

Audited Project Financial Statements

Project Number: 45366-004

Loan Number: 3067

Period covered: 1 January 2016 to 31 December 2016

UZB: Solid Waste Management Improvement Project

Prepared by TSIAR-FINANS, LLC (Uzbekistan)

For the Asian Development Bank

Date received by ADB: 4 September 2017

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 Public Communications Policy 2011 and as agreed between ADB and State Unitary Enterprise "Maxsustrans".

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**«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 2016 TO 31 DECEMBER 2016**

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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 2016 to 31 December 2016.

The Special Purpose Financial Statements comprise Balance Sheet as at 31 December 2016, 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 2016 to 31 December 2016, 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 2016 and the results of its operations for the period from 01 January 2016 to 31 December 2016, 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 2016 to 31 December 2016 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 2016; and (b) these receipts and payments support Imprest Account liquidations/replenishments during the period from 01 January 2016 to 31 December 2016.

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

«30» June 2017



BALANCE SHEET
As at 31 December 2016
(USD)

<i>Indicator</i>	<i>Note</i>	<i>as at 1 January 2016</i>	<i>as at 31 December 2016</i>
ASSETS			
Cash and cash equivalents	4	6 942	1 993 885
TOTAL ASSETS		6 942	1 993 885
OWN FUNDS/FINANCING			
ADB financing	2.2	254 390	2 542 227
Government financing	2.2	9 815	26 650
Other financing	2.2	0	3 011
Cumulative expenditure, net:	7	(257 263)	(578 003)
including: Exchange rate difference	2.4	(1)	(173)
TOTAL OWN FUNDS/FINANCING		6 942	1 993 885

Signed by management on 01 May 2017

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 2016 to 31 December 2016
(USD)

<i>Indicator</i>	<i>Note</i>	<i>Budget</i>	<i>Actual 2016</i>	<i>Actual 2015</i>	<i>Cumulative from the beginning of the Project</i>
<u>Financing</u>					
<u>ADB Funds</u>					
ADB – Credit					
- Direct payment	5		221 080	143 425	364 505
- Replenishment to Imprest Account	4.1		2 066 757	110 965	2 177 722
Total ADB Funds		69 000 000	2 287 837	254 390	2 542 227
<u>Government Funds</u>					
- Replenishment to Imprest Account	4.1		16 835	9 815	26 650
- In kind Contribution	4.2		0	0	0
Total Government Funds		7 320 700	16 835	9 815	26 650
<u>Total on direct financing</u>		76 320 700	2 304 672	264 205	2 568 877
<u>Other Funds</u>					
- Proceeds from the sale of bidding documents	4.1	-	2 143	0	2 143
- Return of proceeds from the sale of bidding documents	4.1	-	(84)	0	(84)
- Other financing	4.1	-	952	0	952
Total Other Funds		-	3 011	0	3 011
<u>Total on other financing</u>		-	3 011	0	3 011
<u>Total Project financing</u>		76 320 700	2 307 683	264 205	2 571 888
<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	(3 250)	(44 570)	(47 820)
3A. Project Management Personnel & Support		2 236 700	(52 096)	(50 112)	(102 208)
3B. Capacity Support Programs		2 170 500	(141 064)	(8 252)	(149 316)
Interest and Commitment Charges		1 501 000	(106 988)	(143 425)	(250 413)
Unallocated		8 159 300	0	0	0
Total		69 000 000	(303 398)	(246 359)	(549 757)
<u>Government Funds</u>					
Project Management (Single Social Payment)		332 700	(17 170)	(10 903)	(28 073)
Tax and other fees		5 820 000	0	0	0
Financial costs during investment period		309 000	0	0	0
Unallocated		859 000	0	0	0
Total *		7 320 700	(17 170)	(10 903)	(28 073)
<u>Total expenses</u>		76 320 700	(320 568)	(257 262)	(577 830)

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Indicator	Note	Budget	Actual 201	Actual 2015	Cumulative from the beginning of the Project
Exchange rate difference			(172)	(1)	(173)
Excess of Receipts over Payments			1 986 943	6 942	1 993 885
Cash Balance as at January 1, 2016					
UZS Imprest Account of PIU	4		40	0	0
USD Imprest Account of PIU	4		6 902	0	0
Total			6 942	0	0
Net Available Funds			1 993 885	6 942	1 993 885
Cash Balance as at December 31, 2016					
UZS Imprest Account of PIU	4		3 823	40	3 823
USD Imprest Account of PIU	4		1 990 062	6 902	1 990 062
Total			1 993 885	6 942	1 993 885

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

Signed by management on 01 May 2017

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 2016 to 31 December 2016
(USD)

Categories	Note	Actual			Budget	Available Funds
		2016	2015	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	(3 250)	(44 570)	(47 820)	7 955 000	7 907 180
3A. Project Management Personnel & Support	4.1, 4.2	(52 096)	(50 112)	(102 208)	2 236 700	2 134 492
3B. Capacity Support Programs	4.1	(141 064)	(8 252)	(149 316)	2 170 500	2 021 184
Interest and Commitment Charges	5	(106 988)	(143 425)	(250 413)	1 501 000	1 250 587
Unallocated		0	0	0	8 159 300	8 159 300
Total		(303 398)	(246 359)	(549 757)	69 000 000	68 450 243

Signed by management on 01 May 2017

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 2016 to 31 December 2016
(USD)

Categories *	Note	Actual			Budget	Available Funds
		2016	2015	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)	4.2	(17 170)	(10 903)	(28 073)	332 700	304 627
Tax and other fees		0	0	0	5 820 000	5 820 000
Financial costs during investment period		0	0	0	309 000	309 000
Unallocated		0	0	0	859 000	859 000
Total		(17 170)	(10 903)	(28 073)	7 320 700	7 292 627

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

Signed by management on 01 May 2017

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 2016 to 31 December 2016

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

	USD
Balance as at 1 January, 2016	6 902
<hr/>	
Inflow:	
ADB financing	2 066 757
Interbank Charge	(39)
Bidding receipts	1 442
Total inflow:	2 068 160
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Outflow:	
Sale of foreign currency	85 000
Total outflow:	85 000
<hr/>	
Balance as at 31 December, 2016	1 990 062

Signed by management on 01 May 2017

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 2016 to 31 December 2016

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, 2016	40	113
Inflow:		
Proceeds from sale of foreign currency	85 000	251 915
SUE "MAXSUSTRANS" Financing	16 835	49 541
Returns from suppliers	860	2 239
Bidding receipts	701	2 080
Other receipts	952	2 415
Total inflow:	104 348	308 190
Outflow:		
Expenses on related categories	100 309	295 702
Returned funds to the bidders	84	248
Exchange rate difference	172	
Total outflow:	100 565	295 950
Balance as at 31 December, 2016	3 823	12 353

Signed by management on 01 May 2017

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 2016 to 31 December 2016**

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. 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.

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

- for ADB funds, expenses in UZS are restated in USD at the Central Bank of Uzbekistan (CBU) exchange rate effective on the date of conversion;

- exchange differences generated from the exchange of UZS into USD are reported in the Statements of Project Imprest Accounts and in the Statement of Source and Use of Funds as expenditures at the established exchange rate;
- UZS balances of PIU bank accounts are revalued at the official exchange rate of CBU effective at the reporting date. As at 31 December 2016 the CBU's UZS to USD official exchange rate was UZS 3 231,48/USD1.

For the reported period the negative exchange [loss] resulted from the UZS:USD exchange is USD 172.

3. Presented financial statements

Project Financial Statements are generated and produced by the Management of the Project Implementation Unit (hereinafter - PIU), established by the SUE "MAXSUSTRANS" being the Project Executive Agency appointed by the Uzbekistan Presidential Resolution No.2255 dated 31 October 2014.

The Project Special Purpose Financial Statements have been signed by Head of SUE "MAXSUSTRANS" Mr. Nabiev, PIU Manager Mr. Shukurov and PIU Chief Accountant Mrs. Andreychenko on 01 May 2017.

The following Project Financial Statements are generated in line with the IPSAS on the cash flow method:

(1) Balance sheet

This report includes data on the accumulated Project funds, financing and cumulative Project expenditures as on December 31, 2016.

(2) Statement of Sources and Uses of Funds

During the reported period the Project was funded:

- ✓ by ADB in the amount of USD 2,287,837 where USD 221,080 are Direct payment (pls. see Note 5), and USD 2,066,718 (excluding interbank charge in the amount of USD 39) – replenishment of the Imprest Account based on the SOE procedure (pls. see Note 6);
- ✓ by GOU counterpart financing in the amount of USD 16,835 as a replenishment of the UZS Imprest Account of PIU to cover the cost of Single Social Payment (pls. see Note 4.1).

The total Project expenditures in the period from 01 January 2016 to 31 December 2016 were amount of USD 320,568 (excluding exchange rate difference in the amount of USD 172).

(3) Statement of Uses of Funds from ADB Loan Proceeds

This Statement includes detailed data on the cash expenditures by the Project Categories in terms of the ADB counterpart financing.

(4) Statement of Uses of Funds from the GOU Contribution

This Statement includes detailed data on the cash expenditures by the Project Categories in terms of the GOU counterpart financing in cash and kind (pls. see Note 4.2)

4. Cash and cash equivalents

The Project has a number of bank accounts. The Project's accounts and their purposes are listed below:

4.1. Imprest Accounts

The PIU has two Imprest Accounts: USD and UZS (ADB Loan No.3067-UZB) for financing eligible expenditures within ADB and GOU's (SUE "MAHSUSTRANS") shares. During the period from 01 January 2016 to 31 December 2016, the Imprest Accounts were used for paying to suppliers as well as to cover bank expenditures and salary.

In the period from 01 January 2016 to 31 December 2016 ADB has funded UZS Imprest Account of PIU for the amount of USD 2,066,518 (excluding interbank charge in the amount of USD 39). UZS Imprest Account of PIU was financed by SUE "MAHSUSTRANS" for the amount of USD 16,835.

Proceeds from the sale of bidding documents to UZS and USD Imprest Accounts are total of USD 617 (UZS 1,832 thousand) and USD 1,442 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) 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).

In the period from 01 January 2016 to 31 December 2016 there was no GOU's contribution in kind of tax and duty exemptions.

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

	000'UZS	USD
Balance as at 1 January 2016		
ADB and GOU funds		
UZS Imprest Account of PIU	113	40
USD Imprest Account of PIU	19 394	6 902
Total ADB and GOU Funds	19 507	6 942
Total Project Funds	19 507	6 942
Balance as at 31 December 2016		
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

5. Direct payments

Direct payments made by the ADB from Loan Account during the period from 01 January 2016 to 31 December 2016, are stated in the following table:

No of Withdrawal application	Supplier (expense)	Dated	Payment currency	Total in payment currency	The payment amount of a cut of cost categories* (in USD)		Total amount in USD
					Capacity Support Programs	Per cent **	
P0003	Samuel Kakeiye	22.03.2016	USD	27 720	27 720	0	27 720
P0004	Irakli Kaviladze	04.03.2016	USD	7 920	7 920	0	7 920
P0005	Samuel Kakeiye	14.06.2016	USD	9 633	9 633	0	9 633
P0006	Samuel Kakeiye	28.07.2016	USD	9 765	9 765	0	9 765
P0008	Samuel Kakeiye	13.09.2016	USD	19 976	19 976	0	19 976
P0009	Samuel Kakeiye	14.11.2016	USD	13 503	13 503	0	13 503
P0010	Samuel Kakeiye	09.12.2016	USD	25 575	25 575	0	25 575
CAP**	Per cent	15.03.2016	USD	52 732	0	52 732	52 732
CAP**	Per cent	15.09.2016	USD	54 256	0	54 256	54 256
Total				221 080	114 092	106 988	221 080

(*) 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
	Capacity Support Programs	Per cent	
2015	0	143 425	143 425
2016	114 092	106 988	221 080
Total	114 092	250 413	364 505

(*) 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	76 158
Less: unsubmitted to ADB as of 31 December 2016	(24 392)
Subtotal	51 766
Of which: Proceeds to Imprest Account	2 066 718
Excluding interbank charge	39
Including payment on expenditures for 2015 as per SOE P0002	(95 074)
Including payment on expenditures for 2015 as per SOE P0007	(8 917)
Including additional advance payment as per SOE P0011	(1 911 000)
Reimbursed under SOE procedure	51 766
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	3B			
P0007	2 599	28 542	20 625	51 766	51 766	0
Total	2 599	28 542	20 625	51 766	51 766	0

(*) 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.

<i>Project Expenditures</i>	<i>In the period from 01 January 2016 to 31 December 2016</i>	<i>In the period from 01 January 2015 to 31 December 2015</i>	<i>Cumulative from the beginning of the Project</i>
Expenditures of the ADB Load proceeds	(303 398)	(246 359)	(549 757)
Expenditures of the counterpart financing	(17 170)	(10 903)	(28 073)
Exchange rate difference	(172)	(1)	(173)
Total	(320 740)	(257 263)	(578 003)

8. Taxes

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