

**ROYAL GOVERNMENT OF CAMBODIA  
MINISTRY OF PUBLIC WORKS AND TRANSPORT**

**Greater Mekong Subregion (GMS)  
Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (SF)  
ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and  
UEIF Grant No. 0334 – CAM (UEIF)

**Financial Statements  
for the year ended 31 December 2016  
and  
Report of the Independent Auditors**

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

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\* The appendix does not form part of the audited financial statements and provided for information purpose only.



**Ministry of Public Works and Transport**

No.: 048 PMU/MPWT/SECTDP/17

## Statement by the management

We do hereby state that in our opinion:

- a) The accompanying financial statements, which comprise the statement of financial position as at 31 December 2016, the statement of receipts and expenditure and the statement of the second generation imprest account for the year then ended and notes, as set out on pages 5 to 25 of the GMS Southern Economic Corridor Towns Development Project ("the Project"), funded by the Asia Development Bank Loan No.2983 – CAM (SF), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF), ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) and the Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) and implemented by the Ministry of Public Works and Transport ("the Project Management Unit" or "the PMU") are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements; and
- b) The disbursements shown in the financial statements were implemented according to the Loan and Grant Agreements and the Project was in compliance with all Loan and Grant covenants of the Agreements for the year ended 31 December 2016.

*On behalf of the Project management:*

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H.E. Vong Pisith  
*Project Director*  
*Deputy Director General*  
*Ministry of Public Works and Transport*

30 MAY 2017



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## **Report of the independent auditors To the Ministry of Economy and Finance Royal Government of Cambodia**

### **Opinion**

We have audited the accompanying financial statements of the GMS Southern Economic Corridor Towns Development Project (“the Project”), funded by the Asia Development Bank Loan No. 2983 – CAM (SF), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF), ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) and the Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF) and implemented by the Ministry of Public Works and Transport (“the Project Management Unit” or “the PMU”), which comprises the statement of financial position as of at 31 December 2016, the statement of receipts and expenditure and the second generation imprest account for the year then ended and notes, comprising significant accounting policies and other explanatory information (“financial statements”), as set out on pages 5 to 25.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with basis of accounting and the accounting policies as described in Note 2 to the financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Other information**

Management is responsible for the other information. The other information comprises the information included in the Appendix I, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution**

We draw attention to Note 2 to the financial statements, which describes the basis of accounting and the accounting policies adopted by the Project. The financial statements are prepared for the information of and use by the management of Project, the Ministry of Economy and Finance, and the Asian Development Bank. As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the management of the Project, the Ministry of Economy and Finance and the Asian Development Bank and should not be used by or distributed to other parties. Our opinion is not modified in respect of this matter.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PMU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PMU's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the PMU to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For **KPMG Cambodia Ltd**

  


Nge Huy  
Partner

Phnom Penh, Kingdom of Cambodia

30 May 2017

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Statement of financial position

As at 31 December 2016

	Note	As at 31 December 2016 US\$	As at 31 December 2015 US\$
<b>Current assets</b>			
Cash on hand-ADB		27	-
Cash at banks	3	47,126	168,018
Advances	4	-	119,797
Amount due from Government Counterpart		-	2,378
		<u>47,153</u>	<u>290,193</u>
<b>Represented by:</b>			
Fund balance at end of the year/period		<u>47,153</u>	<u>290,193</u>

*The accompanying notes form an integral part of these financial statements.*

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Statement of receipts and expenditure for the year ended 31 December 2016

	Note	For the year ended 31 December 2016				Total US\$	For the period from 8 April 2013 to 31 December 2015 US\$	Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
		Loan. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	RGC US\$			
<b>Receipts</b>								
Asian Development Bank	5	807,340	-	-	-	807,340	1,909,733	
ADB Strategic Climate Fund		-	95,666	87,205	-	182,871	503,455	
Government Counterpart Fund		-	-	-	99,343	99,343	99,343	
		807,340	95,666	87,205	99,343	1,089,554	2,512,531	
<b>Expenditure by disbursement category</b>								
Consulting services	6	685,830	112,677	104,336	-	902,843	1,863,028	
Non-expendable equipment	8	272,821	-	-	-	272,821	367,281	
Incremental administration	9	57,895	222	242	98,571	156,930	235,069	
		1,016,546	112,899	104,578	98,571	1,332,594	2,465,378	
(Deficit)/Excess of receipts over expenditure		(209,206)	(17,233)	(17,373)	772	(243,040)	47,153	
Fund balance at beginning of the year/period		254,012	17,934	18,247	-	290,193	-	
Fund balance at end of the year/period		44,806	701	874	772	47,153	47,153	

The accompanying notes form an integral part of these financial statements.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Statement of the second generation imprest account for the year ended 31 December 2016

	Note	For the year ended 31 December 2016				Total US\$	For the period from 8 April 2013 to 31 December 2015 US\$	Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
<b>Receipts</b>								
Asian Development Bank	5	-	-	-	-	280,437	280,437	
ADB Strategic Climate Fund		-	-	-	-	30,603	30,603	
						311,040	311,040	
<b>Expenditure by disbursement category</b>								
Consulting services	6	37,680	-	-	-	62,505	100,185	
Non-expendable equipment		27,976	-	-	-	-	27,976	
Incremental administration	9	57,895	222	242	-	78,139	136,498	
		123,551	222	242	-	140,644	264,659	
(Deficit)/Excess of receipts over expenditure		(123,551)	(222)	(242)	(124,015)	170,396	46,381	
Fund balance at beginning of the year/period		168,357	923	1,116	170,396	-	-	
Fund balance at end of the year/period		44,806	701	874	46,381	170,396	46,381	
<b>Represented by:</b>								
Cash on hand		27	-	-	27	-	-	
Cash at bank		44,779	701	874	46,354	168,018	168,018	
Amount due from Government Counterpart		-	-	-	-	2,378	2,378	
		44,806	701	874	46,381	170,396	170,396	

The accompanying notes form an integral part of these financial statements.

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### **Notes to the financial statements for the year ended 31 December 2016**

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

#### **1. Background and activities**

The financing agreement for the GMS Southern Economic Corridor Towns Development Project (“the Project”) between the Asian Development Bank (“ADB”) and the Royal Government of Cambodia (“RGC”) (represented by the Ministry of Economy and Finance) was signed on 8 April 2013. The agreement includes ADB Loan No. 2983 – CAM (SF), ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF) and ADB Strategic Climate Fund Grant No. 0335 – CAM (SCF) which ADB is acting in its capacity as an implementing agency of the Strategic Climate Fund (“SCF”), Urban Environmental Infrastructure Fund Grant No. 0334 – CAM (UEIF), whereby the ADB agreed to offer loan and grant amounting to Special Drawing Rights 24,023,000 (US\$37,000,000 equivalent at the time of loan negotiation); US\$5,000,000; US\$4,400,000 and US\$1,500,000; respectively. The Project is estimated to be cost at US\$47,900,000.

The effective date of the Project is 8 April 2013 and the Project is expected to be completed by 30 June 2019. On 3 April 2017, the Project requested to the MEF to extend the Project’s completion from 30 June 2019 to 30 June 2021. As at the date of this report, the Project has not received a response from the MEF on the request yet.

The objective of the Project is to improve urban infrastructure and services in the towns of Battambang, Bavet, Neak Loeung and Poipet.

ADB Loan No. 2983 – CAM (SF) is repayable over 23 years, from 1 May 2021 to 1 November 2044, with interest rates of 1% per annum during the grace period to 1 May 2021 and 1.5% per annum thereafter.

ADB Strategic Climate Fund Loan No. 8265 – CAM (SCF) is repayable over 30 years, from 1 May 2023 to 1 Nov 2052.

On 14 December 2016, the Project, through the MEF, requested to the ADB to revise Loan and Grant categories and reallocation of Loan and Grant proceeds. The request was approved by the ADB on 26 January 2017.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Notes to the financial statements (continued) for the year ended 31 December 2016

## 1. Background and activities (continued)

The tables below set forth the original and revised and reallocated categories of items of expenditure to be financed out of the proceeds of the financiers as follows:

### a. Original and reallocated budget for ADB Loan No. 2983 – CAM (SF) – all amounts in SDR

Category No. Original	Revised	Item	Original allocation		Original % basis for withdrawal from Loan Account	Increase/ Decrease	%	Revised allocation		Revised % basis for withdrawal from Loan Account
			Category	Sub- category				Category	Sub- category	
1		<b>Work</b>	18,451,000					18,451,000		
1A		Civil work: Wastewater treatment and flood control				11,510,000	100.0%		11,510,000	62.4%*
1B		Civil work: Road and solid waste treatment				6,941,000	100.0%		6,941,000	100.0%*
1A		Battambang wastewater treatment		6,247,000	74.9%	(6,247,000)	(100.0%)			
1D		Bavet urban roads		5,010,000	100.0%	(5,010,000)	(100.0%)			
1F		Poipet wastewater treatment		1,576,000	68.0%	(1,576,000)	(100.0%)			
1C		Bavet wastewater treatment		1,277,000	68.0%	(1,277,000)	(100.0%)			
1G		Poipet solid waste management		1,931,000	100.0%	(1,931,000)	(100.0%)			
1E		Neak Loeung flood control		1,581,000	68.0%	(1,581,000)	(100.0%)			
1B		Battambang flood control		829,000	68.0%	(829,000)	(100.0%)			
2		<b>Consulting services</b>	2,436,844					2,383,002		
2A		Project implementation support and capacity development		986,364	71.5%	318,027	32.2%		1,304,391	71.5%*
2B		Detailed engineering design		580,519	77.6%	(107,033)	(18.4%)		473,486	77.6%*
2C		Consultant supervision		788,961	77.6%	(264,836)	(33.6%)		524,125	58.0%*
2D		External monitoring		81,000	100.0%				81,000	100.0%*
3		<b>Equipment</b>	227,273					298,824		
4		<b>Training</b>	97,403					97,403		
5		<b>Incremental administration</b>	467,532					467,532		
5A		Project management unit		233,766	81.3%				233,766	100.0%
5B		Project implementation unit		233,766	81.1%				233,766	100.0%
6		<b>Unallocated</b>	1,760,948					1,743,239		
7		<b>Interest during construction</b>	582,000					582,000		
		<b>Total</b>	24,023,000					24,023,000		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower; \*\* Total amount due.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

Notes to the financial statements (continued)  
for the year ended 31 December 2016

## 1. Background and activities (continued)

### b. Original and reallocated budget for ADB SCF Loan No. 8265 – CAM (SCF) – all amounts in US\$

Category No. Original	Revised	Item	Original allocation		Original % basis for withdrawal from Loan Account	Increase/ Decrease	%	Revised allocation		Revised % basis for withdrawal from Loan Account
			Category	Sub- category				Category	Sub- category	
1	1	Work	3,780,000				0.0%	3,780,000		
	1A	Civil work: Wastewater treatment and flood control				3,780,000	100.0%		3,780,000	15.3%*
	1A	Battambang wastewater treatment		1,745,000	13.6%	(1,745,000)	(100.0%)			
	1E	Poipet Loeung wastewater treatment		609,000	17.0%	(609,000)	(100.0%)			
	1C	Bavet wastewater treatment		494,000	17.0%	(494,000)	(100.0%)			
	1D	Neak Loeung flood control		611,000	17.0%	(611,000)	(100.0%)			
	1B	Battambang flood control		321,000	17.0%	(321,000)	(100.0%)			
2	2	Consulting services	623,000					739,028		
	2A	Project implementation support and capacity development		300,000	14.2%	68,163	22.7%		368,163	14.2%*
	2B	Detailed engineering design		139,000	12.1%	(38,570)	(27.7%)		100,430	12.1%*
	2C	Consultant supervision		184,000	11.7%	86,435	47.0%		270,435	22.0%*
3	3	Incremental administration	80,000					1,291		
	3A	Project management unit		40,000	9.0%	(38,709)	(97.0%)		1,291	
	3B	Project implementation unit		40,000	9.0%	(400,000)	(100.0%)			
4	4	Interest during construction		13,000	13.9%		0.0%	13,000		100%**
5	5	Unallocated	504,000		1.5%**	(37,319)	(7.4%)	466,681		
		Total	5,000,000					5,000,000		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

\*\* Total amount due.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

Notes to the financial statements (continued)  
for the year ended 31 December 2016

## 1. Background and activities (continued)

### c. Original and reallocated budget for ADB SCF Grant No. 0335 – CAM (SCF) – all amounts in US\$

Category No. Original	Revised	Item	Original allocation		Original % basis for withdrawal from Loan Account	Increase/ Decrease	%	Revised allocation		Revised % basis for withdrawal from Loan Account
			Category	Sub- category				Category	Sub- category	
1	1	Work	3,270,000					3,270,000		22.3%*
	1A	Civil work: Wastewater treatment and flood control				3,270,000	100.0%		3,270,000	
1A		Battambang wastewater treatment	1,481,000		11.5%	(1,481,000)	(100.0%)			
1E		Poipet wastewater treatment	536,000		15.0%	(536,000)	(100.0%)			
1C		Bavet wastewater treatment	434,000		15.0%	(434,000)	(100.0%)			
1D		Neak Loeung flood control	537,000		15.0%	(537,000)	(100.0%)			
1B		Battambang flood control	282,000		15.0%	(282,000)	(100.0%)			
2	2	Consulting services	590,000					702,096		
2A		Project implementation support and capacity development	304,000		14.3%	66,756	22.0%	370,756		14.3%*
2B		Detailed engineering design	119,000		10.3%	(33,510)	(28.2%)	85,490		10.3%*
2C		Consultant supervision	167,000		10.7%	78,580	47.2%	245,850		20.0%*
2D		External monitoring								
3	3	Incremental administration	87,000					1,391		
3A		Project management unit	43,000		9.7%	(41,609)	(97.0%)	1,391		
3B		Project implementation unit	44,000		9.9%	(44,000)	(100.0%)			
4	4	Unallocated	453,000		12.5%	(26,488)		426,513		
		Total	4,400,000					4,400,000		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 1. Background and activities (continued)

##### c. Original and reallocated budget for UEIF Grant No. 0334 – CAM (UEIF) – all amounts in US\$

Category No.	Item		Original allocation		Original % basis for withdrawal from Loan Account	Increase/Decrease	%	Revised allocation		Revised % basis for withdrawal from Loan Account
	Original	Revised	Category	Sub-category				Category	Sub-category	
1	1	Work	1,254,000					1,390,000		
	1A	Material recovery facilities				1,390,000	100%		1,390,000	100%*
	1A	Battambang material recovery facilities		430,000	100%	(430,000)	(100%)			
	1B	Bavet material recovery facilities		382,000	100%	(382,000)	(100%)			
	1C	Poipet material recovery facilities		442,000	100%	(442,000)	(100%)			
2		Consulting services	109,000							
	2A	Battambang material recovery facilities		37,000	100%	(37,000)	(100%)			
	2B	Bavet material recovery facilities		33,000	100%	(33,000)	(100%)			
	2C	Poipet material recovery facilities		39,000	100%	(39,000)	(100%)			
3	3	Unallocated	137,000					110,000		
		Total	1,500,000					1,500,000		

\* % of total expenditure claimed, exclusive of taxes and duties imposed with the facilities of the borrower.

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### **Notes to the financial statements (continued) for the year ended 31 December 2016**

## **2. Significant accounting policies**

### **(a) Basis of accounting**

The financial statements, which are expressed in United States Dollars (“US\$”), have been prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards. Under this basis of accounting, income is recognised when funds are received in cash and expenditure is recognised when payments are made rather than when it is incurred, except for the followings:

- Amount due from Government Counterpart is initially recognised as advance until they are settled; and
- Advanced payments made to suppliers are initially recognised as receivable and only recognised as payments when they have been liquidated by supporting invoices.

### **(b) Statement of the second generation imprest account**

The statement of the second generation imprest account is prepared in accordance with the Loan and Grant agreements, and is purely used to receive and disburse for expenditure funded by the ADB loan and grant proceeds.

### **(c) Non-expendable equipment**

The cost of non-expendable equipment is charged to the statement of receipts and expenditure upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

### **(d) Foreign currency transactions**

The Project transacts its operations and maintains its accounting records primarily in United States Dollars (“US\$”). Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchange at the period end. All foreign exchange differences are recognised in the statement of receipts and expenditure.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

### 3. Cash at banks

	As at 31 December 2016			As at	
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Total US\$	31 December 2015 US\$
Imprest account	44,779	701	874	47,126	168,018

### 4. Advances

The advances as at 31 December 2015 were cleared during the year 2016. As at 31 December 2016, there was no advance remained outstanding.

### 5. Receipts

	For the year ended 31 December 2016			For the period		Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Total US\$	from 8 April 2013 to 31 December 2015 US\$	
Initial advances	-	-	50,000	50,000	254,500	304,500
Replenishments	-	-	49,343	49,343	56,540	105,883
Sub-total *	-	-	99,343	99,343	311,040	410,383
Direct payments**	807,340	95,666	87,205	990,211	1,111,937	2,102,148
	807,340	95,666	87,205	1,089,554	1,422,977	2,512,531

## **Ministry of Public Works and Transport**

### **GMS Southern Economic Corridor Towns Development Project**

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF),  
ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### **Notes to the financial statements (continued) for the year ended 31 December 2016**

#### **5. Receipts (continued)**

- \* The receipts from Asian Development Bank for Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF) and ADB SCF Grant No. 0335 – CAM (SCF) were paid into the first generation imprest account held by the Ministry of Economy and Finance. This is a separate bank account held exclusively for Loan and Grant at the National Bank of Cambodia. These receipts were then disbursed to the second generation imprest account held by the Ministry of Public Works and Transport at the Foreign Trade Bank of Cambodia.
  
- \*\* The direct payments represent payments made directly for consulting services and non-expendable equipment from ADB fund on behalf of the Project.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

Notes to the financial statements (continued)  
for the year ended 31 December 2016

#### 6. Expenditure by disbursement category and financier

Particulars	ADB Loan No. 2983 - CAM		ADB SCF Loan No. 8265 - CAM		ADB SCF Grant No. 0335 - CAM		Royal Government of Cambodia		Total US\$
	% of financing %	Actual expenditure US\$	% of financing %	Actual expenditure US\$	% of financing %	Actual expenditure US\$	Actual expenditure US\$	%	
Consulting services									
<i>Project implementation and capacity development</i>	71.50	309,815	14.20	54,046	14.30	54,427	-	-	418,288
<i>Detailed engineering design</i>	77.60	376,015	12.10	58,631	10.30	49,909	-	-	484,555
Non-expendable equipment	100.00	272,821	-	-	-	-	-	-	272,821
Incremental administration									
<i>Project Management Unit</i>	81.30	43,362	9.00	78	9.70	83	62,731	59.04	106,254
<i>Project Implementation Unit</i>	81.10	14,533	9.00	144	9.90	159	35,840	70.72	50,676
Total payments – for the year ended 31 December 2016		1,016,546		112,899		104,578	98,571		1,332,594
% of total project costs – for the year ended 31 December 2016		2.19%		0.24%		0.23%	0.21%		2.87%
% of cumulative expenses to total project costs – for the period from 8 April 2013 to 31 December 2016		4.02%		0.55%		0.53%	0.21%		5.31%

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 7. Consulting services

	For the year ended 31 December 2016		Total US\$	For the period from 8 April 2013 to 31 December 2015 US\$	Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 Grant No. 0335 US\$			
Project implementation support and capacity development	309,815	54,046	418,288	960,185	1,378,473
Detailed engineering design	376,015	58,631	484,555	-	484,555
	<u>685,830</u>	<u>112,677</u>	<u>902,843</u>	<u>960,185</u>	<u>1,863,028</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 8. Non-expandable equipment

	For the year ended 31 December 2016			Total US\$	For the period from 8 April 2013 to 31 December 2015 US\$	Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$			
Equipment	78,045	-	-	78,045	94,460	172,505
Furniture	25,381	-	-	25,381	-	25,381
Vehicles	166,800	-	-	166,800	-	166,800
Accounting software	2,595	-	-	2,595	-	2,595
	<u>272,821</u>	<u>-</u>	<u>-</u>	<u>272,821</u>	<u>94,460</u>	<u>367,281</u>

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 9. Incremental administration

	For the year ended 31 December 2016		Total US\$	For the period from 8 April 2013 to 31 December 2015		Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 Grant No. 0335 US\$		RGC US\$	US\$	
Project Management Unit	43,362	78	106,254	35,814	142,068	
Project Implementation Unit	14,533	144	50,676	42,325	93,001	
	57,895	222	156,930	78,139	235,069	

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 10. Statement of withdrawals

No.	Receipt date	Description	Currency	Consulting services	Office equipment	Incremental administration	Total
<b>ADB Loan No. 2983 – CAM (SF)</b>							
A0001	29-Feb-16	Clear from advance through DP	US\$	23,360	-	-	23,360
A0001	29-Apr-16	Clear from advance through DP	US\$	23,360	-	-	23,360
A0001	8-Nov-16	Clear from advance through DP	US\$	38,934	-	-	38,934
A0012	25-Jan-16	Direct payment	US\$	-	166,800	-	166,800
A0013	4-Feb-16	Direct payment	US\$	60,144	-	-	60,144
A0014	25-Feb-16	Direct payment	US\$	132,367	-	-	132,367
A0015	2-May-16	Direct payment	US\$	106,220	-	-	106,220
A0016	28-Apr-16	Direct payment	US\$	51,120	-	-	51,120
A0017	30-Jun-16	Direct payment	US\$	-	78,045	-	78,045
A0018	2-Jul-16	Direct payment	US\$	137,428	-	-	137,428
A0019	10-Nov-16	Direct payment	US\$	75,215	-	-	75,215
		<b>Subtotal (a)</b>	<b>US\$</b>	<b>648,148</b>	<b>244,845</b>	<b>-</b>	<b>892,993</b>

\* DP: Direct Payment

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

Notes to the financial statements (continued)  
for the year ended 31 December 2016

#### 10. Statement of withdrawals (continued)

No.	Receipt date	Description	Currency	Consulting services	Office equipment	Incremental administration	Total
ADB SCF Loan No. 8265 – CAM (SCF)							
B0001	29-Feb-16	Clear from advance through DP	US\$	4,639	-	-	4,639
B0001	29-Apr-16	Clear from advance through DP	US\$	4,639	-	-	4,639
B0001	8-Nov-16	Clear from advance through DP	US\$	7,732	-	-	7,732
B0013	4-Feb-16	Direct payment	US\$	11,945	-	-	11,945
B0014	25-Feb-16	Direct payment	US\$	20,640	-	-	20,640
B0015	2-May-16	Direct payment	US\$	16,563	-	-	16,563
B0016	28-Apr-16	Direct payment	US\$	10,153	-	-	10,153
B0018	2-Jul-16	Direct payment	US\$	21,429	-	-	21,429
B0019	10-Nov-16	Direct payment	US\$	14,938	-	-	14,938
		<b>Subtotal (b)</b>	<b>US\$</b>	<b>112,678</b>	<b>-</b>	<b>-</b>	<b>112,678</b>

\* DP: Direct Payment

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 10. Statement of withdrawals (continued)

No.	Receipt date	Description	Currency	Consulting services	Office equipment	Incremental administration	Total
<b>ADB SCF Grant No. 0335 – CAM (SCF)</b>							
D0001	29-Feb-16	Clear from advance through DP	US\$	4,672	-	-	4,672
D0001	29-Apr-16	Clear from advance through DP	US\$	4,672	-	-	4,672
D0001	8-Nov-16	Clear from advance through DP	US\$	7,787	-	-	7,787
D0013	4-Feb-16	Direct payment	US\$	12,029	-	-	12,029
D0014	25-Feb-16	Direct payment	US\$	17,569	-	-	17,569
D0015	2-May-16	Direct payment	US\$	14,099	-	-	14,099
D0016	28-Apr-16	Direct payment	US\$	10,224	-	-	10,224
D0018	3-Jul-16	Direct payment	US\$	18,241	-	-	18,241
D0019	10-Nov-16	Direct payment	US\$	15,043	-	-	15,043
		<b>Subtotal (c)</b>	<b>US\$</b>	<b>104,336</b>	<b>-</b>	<b>-</b>	<b>104,336</b>
<b>UEIF Grant No. 0334 – CAM (UEIF)</b>							
	None		<b>US\$</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* DP: Direct Payment

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 10. Statement of withdrawals (continued)

No.	Receipt date	Description	Currency	Consulting services	Office equipment	Incremental administration	Total
Government Counterpart Fund							
R002	15-Sep-16	Replenishment	US\$	-	-	49,343	49,343
		Subtotal (d)	US\$	-	-	49,343	49,343
		Grand total (a+b+c+d)	US\$	865,162	244,845	49,343	1,159,350
		N/A (*)	US\$	37,681	27,976	107,587	173,244
		Grant total	US\$	902,843	272,821	156,930	1,332,594

(\*) This represents the expenses have not yet replenished as at the reporting date.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

#### 11. Statement of disbursement

Details of statement of disbursement from the ADB are as follows:

	Year ended 31 December 2016 US\$	For the period from 8 April 2013 to 31 December 2015 US\$	Cumulative for the period from 8 April 2013 to 31 December 2016 US\$
<b>ADB Fund claims during the year/period</b>			
Direct payments	777,965	1,449,313	2,227,278
Reimbursements *	-	56,561	56,561
Initial advance	-	254,500	254,500
Subtotal	777,965	1,760,374	2,538,339
<b>Total expenditure mad during the year/period</b>	1,332,594	1,132,784	2,465,378
Expenditure made out of Government Counterpart Fund	(98,571)	-	(98,571)
Expenditure incurred but not yet claimed	(124,017)	(84,084)	(208,100)
Expenditure claimed but not yet incurred during the year/period	125,133	337,377	125,132
Expenditure claimed in previous year/period, recognised as expense in current year/period	(337,377)	-	-
Advance payment to suppliers	-	119,797	-
Advance in previous year/period, recognised as expense in current year/period	(119,797)	-	-
Initial advance	-	254,500	254,500
<b>Total eligible expenditure claimed ( A = J = B + C + D + E + F + G + H + I )</b>	777,965	1,760,374	2,538,339

\* The amount of reimbursements is excluded the initial advance of US\$254,500.

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Notes to the financial statements (continued) for the year ended 31 December 2016

## 12. Commitments

As at 31 December 2016, the Project has the following commitments:

	As at 31 December 2016 US\$	As at 31 December 2015 US\$
Contracted, but not yet paid: Consulting services	1,546,357	1,262,306

## Ministry of Public Works and Transport

### GMS Southern Economic Corridor Towns Development Project

ADB Loan No. 2983 – CAM (SF), ADB SCF Loan No. 8265 – CAM (SCF), ADB SCF Grant No. 0335 – CAM (SCF) and UEIF Grant No. 0334 – CAM (UEIF)

#### Appendix – Statement of Comparison of Budget and Actual Expenditure Report for the year ended 31 December 2016

No.	Category Description	For the year ended 31 December 2016			For the period from 8 April 2013 to 31 December 2015			Cumulative for the period from 8 April 2013 to 31 December 2016		
		Budget US\$	Actual US\$	Variance US\$	Budget US\$	Actual US\$	Variance US\$	Budget US\$	Actual US\$	Variance US\$
1	Civil works	14,646,000	-	(14,646,000)	15,919,000	-	(15,919,000)	30,565,000	-	(30,565,000)
2	Consulting services	1,010,000	902,843	(107,157)	3,822,000	960,185	(2,861,815)	4,832,000	1,863,028	(2,968,972)
3	Equipment	91,000	272,821	181,821	86,000	94,460	8,460	177,000	367,281	190,281
4	Training	39,000	-	(39,000)	72,000	-	(72,000)	111,000	-	(111,000)
5	Incremental administration	166,000	156,930	(9,070)	332,000	78,139	(253,861)	498,000	235,069	(262,931)
6	Service charge	2,000	-	(2,000)	4,000	-	(4,000)	6,000	-	(6,000)
7	Unallocated	1,225,000	-	(1,225,000)	1,577,000	-	(1,577,000)	2,802,000	-	(2,802,000)
8	Interest during construction	178,000	-	(178,000)	109,000	-	(109,000)	287,000	-	(287,000)
9	Land acquisition and settlement*	-	-	-	1,560,000	-	(1,560,000)	1,560,000	-	(1,560,000)
10	Physical contingency*	187,000	-	(187,000)	244,000	-	(244,000)	431,000	-	(431,000)
	<b>Total</b>	<b>17,544,000</b>	<b>1,332,594</b>	<b>(16,211,406)</b>	<b>23,725,000</b>	<b>1,132,784</b>	<b>(22,592,216)</b>	<b>41,269,000</b>	<b>2,465,378</b>	<b>(38,803,622)</b>

\* Expense by RGC contribution.