

# Audited Project Financial Statements

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Project Number: 40253-023

Loan Number: 2721-VIE

Period covered: 1 January 2016 to 31 December 2016

## CAM/LAO/VIE: Greater Mekong Subregion Biodiversity Conservation Corridors Project

Prepared by Quang Nam Provincial Project Management Unit, Quang Nam Provincial People's Committee

For the Asian Development Bank  
Date received by ADB: 6 October 2017

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Agricultural Project Management Board, Ministry of Agriculture and Rural Development.

**QUANG NAM PROVINCIAL PROJECT MANAGEMENT UNIT  
GREATER MEKONG SUBREGION BIODIVERSITY CONSERVATION  
CORRIDORS PROJECT – PHASE II  
Loan Agreement No. 2721-VIE(SF)**

**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31/12/2016**



**ASIAN DEVELOPMENT BANK**



**Disbursement Operations  
Division (VRM)**

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**PART I**

**FINANCIAL STATEMENTS**



**QUANG NAM PROVINCIAL PROJECT MANAGEMENT UNIT**

Greater Mekong subregion biodiversity conservation corridors project - Phase 2  
Loan Agreement No. 2721-VIE(SF)

**STATEMENT OF THE PROJECT MANAGEMENT UNIT**

Quang Nam Provincial Project Management Unit of Greater Mekong subregion biodiversity conservation corridors project – Phase 2 (“the PMU”, “the Project Management Unit”) presents this report together with the financial statements of the Greater Mekong subregion biodiversity conservation corridors project – Phase 2, the work done in Quang Nam province (“the Project”) for the year ended 31/12/2016.

**Provincial Project Management Unit**

The members of the Project Management Unit who held office during the year and at the date of this report are as follows:

Mr. Nguyen Vien	Director
Ms. Le Thi Tuyet Hanh	Deputy Director
Ms. Ngo Thi Phuoc Tuyen	Chief Accountant
Mr. Nguyen Van An	Project Coordinator

**The Project Management Unit’s Statement of Responsibility**

The PMU is responsible for preparing the Project’s financial statements, which give a true and fair view of the balances of assets, liabilities and funds as at 31/12/2016 as well as the receipts and disbursements of the Project, actual expenditure for the year ended 31/12/2016, in accordance with the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the covenants contained in Loan Agreement No. 2721-VIE(SF). In preparing these financial statements, the PMU is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Design and implement an effective internal control for the purpose of properly preparing and presenting the financial statements so as to minimize risks and frauds.

The PMU is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and ensuring that the funds have been used as intended for the Project. The PMU is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The PMU confirms that the above requirements have been complied in preparing these financial statements.

For and on behalf of the PMU, *id*



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**Nguyen Vien**  
Director

Quang Nam, 15 August 2017



No ~~462~~ /2017/UHY - BCKT

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To: The Quang Nam Provincial Project Management Unit  
Greater Mekong subregion biodiversity conservation corridors project – Phase 2

### Auditor's Opinion

We have audited the accompanying Balance sheet as at 31/12/2016, Statement of receipts and disbursements, Statement of actual expenditure compared to budget, Statement of imprest account, Statement of loan withdrawals for the year ended 31/12/2016 and the Notes to the financial statements (collectively referred to as "the financial statements") of the Greater Mekong subregion biodiversity conservation corridors project – Phase 2 ("the Project"). The financial statements have been prepared by the Project Management Unit using regulations on preparation and presentation of financial statements set out in Note 2 and Note 3 to the financial statements.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the balances of assets, liabilities and funds as at 31/12/2016, its financial receipts and disbursements of the Project for the year then ended in accordance with regulations of preparation and presentation of financial statements set out in Note 2 and Note 3 of the accompanying Notes of financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Project Management Unit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

Without modifying our opinion, we would like to draw reader's attention to Note 2 and Note 3 to the financial statements, which describe the regulations on preparation and presentation of financial statements. The financial statements are prepared to assist the Project to meet the requirements of the Asian Development Bank. As a result, the financial statements are not suitable for another purpose.



## **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (Cont'd)**

### **Responsibility of the Quang Nam Provincial Project Management Unit for the Financial Statements**

The Quang Nam Provincial Project Management Unit of Greater Mekong subregion biodiversity conservation corridors project – Phase 2 ("the Project Management Unit") is responsible for the preparation and presentation of these financial statements in accordance with regulations on preparation and presentation of financial statements set out in Note 2 and Note 3 to the financial statements and for such internal control as the Project Management Unit determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

### **Auditor's 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 auditor's 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 the Project Management Unit.
- Conclude on the appropriateness of Project Management Unit'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 Project'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 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 Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (Cont'd)**

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



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**Nguyen Thi Phuong Thao**  
**Deputy General Director**  
Practicing No.0933-2014-112-1

*For and on behalf of*  
**UHY Auditing and Consulting Company Limited**  
*Hanoi, 15 August 2017*

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**Tran Thi Van Anh**  
**Auditor**  
Practicing No. 0037-2016-112-1



## BALANCE SHEET

As at 31/12/2016

	Note	31/12/2016 VND	31/12/2015 VND
<b>ASSETS</b>			
<b>I. Current assets</b>		<b>6,578,815,121</b>	<b>12,932,438,387</b>
<b>Cash</b>	6	<b>4,159,404,616</b>	<b>12,201,521,587</b>
Cash on hand		30,661,000	41,786,500
Cash in bank, state treasury		4,128,743,616	12,159,735,087
<b>Accounts receivable</b>		<b>2,419,410,505</b>	<b>730,916,800</b>
Other receivables		3,949,105	-
Advances to employee		976,477,000	296,380,000
Advances to supplier	7	1,438,984,400	434,536,800
<b>II. Non - current assets</b>		<b>36,681,646,939</b>	<b>24,761,121,488</b>
<b>Tangible fixed assets</b>		<b>2,470,351,067</b>	<b>1,856,608,962</b>
Cost		4,013,552,240	3,087,427,974
Accumulated depreciation		(1,543,201,173)	(1,230,819,012)
<b>Intangible fixed assets</b>		<b>269,360,000</b>	<b>61,984,000</b>
Cost		336,700,000	154,960,000
Accumulated amortization		(67,340,000)	(92,976,000)
<b>Project implementing expenditures</b>	8	<b>33,941,935,872</b>	<b>22,842,528,526</b>
Project implementing expenditures		34,851,463,703	23,552,124,576
Foreign exchange rate differences		(909,527,831)	(709,596,050)
<b>TOTAL ASSETS</b>		<b>43,260,462,060</b>	<b>37,693,559,875</b>
<b>RESOURCES</b>			
<b>I. Liabilities</b>		<b>2,018,400</b>	<b>-</b>
Taxes and payables to the State		2,018,400	-
<b>II. Funds</b>		<b>43,258,443,660</b>	<b>37,693,559,875</b>
<b>Project funds</b>		<b>40,518,732,593</b>	<b>35,774,966,913</b>
ADB fund	9	40,453,751,114	35,710,006,034
Other funds	10	64,981,479	64,960,879
<b>Other fund</b>		<b>2,739,711,067</b>	<b>1,918,592,962</b>
Funds for fixed assets acquisition		2,739,711,067	1,918,592,962
<b>TOTAL RESOURCES</b>		<b>43,260,462,060</b>	<b>37,693,559,875</b>

## OFF-BALANCE SHEET ITEMS

Items	31/12/2016	31/12/2015
1. Foreign currencies		
USD	179,698.98	539,778.60



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Nguyen Vien  
Director

Quang Nam, 15 August 2017

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Ngo Thi Phuoc Tuyen  
Chief Accountant

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Nguyen Thi My Anh  
Preparer



QUANG NAM PROVINCIAL PROJECT MANAGEMENT UNIT

Greater Mekong subregion biodiversity conservation corridors project – Phase 2

Loan Agreement No. 2721 - VIE(SF)

FINANCIAL STATEMENTS

For the year ended  
31/12/2016

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the year ended 31/12/2016

Unit: VND

No.	Contents	For the year ended 31/12/2016			Accumulated to 31/12/2016		
		ADB	Others (Note 10)	Total	ADB	Others (Note 10)	Total
I.	RECEIPTS						
1	ADB fund	4,743,745,080	20,600	4,743,765,680	40,453,751,114	64,981,479	40,518,732,593
2	Counterpart fund	4,743,745,080	-	4,743,745,080	40,453,751,114	-	40,453,751,114
3	Other funds	-	20,600	20,600	-	64,981,479	64,981,479
II.	DISBURSEMENTS						
1	Civil works	13,270,718,605	9,545,122	13,280,263,727	37,244,085,176	22,839,927	37,266,925,103
2	Transportation and Equipment	2,086,802,000	-	2,086,802,000	2,086,802,000	-	2,086,802,000
3	Good and Material	-	-	-	1,770,142,956	-	1,770,142,956
4	Improving Livelihoods	5,193,484,300	-	5,193,484,300	12,963,928,798	-	12,963,928,798
5	Consulting service	2,138,258,800	-	2,138,258,800	11,194,321,618	-	11,194,321,618
6	Capacity Building	1,150,698,200	-	1,150,698,200	1,602,485,000	-	1,602,485,000
7	Operating expenses	1,044,697,900	-	1,044,697,900	2,654,730,568	-	2,654,730,568
8	Interest expense	1,656,777,405	9,545,122	1,666,322,527	4,971,674,236	22,839,927	4,994,514,163
III.	OPENING BALANCE	11,736,639,463	51,666,074	11,788,305,537	-	-	-
IV.	CLOSING BALANCE	3,209,665,938	42,141,552	3,251,807,490	3,209,665,938	42,141,552	3,251,807,490



Nguyen Vien  
Director

Quang Nam, 15 August 2017

Ngo Thi Phuoc Tuyen  
Chief Accountant

Nguyen Thi My Anh  
Preparer

**QUANG NAM PROVINCIAL PROJECT MANAGEMENT UNIT**

Greater Mekong subregion biodiversity conservation corridors project – Phase 2  
Loan Agreement No. 2721 - VIE(SF)

**FINANCIAL STATEMENTS**  
For the year ended  
31/12/2016

**STATEMENT OF ACTUAL VS BUDGETED EXPENDITURES**  
For the year ended 31/12/2016

Unit: VND

No.	Name of CAT	ADB fund		
		Authorized estimate budget (A)	Actual expenses (B)	Difference (A)-(B)
1	Civil works	6,170,760,000	1,470,979,000	4,699,781,000
2	Transportation and Equipment	-	-	-
3	Good and material	14,822,431,000	5,057,781,100	9,764,649,900
4	Improving Livelihoods	9,278,884,300	1,780,731,800	7,498,152,500
5	Consulting services	2,020,112,400	425,536,800	1,594,575,600
6	Capacity Building	2,185,737,200	897,987,900	1,287,749,300
7	Project Management	2,517,361,100	1,656,777,405	860,583,695
	<b>Total</b>	<b>36,995,286,000</b>	<b>11,289,794,005</b>	<b>25,705,491,995</b>



Nguyen Vien  
Director

Quang Nam, 15 August 2017

Ngo Thi Phuoc Tuyen  
Chief Accountant

Nguyen Thi My Anh  
Preparer



STATEMENT OF IMPREST ACCOUNT  
Quang Nam Province

For the year	Ended 31/12/2016
Account Number	4200201003971
Depository bank	Vietnam Bank for Agriculture and Rural development - Quang Nam Branch
Address	No 06 – Phan Boi Chau – Tam Ky - Quang Nam
Loan Agreement No.	2721-VIE(SF)
Currency unit	USD

Amount

## PART A: ACCOUNT ACTIVITY

Opening balance (01/01/2016) 535,303.16

Add: 214,852.69

Total amount replenished by the ADB 214,852.69

Total interest earned -

Interest account 's fee refund -

Deduct: 578,889.02

Total amount withdrawn 578,889.02

Total interest transferred to a separate account -

Closing balance (31/12/2016) 171,266.83

## PART B: ACCOUNT RECONCILIATION

1 Amount advanced by the ADB 664,172.00

2 Deduct: Total amount recovered by the ADB -

3 Present outstanding amount advanced to Imprest Account as at 31/12/2016 664,172.00

4 Closing balance of Imprest Account (31/12/2016) 171,266.83

5 Add: Amounts claimed and not yet credited 199,383.90

6 Add: Amounts withdrawn and not yet claimed 293,521.27

7 Deduct: Interest earned (if included in Imprest Account) -

8 Add: Service charges (if not included in the lines 5 and 6 above) -

9 Total advance to Imprest Account accounted for as at 31/12/2016 664,172.00



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 Nguyen Vien  
 Director

Quang Nam, 15 August 2017

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 Ngo Thi Phuoc Tuyen  
 Chief Accountant

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 Nguyen Thi My Anh  
 Preparer

## STATEMENT OF SECOND GENERATION IMPREST ACCOUNT

Tay Giang District

For the year	Ended 31/12/2016
Account Number	4217201000883
Depository bank	Vietnam Bank for Agriculture and Rural development – Tay Giang Branch
Address	Atieng Commune, Tay Giang District
Loan Agreement No.	2721-VIE(SF)
Currency unit	USD

Amount

## PART A: ACCOUNT ACTIVITY

Opening balance (01/01/2016)	487.29
<b>Add:</b>	<b>115,000.00</b>
Total amount replenished by the ADB	115,000.00
Total interest earned	-
Interest account 's fee refund	-
<b>Deduct:</b>	<b>113,490.97</b>
Total amount withdrawn	113,490.97
Total interest transferred to a separate account	-
Closing balance (31/12/2016)	<u>1,996.32</u>

## PART B: ACCOUNT RECONCILIATION

1.	Amount advanced by the ADB	227,900.00
2.	Deduct: Total amount recovered by the ADB	-
3.	<b>Present outstanding amount advanced to Imprest Account as at 31/12/2016</b>	<b><u>227,900.00</u></b>
4.	Closing balance of Imprest Account (31/12/2016)	1,996.32
5.	Add: Amounts claimed and not yet credited	174,834.56
6.	Add: Amounts withdrawn and not yet claimed	51,069.12
7.	Deduct: Interest earned (if included in Imprest Account)	-
8.	Add: Service charges (if not included in the lines 5 and 6 above)	-
9.	<b>Total advance to Imprest Account accounted for as at 31/12/2016</b>	<b><u>227,900.00</u></b>



\_\_\_\_\_  
 Nguyen Vien  
 Director

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 Ngo Thi Phuoc Tuyen  
 Accountant

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 Nguyen Thi My Anh  
 Preparer

Quang Nam, 15 August 2017



## STATEMENT OF SECOND GENERATION IMPREST ACCOUNT

Nam Giang District

For the year	Ended 31/12/2016
Account Number	4212201001366
Depository bank	Vietnam Bank for Agriculture and Rural development – Nam Giang Branch
Address	Paroong village, Ca Dy commune, Nam Giang District
Loan Agreement No.	2721-VIE(SF)
Currency unit	USD

Amount

## PART A: ACCOUNT ACTIVITY

Opening balance (01/01/2016)	3,988.15
<b>Add:</b>	<b>221,026.26</b>
Total amount replenished by the ADB	221,026.26
Total interest earned	-
Interest account's fee refund	-
<b>Deduct:</b>	<b>218,578.58</b>
Total amount withdrawn	218,578.58
Total interest transferred to a separate account	-
Closing balance (31/12/2016)	<u>6,435.83</u>

## PART B: ACCOUNT RECONCILIATION

1.	Amount advanced by the ADB	300,000.00
2.	Deduct: Total amount recovered by the ADB	-
3.	<b>Present outstanding amount advanced to Imprest Account as at 31/12/2016</b>	<b>300,000.00</b>
4.	Closing balance of Imprest Account (31/12/2016)	6,435.83
5.	Add: Amounts claimed and not yet credited	194,352.98
6.	Add: Amounts withdrawn and not yet claimed	99,210.64
7.	Deduct: Interest earned (if included in Imprest Account)	-
8.	Add: Service charges (if not included in the lines 5 and 6 above)	0.55
9.	<b>Total advance to Imprest Account accounted for as at 31/12/2016</b>	<b>300,000.00</b>



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 Nguyen Vien  
 Director

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 Ngo Thi Phuoc Tuyen  
 Accountant

\_\_\_\_\_  
 Nguyen Thi My Anh  
 Preparer

Quang Nam, 15 August 2017

QUANG NAM PROVINCIAL PROJECT MANAGEMENT UNIT

Greater Mekong subregion biodiversity conservation corridors project – Phase 2

Loan Agreement No. 2721-VIE(SF)

FINANCIAL STATEMENTS

For the year ended

31/12/2016

STATEMENT OF LOAN WITHDRAWALS

For the year ended 31/12/2016

Withdrawal Application			Amount demand					Amount disbursed		Difference (*)	
No.	Date	Currency	Materials	Improving Livelihoods	Consulting service	Capacity Building	Operating expenses	Total	Date		USD
Imprest account											
N0008	12/9/2016	USD	114,928.59	31,816.02	14,327.84	20,169.07	33,621.17	214,862.69	19/12/2016	214,852.69	10.00
Total			114,928.59	31,816.02	14,327.84	20,169.07	33,621.17	214,862.69		214,852.69	10.00

Note:

(\*) Difference due to: Bank's fee



Nguyen Vien  
Director

Quang Nam, 15 August 2017

Ngo Thi Phuoc Tuyen  
Chief Accountant

Nguyen Thi My Anh  
Preparer



**NOTES TO THE FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

The Project will enhance transboundary cooperation and management of forest ecosystems between countries of the Greater Mekong Subregion (GMS). The GMS Governments, with support from ADB, have identified the most important biodiversity conservation landscapes in the subregion that are, vulnerable to increased development pressures and environmental degradation. In Viet Nam, the project will address the fragmentation of the biodiversity rich forest landscape of central Viet Nam which included the three provinces of Quang Nam, Quang Tri and Thua Thien Hue, impairing its ability to provide critical ecosystem services necessary for sustaining local livelihoods and investments in hydropower, transport, water and food-security enhancing sectors. The Project will promote sustainable resource use, and restore and enhance these productive landscapes. It will do so through conservation and development activities. The project will promote the sustainable use of natural resources, restore and enhance production of this scenic area. The project implementation period is projected from 5/2011 to 9/2019.

The project was implemented in 13 communes of Nam Giang and Tay Giang districts of Quang Nam province.

- Enhance capacities for central, provincial, district, communal levels in the project implementing areas in biodiversity corridor planning, corridor plan development and implementation.

- Conduct forest rehabilitation and reforestation to the connectivity of biodiversity corridors and increase the medium-rich forest areas in the 34 selected communes in the biodiversity corridor area.

- Propose solutions for livelihoods and Millennium development goals linked with small-scale infrastructure to contribute to reduce poverty and improve the living conditions of ethnic minorities in poor mountainous districts in the project area.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD****Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost. These financial statements are prepared per the requirements of the Asian Development Bank and in accordance with Vietnamese Accounting Standards, the public-sector administrative accounting policies issues under Decision No. 19/2006/QĐ- BTC dated 30/03/2006 enforcing the regulations on administrative accounting and Circular No. 185/2010/TT-BTC, dated 15/11/2010 providing guidance on amending and supplementing the public-sector administrative accounting regulations.

**Accounting period**

The Project's fiscal year begins on 1 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Project Management Unit in the preparation of these financial statements, are as follows:

**Receivables**

Receivables are recognised on the basis of actual amounts at occurring transaction and amounts advance to suppliers in accordance with the terms of the contract.



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Payables**

Payables are recognised on the basis of actual expenditure occurred and work that had official acceptance by PMU and supplier.

**Foreign currency translation**

Transactions arising in foreign currencies are translated into Vietnam Dong (VND) at exchange rates ruling on the transaction date. Cash and liabilities balances denominated in foreign currencies are retranslated at the rates of exchange prevailing on the balance sheet date.

**Recognition of funds and expenditures**

Funds and expenditures are recognized when incurred. Details as follows:

- ADB fund are recognized when ADB directly fund to the first Imprest Account during the year.
- Project management costs are recognised on the accrual basis including actual expenses incurred and payables owed to the supplier.

**Fixed assets and amortization**

Cost of fixed assets is totally charged for the period in which they are acquired. However, their disclosure in the Balance sheet is simply for the purpose of management and amortization in accordance with Circular No.162/2014/TT-BTC dated 06/11/2014 by the Ministry of Finance issuing Regulation on management and amortization of fixed assets in the State agencies and public administrative units and State-funded organizations.

4. IMPREST ACCOUNT

First Generation Imprest Account and Second Generation Imprest Accounts are deposit accounts opened at Vietnam Bank for Agriculture and Rural development – Quang Nam Branch. Payments out of Imprest Accounts are for expenditures in accordance with the relevant covenants of Loan Agreement No. 2721-VIE(SF) dated 05/05/2011 and relevant regulations established by the ADB. Amounts withdrawn from the Imprest Account are used for the payments to contractors and operating expenses.

5. STATEMENT OF RECEIPTS AND DISBURSEMENTS

Statement of receipts and disbursements is prepared based on actual cash flows; Specifically:

Cash inflow is the actual cash flow received from the Asian Development Bank (ADB).

Cash outflow is the actual cash paid out by the Project management unit for the project's cost items of this year and the amount paid for the supplier during current year and from the previous fiscal year transferred.

Closing balance is based on the beginning balance plus cash inflows and minus cash outflow for the year. This balance is reconciled with the balance sheet items as at the end of the financial year as disclosed in Note 11.

Accumulated figures are presented on the accrual basis from the date that the Project commences operations to the financial statements date.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 6. CASH

	31/12/2016 VND	31/12/2015 VND
<b>Cash on hand</b>	<b>30,661,000</b>	<b>41,786,500</b>
- Provincial Project Office	30,661,000	41,786,500
- Tay Giang	-	-
- Nam Giang	-	-
<b>Imprest Accounts</b>	<b>4,082,860,963</b>	<b>12,156,811,752</b>
- Provincial Project Office	3,890,326,043	12,055,532,581
- Tay Giang	45,346,409	13,191,091
- Nam Giang	147,188,511	88,088,080
<b>Interest Accounts</b>	<b>45,882,653</b>	<b>2,923,335</b>
- Provincial Project Office	42,647,913	2,999
- Tay Giang	2,714,538	1,192,680
- Nam Giang	520,202	1,727,656
<b>Total</b>	<b>4,159,404,616</b>	<b>12,201,521,587</b>

## 7. ADVANCE TO SUPPLIERS

	31/12/2016 VND	31/12/2015 VND
Phuoc Vinh Construction consulting company limited	725,161,400	425,536,800
Ha Son co., Ltd	9,000,000	9,000,000
An Thanh Luy Trading construction and service Co., Ltd	329,077,000	-
My Son Company Limited – Dong Giang Brach	176,796,000	-
Phuc Thinh Construction Co., Ltd	109,950,000	-
Lam Sinh trading and service company limited	89,000,000	-
<b>Total</b>	<b>1,438,984,400</b>	<b>434,536,800</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 8. PROJECT IMPLEMENTING EXPENDITURES

	The year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
Civil works	1,470,979,000	1,470,979,000
Transportation and Equipment	-	1,770,142,956
Good and Material	5,057,781,100	12,393,688,798
Improving Livelihoods	1,775,258,593	10,836,794,618
Consulting service	425,536,800	877,323,600
Capacity Building	897,987,900	2,508,020,568
Operating expenses	1,671,795,734	4,994,514,163
Interest expense	-	-
<b>Total</b>	<b>11,299,339,127</b>	<b>34,851,463,703</b>
Foreign exchange rate differences	(199,931,781)	(909,527,831)
<b>Total</b>	<b>11,099,407,346</b>	<b>33,941,935,872</b>

## 9. ADB FUND

	The year ended 31/12/2016		Accumulated to 31/12/2016	
	USD	VND equivalent	USD	VND equivalent
Imprest Bank Account	214,862.69	4,743,745,080	1,879,189.67	40,453,751,114
Direct payment	-	-	-	-
<b>Total</b>	<b>214,862.69</b>	<b>4,743,745,080</b>	<b>1,879,189.67</b>	<b>40,453,751,114</b>

## 10. OTHER FUNDS AND EXPENDITURES

	The year ended 31/12/2016 VND	Accumulated to 31/12/2016 VND
Receipts	20,600	64,981,479
Bank Interest	20,600	64,981,479
Disbursements	9,545,122	22,839,927
Bank fees	9,545,122	22,839,927
Opening balance	51,666,074	-
<b>Closing balance</b>	<b>42,141,552</b>	<b>42,141,552</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 11. RECONCILIATION BETWEEN THE CLOSING BALANCE ON THE STATEMENT OF RECEIPTS AND DISBURSEMENTS AND THE CLOSING BALANCES OF ASSETS, LIABILITIES ON THE BALANCE SHEET AS AT 31/12/2016

	31/12/2016 VND
Ending Balance on Statement of receipts and disbursements	3,251,807,490
Ending Balance on Balance Sheet	3,251,807,490
Cash on hand	30,661,000
Cash in bank, state treasury	4,128,743,616
Other receivables	3,949,105
Taxes and payables to the State	(2,018,400)
Foreign exchange rate differences	(909,527,831)

## 12. RECONCILIATION BETWEEN PROJECT IMPLEMENTING EXPENDITURES AND THE CLOSING BALANCES OF ASSETS, LIABILITIES ON THE BALANCE SHEET AS AT 31/12/2016

	31/12/2016 VND
Project implementing expenditures presented on Balance sheet	34,851,463,703
Including:	
Civil works	1,470,979,000
Transportation and Equipment	1,770,142,956
Good and Material	12,393,688,798
Improving Livelihoods	10,836,794,618
Consulting service	877,323,600
Capacity Building	2,508,020,568
Project Management	4,994,514,163
Expenditure presented on Statement of receipts and disbursements = (1) - (2)	34,851,463,703
Accumulated expenditure to 31/12/2016 (1)	37,266,925,103
Closing balance of Receivables relating to expenditure as at 31/12/2016 (2)	2,415,461,400
Of which	
- Advances to employee	976,477,000
- Advances to supplier	1,438,984,400

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 13. COMPARATIVE FIGURES

The comparative figures are those of the financial statements for the year ended at 31/12/2015 that have been audited by UHY ACA Auditing and Consulting Co., Ltd.



Nguyen Vien  
Director

Quang Nam, 15 August 2017

Ngo Thi Phuoc Tuyen  
Chief Accountant

Nguyen Thi My Anh  
Preparer