

Audited Project Financial Statements

Project Number: 45366-004

Loan Number: 3067

Period covered: 1 January 2017 to 31 December 2017

UZB: Solid Waste Management Improvement Project

Prepared by TSIAR-FINANS, LLC (Uzbekistan)

For the Asian Development Bank

Date received by ADB: 27 April 2018

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✉ 2a, Chust street, Tashkent, 100077, Uzbekistan
☎ Tel/Fax: (998-71) 262-50-70, 262-50-90, 262-08-47
✉ E-mail: reception@ciar.uz; reception@ciargroup.net
www.ciar.uz

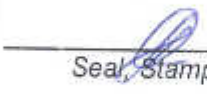
**«SOLID WASTE MANAGEMENT IMPROVEMENT» PROJECT
ADB LOAN No.3067-UZB**

**INDEPENDENT AUDITOR'S REPORT
ON SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017**

*State Enterprise "Project Implementation Unit
of the «Solid Waste Management Improvement Project»*

Received Four copies of Independent Auditor's Report
(figures in writing)

"13" April 2018

 surname, Initials Andreychenko O.V.
Seal, Stamp (signature)

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INDEPENDENT AUDITOR'S REPORT

**To: The Management of State Unitary Enterprise "MAXSUSTRANS" and
State Enterprise «Project Implementation Unit of the Solid Waste Management Improvement»**

We have audited the accompanying Special Purpose Financial Statements (hereinafter – Financial Statements) of the "Solid Waste Management Improvement" Project (hereinafter – Project), financed by the Asian Development Bank (hereinafter – the Bank, ADB) according to the Loan Agreement No.3067 dated 27 February 2014 (hereinafter – Loan Agreement) for the period from 01 January 2017 to 31 December 2017.

The Special Purpose Financial Statements comprise Balance Sheet as at 31 December 2017, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, Imprest Account Statements for the period from 01 January 2017 to 31 December 2017, and a summary of significant accounting policies and other explanatory information.

The Special Purpose Financial Statements have been prepared by the management of State Enterprise "Project Implementation Unit of the "Solid Waste Management Improvement" (hereinafter – PIU) according to the International Public Sector Accounting Standards (hereinafter – IPSAS) and Asian Development Bank's requirements, based on the cash flow method.

Responsibility of the managers for drawing up financial statement

The management of the Project is responsible for preparation and fair presentation of these Special Purpose Financial Statements based on the cash flow basis in accordance with IPSAS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying Special Purpose Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), published by International Federation of Accountants. Those standards require that we should follow ethical norms, plan and perform the audit to obtain reasonable assurance that there is no incorrect or false data in the Special Purpose Financial Statements.

Audit stipulates carrying out the procedures, which are aimed to get audit proofs as regards numeric data and information, contained in the Special Purpose Financial Statements. Choosing the procedures is based on auditor's professional judgment, including the estimation of risks of substantial misrepresenting of financial statement as a result of fraud or mistakes. In the process of estimation of above-mentioned risks, Auditor considers internal control system related to the preparation and authentic submission of financial statement of the organization to develop audit procedures, which are necessary in the present circumstances, but not to express opinion on the effectiveness of organization's internal control system.

An audit also includes evaluating principles of accounting policies used and estimates made by the management, as well as evaluating the overall presentation of the Special Purpose Financial Statements.

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

Auditor's opinion

In our opinion,

A) The Special Purpose Financial Statements of the «Solid Waste Management Improvement Project» fairly present in all material respects the financial position of the Project as at 31 December 2017 and the results of its operations for the period from 01 January 2017 to 31 December 2017, in conformity with the International Public Sector Accounting Standards.

B) The PIU has utilized all proceeds of the Loan withdrawn from ADB only for purposes of the Project as agreed between the ADB and Republic of Uzbekistan, in accordance with the Loan Agreement; and no proceeds of the Loan have been utilized for other purposes; and

C) The Executing Agency was in compliance for the period from 01 January 2017 to 31 December 2017 with all financial covenants of the Loan Agreement.

In addition,

(i) (a) With respect to Statement of Expenditures (SOE), adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) which the expenditures are eligible for financing under the Loan Agreement.

(ii) (a) The Imprest Accounts give a true and fair view of the receipts collected and payments made during the period ending at 31 December 2017; and (b) these receipts and payments support Imprest Account liquidations/replenishments during the period from 01 January 2017 to 31 December 2017.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared to assist the Project to comply with the financial reporting provisions on the requirements conditions of the Loan Agreement and IPSAS. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. In accordance with the Loan Agreement, ADB shall disclose the annual audited Project financial statements and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Auditor:

TSIAR-FINANS LLC
2A, Chust Street,
Tashkent, 100077, Uzbekistan

TSIAR-FINANS LLC



«10» April 2018

BALANCE SHEET
As at 31 December 2017
(USD)

<i>Indicator</i>	<i>Note</i>	<i>as at 1 January 2017</i>	<i>as at 31 December 2017</i>
ASSETS			
Cash and cash equivalents	4	1 993 885	1 458 456
TOTAL ASSETS		1 993 885	1 458 456
OWN FUNDS/FINANCING			
ADB financing	2.2	2 542 227	7 147 722
Government financing	2.2	26 650	32 560
Other financing	2.2	3 011	5 387
Cumulative expenditure, net:	7	(578 003)	(5 727 213)
including: Exchange rate difference	2.4	(173)	(171)
TOTAL OWN FUNDS/FINANCING		1 993 885	1 458 456

Signed by management on 01 February 2018:

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Balance Sheet is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements

STATEMENT OF SOURCES AND USES OF FUNDS
for the period from 01 January 2017 to 31 December 2017
(USD)

<i>Indicator</i>	<i>Note</i>	<i>Budget</i>	<i>Actual 2017</i>	<i>Actual 2016</i>	<i>Cumulative from the beginning of the Project</i>
<u>Financing</u>					
<u>ADB Funds</u>					
ADB – Credit					
- Direct payment	5		3 233 210	221 080	3 597 715
- Replenishment to Imprest Account	4.1		1 372 285	2 066 757	3 550 007
Total ADB Funds		69 000 000	4 605 495	2 287 837	7 147 722
<u>Government Funds</u>					
- Replenishment to Imprest Account	4.1		5 910	16 835	32 560
Total Government Funds		1 500 700	5 910	16 835	32 560
<u>Total on direct financing</u>		<u>70 500 700</u>	<u>4 611 405</u>	<u>2 304 672</u>	<u>7 180 282</u>
<u>Other Funds</u>					
- Proceeds from the sale of bidding documents	4.1	-	2 376	2 143	4 519
- Return of proceeds from the sale of bidding documents	4.1	-	0	(84)	(84)
- Other financing	4.1	-	0	952	952
Total Other Funds		-	2 376	3 011	5 387
<u>Total on other financing</u>		-	<u>2 376</u>	<u>3 011</u>	<u>5 387</u>
<u>Total Project financing</u>		<u>70 500 00</u>	<u>4 613 781</u>	<u>2 307 683</u>	<u>7 185 669</u>
<u>Expenses</u>					
<u>ADB Funds</u>					
1A. Landfill Construction		17 831 000	0	0	0
1B. Dumpsite Closure		5 700 000	0	0	0
1C. Transfer Station, Garages & Collection Points		5 400 000	0	0	0
1D. Design & Supervision		2 546 000	0	0	0
2A. Landfill Equipment & Machinery		1 858 500	0	0	0
2B. Waste Collection & Transfer Trucks		13 642 000	0	0	0
2C. Bins & Other Equipment		7 955 000	(4 400 807)	(3 250)	(4 448 627)
3A. Project Management Personnel & Support		2 236 700	(436 108)	(52 096)	(538 316)
3B. Capacity Support Programs		2 170 500	(151 163)	(141 064)	(300 479)
Interest and Commitment Charges		1 501 000	(150 490)	(106 988)	(400 903)
Unallocated		8 159 300	0	0	0
<u>Total</u>		<u>69 000 000</u>	<u>(5 138 568)</u>	<u>(303 398)</u>	<u>(5 688 325)</u>

Continued on the next page

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<u>Government Funds</u>					
Project Management (Single Social Payment)		332 700	(10 644)	(17 170)	(38 717)
Financial costs during investment period		309 000	0	0	0
Unallocated		859 000	0	0	0
Total *		1 500 700	(10 644)	(17 170)	(38 717)
Total expenses		70 500 700	(5 149 212)	(320 568)	(5 727 042)
<u>Exchange rate difference</u>					
			2	(172)	(171)
Excess of Receipts over Payments			(535 429)	1 986 943	1 458 456
Cash Balance as at January 1, 2017					
UZS Imprest Account of PIU	4		3 823	40	0
USD Imprest Account of PIU	4		1 990 062	6 902	0
Total			1 993 885	6 942	0
Net Available Funds			1 458 456	1 993 885	1 458 456
<u>Cash Balance as at December 31, 2017</u>					
UZS Imprest Account of PIU	4		659	3 823	659
USD Imprest Account of PIU	4		1 457 797	1 990 062	1 457 797
Total			1 458 456	1 993 885	1 458 456

* Budget data by GOU sources presented without contribution as PPE in use of SUE "Maxsustrans" and in kind contribution as tax and duty exemptions (pls. see Note 4.2).

Signed by management on 01 February 2018

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Sources and Uses of Funds is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements.

STATEMENT OF USES OF FUNDS FROM ADB LOAN PROCEEDS
for the period from 01 January 2017 to 31 December 2017
(USD)

Categories	Note	Actual			Budget	Available Funds
		2017	2016	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project
1A. Landfill Construction		0	0	0	17 831 000	17 831 000
1B. Dumpsite Closure		0	0	0	5 700 000	5 700 000
1C. Transfer Station, Garages & Collection Points		0	0	0	5 400 000	5 400 000
1D. Design & Supervision		0	0	0	2 546 000	2 546 000
2A. Landfill Equipment & Machinery		0	0	0	1 858 500	1 858 500
2B. Waste Collection & Transfer Trucks		0	0	0	13 642 000	13 642 000
2C. Bins & Other Equipment	4.1	(4 400 807)	(3 250)	(4 448 627)	7 955 000	3 506 373
3A. Project Management Personnel & Support	4.1, 4.2	(436 108)	(52 096)	(538 316)	2 236 700	1 698 384
3B. Capacity Support Programs	4.1	(151 163)	(141 064)	(300 479)	2 170 500	1 870 021
Interest and Commitment Charges	5	(150 490)	(106 988)	(400 903)	1 501 000	1 100 097
Unallocated		0	0	0	8 159 300	8 159 300
Total		(5 138 568)	(303 398)	(5 688 325)	69 000 000	63 311 675

Signed by management on 01 February 2018

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Uses of Funds from ADB Loan Proceeds is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements.

STATEMENT OF USES OF FUNDS FROM THE GOU CONTRIBUTION
for the period from 01 January 2017 to 31 December 2017
(USD)

Categories *	Note	Actual			Budget	Available Funds
		2017	2016	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project
Project Management (Single Social Payment)		(10 644)	(17 170)	(38 717)	332 700	293 983
Tax and other fees		(1 938 085)	0	(1 938 085)	5 820 000	3 881 915
Financial costs during investment period		0	0	0	309 000	309 000
Unallocated		0	0	0	859 000	859 000
Total		(1 948 729)	(17 170)	(1 976 802)	7 320 700	5 343 898

* Budget data by GOU sources presented without contribution as PPE in use of SUE "Maxsustrans"

Signed by management on 01 February 2018

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Uses of Funds from the GOU Contribution is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements.

STATEMENT OF USD IMPREST ACCOUNT OF PIU
for the period from 01 January 2017 to 31 December 2017

Account No:	2021 0840 7004 2118 3001
Depository bank:	JSCIB "Ipoteka-Bank" Shaykhantakhur branch
Address:	16 A, Uzbekistan street, Tashkent, Uzbekistan
Related loan:	3067-UZB
Currency:	USD

	<i>USD</i>
Balance as at 1 January, 2017	1 990 062
Inflow:	
ADB financing	1 372 285
Interbank Charge	(26)
Bidding receipts	1 176
Total inflow:	1 373 435
Outflow:	
Sale of foreign currency	57 700
Expenses on related categories	1 848 000
Total outflow:	1 905 700
Balance as at 31 December, 2017	1 457 797

Signed by management on 01 February 2018

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of USD Imprest Account of PIU is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements.

STATEMENT OF UZS IMPREST ACCOUNT OF PIU
for the period from 01 January 2017 to 31 December 2017

Account No:	2021 0000 6004 2118 3001
Depository bank:	JSCIB "Ipoteka-Bank" Shaykhantakhur branch
Address:	16 A, Uzbekistan street, Tashkent, Uzbekistan
Related loan:	3067-UZB
Currency:	UZS

	USD	000' UZS
Balance as at 1 January, 2017	3 823	12 353
Inflow:		
Proceeds from sale of foreign currency	57 700	292 181
SUE "MAXSUSTRANS" Financing	5 910	20 083
Returns from suppliers	171	1 286
Bidding receipts	1 200	3 982
Total inflow:	64 981	317 532
Outflow:		
Expenses on related categories	68 147	324 531
Exchange rate difference	(2)	
Total outflow:	68 145	324 531
Balance as at 31 December, 2017	659	5 354

Signed by management on 01 February 2018

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of UZS Imprest Account of PIU is to be read in conjunction with Notes (Pages from 12 to 18) thereto forming an integral part of the Special Purpose Financial statements.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
for the period from 01 January 2017 to 31 December 2017

1. Program background

The Government of Uzbekistan (GOU) has applied for a loan from the Asian Development Bank (hereinafter – ADB) for the development and improvement of Solid Waste Management (SWM) system of the capital city Tashkent. The loan reference number and project title is No.3067-UZB: Solid Waste Management Improvement Project (hereinafter – Project). The Loan Agreement was signed between the Republic of Uzbekistan and Asian Development Bank dated 27 February 2014 and Project Agreement dated 12 March 2014 signed between ADB, Tashkent City Khokimiyat and the State Unitary Enterprise "MAXSUSTRANS" (hereinafter – SUE "MAXSUSTRANS").

Pursuant to the Sub-lending Agreement dated December 10, 2014 and signed between the Ministry of Finance on behalf of the Republic of Uzbekistan, State Unitary Enterprise "MAXSUSTRANS" and Tashkent City Khokimiyat the whole amount was sub-lent to SUE "MAXSUSTRANS". Loan funds are made available to the Republic of Uzbekistan for Project financing shall only be used for the Intention and on the Terms and Conditions of the Loan Agreement.

The Project aims to provide an improved SWM system in Tashkent, the capital city, to upgrade urban infrastructure and services. The project will develop a sanitary landfill that meets international standards, rehabilitate transfer stations, and modernize the waste collection and transfer fleet. It will build capacity in waste management and help formulate a national strategy on solid waste management Implementation of the Project's enables sustainable urban environment and quality of life for the residents of Tashkent. The outcome will be improved SWM services and management for the residents of Tashkent city

The Project outputs include:

(i) Output 1: Rehabilitated and expanded SWM system in Tashkent.

By the project, completion it is expected that

- ✓ rehabilitation of transfer stations and possibility of liquidation of an existing transfer stations
- ✓ 3 million tons of disposal capacity established with international environmental standards, and
- ✓ Possibility of waste utilization for 1,950 tons per day.

(ii) Output 2: Strengthened operational capacity.

By the project completion it is expected that

- ✓ at least 90% of households actively segregating waste at source,
- ✓ campaign to raise awareness will reach 90% of households on waste segregation with women households members' participation,
- ✓ improved management and operations of SUE "MAXSUSTRANS", including a 20% improvement (reduction) in cost per ton of waste disposal, and (iv) an IT-supported MSW collection system based on a geographic information system (GIS) database is implemented and 80% of trips monitored by the system is achieved.

(iii) Output 3: National SWM Strategy.

It is planned to prepare a national SWM strategy and submit to the Government and ADB by 2016.

Project financing plan is as follows:

<i>Source of financing</i>	<i>USD</i>
ADB	69 000 000
Government	5 820 000
State Unitary Enterprise "MAXSUSTRANS" for and on behalf of GOU	17 431 000
Total	92 251 000

Decree No.2255 of the President of the Republic of Uzbekistan dated 31 October 2014 designates the SUE "MAXSUSTRANS" and Khokimiyat of Tashkent city as an executive agencies responsible for the target and effective use of loan proceeds and Project implementation. Pursuant to the Sub-lending Agreement, SUE "MAXSUSTRANS" is the organization in charge for the repayment of loan and interest.

In order to ensure effective project implementation the SUE «MAXSUSTRANS» has established the State Enterprise «Solid Waste Project Management Unit» (hereinafter - PIU). PIU is located at: Industrial Zone "Bekabad", Uchtepa District, 100132, Tashkent, Uzbekistan.

The Project components include:

(i) Civil Works

Current component includes the establishment of a sanitary landfill establishment, transfer stations and garage rehabilitation, dumpsite closure, garage rehabilitation and design and supervision.

(ii) Plant and Equipment

Current component includes the procurement of landfill equipment and machinery, waste collection and transfer trucks, waste collection bins and other equipment.

(iii) Project Management Capacity Development & Studies

Component includes the project management and support through consulting services, and the capacity development programs listed below:

- ✓ National SWM Strategy Formulation
- ✓ Waste Minimization and recycling
- ✓ Media and public awareness campaign
- ✓ Transfer and logistic study
- ✓ O&M Support for SWM for systems operation

The expected completion date of Project Implementation is 31 December 2018.

ADB loan proceeds under the Project implementation are available to cover the following eligible costs:

USD

No.	Category	ADB financing:	
		In USD	In %
1	Civil Works	31 477 000	100% of all expenditures
1A	1A. Landfill Construction	17 831 000	100% of all expenditures
1B	1B. Dumpsite Closure	5 700 000	100% of all expenditures
1C	1C. Transfer Station, Garages & Collection Points	5 400 000	100% of all expenditures
1D	1D. Design & Supervision	2 546 000	100% of all expenditures
2	Plant & Equipment	23 455 500	100% of all expenditures
2A	2A. Landfill Equipment & Machinery	1 858 500	100% of all expenditures
2B	2B. Waste Collection & Transfer Trucks	13 642 000	100% of all expenditures
2C	2C. Bins & Other Equipment	7 955 000	100% of all expenditures
3	Project Management, Capacity Development & Studies	4 407 200	100% of all expenditures
3A	3A. Project Management Personnel & Support	2 236 700	100% of all expenditures
3B	3B. Capacity Support Programs	2 170 500	100% of all expenditures
4	Interest and Commitment Charges	1 501 000	100% of all expenditures
5	Unallocated	8 159 300	100% of all expenditures
	Total	69 000 000	

(*) Exclusive of taxes and duties imposed within the territory of the Borrower.

GOU proceeds under the Project implementation are available to cover the following eligible costs:

No.	Category	GOU financing:	
		GOU	SUE «MAXSUSTRANS»
1	Project Management (Single Social Payment)		332 700
2	Tax and other fees	5 820 000	
3	Financial costs during investment period		309 000
4	Unallocated		859 000
5	Property, Plant & Equipment in use		15 930 300
	Total by GOU sources	5 820 000	17 431 000
	Total	23 251 000	

2. Program Accounting Policy

Special Purpose Financial Statements of the Program was prepared in accordance with International Public Sector Accounting Standards (hereinafter – IPSAS) based on the cash flow basis.

2.1. Basis for the preparation of the Special Purpose financial statements

Balance Sheet, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, Imprest Accounts Statements and Notes to the Financial Statements have been prepared to reflect operations conducted in the Project's framework. Balance Sheet, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, and Imprest Accounts Statements have been prepared based on cash flow basis in accordance with below-stated principles.

2.2. Financing

Financing of the Project is considered as actual in the following cases:

1. ADB Financing:

- when suppliers of material resources or services are paid by the ADB from the Loan Account (hereinafter – Loan Account) under Direct payment procedures or by the Letter of Credit;
- Imprest account financing is recognized when the funds from the ABD's Loan Account were transmitted to the PIU Imprest account (hereinafter – the Imprest account) opened with Joint-Stock Innovation Commercial Bank "Ipoteka-Bank" Shaykhantakhur branch (hereinafter – JSICB "Ipoteka-Bank")

2. Government financing:

- In cash - once the finds are transferred from the SUE "MAXSUSTRANS" accounts to the PIU Imprest account opened in the JSICB "Ipoteka-Bank";
- In kind of tax and duty exemptions accounted on the basis of the certificates (notes/letters) furnished by the Project suppliers and subcontractors subjected to the general taxation requirements (VAT, mandatory contributions and fees to the public ear-marked funds, non-budget Fund for Reconstruction, Capital Refurbishment and Equipment of Educational and Health Care Institutions and Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan).

3. Other Financing:

- The other financing is recognized when the funds from the bidder accounts were transmitted to the Project's USD and UZS Imprest Accounts opened with the JSICB "Ipoteka-Bank".

2.3. Expenditures

The Project expenditures are recognized as such and stated in the financial statements when the payment is made to suppliers of goods, works and/or services. The payments are made either directly from the Loan account administered by the Bank, from the Letters of credit or from Imprest Accounts of PIU.

2.4. Reporting currency and exchange rate methodology

Uzbekistan's national currency is Uzbek Soum (UZS). ADB Fund's Project financing and key costs are budgeted in United States Dollars (USD). Hence, USD is functional and reporting currency, in which the Project Special Purpose Financial Statements are presented (presentation currency). Itemization in the Special Purpose Financial Statements is exercised in the functional currency.

PIU has USD Imprest account. Besides, PIU has UZS Imprest account, used to convert funds.

Pursuant to the Presidential Decree No.5177 dated 02 September 2017 as of 05 September 2017 the foreign exchange can be freely purchased for the national currency. Commercial banks are free to charge exchange commissions at their discretion.

For preparing Project's financial statements, the following principles of foreign exchange rate conversion were used:

In the period from 01 January 2017 to 31 December 2017 ADB has funded UZS Imprest Account of PIU for the amount of USD 1,372,285 (excluding interbank charge in the amount of USD 26). UZS Imprest Account of PIU was financed by SUE "MAHSUSTRANS" for the amount of 5,910. Proceeds from the sale of bidding documents to UZS and USD Imprest Accounts are total of USD 1,200 (UZS 3,982 thousand) and USD 1,176 respectively.

4.2. In kind Contribution

GOU's contribution in kind of tax and duty exemptions accounted on the basis of the certificates (notes/letters), tax reports and waybills furnished by the Project suppliers and subcontractors subjected to the general taxation requirements (VAT, mandatory contributions and fees to the public ear-marked funds, non-budget Fund for Reconstruction, Capital Refurbishment and Equipment of Educational and Health Care Institutions and Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan).

GOU contribution in kind for the period from 01 January 2017 to 31 December 2017 is as follows:

- Income tax exemption for the non-resident H.P. Gauff Ingenieure GmbH. Information on the cost of imported services and applicable tax exemptions is as follows:

Position	Tax exemptions, UZS'000	Tax exemptions, USD *
Revenue-based levy from non-residents	10 644	2 085

* Tax benefits in USD terms is estimated at the average 2017 exchange rate

- Customs exemptions for total of USD1 936 000, applied by the «UZBEK CHINESE TRADING HOUSE LTD» for imported litter bins and applicable tax exemptions as follows:

Waybill	Delivery cost, USD	Duty exemptions, UZS'000	Duty exemptions, USD*
26003/25.03.2017/0009592	918 400	1 433 777	404 096
26003/27.03.2017/0009761	970 116	1 514 514	426 851
26003/17.05.2017/0016680	586 592	978 201	258 100
26003/01.06.2017/0018880	402 912	681 882	177 281
26003/01.06.2017/0018826	724 352	1 225 883	318 715
26003/13.07.2017/0025170	797 628	1 408 914	350 956
Total	4 400 000	7 243 171	1 936 000

* Tax benefits are costed at the exchange rate effective on the date of processed customs declaration

Balances of the Project's bank accounts are reflected in the following table:

	UZS'000	USD
Balance as at 1 January 2017		
ADB and GOU funds		
UZS Imprest Account of PIU	12 353	3 823
USD Imprest Account of PIU	6 430 844	1 990 062
Total ADB and GOU Funds	6 443 197	1 993 885
Total Project Funds	6 443 197	1 993 885
Balance as at 31 December 2017		
ADB and GOU funds		
UZS Imprest Account of PIU	5 354	659
USD Imprest Account of PIU	11 837 416	1 457 797
Total ADB and GOU Funds	11 842 770	1 458 456

Total Project Funds**11 842 770****1 458 456****5. Direct payments**

Direct payments made by the ADB from Loan Account during the period from 01 January 2017 to 31 December 2017, are stated in the following table:

No of W/A	Supplier (expense)	Dated	Payment currency	Total in payment currency	The payment amount of a cut of cost categories* (in USD)				Total amount in USD
					2C	3A	3B	Per cent **	
Corr.	August 9, 2017	H.P. Gauff Ingenieure GmbH	USD	(319 194)		(319 194)			(319 194)
CAP **	September 15, 2017	Percent	USD	86 294				86 294	86 294
CAP **	March 15, 2017	Percent	USD	64 196				64 196	64 196
P0012	February 8, 2017	Samuel Kakeiye	USD	26 324			26 324		26 324
P0013	March 14, 2017	TSIAR-FINANS	USD	12 320			12 320		12 320
P0014	March 16, 2017	Samuel Kakeiye	USD	41 337			41 337		41 337
P0015	June 16, 2017	Samuel Kakeiye	USD	43 596			43 596		43 596
P0017	March 24, 2017	Irakli Kaviladze	USD	15 206			15 206		15 206
P0018	May 24, 2017	Uzbek Chinese Trading House Ltd	USD	989 504	989 504				989 504
P0019	June 9, 2017	TSIAR-FINANS	USD	3 080			3 080		3 080
P0020	June 6, 2017	Uzbek Chinese Trading House Ltd	USD	724 352	724 352				724 352
P0021	June 8, 2017	Uzbek Chinese Trading House Ltd	USD	40 516	40 516				40 516
P0024	July 24, 2017	Uzbek Chinese Trading House Ltd	USD	797 628	797 628				797 628
P0025	August 8, 2017	H.P. Gauff Ingenieure GmbH	USD	319 194		319 194			319 194
P0026	October 27, 2017	TSIAR-FINANS	USD	9 300			9 300		9 300
P0029	December 8, 2017	H.P. Gauff Ingenieure GmbH	USD	60 363		60 363			60 363
P025A	August 15, 2017	H.P. Gauff Ingenieure GmbH	USD	319 194		319 194			319 194
Total				3 233 210	2 552 000	379 557	151 163	150 490	3 233 210

(*) Cost Categories in wording are in the Note 1 to the financial statements

(**) These amounts are the accrued interest and commitment fee

Below is the summary of ADB-financed total under the Direct Payment Procedure (from the Project beginning):

Reporting period	Category*				TOTAL, USD
	2C	3A	3B	Per cent	
2015	-	-	-	143 425	143 425
2016	-	114 092	-	106 988	221 080
2017	2 552 000	379 557	151 163	150 490	3 233 210
Total	2 552 000	493 649	151 163	400 903	3 597 715

(*) Cost Categories in wording are in the Note 1 to the financial statements

6. Statement of Expenditure (SOE) procedures

SOE procedure used by the Project to replenish funds to the Imprest Account in accordance with the conditions of the Loan Agreement and ADB Guidelines' requirements.

Summary data on funds recovered and reimbursed through SOE procedures is stated in the following table:

Total Amount reported under SOEs	60 566
<i>Less: unsubmitted to ADB as of 31 December 2017</i>	<i>(31 732)</i>
Subtotal	28 834
Of which: Proceeds to Imprest Account	1 372 259
<i>Excluding interbank charge</i>	<i>26</i>
<i>Including payment on expenditures for 2016 as per SOE P0023</i>	<i>(24 392)</i>
<i>Including additional advance payment as per SOE P0027</i>	<i>(1 319 059)</i>
Reimbursed under SOE procedure	28 834
Unreimbursed under SOE procedure	0
Difference	0

Including by the expenditure categories:

No. of Withdrawal application	Cost category (*)		Total reimbursable	Not reimbursed	Replenishment of the Imprest Account
	2C	3A			
P0023	807	28 027	28 834	0	28 834
Total	807	28 027	28 834	0	28 834

(*) Including by the expenditure categories, pls. see Annex No.1

7. Cumulative expenditures

Cumulative Project expenditures include expenditures from the Project Imprest Accounts to the suppliers of goods (works and services), expenditures of the GOU counterpart financing, including exchange losses.

Project Expenditures	2017	2016	2015	Cumulative from the beginning of the Project
Expenditures of the ADB Loan proceeds	(5 138 568)	(303 398)	(246 359)	(5 688 325)
Expenditures of the counterpart financing	(10 644)	(17 170)	(10 903)	(38 717)
Exchange rate difference	2	(172)	(1)	(171)
Total	(5 149 210)	(320 740)	(257 263)	(5 727 213)

8. Taxes

PIU as non-commercial organization is exempted from taxes and fees according to Tax Code of the Republic of Uzbekistan.