

**THAILAND ENVIRONMENT INSTITUTE FOUNDATION
(FORMERLY NAMED “THAILAND ENVIRONMENT
FOUNDATION”)**

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2011



AUDITOR'S REPORT

To the Board of Directors of Thailand Environment Institute Foundation
(Formerly named "Thailand Environment Foundation")

I have audited the accompanying statement of financial position as at 31 December 2011 and the related statements of revenues and expenditures and changes in fund balances for the year then ended of Thailand Environment Institute Foundation. The Foundation's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Thailand Environment Institute Foundation for the year ended 31 December 2010, presented herewith for comparative purpose were audited by another auditor in the same firm as myself whose report dated 19 April 2011, expressed an unqualified audit opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2011 and the revenues and expenditures for the year then ended of Thailand Environment Institute Foundation in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to be 'Chaisiri Rungritchai', written over a horizontal line.

Chaisiri Rungritchai
Certified Public Accountant (Thailand) No. 4526
PricewaterhouseCoopers ABAS Limited

Bangkok
20 April 2012

Thailand Environment Institute Foundation
(Formerly named “Thailand Environment Foundation”)
Statements of Financial Position
As at 31 December 2011 and 2010

	Notes	2011			2010	
		Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht	Total all funds Baht
Assets						
Current assets						
Cash and cash equivalents	3	64,360,204	84,666,782	61,084,633	210,111,619	153,250,397
Government bonds due within one year	4	-	-	-	-	12,000,000
Trade and other receivables	5	3,655,976	18,076,387	6,338,517	28,070,880	39,526,265
Total current assets		68,016,180	102,743,169	67,423,150	238,182,499	204,776,662
Non-current assets						
Government bonds, net	4	-	-	20,000,000	20,000,000	15,000,000
Restricted cash	6	1,090,960	-	-	1,090,960	523,275
Long-term investment	7	-	-	-	-	6,200,000
Property, plant and equipment, net	8	33,535,611	938,682	-	34,474,293	37,266,410
Intangible assets, net	9	44,729	31,454	-	76,183	50,235
Total non-current assets		34,671,300	970,136	20,000,000	55,641,436	59,039,920
Total assets		102,687,480	103,713,305	87,423,150	293,823,935	263,816,582
Liabilities and fund balances						
Current liabilities						
Trade and other payables	10	2,272,602	86,798,413	182,582	89,253,597	73,482,355
Total current liabilities		2,272,602	86,798,413	182,582	89,253,597	73,482,355
Non-current liabilities						
Retirement benefit obligations		-	-	7,421,309	7,421,309	-
Total non-current liabilities		-	-	7,421,309	7,421,309	-
Total liabilities		2,272,602	86,798,413	7,603,891	96,674,906	73,482,355
Fund balances						
Unrestricted funds		100,414,878	-	18,841,731	119,256,609	121,377,717
Restricted funds	11	-	16,914,892	60,977,528	77,892,420	68,956,510
Total fund balances		100,414,878	16,914,892	79,819,259	197,149,029	190,334,227
Total liabilities and fund balances		102,687,480	103,713,305	87,423,150	293,823,935	263,816,582

The notes to the financial statements on pages 5 to 15 are an integral part of the financial statements.

Thailand Environment Institute Foundation
(Formerly named “Thailand Environment Foundation”)
Statements of Revenues and Expenditures
For the years ended 31 December 2011 and 2010

	Notes	2011			2010	
		Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht	
Revenues						
Sponsorships for research activities		50,000	102,042,473	-	102,092,473	107,382,834
Membership fee income		4,000	8,542,228	-	8,546,228	8,642,806
Other income	12	1,653,594	1,319,944	2,159,927	5,133,465	6,076,827
Total revenues		1,707,594	111,904,645	2,159,927	115,772,166	122,102,467
Expenditures						
Salaries and related staff costs		12,219,375	29,665,734	8,468,876	50,353,985	42,481,468
Sub-contracts for researches		719,303	6,414,601	-	7,133,904	12,515,899
Rental expense		30,874	3,049,408	500	3,080,782	3,223,555
Utility Expenses		825,213	22,814	-	848,027	925,798
Communication Expenses		462,291	1,905,945	7,222	2,375,458	3,056,557
Travelling and related costs		209,241	4,557,339	7,065	4,773,645	7,442,496
Meeting and seminar expenses		395,890	12,749,418	10,043	13,155,351	16,263,673
Publication expenses		84,533	5,559,002	155,103	5,798,638	6,909,139
Promotional materials		85,006	1,400,672	-	1,485,678	2,220,153
Library expenses		67,612	70,664	-	138,276	138,816
Stationery supplies		1,360,605	443,029	21	1,803,655	1,850,020
Bank charges and duty stamps		144,680	128,601	280	273,561	335,926
Professional consulting and audit fees		358,060	249,000	-	607,060	667,500
Media expenses		-	68,027	-	68,027	139,100
Field expenses		-	227,100	-	227,100	288,913
Amortisation and depreciation charges	8, 9	4,787,712	637,727	-	5,425,439	5,192,916
Contributions for project activities		19,500	7,312,388	60,449	7,392,337	5,816,356
Miscellaneous expenses		2,093,214	1,923,227	-	4,016,441	2,525,300
Total expenditures		23,863,109	76,384,696	8,709,559	108,957,364	111,993,585
Excess of revenues over (under) expenditures		(22,155,515)	35,519,949	(6,549,632)	6,814,802	10,108,882

The notes to the financial statements on pages 5 to 15 are an integral part of the financial statements.

Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Statements of Changes in Fund Balances
For the years ended 31 December 2011 and 2010

	2011				2010
	Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht	Total all funds Baht
Note					
Fund balances brought forward					
	100,414,878	8,834,716	81,084,633	190,334,227	180,259,680
Excess of revenues over (under) expenditures	(22,155,515)	35,519,949	(6,549,632)	6,814,802	10,108,882
Fund transfers					
- completed projects	13 22,155,515	(27,439,773)	5,284,258	-	-
Fair value changes of available for sale investment	-	-	-	-	(34,335)
Fund balances carried forward	<u>100,414,878</u>	<u>16,914,892</u>	<u>79,819,259</u>	<u>197,149,029</u>	<u>190,334,227</u>

The notes to the financial statements on pages 5 to 15 are an integral part of the financial statements.

**Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010**

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 20 April 2012.

2 Accounting policies

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

2.1 Basis of preparation

On 6 May 2011, the Federation of Accounting Professions (FAP) published the ‘Thai Financial Reporting Standard for Non-publicly Accountable Entities’ (TFRS for NPAEs). TFRS for NPAEs is effective for financial statements which periods beginning on or after 1 January 2011.

These financial statements for the year ended 31 December 2011 are the first financial statements prepared in accordance with the TFRS for NPAEs as issued by the FAP.

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

The accounting policies used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2010 except for the employee benefit obligations.

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The changes in accounting policy from the application of TFRS for NPAEs is as follows:

- Employee benefit obligations

The employee benefits obligations are recognised as of the end of the first reporting period under the TFRS for NPAEs through revenue and expenditures by considering the present obligation that the Foundation is required for payment in the future.

The Foundation chooses the accounting treatment in the first adoption of an increase of employee benefits by adjusting the obligation in the statements of revenues and expenditures for the year ended 31 December 2011. The impacts to the financial statements are as follows:

	<u>Baht</u>
Statement of financial position as at 31 December 2011	
Retirement benefit obligations - Increase	7,421,309
Statement of revenue and expenditures for the year ended 31 December 2011	
Retirement benefit - Increase	7,421,309

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.

2.2 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 13).

2 Accounting policies (Cont'd)

2.2 Fund accounting (Cont'd)

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.

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.

2 Accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statement of income.

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.

2.6 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.

**Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010**

2 Accounting policies (Cont'd)

2.7 Employee benefits

Retirement benefits

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.

2.8 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

	2011	2010
	Baht	Baht
Cash on hand	205	205
Deposits held at call with banks	96,852,402	59,414,405
Fixed deposits	113,259,012	93,835,787
Total	<u>210,111,619</u>	<u>153,250,397</u>

Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010

4 Government bonds

	2011	2010
	Baht	Baht
Government bonds	20,000,000	27,000,000
<u>Less</u> Government bonds due within one year	<u>-</u>	<u>(12,000,000)</u>
Government bonds, net	<u>20,000,000</u>	<u>15,000,000</u>

As at 31 December 2011, government bonds represent investment in 4 - 7 years savings bonds issued by the Bank of Thailand carrying interest at the rates between 3% - 3.50% per annum (2010: Government bond investment in 4 - 7 years savings bonds issued by the Bank of Thailand carrying interest at the rates between 3% - 4.25% per annum).

5 Trade and other receivables

	2011	2010
	Baht	Baht
Sponsorship receivables	16,104,368	14,866,478
Funds receivable	8,034,545	22,314,860
Others	3,931,967	2,344,927
Total	<u>28,070,880</u>	<u>39,526,265</u>

6 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 14).

7 Long-term investment

	2011	2010
	Baht	Baht
Fixed deposit with maturity period over one year	<u>-</u>	<u>6,200,000</u>

**Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010**

8 Property, plant and equipment, net

Operating fund	Land	Buildings and building improvements	Furniture and office equipment	Motor vehicles	Total
	Baht	Baht	Baht	Baht	Baht
As at 1 January 2011					
Cost	9,569,200	38,533,862	13,034,356	1,701,847	62,839,265
<u>Less</u> Accumulated depreciation	-	(14,814,170)	(10,586,348)	(1,097,437)	(26,497,955)
Net book amount	<u>9,569,200</u>	<u>23,719,692</u>	<u>2,448,008</u>	<u>604,410</u>	<u>36,341,310</u>
For the year ended 31 December 2011					
Opening net book amount	9,569,200	23,719,692	2,448,008	604,410	36,341,310
Additions	-	-	1,973,505	-	1,973,505
Disposal	-	-	(2)	-	(2)
Reclassification	-	-	4,945	-	4,945
Depreciation charge	-	(3,006,067)	(1,522,116)	(255,964)	(4,784,147)
Closing net book amount	<u>9,569,200</u>	<u>20,713,625</u>	<u>2,904,340</u>	<u>348,446</u>	<u>33,535,611</u>
As at 31 December 2011					
Cost	9,569,200	38,533,862	14,957,796	1,701,847	64,762,705
<u>Less</u> Accumulated depreciation	-	(17,820,237)	(12,053,456)	(1,353,401)	(31,227,094)
Net book amount	<u>9,569,200</u>	<u>20,713,625</u>	<u>2,904,340</u>	<u>348,446</u>	<u>33,535,611</u>

Thailand Environment Institute Foundation
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Notes to the Financial Statements
For the years ended 31 December 2011 and 2010

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

Sponsored program fund	Furniture and office equipment Baht	Motor vehicles Baht	Total Baht
As at 1 January 2011			
Cost	12,490,400	5,142,626	17,633,026
<u>Less</u> Accumulated depreciation	<u>(11,565,300)</u>	<u>(5,142,626)</u>	<u>(16,707,926)</u>
Net book amount	<u>925,100</u>	<u>-</u>	<u>925,100</u>
For the year ended 31 December 2011			
Opening net book amount	925,100	-	925,100
Additions	566,385	75,000	641,385
Disposal	(1,644)	-	(1,644)
Reclassification	(4,945)	-	(4,945)
Depreciation charge	<u>(609,995)</u>	<u>(11,219)</u>	<u>(621,214)</u>
Closing net book amount	<u>874,901</u>	<u>63,781</u>	<u>938,682</u>
As at 31 December 2011			
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>

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
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Notes to the Financial Statements
For the years ended 31 December 2011 and 2010

9 Intangible assets, net

	Computer software			
	2011		2010	
	Operating fund Baht	Sponsored program fund Baht	Total Baht	Total Baht
As at 1 January				
Cost	694,430	350,000	1,044,430	994,889
<u>Less</u> Accumulated amortisation	(692,162)	(302,033)	(994,195)	(989,153)
Net book amount	<u>2,268</u>	<u>47,967</u>	<u>50,235</u>	<u>5,736</u>
Year ended 31 December				
Opening net book amount	2,268	47,967	50,235	5,736
Additions	46,026	-	46,026	49,540
Amortisation charge	(3,565)	(16,513)	(20,078)	(5,041)
Closing net book amount	<u>44,729</u>	<u>31,454</u>	<u>76,183</u>	<u>50,235</u>
As at 31 December				
Cost	740,456	350,000	1,090,456	1,044,430
<u>Less</u> Accumulated amortisation	(695,727)	(318,546)	(1,014,273)	(994,195)
Net book amount	<u>44,729</u>	<u>31,454</u>	<u>76,183</u>	<u>50,235</u>

10 Trade and other payables

	2011 Baht	2010 Baht
Advances received from sponsors	76,420,647	44,461,695
Fund payable	8,034,545	22,314,860
Accrued expenses	3,444,190	5,250,022
Other payables	1,354,215	1,455,778
Total	<u>89,253,597</u>	<u>73,482,355</u>

**Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010**

11 Capital and reserve fund balances - restricted

	2011	2010
	Baht	Baht
Capital fund	38,719,212	36,559,285
Reserve for building improvement fund	6,366,939	6,366,938
Reserve for staff educational fund	6,323,027	6,519,917
Reserve for staff medical welfare fund	606,186	1,256,710
Reserve for social services fund	7,653,781	8,110,561
Reserve for publication and communication fund	1,308,383	1,308,383
Total	<u>60,977,528</u>	<u>60,121,794</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.

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.

**Thailand Environment Institute Foundation
(Formerly Thailand Environment Foundation)
Notes to the Financial Statements
For the years ended 31 December 2011 and 2010**

12 Other income

	2011			2010	
	Operating fund Baht	Sponsored program fund Baht	Capital and reserve funds Baht	Total all funds Baht	Total all funds Baht
Interest income	947,269	443,605	2,158,415	3,549,289	2,300,549
Others	706,325	876,339	1,512	1,584,176	3,776,278
Total other income	1,653,594	1,319,944	2,159,927	5,133,465	6,076,827

13 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.

14 Contingent liabilities and commitments

Contingent liabilities in respect of bank guarantees

As at 31 December 2011, the Foundation has contingent liabilities in respect of bank guarantees arising in the ordinary course of operating activity amounting to Baht 990,958 (2010: Baht 523,275). 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 (Note 3).

Operating lease commitment - where the Foundation is the lessee

The Foundation has entered into an equipment lease agreement in 2011. The rental rate is a fixed rate per month. The period of the lease agreement is 5 years. This lease agreement results in the annual commitment of Baht 540,000 (2010: Baht 540,000). The future minimum lease payments under operating leases are as follow:

	2011 Baht	2010 Baht
Not later than 1 year	540,000	540,000
Later than 1 year but not later than 5 years	1,440,000	1,980,000
	1,980,000	2,520,000