
Cash Flow from Operating Activities			
INFLOW			
Tax Receipts		21,284,988	22,068,725
Non-tax Receipts		1,982,399	1,701,426
Grants and Aid		176,154	220,363
Proceed from Interest		53,682	107,833
Others Receipts		2,674,274	2,753,465
TOTAL INFLOW		26,171,497	26,851,812
OUTFLOW			
Wages, salaries and employee benefits		(8,656,440)	(7,751,297)
Operations (purchase supplies and service)		(2,883,550)	(2,627,929)
Transfers and Advances		(2,780,778)	(2,816,409)
Interest payments		(589,978)	(508,270)
Others payment		(7,673,063)	(7,395,803)
TOTAL OUTFLOW		(22,583,808)	(21,099,708)
Net Cash Flow from Operating Activities	(2.1)	3,587,689	5,752,104
Cash Flow from Investment Activities			
Repayment of lending		42,414	43,932
Capital receipt (disposal of PPE)		89,509	11,608
Cash Lending		-	(303,933)
Capital expenditure (purchase PPE)		(5,362,617)	(4,398,273)
Net Cash Flow from Investment Activities	(2.2)	(5,230,693)	(4,646,666)
Cash flow from Financing Activities			
Proceeds from borrowings		2,026,760	1,661,636
Repayment of borrowings		(1,625,625)	(1,387,708)
Net Cash Flow from Financing Activities	(2.3)	401,135	273,928
INCREASE/(DECREASE) IN CASH		(1,241,869)	1,379,366
CASH AT BEGINNING OF YEAR		12,315,558	10,879,907
Revaluation of foreign currency		(66,880)	56,285
CASH AT END OF YEAR		11,006,810	12,315,558

Approved by 

H.E. Dr. Vong Bunintreavuth
Royal Government Delegate in charge of
Director General, General Department of
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Checked by 

H.E. Meas Chandeth
Director of
Accounting Department

Prepared by 

Kheav Sina (Mr.)
Deputy Director of
Accounting Department


**STATEMENT II- STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR NATIONAL
ADMINISTRATION FOR THE YEAR ENDED 31 DECEMBER 2023**

		Amount in million Riels	
	Notes	2023	2022
RECEIPTS			
Tax Receipts	(2.4)	21,284,988	22,068,725
General tax on goods and services (VAT)		7,118,442	7,034,731
Customs		2,460,502	2,466,503
Excise tax on specific goods and services		3,685,234	5,073,421
Income tax		7,823,604	7,320,663
Tax and customs deposit		10,884	13,466
Others		186,323	159,941
Non-tax Receipts	(2.5)	1,982,399	1,701,426
Sale of goods and services		1,753,631	1,495,300
State property income		178,501	145,548
Others		50,267	60,578
Grants and Aid	(2.6)	176,154	220,363
Designated grants		99,196	90,438
Budget support grants		75,294	128,281
Other aid		1,664	1,644
Borrowings	(8)	2,026,760	1,661,636
Proceed from borrowing		2,026,760	1,661,636
Repayments of lending	(2.7)	96,096	151,765
Repayments of lending		42,414	43,932
Proceed from interest		53,682	107,833
Capital Receipts	(2.8)	89,509	11,608
Disposal of property, plant and equipment		89,509	11,608
Other Receipts		2,674,274	2,753,465
Deposit funds		1,905	1,275
Performance deposit (Guarantee)		323,258	305,259
Deposit of SNA		2,141,998	2,180,584
Repayment of cash advances		123,208	221,775


Others	(2.9)	83,904	44,572
TOTAL RECEIPTS	(2)	28,330,182	28,568,988
PAYMENTS			
Wages, salaries and employee benefits	(3.1)	8,656,440	7,751,297
Operations	(3.2)	2,883,550	2,627,929
Purchase of supplies and services		2,883,550	2,627,929
Transfers and Advances	(3.3)	2,780,778	2,816,409
Local government and organization support grants		800,178	507,629
Social assistance grants		1,718,903	1,480,931
Cash Advances		261,697	827,849
Capital Expenditure	(3.4)	5,362,617	4,702,206
Purchase Fixed assets (plants Equipment)		4,788,546	3,894,376
Cash Lending		-	303,933
Other capital expenditure		574,070	503,897
Loan and Interest Repayments		2,215,603	1,895,978
Repayment of borrowing		1,625,625	1,387,708
Interest payments		589,978	508,270
Others Payment		7,673,063	7,395,803
Repayment of deposit		1,884,941	1,746,265
Repayment of performance deposits (Guarantee)		301,272	406,998
Expenditure of SNA		5,050,563	5,001,472
Others	(3.5)	436,287	241,068
TOTAL PAYMENTS	(3)	29,572,050	27,189,622
INCREASE/(DECREASE) IN CASH		(1,241,869)	1,379,366
CASH AT BEGINNING OF YEAR		12,315,558	10,879,907
Revaluation of foreign currency		(66,880)	56,285
CASH AT END OF YEAR	(6)	11,006,810	12,315,558

Approved by 

H.E. Dr. Vong Bunintreavuth
Royal Government Delegate in charge of
Director General, General Department of
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Checked by 

H.E. Meas Chandeth
Director of
Accounting Department


Prepared by 

Kheav Sina (Mr.)
Deputy Director of
Accounting Department

**STATEMENT III- COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023
BUDGET INCOME**

Amount in million Riels

	Original Budget 2023	Final Budget 2023	Actual 2023	Actual 2022	Different Act VS Final Budget 2023
Budget Receipts for the Year					
Tax Income					
Tax on Profits, and Income Withholding	7,257,989	7,257,989	7,853,408	7,344,425	595,419
General Taxes on Wealth and Services (VAT)	8,005,355	8,005,355	7,520,663	7,303,426	(484,692)
Excise Taxes on Specific Goods and Services	5,459,550	5,459,550	3,759,056	5,191,039	(1,700,494)
Income from International Trade	2,538,982	2,538,982	2,563,468	2,586,308	24,486
Other domestic income	160,048	160,048	186,432	160,026	26,384
Total Tax Income	23,421,924	23,421,924	21,883,027	22,585,224	(1,538,897)
Non-Tax Income					
Income from concessions and lease of assets	198,813	198,813	202,570	156,663	3,757
Income from public enterprises	7,849	7,849	34,371	292,985	26,522
Income from government services	1,560,159	1,560,159	2,049,450	1,459,989	489,291
Disposals of assets	320	320	91,846	11,730	91,526
Finance income	211,638	211,638	149,373	153,616	(62,265)
Other income	163,724	163,724	230,778	200,658	67,054
Total Non-Tax Income	2,142,504	2,142,504	2,758,388	2,275,641	615,884
Financing Income					
Loan repayments	331,812	331,812	42,414	43,932	(289,398)
Grants	123,983	123,983	75,294	128,281	(48,689)
Borrowings and Similar Debt	1,971,525	1,971,525	2,027,770	1,661,718	56,245
Total Financing Income	2,427,320	2,427,320	2,145,479	1,833,931	(281,841)
Total Budget Receipt for the Year	27,991,748	27,991,748	26,786,894	26,694,796	(1,204,854)

Approved by 



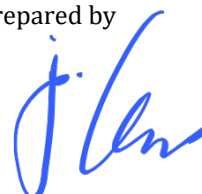
H.E. Dr. Vong Bunintreavuth
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Director General, General Department of
National Treasury

Checked by



Chea Vannaroith (Mr.)
Director of Budget
Revenue Department

Prepared by




Kheav Sina (Mr.)
Deputy Director of
Accounting department

**STATEMENT IV- COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

BUDGET EXPENDITURE

	Amount in million Riels				
	Original Budget 2023	Final Budget 2023	Actual 2023	Actual 2022	Different Act VS Final Budget 2023
General Administration					
National Assembly and Senate	245,121	262,855	262,315	226,961	(540)
Council of Ministers	376,346	949,847	932,720	793,852	(17,127)
Ministry of Economy and Finance	1,593,308	4,711,398	3,846,157	2,411,066	(865,241)
Other General Administration	942,439	1,067,705	1,009,286	991,256	(58,419)
Expenditure for General Administration	3,157,214	6,991,805	6,050,478	4,423,135	(941,327)
Defense and Security					
Ministry of Defense	2,745,575	2,830,296	2,814,268	2,592,101	(16,028)
Ministry of Interior- Public Security	1,838,423	1,895,672	1,854,593	1,730,097	(41,079)
Ministry of Interior- General Administration	359,720	404,885	414,298	346,568	9,413
Ministry of Justice	188,156	205,568	207,933	160,759	2,365
Expenditure for Defense and Security	5,131,874	5,336,421	5,291,092	4,829,525	(45,329)
Social Sector					
Ministry of Health	1,446,887	1,419,526	1,172,505	1,058,533	(247,021)
Ministry of Education, Youth, and Sport	3,421,826	3,879,944	3,853,314	3,288,147	(26,630)
Ministry of Social and Veteran Affairs	1,466,286	3,433,738	3,425,437	2,958,580	(8,301)
Others Social Sector	655,839	1,028,723	1,171,355	964,864	142,632
Expenditure for the Social Sector	6,990,838	9,761,931	9,622,611	8,270,124	(139,320)
Economic Sector					
Ministry of Agriculture, Forestry, and Fisheries	280,768	341,179	380,988	302,865	39,809
Ministry of Rural Development	344,364	697,811	706,244	416,223	8,433
Ministry of Public Works and Transport	686,255	1,097,979	1,111,773	1,108,371	13,794
Ministry of Water Resources and Meteorology	295,057	521,510	573,599	528,974	52,089
Others Economic Sector	510,626	693,171	724,100	680,806	30,929
Expenditure for the Economic Sector	2,117,070	3,351,650	3,496,705	3,037,239	145,055
Ministry of Economy and Finance Finance Cost and Unallocated Expenditures					
Finance Costs	1,859,887	1,859,887	1,657,555	1,977,382	(202,332)
Unallocated Expenditures	12,401,952	5,551,595	2,892,333	1,708,508	(2,659,262)
TOTAL Finance Cost and Unallocated Expenditures	14,261,839	7,411,482	4,549,889	3,685,890	(2,861,593)

Total Budget Expenditure for the Year 31,658,834 32,853,288 29,010,775 24,245,913 (3,842,513)

Approved by 



H.E. Dr. Vong Bunintreavuth
Royal Government Delegate in charge of
Director General, General Department of
National Treasury

Checked by



H.E Khem Rithysen
Director of Budget
Expenditure Department

Prepared by



Kheav Sina (Mr.)
Deputy Director of
Accounting Department

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTING POLICIES

4.1. Basis of preparation

The financial statements for the Royal Government of the Kingdom of Cambodia have been governed by the Prakas number 545, dated June 06, 2019, of the Ministry of Economy and Finance. The financial statements are: the Statement of Cash Flow, the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amount and the accompanying notes to the Financial Statements. The budget information presented in the financial statements has been prepared in accordance with the Cambodian Public Sector Accounting Standards (CPSAS) *Financial Reporting under the Cash Basis of Accounting*, with the exception of the budget information presented herein according to budget law which is described in note (10.2) about budgetary basis.

Under the CPSAS Cash Basis of Accounting, transactions and events are recognized only when cash and cash equivalents are received or paid by the Royal Government of the Kingdom of Cambodia.

The financial statements use CPSAS as a basis with the deviation listed in the note No.15. The financial statements provide additional information which is necessary for true and fair view of cash receipts, cash payments and cash balances.

4.2. Reporting entities

The financial statements presented hereby include financial transactions relevant to National Administration comprising line ministries, line departments and administrative units at central level in order to comply with the Prakas number 545, dated June 06, 2019 of MEF. However, Sub-National Administrations, Public Administrative Establishments, Public Enterprises and Public Participations, which are also part of the government, were not included due to the inconsistency of accounting policies of those non-consolidated entities and lack of policies and regulations for the consolidation.

4.3. Reporting period

The reporting period and budget period for the financial statements are based on the fiscal year dating from January 1, 2023 to December 31, 2023.

4.4. Authorization and Authorization date

The government aims to authorize financial statements and issue them within six months after the end of the fiscal year.

However, due to the competency challenge both in preparing CPSAS compliant statements and in using FMIS, there were delays in preparing the financial statements for the year 2023. At the same time, GDNT has steadily improved this each year and it is expected that future financial statements will be prepared within the timeframe of six months if there is no delay in relation to budget execution report and if a fully functional FMIS has been implemented.

These financial statements have been prepared and issued by General Department of National Treasury. However, the Minister of Economy and Finance as well as the authorized entities have authority to request changes to these financial statements.

4.5. Reporting currency

The financial statements are presented in Riel, which is the only legal and functional currency of the Kingdom of Cambodia. There are, however, some transactions made in the United States Dollars (USD), Euro, and other currencies.

4.6. Reporting amounts

The reporting amounts are in million Riels. The amounts in the financial statements are shown on a gross basis. There is no netting-off on any transactions resulting from cash receipts and cash payments.

4.7. Rounding policy

The amounts in the financial statements have been rounded-off to the nearest million Riels unless otherwise stated. Detail amounts shown in the explanatory notes are also rounding up or down to the nearest million Riels. There are no rounding fractions accepted by the regulation. However, in order to make the figure in this financial statement easy to understand and to avoid the complexity in the disclosed table, the amounts have been rounded off to the nearest million Riels.

4.8. Foreign exchange policy

Cash receipts and payments in currencies other than the Riels are recorded at the rate of exchange prevailing on the date of the transactions.

As stated in the below table, the unrealized foreign currency exchange loss with the amount of 66,880 million Riels in 2023 compared with the unrealized exchange gain of 56,285 million Riels in 2022. This is a translation in terms of value of foreign currency held by the Royal Government of the Kingdom of Cambodia into Khmer Riels, disclosed in this financial statement.

	December 31, 2023	December 31, 2022
Closing rate Riels per USD	4,085	4,117
Amount held in USD	\$1,688,703,219.83	\$1,576,044,428.34
	Gain/(Loss) million riels	Gain/(Loss) million riels
Gain	3,004	67,770
(Loss)	(69,884)	(11,485)
Unrealized exchange gain/(Loss)	<u>(66,880)</u>	<u>56,285</u>

4.9. Chart of Accounts

The financial statements are presented in the same format as defined by the CPSAS Cash Basis Accounting and in accordance with the government Chart of Accounts, approved through the Prakas number 545, dated June 06, 2019, of the Ministry of Economy and Finance. In addition, the structure of Chart of Accounts was arranged in compliance with CPSAS Standards, as Current assets, Non-current assets, Capital and reserve, Current liabilities, Non-current liabilities, Current expenditure and Revenue.

Moreover, the financial transactions are recorded in the financial management information system (FMIS) based on the broad sense of Chart of Accounts, comprising 7 segments of budget classification approved by the Ministry of Economy and Finance. Those segments are economic, administrative, geographic, functional, program, source of funds and project.

However, the Chart of Accounts is subjected to change when needed via the Prakas of the Ministry of Economy and Finance in accordance with the purpose of accuracy, completeness and fairness of financial position.

4.10. Government's Cash

Cash of the Royal Government of the Kingdom of Cambodia is comprised of cash at banks, deposits and cash equivalents, held by the public accountant under the General Department of National Treasury, Ministry of Economy and Finance. GDNT is a sole public accountant of the Royal Government of the Kingdom of Cambodia.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash equivalents are readily convertible to a known amount of cash and are subject to insignificant risk of change in value, as they are very liquid and can be easily converted into cash.

However, the 2023 government's book doesn't maintain any kind of cash equivalent. The Note (5.1) gives detailed information on cash held by the Royal Government of the Kingdom of Cambodia.

4.11. External assistance

The Royal Government of the Kingdom of Cambodia received external assistance in the form of grants from multilateral and bilateral donor agencies. The grant agreements specified the purpose for which the assistance will be utilized. External assistances in cash are recorded in the Statement of Cash Receipts and Payments at the point in time of the cash received.

4.12. Payment by third parties

The Royal Government of the Kingdom of Cambodia benefits from goods and services purchased through cash payments made by third parties on behalf of the government. The payments by third parties do not constitute cash receipts or payments although they are beneficial to the government. The government does not disclose these payments both on the face of the Statement of Cash Receipts and Payments and in a disclosure note.

4.13. Repayments of Previous Year's Expenditures (payments)

Expenditures of previous years repaid into the state budget are recorded as cash receipts for the current year. On the contrary, if they were repaid into the state budget within the year, they will be offset against the original expenditure accounts in order to ensure the actual cash outflows are correctly disclosed.

4.14. Materiality

In the accounting context, the information is considered material when the omission or misstatement of that information could impact the decision of users made on the basis of the entity's financial statements prepared for that reporting period or could discharge the accountability of the entity; otherwise, it is considered immaterial.

5. CASH AND CASH EQUIVALENT

5.1. Cash and Cash Equivalent

Cash and cash equivalents are mainly comprised of cash and deposit accounts at National Bank of Cambodia (NBC), cash at Canada Bank, Acleda Bank and Chip Mong Bank held by the General Department of National Treasury and the Ministry of Economy and Finance. Cash at NBC refers to the Treasury Single Account (TSA) in Riels and US Dollars opened at NBC. The USD TSA at NBC is recorded in the national accounting book in local currency utilizing the official exchange rate of NBC. This USD TSA is used to settle the payment in foreign currency by the RGC for the oversea transactions and others such as payments to consulate-general, permanent mission, embassy of Cambodia in foreign countries. Additionally, the sub-TSA in Riel at commercial banks is also functioning since 2015 to settle the transactions only through commercial bank accounts.

Currently, the TSA is centrally operated with the state budget, where at sub-national level, the sub-TSA is opened within commercial banks in each province. The Cambodia's TSA system is kindly stated as a cash-pooling system, meaning that cash is centralized into the TSA at NBC. The sub-TSA is replenished only when there is a need to make payment.

Deposit accounts at NBC include reserve accounts and other bank accounts held by the Ministry of Economy and Finance or jointly held with other related line ministries and institutions.

Reserve accounts are earmarked in Riels and US Dollars for the strategic management of the country. This reserve account cannot be used for short or long-term investment. It might be subjected to any type of specific investment, once the legal framework of investment has been adopted by the RGC or it can be used only when there exists a catastrophic event only. On the other hand, other bank accounts at NBC, held by the Ministry of Economy and Finance or jointly held with line ministries and institutions, are managed for the purpose of running specific projects of the RGC, and sometimes these accounts are required open by the development partners for project implementation. The below table provides the balance of those accounts as of December 31, 2023.

Cash at CBs is referred to cash at commercial banks held by provincial treasuries within Canada bank, Acleda bank, and Chip Mong bank. These sub-TSA cash accounts are daily zero-balanced accounts as cash will be transferred to the main TSA at every end of the day. In addition, these accounts are also used as a short-term guarantee cash account (2 percent guarantee account). As indicated in the table below, Cash of the Royal Government of the

Kingdom of Cambodia by the end of 2023 stands at 11,006,810 million Riels, falling by 10.6 percent, compared to the amount by the end of 2022 of 12,315,558 million Riels.

		Amount in million Riels	
		December 31, 2023	December 31, 2022
Cash		10,984,967	12,300,903
Cash advance at LMs		21,843	14,655
Short term investment		-	-
Total Cash balance		11,006,810	12,315,558
CASH IN PT. ACCOUNT		December 31, 2023	December 31, 2022
	Cash balance	53,248	130,411
CASH BALANCE AT NATIONAL BANK OF CAMBODIA		December 31, 2023	December 31, 2022
	Cash balance	3,675,935	6,044,334
CASH BALANCE AT CANADIA BANK		December 31, 2023	December 31, 2022
	Cash balance	224,508	238,459
CASH BALANCE AT CHIP MONG BANK		December 31, 2023	December 31, 2022
	Cash balance	1,543,932	1,564,087
DONORS & OTHERS ACCOUNT BALANCE AT THE NATIONAL BANK OF CAMBODIA		December 31, 2023	December 31, 2022
	Cash balance	5,487,343	4,323,612

5.2. Cash restricted by Donors and deposit in trust

The cash restricted by donors in 2023 accounts for 5,189,824 million Riels compared to 4,100,631 million Riels in 2022. The Royal Government of the Kingdom Cambodia cannot disburse or use the cash for any other purposes rather than abiding by the terms and conditions of the fund disbursement imposed by the government and donors. This cash includes that provided by various development partners, namely Japan, China, Korea, WB, EU fund, UK fund, ADB and JBIC-JAPAN.

Detail of the restricted fund is listed in the following table:

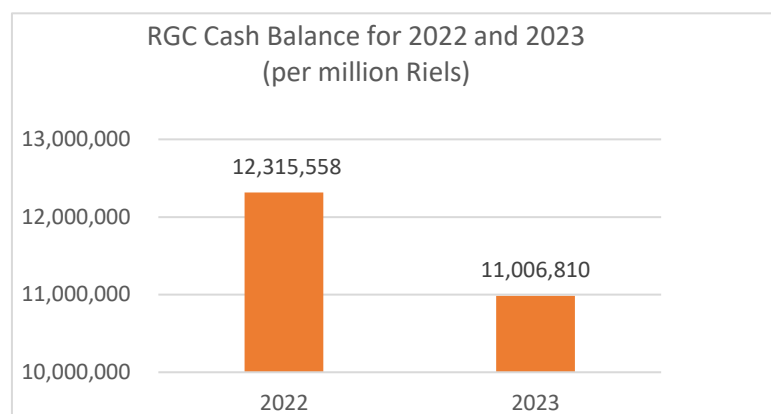
		Amount in million Riels		
No	Account Name	December 31, 2023	December 31, 2022	By Donor
1	Grant Aid - Japan 5	2,724	3,031	Japan
2	Grant Aid - Japan XIII	4,689	12,993	Japan
3	Food Secure-Underprivilege Farmer	9,448	9,448	Japan
4	Budget Support from EU Finance	557,580	628,636	EU
5	Debt Relief – MDRI (2)	7,987	8,050	
6	PRGO - EU Fund	82	82	EU Fund
7	PRGO (JBIC-JAPAN)	7,780	7,841	JBIC-JAPAN
8	PRGO (DFID) UK Fund	479	483	UK fund

9	ADB Loan 2378-CAM(SF)	165,705	171,062	ADB
10	ADB Grant 0132-CAM(SF)	588	592	ADB
11	ADB Loan 2480-CAM(SF)	-	-	ADB
12	ADB Loan 2673-CAM(SF)	4,794	4,832	ADB
13	ADB Loan 2886-CAM(SF)	179,808	30,108	ADB
14	ADB Loan 2888-CAM(SF)	32	32	ADB
15	Loan 3006-CAM(SF)	49,537	49,925	ADB
16	ADB Loan No3166-CAM(SF)	3,564	9,186	ADB
17	DLI for H-EQIP	10,646	10,730	WB
18	DLI for H-SQIP	13,923	14,032	WB
19	The China-aided Cambodia Land Mines Elimination	-	-	China
20	USEDP Program ADB 3719 CAM	1,082	1,570	ADB
21	Rural Water Sup-Sani 3rd L3832	8,310	13,726	ADB
22	DLI for CNP (Disbursement Linked Indicators for Cambodia Nutrition Project)	3,207	3,232	WB
23	Covid-19 Active Response-Exp Sub	525,497	529,614	ADB
24	Covid-19 Response Emergency CP-C2	968,193	977,836	JICA
25	Covid-19 Active Response KHM27	204,250	205,850	KOREA
26	Cambodia Relief, RRD IDA-6950-KH	532,459	742,480	WB
27	The Covid-19 Crisis RES Loan (phase 2)	660,089	665,260	JICA
28	First Cambodia Growth and Resilience Development Policy Financing	777,171	-	IDA
29	Trade and Competitiveness Program-Subprogram1	204,250	-	ADB
30	Energy Transition Sector Development Program-ADB-4285	163,400	-	ADB
31	Energy Transition Sector Development Program-ADB-8435	40,850	-	ADB
32	Skills for Future Economy Sector Development Program-SFESDP	81,700	-	ADB
Total		5,189,824	4,100,631	

6. CASH BALANCES

As shown in the Statement of Cash Flow, the government total cash balance slightly decreased by 10.8 percent to 11,006,810 million Riels this year from 12,315,558 million Riels a year before (STATEMENT I).

This balance also included cash that is not available for use by the RGC with the amount of 5,189,824 million Riels as they are subjected to the restrictions by donors and/or third parties. This cash balance contains cash funded by donors for development projects, and other deposits and funds held in trust of third parties reserved for specific purposes.



Additionally, this year's cash deficit accounts for 1,241,869 million Riels and unrealized foreign exchange loss on cash held in foreign currency stands at 66,880 million Riels (STATEMENT I).

7. CASH ADVANCES

Based on sub-decree number 155 dated September 15, 2009 of the RGC, cash advances to LMs are allowed for specific types of current and public investment expenditure. LMs are responsible for the transparency and effectiveness of using cash advances. Cash advance to any LMs is associated with strict budgetary control by the GDB. In this financial statement, the cash advance to LMs is considered as cash expenditure of the RGC upon the confirmation of the expenditure from LMs to GDNT.

Considering that LMs are parts of the government, outstanding cash advances should have been treated as cash and cash equivalents. However, in this financial statement the outstanding advance is classified as an expenditure. There are two main reasons to consider here: firstly, there is no information back from LMs to the public accountant on the remaining amount of cash advance handled by LMs and secondly, the bank accounts, which are held by LMs, are out of GDNT's control. Outstanding advances will be reclassified as cash or cash equivalents once GDNT is able to obtain the information about the cash balance on a regular basis for the purpose of cash reconciliation.

The government is now undertaking a reform on cash advance, granting cash advance, for instance, to only very urgent and specific projects with the ceiling though, not exceeding 30 percent of the ceiling of each chapter of the expenditure and petty cash disbursement by LMs is reduced from 5 million Riels to 3 million Riels per cash payment voucher. At the same time, by expanding the use of FMIS to all government line ministries, agencies and institutions together with the advanced tools of electronic fund transfer, we are convinced that the figure of advance will be lessened gradually in the coming years, expecting that advance will be settled within the fiscal year. Moreover, GDNT has taken a comprehensive measure through circular No. 010 dated September 19, 2023 of MEF requiring LMs and government agencies to report the status of unutilized cash advance at year-end. Hence, GDNT can recognize cash advance as a government's cash. It is firmly believed that the reform will gradually bear fruit and make greater improvement to the compliance with standards in the foreseeable future.

Looking at the comparison table of advance in 2023 and 2022, it demonstrates a significant difference in many ways. To begin with, cash advance disbursed from central treasury is greater than last year by a wide margin as much as 40.2 percent, increasing from 1,870,053 million Riels in 2022 to 2,615,311 million Riels in 2023. The settlement figure follows the upward trend and dramatically rises by 212.7 percent to 2,216,579 millions Riels from 1,042,204 million Riels a year earlier. The outstanding cash advance, however, significantly drops to 398,732 millions Riels from 827,849 million Riels, a decline of 51.8 percent. It is interesting to note that almost all kinds of government cash advance show an increasing trend in 2023, except for advance waiting for clearing. Certainly, cash advance for operation represents the biggest amount among all others, soaring from 1,090,505 million Riels in 2022 to 1,784,801 million Riels in 2023, a growth of 63.7 percent. The second largest cash advance

is for investment expenditure, surging by 9.0 percent from 588,043 million Riels last year to 640,898 million Riels this year. Advance for suppliers significantly go up by 83.1 percent to 13,971 million Riels in 2023 from 7,632 million Riels in 2022. While, advance for government officials and for program budget expand by 3.5 percent and 5.2 percent respectively. The only advance that falls in 2023 is the advance waiting for clearing, decreasing to 95,462 millions Riels from 107,503 million Riels, a contraction of 5.4 percent.

	Amount in million Riels	
	2023	2022
Advance in the year		
Advance for program budget	70,458	66,977
Cash advance for operation	1,784,801	1,090,505
Cash advance for invest- expenditure	640,898	588,043
Supplier	13,971	7,632
Government Officials	9,721	9,393
Advance waiting for clearing	95,462	107,503
Total advance in the year	2,615,311	1,870,053
Settled in the year	2,216,579	1,042,204
Outstanding advance by year end	398,732	827,849

8. GOVERNMENT DEBT

Maintaining the government's financial stability necessarily needs effective and worthy public debt management. Evidently, the government borrowing increases by 22.0 percent to 2,026,760 million Riels in 2023 from 1,661,636 million Riels in 2022. However, the size of concessional loans remains below the amount allowed by the law. In 2023, the RGC issued the government securities in total amount of KHR 238,000 million Riels, equivalent to USD 58.3 million and accounting for 29.3% of the ceiling allowed by the Financial Law (KHR 813,000 million Riels) for repaying the principal of the 2022 government securities and for financing the public investments for economic growth and productivity.

The purpose of these concessional loans is to finance public investment projects in the key areas in order to retain the sustainability of long-term growth and to prop up the economic productivity and production capability towards the potential level. For instance, in the field of physical infrastructure including roads, bridges, ports, electricity, irrigation and water supply, the loan disbursement is approximately 63.1 percent and for other priority sectors such as education, health, and agriculture, the disbursement is about 36.9 percent in 2023.

<u>Outstanding Debt</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic borrowing</u>	<u>214,000.00</u>	<u>72,100.00</u>
<u>External borrowing</u>	<u>45,692,861.41</u>	<u>41,048,621.74</u>
<u>Total outstanding Debt</u>	<u>45,906,861.41</u>	<u>41,120,721.74</u>

<u>Outstanding Debt</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>(Maturity 1 year)</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic borrowing</u>	<u>52,000.00</u>	<u>72,100.00</u>
<u>External borrowing</u>	<u>1,799,480.37</u>	<u>1,649,838.99</u>
<u>Total outstanding Debt</u>	<u>1,851,480.37</u>	<u>1,721,938.99</u>

<u>Outstanding Debt</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>(Maturity 2-5 years)</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic borrowing</u>	<u>162,000.00</u>	<u>-</u>
<u>External borrowing</u>	<u>9,749,160.44</u>	<u>8,784,317.63</u>
<u>Total outstanding Debt</u>	<u>9,911,160.44</u>	<u>8,784,317.63</u>

<u>Outstanding Debt</u>		
<u>(Maturity more than 5 years)</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Domestic borrowing</u>	-	-
<u>External borrowing</u>	<u>34,144,220.60</u>	<u>30,614,465.12</u>
Total outstanding Debt	34,144,220.60	30,614,465.12

Total government debt (external and local debts) accounts for 45,906,861.41 million Riels by December 31, 2023. Here, China is at the top of the list in terms of total loan, constituting by as much as 36.6 percent; it is followed by multilateral loans from various international institutions, adding up to 35.6 percent; while loans from other countries plus Others, sharing 27.4 percent of the total debts. According to debt sustainability analysis for 2023, all key debt indicators are below the benchmark ratio. Among those, the most important debt indicator is the current value ratio of foreign public debt against GDP, standing at 25.8 percent, while the international benchmark ratio is 40.0 percent. Based upon this international benchmark, the current Cambodia's public debt position is "sustainable" and contains "low risk". This result is also recognized by international institutions including the Asian Development Bank, the World Bank, and the International Monetary Fund. These data are available in the Cambodia's public debt statistics bulletin, published on the official website of the Ministry of Economy and Finance of Cambodia.

Loan by Currency		Amount in million Riels
	December 31, 2023	December 31, 2022
KHR	214,000.00	72,100.00
Domestic debt	214,000.00	72,100.00
CNY	5,169,506.98	5,066,801.07
EUR	3,173,715.44	2,806,002.90
JPY	5,132,982.31	4,436,716.01
KRW	2,115,755.54	1,679,628.55
SDR	8,790,168.06	8,721,705.88
THB	223,707.81	201,538.36
USD	21,087,025.27	18,136,228.97
Public External debt	45,692,861.41	41,048,621.74
Total	45,906,861.41	41,120,721.74

Loan by Lender		Amount in million Riels
	December 31, 2023	December 31, 2022
China	16,806,921.13	16,475,088.89
Japan	5,132,982.31	4,436,716.01
Korea	2,351,048.57	1,985,477.04
France	2,216,484.68	1,985,486.44
Others	2,856,355.75	2,853,029.25
Bilateral borrowing	29,363,792.44	27,735,797.63
ADB	9,645,794.12	8,444,619.17
World Bank	5,391,843.93	3,843,742.85
Others	1,291,430.92	1,024,462.09
Multilateral borrowing	16,329,068.97	13,312,824.11
Total outstanding Debt	45,692,861.41	41,048,621.74

In the final analysis, Cambodia's public debt management is prudent and greatly efficient in relation to the use of concessional credit for retaining the sustainability of economic growth and for avoiding grave debt trouble. In this perspective, the Royal Government of Cambodia has been promoting the development of state-owned securities through: Firstly, making a new law on state-owned securities, promulgated by the Royal Krom No. 1220/040 dated December 26, 2020 and this new law supersedes the previous state-owned securities law, promulgated by the Royal Krom No. 0107/001, dated January 10, 2007; Secondly, setting up a technical team to prepare a policy framework on the development of state-owned securities through a resolution No. 071, dated November 6, 2020. However, as the country needs a lot of

infrastructure development, both physical and non-physical, more debts are flowing into the kingdom and debt repayment slightly mounts by 17.1 percent in 2023.

9. UNDRAWN BORROWING FACILITIES

There exist two types of government borrowing, namely Bilateral and Multilateral, the undrawn borrowing facilities for the year 2023 are as follows:

Amount in million Riels					
No.	Type	Facility	Drawn	Undrawn	Condition
1.	Bilateral	4,222,571.44	265,225.31	3,957,346.13	For development
2.	Multilateral	3,154,496.35	1,391,476.53	1,763,019.82	For development

10. BUDGETARY POLICY

The 2023 budget is an effective and efficient policy tool of the royal government for maintaining the social and economic status of Cambodia, and the stability of livelihoods of the people following the relief of Covid-19 pandemic. Additionally, it is for supporting the economic restoration and proping up the recovery of Cambodia's economic growth.

The key 2023 budgetary policies of the Royal Government of the Kingdom of Cambodia are presented below:

- 1-Continue to strengthen peace, political stability, security and public order.
- 2 Continue to ensure macroeconomic and public finance stability in order for sustaining an inclusive economic growth over the medium term.
- 3-Continue to reinstate and stimulate economic growth towards the potential level through promoting the implementation of strategic framework and program for restoring and prompting Cambodia's economic growth by living along with Covid-19 in a new normality for 2021-2023.
- 4-Encourage the development of health care and social protection systems in order to heighten the social welfare and build the resilience of Cambodia's society in response to eventual emergencies
- 5-Increase the salary of civil servants and armed forces as well as the allowances of sub-national administration's officials in an appropriate level, based upon the performance or meritocracy so as to elevate the livelihood of people, and strengthen institutional capacity and the quality of public service delivery.
- 6-Raise pension and reduce the gap of pension between previous and new retirees for former civil servants and armed forces.
- 7-Continue to promote the implementation of national program for public administration reform, public financial reform program, sub-national democratic development reform program, and legal and judiciary reform program.
- 8-Boost the investment in digital infrastructure and green development, aiming at upraising the economic connectivity, supporting digital transformation, and achieving sustainable development.
- 9-Continue to support the development of small and medium enterprises by means of reinforcing the implementation of investment law of the Kingdom of Cambodia, setting out precise incentive measures, and enhancing business climate.
- 10-Ensure the success of the 7th parliamentary election process and of hosting the 32nd South-East ASEAN Games and the 12th ASEAN Para Games in 2023 as well as the readiness for the 5th Senate members election.

10.1. Budget preparation and approval

Before the year end, the Royal Government of the Kingdom of Cambodia through the Ministry of Economy and Finance prepares annual financial law and submits it to the legislative institutions for review and approval prior to the 25th December for the next year's government budget execution. The 2023 budget was approved by the National Assembly on 29th November, 2022 and based upon the greenlight from Senate on 8th December, 2022, this budget law was signed by His Majesty the King of the Kingdom of Cambodia on 10th December, 2022.

10.2. Budgetary basis

The approved budget was prepared based on cash basis. In some cases, there is an exception though regarding the receipt recognition and/or other cases prepared in accordance with the budget law, some of which is on accrual basis. This is due to the fact that budget is prepared with cash limited appropriation and does not lapse at the end of the year (twelve months plus grace period).

Each year, under the approval of the Ministry of Economy and Finance, a grace period is permitted (extended period) as such in 2023, the grace period is extended until 15th March, 2024 and the budget settlement law will then be prepared accordingly after 15th March, 2024. Nevertheless, the budgetary report is considered a twelve-month period, from January 1st, 2023 to December 31st, 2023.

10.3. Budget classification basis

The budget information in this financial statement is based on the budget classification adopted with anticipated 7 classifications including economic, administrative, geographic, function, program, project, and source of fund. Furthermore, the figure is disclosed sector by sector. Specifically, general administration, national defense and security-public order, social affairs, and economic sector as per details in STATEMENT IV.

10.4. Budget reporting entities

The budget reporting entities of the Royal Government of the Kingdom of Cambodia refer to the entities within budget appropriation whereby involved with budget formulation, budget execution and reporting. These entities have been grouped into four main categories, namely General Administration, National Defense and Security-Public Order, Social Affairs and Economic sector. The details are as follows:

- General Administration Sector comprises The Royal Palace, National Assembly, The Senate, Constitutional Council, Council of Ministers, Council for the Development of Cambodia, Ministry of Inspection, Ministry of Foreign Affairs and International Cooperation, Ministry of Economy and Finance, Ministry of Planning, Ministry of Land Management, Urban planning and Construction, National Election Committee, National Audit Authority, Anti-Corruption Unit, and Ministry of Civil Service.
- Defense and Security-Public Order consists of Ministry of National Defense, Ministry of Interior (Public Security Section), Ministry of Interior (General Administration Section), and Ministry of Justice.
- Social Affairs Sector includes Ministry of Information, Ministry of Health, Ministry of Education, Youth and Sport, Ministry of Environment, Ministry of Social Affairs, Veterans and Youth Rehabilitation, Ministry of Cults and Religious Affairs, Ministry of Women's Affairs, and Ministry of Labor and Vocational Training.
- Economic Sector is comprised of Secretariat of Civil Aviation, Ministry of Mines and Energy, Ministry of Commerce, Ministry of Agriculture, Forestry and Fisheries, Ministry of Rural Development, Ministry of Post and Telecommunications, Ministry of Public Works and Transport, Ministry of Tourism, Ministry of Water Resources and Meteorology, and Ministry of Industry, Science, Technology and Innovation. These are the budget reporting entities.

10.5. Legal framework for Budget changes

Budgetary amount in the annual financial law, which sets out the government budget, may be changed with the approval of an amended financial law by the National Assembly or with the sub-decree of the Prime Minister. Additionally, the government budget may be modified in accordance with the chapter 4 of the Law on Public Finance System, dated March 10th, 2023.

10.5.1. Budget transfers

Credits may be transferred between LMs by sub-decree as long as there is no change to the expenditure items and the allocation of expenditure by chapter, while the objective of action is the same. In addition, credit transfers may be made to entities from the Unallocated Expenditures account through the sub-decree of the Prime Minister following the request of the MEF. When the evolution of revenues and expenditure leads to a loss of budget balance, the Minister of Economy and Finance can issue a Prakas for freezing a portion or an entirety

of any type of budget credit, which was already approved in the annual financial law. In case of severe loss of budget balance, following the request of MEF, the government can issue a sub-decree to cancel out a part or an entirety of any type of budget credit, which was already approved in the annual financial law.

Finally, if there is necessity to intervene or solve problems caused by emergencies and disasters, seriously affecting the national interest, the Prime Minister can issue a sub-decree allowing the transfer of credit between LMs and sub-national administration, and the internal transfer of credit of each LMs and sub-national administration with permission to change expenditure items and reallocate the those transferred credits. Also, in such circumstance, the Prime Minister can increase budget credit for use in each case of necessity. But such transfer and increase of credit are subjected to the approval by amended financial law when the emergency situation and disasters ended.

10.5.2. Internal Budget transfers

Based upon the article 66 and 67 of the Law on Public Finance System, the transfers of credit from one chapter to another within the budget of LMs is determined by sub-decree, whereas the transfers of credit from one chapter to another within the budget of sub-national administration is determined by Prakas of Minister of Economy and Finance. Moreover, the transfer of credit within a single chapter from one account to another and the transfer of credit from a sub-program to another are determined by Prakas of Minister of Economy and Finance.

11. BUDGETARY CHANGES

During the year, there have been some adjustments to the original budgeting. These adjustments were based on the legal authorizations under the Law on Public Finance System.

11.1. Changes between the Original Budget and Final Budget

The original budget was approved by the National Assembly on 29th November, 2022. Here, it is noted that there is a slight change between the figure in the original and the final budget, as we have seen a significant amount of budget movement in categories of budget expenditure during the year. The budget movements occurred owing to the economic and social intervention package, the change to budget expenditure in accordance with the article 71 of the Law on Public Finance System, and the mechanism of function transfer from LMs to sub-national administration. Precisely, the package of the economic and social intervention is utilized to maintain the stability of the livelihood of the people, particularly the poor and vulnerable families, and unemployed workforce as well as to restore and stimulate the economic growth after the covid-19 pandemic.

11.2. Difference between the Final Budget and Actual amounts

As shown in the statement of comparison of budget and actual amounts (STATEMENT IV), the actual spending of the Royal Government of the Kingdom of Cambodia for fiscal year 2023 is 91.6 percent and 88.3 percent against the original and final budget. While, the figure in the final budget of 2023 slightly changed compared to the figure in the original budget of 2023, with the difference of 3.8 percentage points higher.

	Amount in million Riels		
	Actual Expense 2023	Final Budget 2023	percent Actual VS Final Budget 2023
Expense for general administration	6,050,478	6,991,805	86.54%
Expense on defence and security	5,291,092	5,336,421	99.15%
Expense on social sector	9,622,611	9,761,931	98.57%
Expense on economic sector	3,496,705	3,351,650	104.33%
Finance cost & unallocated expense	4,549,889	7,411,482	61.39%

The covid-19 pandemic provoked a remarkable change in government spending patterns. As the pandemic has been relieved, the government diverted some budget expenditure towards supporting the poor and vulnerable families, and unemployed labour force, as well as towards the restoration and stimulation of economic growth, and the development of both physical and

non-physical infrastructures, Clearly, social sector is at the top of the list in terms of total spending, constituting roughly 33.2 percent, followed by general administration, sharing almost 20.9 percent. National defense and security stands at the third rank, sharing 18.2 percent, while finance and unallocated expenses, and economic sector are among the smallest portion of the government spending during the year and representing roughly 15.7 percent and 12.1 percent respectively. These spending figures however remain underspent by comparison with the budget figure set forth in the annual financial law. For instance economic sector overspent roughly by 4.3 percent against the final budget, while other sectors underspent between 0.85 percent to 13.5 percent, except finance cost and unallocated fund which considerably underspent by as much as 38.6 percent. These expenditures are for helping prop up the economic recovery, maintain the stability of livelihood of people, and retain the socio-economic balance.

-General administration: The execution of the budget expenditure in this category was under the ceiling of the annual financial law by a relatively large margin of 13.5 percent. The underexpenditure has been seen at National Election Committee due to overestimation of allowance of long-term and short-term contractual staffs for period of one month, Council for the Development of Cambodia owing to unexecuted expenditure item for public relation and advertisements, National Audit Authority thanks to savings from salary of civil servants and contractual staff, audit allowance, and other financial supports, Council of Ministers due to belated preparation of documents for clearing cash advances for organizing work activities at the beginning of 2023, and other ministries and institutions including Ministry of Economy and Finance, Ministry of Land Management, and Urbanization and Construction, Ministry of Planning, and Ministry of Inspection due to similar reasons.

-Defense and security: the spending was well aligned with budget, achieving roughly 99.1 percent against the financial law. This is driven by the increase in salary and allowance for lifting up the livelihood of armed forces, the purchase of food and military uniforms, and the maintenance of equipments.

-Social sector: Achieved approximately 98.6 percent compared with budget figure. It is interesting to note that budget in social sector rose by 39.6 percent in the revised figure compared with original budget. Significantly, social sector is at the top of the list to have received the additional package. The fund is employed for lifting up the livelihood of poor people and for providing social assistance to vulnerable group who are affected by the Covid-19 and to the labour force whose jobs were suspended.

-Economic sector: achieved about 104.3 percent of the financial law. The overexpenditure is attributed to the activities for restoring and stimulating the economy. For instance, Ministry of Post and Telecommunication, Ministry of Mines and Energy, and Secretariat of Civil Aviation, whose spending exceeded the ceiling in the annual financial law.

-Finance cost and unallocated fund: the execution of this kind of expenditure is by far the lowest among other sectors, achieving roughly 61.4 percent. This category of expenditure mainly demonstrates the role of Ministry of Economy and Finance as a financier of certain projects for various line ministries, as stated in the law. In addition, Ministry of Economy and Finance also holds the budget package from counterpart fund for current expenditure, direct investment, counterpart investment, and budget support fund for line ministries.

12. RECONCILIATION WITH BUDGETARY REPORT FOR YEAR ENDED 2023

12.1. Reconciliation Cash Receipts with Budget Income

	Cash Receipt	Amount in million Riels			Budget Income
		Deposit Account	Timing Difference	VAT/Withholding	
Tax Revenue	21,274,104	292,782	134,574	181,568	21,883,027
Tax on Profits, and Income Withholding	7,823,604	-	3,687	26,116	7,853,408
General Taxes on Wealth and Services (VAT)	7,118,442	122,920	123,891	155,410	7,520,663
Excise Taxes on Specific Goods and Services	3,685,234	69,423	4,400	-	3,759,056
Revenue from International Trade	2,460,502	100,439	2,516	12	2,563,468
Other domestic revenue	186,323	-	80	29	186,432
Non-Tax Income	2,308,863	11,462	2,725	435,337	2,758,388
Income from concessions and Lease of assets	178,501	-	-	24,070	202,570
Income from public enterprises	34,371	-	-	-	34,371
Income from government services	1,719,144	-	82	330,225	2,049,450
Disposals of assets	89,624	-	2,222	-	91,846
Finance income(18)	137,492	11,430	421	30	149,373
Other income (20)	149,732	33	0	81,013	230,778
Financing Receipts	2,144,469	1,010	-	-	2,145,479
Loan repayments	42,414	-	-	-	42,414
Grants	75,294	-	-	-	75,294
Borrowings and Similar Debt	2,026,760	1,010	-	-	2,027,770
Total	25,727,436	305,254	137,298	616,905	26,786,894
Others Cash Receipts	2,602,746				
Grand Total	28,330,182				

Due to the differences of receipt classification between CPSAS financial report and Budgetary report and to ensure the consistency of data reconciliation between the two statements, some items have been grouped into the Others Cash Receipts as per the details below:

- Others Cash Receipts of 2,602,746 million Riels consist of the 2,141,998 million Riels of deposit from SNA which constitutes the biggest chunk, followed by 323,258 million Riels of Performance deposit, 123,208 million Riels of Repayment cash advance, and 83,904 million Riels of Other receipts consist of 27,450 million Riels from repayment of Covid-19 combating fund while recovered revenue from Secretariate of Civil Aviation recorded amount of 48,820 million Riels, and other was the smallest part that contributes 7,634 million Riels.

12.1.1. Difference in Tax Revenue

- Tax Revenue amount of 292,782 million Riels was collected from private companies that opened deposit account with General Department of National Treasury for paying for general tax on wealth and service (VAT), excise taxes and tax on international trade.
- Timing difference of 134,574 million Riel is the advance payment of Tax duties since 2022 and it was then recognized in CPSAS financial report at that time. However, this was not recognized in Budgetary report until 2023 when the goods enter the country.

- Tax Revenue amount of 181,568 million Riels was withheld by General Department of National Treasury to pay for general tax on wealth and service (VAT), excise taxes and tax on international trade.

12.1.2. Difference in Non-Tax Revenue

- Non-Tax Revenue with the amount of 11,462 million Riels was collected from private companies that opened deposit accounts with General Department of National Treasury for paying for interest charge and amount of 2,725 million Riels was non-tax receipts collected in 2022 which did not have sufficient information from revenue collectors, and were carried over and posted in 2023.
- There were non-tax receipts of 435,337 million Riels, which were the expenses on rewards for civil servants.
- There was a discount on government's bond with the amount of 1,009.7 million Riels.

12.2. Reconciliation Cash Payment with Budget Expenditure

Amount in million Riels

PAYMENTS	Cash Payment	Different				Budget Expense
		VAT/ Withholding	Non-Cash	Internal Transfer	Timing Different	
Operations	11,539,990	101,792	409,498	-	401,847	12,515,170
Wages, salaries and employee benefits	8,656,440	11,850	409,498	-	(14,549)	9,063,239
Purchase of supplies and services	2,883,550	89,942	-	-	416,397	3,451,931
Transfers and Advances	2,780,778	-	-	2,159,341	2,850,913	7,822,847
Local government and organization support grants	800,178	2,489	-	2,159,341	1,617,933	4,579,941
Social assistance grants	1,718,903	29,326	-	-	1,494,677	3,242,906
Cash Advances	261,697	-	-	-	(261,697)	-
Capital Expenditure	5,362,617	10,717	527,613	-	85,047	5,985,993
Purchase/constructi on of plant and equipment	4,788,546	10,717	525,002	-	(706,501)	4,617,763
Cash Lending	-	-	-	-	1,349,870	1,349,870
Other capital expenditure	574,070	-	2,611	-	(558,322)	18,360
Loan and Interest Repayments	2,215,603	-	-	-	53,933	2,269,536
Repayment of borrowings	1,625,625	-	-	-	31,930	1,657,555
Interest payments	589,978	-	-	-	22,003	611,980
Other Payments	7,673,063	-	2,583	(6,821,448)	(436,969)	417,229
Repayment of Deposit	1,884,941	-	-	(1,884,941)	-	-
Repayment of performance deposits (Guarantee)	301,272	-	-	(301,272)	-	-
Expenditure of SNA	5,050,563	-	-	(5,050,563)	-	-
Other payments	436,287	-	2,583	415,328	(436,969)	417,229
VAT Refund	-	-	-	-	-	-
Payment to PT	-	-	-	-	-	-
Grand Total	29,572,050	112,509	939,693	(6,821,448)	165,901	29,010,775

The above reconciliation table reveals the differences in figure between the two statements, for instance, the difference of payments of VAT and Withholding tax, Non-cash item, and timing difference which are recognized in budgetary report, but not in CPSAS financial statement and vice versa. This is due to the difference of classification basis of receipts and payments between the two statements.

- With regard to wages, salaries and employee benefits, there was withholding tax of 11,850 million Riels. This amount is withheld by GDNT on behalf of GDT. Non-cash item of 409,498 million Riels are mainly related to intra-net off between revenue and expenditure by line ministries that are in charge of collecting revenue, and timing difference of 14,549 million Riels due to grace period (the complementary period in budgetary report).
- Concerning purchase of supplies and services, there are differences in VAT/withholding tax with the amount of 89,942 million Riels and time differences with the amount of 416,397 million Riels due to the grace period.

13. ERRORS OR MISSTATEMENT OF THE PREVIOUS PERIOD

No error or misstatement of the previous period has been adjusted in this financial statement.

14. NON-CONSOLIDATED ENTITIES

The financial statements of the Royal Government of the Kingdom of Cambodia for the financial year 2023 do not include the Sub-National Administrations, the Public Administrative Establishments, the Public Enterprises and Public Participations due to the inconsistency of accounting policy of those non-consolidated entities and lack of policies and regulations for the consolidation. In addition, the National Bank of Cambodia is also one of the non-consolidated entities due to its autonomous, legal and financial frameworks.

The following list shows Non-Consolidated Entities:

No.	Type	Number of Entities
1.	Sub-National Administration (SNA)	1,886
2.	Administrative Public Establishments (APE)	37
3.	Economic Public Establishments (EPE)	4
4.	Public Enterprise (PE)	20
5.	Public Participation (PP)	2

15. DEVIATION FROM CPSAS CASH BASIS

There are some cases that deviated from the standard due to the technical issue and the limitation of information received by GDNT, such as cash advance which is not able to comply with CPSAS cash basis standard at this time. Nonetheless, RGC is committed to reform these shortcomings and deficiencies in order to make the financial statements comply with standard in the foreseeable future.

CPSAS cash basis requires that the cash advance to line ministries and government institutions, which are parts of government-controlled entities, should not be treated as an expense, but as a movement of cash within government entities. Nevertheless, in these financial statements, the outstanding advance is classified as an expenditure. There are two main reasons that must be taken into consideration: firstly, the LMs do not inform the public accountant of the remaining amounts of cash advance they handled at year end and secondly, the bank accounts held by LMs are out of GDNT's control. Certainly, the advance will be classified as cash once GDNT can obtain the information about the cash balance on a regular basis for the purpose of cash reconciliation. Furthermore, cash and cash equivalents do not include all bank accounts, although they are controlled by the government because line ministries may operate bank accounts outside the TSA and do not inform GDNT of receipts, payments and cash balances.

However, GDNT has taken a comprehensive measure through circular No.010 dated September 19, 2023 of MEF, requiring LMs and/or government agencies to report the status of unutilized cash advance every year-end. Therefore, GDNT can recognize the cash advance as a government's cash. It is firmly believed that the reform will gradually bear fruit and make greater enhancement to the compliance with the standard in the foreseeable future.

16. APPENDIX

BUDGET SETTLEMENT LAW
Table A1: National Budget General Operations for Year 2023

million Riels

National Budget Revenue and Expenditure transaction	Year 2023		Year 2022		Actual/Finance law (2023)	
	Financial Law	Actual	Financial Law	Actual	% Law	Over(+)/ Under(-)
Total revenue = (I.1 + II.1)	34,165,163.0	32,652,955.7	30,544,366.0	32,299,330.9	95.6%	-1,512,207.3
Total Expenditure = (I.2 + II.2) *	36,603,698.0	34,877,063.2	33,079,266.0	29,850,447.2	95.3%	-1,726,634.8
deficit from budget performance during the year		-2,224,107.5		+2,448,883.7		
I. National revenue and expenditure operations which carried through the GDNT						
I.1 Income	27,991,748.0	26,786,893.7	24,730,882.0	26,694,796.5	95.7%	-1,204,854.3
· Current revenue	25,564,428.0	24,641,415.0	22,157,343.0	24,860,865.8	96.4%	-923,013.0
· Capital income	2,427,320.0	2,145,478.7	2,573,539.0	1,833,930.7	88.4%	-281,841.3
+Domestic capital income	1,144,812.0	280,414.5	1,305,259.0	116,031.8	24.5%	-864,397.5
+Funding Revenue Supported Finance by DP	1,282,508.0	1,865,064.2	1,268,280.0	1,717,898.9	145.4%	+582,556.2
I.2 Expenditure	30,430,283.0	29,011,001.2 *	27,265,782.0	24,245,912.8	95.3%	-1,419,281.8
· Current Expenditure *	20,839,425.0	21,367,452.9	19,111,704.0	17,888,312.6	102.5%	+528,027.9
· Capital Expenditure	9,590,858.0	7,643,548.3	8,154,078.0	6,357,600.2	79.7%	-1,947,309.7
+Public investment with domestic financing	7,730,971.0	5,985,993.1	6,676,421.0	4,905,654.1	77.4%	-1,744,977.9
+Principal repayments	1,859,887.0	1,657,555.2	1,477,657.0	1,451,946.1	89.1%	-202,331.8
II. Public investment with foreign fund						
II.1. Capital Revenue for the Project by Overseas Financing	6,173,415.0	5,866,062.0	5,813,484.0	5,604,534.4	95.0%	-307,353.0
II.2. Capital expenditure for the project by Oversea Finance	6,173,415.0	5,866,062.0	5,813,484.0	5,604,534.4	95.0%	-307,353.0

(*) This figure includes budget credit of 1,308,551.2 million Riels as per the adjustment of additional budget credit for 2023 budget execution, while it will be set out in the 2024 financial law.

Table A2: Fiscal Balance for Year 2023

million Riels

	2023		2022	
National budget operations	Amount	Balancing /Financing	Amount	Balancing /Financing
I-Gross Domestic Income	24,683,829.5		24,904,797.5	
I.1 Current revenue	24,641,415.0		24,860,865.8	
I.2 Domestic capital income	42,414.5		43,931.7	
II- Total budget Expenditure	33,219,281.3		28,398,501.1	
II.1. Current expenditure	21,367,226.3		17,888,312.6	
II.2. Capital Expenditure (exclude Principal repayments of KHR 1,657,555.1 million Riels)	11,852,055.1		10,510,188.5	
+ Public investment with domestic financing	5,985,993.1		4,905,654.1	
- By the national budget	5,702,442.6		4,626,577.4	
· Direct investment projects	5,258,375.5		3,963,346.1	
· Counterpart fund with foreign financing	444,067.0		663,231.3	
- Funding supported by development partners	283,550.5		279,076.7	
+ Public investment by foreign financing	5,866,062.0		5,604,534.4	
A. Current Account surplus (I.1-II.1)	(+)3,274,188.8		(+)6,972,553.2	
B. National budget deficit (I-II)	(-)8,535,451.8		(-)3,493,703.6	
III- Financing of Deficit		(+)8,535,451.8		(+)3,493,703.6
III.1. Overseas Financing		(+)6,073,571.0		(+)5,870,487.3
· Funding support from development partners		(+)1,865,064.2		(+)1,717,898.9
· Public investment with foreign financing		(+)5,866,062.0		(+)5,604,534.4
· Mortgage Principals Repayments		(-)1,657,555.2		(-)1,451,946.0
III.2. Domestic Financing		(+)2,461,880.8		(-)2,448,883.7
· Government reserve		(+)2,223,880.8		(-)2,448,883.7
III.3. Financing from securities market		(+)238,000.0		(+)72,100.0
· Government Bond		(+)238,000.0		(+)72,100.0

