

THAILAND ENVIRONMENT INSTITUTE FOUNDATION

FINANCIAL STATEMENTS

31 DECEMBER 2012



AUDITOR'S REPORT

To the Board of Directors of Thailand Environment Institute Foundation

I have audited the accompanying financial statements of Thailand Environment Institute Foundation, which comprise the statement of financial position as at 31 December 2012, and the related statements of revenues and expenditures and changes in fund balances for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-publicly Accountable Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thailand Environment Institute Foundation as at 31 December 2012, and its revenues and expenditures for the year then ended in accordance with Thai Financial Reporting Standards for Non-publicly Accountable Entities.

A handwritten signature in blue ink, appearing to read 'Chaisiri Ruangritchai', with a stylized flourish at the end.

Chaisiri Ruangritchai
Certified Public Accountant (Thailand) No. 4526
PricewaterhouseCoopers ABAS Ltd.

Bangkok
18 April 2013

Thailand Environment Institute Foundation
Statement of Financial Position
As at 31 December 2012

		2012			2011	
		Operating	Sponsored	Capital and		
		fund	program	reserve	Total	
		fund	fund	funds	all funds	
		Baht	Baht	Baht	Baht	
Notes						
Assets						
Current assets						
Cash and cash equivalents	3	52,014,838	78,324,995	629,877	130,969,710	111,608,730
Short-term investments	4	18,932,356	13,988,731	91,496,078	124,417,165	98,502,889
Trade and other receivables	5	483,746	21,851,606	2,331,713	24,667,065	28,070,880
Total current assets		71,430,940	114,165,332	94,457,668	280,053,940	238,182,499
Non-current assets						
Long-term investments	6	-	-	12,000,000	12,000,000	20,000,000
Restricted cash	7	5,100,000	-	-	5,100,000	1,090,960
Property, plant and equipment, net	8	29,533,552	760,835	-	30,294,387	34,474,293
Intangible assets, net	9	31,833	21,740	-	53,573	76,183
Total non-current assets		34,665,385	782,575	12,000,000	47,447,960	55,641,436
Total assets		106,096,325	114,947,907	106,457,668	327,501,900	293,823,935
Liabilities and fund balances						
Current liabilities						
Trade and other payables	10	2,141,118	90,125,203	75,315	92,341,636	89,253,597
Total current liabilities		2,141,118	90,125,203	75,315	92,341,636	89,253,597
Non-current liabilities						
Retirement benefit obligations	11	-	-	4,458,507	4,458,507	7,421,309
Total non-current liabilities		-	-	4,458,507	4,458,507	7,421,309
Total liabilities		2,141,118	90,125,203	4,533,822	96,800,143	96,674,906
Fund balances						
Unrestricted funds		103,955,207	-	17,373,839	121,329,046	119,256,609
Restricted funds	12	-	24,822,704	84,550,007	109,372,711	77,892,420
Total fund balances		103,955,207	24,822,704	101,923,846	230,701,757	197,149,029
Total liabilities and fund balances		106,096,325	114,947,907	106,457,668	327,501,900	293,823,935

Director

[Signature]

Director

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The notes to the financial statements on pages 6 to 16 are an integral part of the financial statements.

Thailand Environment Institute Foundation
Statement of Revenues and Expenditures
For the year ended 31 December 2012

		2012			2011
		Operating	Sponsored	Capital and	
		fund	program	reserve	Total
		fund	fund	funds	all funds
Notes		Baht	Baht	Baht	Baht
Revenues					
Sponsorships for research activities		900,000	152,583,676	-	153,483,676
Membership fee income		1,900	9,437,726	-	9,439,626
Other income	13	2,638,429	1,010,577	2,897,406	6,546,412
Total revenues		3,540,329	163,031,979	2,897,406	169,469,714
Expenditures					
Salaries and related staff costs		15,408,865	29,176,095	(1,833,342)	42,751,618
Sub-contracts for researches		631,417	16,567,961	-	17,199,378
Rental expense		210,882	2,656,449	-	2,867,331
Utility expenses		1,046,047	35,475	-	1,081,522
Communication expenses		370,468	2,375,388	-	2,745,856
Travelling and related costs		238,305	7,280,882	-	7,519,187
Meeting and seminar expenses		1,102,641	22,992,263	-	24,094,904
Publication expenses		228,842	6,532,814	-	6,761,656
Promotional materials		231,842	1,893,477	-	2,125,319
Library expenses		79,562	74,560	-	154,122
Stationery supplies		1,563,824	703,620	-	2,267,444
Bank charges and duty stamps		121,201	497,027	-	618,228
Professional consulting and audit fees		348,527	179,000	-	527,527
Media expenses		-	83,879	-	83,879
Field expenses		-	56,500	-	56,500
Amortisation and depreciation charges	8,9	4,744,145	524,592	-	5,268,737
Contributions for project activities		3,625	16,613,764	-	16,617,389
Miscellaneous expenses		1,886,112	1,290,277	-	3,176,389
Total expenditures		28,216,305	109,534,023	(1,833,342)	135,916,986
Excess of revenues over (under) expenditures		(24,675,976)	53,497,956	4,730,748	33,552,728

The notes to the financial statements on pages 6 to 16 are an integral part of the financial statements.

Thailand Environment Institute Foundation
Statement of Changes in Fund Balances
For the year ended 31 December 2012

	Note	2012			2011
		Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht
Fund balances brought forward		100,414,878	16,914,892	79,819,259	197,149,029
Excess of revenues over (under) expenditures		(24,675,976)	53,497,956	4,730,748	33,552,728
Fund transfers					
- completed projects	14	28,216,305	(45,590,144)	17,373,839	-
Fund balances carried forward		<u>103,955,207</u>	<u>24,822,704</u>	<u>101,923,846</u>	<u>230,701,757</u>
					<u>197,149,029</u>

The notes to the financial statements on pages 6 to 16 are an integral part of the financial statements.

1 General information

Thailand Environment Institute Foundation (formerly Thailand Environment Foundation) ("the Foundation") was established on 24 February 1993 as a non-profit making organisation and aims at playing a catalytic role in promoting close cooperation among government, private sector, and 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 Institute Foundation was declared to be a public charity No. 322 in accordance with the Ministry of Finance's notification dated 14 October 1997.

The financial statements have been approved by the Foundation's Board of Directors on 18 April 2013.

2 Accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Thai Financial Reporting Standards for Non-publicly Accountable Entities as issued by the Federation of Accounting Professions.

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

Comparative figures have been adjusted to conform with the changes in the presentation in the current year.

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 Accounting policies (Cont'd)

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 purposes. The operating fund is generally supported at the rates 30% of gross revenues of the completed projects from the sponsored program fund. In case the general basis of the allocation is not appropriate, the allocation is depended on the judgment of the Foundation's management. The allocation is made when cash is received (Note 12).

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 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the acquisition date which are not used as collateral.

2.4 Property, plant and equipment

An item of property, plant, and equipment is stated at cost less any accumulated depreciation and any allowance for devaluation (if any).

The cost of an item of property, plant, and equipment comprises its purchase price, import duties and non-refundable purchase taxes (after deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the initial estimate of costs of dismantling and removing the item, and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

2 Accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

The cost of replacing part of property, plant, and equipment is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Foundation and the carrying amount of those replaced parts is derecognised. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life as follows:

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

The assets' residual value, useful lives, and depreciation method are regularly reviewed.

Whenever there is any indication showing a permanent decrease in the amount of property, plant and equipment; such as an evidence of obsolescence or physical damage of an asset, significant changes in the manner in which an asset is used or is expected to be used, the Foundation shall recognised loss on decrease in value of property, plant and equipment in income statement where the carrying amount of asset is higher than the recoverable amount. The recoverable amount of asset is the higher of its fair value less costs to sell and its value in use.

2.5 Intangible asset

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2 Accounting policies (Cont'd)

2.6 Provisions

Provisions 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.

The Foundation has an obligation under labour law in benefit payable under the plan for employees until retirement date. The maximum amount of obligation shall not exceed the amount of latest salary payable for 10 months. The employees will receive the payment amount at retirement date. The Foundation estimated a provision at the end of reporting period, which calculation is based on current salary reflected by the employee turnover and the proportion of working period of employees and working period until retirement.

2.7 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.

3 Cash and cash equivalents

	2012 Baht	2011 Baht
Cash on hand	205	205
Deposits held at call with banks	130,969,505	111,608,525
Total	<u>130,969,710</u>	<u>111,608,730</u>

Thailand Environment Institute Foundation
Notes to the Financial Statements
For the year ended 31 December 2012

4 Short-term investments

	2012 Baht	2011 Baht
Fixed deposit due within one year	114,417,615	98,502,889
Government bonds due within one year	10,000,000	-
Short-term investments, net	<u>124,417,615</u>	<u>98,502,889</u>

As at 31 December 2012, fixed deposits and savings bonds issued by the Bank of Thailand carried interest at the rates between 2.4% - 3.7% per annum and 3.5% per annum, respectively (2011: 2.1% - 4.5% per annum).

5 Trade and other receivables

	2012 Baht	2011 Baht
Sponsorship receivables	20,195,378	16,104,368
Funds receivable	936,769	8,034,545
Advance payments	1,622,085	2,639,914
Interest receivables	1,470,320	789,821
Others	442,513	502,232
Total	<u>24,667,065</u>	<u>28,070,880</u>

6 Long-term investments

	2012 Baht	2011 Baht
Government Saving Bank's lottery	7,000,000	5,000,000
Government bonds	5,000,000	15,000,000
Long-term investments	<u>12,000,000</u>	<u>20,000,000</u>

As at 31 December 2012, Government Saving Bank's lottery and Government bonds issued by the Bank of Thailand carried interest at the rates 2.5% per annum and 3.0% per annum, respectively (2011: 2.5% per annum and 3.0% - 3.5% per annum, respectively).

7 Restricted cash

The Foundation has pledged the fixed deposits with local banks as collateral for letters of bank guarantee issued by the local banks in respect of the research and field projects (Note 15).

Thailand Environment Institute Foundation
Notes to the Financial Statements
For the year ended 31 December 2012

8 Property, plant and equipment, net

Operating fund	Land Baht	Buildings and building improvements Baht	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
As at 1 January 2012					
Cost	9,569,200	38,533,862	14,957,796	1,701,847	64,762,705
Less Accumulated depreciation	-	(17,820,237)	(12,053,456)	(1,353,401)	(31,227,094)
Net book amount	9,569,200	20,713,625	2,904,340	348,446	33,535,611
For the year ended 31 December 2012					
Opening net book amount	9,569,200	20,713,625	2,904,340	348,446	33,535,611
Additions	-	-	692,363	-	692,363
Disposal	-	-	(264)	-	(264)
Depreciation charge	-	(3,006,067)	(1,482,594)	(205,497)	(4,694,158)
Closing net book amount	9,569,200	17,707,558	2,113,845	142,949	29,533,552
As at 31 December 2012					
Cost	9,569,200	38,533,862	15,595,585	1,701,847	65,400,494
Less Accumulated depreciation	-	(20,826,304)	(13,481,740)	(1,558,898)	(35,866,942)
Net book amount	9,569,200	17,707,558	2,113,845	142,949	29,533,552

Thailand Environment Institute Foundation
Notes to the Financial Statements
For the year ended 31 December 2012

8 Property, plant and equipment, net (Cont'd)

	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
Sponsored program fund			
As at 1 January 2012			
Cost	12,973,764	5,217,626	18,191,390
<u>Less</u> Accumulated depreciation	<u>(12,098,863)</u>	<u>(5,153,845)</u>	<u>(17,252,708)</u>
Net book amount	<u>874,901</u>	<u>63,781</u>	<u>938,682</u>
For the year ended 31 December 2012			
Opening net book amount	874,901	63,781	938,682
Additions	381,378	-	381,378
Disposal	(21,018)	-	(21,018)
Depreciation charge	<u>(484,577)</u>	<u>(53,630)</u>	<u>(538,207)</u>
Closing net book amount	<u>750,684</u>	<u>10,151</u>	<u>760,835</u>
As at 31 December 2012			
Cost	12,607,524	5,217,626	17,825,150
<u>Less</u> Accumulated depreciation	<u>(11,856,840)</u>	<u>(5,207,475)</u>	<u>(17,064,315)</u>
Net book amount	<u>750,684</u>	<u>10,151</u>	<u>760,835</u>

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

Thailand Environment Institute Foundation
Notes to the Financial Statements
For the year ended 31 December 2012

9 Intangible assets, net

	Computer software		
	2012		2011
	Operating fund Baht	Sponsored program fund Baht	Total Baht
As at 1 January			
Cost	740,456	350,000	1,090,456
<u>Less</u> Accumulated amortisation	(695,727)	(318,546)	(1,014,273)
Net book amount	44,729	31,454	76,183
Year ended 31 December			
Opening net book amount	44,729	31,454	76,183
Additions	4,490	9,272	13,762
Amortisation charge	(17,386)	(18,986)	(36,372)
Closing net book amount	31,833	21,740	53,573
As at 31 December			
Cost	744,946	359,272	1,104,218
<u>Less</u> Accumulated amortisation	(713,113)	(337,522)	(1,050,645)
Net book amount	31,833	21,740	53,573

10 Trade and other payables

	2012 Baht	2011 Baht
Advances received from sponsors	80,547,865	76,420,647
Fund payable	936,769	8,034,545
Accrued expenses	9,801,828	3,444,190
Other payables	1,055,174	1,354,215
Total	92,341,636	89,253,597

Thailand Environment Institute Foundation
Notes to the Financial Statements
For the year ended 31 December 2012

11 Retirement benefit obligations

	2012	2011
	Baht	Baht
Opening balance	7,421,309	-
Increase during the year	-	7,421,309
Benefits paid	(1,129,460)	-
Decrease during the year	(1,833,342)	-
Ending balance	<u>4,458,507</u>	<u>7,421,309</u>

12 Capital and reserve fund balances - restricted

	2012	2011
	Baht	Baht
Capital fund	75,091,500	38,719,212
Reserve for building improvement fund	-	6,366,939
Reserve for staff educational fund	-	6,323,027
Reserve for staff medical welfare fund	-	606,186
Reserve for social services fund	-	7,653,781
Reserve for publication and communication fund	-	1,308,383
Reserve for retirement benefit obligations fund	4,458,507	
Reserve for cash flow fund	<u>5,000,000</u>	-
Total	<u>84,550,007</u>	<u>60,977,528</u>

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 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 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 allocation to the fund are based on the Foundation's consideration.

12 Capital and reserve fund balances - restricted (Cont'd)

Reserve for publication and communication fund

In 2007, the Foundation established a reserve for publication and communication fund. An appropriate amount of which is allocated from unrestricted funds under the capital and reserve fund.

Reserve for retirement benefit obligations fund

In 2012, the Foundation established a reserve for retirement benefit obligations fund. An appropriate amount of which is based on current salary reflected by the employee turnover and the proportion of working period of employees and working period until retirement (Note 2.6).

Reserve for cash flow fund

In 2012, the Foundation established a reserve for cash flow fund. An appropriate amount of which is allocated from the operating fund.

At the Board of Directors' Meeting held on 25 April 2012, it was approved to change the policy of fund management by incorporateing the existing 7 funds into 3 funds based on the main objective of the Foundation. The remaining funds are as follow:

- Capital fund
- Reserve for cash flow
- Reserve for retirement fund

13 Other income

	2012			2011	
	Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht	Total all funds Baht
Interest income	1,896,815	650,718	2,796,506	5,344,039	3,549,289
Others	741,614	359,859	100,900	1,202,373	1,584,176
Total other income	2,638,429	1,010,577	2,897,406	6,546,412	5,133,465

14 Fund transfers - completed project

Excess of revenues over expenditure of the completed projects from the sponsored program fund are allocated to the operating fund and capital and reserve funds at the rate of 30% of gross revenues. In case the general basis of the allocation is not appropriate, the allocation is depended on the judgment of the Foundation's management. The allocation is made when cash is received.

15 Contingent liabilities and commitments

Contingent liabilities in respect of bank guarantees

As at 31 December 2012, the Foundation has contingent liabilities in respect of bank guarantees arising in the ordinary course of operating activity amounting to Baht 5,100,000 (2011: Baht 990,958). It is anticipated that no material liabilities will arise from the contingent liabilities. The letter of guarantee is collateralised by the pledge of the Foundation's fixed deposits.

Operating lease commitment - where the Foundation is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 Baht	2011 Baht
Not later than 1 year	540,000	540,000
Later than 1 year but not later than 5 years	900,000	1,440,000
	<u>1,440,000</u>	<u>1,980,000</u>