

Audited Project Financial Statements

Project Number: 44172
Grant Number: 0256
Period covered: 1 July 2013 to 30 June 2014

Kingdom of Tonga: Tonga-Fiji Submarine Cable Project

Prepared by Ministry of Information and Communication, Implementing agency

For the Asian Development Bank
Date received by ADB: 1 May 2015

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PACIFIC REGIONAL CONNECTIVITY PROGRAMME
FIJI – TONGA CONNECTIVITY CABLE PROJECT

Funded by:

World Bank (International Development Association – IDA)

Asian Development Bank (ADB)

Pacific Region Infrastructure Facility (PRIF)

Government of the Kingdom of Tonga (GoT)

FINANCIAL STATEMENTS

FOR THE PERIOD

1st JULY 2013 - 30th JUNE 2014

PACIFIC REGIONAL CONNECTIVITY PROGRAMME
FIJI – TONGA CONNECTIVITY CABLE PROJECT

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PACIFIC REGIONAL CONNECTIVITY PROGRAMME

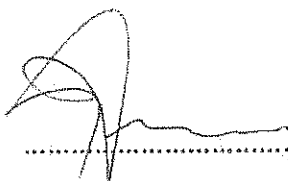
FIJI – TONGA CONNETIVITY CABLE PROJECT

STATEMENT OF MANAGEMENT RESPONSIBILITY

Grant No.H7310 & TF099368

In accordance with the World Bank guidelines the Financial Reports of the Fiji to Tonga Connectivity Project (HT7310 & TF099368) as at 30th June 2014 statements of receipts and payments for the year then ended. Management is responsible for this financial information.

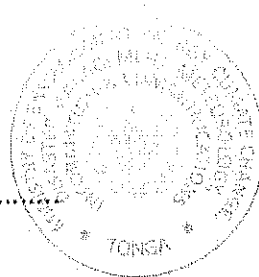
09 April, 2015



Mr. Paula Ma'u

CEO

MEIDECC





AUDITOR GENERAL CERTIFICATE

TO THE CHIEF EXECUTIVE OFFICER FOR MINISTRY OF ENVIRONMENT, ENERGY, CLIMATE CHANGE, DISASTER MANAGEMENT, METEOROLOGY, INFORMATION & COMMUNICATIONS

Report on the Statement of Funds received and Expenditures

I have audited the accompanying Statement of Expenditure, Statement of Funds Received and Expenditure and Notes to the Financial Statement of the Fiji – Tonga Connectivity Cable Project as set out on pages 5 to 8 for the financial period ended 30 June, 2014. These Financial Statements have been audited in accordance with the provisions of Section 4.09(b) General Conditions of the Grant Agreement.

Management's Responsibility for the Statement of Funds Received and Expenditure.

Management is responsible for the preparation and fair presentation of the statements in accordance with the World Bank Guidelines, and for such internal control as management determines is necessary to enable the preparation of these statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

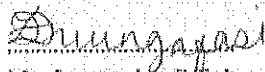
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institution (ISSAIs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also included evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for audit opinion.

Unqualified Audit Opinion

In my opinion the Financial Statements as shown on page 5 to 8 present fairly in all material respects the statement of expenditure and statement of funds received and expenditure for the year ended 30th June 2014 in accordance with the World Bank guidelines and the General Conditions of the Grant Agreement


Mrs Lotomo'ua F Tu'unga'asi
ACTING AUDITOR GENERAL



Nuku'alofa
TONGA
27th April, 2015

PACIFIC REGIONAL CONNECTIVITY PROGRAMME
FIJI-TONGA CONNECTIVITY CABLE PROJECT

Statement of Expenditure By Component (in USD)

For the Period 1st July 2013 – 30th June 2014

	Expenditure-by Component	Cumulative Balance as at 30 th June 2013 (USD)	QTR 1	QTR 2	QTR 3	QTR 4	Total Expenditure	Balance as at 30 th June 2014 (USD)
1	<u>Submarine Cable System</u>							
1.1	World Bank	8,523,034.06	3,797,866.35	-	-	248,142.96	4,046,009.31	12,569,043.37
1.2	ADB	5,005,591.41	2,230,492.94	-	-	145,734.75	2,376,227.69	7,381,819.10
	Sub-total Component 1	13,528,625.47	6,028,359.29	-	-	393,877.71	6,422,237.00	19,950,862.47
2	<u>Enabling Environment</u>							
2.1	PRIF	42,079.00		-	28,052.75	-	28,052.75	70,131.75
2.2	IDA	126,656.40	57,821.98	14,516.21	16,681.65	169,117.39	258,137.23	384,793.23
	Sub-total Component 2	168,735.40	57,821.98	14,516.21	44,734.40	169,117.39	286,189.98	454,924.98
3	<u>Project Management & Administration</u>							
3.1	W/B- Funds	228,114.08	51,866.28	33,420.66	8,480.23	75.00	93,842.17	321,956.25
	Sub-total Component 3	228,114.08	51,866.28	33,420.66	8,480.23	0	93,767.17	321,956.25
	Total	13,925,474.95	6,138,047.55	47,936.87	53,214.63	563,070.10	6,802,269.15	20,727,744.10

FII-TONGA CONNECTIVITY CABLE PROJECT

Statement of Funds Received and Expenditure - By Donor and Component (in USD)

For the Period 1st July 2013 – 30th June 2014

	Year Ended 2012	Year Ended 2013	Year Ended 2014	Cumulative
1	Component 1 – Submarine Cable System			
	Total Funds received for Component 1			
	Asian Development Bank	698,870.25	4,306,721.16	7,381,819.10
	World Bank	1,189,968.26	7,333,065.81	12,569,043.37
			2,376,227.69	19,950,862.47
			4,046,009.31	
Year ended 2013				
2&3	Components 2&3 – Enabling Environment and Project Management	World Bank - IDA	PRIF	World Bank - IDA
	Funds received for component 2&3 in Designated Account	50,000.00	337,953.00	70,131.87
	Funds received through Direct payments	42,079.13	179,294.14	34,293.00
	Total funds received for components 2&3	380,032.13	249,426.01	358,207.93
	Less Funds expended in component 2	(42,079.13)	(126,656.40)	(258,137.23)
	Less Funds expended in component 3		(228,114.08)	(93,767.17)
	Balance of Funds	7,920.87	25,261.65	6,303.53
Year ended 2014				
			221,373.26	

PACIFIC REGIONAL CONNECTIVITY PROGRAMME

FIJI-TONGA CONNECTIVITY CABLE PROJECT

Notes to the Financial Statement

1. The Balance at the beginning as at 30th June 2013 was USD13,925,474.95. This was the overall Expenditure of the 3 Components as follows
 - World Bank - USD 8,523,034.06
 - ADB - USD 5,005,591.41
 - PRIF - USD 42,079.00
 - IDA - USD 126,656.40
 - WB – Funds – USD 228,114.08
2. However, Balance at the end of this Financial Report as at 30th June 2014 is USD20,727,744.10 .This balance is the total up of all expenditures during this financial period plus the Balance at the beginning as at 30th June 2013 .Details of this balance as follows:
 - World Bank – USD 12,569,043.37
 - ADB – USD 7,381,819.10
 - PRIF – USD 70,131.75
 - IDA – USD 384,793.23
 - WB-Funds – USD 321,956.25
3. This Financial Statements is prepared from the period 1st July 2013 – 30th June 2014, and the information was get it from the Bank Statements of the two accounts IDA and PRIF accounts. The report was recorded Quarterly, and figures for each quarterly expenses was taken from the Quarterly Interim Financial Report (IFR) which was send quarterly to the World Bank . The information for Withdrawals on the Project Funds was also taking from the World Bank Client Connection website.

Withdrawals on Project Funds were as follows

<u>Component 1 – Submarine Cable System</u>	Asian Development Bank	World Bank - IDA
Withdrawal Application 6	1,405,817.70	2,393,689.59
Withdrawal Application 7	439,649.54	748,592.46
Withdrawal Application 8	385,025.70	655,584.30
Withdrawal Application 9	145,734.75	248,142.96
Total Withdrawals under Component 1	2,376,227.69	4,046,009.31
<u>Components 2&3 – Enabling Environment and Project Management</u>	PRIF	World Bank - IDA
TFCP 04		188,257.22
TFCP PRIF 1	42,079.12	
TFCP PRIF 2 & TFCP 5	34,292.99	34,293.00
2	28,052.75	
TFCP 4 & TFCP	31,252.17	135,657.71
TFCP PRIF 5	48,748.07	
TFCP 7	65,000.91	
Total Withdrawals under Component 2&3	249,426.01	358,207.93