

Audited Project Financial Statements

Project Number: 41456-033
Loan/Grant Number: 2961
Period covered: 1 January 2019 – 31 December 2019

VIE: Water Sector Investment Program – Tranche 2

Prepared by Hai Phong Water JSC

For the Asian Development Bank
Date received by ADB: 3 September 2020

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 Access to Information Policy and as agreed between ADB and Hai Phong CPC.

**REHABILITATING AND UPGRADING PROJECT OF
HAI PHONG WATER SUPPLY SYSTEM – PHASE 2**

Loan Agreement No. 2961 – VIE

AUDITED FINANCIAL STATEMENTS

Fiscal year ended 31 December 2019



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REPORT OF THE PROJECT MANAGEMENT UNIT

The Management Unit of City Water Supply and Sanitation of Hai Phong Water JSC presents this report and the Financial Statements of the Rehabilitating and Upgrading Project of Hai Phong Water Supply System – Phase 2 ("the Project") for the fiscal ended 31 December 2019.

The Project

The Rehabilitating and Upgrading Project of Hai Phong Water Supply System – Phase 2 is implemented under the Loan Agreement No. 2961 – VIE dated 23 May 2013 ("the Agreement") between the Vietnamese Government and the Asian Development Bank.

The Project Management Unit

Members of the Project Management Unit in the year and to the reporting date are:

Mr. Tran Viet Cuong	Director
Mr. Nguyen Van Duc	Deputy Director
Mr. Nguyen Minh Ngoc	Chief Accountant

Auditors

The auditors of AASC Limited have taken the audit of financial statements of the Project.

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing the project financial statements, including Statement of Financial Position, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements, Statement of Advance Account and Statement of Withdrawals, which comply with the accounting policies described in the attached Notes to the Financial Statements. The Project Management Unit assures that the accounting policies are appropriately selected and consistently applied.

The Project Management Unit assures that the accounting records were fully maintained to prepare the financial statements in accordance with the applied accounting policies and to disclose, with reasonable accuracy at any time, the financial position of the Project.

The Project Management Unit is responsible for maintaining an effective internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and comply with relevant laws, regulations and other provisions of the agreement, including over the procurement progress, that could have a direct and material financial effect on the Project financial statements ("the Requirements").

In additional, the Project Management Unit is also responsible for complying with the Requirements applicable to the Project, in which:

- ☛ The funds have been used in accordance with the conditions of the Loan Agreement No. 2961 - VIE dated 23 May 2013;
- ☛ The Advance Account procedures have been operated in accordance with the Asian Development Bank's Loan Disbursement Handbook;
- ☛ Adequate supporting documents, with respect to Statement of Expenditures, have been fully maintained to support to the replenishment requests submitted to the Asian Development Bank. The expenditures are eligible and in right purposes of the Loan Agreement No. 2961 – VIE dated 23 May 2013.

Rehabilitating and Upgrading Project of Hai Phong Water Supply System – Phase 2
Loan Agreement No. 2961 – VIE

On behalf of the Project Management Unit



Tran Viet Cuong
Director

Hai Phong, 31 July 2020

No.: 310720.010/BCTC.FIS2

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To: The Management Unit of City Water Supply and Sanitation

Opinion

We have audited the accompanying financial statements of the Rehabilitating and Upgrading Project of Hai Phong Water Supply System – Phase 2 ("the Project") which comprise Statement of Financial Position as at 31 December 2019, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements, Statement of Advance Account, Statement of Withdrawals and Notes to the Financial Statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Project, including the balance of the Advance Account as at 31 December 2019, funds received and expenditures incurred, movements of the Advance Account for the year then ended in accordance with the basis of the principal accounting policies described in the Notes to the Financial Statements and the provisions of the Loan Agreement No. 2961 – VIE dated 23 May 2013.

Basis of 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.

Responsibilities of Management for the Financial Statements

The Project Management Unit is responsible for the preparation of the financial statements in accordance with the principal accounting policies described in Notes 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 management either intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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 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 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.

We communicate with the Project Management Unit 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.



Do Mạnh Cường
Deputy General Director
CPA Registered No.:
0744-2018-002-1

Hanoi, 31 July 2020

Nguyen Pham Hung
Auditor in-charge
CPA Registered No.:
2893-2020-002-1

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31/12/2019 VND	31/12/2018 VND
CURRENT ASSETS		231,085,319,032	178,741,377,160
Cash at bank	03	92,062,799,200	19,499,901,455
Deductible Value added tax		65,088,651,868	23,247,814,278
Advances to contractors	04	73,933,867,964	135,993,661,427
NON-CURRENT ASSETS		753,163,597,892	319,656,965,647
Project Implementation Expenditures	05	753,163,597,892	319,656,965,647
TOTAL ASSETS		984,248,916,924	498,398,342,807
CURRENT LIABILITIES		123,892,750,780	23,082,985,683
Payables to contractors	06	123,892,406,811	23,082,641,775
Other payables (Bank interest)		343,969	343,908
FUNDS		860,356,166,144	475,315,357,124
Project Implementation Funds		861,436,659,904	474,771,713,694
- The Asian Development Bank	07	720,895,376,877	339,132,049,233
- Hai Phong City State budget		17,014,000,000	17,014,000,000
- Hai Phong Water JSC		123,527,283,027	118,625,664,461
Foreign exchange differences	08	(1,080,493,760)	543,643,430
TOTAL RESOURCES		984,248,916,924	498,398,342,807

STATEMENT OF RECEIPTS AND DISBURSEMENTS
Year ended 31 December 2019

	Note	Accumulated to 31/12/2018 VND	Year 2019 VND	Accumulated to 31/12/2019 VND
RECEIPTS				
Received from the Asian Development Bank		339,132,049,233	381,763,327,644	720,895,376,877
Received from Hai Phong City State budget		17,014,000,000	-	17,014,000,000
Received from Hai Phong Water JSC		118,625,664,461	35,890,061,005	154,515,725,466
Others		343,908	-	343,908
		474,772,057,602	417,653,388,649	892,425,446,251
DISBURSEMENTS				
Civil Works		330,836,319,976	285,242,582,848	616,078,902,824
Resettlement and Land Acquisition		51,135,310,088	-	51,135,310,088
Consulting Services		45,547,471,283	15,311,525,888	60,858,997,171
Interest charges and commitment fees		15,605,483,075	10,385,441,003	25,990,924,078
Project management		4,000,000,000	913,056,245	4,913,056,245
Others		8,304,089,454	1,906,426,013	10,210,515,467
	09	455,428,673,876	313,759,031,997	769,187,705,873
FOREIGN EXCHANGE DIFFERENCES				
Foreign exchange differences due to revaluation of cash balance		156,517,729		(186,498,735)
		156,517,729		(186,498,735)
RECONCILIATION AS AT CLOSING				
		19,499,901,455		123,051,241,643
<i>Presented by:</i>				
Cash at bank	03	19,499,901,455		123,051,241,643

STATEMENT OF BUDGET VERSUS ACTUAL DISBURSEMENTS
Year ended 31 December 2019

Categories	Budget Disbursements			Actual Disbursements			Variance			Rate
	Loan No. 2961-Vie	Counterpart funds	Total	Loan No. 2961-Vie	Counterpart funds	Total	Loan No. 2961-Vie	Counterpart funds	Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	
Civil Works	554,206,078,097	55,420,607,810	609,626,685,907	254,323,530,524	30,919,052,324	285,242,582,848	(299,882,547,573)	(24,501,555,486)	(324,384,103,059)	47%
Resettlement and Land Acquisition	-	-	-	-	-	-	-	-	-	-
Consulting Services	19,860,921,206	6,415,037,244	26,275,958,450	13,159,999,465	2,151,526,423	15,311,525,888	(6,700,921,741)	(4,263,510,821)	(10,964,432,562)	58%
Interest charges and commitment fees	17,178,747,265	-	17,178,747,265	10,385,441,003	-	10,385,441,003	(6,793,306,262)	-	(6,793,306,262)	60%
Project management	-	1,000,000,000	1,000,000,000	-	913,056,245	913,056,245	-	(86,943,755)	(86,943,755)	91%
Others	-	1,734,880,529	1,734,880,529	-	1,906,426,013	1,906,426,013	-	171,545,484	171,545,484	110%
	<u>591,245,746,568</u>	<u>64,570,525,583</u>	<u>655,816,272,151</u>	<u>277,868,970,992</u>	<u>35,890,061,005</u>	<u>313,759,031,997</u>	<u>(313,376,775,576)</u>	<u>(28,680,464,578)</u>	<u>(342,057,240,154)</u>	<u>48%</u>

(i) The 2019 budget disbursement was prepared on the Project Management Unit's estimate and the Project's status.

STATEMENT OF ADVANCE ACCOUNT

For the period: from 01 January 2019 to 31 December 2019
 Account No: 2100206000210
 Serving bank: Vietnam Bank for Agriculture and Rural Development
 – Hai Phong City Branch
 Address: No. 283 Lach Tray, Ngo Quyen District, Hai Phong City
 Agreement No.: 2961-VIE

	Note	USD
PART A: ACTIVITIES		
Opening balance		840,860.61
Add: Total amounts deposited by the ADB		15,975,838.66
Deduct: Total amounts withdrawn		(12,836,480.71)
Closing balance		<u>3,980,218.56</u>
PART B: RECONCILIATION		
1. Amount advanced by the ADB		5,000,000.00
2. Add: Amount supplemented by the ADB		2,000,000.00
3. Present outstanding amount advanced to		<u>7,000,000.00</u>
4. Closing balance of the Advance Account		3,980,218.56
5. Add:		
- Amounts withdrawn but not yet claimed	(i)	3,019,781.44
6. Total advances accounted for		<u>7,000,000.00</u>
(i) Including:		
		USD
Civil works		2,913,256.02
Consulting services		106,525.42
		<u>3,019,781.44</u>

STATEMENT OF WITHDRAWALS AND RECONCILIATION OF FUNDS
Year ended 31 December 2019

Withdrawal applications			Claimed				Received		Variances	Note
Number	Date	Currency	Advance	Consulting services	Civil works	Amount	Date	Amount		
							(a)	(b)	(b) - (a)	
Advance Account										
HP011	29/12/2018	USD	-	274,589.18	664,514.55	939,103.73	25/01/2019	939,103.73	-	
HP012	19/12/2018	USD	-	-	1,046,410.28	1,046,410.28	25/01/2019	1,046,410.28	-	
HP013	19/12/2018	USD	-	-	1,102,188.53	1,102,188.53	31/01/2019	1,102,188.53	-	
HP014	28/08/2019	USD	-	93,021.82	913,841.86	1,006,863.68	18/09/2019	1,006,863.68	-	
HP015	26/03/2019	USD	-	-	779,925.73	779,925.73	03/07/2019	779,925.73	-	
HP016	26/03/2019	USD	-	-	1,564,605.04	1,564,605.04	05/08/2019	1,564,605.04	-	
HP017	08/08/2019	USD	-	334,125.30	-	334,125.30	22/08/2019	334,125.30	-	
HP018	08/08/2019	USD	-	1,641.87	1,334,354.79	1,335,996.66	26/08/2019	1,335,996.66	-	
HP019	28/08/2019	USD	-	-	2,063,251.92	2,063,251.92	23/09/2019	2,063,251.92	-	
HP020	08/10/2019	USD	-	-	1,621,772.61	1,621,772.61	21/10/2019	1,621,772.61	-	
HP021	26/11/2019	USD	-	-	1,053,498.22	1,053,498.22	11/12/2019	1,053,498.22	-	
HP022	26/11/2019	USD	-	190,207.65	937,889.31	1,128,096.96	10/12/2019	1,128,096.96	-	
HP023	05/12/2019	USD	2,000,000.00	-	-	2,000,000.00	12/12/2019	2,000,000.00	-	
Total in USD			2,000,000.00	893,585.82	13,082,252.84	15,975,838.66		15,975,838.66	-	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. Background

The Rehabilitating and Upgrading Project of Hai Phong Water Supply System – Phase 2 ("the Project") is a sub-project of the Viet Nam Water Sector Investment Program – Project 2 ("the Program") implemented under the Loan Agreement No. 2961 – VIE dated 23 May 2013 ("the Agreement") between the Vietnamese Government and the Asian Development Bank ("ADB").

Total budget of the Loan under the Agreement is USD 212,000,000 for 15 projects in 12 provinces, of which USD 207,000,000 is for 6 projects in Hai Phong, Quang Tri, Thua Thien Hue, Da Nang, Dak Lak and Binh Duong which are provinces with the best preparation and USD 5,000,000 for the remaining 9 projects. Hai Phong Water JSC is entitled to borrow USD 56,800,000 to implement the Project.

The objective of the Program is: the sustainable provision of safe water in Viet Nam through improvement in the efficiency of Vietnamese water utilities. In which, the main objectives of the Project are: (i) constructing 02 new Water Treatment Plants with capacity of 25,000 m³/day each, upgrading a Water Treatment Plant to capacity of 200,000 m³/day and converting a Water Treatment Plant to a pumping station; (ii) constructing approximately 80 km of transmission mains, including booster pumping station(s); and (iii) constructing distribution systems for about 20,000 households.

The Sub-project in Hai Phong includes 04 components as below:

- ▶ Do Son component (Rehabilitation and Construction of Do Son Water Supply System and adjacent areas): Construction of a new Hung Dao WTP with capacity of 25,000 m³/day; Rehabilitate/Convert the existing Do Son WTP into a booster pumping station; and Construction of 34 km transmission mains and rehabilitation of distribution systems (about 20,000 connections in Do Son, Duong Kinh, Kien Thuy districts and adjacent areas);
- ▶ Northern Cam River component (Construction of Water Supply System in Northern part of Cam River): Construction of a new Ngu Lao WTP 25,000 m³/day in Northern part of Cam River area, about 18 km transmission pipelines, and Tan Duong booster pumping station, Thuy Nguyen District;
- ▶ An Duong component (Upgrading of An Duong WTP): Rehabilitate/Upgrade An Duong WTP from 100,000 m³/day to 200,000 m³/day, including reservoirs, pumping system, chemical building, etc. and about 05 km transmission pipelines;
- ▶ Kim Son component (Construction of Kim Son Water Supply System): Construction of transmission pipelines of Vat Cach No. 2 WTP to supply water for Kim Son area.

The Project officially came into operation on 18 September 2013 and is expected to be closed on 31 December 2020.

The Project is managed by the Management Unit City of Water Supply and Sanitation ("the PMU"), one of Hai Phong Water JSC's units, and its office is located at No. 54 Dinh Tien Hoang, Hong Bang District, Hai Phong City.

2. Principal Accounting Policies

a. Basis of accounting

The annual accounting period commenced from 1st January to 31st December.

The financial statements are prepared under the requirements of the Asian Development Bank and in accordance with Vietnamese Accounting Standards and Circular No. 195/2012/TT-BTC dated 15 November 2012. Statement of Receipts and Disbursements is prepared on the cash basis. These financial statements are presented in Vietnam Dong (VND), except for Statements of

Advance Account and Statement of Withdrawals which are prepared in United State Dollar (USD). Other financial statements are prepared in accordance with the principal accounting policies are summarized as below:

b. Foreign currencies

Funds received from the Asian Development Bank in foreign currency are translated into VND under buying exchange rate of Vietnam Bank for Agriculture and Rural Development – Hai Phong City Branch ("the serving bank") on the date of remittance made into the Advance Account or direct payment made to contractors.

Transactions in foreign currencies are translated to VND under actual exchange rates of the serving bank on their transaction dates. Monetary items denominated in foreign currencies are revalued annually at actual exchange rate (buying exchange rate with assets / selling exchange rate with liabilities) of the serving bank at balance sheet date. All exchange differences from these transactions are recorded into "Foreign exchange differences" account and presented as "Foreign exchange differences" on Statement of Financial Position.

c. Funds and Expenditures

Funds:

- ▶ Funds received from the Asian Development Bank are recorded when direct payments are made from ADB to contractors/suppliers or remittance are made into the Advance Account. Of which, capitalization of interest charges and commitment fees are recognized upon announcement by the ADB (twice per year);
- ▶ Counterpart funds received from Hai Phong City State budget are recorded when payments are made directly to contractors/suppliers of the Project or funds remitted to Hai Phong Water JSC for settlement of the Project's activities;
- ▶ Counterpart funds received from Hai Phong Water JSC are recorded when payments are made directly to contractors/suppliers or funds remitted to the PMU for settlement of the Project's activities.

Expenditures:

- ▶ Interest charges and commitment fees are recognized upon announcement by the ADB (twice per year);
- ▶ Salary costs in "Project management costs" that are allocated upon people assigned to the Project and rates approved by the funds of Hai Phong Water JSC;
- ▶ Other expenditures, excluding value added tax ("VAT"), are recorded when they are actually incurred.

d. Value added tax

VAT is declared and claimed at Hai Phong Water JSC, and it is recorded separately on the Project's financial statements.

e. Advance Account and its interest

Advance Account is the deposit account in USD opened at the serving bank for the Project's activities. Payments made via the Advance Account are for eligible expenditures of the Project in accordance with provisions of the Loan Agreement No. 2961 – VIE dated 23 May 2013.

Interests of the Advance Account are considered as receipts of Hai Phong Water JSC and initially recorded as Other payables in Statement of Financial Position. They are used to cover bank charges. At the end of the Project, outstanding interests will be returned to Hai Phong Water JSC.

In case bank charges are not fully covered by the interests, Hai Phong Water JSC will plan to settle by the counterpart funds (according to Circular No.111/2016/TT-BTC dated 30 June 2016).

3. Cash at bank

	31/12/2019	31/12/2018
	VND	VND
Advance Account (USD)	92,062,455,292	19,499,557,547
Interest of the advance account (USD)	343,908	343,908
	92,062,799,200	19,499,901,455

4. Advance to contractors

	31/12/2019	31/12/2018
	VND	VND
Civil Work		
Bach Dang Construction Corporation JSC	2,451,830,196	31,893,800,129
VINACO Investment and Development JSC	25,625,154,281	25,625,154,281
Ha Huy JSC	19,624,755,283	19,624,755,283
Vietnam France Investment Construction JSC	3,579,299,218	15,397,469,239
Viwaseen 3 JSC	7,368,997,114	15,360,087,473
Vietnam water and Environment investment Corporation JSC	7,851,464,934	11,296,208,870
Salcon Engineering Behad Malaysia	5,143,340,641	10,725,074,101
Consulting Services		
Haskoning DHV Vietnam Co., Ltd	2,025,877,564	6,071,112,051
Joint venture between Vietnam Water, Sanitation and Environment JSC and Meinhardt Limited	263,148,733	-
	73,933,867,964	135,993,661,427

5. Project Implementation Expenditures

	31/12/2019 VND	31/12/2018 VND
Civil Work	606,446,092,502	203,121,930,177
Supplying equipment and construction, installation for Do Son components (CW1)	201,995,525,519	109,645,022,858
Supplying equipment and construction, installation for An Duong components (CW2)	284,192,981,320	93,476,907,319
Supplying equipment and construction, installation for Northern Cam River components (CW2)	120,257,585,663	-
Resettlement and Land Acquisition	51,135,310,088	51,135,310,088
Consulting Services	54,761,071,347	37,182,232,629
Detailed Design Consultant and Bid Support for Do Son, An Duong components (CS1)	20,864,605,815	20,864,605,815
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	3,448,600,000	3,448,600,000
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	23,986,056,339	12,724,826,814
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	6,245,509,193	-
Financial auditing consultancy service (CS7)	216,300,000	144,200,000
Interest charges and commitment fees	25,990,924,078	15,605,483,075
Project management costs	5,097,777,304	4,184,721,059
Others	9,732,422,573	8,427,288,619
Detailed design of water distribution network in Do Son area (CF1)	2,117,940,000	2,117,940,000
Mine clearance for Do Son and An Duong components (CF2)	142,798,182	142,798,182
Verification of budget for Do Son and An Duong components (CF5)	408,412,727	408,412,727
Verification of budget for Northern Cam River and Kim Son components (CF6)	275,148,467	275,148,467
Geological survey for Do Son and An Duong components (CF7)	3,262,697,923	3,262,697,923
Geological survey for Northern Cam River components (CF8)	1,463,077,273	1,181,066,680
Others (i)	2,062,348,001	1,039,224,640
	<u>753,163,597,892</u>	<u>319,656,965,647</u>

- (i) Including on-lent fee, cost for procurement, cost for survey and design... that were funded by the counterpart funds.

6. Payable to contractors

	31/12/2019	31/12/2018
	VND	VND
Civil Work		
Bach Dang Construction Corporation JSC	34,352,670,479	10,282,459,806
Viwaseen 3 JSC	13,234,722,134	7,799,635,561
Vietnam France Investment Construction JSC	11,270,111,598	4,261,316,953
VINACO Investment and Development JSC	22,075,306,057	-
Ha Huy JSC	17,087,709,587	-
Vietnam water and Environment investment Corporation JSC	19,326,808,888	-
Salcon Engineering Behad Malaysia	6,378,939,613	-
Others		
Technical Department - Hai Phong Water JSC	3,003,000	576,094,000
Hai Phong Construction Design JSC	163,135,455	163,135,455
	123,892,406,811	23,082,641,775

7. Funds received from the Asian Development Bank

	Year 2019		Accumulated to 31/12/2019	
	Original currency	Converted to VND	Original currency	Converted to VND
Advance Account	15,975,838.66	371,377,886,641	28,623,531.64	662,100,857,871
Advance (USD)	2,000,000.00	46,440,000,000	7,000,000.00	160,369,246,278
Replenishment (USD)	13,975,838.66	324,937,886,641	21,623,531.64	501,731,611,593
Direct payments	-	-	-	32,803,594,928
VND	-	-	-	32,803,594,928
Capitalization of interest charges and commitment fees (USD)	673,773.44	10,385,441,003	1,364,879.05	25,990,924,078
		381,763,327,644		720,895,376,877

8. Foreign exchange differences

	31/12/2019	31/12/2018
	VND	VND
Foreign exchange differences due to payment	(893,995,021)	387,125,701
Foreign exchange differences due to revaluation of cash balance at the year-end	(186,498,735)	156,517,729
	(1,080,493,756)	543,643,430

9. Disbursements

a. Disbursements by categories and by funding

	Year 2019		Total
	Loan No. 2961-Vie	Counterpart funds	
	VND	VND	VND
Civil Works	254,323,530,524	30,919,052,324	285,242,582,848
Supplying equipment and construction, installation for Do Son component (CW1)	59,920,228,437	9,707,118,148	69,627,346,585
Supplying equipment and construction, installation for An Duong component (CW2)	130,108,768,282	14,816,590,926	144,925,359,208
Supplying equipment and construction, installation for Northern Cam River component (CW3)	64,294,533,805	6,395,343,250	70,689,877,055
Consulting Services	13,159,999,465	2,151,526,423	15,311,525,888
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	10,513,740,052	1,887,087,966	12,400,828,018
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	2,573,667,214	257,228,457	2,830,895,671
Financial auditing consultancy service (CS7)	72,592,199	7,210,000	79,802,199
Interest charges and commitment fees	10,385,441,003	-	10,385,441,003
Project management	-	913,056,245	913,056,245
Other (i)	-	1,906,426,013	1,906,426,013
	277,868,970,992	35,890,061,005	313,759,031,997

	Accumulated to 31/12/2019		
	Loan No. 2961-Vie VND	Counterpart funds VND	Total VND
Civil Works	560,168,968,729	55,909,934,095	616,078,902,824
Supplying equipment and construction, installation for Do Son component (CW1)	189,983,707,008	18,967,140,061	208,950,847,069
Supplying equipment and construction, installation for An Duong component (CW2)	254,492,545,550	25,406,894,563	279,899,440,113
Supplying equipment and construction, installation for Northern Cam River component (CW3)	115,692,716,171	11,535,899,471	127,228,615,642
Resettlement and Land Acquisition	-	51,135,310,088	51,135,310,088
Consulting Services	42,503,506,016	18,355,491,155	60,858,997,171
Detailed Design Consultant and Bid Support for Northern Do Son, An Duong components (CS1)	15,850,102,382	5,788,352,180	21,638,454,562
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	3,793,460,000	3,793,460,000
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	19,816,743,588	6,484,936,220	26,301,679,808
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	6,620,000,966	2,267,112,755	8,887,113,721
Financial auditing consultancy service (CS7)	216,659,080	21,630,000	238,289,080
Interest charges and commitment fees	25,990,924,078	-	25,990,924,078
Project management	-	4,913,056,245	4,913,056,245
Other (i)	-	10,210,515,467	10,210,515,467
	628,663,398,823	140,524,307,050	769,187,705,873

(i) Including: Detailed design of water distribution network, mine clearance, verification of budget, geological survey and other expenditures related to bidding.

Disbursements are financed under the Loan No. 2961 - VIE dated 23 May 2013, and Dispatch dated 24 March 2017 issued by ADB as below (excluding tax):

Categories	Funding rate (ii)
Works	100.00%
Equipment	100.00%
Consulting Services	100.00%
Interest charges and commitment fees	100.00%

(ii) Under Decision No. 2216/QĐ-CTN signed on 29 November 2018 by the President of Vietnam, the new funding ratio has been changed to 100%, exclusive of tax for all categories. The Ministry of Finance and the Asian Development Bank Resident Mission in Vietnam have released an official document No. 4529/BTC-QLN dated 17/04/2019 and No. 803/NHPT-VNN dated 09/05/2019 to approve the new funding ratio.

b. Reconciliation between Project Implementation Expenditures on Statement of Financial Position and Disbursement on Statement of Receipts and Disbursements as at 31/12/2019

	VND	VND
Project Implementation Expenditures		753,163,597,892
Add:		
Advances to contractors	73,933,867,964	
Deductible Value added tax	65,088,651,868	
		139,022,519,832
Deduct:		
Payables to contractors	(123,892,406,872)	
Foreign exchange differences due to payment (Note 8)	893,995,021	
		(122,998,411,851)
Disbursements accumulated to closing		769,187,705,873

10. Corresponding figures

The corresponding figures are the financial statements for the year ended 31 December 2018 which were audited by AASC Limited.

11. Subsequent events

There have been no significant events occurring after the reporting date, which would require adjustments or disclosures to be made in the financial statements.

12. Approval of the Financial Statements

The financial statements were approved by Project Management Unit for issuance on 31 July 2020.



Tran Viet Cuong
Director

Hai Phong, 31 July 2020

Nguyen Minh Ngoc
Chief Accountant

Nguyen Minh Hoang
Preparer

Appendix I: Statements of Funds and Expenditures

	Note	Accumulated to 31/12/2018 VND	Year 2019 VND	Accumulated to 31/12/2019 VND
FUNDS				
Received from the Asian Development Bank		339,132,049,233	381,763,327,644	720,895,376,877
Received from Hai Phong City State budget		17,014,000,000	-	17,014,000,000
Received from Hai Phong Water JSC		118,625,664,461	4,901,618,566	123,527,283,027
Others		543,643,430	(1,624,137,190)	(1,080,493,760)
		475,315,357,124	385,040,809,020	860,356,166,144
EXPENDITURES				
Civil Works		203,121,930,177	403,324,162,325	606,446,092,502
Resettlement and Land Acquisition		51,135,310,088	-	51,135,310,088
Consulting Services		37,182,232,629	17,578,838,718	54,761,071,347
Interest charges and commitment fees		15,605,483,075	10,385,441,003	25,990,924,078
Project management		4,184,721,059	913,056,245	5,097,777,304
Others		8,427,288,619	1,305,133,954	9,732,422,573
		319,656,965,647	433,506,632,245	753,163,597,892
SURPLUS/(DEFICIT)		155,658,391,477	(48,465,823,225)	107,192,568,252



Appendix II: Expenditures by categories

	Year ended 31/12/2019			Accumulated to 31/12/2019		
	Loan No. 2961-Vie VND	Counterpart funds VND	Total VND	Loan No. 2961-Vie VND	Counterpart funds VND	Total VND
Civil Works	420,772,336,187	(17,448,173,862)	403,324,162,325	606,446,092,502	-	606,446,092,502
Supplying equipment and construction, installation for Do Son component (CW1)	101,769,010,125	(9,418,507,464)	92,350,502,661	201,995,525,519	-	201,995,525,519
Supplying equipment and construction, installation for An Duong component (CW2)	198,745,740,399	(8,029,666,398)	190,716,074,001	284,192,981,320	-	284,192,981,320
Supplying equipment and construction, installation for Northern Cam River component (CW3)	120,257,585,663	-	120,257,585,663	120,257,585,663	-	120,257,585,663
Resettlement and Land Acquisition	-	-	-	-	51,135,310,088	51,135,310,088
Consulting Services	25,955,671,536	(8,376,832,818)	17,578,838,718	51,312,471,347	3,448,600,000	54,761,071,347
Detailed Design Consultant and Bid Support for Northern Do Son, An Duong components (CS1)	5,013,384,025	(5,013,384,025)	-	20,864,605,815	-	20,864,605,815
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	-	-	-	3,448,600,000	3,448,600,000
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	14,586,595,098	(3,325,365,573)	11,261,229,525	23,986,056,339	-	23,986,056,339
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	6,245,509,193	-	6,245,509,193	6,245,509,193	-	6,245,509,193
Financial auditing consultancy service (CS7)	110,183,220	(38,083,220)	72,100,000	216,300,000	-	216,300,000
Interest charges and commitment fees	10,385,441,003	-	10,385,441,003	25,990,924,078	-	25,990,924,078
Project management	-	913,056,245	913,056,245	-	5,097,777,304	5,097,777,304
Other (i)	-	1,305,133,954	1,305,133,954	-	9,732,422,573	9,732,422,573
	457,113,448,726	(23,606,816,481)	433,506,632,245	683,749,487,927	69,414,109,965	753,163,597,892

* Note: According to Decision No. 2216/QĐ-CTN dated 29/11/2018 issued by Vietnamese President, Document No. 4529/BTC-QLN dated 17/04/2019 issued by Ministry of Finance and Document No. 803/NHPT-VNN dated 09/05/2019 issued by Vietnam Development Bank which approved new funding ratio for ADB fund of Loan Agreement No. 2961 – VIE (100% of the payment excluding taxes). The PPMU has made adjustment entries in APFS 2019 regarding expenditures incurred before 2019 in compliance with new funding ratio. Therefore, the adjustment entries are to reclassify expenditures from Counterpart fund (as "-") to ADB fund (as "+") in APFS 2019.