

**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 2017
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 is provided for information purpose only.*



Ministry of Public Works and Transport
No.: 044 PMU/MPWT/SECTDP/18

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 2017, 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 26 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 ("MPWT", "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 ("the Agreements") and the Project was in compliance with all Loan and Grant covenants of the Agreements for the year ended 31 December 2017.

On behalf of the Project management:

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

Phnom Penh, Kingdom of Cambodia

Date: 3 1 MAY 2018



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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 Asian 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 (“MPWT”, “the Project Management Unit” or “the PMU”), which comprises the statement of financial position as at 31 December 2017, the statement of receipts and expenditure and the statement of 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 26.

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, 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 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

31 May 2018

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 2017

	Note	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Current assets			
Cash on hand – ADB		49	27
Cash at banks	3	238,961	47,126
Advances	4	279,815	-
		<u>518,825</u>	<u>47,153</u>
Represented by:			
Fund balance at end of the year		<u>518,825</u>	<u>47,153</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 2017

	For the year ended 31 December 2017						Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	RGC US\$				
Receipts									
Asian Development Bank	1,058,688	-	-	-	-	1,058,688	807,340	2,968,421	
ADB Strategic Climate Fund	-	201,805	191,724	253,083	-	646,612	182,871	1,150,067	
Government Counterpart Fund	-	-	-	-	121,481	121,481	99,343	220,824	
	1,058,688	201,805	191,724	253,083	121,481	1,826,781	1,089,554	4,339,312	
Expenditure by disbursement Category and finances									
6									
7									
Civil works	-	-	-	97,161	-	97,161	-	97,161	
8	781,911	151,976	146,900	-	-	1,080,787	902,843	2,943,815	
9	-	-	-	-	-	-	272,821	367,281	
Non-expendable equipment	95,942	(4,056)	(4,458)	-	89,733	177,161	156,930	412,230	
10									
Incremental administration	877,853	147,920	142,442	97,161	89,733	1,355,109	1,332,594	3,820,487	
Excess/(deficit) of receipts over expenditure	180,835	53,885	49,282	155,922	31,748	471,672	(243,040)	518,825	
Fund balance at beginning of the year	44,806	701	874	-	772	47,153	290,193		
Fund balance at end of the year	225,641	54,586	50,156	155,922	32,520	518,825	47,153		

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

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GMS Southern Economic Corridor Towns Development Project

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Statement of the second generation imprest account for the year ended 31 December 2017

	Note	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
		Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Receipts								
Asian Development Bank	5	224,696	-	-	-	224,696	505,133	
ADB Strategic Climate Fund		-	33,984	31,537	-	65,521	96,124	
		224,696	33,984	31,537	-	290,217	601,257	
Expenditure by disbursement								
Category and finances								
Consulting services	6	19,777	11,411	11,492	-	42,680	142,865	
Non-expendable equipment	8	-	-	-	-	-	27,976	
Incremental administration	9	95,942	(4,056)	(4,458)	-	87,428	223,926	
	10	115,719	7,355	7,034	-	130,108	394,767	
Excess/(deficit) of receipts over expenditure		108,977	26,629	24,503	-	160,109	206,490	
Fund balance at beginning of the year		44,806	701	874	-	46,381	-	
Fund balance at end of the year		153,783	27,330	25,377	-	206,490	206,490	
Represented by:								
Cash on hand – ADB		49	-	-	-	49	27	
Cash at banks		153,734	27,330	25,377	-	206,441	46,354	
		153,783	27,330	25,377	-	206,490	46,381	

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

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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 2017

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 (“the 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 (“MPWT”)) 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) in 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 was 8 April 2013 and 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. The extension of the closing date was approved by ADB on 16 June 2017.

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 November 2052, with interest rate of 0.10% per annum.

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.

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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 2017

1. Background and activities (continued)

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

Category No.	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		Popet 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	2A	Project implementation support and capacity development		300,000	14.2%	68,163	22.7%		368,163	14.2%*
2B	2B	Detailed engineering design		139,000	12.1%	(38,570)	(27.7%)		100,430	12.1%*
2C	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.

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GMS Southern Economic Corridor Towns Development Project

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Notes to the financial statements (continued) for the year ended 31 December 2017

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 allocation		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	3,270,000	Work	3,270,000					3,270,000		
	1A		Civil work: Wastewater treatment and flood control				3,270,000	100.0%		3,270,000	22.3%*
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	590,000	Consulting services	590,000					702,096		
2A	2A		Project implementation support and capacity development		304,000	14.3%	66,756	22.0%		370,756	14.3%*
2B	2B		Detailed engineering design		119,000	10.3%	(33,510)	(28.2%)		85,490	10.3%*
2C	2C		Consultant supervision		167,000	10.7%	78,580	47.2%		245,850	20.0%*
2D	2D		External monitoring								
3	3	87,000	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	453,000	Unallocated	453,000		12.5%	(26,488)		426,513		
		4,400,000	Total	4,400,000					4,400,000		

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

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Notes to the financial statements (continued)
for the year ended 31 December 2017

1. Background and activities (continued)

d). Original and reallocated budget for UEIF Grant No. 0334 – CAM (UEIF) – 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	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			Popet 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			Popet material recovery facilities		39,000	100%	(39,000)	(100%)			
3	3		Unallocated	137,000			(27,000)		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.

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Notes to the financial statements (continued) for the year ended 31 December 2017

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:

- Amounts due from Government Counterpart is initially recognised as advances until they are settled; and
- Advanced payments made to suppliers are initially recognised as receivables 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 and the statement of the second generation imprest account 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 US\$. Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates. Cash on hand and advances 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 and the statement of the second generation imprest account.

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Notes to the financial statements (continued) for the year ended 31 December 2017

3. Cash at banks

	As at 31 December 2017				As at 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	
Imprest account – ADB	153,734	27,330	25,377	-	206,441
Imprest account – RGC	-	-	-	-	32,520
	153,734	27,330	25,377	-	238,961

4. Advances

	As at 31 December 2017				As at 31 December 2016 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$	
Resources Development Consultant (Pvt) Ltd	71,858	27,256	24,779	-	123,893
Taing Cheng Qing Construction and Import Export Co., Ltd	-	-	-	155,922	155,922
	71,858	27,256	24,779	155,922	279,815

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Notes to the financial statements (continued) for the year ended 31 December 2017

5. Receipts

(a) Asian Development Bank

	For the year ended 31 December 2017				Total US\$	RGC US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$				
Replenishments Initial advances	224,696	-	-	-	224,696	-	-	41,832
	-	-	-	-	-	-	-	238,605
Sub-total *	224,696	-	-	-	224,696	-	-	280,437
Direct payments**	833,992	-	-	-	833,992	807,340	807,340	2,687,984
	1,058,688	-	-	-	1,058,688	807,340	807,340	2,968,421

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Notes to the financial statements (continued) for the year ended 31 December 2017

5. Receipts

(b) ADB Strategic Climate Fund

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Replenishments	-	33,984	31,537	-	65,521	-	14,708
Initial advances	-	-	-	-	-	-	15,895
Sub-total *	-	33,984	31,537	-	65,521	-	30,603
Direct payments**	-	167,821	160,187	253,083	581,091	182,871	1,119,464
	-	201,805	191,724	253,083	646,612	182,871	1,150,067

(c) Government Counterpart Fund

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Replenishments	-	-	-	-	121,481	49,343	170,824
Initial advances	-	-	-	-	-	50,000	50,000
Sub-total *	-	-	-	-	121,481	99,343	220,824

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Notes to the financial statements (continued) for the year ended 31 December 2017

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), and ADB UEIF Grant No. 0334 – CAM (UEIF) 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 Loans and Grants 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.

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Notes to the financial statements (continued)
for the year ended 31 December 2017

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		ADB SCF Grant No. 0334 - CAM		Royal Government of Cambodia ("RGC")		Total
	% of financing	Actual expenditure US\$	% of financing	Actual expenditure US\$	% of financing	Actual expenditure US\$	% of financing	Actual expenditure US\$	% of financing	Actual expenditure US\$	
Consulting services											
<i>Project implementation and capacity development</i>	71.50	528,922	14.20	112,528	14.30	113,320	15.01	-	-	-	754,770
<i>Detailed engineering design</i>	77.60	252,989	12.10	39,448	10.30	33,580	10.30	-	-	-	326,017
Non-expendable equipment	100.00	-	-	-	-	-	-	-	-	-	-
Civil Work	-	-	-	-	-	-	100.00	97,161	100.00	-	97,161
Incremental administration											
<i>Project Management Unit</i>	81.30	72,510	9.00	(102)	9.70	(109)	(0.10)	-	-	38,533	110,832
<i>Project Implementation Unit</i>	81.10	23,432	9.00	(3,954)	9.90	(4,349)	(6.56)	-	-	51,200	66,329
Total payments – for the year ended 31 December 2017		877,853		147,920		142,442		97,161		89,733	1,355,109
% of total project costs – for the year ended 31 December 2017		1.83%		0.31%		0.30%		0.20%		0.19%	2.83%
% of cumulative expenses to total project costs – for the period from 8 April 2013 to 31 December 2017		5.73%		0.84%		0.81%		0.20%		0.39%	7.98%

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Notes to the financial statements (continued) for the year ended 31 December 2017

7. Civil works

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Civil works	-	-	-	97,161	97,161	-	97,161

Payment for civil works were made directly to suppliers by ADB on behalf of the Project during the year.

8. Consulting services

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Project implementation support and capacity development	528,922	112,528	113,320	-	754,770	418,288	2,133,243
Detailed engineering design	252,989	39,448	33,580	-	326,017	484,555	810,572
	781,911	151,976	146,900	-	1,080,787	902,843	2,943,815
The expenditure can be allocated as followed:							
Direct payments	762,134	140,565	135,408	-	1,038,107	865,163	2,800,950
Replenishments	19,777	11,411	11,492	-	42,680	37,680	142,865
	781,911	151,976	146,900	-	1,080,787	902,843	2,943,815

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Notes to the financial statements (continued) for the year ended 31 December 2017

9. Non-expandable equipment

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Vehicles	-	-	-	-	-	166,800	166,800
Equipment	-	-	-	-	-	78,045	172,505
Furniture	-	-	-	-	-	25,381	25,381
Accounting software	-	-	-	-	-	2,595	2,595
						272,821	367,281
The expenditure can be allocated as followed:							
Direct payments	-	-	-	-	-	244,845	339,305
Replenishments	-	-	-	-	-	27,976	27,976
						272,821	367,281

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Notes to the financial statements (continued) for the year ended 31 December 2017

10. Incremental administration

	For the year ended 31 December 2017				Total US\$	For the year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
	Loan No. 2983 US\$	Loan No. 8265 US\$	Grant No. 0335 US\$	Grant No. 0334 US\$			
Project Management Unit	72,510	(102)	(109)	-	110,832	106,254	252,900
Project Implementation Unit	23,432	(3,954)	(4,349)	-	66,329	50,676	159,330
	<u>95,942</u>	<u>(4,056)</u>	<u>(4,458)</u>	<u>-</u>	<u>177,161</u>	<u>156,930</u>	<u>412,230</u>
The expenditure can be analysed as followed:							
Direct payments	-	-	-	-	-	-	-
Replenishments	95,942	(4,056)	(4,458)	-	177,161	156,930	412,230
	<u>95,942</u>	<u>(4,056)</u>	<u>(4,458)</u>	<u>-</u>	<u>177,161</u>	<u>156,930</u>	<u>412,230</u>

All payment on incremental administration were made through imprest account during the year.

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Notes to the financial statements (continued)
for the year ended 31 December 2017

11. Statement of withdrawals

No.	Receipt date	Description	Currency	Civil Work	Consulting services	Non-expendable equipment	Incremental administration	Total
ADB Loan No. 2983 – CAM (SF)								
A0020	6-Mar-17	Direct payment	US\$	-	89,468	-	-	89,468
A0022	21-Apr-17	Replenishment	US\$	-	19,777	-	95,943	115,719
A0023	4-May-17	Direct payment	US\$	-	109,327	-	-	109,327
A0024	5-Jun-17	Direct payment	US\$	-	252,989	-	-	252,989
A0025	7-Aug-17	Direct payment	US\$	-	100,760	-	-	100,760
A0027	18-Dec-17	Direct payment	US\$	-	209,590	-	-	209,590
		Sub-total (a)	US\$	-	781,911	-	95,942	877,853
ADB SCF Loan No. 8265 – CAM (SCF)								
B0020	6-Mar-17	Direct payment	US\$	-	17,769	-	-	17,769
B0022	16-Jun-17	Replenishment	US\$	-	7,482	-	(4,056)	3,426
B0023	4-May-17	Direct payment	US\$	-	21,713	-	-	21,713
B0024	5-Jun-17	Direct payment	US\$	-	39,448	-	-	39,448
B0025	7-Aug-17	Direct payment	US\$	-	20,011	-	-	20,011
B0026	15-Dec-17	Replenishment	US\$	-	3,928	-	-	3,928
B0027	18-Dec-17	Direct payment	US\$	-	41,625	-	-	41,625
		Sub-total (b)	US\$	-	151,976	-	(4,056)	147,920

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Notes to the financial statements (continued)
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11. Statement of withdrawals (continued)

No.	Receipt date	Description	Currency	Civil Work	Consulting services	Non-expendable equipment	Incremental administration	Total
ADB SCF Grant No. 0335 – CAM (SCF)								
D0020	6-Mar-17	Direct payment	US\$	-	17,894	-	-	17,894
D0022	13-Jun-17	Replenishment	US\$	-	7,535	-	(4,458)	3,077
D0023	4-May-17	Direct payment	US\$	-	21,866	-	-	21,866
D0024	5-Jun-17	Direct payment	US\$	-	33,580	-	-	33,580
D0025	7-Aug-17	Direct payment	US\$	-	20,152	-	-	20,152
D0026	15-Dec-17	Replenishment	US\$	-	3,955	-	-	3,955
D0027	18-Dec-17	Direct payment	US\$	-	41,918	-	-	41,918
		Sub-total (c)	US\$	-	146,900	-	(4,458)	142,442
UEIF Grant No. 0334 – CAM (UEIF)								
C0001	5-Jun-17	Direct payment	US\$	7,196	-	-	-	7,196
C0002	7-Aug-17	Direct payment	US\$	1,111	-	-	-	1,111
C0003	15-Dec-17	Direct payment	US\$	11,930	-	-	-	11,930
C0004	18-Dec-17	Direct payment	US\$	76,924	-	-	-	76,924
		Sub-total (d)	US\$	97,161	-	-	-	97,161

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Notes to the financial statements (continued)
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11. Statement of withdrawals (continued)

No.	Receipt date	Description	Currency	Civil Work	Consulting services	Non-expendable equipment	Incremental administration	Total
Government Counterpart Fund								
R0003	16-Jan-17	Replenishment	US\$	-	-	-	49,228	49,228
R0004	7-Jul-17	Replenishment	US\$	-	-	-	40,505	40,505
		Sub-total (e)	US\$	-	-	-	89,733	89,733
		Grand total (a+b+c+d+e)	US\$	97,161	1,080,787	-	177,161	1,355,109

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Notes to the financial statements (continued) for the year ended 31 December 2017

12. Statement of disbursement

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

	Year ended 31 December 2017 US\$	Year ended 31 December 2016 US\$	Cumulative for the period from 8 April 2013 to 31 December 2017 US\$
ADB Fund claims during the year/period			
Direct payments	1,415,083	990,211	3,517,211
Reimbursements	290,217	-	346,777
Initial advance	-	-	254,500
Subtotal	1,705,300	990,211	4,118,488
	(A)		
Total expenditure mad during the year/period	1,355,109	3,820,487	(188,304)
Expenditure made out of Government Counterpart Fund	(89,733)	(98,571)	(48,010)
Expenditure incurred but not yet claimed	-	(173,244)	-
Expenditure claimed but not yet incurred during the year/period	-	-	-
Expenditure incurred in previous year, received current year	160,109	49,229	279,815
Advance payment to suppliers	279,815	-	-
Advance in previous year/period, recognised as expense in current year/period	-	(119,797)	-
Initial advance	-	-	254,500
Total eligible expenditure claimed (A = J = B + C + D + E + F + G + H + I)	1,705,300	990,211	4,118,488
	(J)		

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Notes to the financial statements (continued) for the year ended 31 December 2017

13. Commitments

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

	As at 31 December 2017 US\$	As at 31 December 2016 US\$
Contracted, but not yet paid:		
Consulting services	1,891,408	1,546,357
Civil works	921,307	-
	<u>2,812,715</u>	<u>1,546,357</u>

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Appendix: Statement of comparison between budgeted and actual expenditure for the year ended 31 December 2017

No.	Category Description	For the year ended 31 December 2017				For the year ended 31 December 2016			Cumulative for the period from 8 April 2013 to 31 December 2017		
		Budget US\$	Actual US\$	Variance US\$	% of variance	Budget US\$	Actual US\$	Variance US\$	Budget US\$	Actual US\$	Variance US\$
1	Civil works	78,954	97,161	(18,207)	123%	14,646,000	-	(14,646,000)	30,799,876	97,161	30,702,715
2	Consulting services	1,200,999	1,080,787	120,212	90%	4,832,000	1,863,028	2,968,972	6,156,892	2,943,815	3,213,077
3	Equipment	-	-	-	0%	91,000	272,821	181,821	177,000	367,281	(190,281)
4	Training	-	-	-	0%	39,000	-	(39,000)	111,000	-	111,000
5	Incremental administration	159,613	177,161	(17,548)	111%	498,000	235,069	262,931	657,613	412,230	245,383
6	Service charge	-	-	-	0%	2,000	-	(2,000)	6,000	-	6,000
7	Unallocated	-	-	-	0%	1,225,000	-	(1,225,000)	2,802,000	-	2,802,000
8	Interest during construction	-	-	-	0%	178,000	-	(178,000)	287,000	-	287,000
9	Land acquisition and settlement*	-	-	-	0%	-	-	-	1,560,000	-	1,560,000
10	Physical contingency*	-	-	-	0%	187,000	-	(187,000)	431,000	-	431,000
	Total	1,439,566	1,355,109	84,457	94%	17,544,000	1,332,594	(16,211,406)	42,988,381	3,820,487	39,167,894

* Expenditure funded by RGC's contribution.