

# Audited Project Financial Statements

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Project Number: 41456-033

Loan Number: 2961

Period covered: 1 January 2020 – 31 December 2020

## Viet Nam: Water Sector Investment Program – Tranche 2

Prepared by Hai Phong Water JSC.

For the Asian Development Bank

Date received by ADB: 30 June 2021

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 2020



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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 2020.

### **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 Funds and Expenditures, Statement of Budget versus Actual Disbursements, Statement of Funds Balance, Statement of Advance Account and Statement of Withdrawals and Reconciliation of Funds, 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 addition, 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, 23 June 2021*



No.: 230621.001/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 Funds balance as at 31 December 2020, Statement of Funds and Expenditures, Statement of Budget versus Actual Disbursements, Statement of Advance Account, Statement of Withdrawals and Reconciliation of Funds 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 2020, 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 Manh Cuong**  
Deputy General Director  
CPA Registered No.:  
0744-2018-002-1

*Hanoi, 23 June 2021*

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

**STATEMENT OF FUNDS AND EXPENDITURES**  
Year ended 31 December 2020

	Note	Accumulated to 31/12/2019 (Represented) VND	Year 2020 VND	Accumulated to 31/12/2020 VND
<b>FUNDS</b>				
Funds received from the Asian Development Bank	03	726,241,870,003	290,911,731,203	1,017,153,601,206
Funds received from Hai Phong City State budget		17,014,000,000	-	17,014,000,000
Funds received from Hai Phong Water JSC		123,527,283,027	23,156,488,214	146,683,771,241
Other funds (Foreign exchange rate differences)	04	(1,080,493,760)	(3,949,038,496)	(5,029,532,256)
		<b>865,702,659,270</b>	<b>310,119,180,921</b>	<b>1,175,821,840,191</b>
<b>EXPENDITURES</b>				
Civil Works		606,446,092,502	357,481,659,622	963,927,752,124
Resettlement and Land Acquisition		51,135,310,088	29,541,600	51,164,851,688
Consulting Services		54,761,071,347	28,841,939,942	83,603,011,289
Interest charges and commitment fees		31,337,417,204	14,119,834,950	45,457,252,154
Project management		5,097,777,304	600,000,000	5,697,777,304
Others		9,732,422,573	2,591,083,561	12,323,506,134
	05	<b>758,510,091,018</b>	<b>403,664,059,675</b>	<b>1,162,174,150,693</b>
<b>SURPLUS/(DEFICIT)</b>		<b>107,192,568,252</b>	<b>(93,544,878,754)</b>	<b>13,647,689,498</b>



**STATEMENT OF BUDGET VERSUS ACTUAL DISBURSEMENTS**  
Year ended 31 December 2020

Categories	Budget Disbursements (i)			Actual Disbursements			Variance			Rate
	Loan	Counterpart	Total	Loan	Counterpart	Total	Loan	Counterpart	Total	
	No. 2961-Vie	funds		No. 2961-Vie	funds		No. 2961-Vie	funds		
	VND	VND	VND	VND	VND	VND	VND	VND	VND	
Civil Works	439,704,794,796	43,970,479,480	483,675,274,276	195,183,428,644	17,390,899,890	212,574,328,534	(244,521,366,152)	(26,579,579,590)	(271,100,945,742)	44%
Resettlement and Land Acquisition	-	-	-	-	29,541,600	29,541,600	-	29,541,600	29,541,600	
Consulting Services	34,837,900,971	4,044,158,691	38,882,059,662	10,051,872,591	2,847,351,604	12,899,224,195	(24,786,028,380)	(1,196,807,087)	(25,982,835,467)	33%
Interest charges and commitment fees	31,159,220,866	-	31,159,220,866	14,119,834,950	-	14,119,834,950	(17,039,385,916)	-	(17,039,385,916)	45%
Project management	-	600,000,000	600,000,000	-	600,000,000	600,000,000	-	-	-	100%
Others	-	700,000,000	700,000,000	-	2,288,695,120	2,288,695,120	-	1,588,695,120	1,588,695,120	327%
	<u>505,701,916,633</u>	<u>49,314,638,171</u>	<u>555,016,554,804</u>	<u>219,355,136,185</u>	<u>23,156,488,214</u>	<u>242,511,624,399</u>	<u>(286,346,780,448)</u>	<u>(26,158,149,957)</u>	<u>(312,504,930,405)</u>	<u>44%</u>

(i) The 2020 budget disbursement was prepared on the Project Management Unit's estimate and the Project's status. Budget disbursements did not include resettlement and land acquisition, because a small amount of disbursement of resettlement and acquisition is additionally incurred.

**STATEMENT OF FUNDS BALANCE**  
*As at 31 December 2020*

	Note	31/12/2020 VND	31/12/2019 VND
<b>Surplus/(Deficit)</b>			
Surplus as at beginning		107,192,568,252	155,658,391,477
(Deficit) in the year		(93,544,878,754)	(48,465,823,225)
<b>Surplus as at closing</b>		<b>13,647,689,498</b>	<b>107,192,568,252</b>
<u>Represented by:</u>			
<b>Current assets</b>		<b>294,169,059,447</b>	<b>231,085,319,032</b>
Cash at bank	06	160,615,982,374	92,062,799,200
Deductible Value added tax		103,529,180,720	65,088,651,868
Advances to contractors	07	30,023,896,353	73,933,867,964
<b>Current liabilities</b>		<b>280,521,369,949</b>	<b>123,892,750,780</b>
Payables to contractors	08	280,521,025,980	123,892,406,811
Other payables (Bank interest)		343,969	343,969
<b>Net worth</b>		<b>13,647,689,498</b>	<b>107,192,568,252</b>

**STATEMENT OF ADVANCE ACCOUNT**

For the period: from 01 January 2020 to 31 December 2020  
 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
<b>PART A: ACTIVITIES</b>		
Opening balance		3,980,218.56
Add: Total amounts deposited by the ADB		11,825,961.88
Deduct: Total amounts withdrawn		(8,828,958.96)
Closing balance		<u>6,977,221.48</u>
<b>PART B: RECONCILIATION</b>		
1. Amount advanced by the ADB		7,000,000.00
2. Add: Amount supplemented by the ADB		-
3. Present outstanding amount advanced to		<u>7,000,000.00</u>
4. Closing balance of the Advance Account		6,977,221.48
5. Add:		
- Amounts withdrawn but not yet claimed	(i)	22,778.52
6. Total advances accounted for		<u>7,000,000.00</u>
(i) Including:		
		USD
Consulting services		22,778.52
		<u>22,778.52</u>



**STATEMENT OF WITHDRAWALS AND RECONCILIATION OF FUNDS**

Year ended 31 December 2020

Withdrawal applications			Amount claimed			Amount received		Variances	Note
No.	Date	Currency	Consulting services	Civil works	Amount	Date	Amount		
					(a)		(b)	(b) - (a)	
<b>Advance Account</b>									
HP024	18/03/2020	USD	158,881.90	772,391.70	931,273.60	02/04/2020	931,273.60	-	
HP025	18/03/2020	USD	-	2,140,864.32	2,140,864.32	09/04/2020	2,140,864.32	-	
HP026	18/03/2020	USD	-	1,309,170.58	1,309,170.58	02/04/2020	1,309,170.58	-	
HP027	18/03/2020	USD	-	781,215.06	781,215.06	09/04/2020	781,215.06	-	
HP028	08/07/2020	USD	128,030.99	2,081,188.03	2,209,219.02	16/07/2020	2,209,219.02	-	
HP029	08/09/2020	USD	59,587.39	1,703,760.25	1,763,347.64	22/09/2020	1,763,347.64	-	
HP030	05/11/2020	USD	170,625.96	1,640,286.27	1,810,912.23	19/11/2020	1,810,912.23	-	
HP031	04/12/2020	USD	-	879,959.43	879,959.43	18/12/2020	879,959.43	-	
<b>Total in USD</b>			<b>517,126.24</b>	<b>11,308,835.64</b>	<b>11,825,961.88</b>		<b>11,825,961.88</b>	<b>-</b>	

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 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 m<sup>3</sup>/day each, upgrading a Water Treatment Plant to capacity of 200,000 m<sup>3</sup>/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 m<sup>3</sup>/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 m<sup>3</sup>/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 m<sup>3</sup>/day to 200,000 m<sup>3</sup>/day, including reservoirs, pumping system, chemical building, etc. and about 06 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 1<sup>st</sup> January to 31<sup>st</sup> 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. 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). In case of not receiving announcement of the VDB, interest charges and commitment fees are capitalized according to estimates of Hai Phong Water JSC;
- Salary costs in "Project management" 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 interests**

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. Funds received from the Asian Development Bank**

	Year 2020		Accumulated to 31/12/2020	
	Original currency	Equivalent to VND	Original currency	Equivalent to VND
Advance Account	11,825,961.88	276,791,896,253	40,449,493.52	938,892,754,124
- Advance (USD)	-	-	7,000,000.00	160,369,246,278
- Replenishment (USD)	11,825,961.88	276,791,896,253	33,449,493.52	778,523,507,846
Direct payments	-	-	-	32,803,594,928
- VND	-	-	-	32,803,594,928
Capitalization of interest charges and commitment fees (USD)	605,801.79	14,119,834,950	1,970,680.84	45,457,252,154
		<b>290,911,731,203</b>		<b>1,017,153,601,206</b>

**4. Foreign exchange differences**

	31/12/2020 VND	31/12/2019 VND
Foreign exchange differences due to payment	(1,839,621,612)	(893,995,021)
Foreign exchange differences due to revaluation of cash balance at the year-end	(3,189,910,644)	(186,498,739)
	<b>(5,029,532,256)</b>	<b>(1,080,493,760)</b>

5. Expenditures and Disbursements

a. Expenditures by funds and by categories

	Year 2020		
	Loan No. 2961-Vie VND	Counterpart funds VND	Total VND
<b>Civil Works</b>	<b>357,481,659,622</b>	-	<b>357,481,659,622</b>
Supplying equipment and construction, installation for Do Son component (CW1)	75,636,589,309	-	75,636,589,309
Supplying equipment and construction, installation for An Duong component (CW2)	79,079,400,584	-	79,079,400,584
Supplying equipment and construction, installation for Northern Cam River component (CW3)	121,836,325,489	-	121,836,325,489
Supplying equipment and construction, installation for Northern Kim Son (CW4)	80,929,344,240	-	80,929,344,240
<b>Resettlement and Land Acquisition</b>	-	<b>29,541,600</b>	<b>29,541,600</b>
<b>Consulting Services</b>	<b>25,977,126,351</b>	<b>2,864,813,591</b>	<b>28,841,939,942</b>
Detailed Design Consultant and Bid Support for Northern Do Son, An Duong components (CS1)	5,160,470,880	-	5,160,470,880
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	2,864,813,591	2,864,813,591
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	4,939,727,380	-	4,939,727,380
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	15,732,728,091	-	15,732,728,091
Financial auditing consultancy service (CS7)	144,200,000	-	144,200,000
<b>Interest charges and commitment fees</b>	<b>14,119,834,950</b>	-	<b>14,119,834,950</b>
<b>Project management</b>	-	<b>600,000,000</b>	<b>600,000,000</b>
<b>Other (i)</b>	-	<b>2,591,083,561</b>	<b>2,591,083,561</b>
	<b>397,578,620,923</b>	<b>6,085,438,752</b>	<b>403,664,059,675</b>

*a. Expenditures by funds and by categories (continued)*

	Accumulated to 31/12/2020		
	Loan No. 2961-Vie	Counterpart funds	Total
	VND	VND	VND
<b>Civil Works</b>	<b>963,927,752,124</b>	-	<b>963,927,752,124</b>
Supplying equipment and construction, installation for Do Son component (CW1)	277,632,114,828	-	277,632,114,828
Supplying equipment and construction, installation for An Duong component (CW2)	363,272,381,904	-	363,272,381,904
Supplying equipment and construction, installation for Northern Cam River component (CW3)	242,093,911,152	-	242,093,911,152
Supplying equipment and construction, installation for Northern Kim Son (CW4)	80,929,344,240	-	80,929,344,240
<b>Resettlement and Land Acquisition</b>	-	<b>51,164,851,688</b>	<b>51,164,851,688</b>
<b>Consulting Services</b>	<b>77,289,597,698</b>	<b>6,313,413,591</b>	<b>83,603,011,289</b>
Detailed Design Consultant and Bid Support for Northern Do Son, An Duong components (CS1)	26,025,076,695	-	26,025,076,695
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	6,313,413,591	6,313,413,591
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	28,925,783,719	-	28,925,783,719
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	21,978,237,284	-	21,978,237,284
Financial auditing consultancy service (CS7)	360,500,000	-	360,500,000
<b>Interest charges and commitment fees</b>	<b>45,457,252,154</b>	-	<b>45,457,252,154</b>
<b>Project management</b>	-	<b>5,697,777,304</b>	<b>5,697,777,304</b>
<b>Other (i)</b>	-	<b>12,323,506,134</b>	<b>12,323,506,134</b>
	<b>1,086,674,601,976</b>	<b>75,499,548,717</b>	<b>1,162,174,150,693</b>



*b. Disbursements by funds and by categories*

	Year 2020		
	Loan No. 2961-Vie	Counterpart funds	Total
	VND	VND	VND
<b>Civil Works</b>	<b>195,183,428,644</b>	<b>17,390,899,890</b>	<b>212,574,328,534</b>
Supplying equipment and construction, installation for Do Son component (CW1)	36,304,853,840	3,623,424,495	39,928,278,335
Supplying equipment and construction, installation for An Duong component (CW2)	18,815,730,594	1,873,130,623	20,688,861,217
Supplying equipment and construction, installation for Northern Cam River component (CW3)	81,071,171,464	8,053,084,298	89,124,255,762
Supplying equipment and construction, installation for Kim Son component (CW4)	58,991,672,746	3,841,260,474	62,832,933,220
<b>Resettlement and Land Acquisition</b>	<b>-</b>	<b>29,541,600</b>	<b>29,541,600</b>
<b>Consulting Services</b>	<b>10,051,872,591</b>	<b>2,847,351,604</b>	<b>12,899,224,195</b>
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	1,896,730,000	1,896,730,000
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	4,704,897,393	417,776,817	5,122,674,210
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	5,274,550,184	525,634,787	5,800,184,971
Financial auditing consultancy service (CS7)	72,425,014	7,210,000	79,635,014
<b>Interest charges and commitment fees</b>	<b>14,119,834,950</b>	<b>-</b>	<b>14,119,834,950</b>
<b>Project management</b>	<b>-</b>	<b>600,000,000</b>	<b>600,000,000</b>
<b>Other (i)</b>	<b>-</b>	<b>2,288,695,120</b>	<b>2,288,695,120</b>
	<b>219,355,136,185</b>	<b>23,156,488,214</b>	<b>242,511,624,399</b>

*b. Disbursements by funds and by categories (continued)*

	Accumulated to 31/12/2020		
	Loan No. 2961-Vie VND	Counterpart funds VND	Total VND
<b>Civil Works</b>	<b>755,352,397,373</b>	<b>73,300,833,985</b>	<b>828,653,231,358</b>
Supplying equipment and construction, installation for Do Son component (CW1)	226,288,560,848	22,590,564,556	248,879,125,404
Supplying equipment and construction, installation for An Duong component (CW2)	273,308,276,144	27,280,025,186	300,588,301,330
Supplying equipment and construction, installation for Northern Cam River component (CW3)	196,763,887,635	19,588,983,769	216,352,871,404
Supplying equipment and construction, installation for Kim Son component (CW4)	58,991,672,746	3,841,260,474	62,832,933,220
<b>Resettlement and Land Acquisition</b>	<b>-</b>	<b>51,164,851,688</b>	<b>51,164,851,688</b>
<b>Consulting Services</b>	<b>52,555,378,607</b>	<b>21,202,842,759</b>	<b>73,758,221,366</b>
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)	-	5,690,190,000	5,690,190,000
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	24,521,640,981	6,902,713,037	31,424,354,018
Construction Supervision and Contract Management for Northern Cam River, Kim Son components (CS4)	11,894,551,150	2,792,747,542	14,687,298,692
Financial auditing consultancy service (CS7)	289,084,094	28,840,000	317,924,094
<b>Interest charges and commitment fees</b>	<b>45,457,252,154</b>	<b>-</b>	<b>45,457,252,154</b>
<b>Project management</b>	<b>-</b>	<b>5,513,056,245</b>	<b>5,513,056,245</b>
<b>Other (i)</b>	<b>-</b>	<b>12,499,210,587</b>	<b>12,499,210,587</b>
	<b>853,365,028,134</b>	<b>163,680,795,264</b>	<b>1,017,045,823,398</b>

- (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 adjusting the funding ratio as below (excluding tax):

Categories	Funding ratio (ii)
Civil works	100.00%
Equipments	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 taxes 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.

**c. Reconciliation between Expenditures and Disbursements as at 31/12/2020**

	VND	VND
<b>Project Implementation Expenditures</b>		<b>1,162,174,150,693</b>
Add:		
Advances to contractors	30,023,896,353	
Deductible Value added tax	103,529,180,720	
		133,553,077,073
Deduct:		
Payables to contractors	(280,521,025,980)	
Foreign exchange differences due to payment (Note 4)	1,839,621,612	
		(278,681,404,368)
<b>Disbursements accumulated to closing</b>		<b>1,017,045,823,398</b>

**6. Cash at bank**

	31/12/2020 VND	31/12/2019 VND
Advance Account (USD)	160,615,638,466	92,062,455,292
Interest of the advance account (USD)	343,908	343,908
	<b>160,615,982,374</b>	<b>92,062,799,200</b>



7. Advance to contractors

	31/12/2020	31/12/2019
	VND	VND
<b>Civil Works</b>		
VINACO Investment and Development JSC	17,791,611,943	25,625,154,281
Ha Huy JSC	12,232,284,410	19,624,755,283
Vietnam water and Environment investment Corp., JSC	-	7,851,464,934
Viwaseen 3 JSC	-	7,368,997,114
Salcon Engineering Behad Malaysia	-	5,143,340,641
Vietnam France Investment Construction JSC	-	3,579,299,218
Bach Dang Construction Corporation JSC	-	2,451,830,196
<b>Consulting Services</b>		
Haskoning DHV Vietnam Co., Ltd	-	2,025,877,564
Joint venture between Vietnam Water, Sanitation and Environment JSC and Meinhardt Limited	-	263,148,733
	<b>30,023,896,353</b>	<b>73,933,867,964</b>

8. Payable to contractors

	31/12/2020	31/12/2019
	VND	VND
<b>Civil Works</b>		
Bach Dang Construction Corporation JSC	57,215,088,877	34,352,670,479
VINACO Investment and Development JSC	44,428,282,612	22,075,306,057
Salcon Engineering Behad Malaysia	42,304,254,174	6,378,939,613
Ha Huy JSC	29,645,030,125	17,087,709,587
Viwaseen 3 JSC	29,260,426,071	13,234,722,134
Vietnam France Investment Construction JSC	27,638,690,110	11,270,111,598
Pumps Europe JSC	16,389,564,910	-
Vietnam water and Environment investment Corp., JSC	6,775,064,422	19,326,808,888
201 Construction JSC	6,646,801,017	-
Bach Dang Da Nang Development Investment and Construction JSC	3,413,784,286	-
<b>Consulting Services</b>		
Haskoning DHV Vietnam Co., Ltd	9,492,663,081	-
Kunhwa Engineering & Consulting Co., Ltd	5,160,470,880	-
Vietnam Water, Sanitation and Environment JSC	674,594,797	-
CDT Vietnam Construction Investment and Technology Transfer JSC	579,970,153	-
Vietnam Water, Sanitation and Environment JSC	301,951,179	-
Others	79,310,000	-
<b>Others</b>		
Technical Department - Hai Phong Water JSC	3,003,000	3,003,000
Hai Phong Construction Design JSC	179,449,000	163,135,455
Others	332,627,286	-
	<b>280,521,025,980</b>	<b>123,892,406,811</b>

## 9. Corresponding figures

The corresponding figures are the financial statements for the year ended 31 December 2019 which were audited by AASC Limited. In which, the items in Statement of Funds and Expenditures are represented as follows:

Items	Presented VND	Represented VND	Variances VND	Note
<b>STATEMENT OF FUNDS AND EXPENDITURES</b>				
<b>Funds</b>				
Funds received from the Asian Development Bank	720,895,376,877	726,241,870,003	5,346,493,126	(i)
<b>Expenditures</b>				
Interest charges and commitment fees	25,990,924,078	31,337,417,204	5,346,493,126	(i)

(i) An adjustment according to incorrect application of VND exchange rate in 2019.

## 10. 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.

## 11. Approval of the Financial Statements

The financial statements were approved by Project Management Unit for issuance on 23 June 2021.



**Tran Viet Cuong**  
Director

**Nguyen Minh Ngoc**  
Chief Accountant

**Nguyen Minh Hoang**  
Preparer

Hai Phong, 23 June 2021