



## OPERATING MODEL

The charity starts by **listening to its beneficiaries**, with social welfare missions developed over time to meet their needs. Children are **supported from start to finish, from early years to professional integration**, via personalised educational paths, with special attention paid to the most vulnerable (catch-up schooling, specific teaching for children with disabilities).

**We take a holistic approach to children's needs**, taking the pressure out of everyday life and maximising the chances of children graduating school: nutrition, health, protection, and also help for families (PSE distributes rice to parents to compensate for the loss of income when a child attends school rather than working).

The educational approach is also holistic, incorporating education in **values, soft skills** and respect for the environment.

And lastly, our goal is to be fully **involved and integrated in the country** in which we work, taking care not to replace existing local systems. The number of employees in Cambodia was 631 at year-end, 96% of whom were Cambodian. The director is Cambodian, and one of our first beneficiaries 25 years ago.



## SOCIO-ECONOMIC MODEL

Our model is based on appealing to the public's generosity, and our resources are made up of private funds.

- **Sponsorship**

Regular donations from individuals with a long-term commitment are our main source of funds, ensuring the long-term viability of the model. Sponsorships are non-personalised, a choice made by the founders from the outset.

Other sources of funding include:

- **Donations**

Received directly or collected by a network of 23 volunteer branches in France and around the world, who organise support events and campaigns.

- **Legacies, gifts and life insurance**

Since last year, this has been a new source of funding.

- **Corporate patronage and philanthropy**

These relate to support for our programmes or projects. We prefer a partnership relationship with our sponsors, so that their support lasts over time, as it is meaningful, engages their employees, and its impact can be measured.

Ever since the charity was founded, operating and fundraising costs have been strictly controlled (<10% of expenditure), thanks to rigorous management and strong reliance on voluntary work. There are only six employees at head office.

### Programmes:

Recurring, long-term activities for the benefit of children, primarily our educational and vocational training programmes.

### Projects:

One-off activities or initiatives with a specific objective and dedicated resources, such as investments, projects to improve existing programmes or pilot projects for new programmes. These projects are recorded under dedicated funds.

### Management of PSE land and buildings:

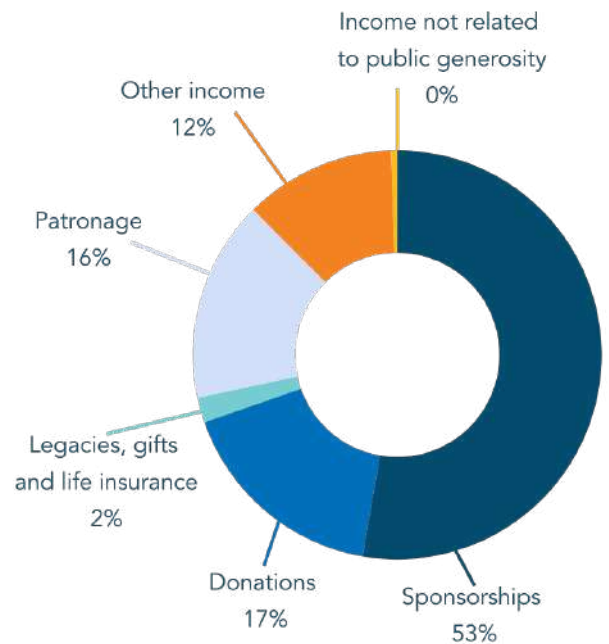
The Cambodian real estate company PSE-C owns the land and buildings. PSE-C is 49% owned by PSE and 51% by Cambodian shareholders, mainly the founders' families.

# OUR RESOURCES

Almost all the charity's resources come from appeals to the public's generosity.

	2023 (in €k) (12 months)	% change 2021-2022 (16 months)	% change over 12 months
Sponsorships	5 289	-19%	2%
Donations	1 737	-25%	0%
Legacies, gifts and life insurance	182	-39%	-19%
Patronage	1 542	-4%	28%
Other income	1 188	-1%	32%
Income not related to public generosity	31	-83%	-78%
<b>TOTAL</b>	<b>9 969</b>	<b>-18%</b>	<b>10%</b>

Source : CROD 2023



## SPONSORSHIPS

These are regular donations, most of them monthly, from nearly 9,000 individuals and around 100 companies. Sponsorships are allocated to social missions, while also covering a portion of overheads and collection costs. The amount of sponsorships was up slightly in 2023 (15 months of sponsorships accounted for in 2021-22, following a change in accounting method, reported as 12 months for comparison).

## DONATIONS

Stability in donations other than sponsorships and patronage, which includes: an increase in direct programme donations (5%), stability in unrestricted donations and other donations (some donations replace income from profit-making activities in Cambodia, which are being phased out), and a significant drop in direct project-specific donations (-18%), with a reduction in the number of projects to be financed.

## PATRONAGE

This increase covers a very sharp rise in patronage donations to fund programmes (+50%), which confirms the possibility of involving patrons more closely in programmes, and a fall in project-specific financing, due to a reduction in the amounts of projects to be funded.

## LEGACIES, GIFTS AND LIFE INSURANCE

During the 2023 financial year, the Charity benefited from three life insurance policies for a total amount of €140k.

## OTHER INCOME

This income comprises financial income, exceptional (or non-recurrent) income, reversals of provisions for risks and charges, depreciation of assets, and the use during the financial year of funds received by the charity in previous years and earmarked for specific projects. The stability is a combination of a decline in the use of dedicated funds from previous years (-€359k), a very sharp rise in financial income (linked to the effect of high interest rates on investments, +€329k), and a reversal of the provision for the PSE-C loan (+€456k).

## INCOME NOT RELATED TO PUBLIC GENEROSITY

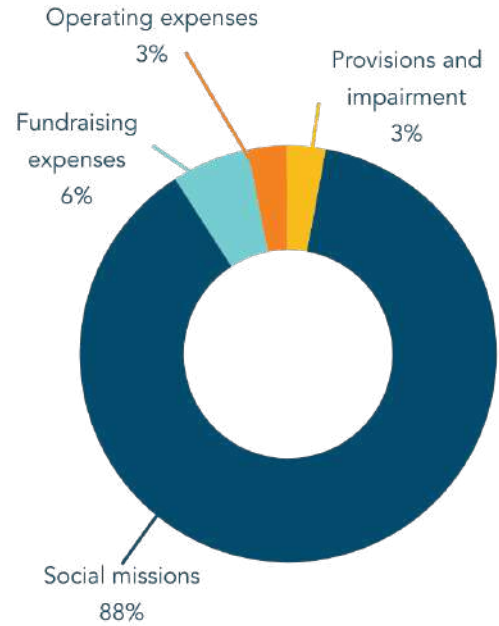
Proceeds from sales of services and goods from the charity's vocational training school practical workshops and sewing workshop fell sharply in 2023, with some turning into donations. The public subsidy received for the 2021-2022 financial year in Cambodia was reduced by two-thirds for 2023.

# OUR JOBS

91% of jobs are directly dedicated to the charity's social missions.

	2023 (in €k) (12 months)	% change 2021-2022 (16 months)	% change over 12 months
Social missions	8 199	-12%	17%
Fundraising expenses	528	-8%	22%
Operating expenses	297	-40%	-20%
Provisions and impairment	291	-34%	-12%
<b>SUBTOTAL</b>	<b>9 315</b>	<b>-14%</b>	<b>14%</b>
Other expenses and surplus	654	-47%	-29%
<b>TOTAL</b>	<b>9 969</b>	<b>-18%</b>	<b>10%</b>

Source : CROD 2023



## SOCIAL MISSIONS

These are the operating expenses of the programmes from which the children supported by the charity benefit. They are up significantly due to higher personnel costs in Cambodia (higher salaries and a gradual increase in the workforce linked to the return to normal activity in 2023 after the end of the pandemic), and to the negative impact of the exchange rate in 2023.

## FUNDRAISING EXPENSES

These are the costs of appeals to the public, mainly at the head office in France. The amount increased in 2023 due to the integration of the costs of a team, based in Cambodia, in charge of preparing grant applications and donor reports (€43k), the increase in PSE Cambodia's fundraising costs and the rise in salary costs allocated to fundraising in France (€21k).

## OTHER EXPENSES AND SURPLUS

These expenses represent net income for the year, in excess of €319k, as well as resources allocated to projects, collected during the year and not spent during the year. They are kept to be used for the programmes or projects for which they have been allocated. These expenses fell sharply as a result of the lower profit for the year, while the resources allocated to the project remained stable.

## OPERATING EXPENSES

These are the day-to-day management costs of the head office in France. They are down sharply because, in the 2021-22 financial year, operating expenses were impacted by entry fees (€82k) on the acquisition of SCPI units.

## PROVISIONS AND IMPAIRMENT

This allocation to financial provisions reflects the depreciation of the gross amount of the loan to PSEC (in \$) at the end of the year compared with its value at the average accounting rate (€/\$=1.1050 vs 1.0512=-5%).

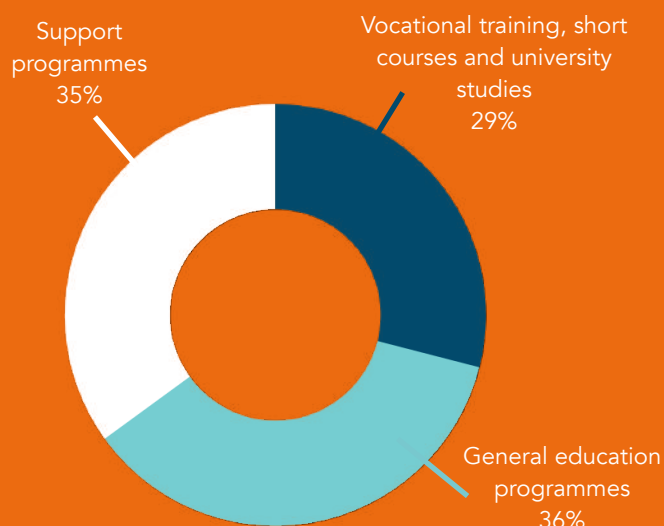
### AVERAGE COST PER CHILD PER MONTH (2023 SCHOOL YEAR)

Average for all programmes	Average for all programmes	Children in school		Students in vocational training*
91,5€	97€	56€		229€
		In state schools	At the PSE catch-up school	
		23€	149€	

\* Excluding young people on short courses

The cost per child includes the direct costs of training and education programmes, the costs of joint programmes and support services (see next page), as well as operating and fundraising costs. Costs related to projects, small equipment and rent paid by PSE to PSE-C are excluded.

## FOCUS ON SOCIAL MISSIONS



### GENERAL EDUCATION PROGRAMMES

State school enrolment; PSE school (catch-up teaching and tutoring); nursery-school centres; programmes in the provinces; specialist teaching for children with disabilities; teaching of languages and soft skills; pedagogical team; educational guidance; library.

### JOB PLACEMENT PROGRAMMES

Vocational training schools (hospitality, management and sales, construction, mechanics, cinema); Short courses run by PSE or external partners; university studies abroad with student support from the charity (student grants).

### SUPPORT PROGRAMMES

Nutrition (canteens), medical and mother-and-child protection programmes; early years assistants, foster families, boarding schools; social and family assistance programmes; extra-curricular activities and summer camps.

### COMMENTS

- Programme costs are divided between two-thirds for education and training, and one-third for support programmes.
- For general education programmes, the PSE school accounts for 9% of total programme costs, and the language school for 8%, since 100% of programme costs are borne by PSE (teacher salaries, etc.) This is in contrast to the state school enrolment programme, where PSE provides additional support (uniforms, school supplies, meals, follow-up of beneficiaries, etc.).
- With regard to support programmes, the nutrition programme accounts for 17% of total programme costs.

## SIMPLIFIED BALANCE SHEET

### ASSETS 2023 (in €k)

Fixed assets	3 403
Current assets	19 034
Cumulative translation adjustment - asset	291
<b>TOTAL ASSETS</b>	<b>22 728</b>

### LIABILITIES 2023 (in €k)

Equity or associative funds	14 022
Dedicated funds	7 048
Provisions for risks and liabilities	1 172
Cumulative translation adjustment- liability	486
<b>TOTAL LIABILITIES</b>	<b>22 728</b>

Almost 80% of **fixed assets** represent the net book value of financial assets corresponding to the Cambodian real estate company PSE-C, which owns the land and buildings. The rest corresponds to property, plant and equipment after depreciation.

**Current assets** consist mainly of financial investments (€11.2 million) and cash (€7.4 million).

**Shareholders' equity** corresponds to the €10 million in reserves built up by the charity over the years, plus €4 million in retained earnings

**Dedicated funds** break down into €6.8 million in sponsorship funds, and €0.2 million in funds dedicated to various ongoing projects.

**Provisions** amounted to €0.4m (provisions for risks) and liabilities at €0.8m.

### RESERVE POLICY

In view of its long-term activity (supporting children over the long term), the charity has set itself the target of having a minimum of one year's current business (€8 million). Careful management since its inception, the very positive financial impact of the film Les Pépites and more recently the pandemic (stable income and significantly lower expenditure), have resulted in over 2 years of reserves at the end of the year (amount of equity + dedicated funds to be compared with the amount of current assets). This healthy situation will allow the charity to adjust its income/expenditure over time, by adapting the number of beneficiaries and/or the support provided to each child, with the ability to cope with a temporary deficit, for several years if necessary, and therefore without resorting to short-term cost-cutting measures.