

Audited Project Financial Statements

Project Number: 42275-013

Loan Number: 2929

Period covered: 1 January 2017 to 31 December 2017

VIE: Second Upper Secondary Education Development Project

Prepared by the Ministry of Education and Training CPMU

For the Asian Development Bank

Date received by ADB: 29 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 Access to Information Policy and as agreed between ADB and the Ministry of Education and Training.

**SECOND UPPER SECONDARY EDUCATION
DEVELOPMENT PROJECT**

Loan Number 2929-VIE (COL)

AUDITED FINANCIAL STATEMENTS
Fiscal year ended 31 December 2017

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REPORT OF THE PROJECT MANAGEMENT UNIT

The Project Management Unit of the Second Upper Secondary Education Development Project ("the Project") presents this report and the Financial Statements of the Project for the fiscal year ended 31 December 2017.

The Project

The Project is implemented under the Loan Agreement No. 2929-VIE (COL) dated 21 December 2012 ("the Agreement") between Socialist Republic of Vietnam and Asian Development Bank (ADB).

The Project Management Unit

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

Mr. Nguyen Hong Hai	Director
Mrs. Dinh Thi Thu	Chief Accountant

Auditors

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

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing the Project financial statements, including Statement of Funds and Expenditures, Statement of Budget versus Actual Expenses, Statement of Funds Balance, Statement of Cash flows, 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 also 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 funding agreement, including over the procurement progress, that could have a direct and material financial effect on the Project financial statements ("The Requirements").

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

- The funds have been used in accordance with the conditions of the Loan Agreement No. 2929-VIE (COL) dated 21 December 2012;
- 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 Loan Agreement No. 2929-VIE (COL) dated 21 December 2012.

On behalf of the Project Management Unit

Nguyen Hong Hai
Director

Hanoi, 25 June 2018



No.: 250618.003/BCTC.FIS2

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To: **The Project Management Unit**
Second Upper Secondary Education Development Project

Opinion

We have audited the accompanying financial statements of the Second Upper Secondary Education Development Project ("the Project") which comprise Statement of Funds balance as at 31 December 2017, Statement of Funds and Expenditures, Statement of Budget versus Actual Expenses, Statement of Cash flows, Statement of Advance Account, Statement of Withdrawals for the year then ended, and 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, 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. 2929-VIE (COL) dated 21 December 2012.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Project Management Unit in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Project Management Unit for the Financial Statements

The Project Management Unit is responsible for the preparation of the financial statements in accordance with the principal accounting policies described in Notes to the Financial Statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Project Management Unit regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit (if any).



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

Hanoi, 25 June 2018

Pham Anh Tuan
Auditor in-charge
CPA Registered No.:
0777-2018-002-1

STATEMENT OF FUNDS AND EXPENDITURES
Fiscal year ended 31 December 2017

	Note	Accumulated to 31/12/2016 (represented) VND	Year ended 31/12/2017 VND	Accumulated to 31/12/2017 VND
I. Funds				
1	4	794,866,241,598	291,522,516,948	1,086,388,758,546
2	3	212,677,943,290	61,554,165,001	274,232,108,291
3	6	2,219,945,896	803,009,637	3,022,955,533
		1,009,764,130,784	353,879,691,586	1,363,643,822,370
II. Expenditures				
1		706,003,357,881	151,236,842,891	857,240,200,772
2		150,435,605,167	101,191,555,990	251,627,161,157
3		1,231,600,000	-	1,231,600,000
4		1,968,694,800	7,038,192,000	9,006,886,800
5		94,387,857,914	35,580,292,410	129,968,150,324
6		-	2,322,471,080	2,322,471,080
7		24,044,125,209	15,234,271,779	39,278,396,988
8		1,516,402,000	1,897,390,500	3,413,792,500
9		31,805,197,114	7,391,573,216	39,196,770,330
10		5,178,434,887	9,131,933,715	14,310,368,602
	5	1,016,571,274,972	331,024,523,581	1,347,595,798,553
III. Surplus/(Deficit)		(6,807,144,188)	22,855,168,005	16,048,023,817

STATEMENT OF BUDGET VERSUS ACTUAL EXPENDITURES

Fiscal year ended 31 December 2017

Categories	Budget (*)		Actual		Percentage	
	ADB Funds	Counterpart Funds	ADB Funds	Counterpart Funds	ADB Funds	Counterpart Funds
	VND	VND	VND	VND	VND	VND
Works	46,367,000,000	63,026,506,977	83,568,772,015	67,668,070,876	180.23%	107.36%
Equipment	52,439,000,000	5,845,000,000	93,727,799,951	7,463,756,039	178.74%	127.69%
Textbooks and instruction materials	7,530,000,000	-	7,038,192,000	-	93.47%	-
Staff development	47,931,000,000	4,213,000,000	32,345,015,815	3,235,276,595	67.48%	76.79%
Workshop, research and survey	3,368,000,000	-	2,322,471,080	-	68.96%	-
Consulting services	17,873,000,000	-	15,234,271,779	-	85.24%	-
Pilot initiatives of USE	4,741,000,000	-	1,897,390,500	-	40.02%	-
Project implementation support	3,778,000,000	4,617,000,000	3,397,821,366	3,993,751,850	89.94%	86.50%
Interest during construction	-	-	9,131,933,715	-	-	-
	184,027,000,000	77,701,506,977	248,663,668,221	82,360,855,360	135.12%	106.00%

(*) According to the 2017 financing budget approval under Decision No. 2041/QĐ-BGDĐT dated 14 June 2017 and its revision under Decision No. 5066/QĐ-BGDĐT dated 04 December 2017 by Ministry of Education and Training.

STATEMENT OF FUNDS BALANCE

As at 31 December 2017

	Note	31/12/2017 VND	31/12/2016 VND
Surplus/(Deficit)			
(Deficit) as at beginning		(6,807,144,188)	(7,318,233,573)
Surplus in the year		22,855,168,005	511,089,385
Surplus/(Deficit) as at closing		16,048,023,817	(6,807,144,188)
<u>Represented by:</u>			
Current assets			
Cash on hand		26,079,586	16,247,518
Cash at bank, State treasury	7	42,652,423,368	14,580,582,702
Other receivables		207,234,092	46,175,256
Advances to contractors	8	5,092,705,357	29,964,828,269
Current liabilities			
Payables to contractors	9	31,204,084,135	51,314,085,933
Taxes and payables to State Budget		454,578,259	4,692,000
Payables to employees		248,961,682	-
Other payables		22,794,510	96,200,000
Net worth		16,048,023,817	(6,807,144,188)

STATEMENT OF CASH FLOWS

Fiscal year ended 31 December 2017

	Year ended 31/12/2017	Year ended 31/12/2016
	VND	VND
CHANGE OF WORKING CAPITAL OF THE PROJECT		
Surplus/(Deficit)	22,855,168,005	511,089,385
Decrease in receivables	24,711,064,076	7,572,180,264
(Decrease) in payables	(19,484,559,347)	(303,084,536)
	-	-
Net cash flow of the Project's activities	28,081,672,734	7,780,185,113
Cash at beginning	14,596,830,220	6,816,645,107
Foreign exchange rate fluctuation	-	-
Cash at closing	<u>42,678,502,954</u>	<u>14,596,830,220</u>

STATEMENT OF ADVANCE ACCOUNT

For the period: From 01/01/2017 to 31/12/2017
 Account No: 1300201228929
 Serving bank: Vietnam Bank for Agriculture and Rural Development – Thang Long Branch
 Address: No.4, Pham Ngoc Thach Street, Dong Da District, Hanoi
 Loan Agreement No. 2929-VIE (COL)

ACTIVITIES	<u>Note</u>	<u>USD</u>	<u>USD</u>
Opening balance			660,373.28
Add:			
Total amounts deposited by the ADB		7,375,423.34	
Refund of bank charge		1,084.53	
Refund after settlement of Works		<u>12,372.51</u>	
			7,388,880.38
Deduct: Total amounts withdrawn			(6,169,170.43)
Closing balance			<u>1,880,083.23</u>
RECONCILIATION			
1. Amount advanced by the ADB			3,000,000.00
2. Deduct: Amount recovered by the ADB			<u>(255,002.50)</u>
3. Present outstanding amount advanced to			<u>2,744,997.50</u>
4. Closing balance			1,880,083.23
5. Add:			
Amounts withdrawn and not yet claimed	(1)	864,409.86	
Bank charges in 2017		<u>504.41</u>	
			864,914.27
6. Total advances accounted for			<u>2,744,997.50</u>

(1) These amounts withdrawn were claimed at Withdrawal application No. IA129 at 15 March 2018 and approved by ADB on 9 May 2018.

STATEMENT OF WITHDRAWALS
 Fiscal year ended 31 December 2017

Withdrawal applications			Amount claimed									Total
No.	Date	Original currency	1. Works	2. Equipment	4. Textbooks, instruction materials	5A. In-country training	5B. Overseas training	6. Workshop, research and survey	7. Consulting services	8B. Other Pilot activities	9. Project implementation support	
Advance Account											6,394,075.36	
IA104	16/01/2017	USD	816,139.67	-	-	-	-	-	-	-	-	816,139.67
IA106	17/01/2017	USD	-	3,070.44	21,669.63	187,724.19	-	-	71,202.18	-	2,315.60	285,982.04
IA115	14/04/2017	USD	2,252,542.40	-	-	-	-	-	-	-	-	2,252,542.40
IA116	14/04/2017	USD	-	59,736.00	-	144,995.83	-	-	-	37,416.77	12,853.90	255,002.50
IA122	22/09/2017	USD	-	39,300.00	72,716.35	323,911.85	-	20,000.00	312,648.82	-	47,271.15	815,848.17
IA126	04/12/2017	USD	-	77,959.02	72,616.50	342,054.66	-	-	217,576.63	-	25,579.95	735,786.76
IA128	20/12/2017	USD	1,232,773.82	-	-	-	-	-	-	-	-	1,232,773.82
Direct payment (USD)											2,268,833.15	
IA103	16/01/2017	USD	-	1,276,858.80	-	-	-	-	-	-	-	1,276,858.80
IA107	17/01/2017	USD	-	477,888.00	-	-	-	-	-	-	-	477,888.00
IA112	24/01/2017	USD	-	234,738.00	-	-	-	-	-	-	-	234,738.00
IA120	21/06/2017	USD	-	-	-	-	119,741.00	-	-	-	-	119,741.00
IA117	28/04/2017	USD	-	159,607.35	-	-	-	-	-	-	-	159,607.35
Direct payment (VND)											51,869,046,230	
IA101	16/01/2017	VND	2,109,992,000	-	-	-	-	-	-	-	-	2,109,992,000
IA102	16/01/2017	VND	2,175,904,000	-	-	-	-	-	-	-	-	2,175,904,000
IA105	17/01/2017	VND	3,022,123,000	-	-	-	-	-	-	-	-	3,022,123,000
IA109	17/01/2017	VND	3,827,453,357	-	-	-	-	-	-	-	-	3,827,453,357
IA110	24/01/2017	VND	2,652,265,000	-	-	-	-	-	-	-	-	2,652,265,000
IA111	03/05/2017	VND	2,068,299,636	-	-	-	-	-	-	-	-	2,068,299,636
IA113	08/03/2017	VND	-	3,459,677,192	-	-	-	-	-	-	-	3,459,677,192
IA114	08/03/2017	VND	-	3,460,385,788	-	-	-	-	-	-	-	3,460,385,788
IA118	09/05/2017	VND	-	7,077,679,396	-	-	-	-	-	-	-	7,077,679,396
IA119	01/06/2017	VND	-	6,900,432,000	-	-	-	-	-	-	-	6,900,432,000
IA121	07/07/2017	VND	2,436,192,908	-	-	-	-	-	-	-	-	2,436,192,908
IA124	30/10/2017	VND	2,824,077,544	-	-	-	-	-	-	-	-	2,824,077,544
IA127	13/12/2017	VND	-	9,854,564,409	-	-	-	-	-	-	-	9,854,564,409
Total amounts in USD			4,301,455.89	2,329,157.61	167,002.48	998,686.53	119,741.00	20,000.00	601,427.63	37,416.77	88,020.60	8,662,908.51
Total amounts in VND			21,116,307,445	30,752,738,785	-	-	-	-	-	-	-	51,869,046,230

NOTES TO THE FINANCIAL STATEMENTS

Fiscal year ended 31 December 2017

1. Background

The Second Upper Secondary Education Development Project is implemented under the Loan Agreement No. 2929-VIE (COL) dated 21 December 2012 (the "Agreement") between Socialist Republic of Vietnam and the Asian Development Bank.

The objective of the Project is the improved readiness of upper secondary school graduates for tertiary and vocational career development.

The Project's total fund is estimated at USD 105 million, in which ADB finances USD 90 million, the State Budget finances USD 15 million.

The Project shall comprise the following 04 outputs:

- ▶ Output 1: Enhancing Quality of Upper Secondary Education (USE) to International Standards
 - (i) Improvement of teaching strategies through pre-service teacher training and in-service teacher training;
 - (ii) Provision of textbooks and development of instructional materials based on the new USE curriculum;
 - (iii) Improving the academic environment for gifted Upper Secondary School students;
 - (iv) Support for continuing education center to improve in-service teacher training;
 - (v) Improving quality of foreign language training and education;
 - (vi) Establishment of centers for pedagogical excellence;
 - (vii) Improved teaching of selected subjects;
 - (viii) Support for Academically disadvantaged groups
- ▶ Output 2: Increased Access and Retention of Disadvantaged Groups to USE
 - (i) New facility development at existing Upper Secondary Schools in the target districts;
 - (ii) Support for Ethnic minority boarding Upper Secondary Schools;
 - (iii) Pilot an inclusive education program for students with special needs;
 - (iv) Education for sustainable development support for disadvantaged groups;
 - (v) Capacity development of private sector schooling.
- ▶ Output 3: Strengthening Planning and Management of USE
 - (i) Capacity development of USE managers;
 - (ii) Provision of block grants to support local government;
 - (iii) Support for pilot research studies for USE;
 - (iv) Support for enhancement of research and training capacity for education management.
- ▶ Output 4: Support for Project Implementation, Quality Assurance and Monitoring
 - (i) Capacity development of CPMU, PPMUs and other implementing agencies;
 - (ii) Provision of equipment and facilities for project implementing agencies;
 - (iii) Project monitoring, quality assurance and evaluation.

The Project officially came into operation since 21 December 2012 and is expected to close on 31 December 2019.

The Project is managed by Project Management Unit of the Second Upper Secondary Education Development Project (CPMU), and its office is located at No. 112, Trung Hoa Street, Cau Giay District, Hanoi; 06 Universities and 33 Province Project Management Units (PPMU) as follows:

<u>University</u>	<u>PPMU</u>			
Hanoi National University of Education	Cao Bang	Lai Chau	Dak Lak	Binh Thuan
Can Tho University	Bac Kan	Dien Bien	Quang Tri	Thanh Hoa
Hue University of Education	Lao Cai	Phu Yen	Kon Tum	Quang Nam
Thai Nguyen University of Education	Yen Bai	Hoa Binh	Binh Dinh	Ninh Thuan
Ho Chi Minh University of Education	Ha Giang	Ha Tinh	Gia Lai	Tuyen Quang
Tay Nguyen University	Son La	Nghe An	Dak Nong	Lam Dong
	Ben Tre	An Giang	Hau Giang	Binh Phuoc
	Tra Vinh	Bac Lieu	Soc Trang	Tien Giang
	Tay Ninh			

2. Principal Accounting Policies

a. Basis of preparation of the Financial statements

The annual accounting period commences from 1st January and ends at 31st December.

The financial statements are prepared in accordance with Decision No. 19/2006/QĐ-BTC dated 30 March 2006 (replaced by Circular No. 107/2017/TT-BTC dated 10 October 2017) and adjusted to conform to the requirement of the Asian Development Bank. The financial statements are presented in Vietnam Dong (VND), except the Statement of Advance Account and Statement of Withdrawals, which are prepared in United State Dollar (USD).

The principal accounting policies are summarized as below:

b. Foreign currencies

Funds received from the Asian Development Bank in the foreign currencies are translated into VND under exchange rates announced by Ministry of Finance at the transaction dates.

Transactions in foreign currencies are translated to VND under actual exchange rates of Vietnam Bank for Agriculture and Rural Development – Thang Long Branch on their transaction dates. All exchange differences from these transactions are recorded as "Exchange rate differences" account and presented as "Other funds" on the Statement of Funds and Expenditures.

c. Funds and Expenditures

Funds:

- Funds received from the Asian Development Bank are recorded when remittance made into Advance Account or direct payments made to contractors/suppliers. Of which, capitalization of interest charges are recognized upon announcement by the ADB (twice per year).
- Counterpart funds of State Budget are recorded when payments are made directly to contractors/ suppliers of the Project or funds are remitted to the Project Management Unit for settlement of the Project's activities including any payments under the annual plan until 31 Jan. of the following year.

Expenditures:

- Project expenditures are recognized when it is actually incurred.

d. Advance Account and its interest

Advance Account is the deposit account in USD opened at Vietnam Bank for Agriculture and Rural Development – Thang Long Branch for the Project's activities. Payments made via Advance Account are for eligible expenditures of the Project in accordance with the provisions of the Loan Agreement No. 2929-VIE (COL) dated 21 December 2012.

Interests of the Advance Account are initially recorded as "Other funds" on the Statement of Funds and Expenditures. These are used to cover bank charges. At the end of the Project, outstanding interests will be returned to State budget. In case bank charges are not fully covered by the interests, the Project will plan to settle by the counterpart funds (according to Circular No.111/2016/TT-BTC dated 30 June 2016).

3. Counterpart funds

	Year 2017	Accumulated to 31/12/2017
	VND	VND
CPMU	14,684,452,221	53,869,396,361
Hanoi National University of Education	-	447,000,000
Can Tho University	4,381,000	419,381,000
Hue University of Education	-	164,822,728
Tay Nguyen University	-	434,883,000
Thai Nguyen University of Education	-	417,519,091
Ho Chi Minh University of Education	-	365,891,820
Cao Bang	-	4,148,876,091
Bac Kan	500,000,000	770,000,000
Lao Cai	-	4,365,855,000
Yen Bai	6,629,100	8,273,306,000
Ha Giang	3,791,304,479	7,721,274,479
Tuyen Quang	-	3,750,000,000
Lai Chau	-	3,880,357,000
Dien Bien	1,426,062,000	6,011,230,090
Son La	3,042,468,817	5,942,468,817
Hoa Binh	-	2,106,600,000
Thanh Hoa	-	11,218,889,445
Nghe An	1,552,775,978	7,013,425,920
Ha Tinh	898,206,288	2,500,519,000
Quang Tri	(1,000,000)	2,074,000,000
Quang Nam	-	3,828,146,637
Binh Dinh	1,600,000,000	3,100,000,000
Phu Yen	2,426,053,000	15,901,606,199
Ninh Thuan	-	6,568,616,955
Binh Thuan	-	2,024,939,302
Kon Tum	978,132,000	7,877,685,636
Gia Lai	1,002,108,009	5,386,402,908
Dak Lak	4,474,655,000	11,074,655,000
Dak Nong	2,947,599,000	4,547,599,000
Lam Dong	686,762,716	4,310,044,432
Binh Phuoc	3,645,343,543	3,645,343,543
Tay Ninh	(543,203,000)	1,312,481,636
Tien Giang	941,343,018	1,875,358,636
Ben Tre	387,923,136	2,063,314,963
Tra Vinh	2,655,474,710	9,397,774,523
An Giang	10,321,542,568	28,980,440,713
Hau Giang	1,164,341,769	4,008,644,892
Soc Trang	-	18,570,945,367
Bac Lieu	2,960,809,649	13,862,412,107
	61,554,165,001	274,232,108,291

4. Funds received from the Asian Development Bank

	Year ended 31/12/2017		Accumulated to 31/12/2017	
	Original currency	Equivalent to VND	Original currency	Equivalent to VND
Advance Account	7,375,423.34	166,852,583,482	36,213,035.23	802,810,984,610
<i>Advance (USD)</i>	-	-	3,000,000.00	64,583,000,000
<i>Replenishment (USD)</i>	7,375,423.34	166,852,583,482	33,213,035.23	738,227,984,610
Direct payments	-	115,537,999,751	-	269,267,405,334
- USD	2,583,233.15	58,339,799,413	7,376,603.27	164,138,948,497
- VND	57,198,200,338	57,198,200,338	105,128,456,837	105,128,456,837
Interest capitalized	408,405.37	9,131,933,715	645,474.69	14,310,368,602
		291,522,516,948		1,086,388,758,546

5. Expenditures

Expenditures by funding and by categories

No.	Categories	Year ended 31/12/2017			Accumulated to 31/12/2017		
		ADB Fund VND	Counterpart fund VND	Total VND	ADB Fund VND	Counterpart fund VND	Total VND
1	Works	83,568,772,015	67,668,070,876	151,236,842,891	633,108,573,890	224,131,626,882	857,240,200,772
2	Equipment	93,727,799,951	7,463,756,039	101,191,555,990	230,033,082,889	21,594,078,268	251,627,161,157
3	Vehicle	-	-	-	998,000,000	233,600,000	1,231,600,000
4	Textbooks and instruction materials	7,038,192,000	-	7,038,192,000	8,991,137,550	15,749,250	9,006,886,800
5	Staff development	32,345,015,815	3,235,276,595	35,580,292,410	118,825,107,932	11,143,042,392	129,968,150,324
5A	<i>In-country training</i>	29,631,684,755	3,235,276,595	32,866,961,350	100,296,175,210	11,143,042,392	111,439,217,602
5B	<i>Overseas training</i>	2,713,331,060	-	2,713,331,060	18,528,932,722	-	18,528,932,722
6	Workshop, research and survey	2,322,471,080	-	2,322,471,080	2,322,471,080	-	2,322,471,080
7	Consulting services	15,234,271,779	-	15,234,271,779	39,278,396,988	-	39,278,396,988
8	Pilot initiatives of USE	1,897,390,500	-	1,897,390,500	3,413,792,500	-	3,413,792,500
8A	<i>Block Grants</i>	447,768,000	-	447,768,000	759,170,000	-	759,170,000
8B	<i>Other Pilot activities</i>	1,449,622,500	-	1,449,622,500	2,654,622,500	-	2,654,622,500
9	Project implementation support	3,397,821,366	3,993,751,850	7,391,573,216	18,301,366,816	20,895,403,514	39,196,770,330
10	Interest during Construction	9,131,933,715	-	9,131,933,715	14,310,368,602	-	14,310,368,602
		248,663,668,221	82,360,855,360	331,024,523,581	1,069,582,298,247	278,013,500,306	1,347,595,798,553

According to Loan Agreement No. 2929-VIE (COL) dated 21 December 2012, expenditures are funded as below:

No.	Category	ADB	Counterpart fund
1	Works		
1A	Construction (*)	100%	-
1B	Other works	-	100%
2	Equipment (*)	100%	-
3	Vehicle (*)	100%	-
4	Textbooks and instruction materials (*)	100%	-
5	Staff development		
5A	In-country training	90%	10%
5B	Overseas training	100%	-
6	Workshop, research and survey	100%	-
7	Consulting services	100%	-
8	Pilot initiatives of USE		
8A	Block Grants	100%	-
8B	Other Pilot activities	100%	-
9	Project implementation support	45%	55%
10	Interest during Construction	100%	-

(*) The expenditures pertained to taxes and duties are funded by the counterpart fund.

6. Other funds

	Year 2017	Accumulated to 31/12/2017
	VND	VND
Sale of bid document and bank interest	89,685,112	95,820,390
Foreign exchange rate differences	713,324,525	2,927,135,143
	803,009,637	3,022,955,533

7. Cash at bank, treasury

	31/12/2017	31/12/2016
	VND	VND
CPMU	42,219,424,593	14,580,582,702
Advance Account (USD)	42,209,748,597	14,579,721,276
Interest account of Advance Account (USD)	66,230	147,260
Current account (VND)	9,609,766	714,166
PPMU - Cash at State treasury	432,998,775	-
Gia Lai	201,031,960	-
Tien Giang	107,702,440	-
Bac Lieu	124,264,375	-
	42,652,423,368	14,580,582,702

8. Advances to contractors

	<u>31/12/2017</u>	<u>31/12/2016</u>
	VND	VND
Works	6,224,612	6,833,905,272
Nguyen Khoa Co.,Ltd	-	2,153,611,909
Hung Phu JSC	-	1,068,840,620
Hiep Hoa Construction JSC	-	1,008,531,000
Himan Investment and Construction JSC	-	642,155,000
Vietnam 1 Trading and Construction Investment JSC	-	554,500,084
Nhat Quang Construction Co.,Ltd	-	350,930,000
Thien Ban Trading and Construction Co.,Ltd	-	299,851,023
Quyet Tien Transport Trading Construction Co.,Ltd	-	291,796,000
Viet My Construction Investment JSC	-	184,938,636
Thuan Loi Trading Construction JSC	-	150,000,000
Tuan Anh Private Enterprise	-	128,751,000
Thanh Hung Construction Cooperative	6,224,612	-
Equipment	-	5,285,219,853
Cinema Broadcast JSC	-	3,511,840,522
Minh Tuong Phat Production Trading Co.,Ltd	-	1,773,379,331
Consulting services	-	816,260,000
Centre for Environmental Education and Social Issues	-	488,000,000
Egen Consultants Co.,Ltd	-	328,260,000
Pilot initiatives of USE	563,908,700	-
Quang Tri Department of Education and Training	188,300,000	-
Ninh Binh Department of Education and Training	187,508,700	-
Hai Phong Department of Education and Training	188,100,000	-
Advance to contractors at PPMU - Works	4,522,572,045	17,029,443,144
An Giang	3,976,922,500	12,149,009,000
Hau Giang	163,211,200	310,293,100
Phu Yen	382,438,345	157,339,647
Bac Lieu	-	1,864,485,304
Ninh Thuan	-	1,000,000,000
Nghe An	-	433,850,000
Tuyen Quang	-	315,257,000
Ben Tre	-	256,014,000
Gia Lai	-	254,460,000
Soc Trang	-	200,000,000
Bac Kan	-	88,564,000
Lam Dong	-	171,093
	<u>5,092,705,357</u>	<u>29,964,828,269</u>

9. Payables to contractors

	31/12/2017	31/12/2016
	VND	VND
Works	10,885,090,633	41,763,827,282
Himan Investment Development JSC	2,848,518,635	-
Nguyen Khoa Co.,Ltd	7,111,097,362	-
Quyet Tien Construction Transport Co.,Ltd	925,474,636	-
Dien Bien Construction JSC	-	4,551,170,896
Phu Thanh Construction JSC	-	3,948,816,726
Nam Phuong Co.,Ltd	-	3,291,862,864
Hanoi Construction Investment Co.,Ltd	-	3,150,038,000
Phu Rieng Do Co.,Ltd	-	2,259,459,408
Khoi Tien Ltd., Co	-	2,175,904,000
Son Minh Construction Investment Co.,Ltd	-	1,950,946,753
No.68 Trading and Construction Consulting JSC	-	450,585,545
Others	-	19,985,043,090
Equipment	1,500,626,732	5,582,272,680
Trang An Equipment JSC	1,500,626,732	-
Nam Anh School Equipment Co.,Ltd	-	5,334,812,280
Nothern Technology and Service JSC	-	247,460,400
In-country training	4,957,576,500	2,352,890,250
Da Nang Trade Union Tourist Co.,Ltd	836,437,500	-
Gia Binh Anh Trading and Tourist Service Co.,Ltd	723,982,500	-
Nghe An Trade Union Tourist and Trading Co.,Ltd	347,175,000	-
Bank Star 1 - Trade Union of Vietnam JSC Bank for Industry and Trade	381,172,500	-
Ban Me Trade Union Tourist JSC	267,165,000	-
Thanh Thanh Tourist Co.,Ltd	416,677,500	-
Postal Hospital of nursing and rehabilitation	113,715,000	-
Educational Book JSC in Hanoi city	-	721,471,500
Giang Long Investment JSC	-	795,060,000
Thai Gia Trang Tourist Service Trading and Hotel Co.,Ltd	-	207,045,000
Centre of research and production of learning materials	-	162,000,000
Vietnam Educational Equipment and Technology JSC	777,178,800	87,120,000
Others	1,094,072,700	380,193,750
Workshop, research and survey	1,860,016,080	-
Educational Book JSC in Hanoi city	1,116,516,080	-
Centre for Environmental Education and Social Issues	330,725,000	-
Others	412,775,000	-
Consulting Services	2,680,279,488	772,095,721
Egen Consultants Co.,Ltd	1,391,887,188	576,732,921
Ben Vung Development Consulting JSC	1,288,392,300	195,362,800

9. Payables to contractors (continued)

	<u>31/12/2017</u>	<u>31/12/2016</u>
	VND	VND
Pilot initiatives of Upper Secondary Education	652,281,100	843,000,000
Phu Tho Department of Education and Training	303,431,100	-
Branch of Vietnam Forest Corporation JSC - Do Son Forest Hotel	211,000,000	-
Quang Ba Hotel Trading Tourist and Service JSC	137,850,000	-
Times and Education Newspaper	-	480,000,000
Mathematics and Youth Magazine	-	182,820,000
Educational Equipment Magazine	-	180,180,000
Project implementation support	309,058,726	-
ASEAN Management Consulting and Development Co.,Ltd	244,658,232	-
Others	64,400,494	-
Expenditures cover by the counterpart fund at PPMUs	8,359,154,876	-
Bac Kan	3,363,332,815	-
Dien Bien	558,661,910	-
Binh Dinh	1,586,870,000	-
Gia Lai	46,572,500	-
Binh Phuoc	1,300,231,001	-
Tien Giang	742,113,546	-
Tra Vinh	638,897,600	-
Hau Giang	44,610,182	-
Bac Lieu	77,865,322	-
	<u>31,204,084,135</u>	<u>51,314,085,933</u>

10. Subsequent events

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

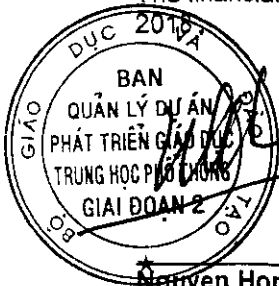
11. Corresponding figures

The corresponding figures are the financial statements for the fiscal year ended as at 31 December 2016 that were audited by Mazars Vietnam Co., Ltd., in which the item of "Interest during construction" have been added on Statement of Funds and Expenditures.

<u>Items</u>	<u>Presented</u>	<u>Represented</u>	<u>Variances</u>
	VND	VND	VND
STATEMENT OF FUNDS AND EXPENDITURES			
Funds received from the ADB	789,687,806,711	794,866,241,598	5,178,434,887
Interest during Construction	-	5,178,434,887	5,178,434,887

12. Approval of the Financial Statements

The financial statements were approved by the Project Management Unit for issuance on 25 June



Nguyen Hong Hai
Director

Hanoi, 25 June 2018

Dinh Thi Thu
Chief Accountant

RECONCILIATION OF FUNDS

Fiscal year ended 31 December 2017

Withdrawal applications						
No.	Date	Original currency	Amount claimed (a)	Amount received (b)	Variances (b-a)	Note
Advance Account			7,630,425.84	7,375,423.34	(255,002.50)	
<u>Year 2016</u>			<u>1,236,350.48</u>	<u>1,236,350.48</u>	-	
IA099	27/12/2016	USD	1,236,350.48	1,236,350.48	-	
<u>Year 2017</u>			<u>6,394,075.36</u>	<u>6,139,072.86</u>	<u>(255,002.50)</u>	
IA104	16/01/2017	USD	816,139.67	816,139.67	-	
IA106	17/01/2017	USD	285,982.04	285,982.04	-	
IA115	14/04/2017	USD	2,252,542.40	2,252,542.40	-	
IA116	14/04/2017	USD	255,002.50	-	(255,002.50)	(1)
IA122	22/09/2017	USD	815,848.17	815,848.17	-	
IA126	04/12/2017	USD	735,786.76	735,786.76	-	
IA128	20/12/2017	USD	1,232,773.82	1,232,773.82	-	
Direct payments (USD)			2,583,233.15	2,583,233.15	-	
<u>Year 2016</u>			<u>314,400.00</u>	<u>314,400.00</u>	-	
IA108	24/12/2016	USD	314,400.00	314,400.00	-	
<u>Year 2017</u>			<u>2,268,833.15</u>	<u>2,268,833.15</u>	-	
IA103	16/01/2017	USD	1,276,858.80	1,276,858.80	-	
IA107	17/01/2017	USD	477,888.00	477,888.00	-	
IA112	24/01/2017	USD	234,738.00	234,738.00	-	
IA117	28/04/2017	USD	159,607.35	159,607.35	-	
IA120	21/06/2017	USD	119,741.00	119,741.00	-	
Direct payments (VND)			57,198,200,338	57,198,200,338	-	
<u>Year 2016</u>			<u>5,329,154,108</u>	<u>5,329,154,108</u>	-	
IA098	27/12/2016	VND	3,150,038,000	3,150,038,000	-	
IA100	27/12/2016	VND	2,179,116,108	2,179,116,108	-	
<u>Year 2017</u>			<u>51,869,046,230</u>	<u>51,869,046,230</u>	-	
IA101	16/01/2017	VND	2,109,992,000	2,109,992,000	-	
IA102	16/01/2017	VND	2,175,904,000	2,175,904,000	-	
IA105	17/01/2017	VND	3,022,123,000	3,022,123,000	-	
IA109	17/01/2017	VND	3,827,453,357	3,827,453,357	-	
IA110	24/01/2017	VND	2,652,265,000	2,652,265,000	-	
IA111	03/05/2017	VND	2,068,299,636	2,068,299,636	-	
IA113	08/03/2017	VND	3,459,677,192	3,459,677,192	-	
IA114	08/03/2017	VND	3,460,385,788	3,460,385,788	-	
IA118	09/05/2017	VND	7,077,679,396	7,077,679,396	-	
IA119	01/06/2017	VND	6,900,432,000	6,900,432,000	-	
IA121	07/07/2017	VND	2,436,192,908	2,436,192,908	-	
IA124	30/10/2017	VND	2,824,077,544	2,824,077,544	-	
IA127	13/12/2017	VND	9,854,564,409	9,854,564,409	-	
	Total in	USD	10,213,658.99	9,958,656.49	(255,002.50)	
	Total in	VND	57,198,200,338	57,198,200,338	-	

(1) Amount recovered by the ADB