



# **Human Capital Project**

## **Annual Report**

**2011-12**

***“Investing in the Future”***

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## **Glossary:**

HCP	Human Capital Project
UME-BB	University of Management and Economics (Battambang)
UME-KPC	University of Management and Economics (Kampong Cham)

## **Contact details for HCP are:**

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## **1. President's Report**

The last year has seen a significant growth in revenue thanks to a \$10,000 one-off donation, but only modest growth in expenses as the number of active students increased only marginally from 32 to 38. This includes 14 new students, but factors in a number of students graduating, paying for themselves, or suspending their study. Two students dropped out of the system. Three more HCP students graduated from university, but none achieved the required income necessary to make HCP payments. Nhim Chamnan continued to make her monthly payments of US \$30/month throughout the year.

The 2011 trip included three people, with Peter Gregory (IPA) and Rachel Connor (HCP Secretary) joining the process for the first time. The trip included the usual stops at Phnom Penh, Battambang and Kampong Cham, as well as a side-trip to Siem Reap to see Angkor Wat. As usual, the participants covered all of their own travel costs. In early 2012, I returned to Cambodia on other business, but also caught up with UME staff and HCP students. On 23 June 2012 I spoke (along with Muon Veasna) to the graduating students from two local high schools. At Skun high school about 40-50 students came, and at Sreng Kim high school about 80-100 students came to hear about UME and HCP. During those talks, Veasna told the students: "if you think one year ahead, you plant rice... if you think three years ahead you will plant a tree... but if you think about all of your life, you will get an education."

A major milestone for the last year was the registration of HCP with the Queensland government as a non-profit organisation. The Certificate of Incorporation (dated 11 July 2011) is now framed and has pride of place at my office. Having incorporation allowed us to open a bank account in HCP's name, and that was also done this year. Our account was opened with St George on the 19<sup>th</sup> of September 2011 with BSB of 114-879 and account number 457194861. This should increase transparency and improve our accounts management going forward.

Net revenue of \$13,482 means that for the first time HCP has a positive asset position. Some of this money is held in four Cambodian accounts (Acleda bank, ANZ Royal bank, UME-BB, UME-KPC) with a total balance of US \$1510. The remaining \$10,189 is held in Australia. For the first time, our financial records are now coordinated by a bookkeeper using MYOB and were reviewed by an auditor.

Once again, I owe a big debt of gratitude to all those donors, volunteers and supporters who help to keep HCP moving forward, and I look forward to more successes in the coming years.

**John Humphreys**

President & Director  
Human Capital Project

## **2. Financial statements**

### **Financial statements**

Starting this year, HCP has a bookkeeper (Linsay Humphreys), who is using MYOB to manage our financial records and an auditor (Phyllis Marshall), who reviewed our financial accounts (but did not conduct a full audit). Based on advice from these two kind volunteers, several modifications have been made to the financial statements shown below. In previous years, the first table below had been mislabelled, but it is now correctly called an “income and expenditure statement”. Also, now that HCP has a positive asset position it is necessary to report a balance sheet position.

The most substantive change is in the treatment of university credit. In previous years university credit was recorded as “revenue” but from now on the university credit will instead be counted as a negative expense, since the credit represents a previous over-payment. Because of this change, expenses in this year aren’t directly comparable to previous years. If anybody is interested in seeing the complete MYOB accounts, please contact the President, Secretary or Treasurer.

*Table 2.1: 2011-12 Income and Expenditure statement (AUD)*

Revenue	Annual sponsorship	21,850
	Old Grad payments	270 <sup>1</sup> (270 USD)
	Graduate payments	360 <sup>2</sup> (360 USD)
	<i>Revenue sub-total</i>	<i>22,480</i>
Expenses	Tuition fees	9,139 (8,225 USD)
	Other costs	226 (203 USD)
	Bank fees	307
	Exchange rate loss	48
	University credit	-722 (650 USD)
	<i>Expenses sub-total</i>	<i>8,998</i>
Net revenue (profit/loss)		13,482

The net asset position on 1 July 2011 was -\$1783. The 2011/12 net revenue of \$13,482 brought the year-end net asset balance to \$11,699. It is important to remember that much of this money has already been allocated to pay for future years of current students.

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<sup>1</sup> Exchange rate at the end of the 2011/12 financial year was parity. This money was originally paid in 2010/11 to UME, and was then transferred to HCP in early 2011/12.

<sup>2</sup> Exchange rate at the end of the 2011/12 financial year was parity.

Table 2.2: Balance sheet for 31 July 2012 (AUD)

ASSET TYPE	VALUE
ANZ Royal (Cambodia)	\$600 (US\$600)
Aclea Battambang (Cambodia)	\$112 (US\$112)
UME Battambang (Cambodia)	\$286 (US\$286)
UME Kampong Cham (Cambodia)	\$512 (US\$512)
<i>Total Cambodian assets</i>	<i>\$1398 (US\$1398)</i>
Australian account	\$10,189
Total Assets	\$11,699

## Revenue

The main source of revenue for HCP is annual member donations (previously called “sponsorship”), which increased from \$8200 in 2010/11 up to a record high \$21,850 in 2011/12. This included a one-off donation of \$10,000 from Bryant Macfie, which was coordinated by the Institute for Public Affairs (IPA).

Of the total revenue, \$12,400 was intended to cover the tuition costs for students over four years, so \$9300 of that money is reserved for future use. Even accounting for this money, the remaining revenue of \$12,550 was significantly higher than previous years. This was because most of the sponsors from 2010/11 continued to pay while an additional ten sponsors also joined HCP. As with previous years, the most common donation was A\$300, which is intended to cover the annual tuition fees for one full-time student<sup>3</sup>.

### *Graduate payments*

During 2011/12 only one graduate (Nhim Chamnan) had sufficient income to make HCP payments throughout the year. She paid \$30/month for all 12 months for a total of US \$360. At the end of the financial year, with the exchange rate at parity, this equated to A\$360.

In addition, during 2010/11 Nhim Chamnan had made US \$270 payments, which were held by UME until 2011/12 when they were transferred into one of the new HCP accounts. At the end of the financial year, with the exchange rate at parity, this equated to A\$270.

## Expenses

The main expense for HCP is the tuition fees at our two partner universities. In addition, there are a small amount of administrative costs, including bank charges and government fees. According to the 2011 trip report, total tuition fees came to US \$8225, which covered the costs for 20 students

<sup>3</sup> Note that A\$300 was roughly the cost of one year full-time tuition when the sponsorship scheme was started, but due to change in the AUD/USD exchange rate it now exceeds the tuition cost.

(including seven new students) at Battambang and 18 students at Kampong Cham (including seven new students). Given the exchange rate at the time, this came to A \$9139<sup>4</sup>.

#### *Other costs*

In 2011-12 HCP arranged for access to two Cambodian banks that will lower future transaction costs – one with Acleda Battambang and another with ANZ Royal. However, the ANZ Royal account involved expenses of US \$160 to open. Other USD costs for 2011-12 included US \$13 for a post office box in Cambodia and US \$30 for limited phone costs while in Cambodia. These additional costs of US \$203 translate to a cost of A\$226.

#### *Bank costs*

HCP incurred bank costs of 3% of the transaction amount (plus \$5 for some transactions), which was higher than previous years. For 2011-12, normal bank fees came to A \$299. Alternative bank arrangements have been made in an attempt to reduce banking costs for future years. In addition, one of the Cambodian bank accounts (Acleda) accrued bank fees of US \$8, bringing the total bank fees to \$307.

#### *Foreign financial assets & exchange rate risk*

The new ANZ Royal account discussed above requires a minimum balance to avoid excessive fees, so US \$600 was deposited into that account. At the end of the 2011/12 financial year the Acleda bank account had US \$122. Also in 2011-12, HCP arranged to maintain a cash balance with our partner universities. The balance left with UME-KPC was US \$512, and the balance left with UME-BB was US \$286, giving a total balance left at the universities of US \$798.

Total money left in Cambodian accounts was US \$1510, which equated to A \$1558 at the time. By the end of the year the exchange rate changed slightly so that our account was worth A\$1510<sup>5</sup>, representing an exchange rate loss of A\$48.

#### *University credit*

The above costs are partially offset with university credits due to previous over-payments of university tuition fees. This was previously included as a source of revenue, but following advice from our bookkeeper this has instead been included as a negative expense.

In 2011/12 it was discovered that HCP paid for four semesters for Chay Sochea, who had only studied for one semester, resulting in a \$300 credit at UME-BB. In addition, HCP paid for two semesters for Sung Nann, who only studied for one semester, resulting in a \$125 credit at UME-BB. Finally, HCP paid for two semesters for Sea Sok Kong who then withdrew before the beginning of the year, resulting in a \$225 credit at UME-KPC. The combined value of the credits was US \$650, which is equivalent to A \$722.

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<sup>4</sup> Exchange calculations were complicated because money was exchanged in many small transactions over a long period of time where the exchange rate moved between 0.88 and 0.92. A mid-point of 0.9 was used.

<sup>5</sup> At the end of the financial year the USD-AUD exchange rate was at parity.

### **3. HCP structure and donors**

HCP is a non-profit organisation founded by John Humphreys in 2007. The organisation is controlled by a Management Committee, with a President, Secretary and Treasurer. HCP also has an Advisory Board made up of people with an active interest in HCP.

#### **2011/12 Management Committee**

John Humphreys (President and Director), Joseph Clark (Treasurer), Rachel Connor (Secretary), Jason Potts, Cassandra Wilkinson, Jessica Musulin, Parvinder Kler.

#### **Advisory Board**

Chan Sam An (UME-BB contact), Muon Veasna (UME-KC contact), Phann Sophon, Hong Keasar, Kong Pov, Willem Paling

#### **New Members**

New associate members (previously referred to as sponsors) for 2011/12 include Bryant Macfie, Peter Gregory, James Patterson & Lydia Bevege, James Bembrick, Reuben Horne, Adrian Makem-Kirchner, Luke Hamilton, Jessica Musulin, Malcolm Cole, Robert Cotgrove, and Ben O'Neil.

#### **HCP registration**

Registration number = IA39200 (11 July 2011)

HCP does not have DGR for 2011/12, so donations up to this point have not been tax deductible. However, this is expected to change for 2012/13 donations.

#### **Bank details**

St George (Australia)

Name = Human Capital Project

BSB = 114-879

Account = 457194861

ANZ Royal (Cambodia)

Name = John Brett Humphreys

SWIFT = ANZBKHPP

Account = 2500079

#### 4. HCP students

At the end of 2011/12, HCP has 47 students still in the system, up from 36 last year. The addition of 14 new students (seven each at BB and KPC) was partially offset by three students dropping out of the project. Total dropouts (or non-starters) have now reached six, meaning that 53 students have come through the HCP system. Students crossed out are considered “lost” to HCP.

Of the 47 active students, four have graduated (up from one last year) and five don’t currently need support (up from three last year), leaving 38 students currently receiving HCP financing.

Total tuition fees were US \$8225, with all receipts available upon request. A list of students from both universities is given below.

##### University of Management and Economics – Kampong Cham (using USD)

Intake	Name	Sex	School	Study	Graduate	Tuition
2008	Chanty Nhil	F		Finance	2012	225
“	Kim Sophina	F		Finance	2012	225
“	Lot Soklim	F		Finance	2012	225
“	Neang Ravy	M		Economics	2012	225
2009	Choeun Nith	M	E64	English	--	0 <sup>6</sup>
“	Ngorn Lihor	F	E38	Management	2013	0 <sup>7</sup>
“	Phal Bunnak	M	D86	Management	2013	225
—	<del>Sueng Vuoch Leang</del>	F	E45	<del>Management</del>	--	0
“	Von Raksa	M	D90	Management	2013	0
2010	Son Kunthea	F	D84	Accounting	2014	225
“	Chhuong Malin	F	D76	Accounting	2014	225
“	Oeun Chan Thoeun	M	D81	HRM	2014	225
“	Hoeun Kim Haing	M	D87	Economics	2014	225
—	<del>Sea Kok Kong</del>	F	<del>D89</del>	<del>Business</del>	2014	0
“	Srun Sok Cheat	M	E51	Banking	2014	225
“	Sorn Sirey Sambo	M	E53	HRM	2014	225
2011	Heang Bros	M		IT	2015	225
“	Yam Soung	M		Law	2015	225
“	Sorm Vuthy	M		Management	2015	225
“	Din Theany	F		Banking	2015	225
“	Chut Chhay Hon	M		IT	2015	225
“	It Sakinas	F		Accounting	2015	225
“	Chi Esas	F		HRM	2015	225
	<b>21 total; 18 paid</b>					<b>\$4050</b>

<sup>6</sup> Choeun Nith has left university for a decent job in Sihanoukville, and has agreed to make payments so is not considered “lost”

<sup>7</sup> Ngorn Lihor was able to pay for herself. The same is true for Von Raksa.



**University of Management and Economics – Battambang (using USD)**

<b>Intake</b>	<b>Name</b>	<b>Sex</b>	<b>School</b>	<b>Study</b>	<b>Graduate</b>	<b>Tuition</b>
2007 <sup>8</sup>	Nhim Chamnan	F	D	Accounting	2010	0 <sup>9</sup>
"	Chim Saroum	M	E	English	2011	0
"	Phlong Puthearithy	M	E	Management	2011	0
2008	Ponlok Sidet	F	D75	Management	2012	250
"	La Nybunthana	M	E68	Management	2011	175
"	Em Sophon	M	E44	Economics	2011	0
2009	Chay Sochea	F	E60	Management	2013	0
"	Kieng Soloeth	M	E58	Management	2012	200
"	Kieng Soloun	M	E89	Management	2012	200
"	Koch Sophy	F	E50	Management	2013	200
"	Nget Vechhai	M	E42	Management	2013	200
"	Phoun Pisith	M	D92	Management	2013	200
"	Sou Chan Thin	M	E48	Management	2013	0
"	Youern Nga	M	E59	Management	2012	200
"	Chh Porn	M	E56	English	2013	200
"	Van Chamroeun	M	D87	English	2013	200
2010	Souen Sim	M	E67	English	2014	250
"	Ly Chanretthy	M	D80	IT	2014	250
"	Vann Vibol	M	E53	Marketing	2014	0
"	Sung Nann	M	D59	English	2014	0
"	He Davit	F	E29	Agriculture	2014	250
<b>2011</b>	<b>Rouert Sary</b>	<b>F</b>		<b>Banking</b>	<b>2015</b>	<b>200</b>
"	<b>Hoeurn Kim Han</b>	<b>F</b>		<b>Banking</b>	<b>2015</b>	<b>200</b>
"	<b>Hean Sangha</b>	<b>M</b>		<b>IT</b>	<b>2015</b>	<b>200</b>
"	<b>Nga Sao Nou</b>	<b>M</b>		<b>Banking</b>	<b>2015</b>	<b>200</b>
"	<b>Mo Sichann</b>	<b>M</b>		<b>HRM</b>	<b>2015</b>	<b>200</b>
"	<b>Va Malet</b>	<b>F</b>		<b>Agriculture</b>	<b>2015</b>	<b>200</b>
"	<b>Son Pheaktra</b>	<b>M</b>		<b>Agriculture</b>	<b>2015</b>	<b>200</b>
	<b>26 total; 20 paid</b>					<b>\$4175</b>

<sup>8</sup> The first intake was supposed to include five students, but one never received money and a second student dropped out in the first semester and is now considered a "lost" student.

<sup>9</sup> Nhim Chamnan graduated in 2010 and is now working. Other students who are paying zero have either graduated or are paying for themselves for this year.

## **5. Other issues**

### *5.1 HCP certificates*

Starting in 2012, HCP should issue certificates for best student, best graduate, and occasionally for volunteers who have helped.

### *5.2 Corporate structure*

Now that HCP has been registered, the next step for internal structure is to expand the executive and to create a committee structure – including “finance committee” to raise and manage money and an “administration committee” to manage membership, meetings and the website. Also, HCP needs to find a way to get DGR status so that people can make tax-deductable donations for the 2012/13 financial year.

### *5.3 Cambodian volunteers*

Starting in 2012/13, HCP will need to employ a HCP intern at Battambang and Kampong Cham to help manage students and graduates.

### *5.4 Information management*

Problems identified in the 2010/11 report about filing disorganisation continue. Reports still need to be updated, the HCP membership list needs to be updated, and data needs to be updated and stored appropriately.