

# Audited Project Financial Statements

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Project Number: 44483-027

Loan: 3355-UZB

Period covered: 1 January 2021 to 21 September 2021

## Uzbekistan: Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program (Tranche 3)

Prepared by the Republican Road Fund/Committee for Roads

For the Asian Development Bank

Date accepted by ADB: 16 November 2021

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 Republican Road Fund under Committee for Roads under the Ministry of Transport of the Republic of Uzbekistan.

**ASIAN DEVELOPMENT BANK**

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM PROJECT 3  
(PROGRAM MANAGEMENT UNIT)**

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

**ADB LOAN No.3355-UZB  
TRANCHE No.3**

**SPECIAL-PURPOSE CASH BASIS FINANCIAL STATEMENTS AND STATEMENTS OF  
EXPENDITURES FOR THE PERIOD ENDED SEPTEMBER 21, 2021**

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)  
PROGRAM MANAGEMENT UNIT**

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**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)  
PROGRAM MANAGEMENT UNIT**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE  
SPECIAL PURPOSE FINANCIAL STATEMENTS FOR PERIOD ENDED 21 SEPTEMBER 2021**

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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 3" (hereinafter – "Project") funded by the Asian Development Bank (hereinafter – "ADB") that present fairly the financial position of the Project for the period ended 21 September 2021, and the funds received, and expenditures incurred for the period from 01 January 2021 to 21 September 2021, 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:

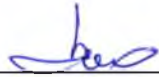
- Selecting suitable accounting policies and applying them consistently;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Providing additional disclosures when compliance with the specific requirements 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 21 September 2021 were authorized for issue by the Project's Management on September 30, 2021.

**On behalf of the Project's Management:**

  
A. Djumankulov  
Acting Director of PMU



  
Yu. Kruchiniha  
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*

**Opinion**

We have audited the Special-Purpose Financial Statements (hereinafter – the “SPFS”) of “Second CAREC Corridor 2 Road Investment Program – Project 3” (hereinafter – the “Project”) financed from Loan proceeds of the Asian Development Bank (hereinafter – the “ADB”) Loan Agreement No.3355-UZB which comprise the special-purpose Financial Statement of Cash Receipt and Payments for the period ended 21 September, 2021, 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,

- 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 21 September 2021, 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 period from 01 January 2021 to 21 September 2021 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 21 September 2021 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 year of audit with all financial covenants of the loan agreement.

**Basis for Opinion**

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 SPFSs 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 SPFSs 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 SPFSs 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.

*PKF MAK ALYANS*

Audit Organization "PKF MAK ALYANS LLC"

22, Aviasozlar Street, 1<sup>st</sup> Passage  
100016, Tashkent, Uzbekistan

30 September 2021






**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**


**SPECIAL-PURPOSE STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

	Revised Budget	21.09. 2021	31.12. 2020	Cumulative	
		Actual	Actual	Amount	Variance %
Opening Fund Balances					
Cash at Bank in USD	-	35 513	23 714		
Cash at Bank in UZS (USD equivalent)	-	-	-		
Total	-	35 513	23 714		
Sources of Funds: Funds Received					
ADB Funds – Direct Payments	-	18 344 255	18 914 549	37 258 804	
ADB Funds – Initial Advance	-	-	-	100 000	
ADB Funds – Replenishments	-	90 994	171 325	632 044	
ADB Funds – Return of unused funds	-	(4 955)	-	(4 955)	
Sub- Total of ADB Funds	131 000 000	18 430 294	19 085 874	37 985 893	29.00%
Uzbek Government Funds	53 817 620	118 458	59 089	272 230	0.51%
Sub- Total of Uzbek Government Funds	53 817 620	118 458	59 089	272 230	0.51%
Sub-Total of Other Funds	-	-	-	2 262	-
TOTAL OF FUNDS RECEIVED	184 817 620	18 548 752	19 144 963	38 260 385	20.70%
Uses of Funds: Expenditure Incurred by Category					
Works, machinery & equipment	(124 900 000)	(17 987 382)	(18 221 205)	(36 208 587)	28.99%
Consulting Services (Construction Supervision)	(4 900 000)	(356 874)	(693 344)	(1 050 217)	21.43%
Recurrent costs, including audit costs	(1 200 000)	(121 534)	(159 570)	(727 089)	60.59%
Unallocated	-	-	-	-	-
Sub-Total of ADB Funds	(131 000 000)	(18 465 789)	(19 074 118)	(37 985 893)	29.00%
Works	(5 153 700)	-	-	-	-
Tax and Duties	(40 208 325)	(105 282)	(22 364)	(127 646)	0.32%
Single Social Payments (SSP)	(162 000)	(13 176)	(36 725)	(144 584)	89.25%
Financial costs during investment period	(7 505 635)	-	-	-	-
Resettlement and provision of the necessary facilities	(787 960)	-	-	-	-
Sub-Total of Uzbek Government Funds	(53 817 620)	(118 458)	(59 089)	(272 230)	0.51%
Sub-Total of Other Expenses	-	-	-	(773)	-
TOTAL EXPENDITURE INCURRED	(203 817 620)	(18 584 248)	(19 133 208)	(38 258 896)	20.70%
FX Exchange Gain/(Loss)	-	(18)	43	(1 489)	-
Closing Fund Balances					
Cash at Bank in USD	-	-	35 513	-	-
Cash at Bank in UZS (USD equivalent)	-	-	-	-	-
Total	-	-	35 513	-	0.0%

Signed on behalf of the Project's Management on 30 September 2021

  
A. Djumankulov  
Acting Director of PMU




  
Yu. Kruchinina  
Accountant of PMU

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**


**SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY CATEGORIES AS OF 21 SEPTEMBER 2021**

*Tabular amounts are presented in US Dollars*

Categories	Actual		Budget	Variance
	21.09.2021	Cumulative	Cumulative	Cumulative
<b>Category 1: Works</b>				
Works, machinery & equipment	17 987 382	36 208 587	124 900 000	28.99%
<b>Sub-Total</b>	<b>17 987 382</b>	<b>36 208 587</b>	<b>124 900 000</b>	<b>28.99%</b>
<b>Category 2: Consulting Services</b>				
Consulting Services (Construction Supervision)	356 874	1 050 217	4 900 000	21.43%
<b>Sub-Total</b>	<b>356 874</b>	<b>1 050 217</b>	<b>4 900 000</b>	<b>21.43%</b>
<b>Category 3: Recurrent Costs</b>				
Recurrent Costs, including audit costs	121 534	727 089	1 200 000	60.59%
<b>Sub-Total</b>	<b>121 534</b>	<b>727 089</b>	<b>1 200 000</b>	<b>60.59%</b>
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ADB FUNDS' EXPENDITURE</b>	<b>18 465 789</b>	<b>37 985 893</b>	<b>131 000 000</b>	<b>29.00%</b>
<b>UZBEK GOVERNMENT FUNDS</b>				
Works	-	-	5 153 700	-
Tax and Duties	105 282	127 646	40 208 325	0.32%
Single Social Payments (SSP)	13 176	144 584	162 000	89.25%
Financial costs during investment period	-	-	7 505 635	-
Resettlement and provision of the necessary facilities	-	-	787 960	-
<b>TOTAL UZBEK GOVERNMENT FUNDS' EXPENDITURE</b>	<b>118 458</b>	<b>272 230</b>	<b>53 817 620</b>	<b>0.51%</b>
<b>TOTAL PROJECT EXPENDITURE</b>	<b>18 584 248</b>	<b>38 258 896</b>	<b>203 817 620</b>	<b>20.70%</b>

  
A. Djumankulov  
Acting Director of PMU



  
Yu. Kruchinina  
Accountant of PMU



**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

**1 PROJECT AND ITS OPERATION**

On December 09, 2015 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 about 87 km of the A-380 highway of 228-315 km between “Guzar-Bukhara-Nukus-Beyney” Project.

On May 02, 2016 the ADB and the Republic of Uzbekistan have signed the Loan Agreement on Second Program tranche and ADB lent to Uzbekistan Loan No.3355-UZB (Project 3, Tranche No.3) amounting to USD 150 Million to facilitate implementation “Reconstruction of about 87 km of the A-380 highway between “Guzar-Bukhara-Nukus-Beyney” Project. The Project is co-financed with funds of the Uzbek Government, represented by the Ministry of Finance of the Republic of Uzbekistan. The Loan effectiveness date is declared as of 16 November 2016.

Further, on April 04, 2019 the Government of Uzbekistan has issued the President’s Decree No.4269 “On making changes and additions into some Presidential Decrees” with agreement of the ADB, including the Investment Plan of the Loan No.3355-UZB (Project 3, Tranche No.3) was amended properly as follows:

In Million USD

Investment costs	ADB (original)	ADB (revised)*	Uzbek Government (original)	Uzbek Government (revised)*	Total revised*
Works, machinery & equipment	132.0	132.4	44.0	5.2	137.6
Consulting services	4.9	4.8	-	-	4.8
Resettlement and provision of the necessary facilities	-	-	1.5	0.8	0.8
Tax and Duties	-	-	31.5	40.2	40.2
<b>Total Base cost</b>	<b>136.9</b>	<b>137.2</b>	<b>77.0</b>	<b>46.2</b>	<b>183.4</b>
Unallocated	11.9	11.5	-	-	11.5
Recurrent costs (including audit services)	1.2	1.3	-	-	1.3
Single Social Payments (from Salary base)	-	-	-	0.2	0.2
Financial costs during investment period	-	-	3.0	7.5	7.5
<b>TOTAL</b>	<b>150.0</b>	<b>150.0</b>	<b>80.0</b>	<b>53.8</b>	<b>203.8</b>

(\*) **Note:** Revised budget figures are rounded.

As per above Amendment the Project is extended for 2 (two) more years, the Project is expected to be realized during 2016-2022 (instead of 2016-2020).

In addition, on July 27, 2020, the Ministry of Finance of Uzbekistan has requested by the letter, and the ADB partially cancelled of USD 19 000 000 under the Loan No.3355-UZB (Project 3, Tranche No.3) was revised properly as follows:

Mln. USD

Category	Item	Current Allocation	Increase/(Decrease)	Revised Allocation
01	Works	132.0	(7.1)	124.9
02	Consulting services	4.9	-	4.9
03	Recurrent Cost	1.2	-	1.2
04	Unallocated	11.9	(11.9)	-
	<b>Total</b>	<b>150.0</b>	<b>(19.0)</b>	<b>131.0</b>

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

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The ADB's Central and West Asia Department shortly sent another letter to the Project regarding the extension of the closing date of the Multi-tranche Financing Facility (MFF-0059) for the Second CAREC Corridor 2 Road Investment Program and its Tranche 3 (Loan - 3355-UZB) from 31 March 2020 to 23 August 2021.

The objective of the Project is to improve transport connectivity and efficiency and institutional effectiveness through the financing of projects with one or more of the following activities:

- (a) Road development, with reconstruction of about 220 kilometres of the A-373, A373/4R-112 and A380 highways; and
- (b) Implementation of road sector sustainability plans relating to road safety and road asset management.

The Project consists of:

- (a) The reconstruction of about 87 km of the A380 highway (between km 228 and km 315 of the A380 highway) to include four lanes of cement concrete pavement;
- (a) Support for the implementation of the Project, including construction supervision, procurement, contract management, safeguards, and financial audits; and support for the implementation of the Project 1 (loan No.2772-UZB) and Project 2 (Loan No.2965-UZB) of the Project; and
- (b) Capacity development for the implementation and updating of the RAMS.

In order to optimize logistics and economic effectiveness, the existing Program Management Unit ("the PMU") under the Republican Road Fund, Second CAREC Corridor 2 Road Investment Program continues to serve as the PMU of the Project. The PMU coordinates the Project implementation including procurement of goods, works and services. Now, the PMU is located at: 68A, Mustaqillik Prospect, Tashkent, the Republic of Uzbekistan.

In the purpose of developing and improving highway networks the Presidential Decree No. PP-2583 dated 09 September 2016 of the President of the Republic of Uzbekistan designated the Republican Road Fund under the Cabinet of Ministers of the Republic of Uzbekistan as an executing agency, responsible for the target and effective use of loan proceeds and the Project implementation.

#### **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.
- single social payments as a cash contribution and other of categories of expenditures.

#### **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-2583 dated 09 September, 2016, 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 SEPTEMBER 21, 2021**

*Tabular amounts are presented in US Dollars*

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**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 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.

**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 21 September 2021 was UZS 10,686.70 to USD 1 (31.12.2020: UZS 10,476.92 to USD 1; 2019: UZS 9,507.56 to USD 1; 2018). At present, the UZS is still not a convertible currency outside Uzbekistan.

**Bank Accounts of the Project**

During the period from January 01, 2021 to September 21, 2021, 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 September 21, 2021 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 30 September 2021.



**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

**5 Statement of Cash Balances of the Project**

The Project had the following Cash Balances as at September 21, 2021 at JSCB “KAPITAL BANK”:

Sources of funds	Currency	Note	Name of account	21.09.2021 Amount in USD	31.12.2020 Amount in USD
ADB Loan Account	USD	6	Imprest Account	-	35 513
UZS Special Account	UZS	7	Special Account	-	-
<b>Total</b>				<b>-</b>	<b>35 513</b>


**6 Statement of USD Imprest Loan Account**

Account No.: 22626 840 3048 2386 2005  
 Depositary Bank: JSCB “KAPITAL BANK”  
 Address: Tashkent, Uzbekistan  
 Related Loan No.: ADB 3355 - UZB  
 Currency: **US Dollars (USD)**

	21.09.2021	2020
<b>Opening Balance</b>	<b>35 513</b>	<b>23 714</b>
ADB – Initial Advance		
ADB – Replenishments including interbank commission	90 994	171 326
ADB – Return of unused funds back	(4 955)	
<b>Cash Outflow:</b>		
Transfer into UZS Imprest Account (Conversion)	(121 510)	(159 435)
Interbank commission held	(42)	(92)
<b>Closing Balance</b>	<b>-</b>	<b>35 513</b>

  
 A. Djumankulov  
 Acting Director of PMU



  
 Yu. Kruchinina  
 Accountant of PMU



**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

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**7 Statement of UZS Special Account**

Account No.: 22626 000 8048 2386 2006  
Depository Bank: JSCB "KAPITAL BANK"  
Address: Tashkent, Uzbekistan  
Related Loan No.: ADB 3355 - UZB

	USD Equivalents	
	21.09.2021	2020
<b>Opening Balance</b>	-	-
<b>Cash Inflow:</b>		
Transfer from USD Imprest Account	121 510	159 435
Transfer from Secondary Account	-	-
FX Gain	-	43
<b>Cash Outflow:</b>		
Financing eligible expenditure	(121 492)	(159 478)
FX Loss	(18)	-
<b>Closing Balance</b>	-	-

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

**8 ADB Loan Proceeds**

	21.09.2021	Cumulative
<b>Loan Proceeds</b>		
<b><i>Imprest Loan Account:</i></b>		
Initial Advance received to Imprest Account	-	100 000
Replenishments to Imprest Account	90 994	632 044
Return unused funds back	(4 955)	(4 955)
<b>Direct Payments</b>	18 344 255	37 258 804
<b>Total ADB Loan Proceeds</b>	<b>18 430 294</b>	<b>37 985 893</b>

**9 Statement of Expenditure (including reconciliation) for the period ended September 21, 2021**

**STATEMENT OF EXPENDITURE – ADB Loan No.3355 - UZB**

WDA number	Recurrent Costs	Liquidated from Imprest account during 2021
00041	95 044.58	95 044.58
<b>Total</b>	<b>95 044.58</b>	<b>95 044.58</b>

**Note:** The WDA No.00041 included the expenditures of the Project for the FY 2020 amounting to USD 108.36 and the expenditures of for the period from 01.01.2021 to 21.09.2021 amounting to USD 94 936.22.

**Reconciliation of financing made through Imprest Account – ADB Loan No.3355-UZB during FY 2021**

<b>Total Expenditure should be liquidated during FY 2021 including:</b>	
Expenditure per SOE 22, claimed in FY 2021 but not liquidated by ADB as of 21.09.2021 yet	95 044.58
<b>Total financing made through Imprest Account during FY 2021</b>	<b>95 044.58</b>

**SECOND CAREC CORRIDOR 2 ROAD INVESTMENT PROGRAM – PROJECT 3 (ADB LOAN No.3355-UZB)**  
**PROGRAM MANAGEMENT UNIT**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENT FOR THE PERIOD ENDED SEPTEMBER 21, 2021**  
*Tabular amounts are presented in US Dollars*

**10 Direct Payments**

WDA No	Year	Expenditure by Categories		
		1. Works	3. Consulting Services	Total
00021	2021	-	24 074.16	24 074.16
00023	2021	-	21 655.25	21 655.25
00024	2021	842 261.82	-	842 261.82
00025	2021	280 753.94	-	280 753.94
00026	2021	1 630 303.22	-	1 630 303.22
00027	2021	543 434.41	-	543 434.41
00028	2021	-	26 553.29	26 553.29
00029	2021	1 180 963.70	-	1 180 963.70
00030	2021	393 654.57	-	393 654.57
00031	2021	-	154 922.26	154 922.26
00032	2021	651 785.83	-	651 785.83
00033	2021	217 261.94	-	217 261.94
00034	2021	-	78 954.96	78 954.96
00035	2021	1 131 878.54	-	1 131 878.54
00036	2021	377 282.84	-	377 282.84
00037	2021	-	31 449.20	31 449.20
00038	2021	8 053 343.12	-	8 053 343.12
00039	2021	2 684 447.71	-	2 684 447.71
00040	2021	-	19 264.44	19 264.44
<b>TOTAL</b>		<b>17 987 381.64</b>	<b>356 873.56</b>	<b>18 344 255.20</b>