

Audited Project Financial Statements

Project Number: 44483-023

Loan/Grant Number: 2772

Period covered: 1 January 2019 to 19 March 2020

UZB: Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program – Tranche 1

Prepared by Republican Road Fund

For the Asian Development Bank

Date accepted by ADB: 1 May 2020

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ASIAN DEVELOPMENT BANK

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM PROJECT 1
(PROGRAM MANAGEMENT UNIT)**

**REPUBLICAN ROAD FUND UNDER COMMITTEE FOR ROADS
UNDER MINISTRY OF TRANSPORT OF THE REPUBLIC OF UZBEKISTAN
(EXECUTING AGENCY)**

**ADB LOAN No.2772-UZB
TRANCHE No.1**

**SPECIAL-PURPOSE CASH BASIS FINANCIAL STATEMENTS AND STATEMENTS OF
EXPENDITURES FOR THE PERIOD FROM JANUARY 01, 2019 TO MARCH 19, 2020**

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL
PURPOSE FINANCIAL STATEMENTS FOR PERIOD ENDED 19 MARCH 2020**

The Management of the Program Management Unit (hereinafter – "PMU") is responsible for the preparation of the Special-Purpose Financial Statements (hereinafter – "Financial Statements") of the "Second CAREC Corridor 2 Road Investment Program, Project 1" (hereinafter – "Project") funded by the Asian Development Bank (hereinafter – "ADB") that present fairly the financial position of the Project for the period ended 19 March 2020, and the funds received, and expenditures incurred for the period ended 19 March 2020, in compliance with International Public Sector Accounting Standards "Financial Reporting under the Cash Basis of Accounting" (hereinafter – "IPSAS-Cash Basis").

In preparing the Financial Statements, the management of the PMU is responsible for:


- Selecting suitable accounting policies and applying them consistently;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IPSAS-Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Project's Special-Purpose Financial Statements.

The Management of the Project is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions and disclose with reasonable accuracy at any time the fund balance of the Project, and which enable them to ensure that the Financial Statements of the Project comply with specific requirements in IPSAS-Cash Basis;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Uzbekistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- Preventing and detecting fraud and other irregularities.

The Financial Statements of the Project for the period ended 19 March 2019 were authorized for issue by the Project's Management on March 19, 2020.

On behalf of the Project's Management:


A. Djumankulov
Acting Director of PMU




Yu. Kruchinina
Accountant of PMU

INDEPENDENT AUDITOR'S REPORT

To the Management of the Program Management Unit under the Republican Road Fund of the Committee of Roads under the Ministry of Transport of the Republic of Uzbekistan

Qualified Opinion

We have audited the Special-Purpose Financial Statements (hereinafter – the "SPFS") of "Second CAREC Corridor 2 Road Investment Program – Project 1" (hereinafter – the "Project") financed from Loan proceeds of the Asian Development Bank (hereinafter – the "ADB") Loan Agreement No.2772-UZB which comprise the special-purpose Financial Statement of Cash Receipt and Payments for the period from 01 January 2019 to 19 March 2020, the Statement of Expenditures (hereinafter – the "SOE"), the Statements of Imprest Accounts (hereinafter – the "IA") and a summary of significant accounting policies and other explanatory notes.

The SPFS have been prepared by management of the Project using the International Public Sector Accounting Standards "Financial Reporting under the Cash Basis of Accounting" (hereinafter – "IPSAS – Cash Basis").

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report:

- I. The accompanying Special-Purpose Cash Basis Financial Statements, in all material respects, give a true and fair view of the financial position of the Project as of 19 March 2020, as well as Sources and Uses of Funds, Imprest Accounts movements and outstanding balances for the period then ended, in all aspects comply with the conditions of the Loan Agreement and in accordance with International Public Sector Accounting Standard;
- II. Moreover, (a) with respect to the SOE for the year ended 19 March 2020 adequate supporting documents, records and accounts have been maintained to support claims to the ADB for reimbursements of expenditures incurred; and (b) the expenditures included in the withdrawal applications and reimbursed against are eligible for financing under the Loan Agreement.
- III. The Imprest Accounts' Statements for the year ended 19 March 2020 give a true and fair view of the financial position of the IA of the Project and of the cash flow for the periods then ended.

The Executing Agency has utilized all proceeds of the loan withdrawn from the ADB only for purposes of the Project as agreed between ADB and the Borrower in accordance with the loan agreement; and no proceeds of the loan have been utilized for other purposes; and the Executing Agency was in compliance as at the date of the Balance Sheet of the period of audit with all financial covenants of the loan agreement.

Basis for Qualified Opinion

As mentioned in previous audit reports, we were unable to verify the total of the Uzbek Government's counter-financing to the Project over the period from December 2014 to December 2016 i.e. the total of customs duties charged on the imported goods, used applied exemptions on the mandatory contributions and fees to the state funds-in-trust as well as charged VAT over the whole contract period with the JV "Corsam Corviam Construction S.A." (Spain).

We conducted our audit in accordance with the 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the SPFS in the Republic of Uzbekistan and we have fulfilled our other responsibilities under these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Special-Purpose Financial Statements

The Management of the PMU under the Republican Road Fund of the Republic of Uzbekistan ("RRF") is responsible for the preparation and fair presentation of these SPFS in accordance with the International Public Sector Accounting Standard ("IPSAS"), and for such internal control as management determines is necessary to enable the preparation of SPFS that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Audit of the Special-Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the SPFSs 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 SPFSs.

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 SPFSs, 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 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.
- Evaluate the overall presentation, structure and content of the SPFSs, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Ikromjon Urinbaev
General Director



Ikromjon Urinbaev
Certified Auditor
Certified Auditor No.04383
dated 10 July 2012

Audit Organization "PKF MAK ALYANS LLC"

22, Aviasozlar Street, 1st Passage
100016, Tashkent, Uzbekistan


19 March 2020

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

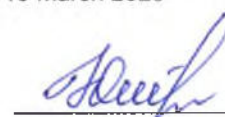
SPECIAL-PURPOSE STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR PERIOD ENDED MARCH 19, 2020
Tabular amounts are presented in US Dollars

		19.03. 2020	31.12. 2019	Cumulative	
	Budget	Actual	Actual	Amount	Variance %
Opening Fund Balances					
Secondary Account in USD	-	6 822	13 780	-	-
Secondary Account in UZS (USD equivalent)	-	-	132	-	-
Total	-	6 822	13 912	-	-
Sources of Funds: Funds Received					
ADB Funds – Direct Payments	-	-	576 539	129 199 000	-
ADB Funds – Initial Advance	-	-	-	70 000	-
ADB Funds – Replenishments	-	-	-	65 138	-
Sub- Total of ADB Funds	129 500 000	-	576 539	129 334 138	99.87%
Uzbek Government Funds	44 052 470	-	3 036 105	17 156 392	-
Sub- Total of Uzbek Government Funds	44 052 470	-	3 036 105	17 156 392	38.95%
Sub-Total of Other Funds	-	-	-	3 471	-
TOTAL OF FUNDS RECEIVED	173 552 470	-	3 612 644	146 494 001	84.41%
Uses of Funds: Expenditure Incurred by Category					
Works	(124 400 000)	-	-	(124 400 000)	100.00
Consulting Services:	(4 800 000)	-	(576 539)	(4 799 000)	99.98
(a) Construction Supervision	(3 000 000)	-	(576 539)	(3 912 246)	130.41
(b) Road Safety Impact Assessment	(1 800 000)	-	-	(886 754)	49.26
Recurrent costs	(300 000)	(3 900)	(7 170)	(135 034)	45.01
Sub-Total of ADB Funds	(129 500 000)	(3 900)	(583 709)	(129 334 034)	99.87%
Works	(11 631 650)	-	-	-	-
Tax and Duties	(30 298 620)	-	(3 036 105)	(15 109 531)	49.87
Financial costs during investment period	(2 122 200)	-	-	(2 046 861)	96.45
Sub-Total of Uzbek Government Funds	(44 052 470)	-	(3 036 105)	(17 156 392)	38.95%
Sub-Total of Other Expenses	-	-	-	(169)	-
TOTAL EXPENDITURE INCURRED	(173 552 470)	(3 900)	(3 619 814)	(146 490 595)	84.41%
FX Exchange Gain/(Loss)	-	-	81	(485)	-
Closing Fund Balances					
Secondary Account in USD	-	2 922	6 822	2 922	-
Secondary Account in UZS (USD equivalent)	-	-	-	-	-
Transfer into Main Imprest Account in USD	-	(2 922)	-	(2 922)	-
Total	-	-	6 822	-	-

Signed on behalf of the Project's Management on 19 March 2020


A. Djumankulov
Acting Director of PMU




Yu. Kruchinina
Accountant of PMU

Notes on pages 8 to 14 form an integral part of the Special-Purpose Cash Basis Financial Statements.


**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT**

SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY CATEGORIES AS OF 19 MARCH 2020


Tabular amounts are presented in US Dollars

Categories	Actual		Budget	Variance
	19.03.2020	Cumulative	Cumulative	Cumulative
Category 1: Works				
Works	-	124 400 000	124 400 000	100.00%
Sub-Total	-	124 400 000	124 400 000	100.00%
Category 3: Consulting Services				
3A. Construction Supervision	576 539	3 912 246	3 000 000	130.41%
3B. Road Safety Impact Assessment	-	886 754	1 800 000	49.26%
Sub-Total	576 539	4 799 000	4 800 000	99.98%
Category 4: Recurrent Costs				
Recurrent Costs	11 070	135 034	300 000	45.01%
Sub-Total	-	135 034	300 000	45.01%
TOTAL ADB FUNDS' EXPENDITURE	11 070	129 334 034	129 500 000	99.87%

UZBEK GOVERNMENT FUNDS				
Works	-	-	11 631 650	-
Tax and Duties	3 036 105	15 109 531	30 298 620	49.87%
Financial costs during investment period	-	2 046 861	2 122 200	96.45%
TOTAL UZBEK GOVERNMENT FUNDS' EXPENDITURE	3 036 105	17 156 392	44 052 470	38.95%
TOTAL PROJECT EXPENDITURE	3 619 814	146 490 595	173 552 470	84.41%


A. Djumankulov
Acting Director of PMU




Yu. Kruchinina
Accountant of PMU

Notes on pages 8 to 14 form an integral part of the Special-Purpose Cash Basis Financial Statements.

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

1 PROJECT AND ITS OPERATION

On August 23, 2011 the Board of Directors of the Asian Development Bank (hereinafter – “ADB/Bank”) has approved the Program of multi-tranche financing to facilitate implementation of the Uzbekistan projects under the Second CAREC Corridor 2 Road Investment Program (hereinafter –“Project”) and soft-loan from the Asian Development Fund to facilitate implementation of the “Reconstruction of the road A-373 “Tashkent-Osh” on the site passing through “Kamchik pass” between 116-190 km” Project.

The Government of Uzbekistan (“GoUz”) has received a Loan from the ADB under the Loan Agreement No. 2772 - UZB (Project 1, Tranche No.1) dated 01 December 2011 for US Dollars (“USD”) 130.0 Million to finance projects under the “Second CAREC Corridor 2 Road Investment Program - Project 1” (the “Project”). The ultimate responsibility for repayment of the principal loan amount and the respective charges lies with the Government of Uzbekistan. The Loan effectiveness date is declared as of 13 January 2012.

The Program Management Unit (“the PMU”) was established on 26 March 2012 and legally registered on 26 March 2012 for the purpose of implementation of the “Second CAREC Corridor 2 Road Investment Program - Project 1” under the Republican Road Fund of the Ministry of Transport of the Republic of Uzbekistan. Now, the PMU is located at: Mustaqillik Prospect 68A, Tashkent, Republic of Uzbekistan.

In the purpose of developing and improving highway networks the Presidential Decree No. PP-1654 dated 29 November 2011 of the President of the Republic of Uzbekistan “On top-priority measures of implementation of the project “Reconstruction of the road A-373 “Tashkent-Osh” on the site passing through Kamchik pass” with participation of ADB was issued and the Republican Road Fund of the Ministry of Finance of Uzbekistan was appointed as the Executing agency of the Project.

Further the Presidential Decree No. PP-1773 dated 12 June 2012 of the President of the Republic of Uzbekistan was issued for implementation of the Project “On measures of implementation of the project “Reconstruction of the road A-373 “Tashkent-Osh” on the site passing through Kamchik pass” with participation of ADB. The ADB Loan amount of USD 130.0 Million for the period of 24 years including 4 years’ grace period for the Tranche No.1 and additional ADB loan USD 37.2 Million for the Tranche No.2.

The Decree No. PP-1773 specifies the share of the GoUz in the Project of USD 44,052,470 of which USD 30,247,820 is to be financed by contribution in kind of exempted taxes and customs duties incurred within framework of the Project implementation.

Furthermore, the ADB has approved the cancellation of the Component “Goods package i.e. road safety equipment/solar road signs” and removal of the amounting \$0.50 Million. Net Loan amount effective from 01 April 2014 was \$129.5 Million.

The main purpose of the Project is the construction and reconstruction of sections of the roads in the national highway system in Uzbekistan. As per the Loan Agreement, the Project was expected to be realized during 2012-2014. The Project implementation period was extended four times (to 31 March of 2015/ 30 June of 2016/ 31 December of 2017) and finally extended until 31 December 2019 with the grace period of 4 months.

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

The Project shall support:

- (a) Reconstruction of about 58 km of the A373 highway (between Km 116 and Km 190). The investment will upgrade the existing four-lane section with an international design within the existing right-of-way. The cost includes civil works and specialized consulting services, including experts to help with construction supervision and due diligence for subsequent tranches;
- (b) Improvement of road safety management through (i) development of a national road infrastructure safety strategy and road safety checklist, guidelines, and measures; (ii) development of a road safety action plan for all the road sections under the investment Program and Investment Program I and II; (iii) provision and installation of solar road signs for A373 Kamchik Pass section; and (iv) development and implementation of road safety capacity development program, and of public awareness programs;
- (c) Support the Republican Road Fund under the Ministry of Finance of Uzbekistan to further improve road sector sustainability in Uzbekistan.

The Project implementation under the Project 1 (Tranche No.1) is as follows:

- (i) Civil works comprising reconstruction of the A373 highway (between Km 116 and Km 190);
- (ii) Advisory services support for (a) Procurement and safeguard support, (b) Construction supervision, and (c) Road Safety.

Uzbek Government Funds.

The Uzbek Government funds represent in-kind and cash contributions by the GoUz.

In-kind contributions are provided as follows:

-taxes and duties exemption on goods, works, services and transport vehicle of the PMU and its contractors procured under ADB Loan Fund and the GoUz Fund.

Taxation

The PMU, being the state non-commercial organization, acting on a basis of Charter, is exempted from taxes and levies in line with the Tax Code of the Republic of Uzbekistan. The Decree of the President of the Republic of Uzbekistan No. PP-1773 dated 12 June, 2012, states that the goods, works, services and transport vehicles, purchased with the ADB funds within the framework of the Project, are exempted from customs duties (except for fees for customs registration). VAT, mandatory contributions to the state funds-in-trust and off-budget Fund for reconstruction, capital repairs and educational institutions facilities and the Republican Road Fund. The same policy is applied with respect to goods, works, services and transport vehicles purchased with the Uzbek Government Funds. Such exemption is considered as a contribution of the GoUZ toward the implementation of the Project.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These special-purpose Financial Statements have been prepared in accordance with the International Public Sector Accounting Standard (IPSAS) "Financial Reporting under the Cash Basis of Accounting" promulgated by the International Federation of Accountants (IFAC). Those standards require that cash receipts shall be effective when received and expenditures of funds shall be effective when they are paid rather than when incurred.

The Financial Statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein.

The Project's special- purpose cash basis Financial Statements are prepared on the basis of cash receipts and disbursements which are a comprehensive basis of accounting.

Cash and cash equivalents

Cash and cash equivalents are recognized at cost and include cash at cash desk, cash at designated and special accounts at domestic banks and cash in transit.

Project expenditures

The Project's special-purpose cash basis Financial Statements are prepared based upon the accounting records of the PMU, which are maintained in both USD and UZS. The initial accounting records consist of summaries of disbursement documents and other payment vouchers.

Accounting of the PMU is conducted in accordance with the applicable laws of the Republic of Uzbekistan with the specific implementation of the Project, including applying cash method.

The policy management programs also include preparation of detailed of cost report on a cash basis in accordance with International Accounting Standards for the Public Sector. The accounting is carried out using the Accounting software 1C.

In accounting, the following articles are used:

- Taking into account the actual costs;
- Accounting of cash;
- Accounting of cash transactions;
- Accounting of fixed assets;
- Accounting of stocks;
- Accounting of remuneration;
- Settlements with debtors and creditors;
- Reporting.

The Financial Management of the Project is carried out by the following main points:

- 1) Analysis of the performance costs;
- 2) Analysis of cash expenses and for transfers;
- 3) Analysis of financial condition;
- 4) An analysis of budget execution.

An analytical account of the sums received by the Project of funding is separate from the breakdown of the total amount financed by categories of expenditure.

At the end of each month / quarter are counted up all the items of expenditure for the quarter and total year to-date, in order to identify the remainder and in a similar way to keep records of cash expenditures for transfers.

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

Foreign currency translation

(i) Functional and Presentation currencies

The functional currency of the Project is the currency of the primary economic environment in which it operates. The Project's functional currency is Uzbek Soums ("UZS"), as the major portion of its transactions are in UZS. These special-purpose Financial Statements of the Project are also presented in the presentation currency of US Dollars ("USD") as this is convenient for the readers of the financial statements.

(ii) Transactions and Balances

The assets' additions and expenditure paid for in UZS were translated into USD using the following principles of transaction:

- Monetary assets denominated in UZS have been translated into USD using the rate of exchange of the Central Bank of Uzbekistan ("CBU") on the date of operation;
- All income/expenditure earned/incurred in UZS denominated into USD were recorded as an exchange rate of CBU, on the date of operation;
- Gain/Loss resulting from the transaction of UZS into USD: Cash & cash equivalents outstanding as at reporting date are translated into USD at the rate of the CBU effective at the reporting date.

The exchange rate set by the CBU and effective, as at 31 December 2019 was UZS 9,507.56 to USD 1 (2018: UZS 8,339.55 to USD 1; 2017: UZS 8,120.07 to USD 1; 2016: UZS 3,231.48 to USD 1; 2015: UZS 2,809.98). At present, the UZS is still not a convertible currency outside Uzbekistan.

Bank Accounts of the Project

During the period from January 01, 2019 to March 19, 2020, the PMU held in Uzbekistan bank USD Imprest Loan Account for the ADB Fund Disbursements, UZS Special Account and other accounts at named JSCB "KAPITAL BANK".

The PMU operates an Imprest Loan Account in accordance with the provisions laid down in the Loan Agreement.

The USD Imprest Loan Account represents revolving funds provided from the ADB Funds to facilitate prompt disbursement of funds. The funds are maintained at JSCB "KAPITAL BANK". The USD Imprest Loan Account is used to cover the ADB Loan Fund's share of eligible expenditures in both local and foreign currencies. The eligible expenditures are reported to the ADB through Expenditure Reports/SOE. The USD Imprest Loan Account is replenished by the ADB Loan Fund on the basis of request, prepared by the PMU for validation of USD Imprest Account.

The UZS Special Account was opened to convert the funds received on USD Imprest Loan Account for Loan proceeds from ADB and for payments to suppliers and withdrawal of cash.

The outstanding balances of the above accounts as at March 19, 2020 are disclosed in **Note 5**.

3 SUBSEQUENT EVENTS

There are no events after the end of the reporting period, which would require adjustment to or disclosure in these financial statements.

4 APPROVAL OF SPECIAL-PURPOSE FINANCIAL STATEMENTS

The special-purpose financial statements were approved by the Management of the Project for issue on 19 March 2020.

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

5 Statement of Cash Balances of the Project

The Project had the following Cash Balances as at March 19, 2020 at JSCB "KAPITAL BANK":

Sources of funds	Currency	Note	Name of account	2019 Amount in USD	2019 Amount in USD
ADB Loan Account	USD	6	Imprest Secondary Account	-	6 822
UZS Special Account	UZS	7	Special Secondary Account	-	-
Total				-	6 822

6 Statement of USD Imprest Secondary Loan Account

Account No.: 22626 840 6048 2386 2001
 Depository Bank: JSCB "KAPITAL BANK"
 Address: Tashkent, Uzbekistan
 Related Loan No.: ADB 2772 - UZB
 Currency: US Dollars (USD)

	19.03.2020	31.12. 2019
Opening Balance	6 822	13 780
Replenishments	-	-
Cash Outflow:		
Transfer into UZS Special Secondary Account (Conversion)	3 900	6 958
Transfer into USD Main Imprest Loan Account	2 922	-
Closing Balance	-	6 822



A. Djumankulov
Acting Director of PMU




Yu. Kruchinina
Accountant of PMU

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

NOTES TO SPECIAL-PURPOSE STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

7 Statement of UZS Special Secondary Account

Account No.: 22626 000 9048 2386 2001
 Depositary Bank: JSCB "KAPITAL BANK"
 Address: Tashkent, Uzbekistan
 Related Loan No.: ADB 2772 - UZB
 Currency: Uzbek Soums (UZS)

USD Equivalents

	19.03.2020	31.12.2018
Opening Balance	-	132
Cash Inflow:		
Transfer from USD Imprest Secondary Loan Account	3 900	6 957
FX Exchange Gain		81
Cash Outflow:		
Financing eligible expenditure	3 900	7 168
Transfer into UZS Main Special Account	-	2
Closing Balance	-	-

SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 1 (ADB LOAN No.2772-UZB)
PROGRAM MANAGEMENT UNIT

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED MARCH 19, 2020

Tabular amounts are presented in US Dollars

8 ADB Loan Proceeds

	March 19, 2020	December 31, 2019	Cumulative
Loan Proceeds			
Imprest Loan Account:			
Initial Advance received to USD Secondary Imprest Account	-	-	70 000
Replenishments to USD Secondary Imprest Account	-	-	65 138
Direct Payments	-	576 539	129 199 000
Total ADB Loan Proceeds	-	576 539	129 334 138

9 Statement of Expenditure (including reconciliation) for the period January 01, 2019 - March 19, 2020

STATEMENT OF EXPENDITURE – ADB Loan No.2772 - UZB

Recurrent Costs	Used from Imprest account in FY 2019-2020
11 070.00	11 070.00
11 070.00	11 070.00

Note: The expenditures were made by the Project for the audit of FY 2017 amounting to USD 3 202, for the audit of FY 2018 amounting to USD 3 968 and for the audit FY 2019-2020 amounting to USD 3 900 for the period January 01, 2019 – March 19, 2020.

Reconciliation of financing made through Imprest Account – ADB Loan No.2772-UZB in FY 2019-2020

Add: Expenditure made for the period from 01.01.2019 to 19.03.2020 but not claimed	11 070.00
Total financing made through Imprest Account during 2019-2020	11 070.00

10 Direct Payments

WDA No	Year	Expenditure by Categories		
		1. Works	3. Consulting Services 3.1. Construction Supervision	Total
00067	2019	-	324 386.51	324 386.51
00068	2019	-	65 968.69	65 968.69
00072	2019	-	125 050.35	125 050.35
00075	2019	-	61 133.31	61 133.31
TOTAL		-	576 538.86	576 538.86