

# Audited Project Financial Statements

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Project Number: 42182-013  
Loan/Grant Number: 2517/0384  
Period covered: 1/1/2016-31/12/2016

## VIE: Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project

Prepared by Central Power Corporation

For the Asian Development Bank  
Date received by ADB: 30 June 2017

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

**CENTRAL POWER CORPORATION  
RENEWABLE ENERGY DEVELOPMENT AND  
NETWORK EXPANSION AND REHABILITATION  
FOR REMOTE COMMUNES SECTOR PROJECT**

Loan Agreement No. 2517-VIE(SF)  
Grant Agreement No. 0384-VIE(EF)

**AUDITED FINANCIAL STATEMENTS  
AND MANAGEMENT LETTER**

For the year ended 31 December 2016



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**PART I**  
**FINANCIAL STATEMENTS**

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## **STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Central Power Corporation ("CPC") presents this report together with the financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) and Grant Agreement No. 0384-VIE(EF) - Portion implemented by CPC (the "Project") for the year ended 31 December 2016.

### **Chairman and Board of Directors**

The Chairman and the members of the Board of Directors of CPC who held office during the year and to the date of this report are as follows:

Mr. Tran Dinh Nhan	Chairman cum General Director
Mr. Pham Sy Hung	Deputy General Director
Mr. Le Kim Hung	Deputy General Director (resigned on 01 August 2016)
Mr. Le Nam Hai	Deputy General Director (appointed on 01 August 2016)
Mr. Nguyen Thanh	Deputy General Director

### **Board of Directors' Statement of Responsibility**

The Board of Directors of CPC is responsible for preparing the financial statements of the Project, which comprise the balance sheet as at 31 December 2016, the statement of sources and uses of funds, statement of disbursements, statement of withdrawals, statement of Project implementation by construction/work item, statement of imprest account for the year then ended and the notes to the financial statements, including a summary of significant accounting policies, which give a true and fair view of the financial position of the Project as at 31 December 2016, as well as its receipts, disbursements and expenditures for the year then ended, in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the covenants contained in Loan Agreement No. 2517-VIE(SF) and Grant Agreement No.0384-VIE(EF). In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Project will continue in operation; and
- design and maintain effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and that the financial statements comply with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements. The Board of Directors is responsible for using the Project's funds as intended for the Project and for complying with covenants contained in Loan Agreement No. 2517-VIE(SF) and Grant Agreement No.0384-VIE(EF) as well as laws and regulations applicable to the Project. The Board of Directors is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that they have complied with the above requirements in preparing these financial statements.

For and behalf of the Board of Directors,



**Tran Dinh Nhan**  
**General Director**

20 June 2017





No.:  /VN1A-HN-BC

## INDEPENDENT AUDITOR'S REPORT

**To: The Board of Directors of Central Power Corporation**

### Opinion

We have audited the financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) and Grant Agreement No. 0384-VIE(EF) - Portion implemented by Central Power Corporation (the "Project"), which comprise the balance sheet as at 31 December 2016, the statement of sources and uses of funds, statement of disbursements, statement of withdrawals, statement of Project implementation by construction/work item, statement of imprest account for the year then ended, and the notes to the financial statements, 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 as at 31 December 2016, and of its receipts, disbursements and expenditures for the year then ended in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements.
- The statement of imprest account gives a true and fair view of the balance of the imprest account as at 31 December 2016 and the Project's receipts and disbursements via the imprest account for the year then ended in accordance with the relevant covenants of Loan Agreement No. 2517-VIE(SF) and Grant Agreement No. 0384-VIE(EF) and prevailing relevant regulations established by the Asian Development Bank.
- The withdrawal applications were adequately reconciled to the statements of expenditures (SOEs) prepared by the Project Management Unit for the year ended 31 December 2016 and those SOEs were adequately supported.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 and Note 3 of the Notes to the financial statements, which describes the accounting convention and the summary of the significant accounting policies. The financial statements are prepared in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the Notes to the financial statements and the requirements of the Asian Development Bank. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the accounting convention and the accounting policies set out in Note 2 and Note 3 of the 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.



## INDEPENDENT AUDITOR'S REPORT (Continued)

### Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

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 liquidate the Project, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

### 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 International Standards on Auditing (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.
- 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance and the Board of Directors 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



**Dang Chi Dung**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0030-2013-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

20 June 2017  
Hanoi, S.R. Vietnam

**Nguyen Thanh Huong**  
**Auditor**  
Audit Practising Registration Certificate  
No. 1415-2013-001-1




**STATEMENT OF SOURCES AND USES OF FUNDS**


*For the year ended 31 December 2016*

*Unit: VND*

Contents	2016			Accumulated to 31/12/2016		
	Loan from the Asian Development Bank	Counterpart fund	Total	Loan from the Asian Development Bank	Counterpart fund	Total
<b>RECEIPTS</b>	<b>190,461,378,203</b>	<b>70,737,943,419</b>	<b>261,199,321,622</b>	<b>983,475,805,377</b>	<b>314,765,225,386</b>	<b>1,298,241,030,763</b>
Loan from the Asian Development Bank	190,461,378,203	-	190,461,378,203	983,475,805,377	-	983,475,805,377
Counterpart fund	-	70,737,943,419	70,737,943,419	-	314,765,225,386	314,765,225,386
<b>DISBURSEMENTS</b>	<b>166,762,118,932</b>	<b>88,742,797,992</b>	<b>255,504,916,924</b>	<b>896,263,177,431</b>	<b>332,770,079,959</b>	<b>1,229,033,257,390</b>
Construction	143,416,824,507	30,288,794,630	173,705,619,137	634,804,215,044	44,924,866,870	679,729,081,914
Equipment	26,554,385,913	1,676,890,434	28,231,276,347	272,509,113,021	6,473,391,812	278,982,504,833
Consulting and others	-	56,777,112,928	56,777,112,928	-	281,371,821,277	281,371,821,277
Foreign exchange difference in payment	(3,209,091,488)	-	(3,209,091,488)	(11,050,150,634)	-	(11,050,150,634)
<b>SURPLUS OF RECEIPTS OVER DISBURSEMENTS</b>	<b>23,699,259,271</b>	<b>(18,004,854,573)</b>	<b>5,694,404,698</b>	<b>87,212,627,946</b>	<b>(18,004,854,573)</b>	<b>69,207,773,373</b>
Foreign exchange difference from revaluation of cash balance denominated in foreign currencies	1,765,551,857	-	1,765,551,857	3,041,275,424	-	3,041,275,424
<b>OPENING BALANCE</b>	<b>64,789,092,242</b>	-	<b>64,789,092,242</b>	-	-	-
<b>CLOSING BALANCE (*)</b>	<b>90,253,903,370</b>	<b>(18,004,854,573)</b>	<b>72,249,048,797</b>	<b>90,253,903,370</b>	<b>(18,004,854,573)</b>	<b>72,249,048,797</b>
Represented by:						
- Cash balance as at 31/12/2016	90,253,903,370	-	90,253,903,370	90,253,903,370	-	90,253,903,370

(\*) Closing balance of the counterpart fund was negative due to the Connect and renovate electricity grid after meter Subproject's borrowings to fund its activities. These borrowings bear no interest.

  
**Phan Thi Thanh Mai**  
**Preparer**

  
**Ho Thang Thu**  
**Chief Accountant**

  
**Tran Dinh Nhan**  
**General Director**

20 June 2017


*The accompanying notes are an integral part of these financial statements*



**STATEMENT OF DISBURSEMENTS**  
*For the year ended 31 December 2016*

Unit: VND

ITEMS	2016	Accumulated to 31/12/2016
<b>Construction</b>	<b>173,705,619,137</b>	<b>679,729,081,914</b>
Rural Network Expansion and Rehabilitation Project	29,892,970,727	232,675,036,771
A Roang Hydropower Plant Project	23,094,880,323	123,749,383,172
The Extension of Rural Network Expansion and Rehabilitation Project	57,783,509,150	221,088,266,078
Dak Pring Hydropower Plant project	42,211,000,565	81,493,137,521
The Extension of Rural Network Expansion and Rehabilitation Sub project	2,718,403,799	2,718,403,799
Connect and renovate electricity grid after meter Project	18,004,854,573	18,004,854,573
<b>Equipment</b>	<b>28,231,276,347</b>	<b>278,982,504,833</b>
Rural Network Expansion and Rehabilitation Project	101,984,169	129,383,718,933
A Roang Hydropower Plant Project	2,065,853,726	34,187,080,071
The Extension of Rural Network Expansion and Rehabilitation Project	316,697,346	89,664,964,723
Dak Pring Hydropower Plant Project	25,746,741,106	25,746,741,106
The Extension of Rural Network Expansion and Rehabilitation Sub project	-	-
Connect and renovate electricity grid after meter Project	-	-
<b>Consulting and others</b>	<b>56,777,112,928</b>	<b>281,371,821,277</b>
Rural Network Expansion and Rehabilitation Project	1,729,791,255	107,970,092,581
A Roang Hydropower Plant Project	4,052,213,810	44,644,566,995
The Extension of Rural Network Expansion and Rehabilitation Project	41,569,254,603	96,148,696,408
Dak Pring Hydropower Plant Project	9,135,185,864	32,317,797,897
The Extension of Rural Network Expansion and Rehabilitation Sub project	290,667,396	290,667,396
Connect and renovate electricity grid after meter Project	-	-
<b>Realised foreign exchange difference</b>	<b>(3,209,091,488)</b>	<b>(11,050,150,634)</b>
<b>Total</b>	<b>255,504,916,924</b>	<b>1,229,033,257,390</b>

  
**Phan Thi Thanh Mai**  
**Preparer**

  
**Ho Thang Thu**  
**Chief Accountant**



  
**Tran Dinh Nhan**  
**General Director**

20 June 2017



**STATEMENT OF WITHDRAWALS**  
*For the year ended 31 December 2016*

Withdrawal Applications			Amount claimed			Amount disbursed			
No.	Date	Currency	Construction	Equipment	Total	Date	Amount	Difference	Notes
<b>Imprest Account</b>			<b>7,166,197</b>	<b>540,270</b>	<b>7,706,467</b>		<b>7,706,467</b>	-	
CPC22	05/01/2016	USD	2,136,321	361,456	2,497,777	17/03/2016	2,497,777	-	
CPC23	11/04/2016	USD	2,615,979	147,830	2,763,809	05/07/2016	2,763,809	-	
CPC24	09/09/2016	USD	2,413,897	30,984	2,444,881	14/11/2016	2,444,881	-	
<b>Special Commitment</b>			-	<b>1,182,644</b>	<b>1,182,644</b>		<b>976,338</b>	<b>206,306</b>	
CPC21	23/11/2015	USD	-	1,182,644	1,182,644		976,338	206,306	(i)
						09/03/2016	35,161		
						16/05/2016	15,086		
						29/07/2016	76,000		
						13/12/2016	850,091		
<b>Total</b>		<b>USD</b>	<b>7,166,197</b>	<b>1,722,914</b>	<b>8,889,111</b>		<b>8,682,805</b>	<b>206,306</b>	

**Notes:**

(i) Difference was because the withdrawal application was prepared in 2015 for disbursement to open a Letter of Credit for a package of imported equipment, which was partially disbursed in 2016 with the amount of USD 976,338, the remaining amount was disbursed in 2017. This withdrawal application expired on 30 April 2017.



**Phan Thi Thanh Mai**  
**Preparer**



**Ho Thang Thu**  
**Chief Accountant**



**Tran Dinh Nhan**  
**General Director**

20 June 2017

*The accompanying notes are an integral part of these financial statements*

**BALANCE SHEET**

*As at 31 December 2016*

<b>ITEMS</b>	<b>Notes</b>	<b>31/12/2016 VND</b>	<b>31/12/2015 VND</b>
<b>ASSETS</b>			
<b>A. CURRENT ASSETS</b>		<b>155,844,955,813</b>	<b>137,572,807,994</b>
<b>I. Cash</b>		<b>90,253,903,370</b>	<b>64,789,092,242</b>
Cash in bank	5	90,253,903,370	64,789,092,242
<b>II. Short-term receivables</b>		<b>65,591,052,443</b>	<b>72,783,715,752</b>
Advances to suppliers	6	64,696,724,252	71,889,387,561
Other receivables		894,328,191	894,328,191
<b>B. EXPENDITURES</b>		<b>1,240,707,859,209</b>	<b>965,023,055,913</b>
Project implementing expenditures	7	1,240,707,859,209	965,023,055,913
<b>TOTAL ASSETS</b>		<b>1,396,552,815,022</b>	<b>1,102,595,863,907</b>
<b>RESOURCES</b>			
<b>A. LIABILITIES</b>		<b>84,239,021,513</b>	<b>56,381,117,335</b>
<b>I. Current liabilities</b>		<b>84,239,021,513</b>	<b>56,381,117,335</b>
Payables to suppliers	8	61,499,964,033	52,733,753,644
Other payables	9	22,739,057,480	3,647,363,691
<b>B. FUNDS</b>		<b>1,312,313,793,509</b>	<b>1,046,214,746,572</b>
Loan from the Asian Development Bank	10	983,475,805,377	793,014,427,174
Counterpart fund		314,765,225,386	244,027,281,967
Other funds		153,161,324	153,161,324
Foreign exchange reserve	11	13,919,601,422	9,019,876,107
<b>TOTAL RESOURCES</b>		<b>1,396,552,815,022</b>	<b>1,102,595,863,907</b>
<b>OFF BALANCE SHEET ITEMS</b>			
		<b>31/12/2016</b>	<b>31/12/2015</b>
Foreign currency			
- USD		3,972,443	2,178,435

  
**Phan Thi Thanh Mai**  
**Preparer**

  
**Ho Thang Thu**  
**Chief Accountant**

  
  
**Tran Dinh Nhan**  
**General Director**

20 June 2017

*The accompanying notes are an integral part of these financial statements*



**STATEMENT OF PROJECT IMPLEMENTATION BY CONSTRUCTION/ WORK ITEM**  
*For the year ended 31 December 2016*

Unit: VND

Construction works and work Items	Accumulated from commencement date to 31 December 2015	Project implementation in the year				Accumulated from commencement date to 31 December 2016
		Construction	Equipment	Consulting and others	Total	
Rural Network Expansion and Rehabilitation Project	418,301,674,633	26,275,545,351	556,989,390	27,625,697,747	54,458,232,488	472,759,907,121
A Roang Hydropower Plant project	195,652,178,458	10,658,308,298	289,819,297	4,881,286,688	15,829,414,283	211,481,592,741
The Extension of Rural Network Expansion and Rehabilitation Project	300,691,387,814	63,955,626,966	923,641,824	20,199,290,906	85,078,559,696	385,769,947,510
Dak Pring Hydropower Plant project	50,377,815,008	65,915,459,697	27,251,236,250	9,174,378,913	102,341,074,860	152,718,889,868
The Extension of Rural Network Expansion and Rehabilitation Sub project	-	-	-	(27,332,604)	(27,332,604)	(27,332,604)
Connect and renovate electricity grid after meter Project	-	18,004,854,573	-	-	18,004,854,573	18,004,854,573
<b>Total</b>	<b>965,023,055,913</b>	<b>184,809,794,885</b>	<b>29,021,686,761</b>	<b>61,853,321,650</b>	<b>275,684,803,296</b>	<b>1,240,707,859,209</b>

**Phan Thi Thanh Mai**  
**Preparer**

**Ho Thang Thu**  
**Chief Accountant**



**Trần Đình Nhan**  
**General Director**

20 June 2017

*The accompanying notes are an integral part of these financial statements*

**STATEMENT OF IMPREST ACCOUNT**

*Period* : From 01 January 2016 to 31 December 2016  
*Account number* : 999999689998 (Old No. 44104100052528409999)  
*Depository Bank* : Lien Viet Post Joint Stock Commercial Bank - Da Nang branch  
*Address* : 140 Nguyen Thi Minh Khai, Hai Chau 1 Ward, Hai Chau District, Da Nang City  
*Currency* : USD

	<u>Amount</u>
<b>PART A: ACCOUNT ACTIVITY</b>	
<b>Opening balance (as at 01/01/2016)</b>	<b>2,178,435</b>
Add:	
Total amount deposited by the ADB to the imprest account in the year	7,706,467
Deduct:	
Total amount withdrawn in the year	5,912,459
<b>Closing balance (as at 31/12/2016)</b>	<b>3,972,443</b>

**PART B: ACCOUNT RECONCILIATION**

1 Opening advance balance by the ADB	5,400,000
2 Add: Total amount advanced by the ADB for the year	-
<b>3 Total present outstanding amount advanced to the imprest account as at 31/12/2016</b>	<b>5,400,000</b>
4 Closing balance of the Imprest account as at 31/12/2016	3,972,443
5 Add: Amount withdrawn but not yet claimed	1,427,557
<b>6 Total advance to the imprest account accounted for as at 31/12/2016</b>	<b>5,400,000</b>



**Phan Thi Thanh Mai**  
Preparer



**Ho Thang Thu**  
Chief Accountant



**Tran Dinh Nhan**  
General Director

20 June 2017



**NOTES TO THE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**1. GENERAL INFORMATION**

The Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project operates under Loan Agreement No. 2517-VIE(SF) and Grant Agreement No.0384-VIE(EF) signed on 17 September 2009 and 30 November 2015, respectively, between the Government of the Socialist Republic of Vietnam and the Asian Development Bank ("ADB").

The impact of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project is expected to be to promote pro-poor and balanced economic development of remote mountainous communes and poor communes through the sustainable use of electricity and renewable energy in an affordable manner. The Project's outcome is provision of a reliable and affordable supply of electricity to remote mountainous and poor communes and replacement of thermal power generation with renewable energy.

The scope of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project comprises:

Component 1: Developing Mini Hydropower Plants

Carrying out subprojects to be selected in accordance with the procedures and criteria, comprising the following activities (i) Construction of mini hydropower plants; (ii) Connection of such mini hydropower plants to the national grid; and (iii) Extension of the low voltage network to supply the nearby un-electrified villages packaged as subprojects to be selected.

Component 2: Network Expansion and Rehabilitation for Poor Communes

Carrying out subprojects to be selected in accordance with the procedures and criteria, for the expansion of (i) Medium voltage network by about 800 - 1,000 kilometers (km); (ii) 2,000 - 2,500 medium to low voltage substations totaling 35 - 40 megavolt-ampere; and/or; (iii) 2,500 - 3,000 km of low voltage distribution lines.

Funds of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project include ADB fund and Clean Energy fund ("CEF fund") with the respective amounts of SDR 102,161,000 and USD 3,000,000 and counterpart fund. The IDA fund, CEF fund for the portion implemented by CPC are within USD SDR 36,304,000 and USD 1,891,404.

According the Loan Agreement, the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project was initially scheduled to be completed by 31 December 2016. The Project's life has been extended to 31 December 2017.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying financial statements, prepared under the historical cost convention, are expressed in Vietnam Dong (VND) except for the statement of withdrawals and statement of imprest account which are expressed in original currencies. These financial statements are prepared in accordance with the accounting policies set out in Note 3 of the notes to the financial statements and the requirements of the Asian Development Bank.

**Financial year**

The Project's financial year begins on 01 January and ends on 31 December.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Recognition of funds and expenditures***

The Project's funds are recognised when received and expenditures are recognized when incurred.

***Foreign currency translation***

Transactions in foreign currencies are translated into Vietnam Dong (VND) at the exchange rate ruling at the transaction date. Closing balances of assets and liabilities denominated in foreign currencies are retranslated at the rate of commercial bank at the balance sheet date.

Foreign exchange differences are neither receipts nor disbursements. However, foreign exchange differences are presented in a separate item on the statement of sources and uses of funds for the purpose of reconciliation with assets and liabilities balances at the beginning and end of the financial year in the Balance sheet.

**4. IMPREST ACCOUNT**

Imprest account is a deposit account in USD opened at Lien Viet Post Joint Stock Commercial Bank - Da Nang Branch for implementation of the Project's activities. Payments out of the Imprest account are for expenditures in accordance with the relevant covenants of Loan Agreement No. 2517-VIE(SF) and relevant regulations established by the ADB.

**5. CASH**

	31/12/2016		31/12/2015	
	USD	VND equivalent	USD	VND equivalent
Imprest account	3,972,443	90,253,903,370	2,178,435	48,949,444,112
Demand deposit in VND	-	-	-	15,839,648,130
	<b>3,972,443</b>	<b>90,253,903,370</b>	<b>2,178,435</b>	<b>64,789,092,242</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**6. ADVANCES TO SUPPLIERS**

	<b>31/12/2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b>
Quang Nam Power Company	9,332,098,057	1,774,000,000
Quang Tri Power Company	5,210,104,000	869,000,000
Central Power Testing One member Limited Company	-	226,179,000
Thua Thien Hue Power Company	-	4,218,146,000
Quang Ngai Power Company	-	2,984,712,495
Gia Lai Power Company	-	2,890,113,000
Nghe An Irrigation Construction Joint Stock Company	5,812,699,423	7,962,713,668
Hai Lang Land Development Center	4,231,123,000	2,763,344,000
Thang Binh Land Development Center	3,363,211,000	2,295,349,000
Nui Thanh Land Development Center	2,972,384,000	1,206,426,000
Dien Ban Land Development Center	2,485,653,606	3,966,104,000
Huong Hoa Land Development Center	2,344,254,000	2,243,942,000
Gio Linh Land Development Center	2,195,548,297	2,534,793,000
Others	26,749,648,869	35,954,565,398
	<b>64,696,724,252</b>	<b>71,889,387,561</b>

**7. PROJECT IMPLEMENTING EXPENDITURES**

Reconciliation between Sub-project implementing expenditures presented in the Balance sheet and the Disbursements presented in the Statement of Sources and Uses of Funds is as follow:

	<b>31/12/2016</b> <b>VND</b>	<b>2016</b> <b>VND</b>	<b>31/12/2015</b> <b>VND</b>
<b>Balance sheet</b>			
Project implementing expenditures [1]	1,240,707,859,209	275,684,803,296	965,023,055,913
<b>Statement of Sources and Uses of Funds</b>			
Disbursements [2]	1,229,033,257,390	255,504,916,924	973,528,340,466
<b>Differences [3] = [1] - [2]</b>	<b>11,674,601,819</b>	<b>20,179,886,372</b>	<b>(8,505,284,553)</b>
<b>Represented by [4]</b>	<b>(11,674,601,819)</b>	<b>(20,179,886,372)</b>	<b>8,505,284,553</b>
<i>Balance sheets:</i>			
Advances to suppliers	64,696,724,252	(7,192,663,309)	71,889,387,561
Other receivables	894,328,191	-	894,328,191
Payables to suppliers	(61,499,964,033)	(8,766,210,389)	(52,733,753,644)
Other payables (Materials received from other projects - Note 9)	(4,734,202,907)	(1,086,839,216)	(3,647,363,691)
Other funds	(153,161,324)	-	(153,161,324)
Foreign exchange difference from revaluation of payables balance denominated in foreign currencies (Note 11)	171,824,636	74,918,030	96,906,606
Foreign exchange difference from payment (Note 11)	(11,050,150,634)	(3,209,091,488)	(7,841,059,146)
<b>Total [3] + [4]</b>	<b>-</b>	<b>-</b>	<b>-</b>



**CENTRAL POWER CORPORATION**  
**Renewable Energy Development and Network Expansion and**  
**Rehabilitation for Remote Communes Sector Project**  
**Loan Agreement No. 2517-VIE(SF)**  
**Grant Agreement No. 0384-VIE(EF)**

**Financial statements**  
**For the year ended**  
**31 December 2016**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**8. PAYABLES TO SUPPLIERS**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND</b>	<b>VND</b>
Thua Thien Hue Power Company	3,771,251,239	-
Central Power Testing One member Limited Company	912,960,420	-
Quang Tri Power Company	116,002,685	1,418,426,197
Central Power Consultant One member Limited Company	86,971,020	86,971,020
Power Engineering Consulting Company Limited No 3 Da	76,749,427	71,762,727
Quang Nam Power Company	-	2,255,468,715
Gia Lai Power Company	-	24,889,946
Construction Company Limited No.564	12,426,715,352	9,219,375,214
Consulting Construction and Electric Power Development JSC	4,051,726,841	1,198,313,267
An Ngai Engineering and Construction Joint Stock Company	3,330,401,130	3,983,168,450
Dai Han Mechanical and Erection Joint Stock Company	2,959,818,412	-
Zhejiang Linhai Zhefu Electric Machinery Company Limited	2,750,537,964	2,717,965,804
Construction Joint Stock Company No.47	1,870,132,502	3,963,153,305
Tan Binh Company Limited	1,486,679,420	5,361,269,719
Others	27,660,017,621	22,432,989,280
	<b>61,499,964,033</b>	<b>52,733,753,644</b>

**9. OTHER PAYABLES**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND</b>	<b>VND</b>
Borrow from the counterpart fund for payment of the Connect and renovate electricity grid after meter Project	18,004,854,573	-
Materials received from other projects	4,734,202,907	3,647,363,691
	<b>22,739,057,480</b>	<b>3,647,363,691</b>

**10. LOAN FROM THE ASIAN DEVELOPMENT BANK**

	<b>2016</b>		<b>Accumulated to 31/12/2016</b>	
<b>Currency</b>	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	8,682,805	190,461,378,203	45,935,078	983,475,805,377
	<b>8,682,805</b>	<b>190,461,378,203</b>	<b>45,935,078</b>	<b>983,475,805,377</b>

**11. FOREIGN EXCHANGE RESERVE**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND</b>	<b>VND</b>
Foreign exchange difference from payment	11,050,150,634	7,841,059,146
Foreign exchange difference from revaluation of payables balance denominated in foreign currencies	(171,824,636)	(96,906,606)
Foreign exchange difference from revaluation of cash balance denominated in foreign currencies	3,041,275,424	1,275,723,567
	<b>13,919,601,422</b>	<b>9,019,876,107</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**12. COMMITMENTS**

Commitments represent the value of signed contracts which have not been paid for, the outstanding value of significant contracts signed with suppliers as at 31 December 2016 amounted to approximately VND 236 billion (as at 31 December 2015: approximately VND 355 billion).

**13. RELATED PARTY TRANSACTIONS AND BALANCES**

Related party transactions relate to activities which were financed by the counterpart funds.

<b>List of related parties</b>	<b>Relationship</b>
Central Power Consultant Single Limited Company	Under CPC's management
Power Engineering Consulting Company Limited No 3 Da Nang	Members of EVN
Central Power Testing One member Limited Company	Under CPC's management
Gia Lai Power Company	Under CPC's management
Quang Ngai Power Company	Under CPC's management
Thua Thien Hue Power Company	Under CPC's management
Quang Tri Power Company	Under CPC's management
Quang Nam Power Company	Under CPC's management

During the year, the Company entered into the following significant transactions with its related parties:

	<b>2016 VND</b>	<b>2015 VND</b>
<b>Purchasing of consulting services</b>		
Thua Thien Hue Power Company	6,390,544,542	35,845,455
Gia Lai Power Company	2,606,206,649	-
Central Power Testing One member Limited Company	1,139,139,420	-
Power Engineering Consulting Company Limited No 3 Da Nang	45,333,636	-
Quang Nam Power Company	35,025,000	-
Quang Tri Power Company	-	1,349,171,161
Quang Ngai Power Company	-	833,214,505
<b>Purchasing of construction services</b>		
Gia Lai Power Company	4,817,870,069	-
Quang Ngai Power Company	2,335,058,388	-
Thua Thien Hue Power Company	1,650,738,402	-
Quang Nam Power Company	-	3,980,251,506

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*


**13. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Related party balances as at the balance sheet date were as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>VND</b>	<b>VND</b>
<b>Payables to supplier</b>		
Thua Thien Hue Power Company	3,771,251,239	-
Central Power Testing One member Limited Company	912,960,420	-
Quang Tri Power Company	116,002,685	1,418,426,197
Central Power Consultant One member Limited Company	86,971,020	86,971,020
Power Engineering Consulting Company Limited No 3 Da Nang	76,749,427	71,762,727
Gia Lai Power Company	-	24,889,946
Quang Nam Power Company	-	2,255,468,715
<b>Advances to suppliers</b>		
Quang Nam Power Company	9,332,098,057	1,774,000,000
Quang Tri Power Company	5,210,104,000	869,000,000
Thua Thien Hue Power Company	-	4,218,146,000
Quang Ngai Power Company	-	2,984,712,495
Gia Lai Power Company	-	2,890,113,000
Central Power Testing One member Limited Company	-	226,179,000

**14. COMPARATIVE FIGURES**

Comparative figures are figures of the Project's audited financial statements for the year ended 31 December 2015.

  
**Phan Thi Thanh Mai**  
**Preparer**

  
**Ho Thang Thu**  
**Chief Accountant**



  
**Tran Dinh Nhan**  
**General Director**

20 June 2017