

Audited Project Financial Statements

Project Number: 41456-033
Loan/Grant Number: 2961
Period covered: 1 January 2017 – 31 December 2017

VIE: Water Sector Investment Program – Tranche 2

Prepared by HaiPhongWACO

For the Asian Development Bank
Date received by ADB: 1 June 2018

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 Hai Phong PPC.



**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 2017

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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 2017.

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 Government of 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 (Appointed on 01 August 2017)
Mrs. Le Thi Huong	Chief Accountant (Resigned on 01 August 2017)

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 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



Trần Việt Cường
Director

Hai Phong, 30 May 2018

No.: 300518.005/BCTC.FIS2

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To: The Management Unit of City Water Supply and Sanitation

Opinion

We have audited the 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 2017, 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 period 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 2017, 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.

Emphasis of Matter

We would like to draw readers' attention to the following notes:

- Note 2(c) and Note 5(i) in which salary costs in "Project management costs" in the year 2017 and accumulated to 31 December 2017, of VND 590,122,837 and VND 3,744,330,537 respectively are allocated on number of people assigned to work for the Project and related rates approved.
- Note 7(i) in which direct payment of VND 2,817,828,805 should be financed by the counterpart fund. Thus, interest charges and commitment fees associated with this amount shall be finalized upon the approval of the new funding ratio by the Vietnamese Government.

Our opinion is not qualified in respect of these matters.

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 Project's preparation and fair presentation of 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 those charged with the Project Management Unit, 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.



AASC Limited

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

Hanoi, 30 May 2018

Nguyen Pham Hung
Auditor in-charge
CPA Registered No.:
2893-2015-002-1

STATEMENT OF FINANCIAL POSITION
 As at 31 December 2017

	Note	31/12/2017 VND	31/12/2016 (Represented) VND
CURRENT ASSETS		47,213,442,914	1,350,400,026
Cash at bank	03	3,975,938,659	369,918,837
Deductible Value added tax		4,760,105,591	980,481,189
Advances to contractors	04	38,477,398,664	-
NON-CURRENT ASSETS		98,824,222,386	54,412,786,528
Project Implementation Expenditures	05	98,824,222,386	54,412,786,528
TOTAL ASSETS		146,037,665,300	55,763,186,554
CURRENT LIABILITIES		38,383,777,899	768,975,415
Payables to contractors	06	38,383,743,439	739,229,455
Payables to staff		-	27,979,480
Other payables (Bank interest)		34,460	1,766,480
FUNDS		107,653,887,401	54,994,211,139
Project Implementation Funds		107,378,579,833	54,719,215,048
- The Asian Development Bank	07	63,596,416,654	17,421,630,944
- Hai Phong City State budget		17,014,000,000	17,014,000,000
- Hai Phong Water JSC		26,768,163,179	20,283,584,104
Foreign exchange differences	08	275,307,568	274,996,091
TOTAL RESOURCES		146,037,665,300	55,763,186,554

STATEMENT OF RECEIPTS AND DISBURSEMENTS
 Year ended 31 December 2017

	Note	Accumulated to 31/12/2016 (Represented) VND	Year 2017 VND	Accumulated to 31/12/2017 VND
RECEIPTS				
Received from the Asian Development Bank		17,421,630,944	46,174,785,710	63,596,416,654
Received from Hai Phong City State budget		17,014,000,000	-	17,014,000,000
Received from Hai Phong Water JSC		20,283,584,104	6,484,579,075	26,768,163,179
Others		1,766,480	(1,732,020)	34,460
		54,720,981,528	52,657,632,765	107,378,614,293
DISBURSEMENTS				
Civil Works		-	36,083,954,420	36,083,954,420
Resettlement and Land Acquisition		22,704,631,900	-	22,704,631,900
Consulting Services		17,674,834,674	9,776,410,248	27,451,244,922
Interest charges and commitment fees		6,517,428,717	2,395,577,451	8,913,006,168
Project management		3,170,794,090	747,247,825	3,918,041,915
Others		4,460,788,207	46,656,578	4,507,444,785
	09	54,528,477,588	49,049,846,522	103,578,324,110
FOREIGN EXCHANGE DIFFERENCES				
Foreign exchange differences due to revaluation of cash balance		177,414,897		175,648,476
		177,414,897		175,648,476
RECONCILIATION AS AT CLOSING				
		369,918,837		3,975,938,659
<i>Presented by:</i>				
Cash at bank	03	369,918,837		3,975,938,659

STATEMENT OF BUDGET VERSUS ACTUAL DISBURSEMENTS
Year ended 31 December 2017

Categories	Budget Disbursements			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	59,971,532,246	12,196,376,594	72,167,908,840	32,803,594,928	3,280,359,492	36,083,954,420	(27,167,937,318)	(8,916,017,102)	(36,083,954,420)	50%
Resettlement and Land Acquisition	-	25,600,000,000	25,600,000,000	-	-	-	-	(25,600,000,000)	(25,600,000,000)	0%
Consulting Services	19,003,797,854	9,402,476,965	28,406,274,819	7,326,306,934	2,450,103,314	9,776,410,248	(11,677,490,920)	(6,952,373,651)	(18,629,864,571)	34%
Interest charges and commitment fees	5,000,000,000	-	5,000,000,000	2,395,577,451	-	2,395,577,451	(2,604,422,549)	-	(2,604,422,549)	48%
Project management	-	400,000,000	400,000,000	-	747,247,825	747,247,825	-	347,247,825	347,247,825	187%
Others	-	3,796,117,942	3,796,117,942	-	46,656,578	46,656,578	-	(3,749,461,364)	(3,749,461,364)	1%
	<u>83,975,330,100</u>	<u>51,394,971,501</u>	<u>135,370,301,601</u>	<u>42,525,479,313</u>	<u>6,524,367,209</u>	<u>49,049,846,522</u>	<u>(41,449,850,787)</u>	<u>(44,870,604,292)</u>	<u>(86,320,455,079)</u>	<u>36%</u>

The 2017 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 2017 to 31 December 2017
 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		14,930.83
Add: Total amounts deposited by the ADB		484,574.54
Deduct: Total amounts withdrawn		(322,906.06)
Closing balance		176,599.31
PART B: RECONCILIATION		
1. Amount advanced by the ADB		499,505.37
2. Add: Amount supplemented by the ADB		-
3. Present outstanding amount advanced to		499,505.37
4. Closing balance of the Advance Account		176,599.31
5. Add: Amounts withdrawn but not yet claimed	(i)	322,906.06
6. Total advances accounted for		499,505.37

(i) Including USD 96,925.66 withdrawn to pay contractors should be financed by the counterpart fund.

STATEMENT OF WITHDRAWALS
 Year ended 31 December 2017

Withdrawal applications			Claimed			Received		Variances	Note
Number	Date	Currency	Consulting services	Works	Amount	Date	Amount		
					(a)		(b)	(a) - (b)	
Advance Account									
HP002	15/05/2017	USD	484,574.54	-	484,574.54	25/05/2017	484,574.54	-	
Direct payment									
HP003	10/10/2017	VND	-	16,703,942,145	16,703,942,145	20/10/2017	16,703,942,145	-	(i)
HP004	10/10/2017	VND	-	16,099,652,783	16,099,652,783	20/10/2017	16,099,652,783	-	(i)
Total in USD			484,574.54		484,574.54		484,574.54	-	
Total in VND				32,803,594,928	32,803,594,928		32,803,594,928	-	

(i) See Note 7

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 3 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 a new Kim Son WTP 25,000 m³/day, and about 21 km transmission pipelines (Waiting for the approval for cancellation of Kim Son WTP).

The Project officially came into operation on 18 September 2013 and is expected to be closed on 30 June 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:

- ▶ The Project’s expenditures, excluding value added tax (“VAT”), are recorded when they are actually incurred, except for 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;
- ▶ VAT is declared and claimed at Hai Phong Water JSC, and it is recorded separately on the Project’s financial statements from this year (2017) toward the provision of more reliable and relevant information of the Project’s operation (Note 11).

d. 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

	31/12/2017	31/12/2016
	VND	VND
Advance Account (USD)	3,975,938,659	340,994,938
Deposit Account (VND)	-	28,923,899
	3,975,938,659	369,918,837

4. Advance to contractors

	31/12/2017	31/12/2016
	VND	VND
Civil Work		
Viwaseen 3 JSC	18,374,336,359	-
Vietnam France Investment Construction JSC	17,709,618,061	-
Consulting Services		
Joint venture between Vietnam Water, Sanitation and Environment JSC and Meinhardt Limited	2,393,444,244	-
	38,477,398,664	-

5. Project Implementation Expenditures

	31/12/2017 VND	31/12/2016 VND
Civil Work	34,222,285,440	-
Supplying equipment and construction, installation for Do Son components (CW1)	34,222,285,440	-
Resettlement and Land Acquisition	22,704,631,900	22,704,631,900
Consulting Services	22,661,005,633	15,623,812,580
Detailed Design Consultant and Bid Support for Do Son, An Duong components (CS1)	20,864,605,815	15,623,812,580
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	1,724,299,818	-
Financial auditing consultancy service (CS7)	72,100,000	-
Interest charges and commitment fees	8,913,006,168	6,517,428,717
Project management costs (i)	3,905,992,226	3,196,268,890
Others	6,417,301,019	6,370,644,441
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
Geological survey for Do Son and An Duong components (CF7)	3,262,697,272	3,262,697,272
Others (ii)	485,452,838	438,796,260
	98,824,222,386	54,412,786,528

- (i) In which, salary costs in the 2017 and accumulated to 31 December 2017 are VND 590,122,837 and VND 3,744,330,537 respectively.
- (ii) Including on-lent fee, cost for procurement, cost for survey and design... that were funded by the counterpart funds.

6. Payable to contractors

	31/12/2017 VND	31/12/2016 VND
Civil Work		
Viwaseen 3 JSC	28,485,445,824	-
Vietnam France Investment Construction JSC	9,159,068,160	-
Others		
Technical Department - Hai Phong Water JSC	576,094,000	576,094,000
Hai Phong Construction Design JSC	163,135,455	163,135,455
	38,383,743,439	739,229,455

7. Funds received from the Asian Development Bank

	Year 2017		Accumulated to 31/12/2017	
	Original currency	Converted to VND	Original currency	Converted to VND
Advance Account	484,574.54	10,975,613,331	984,079.91	32,855,913,464
Advance (USD)	-	-	499,505.37	10,904,202,227
Replenishment (USD)	484,574.54	10,975,613,331	-	10,975,613,331
Direct payments	-	32,803,594,928	-	32,803,594,928
VND (i)	-	32,803,594,928	-	32,803,594,928
Capitalization of interest charges and commitment fees (USD)	105,689.93	2,395,577,451	401,928.34	8,913,006,168
		46,174,785,710		63,596,416,654

(ii) Including VND 2,817,828,805 should be financed by the counterpart fund.

8. Foreign exchange differences

	31/12/2017 VND	31/12/2016 VND
Foreign exchange differences due to payment	99,659,092	97,581,194
Foreign exchange differences due to revaluation of cash balance at the period ended / year ended	175,648,476	177,414,897
	275,307,568	274,996,091

9. Disbursements

a. Disbursements by categories and by funding

	Loan No. 2961-VIE	Funded by Counterpart funds	Total
	VND	VND	VND
Civil Works	32,803,594,928	3,280,359,492	36,083,954,420
Supplying equipment and construction, installation for Do Son component (CW1)	32,803,594,928	3,280,359,492	36,083,954,420
Consulting Services	7,326,306,934	2,450,103,314	9,776,410,248
Detailed Design Consultant and Bid Support for Do Son, An Duong components (CS1)	5,079,873,504	328,011,190	5,407,884,694
Detailed Design Consultant and Bid Support for Northern Cam River, Kim Son components (CS2)	-	1,896,729,800	1,896,729,800
Construction Supervision and Contract Management for Do Son and Northern Cam River components (CS3)	2,174,333,430	218,152,324	2,392,485,754
Financial auditing consultancy service (CS7)	72,100,000	7,210,000	79,310,000
Interest charges and commitment fees	2,395,577,451	-	2,395,577,451
Project management	-	747,247,825	747,247,825
Other (On-lent fee)	-	46,656,578	46,656,578
	42,525,479,313	6,524,367,209	49,049,846,522

Disbursements are financed under the Loan No. 2961 - VIE dated 23 May 2013 as below:

Categories	Funding rate (%)
Works	83.10%
Equipment	86.90%
Consulting Services	66.90%
Interest charges and commitment fees	100.00%

b. Reconciliation between Project Implementation Expenditures on Statement of Financial Position and Disbursement on Statement of Receipts and Disbursements as at 31/12/2017

	VND	VND
Project Implementation Expenditures		98,824,222,386
Add:		
Advances to contractors	38,477,398,664	
Deductable Value added tax	4,760,105,591	
		43,237,504,255
Deduct:		
Payables to contractors	(38,383,743,439)	
Foreign exchange differences due to payment (Note 8)	(99,659,092)	
		(38,483,402,531)
Disbursements accumulated to closing		103,578,324,110

10. Corresponding figures

The corresponding figures are those taken from the financial statements for the period from 18 September 2013 to 31 December 2016, which was audited by AASC Limited, in which the following items have been reclassified due to the change of VAT deductibles recognition (Note 2c) as follows:

Financial statements for the period from 18/09/2013 to 31/12/2016			
Items	Presented VND	Represented VND	Variances VND
STATEMENT OF FINANCIAL POSITION			
Deductable Value added tax	-	980,481,189	980,481,189
Project Implementation Expenditures	54,427,066,346	54,412,786,528	(14,279,818)
Hai Phong Water JSC fund	19,317,382,733	20,283,584,104	966,201,371
STATEMENT OF RECEIPTS AND DISBURSEMENTS			
Received from Hai Phong Water JSC	19,317,382,733	20,283,584,104	966,201,371
Disbursement for Consulting Services	17,068,077,386	17,674,834,674	606,757,288
Disbursement for Project management costs	3,168,289,410	3,170,794,090	2,504,680
Disbursement for Others	4,103,848,804	4,460,788,207	356,939,403

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 30 May 2018.



Tran Viet Cuong
Director

Hai Phong, 30 May 2018

Nguyen Minh Ngoc
Chief Accountant