

Audited Project Financial Statements

Project Number: 41456-043
Loan/Grant Number: 3251
Period covered: 1 January 2019 – 31 December 2019

VIE: Water Sector Investment Program – Tranche 3

Prepared by Quang Nam Water Supply and Drainage JSC

For the Asian Development Bank
Date received by ADB: 26 August 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 Quang Nam PPC.

**WATER SUPPLY SYSTEM FOR TAM HIEP
AND DIEN NAM – DIEN NGOC URBAN PROJECT**

AUDITED PROJECT FINANCIAL STATEMENTS

Loan Number 2961 – VIE; Loan Number 3251 – VIE
For the year ended 31 December 2019



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

**WATER SUPPLY SYSTEM FOR TAM HIEP
AND DIEN NAM – DIEN NGOC URBAN PROJECT**

AUDITED PROJECT FINANCIAL STATEMENTS
Loan Number 2961 – VIE; Loan Number 3251 – VIE
For the year ended 31 December 2019



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REPORT OF THE PROJECT MANAGEMENT UNIT

The Management Unit of Investment and Construction Projects of Quang Nam Water Supply and Drainage JSC ("the Project Management Unit") presents this report and the Project Financial statements of the Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") for the year ended 31 December 2019.

The Project

The Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project is a sub-project of the Viet Nam Water Sector Investment Program, which is invested by Quang Nam Water Supply and Drainage JSC ("Quang Nam WS"). In addition to the counterpart funds, the Project is also financed by the Asian Development Bank ("ADB") under Loan Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015 ("the Agreements").

The Project Management Unit

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

Mr. Ngo Duc Trung	Director
Mr. Hoang Kim Tam	Deputy Director
Mr. Nguyen Huu Y	Chief Accountant

Auditors

The auditors of AASC Limited have taken the audit of the 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 and Reconciliation of Funds, which comply with the accounting policies described in the attached Notes to the Project 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 Project 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 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 Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015;
- 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 Number 2961 – VIE dated 23 May 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015.



On behalf of the Project Management Unit


Ngô Đức Trung
Director

Quang Nam, 30 May 2020

INDEPENDENT AUDITORS' REPORT ON THE PROJECT FINANCIAL STATEMENTS

**To: The Management Unit of Investment and Construction Project
Quang Nam Water Supply and Drainage JSC**

Opinion

We have audited the accompanying Financial statements of the Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") which comprise:

- ▶ Statement of Financial Position as at 31 December 2019, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements and Notes to the Project Financial statements for the year ended 31 December 2019, including a summary of significant accounting policies of the Loan Number 2961 – VIE;
- ▶ 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 Reconciliation of Funds and Notes to the Project Financial statements for the year ended 31 December 2019, including a summary of significant accounting policies of the Loan Number 3251 – VIE.

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 Accounts as at 31 December 2019, funds received and expenditures incurred, movements of the Advance Account for the year ended 31 December 2019 in accordance with the basis of the principal accounting policies described in the Notes to the Project Financial statements and the provisions of the Loan Number 2961 – VIE signed on 23 May, 2013 and the provisions of the Loan Number 3251 – VIE signed on 19 November, 2015.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Project 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 Project Financial statements

The Project Management Unit is responsible for the preparation of the Project Financial statements in accordance with the principal accounting policies described in Notes to the Project 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 Project Financial statements, the Project Management Unit is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Project Financial statements

Our objectives are to obtain reasonable assurance about whether the Project 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 Project Financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Project 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 Project Financial statements, including the disclosures, and whether the Project Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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



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

Hanoi, 30 May 2020

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

STATEMENT OF FINANCIAL POSITION

Loan Number 2961 – VIE
 As at 31 December 2019

	Note	31/12/2019 VND	31/12/2018 VND
NON-CURRENT ASSETS		132,134,972	96,620,455
Project Implementation Expenditures	05	132,134,972	96,620,455
TOTAL ASSETS		132,134,972	96,620,455
FUNDS		132,134,972	96,620,455
Project Implementation Funds		132,134,972	96,620,455
- The Asian Development Bank	07	126,690,461	96,620,455
- Quang Nam Water Supply and Drainage JSC		5,444,511	-
TOTAL RESOURCES		132,134,972	96,620,455

STATEMENT OF FINANCIAL POSITION

Loan Number 3251 – VIE
As at 31 December 2019

	Note	31/12/2019 VND	31/12/2018 VND
CURRENT ASSETS		49,053,495,507	39,842,723,297
Cash on hand		17,967,000	36,602,000
Cash at bank	03	1,084,082,131	869,122,053
Deductible Value added tax		42,609,079,766	33,539,376,208
Foreign contractor tax receivable		102,941,307	-
Advances to staff		3,441,505,183	2,512,852,000
Advances to contractors	04	1,797,920,120	2,884,771,036
NON-CURRENT ASSETS		463,406,405,552	351,785,168,105
Project Implementation Expenditures	05	463,406,405,552	351,785,168,105
TOTAL ASSETS		512,459,901,059	391,627,891,402
CURRENT LIABILITIES		69,192,391,137	48,060,855,654
Payables to contractors	06	69,192,391,137	48,008,065,235
Tax payables to State (Foreign contractor tax)		-	52,790,419
FUNDS		443,267,509,922	343,567,035,748
Project Implementation Funds		443,205,253,367	343,515,730,176
- The Asian Development Bank	07	397,321,599,871	306,232,825,576
- Quang Nam Province State budget		6,282,227,873	6,282,227,873
- Quang Nam Water Supply and Drainage JSC		39,601,425,623	31,000,676,727
Foreign exchange differences		62,256,555	51,305,572
TOTAL RESOURCES		512,459,901,059	391,627,891,402

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Financial Statements
Year ended 31 December 2019

Loan Number 2961 – VIE
Loan Number 3251 – VIE

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Loan Number 2961 – VIE
For the year ended 31 December 2019

	Note	Accumulated to 31/12/2018 VND	Year ended 31/12/2019 VND	Accumulated to 31/12/2019 VND
RECEIPTS				
Received from the Asian Development Bank		96,620,455	30,070,006	126,690,461
Received from Quang Nam Water Supply and Drainage JSC		-	5,444,511	5,444,511
		<u>96,620,455</u>	<u>35,514,517</u>	<u>132,134,972</u>
DISBURSEMENTS				
Interest charges and commitment fees	08	96,620,455	35,514,517	132,134,972
		<u>96,620,455</u>	<u>35,514,517</u>	<u>132,134,972</u>
RECONCILIATION AS AT CLOSING				
		-	-	-

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Loan Number 2961 – VIE
Loan Number 3251 – VIE

Financial Statements
Year ended 31 December 2019

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Loan Number 3251 – VIE
For the year ended 31 December 2019

	Note	Accumulated to 31/12/2018 VND	Year ended 31/12/2019 VND	Accumulated to 31/12/2019 VND
RECEIPTS				
Received from the Asian Development Bank		306,232,825,576	91,088,774,295	397,321,599,871
Received from Quang Nam Province State budget		6,282,227,873	-	6,282,227,873
Received from Quang Nam Water Supply and Drainage JSC		31,000,676,727	8,600,748,896	39,601,425,623
		343,515,730,176	99,689,523,191	443,205,253,367
DISBURSEMENTS				
Civil Works		307,435,970,492	72,975,066,005	380,411,036,497
Resettlement and Land Acquisition		11,259,374,714	928,653,183	12,188,027,897
Consulting Services		16,649,120,900	7,320,990,135	23,970,111,035
Interest charges and commitment fees		3,206,841,027	14,413,114,157	17,619,955,184
Project management and other disbursements		4,110,004,562	3,866,325,616	7,976,330,178
	08	342,661,311,695	99,504,149,096	442,165,460,791

FOREIGN EXCHANGE DIFFERENCES DUE TO REVALUATION OF

RECONCILIATION AS AT CLOSING

<i>Presented by:</i>				
Cash on hand		36,602,000		17,967,000
Cash at bank	03	869,122,053		1,084,082,131
		905,724,053		1,102,049,131

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Financial Statements
Year ended 31 December 2019

STATEMENT OF BUDGET VERSUS ACTUAL DISBURSEMENTS

Loan Number 2961 – VIE

Loan Number 3251 – VIE

For the year ended 31 December 2019

Categories	Budget Disbursements			Actual Disbursements			Variance			Rate
	Loan Number 2961-VIE VND	Loan Number 3251-VIE VND	Counterpart Fund VND	Total VND	Loan Number 2961-VIE VND	Loan Number 3251-VIE VND	Counterpart Fund VND	Total VND	Rate	
Civil Works	-	175,000,000,000	17,500,000,000	192,500,000,000	-	71,650,643,818	1,324,422,187	72,975,066,005	(103,349,356,182)	(119,524,933,995) 38%
Resettlement and Land Acquisition	-	-	500,000,000	500,000,000	-	-	928,653,183	928,653,183	-	428,653,183 186%
Consulting Services	-	6,000,000,000	600,000,000	6,600,000,000	-	5,191,676,120	2,129,314,015	7,320,990,135	(808,323,880)	720,990,135 111%
Interest charges and commitment fees	100,000,000	18,900,000,000	-	19,000,000,000	30,070,006	14,413,114,157	5,444,511	14,448,628,674	(4,486,885,843)	(4,551,371,326) 76%
Project management	-	-	1,400,000,000	1,400,000,000	-	-	3,866,325,616	3,866,325,616	-	2,466,325,616 276%
	100,000,000	199,900,000,000	20,000,000,000	220,000,000,000	30,070,006	91,255,434,095	8,254,159,512	99,539,663,613	(108,644,565,905)	(120,460,336,387) 45%

The budget disbursement in 2019 was prepared based on Decision 30B/QĐ-TGD dated 18 January 2019 on the disbursement of ODA funds in 2019, the Project Management Unit's estimation and the Project's implementation progress.



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STATEMENT OF ADVANCE ACCOUNT

For the period: from 01 January 2019 to 31 December 2019
 Account No: 1010495989
 Serving bank: Saigon – Hanoi Commercial Joint Stock Bank – Quang Nam Branch
 Address: No. 215 Phan Boi Chau Street, Tan Thanh Ward, Tam Ky City, Quang Nam Province
 Agreement: 3251-VIE

	Note	USD
PART A: ACTIVITIES		
Opening balance		34,878.00
Add: Total amounts deposited by the ADB		215,122.00
Deduct: Total amounts withdrawn		(222,119.00)
Closing balance		<u>27,881.00</u>
PART B: RECONCILIATION		
1. Amount advanced by the ADB		250,000.00
2. Add: Amount supplemented by the ADB		-
3. Present outstanding amount advanced to		<u>250,000.00</u>
4. Closing balance of the Advance Account	(i)	27,881.00
5. Add amounts withdrawn but not yet claimed		222,119.00
6. Total advances accounted for		<u>250,000.00</u>

(i) Amounts withdrawn and claimed in Withdrawal Application No.QN039 dated 20 February 2020.

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Financial Statements
Year ended 31 December 2019

Loan Agreement No. 2961 – VIE
Loan Agreement No. 3251 – VIE

STATEMENT OF WITHDRAWALS AND RECONCILIATION OF FUNDS

Loan Number 3251 – VIE
For the year ended 31 December 2019

Withdrawal applications				Claimed		Received		Variances
Number	Date	Currency	Advance	Civil Works	Consulting services	Total	Date	Amount
						(a)		(b)
								(b) - (a)
Advance account								
QN030	09-04-2019	USD	-	-	215,112.00	215,112.00	29-05-2019	215,112.00
Direct payment								
QN031	15-05-2019	VND	-	6,988,284,385	-	6,988,284,385	10-06-2019	6,988,284,385
QN032	07-06-2019	VND	-	5,069,561,227	-	5,069,561,227	10-07-2019	5,069,561,227
QN033	07-06-2019	VND	-	9,052,491,501	-	9,052,491,501	10-07-2019	9,052,491,501
QN034	06-09-2019	VND	-	17,937,113,069	-	17,937,113,069	24-09-2019	17,937,113,069
QN035	29-10-2019	VND	-	21,855,970,000	-	21,855,970,000	12-11-2019	21,855,970,000
QN036	30-11-2019	VND	-	10,747,223,636	-	10,747,223,636	19-12-2019	10,747,223,636
Total in VND			-	71,650,643,818	-	71,650,643,818		71,650,643,818
Total in USD			-	-	215,112.00	215,112.00		215,112.00

NOTES TO THE PROJECT FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Background

The Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") is a sub-project of the Viet Nam Water Sector Investment Program ("the Program"), which is invested by Quang Nam Water Supply and Drainage JSC ("Quang Nam WS"). In addition to the counterpart funds, the Project is financed by the Asian Development Bank ("ADB") under the Loan Number 2961 – VIE and the Loan Number 3251 – VIE ("the Agreements"). Some milestones of these agreements are as follows:

Agreement	Signing date	Effective date	Closing date (expected)
Loan No. 2961-VIE	23 May 2013	18 September 2013	30 June 2020
Loan No. 3251-VIE	19 November 2015	29 March 2016	31 December 2020

The main objectives of the Project are: (i) Constructing Dien Nam - Dien Ngoc water supply system with capacity of 15,000 m³/day each to supply water to 9 communes, Dien Nam - Dien Ngoc Industrial Park, Trang Nhat 1, 2 Industrial Park, and Dien Ban District Tourist Area; and (ii) Expansion of the Tam Hiep water supply system with a capacity from 5,000 m³/day to 20,000 m³/day for the purpose of providing sustainable water supply services for Chu Lai Economic Zone.

The Project includes 02 components as below:

Component 1: Constructing Dien Nam - Dien Ngoc urban water supply system

- ▶ Constructing a pumping station and a raw water pump station with the capacity of 15,000 m³/day at Bau Sau River;
- ▶ Installing a rough water pipeline of about 2.4 km to drain water from the crude water pump station to Dien Nam - Dien Ngoc Water Plant;
- ▶ Constructing Dien Nam - Dien Ngoc Water Plant with a capacity of 15,000m³/day for the phase I in 2013 - 2016 in Trang Nhat 1 Industrial Zone, Dien Bien District, including a tank of 32,000m³ of raw water, a treatment group of 15,000 m³/day, a fresh water tank of 2,000 m³/day, a second level pump station and a filtration system, electrical equipment and drainage system using Lamem sedimentation technology;
- ▶ Constructing of a fresh water tank of 2,000 m³, sedimentation ponds for settling tanks and wastewater treatment tanks; constructing raw water pumping stations of 15,000 m³/day, grade II water supply stations for water supply and pressure requirements;
- ▶ Constructing a 18 km long transmission pipeline system using HDPE D400 and D300 pipes, 54 km of distribution pipeline using HDPE D110, D160, D225 and D250 pipes, 90 km of service pipeline and installing 8,000 consumption meters.

Component 2: Expansion of Tam Hiep water supply system

- ▶ Expansion of Tam Hiep water plant with a capacity from 5,000 m³/day to 20,000 m³/day with constructing of a new production unit of 15,000 m³/day in Bich Son village, Tam Xuan commune, Nui Thanh district and using fast filter technology;
- ▶ Constructing a D400 300m long raw water pipe from the raw water pump station in Phu Ninh lake to the water treatment plant in Tam Xuan 2 commune;
- ▶ Constructing a fresh water tank of 2,000 m³, sedimentation ponds for settling tanks and wastewater treatment tanks; constructing of raw water pumping stations of 15,000 m³/day, grade II water supply stations for water supply and pressure requirements;

- Building auxiliary works: operator, chemical house, workshop, warehouse, gate, fence, tree, internal road, drainage, electricity, new transformer station 560KVA - 22/0.4 KV;
- Constructing and installing of 18.1 km D500, D400 and D300 transmission pipelines, 39 km of D110, D165 and D250 distribution pipelines, and 75 km of service pipeline for 8,000 households.

The Project is managed by the Management Unit of Investment and Construction Projects of Quang Nam Water Supply and Drainage JSC ("the Project Management Unit"), and its office is located at No. 86-88 Phan Boi Chau Street, Tam Ky City, Quang Nam Province.

2. Principal Accounting Policies

a. Basis of accounting

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

The Project 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 and Reconciliation of Funds which are prepared in United State Dollar (USD) and Vietnam Dong (VND). These 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 converted to VND under buying exchange rate of Saigon – Hanoi Commercial Joint Stock Bank – Quang Nam Branch ("the serving bank") on dates of remittance made into Advance Account or direct payment made to contractors/suppliers. Capitalization of interest charges and commitment fees (Note 2c) in USD is converted to VND under monthly exchange rate of the Ministry of Finance in the month of announcement by the ADB.

Transactions in foreign currencies are converted to VND under actual exchange rates of the serving bank on transaction dates. Monetary items denominated in foreign currencies are revalued annually at the 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 and presented as "Foreign exchange differences" on Statement of Financial Position.

c. Funds and Expenditures

Funds:

- Funds received from the Asian Development Bank (ADB) are recorded when direct payments are made from ADB to contractors/suppliers or remittance are made into Advance Account. Of which, capitalization of interest charges and commitment fees are recognized upon announcement by the VDB – Quang Nam Branch (twice per year);
- Counterpart funds received from Quang Nam Province State budget are recorded when payments are made directly to contractors/suppliers of the Project or funds remitted to Quang Nam WS for settlement of the Project's activities;
- Counterpart funds received from Quang Nam WS are recorded when payments are made directly to contractors/suppliers or funds remitted to the Project Management Unit for settlement of the Project's activities.

Expenditures:

- ▶ The Project's expenditures (excluding tax) 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 Quang Nam WS;
- ▶ Value added tax is declared and deducted at Quang Nam WS. Value added tax deductibles is separately presented as an item on Statement of Financial Position.

d. Advance Account and their interest

Advance Account are the deposit accounts 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 Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015.

Interest of the Advance Account is considered as receipts of Quang Nam WS 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 Quang Nam Water Supply and Drainage JSC. In case bank charges are not fully covered by the interests, Quang Nam Water Supply and Drainage 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
Current account (VND)	433,032,321	54,052,293
Advance account (USD)	651,049,810	815,069,760
	1,084,082,131	869,122,053

4. Advance to contractors

	31/12/2019	31/12/2018
	VND	VND
Consulting Services		
SWS Consulting Engineering Srl	-	219,203,521
International Engineering Consultant JSC	1,600,000,000	1,548,665,395
Others	52,000,000	52,000,000
Resettlement and Land Acquisition		
Dien Ban Industry - Commerce and Service Development Center	89,031,472	1,008,013,472
Clearance - Compensation Department of Management Chu Lai Open Economic Zone	54,588,000	54,588,000
Ky Ha Chu Lai Development and Investment Co., Ltd	2,300,648	2,300,648
	1,797,920,120	2,884,771,036

5. Project Implementation Expenditures

	31/12/2019	31/12/2018
	VND	VND
Loan Number 2961 - VIE	132,134,972	96,620,455
Interest charges and commitment fees	132,134,972	96,620,455
Loan Number 3251 - VIE	463,406,405,552	351,785,168,105
Civil Works	408,896,515,906	323,136,595,998
Resettlement and Land Acquisition	8,681,432,594	7,762,450,594
Consulting Services	20,455,906,149	13,691,305,800
Interest charges and commitment fees	17,619,955,184	3,206,841,027
Project management and other disbursements	7,752,595,719	3,987,974,686
	<u>463,538,540,524</u>	<u>351,881,788,560</u>

In which, expenditures incurred before the effective date of Loan Number 3251 – VIE (29 March 2016) is VND 14,333,024,488.

(*) Expenditures by funds and categories (detailed at Appendix 1).

6. Payable to contractors

	31/12/2019	31/12/2018
	VND	VND
Civil Works		
Dai Phu Thinh Co., Ltd	38,332,303,359	31,337,009,860
Pumps Europe JSC	19,895,702,018	7,939,834,108
Ha Lan Co.,Ltd	9,583,041,040	8,402,121,267
International Engineering Consultant JSC	1,172,575,630	-
Other	208,769,090	329,100,000
	<u>69,192,391,137</u>	<u>48,008,065,235</u>

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Loan Number 2961 – VIE
Loan Number 3251 – VIE

Financial Statements
Year ended 31 December 2019

7. Funds received from the Asian Development Bank

	Year ended 31/12/2019		Accumulated to 31/12/2019	
	Original currency	Converted to VND	Original currency	Converted to VND
Loan Number 2961 – VIE		30,070,006		126,690,461
Capitalization of interest charges and commitment fees (USD)	1,312.58	30,070,006	5,739.88	126,690,461
Loan Number 3251 – VIE		91,088,774,295		397,321,599,871
Advance account (USD)	215,112.00	5,025,016,320	692,005.00	15,982,642,150
Advance	-	-	250,000.00	5,668,750,000
Replenishment (USD)	215,112.00	5,025,016,320	442,005.00	10,313,892,150
Direct payments	-	71,650,643,818	-	363,719,002,537
VND	71,650,643,818	71,650,643,818	359,911,544,457	359,911,544,457
USD	-	-	167,906.00	3,807,458,080
Capitalization of interest charges and commitment fees (USD)	626,799.47	14,413,114,157	770,221.19	17,619,955,184
		91,118,844,301		397,448,290,332

8. Disbursements

a. Disbursements by categories and by funds

	Year ended 31/12/2019						Accumulated to 31/12/2019					
	Loan 2961-Vie		Loan 3251-Vie		Total		Loan 2961-Vie		Loan 3251-Vie		Total	
	ADB Funds	Counterpart funds	ADB Funds	Counterpart funds	ADB Funds	Counterpart funds	ADB Funds	Counterpart funds	ADB Funds	Counterpart funds	ADB Funds	Counterpart funds
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Civil Works	-	-	-	-	-	-	-	-	-	-	-	-
Resettlement and Land Acquisition	-	-	1,324,422,187	928,653,183	72,975,066,005	928,653,183	-	-	359,911,544,457	20,499,492,040	380,411,036,497	12,188,027,897
Consulting Services	-	-	2,129,314,015	-	7,320,990,135	-	-	-	19,199,584,980	4,770,526,055	23,970,111,035	-
Interest charges and commitment fees	30,070,006	5,444,511	5,191,676,120	14,413,114,157	14,448,628,674	-	126,690,461	5,444,511	17,619,955,184	-	17,752,090,156	-
Project management and other disbursements	-	-	-	-	3,866,325,616	3,866,325,616	-	-	-	7,976,330,178	7,976,330,178	-
	30,070,006	5,444,511	91,255,434,095	8,248,715,001	99,539,663,613	126,690,461	5,444,511	396,731,084,621	45,434,376,170	442,297,595,763		

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Disbursements are financed under the Loan Number 2961 - VIE dated 23 May 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015 as below:

Agreement	Categories	Funding rate (%)
Loan Number 2961 – VIE	Consulting Services, Interest charges and commitment fees	100% expenditures excluding tax
Loan Number 3251 – VIE	Civil Works, Consultant Services, Interest charges and commitment fees	100% expenditures excluding tax

b. Reconciliation between Project Implementation Expenditures on Statement of Financial Position and Disbursement on Statement of Receipts and Disbursements as at 31 December 2019 (Loan Number No. 2961 – VIE, Loan Number No. 3251 – VIE)

	VND	VND
Project Implementation Expenditures		463,538,540,524
Add:		
Deductible Value added tax	42,609,079,766	
Advances to staff	3,441,505,183	
Foreign contractor tax receivable	102,941,307	
Advances to contractors	<u>1,797,920,120</u>	
		47,951,446,376
Deduct:		
Payable to contractors		(69,192,391,137)
Disbursements accumulated to closing		<u>442,297,595,763</u>

9. Subsequent events

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

10. Corresponding figures

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

11. Approval of the Project Financial statements

The Project Financial statements were approved by the Project Management Unit for issuance on 30 May 2020.



Ngo Duc Trung
Director

Quang Nam, 30 May 2020

Nguyen Huu Y
Chief Accountant