

Audited Project Financial Statements

Project Number: 44172
Grant Number: 0256
Period covered: 1 July 2016 to 30 June 2017

Kingdom of Tonga: Tonga-Fiji Submarine Cable Project

Prepared by Tonga Cable Limited, Implementing Agency

For the Asian Development Bank
Date received by ADB: 30 January 2018

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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 2016 - 30th JUNE 2017

PACIFIC REGIONAL CONNECTIVITY PROGRAMME
FIJI – TONGA CONNECTIVITY CABLE PROJECT

Contents

Statement of Management Responsibility	2
Auditors Report	3
Statements of Receipt and Payments (in TOP)	4
Statements of Receipt and Payments (in USD)	5
Notes to the Financial Statements	6-8.

PACIFIC REGIONAL CONNECTIVITY PROGRAMME

FIJI – TONGA CONNETIVITY CABLE PROJECT

STATEMENT OF MANAGEMENT RESPONSIBILITY

Grant No.H7310 & TF099368

We certify that the attached financial statements for the Fiji-Tonga Connectivity (TFCP) comprising of the Statement of Receipts and Payments and Notes forming part of the financial statements for the period from 01 July 2016 to 30 June 2017(12 months):

- a) Gives a true and fair view of the matters to which they relate ;and
- b) Have been properly drawn up in accordance with the accounting policy described in Note 2 to the financial statements.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Andrew To'imoana

Acting Chief Executive Officer

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10.01.2018.



INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer for Ministry of Meteorology, Energy, Information, Disaster, Management, Environment, Communications and Climate Change
Fiji – Tonga Connectivity Cable Project

We have audited the accompanying Statement of Cash Receipts and Payments and the accompanying notes to the Financial Statements for the Fiji – Tonga Connectivity Cable Project as set out on pages 4 to 8 for the financial period ended 30th June 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the Financial Statement on the cash basis accounting in compliance with the Public Finance Management Act 2002 and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSASs), *Financial Reporting under the Cash Basis of Accounting* 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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.

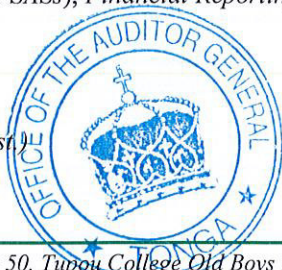
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 my unqualified audit opinion.

Unqualified Opinion

In my opinion, the Financial Statements as shown on page 4 to 8, have been presented fairly in all material respects the receipts and payments of Fiji – Tonga Connectivity Cable Project for the year ended 30th June 2017 in compliance with the *Public Finance Management Act 2002* and in accordance with the International Public Sector Accounting Standards (IPSASs), *Financial Reporting under the Cash Basis of Accounting*.


Sefita Tangi *FCPA(Aust)*
AUDITOR GENERAL



Nuku'alofa
TONGA
10th January, 2018

PACIFIC REGIONAL CONNECTIVITY PROGRAMME

FIJI-TONGA CONNECTIVITY CABLE PROJECT

Statement of Receipt and Payment (in TOP) For the Period 1st July 2016 – 30th June 2017

	Expenditure-by Component	Note	Cumulative Balance as at 30 th June 2016 (TOP)	2016	2017	Balance as at 30 th June 2017 (TOP)
	<u>Opening Cash Balance</u>			323,931.45	287,549.10	
	<u>Receipts</u>					
	Direct Payment			31,079.25	203,223.81	
	IDA			184,530.37	398,269.95	
	PRIF			91,567.01	38,465.21	
	TOTAL Cash Available			631,108.08	927,508.07	
1	<u>Submarine Cable System</u>					
1.1	World Bank		25,598,865.58	-	-	25,598,865.58
1.2	ADB		15,096,413.28	31,079.25	-	15,096,413.28
	Sub-total Component 1		40,695,279.61	31,079.25	-	40,695,278.86
2	<u>Enabling Environment</u>					
2.1	PRIF		510,801.14	85,700.88	-	510,801.14
2.2	IDA		1,158,606.42	230,580.49	465,976.57	1,624,582.99
	Sub-total Component 2		1,669,407.56	316,281.36	465,976.57	2,135,384.13
3	<u>Project Management & Administration</u>					
3.1	WB- Funds		656,071.79	356.42	-	656,071.79
	Sub-total Component 3		656,071.79	356.42	-	656,071.79
	Total Expenditure		43,020,758.96	347,717.03	465,976.57	43,486,734.78
	Total Cash Balance 30th June	4		283,391.05	461,531.50	

24

PACIFIC REGIONAL CONNECTIVITY PROGRAMME

FIJI-TONGA CONNECTIVITY CABLE PROJECT

Statement of Receipt and Payment (in USD) For the Period 1st July 2016 – 30th June 2017

	Expenditure-by Component	Cumulative Balance as at 30 th June 2016 (USD)	2016	2017	Balance as at 30 th June 2017 (USD)
	<u>Opening Cash Balance</u>				
	<u>Receipts</u>				
	Direct Payment				
	IDA		159,050.34	139,145.01	
	PRIF		15,259.91	98,340.00	
	TOTAL Cash Available		90,604.41	184,924.40	
			44,959.40	17,755.54	
			309,874.06	440,164.95	
1	<u>Submarine Cable System</u>				
1.1	World Bank	12,569,043.37	-	-	12,569,043.37
1.2	ADB	7,412,338.92	15,259.91	-	7,412,338.92
	Sub-total Component 1	19,981,382.29	15,259.91	-	19,981,382.29
2	<u>Enabling Environment</u>				
2.1	PRIF	250,843.96	42,079.13	-	250,843.96
2.2	IDA	568,875.75	113,215.02	308,400.00	877,275.75
	Sub-total Component 2	819,679.11	155,294.15	308,400.00	1,128,119.71
3	<u>Project Management & Administration</u>				
3.1	WB- Funds	322,131.25	175.00	-	-
	Sub-total Component 3	322,131.25	175.00	-	-
	Total Expenditure	21,123,319.65	170,729.06	308,400.00	21,109,502.00
	Total Cash Balance 30th June		139,145.00	131,764.95	

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9

PACIFIC REGIONAL CONNECTIVITY PROGRAMME

FIJI-TONGA CONNECTIVITY CABLE PROJECT

Notes to the Financial Statement

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Reporting Entity

Tonga Fiji Connectivity Project is being financed jointly by the World Bank(WB: through its International Development Association-IDA), the Asian Development Bank(ADB), the Pacific Region Infrastructure Facility (PRIF) and the Government of the Kingdom of Tonga(GoT).The objective of the Project is to improve the enabling environment for Telecommunications and ICT in Tonga, including greater competition and increased access to infrastructure and services by reducing the costs of international connectivity and strengthening the telecommunications regulatory framework.

The Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communications (Implementing Agency) as well as Ministry of Finance and National Planning (Executing Agency).

1.2 Basis of Preparation

The financial statements have been prepared on a Cash basis. The accounting policies have been applied consistently by the project.

1.3 Reporting Period

This Financial Statement was prepared from the period 1st July 2016 – 30th June 2017.

1.4 Measurement Base

The financial statement was prepared from Bank Statements of the two accounts IDA and PRIF account. 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

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<u>Components 2&3 – Enabling Environment and Project Management</u>	PRIF	World Bank – IDA	Consultant
TFCP 16		44,884.40	KWM Mallesons
TFCP 17		140,040.00	KWM Mallesons
KWM 1		98,340.00	KWM Mallesons
Total Withdrawals under Component 2&3		283,264.40	

1.5 Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on basis consistent with those used in the previous year.

1.6 Foreign Currency

The financial statement presented in Tongan currency at Bank of South Pacific (BSP) rates of exchange ruling at balance date.

1.7 Fixed Asset

There was no additional fixed asset during the financial period

1.8 Related Parties

The expenditure of the project is met by World Bank and ADB.

1.9 Going Concern

Tonga Fiji Connectivity Project is a project financed under the Pacific Regional Connectivity Programme which officially commenced in August 2011. The closing date is currently set as 30 August 2016. The Fiji Connectivity Project has now being extended to 31st December, 2018 for the extension of Domestic cable to Ha'apai and Vava'u.

2. The Balance at the beginning as at 30th June 2016 was TOP 43,020,758.96. This was the overall Expenditure of the 3 Components as follows
 - World Bank – TOP 25,598,865.58
 - ADB – TOP 15,096,413.28
 - PRIF – TOP 510,801.14
 - IDA – TOP 1,158,606.42
 - WB-Funds – TOP 656,071.79

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3. However, Balance at the end of this Financial Report as at 30th June 2017 is TOP 43,486,734.78 .This balance is the total up of all expenditures during this financial period plus the Balance at the beginning as at 30th June 2014 .Details of this balance as follows:

- World Bank – TOP 25,598,865.58
- ADB – TOP 15,096,413.28
- PRIF – TOP 510,801.14
- IDA – TOP 1,624,582.99
- WB-Funds – TOP 656,071.79

4. Cash Balance as at 30th June 2017

	TOP
IDA – USD (01-77-645-2027)	\$190,302.05
PRIF – USD (01-77-645-2029)	<u>\$81,995.85</u>
	<u>\$272,297.90</u>

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