

1 General information

Thailand Environment Foundation ("the Foundation") was established on 24 February 1993 as a non-profit making organisation and aims to play a catalytic role in promoting close cooperation among government, private sector, a coalition of NGOs, medias and academia. The Foundation conducts policy research and action-oriented research for protection of the environment and promoting Thailand's long-term policy on the environment.

The address of its registered office is as follows:

16/151, Muang Thong Thani, Bond Street, Tambon Bangpood, Amphur Pakkred, Nonthaburi 11120.

Thailand Environment Foundation was declared to be a public charity No. 322 in accordance with the Ministry of Finance's Notification dated 14 October 1997.

As at 31 December 2005, the Foundation employed 114 people (2004: 109 people).

The financial statements for the year ended 31 December 2005 have been approved by the Foundation's Board of Directors on 11 April 2006.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act. B.E. 2547, designated as applicable to non-public companies.

As a result of the Federation of Accounting Profession (FAP) approval of three new accounting standards on 12 May 2005, the Foundation has adopted TAS 52, "Events After Balance Sheet Date", TAS 53, "Provisions, Contingent Liabilities, and Contingent Asset", and TAS 54, "Discontinuing Operation", in 2005. The adoption of the three new accounting standards did not have an impact on the financial statements presented.

The Foundation has chosen not to apply Thai Accounting Standards No. 25, "Statements of Cash Flows", TAS No. 47, "Related Party Disclosures", and No. 48, "Financial instruments: Disclosure and Presentation". The application of these standards are not mandatory for non-public companies.

2 Accounting policies (Continued)

2.1 Basis of preparation (Continued)

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates.

An English version of the financial statements have been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Fund accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to Thailand Environment Foundation, the financial statements are maintained in accordance with the principles of "fund accounting". The purposes of the funds maintained by the Foundation are as follows:

Operating fund: represents funds available for general operating purpose. The operating fund is supported by approximately 30% of gross revenues from the sponsored program fund.

Sponsored program fund: represents funds for research activities, field activities, seminars, workshops, conferences, symposia, or training, supported by donors or other outside agencies.

Capital fund: represents the initial registered fund of the Foundation of Baht 5 million. Commencing from 1 January 1996, interest income derived from the capital fund has been included in the reserve fund.

Reserve fund: represents funds derived from contributions received from various sources and are accumulated as a reserve for future uses. Commencing from 1 January 1996, interest income derived from the reserve fund has been included in the reserve fund.

2.3 Revenues and expenditures

The financial statements of the Foundation have been prepared on an accrual basis. Sponsorships are recorded as revenues when due. Sponsorship income on a cost reimbursement program is recognised as income when direct contract costs are incurred. When sponsorships received exceed the income recognised for the year, the net balance is presented as advances received from sponsors, and vice versa, the net balance is presented as sponsorship receivables.

Membership fee income is recognised when due. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

The Foundation recognises expenditures on an accrual basis.

2 Accounting policies (Continued)

2.4 Short-term investments

Short-term investments in debt securities which are classified as held-to-maturity securities are carried at cost.

2.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings and building improvements	10 and 20 years
Furniture and office equipment	3 and 5 years
Motor vehicles	5 years

Gains and losses on disposals of property and equipment are determined by comparing proceeds with the carrying amounts and are included in revenues or expenditures.

Repairs and maintenance are charged to the statement of revenues and expenditures during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Foundation. Major renovations are depreciated over the remaining useful life of the related asset.

2.6 Provisions

Provisions, which exclude the provisions relating to employee benefits, are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Foundation expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3 Cash in hand and at banks

As at 31 December 2005, the Foundation has pledged bank deposits of Baht 1,206,466 (2004: Baht 1,221,526) with local banks as collateral for letters of bank guarantee issued by the local banks in respect of the research and field projects (Note 9).

4 Short-term investments

As at 31 December 2005, short-term investments represent government bonds, which bear interest at the rate of 1.15% per annum and will be due for redemption within 2006 (2004: none).

5 Property and equipment, net

Operating fund

	Land Baht	Buildings and building improvements Baht	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
At 31 December 2004					
Cost	9,569,200	30,430,870	8,821,735	1,142,312	49,964,117
Less: Accumulated depreciation	-	(1,678,858)	(6,160,413)	(711,534)	(8,550,805)
Net book amount	9,569,200	28,752,012	2,661,322	430,778	41,413,312
For the year ended					
31 December 2005					
Opening net book amount	9,569,200	28,752,012	2,661,322	430,778	41,413,312
Additions	-	203,719	1,382,138	-	1,585,857
Disposals	-	-	-	(1)	(1)
Depreciation charge	-	(1,611,850)	(1,190,045)	(114,955)	(2,916,850)
Closing net book amount	9,569,200	27,343,881	2,853,415	315,822	40,082,318
At 31 December 2005					
Cost	9,569,200	30,634,589	10,203,873	890,661	51,298,323
Less: Accumulated depreciation	-	(3,290,708)	(7,350,458)	(574,839)	(11,216,005)
Net book amount	9,569,200	27,343,881	2,853,415	315,822	40,082,318

5 Property and equipment, net (Continued)

Sponsored program fund

	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
At 31 December 2004			
Cost	14,795,031	5,860,626	20,655,657
Less: Accumulated depreciation	(12,609,866)	(4,166,641)	(16,776,507)
Net book amount	<u>2,185,165</u>	<u>1,693,985</u>	<u>3,879,150</u>
For the year ended 31 December 2005			
Opening net book amount	2,185,165	1,693,985	3,879,150
Additions	1,836,339	1,650	1,837,989
Disposals	(3)	-	(3)
Depreciation charge	(1,385,948)	(712,112)	(2,098,060)
Closing net book amount	<u>2,635,553</u>	<u>983,523</u>	<u>3,619,076</u>
At 31 December 2005			
Cost	16,596,124	5,862,276	22,458,400
Less: Accumulated depreciation	(13,960,571)	(4,878,753)	(18,839,324)
Net book amount	<u>2,635,553</u>	<u>983,523</u>	<u>3,619,076</u>

Equipment of the sponsored program fund is the equipment acquired for specific projects and available to be used by the Foundation at the completion of the projects except the respective sponsors specify for other particular purposes.

Depreciation charges of property and equipment for the years ended 31 December 2005 and 2004 amounting to Baht 5,014,910 and Baht 5,231,272, respectively, are included in the statements of revenues and expenditures for these years.

6 Capital and reserve fund balances - restricted

	2005	2004
	Baht	Baht
Capital fund	19,299,885	17,366,637
Reserve for building improvement fund	6,200,405	5,200,405
Reserve for staff educational fund	6,182,390	6,631,296
Reserve for staff medical welfare	1,544,224	744,224
Reserve for social services fund	5,320,270	4,160,383
Total	38,547,174	34,102,945

Reserve for building improvement fund

The Foundation has established a reserve for building improvement fund since 2004. An appropriate amount of which is allocated from the operating fund.

Reserve for staff educational fund

The Foundation has established a reserve for staff educational fund. An amount of Baht 1 million per annum or the available amount for the appropriation is allocated from the operating fund.

Reserve for staff medical welfare fund

The Foundation has established a reserve for staff medical welfare fund. An appropriate amount of which is allocated from the operating fund.

Reserve for social services fund

In 2004, the Foundation established an initial fund for social services, which was allocated from the operating fund. Appropriate amounts of additional contributions to the fund are based on the Foundation's consideration.

7 Other income

	2005			2004	
	Operating fund Baht	Sponsored program fund Baht	Capital and reserve fund Baht	Total all funds Baht	Total all funds Baht
Interest income	299,508	195,194	608,648	1,103,350	1,076,240
Others	1,455,273	3,208,284	324,600	4,988,157	3,238,594
Total	1,754,781	3,403,478	933,248	6,091,507	4,314,834

8 Fund transfers - completed projects

Revenues from the sponsored program fund are allocated to the operating fund at the rates between 10% and 30% of gross revenues. The allocation is made when cash is received.

9 Contingent liabilities

As at 31 December 2005, there are outstanding letters of bank guarantee issued by local banks on behalf of the Foundation in respect of the research and field projects amounting to Baht 1,206,466 (2004: Baht 1,221,526) (Note 3).