

Audited Project Financial Statements

Project Number: 46443-002

Loan Number: 3314

Period covered: 1 January 2020 to 31 December 2020

Cambodia: Second Greater Mekong Subregion Corridor Towns Development Project

Prepared by Ministry of Public Works and Transport

For the Asian Development Bank

Date received by ADB: 10 June 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 Ministry of Public Works and Transport.

**ROYAL GOVERNMENT OF CAMBODIA
MINISTRY OF PUBLIC WORKS AND TRANSPORT**

**Second Greater Mekong Subregion
Corridor Towns Development Project**

ADB Loan No. 3314 – CAM (COL)

**Financial Statements
and Statement of Compliance
for the year ended 31 December 2020**

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Contents

	Page
PART I FINANCIAL STATEMENTS	
Statement by the management	1
Report of the independent auditors	2 – 4
Statement of receipts and payments	5 – 6
Statement of advance account	7 - 9
Notes to the financial statements	10 – 27
Appendix I: Statement of budget versus actual expenditure	i
PART II INDEPENDENT ASSURANCE REPORT ON COMPLIANCE	
Management assertion	28
Independent reasonable assurance report	29 – 31
Statement of compliance with the loan agreement	32 – 36

PART I

Financial Statements for the year ended 31 December 2020 and Report of the Independent Auditors



Ministry of Public Works and Transport

Statement by the management

I, the undersigned, do hereby state that in my opinion, the accompanying financial statements, which comprise the statements of receipts and payments and statement of advance account for the year ended 31 December 2020 and notes as set out on pages 5 to 27 of the Second Greater Mekong Subregion Corridor Towns Development ("the Project"), under the Asian Development Bank Loan No. 3314 – CAM (COL) and implemented by the Ministry of Public Works and Transport, present fairly, in all material respects, in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards ("CPSAS").

On behalf of the Project's management:

H.E. Vong Pisith
Project Director
Ministry of Public Works and Transport

Phnom Penh, Kingdom of Cambodia

Date: 28 May 2021



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Report of the independent auditors To the Ministry of Economy and Finance Royal Government of Cambodia

Opinion

We have audited the accompanying financial statements of the Second Greater Mekong Subregion Corridor Towns Development (“the Project”), financed under the Asian Development Bank Loan No. 3314 – CAM (COL), implemented by the Ministry of Public Works and Transport (“the Project Management Unit” or “PMU”), which comprise the statements of receipts and payments and the statement of advance account for the year ended 31 December 2020 and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 27 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, of the cash receipt and payments of the Project for the year ended 31 December 2020 in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards (“CPSAS”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (CISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

As stated in Note 15 to the financial statements, the Project adopted Cash Basis of Accounting of Cambodian Public Sector Accounting Standards (“CPSAS”) on 1 January 2020 with a transition date of 1 January 2019. These standards were applied retrospectively to the comparative information in these financial statements, including, the statement of receipts and payments and statement of advance account of the Project for year ended 31 December 2019 and related explanatory note.



We were not engaged to audit on the restated comparative information and it is unaudited. Our responsibilities in respect of this comparative information is to determine whether the financial statements include the comparative information required by CPSAS and whether such information is appropriately classified.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Appendix I on page i, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter - Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance ("MEF") and the Asian Development Bank ("ADB"). As a result, the financial statements may not be suitable for another purpose. Our audit report is intended solely for the management of the Project, MEF and ADB and should not be used by other parties other than the management of the Project, MEF and ADB. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the EA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease the operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 CISAs 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 financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 EA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the EA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 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.

For KPMG Cambodia Ltd


Taing Youk Fong
Partner



Phnom Penh, Kingdom of Cambodia

28 May 2021

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Statement of receipts and payments for the year ended 31 December 2020

		Year ended 31 December 2020		Year ended 31 December 2019		Cumulative period from 29 February 2016 to 31 December 2020
	Note	ADB Loan No. 3314 US\$	RGC US\$	Total US\$	US\$	US\$
Receipts						
Asian Development Bank	5	2,667,640	-	2,667,640	3,659,655	8,421,524
Royal Government of Cambodia	5	-	62,716	62,716	53,557	172,211
		<u>2,667,640</u>	<u>62,716</u>	<u>2,730,356</u>	<u>3,713,212</u>	<u>8,593,735</u>
Payments by category and financier						
Civil works	6	1,956,785	-	1,956,785	3,035,621	4,992,406
Consulting services	7	412,878	-	412,878	584,502	2,400,734
Incremental administrative costs	8	101,642	57,884	159,526	151,812	705,743
Interest charge		57,408	-	57,408	46,132	103,540
		<u>2,528,713</u>	<u>57,884</u>	<u>2,586,597</u>	<u>3,818,067</u>	<u>8,202,423</u>
Increase/(Decrease) in cash		<u>138,927</u>	<u>4,832</u>	<u>143,759</u>	<u>(104,855)</u>	<u>391,312</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Statement of receipts and payments (continued) for the year ended 31 December 2020

	Note	Year ended 31 December 2020		Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
		ADB Loan No. 3314 US\$	RGC US\$	Total US\$	
Cash at beginning of the year	4	247,085	468	247,553	-
Increase/(Decrease) in cash		138,927	4,832	143,759	391,312
Cash at end of the year	4	386,012	5,300	391,312	391,312



H.E. Vong Pisith
Project Director

Phnom Penh, Kingdom of Cambodia

Date: 28 May 2021



Mr. Mao Dor
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia

Date: 28 May 2021

The accompanying notes form an integral part of these financial statements.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Statement of advance account for the year ended 31 December 2020

	Note	Year ended 31 December 2020 US\$	Year ended 31 December 2019 US\$	Cumulative period from 29 February 2016 to 31 December 2020 US\$
Part A				
Beginning cash balance		247,085	351,045	-
Receipt:				
Initial advance		-	-	426,000
Amount replenished by ADB	5	240,569	-	505,444
		487,654	351,045	931,444
Payments made from advance account:				
Incremental administrative costs	8	101,642	103,960	545,432
Ending cash balance	4	386,012	247,085	386,012

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Statement of advance account (continued) for the year ended 31 December 2020

	Note	Year ended 31 December 2020	Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
		US\$	US\$	US\$
Part B – Advance account reconciliation				
Initial advance	A	426,000	426,000	426,000
Balance of advance account as of 31 December per bank statement		386,012	247,085	386,012
Less: Outstanding cheque		-	-	-
Add: Petty cash balance		-	-	-
Total cash balance	B	386,012	247,085	386,012
Add: Amount claimed in previous year not yet credited at date of bank statement	C	-	-	-
Add: Amount claimed in current year not yet credited at date of bank statement	D	-	-	-
Less: Interest income	E	-	-	-

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Statement of receipts and payments (continued) for the year ended 31 December 2020

	Note	Year ended 31 December 2020	Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
		US\$	US\$	US\$
Part B – Advance account reconciliation (continued)				
Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b+c+d)	F	39,988	178,915	39,988
a Sub-accounts		-	-	-
b. Transfer in transit		-	-	-
c. Current year withdrawn from advance account but not yet claimed for replenishment		39,988	103,961	39,988
d. Other – Previous year withdrawn from advance account but not yet claimed for replenishment		-	74,954	-
Total advance accounted for (B+C+D+E+F)		426,000	426,000	426,000



H.E. Vong Pisith
Project Director

Phnom Penh, Kingdom of Cambodia

Date: 28 May 2021



Mr. Mao Dor
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia

Date: 28 May 2021

The accompanying notes form an integral part of these financial statements.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements for the year ended 31 December 2020

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1. Background and activities

The Loan Agreement No. 3314 – CAM (COL) for the Second Greater Mekong Subregion Corridor Towns Development (“Project”) between the Asian Development Bank (“ADB”) and the Royal Government of Cambodia (“RGC”) (represented by the Ministry of Economy and Finance - MEF) was signed on 22 December 2015. Total project cost is approximately US\$38.10 millions, of which the ADB agreed to provide loan amounting to Special Drawing Rights 23,380,000 equivalent to US\$33 millions at the time of the loan negotiation and the RGC will finance US\$5.1 millions for the land acquisition and resettlement, salary supplements and project audits, taxes and duties, and in-kind government contribution of office space and office equipment.

The principal amount of ADB Loan No. 3314 – CAM (COL) will have a term of 32 years, including grace period of 8 years, and bear interest rate of 1% per annum during the grace period and 1.5%, thereafter, on the amount of loan withdrawn from the ADB and outstanding balance from time to time. This loan is repayable on a semi-annually instalment commencing from 1 April 2024 and ending on 1 October 2047.

The Project Management Unit (“PMU”) established by the Ministry of Public Works and Transport acts as the Executing Agency (“EA”), and two Provincial Departments of Public Works and Transport (PDPWT) were established at Kampot Province and Sihanoukville Province to implement their respective project components.

The objective of the Project is improved urban services in the towns of Sihanoukville and Kampot, Kingdom of Cambodia. The Project comprises:

- (a) Construction of a new wastewater treatment plant and wastewater collection system in Kampot;
- (b) Closure of the current dump site, and the construction of a new managed landfill in Kampot;
- (c) Construction of primary storm water drains in priority urban area in Kampot;
- (d) Rehabilitation of existing dump site to a managed landfill in Sihanoukville; and
- (e) Construction of primary storm water drains in priority urban areas in Sihanoukville.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

1. Background and activities (continued)

The table below sets forth the categories of items of expenditure to be financed out of proceeds of the ADB Loan No. 3314 – CAM (COL) and RGC financing and the allocation of amounts of the Loan to each such category:

Category			ADB Financing
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Percentage and Basis for Withdrawal from the Loan Account
1	Works**	15,714,000	100% of total expenditure claimed*
2	Equipment and materials*	390,000	100% of total expenditure claimed*
3	Project implementation and capacity building	2,303,000	100% of total expenditure claimed*
4	Other incremental administration cost	397,000	100% of total expenditure claimed*
5	Interest charge	601,000	100% of amount due
6	Unallocated	3,975,000	
	Total	23,380,000	

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

** Subject to condition for withdrawal in Schedule 3 Paragraph 5.

*** The RGC will finance taxes and duties through exemption and/or cash contribution and cash contribution for other costs.

The financing agreement became effective for implementation from 29 February 2016 after signing date of the agreement, expected to be completed by 31 December 2020 and closing date shall be 30 June 2021. On 18 January 2021, MEF requested to extend the loan closing date from 30 June 2021 to 31 December 2023 and reallocate the loan proceeds. However, as of the date of these financial statements, the Project has not obtained no-objective letter from ADB yet.

On 24 January 2020, the Asian Development Bank responded the approval to a letter of MEF ref. 10201 MEF/GDICDM, dated 16 October 2019, requesting to cancel subprojects in Sihanoukville. On 21 April 2020, ADB agreed on the contract termination agreement for the Sihanoukville Urban Drainage Works subproject.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

2. Basis of accounting

(a) Statement of compliance

The financial statements have been prepared in accordance with the Cash Basis of Accounting of Cambodian Public Sector Accounting Standards (“CPSAS”). These are the first set of financial statements prepared in accordance with CPSAS and Part 1 Section 1.8 *Effective Date of Part 1 and Transitional Provisions* has been applied.

In the previous financial period, the financial statements were prepared in accordance with a modified cash receipts and disbursements basis of accounting. This is a basis of accounting that is designed to meet the requirements of the Project; it is not designed to produce financial statements that are compatible with International Financial Reporting Standards.

The Project has applied consistently to all periods presented in these financial statements and in preparing the opening CPSAS statement of receipts and payments and statement of advance account at 1 January 2019 for the purposes of the transition to CPSAS.

The financial statements are prepared for the information of and use by the management of the Project, the Ministry of Economy and Finance (“MEF”) and the Asian Development Bank (“ADB”). As a result, the financial statements may not be suitable for another purpose.

An explanation of how the transition to CPSAS has affected the reported statement of receipts and payments and statement of advance account of the Project is provided in Note 14.

(b) Basis of measurement

The financial statements expressed in United States Dollars (US\$) have been prepared under the historical cost convention.

3. Significant accounting policies

(a) Fund receipts and payments

Fund receipts are defined as the fund received by the Project from developing partners and RGC. This is recognised when received and recorded as gross amounts of bank charges.

Payments represents all costs paid to support the objective of the Projects and are recognised when paid.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

3. Significant accounting policies (continued)

(b) Statement of advance account

The statement of advance account is prepared in accordance with the Loan Agreement and is purely used to receive and disburse for expenditure financed by the ADB loan proceeds.

(c) Non-expendable equipment

The cost of non-expendable equipment is charged to the statement of receipts and payments and statement of advance account upon acquisition. For control and management purposes, a memorandum account for non-expendable equipment is maintained by way of a non-expendable equipment listing.

(d) Interest charge

The interest charged by the ADB is a direct payment and accounted for in the statement of receipts and payments as receipts with corresponding payment category.

(e) Foreign currency transactions

The Project transacts its operations and maintains its accounting records primarily in United States Dollars ("US\$"). Transactions in currencies other than US\$ are converted into US\$ at the rates of exchange prevailing on the transaction dates published by the National Bank of Cambodia.

Cash and bank balances in currencies other than US\$ are translated into US\$ at the open market rates of exchange at the year/period-end date. All foreign exchange differences are recognised in the statement of receipts and payments and the statement of advance account.

(f) In-kind contribution

All in-kind contribution from the RGC to the Project is not accounted for in the statement of receipts and payments and statement of advance account. In-kind contribution is disclosed in the note to the financial statements for information only.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

4. Cash

Cash comprises demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks.

Cash included in the statement of receipts and payments and statement of advance account comprise the following amounts:

	As at 31 December 2020 US\$	As at 31 December 2019 US\$
Advance account – ADB Loan No. 3314 (*)	386,012	247,085
Advance account – Government Counterpart Fund (*)	<u>5,300</u>	<u>468</u>
	<u>391,312</u>	<u>247,553</u>

(*) These represent bank balances maintained in a separate bank account with the National Bank of Cambodia (“NBC”).

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

5. Receipts

	Year ended 31 December 2020			Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
	ADB Loan No. 3314 US\$	RGC US\$	Total US\$	US\$	US\$
ADB					
Direct payments (*)	2,427,071	-	2,427,071	3,659,655	7,490,080
Advance account	240,569	-	240,569	-	931,444
	<u>2,667,640</u>	<u>-</u>	<u>2,667,640</u>	<u>3,659,655</u>	<u>8,421,524</u>
RGC					
Advance account (**)	-	62,716	62,716	53,557	172,211
	<u>2,667,640</u>	<u>62,716</u>	<u>2,730,356</u>	<u>3,713,212</u>	<u>8,593,735</u>

(*) Direct payments represent payments made by ADB directly to the suppliers upon the request from the Project.

(**) This represents replenishment to advance account from the RGC during the year.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

6. Civil works

	Year ended 31 December 2020			Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
	ADB Loan No. 3314 US\$	RGC US\$	Total US\$	US\$	US\$
Direct payment:					
Civil works	1,956,785	-	1,956,785	3,035,621	4,992,406
	<u>1,956,785</u>	<u>-</u>	<u>1,956,785</u>	<u>3,035,621</u>	<u>4,992,406</u>

There were no advance payments made to contractors during the year 2020 (2019: US\$2,596,518) and the prior year's advance of US\$2,596,518 were liquidated as at 31 December 2020 (31 December 2019: Nil). Refer to Note 11 for details.

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

7. Consulting services

	Year ended 31 December 2020			Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
	ADB Loan No.3314 US\$	RGC US\$	Total US\$	US\$	US\$
Direct payment:					
Consulting services-NJS Consultant Co., Ltd	412,878	-	412,878	577,902	2,394,134
Audit Fee	-	-	-	6,600	6,600
	<u>412,878</u>	<u>-</u>	<u>412,878</u>	<u>584,502</u>	<u>2,400,734</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

8. Incremental administrative costs

	Year ended 31 December 2020			Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
	AADB Loan No. 3314 US\$	RGC US\$	Total US\$	US\$	US\$
Advance account:					
Vehicles	-	-	-	-	106,500
Office equipment and furniture	-	-	-	-	45,369
Office renovation	-	-	-	-	21,683
Financial management specialist	27,300	-	27,300	32,240	111,540
Procurement specialist	23,100	-	23,100	27,280	94,380
Travel costs	28,284	-	28,284	21,636	84,160
Office running costs	4,185	-	4,185	3,639	23,440
Supplement allowances	-	56,710	56,710	46,680	155,590
Vehicle operations and maintenance	18,773	1,174	19,947	20,337	63,081
	<u>101,642</u>	<u>57,884</u>	<u>159,526</u>	<u>151,812</u>	<u>705,743</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

9. Statement of disbursement

Details of statement of disbursement from ADB fund are as follows:

		Year ended 31 December 2020	Year ended 31 December 2019	Cumulative period from 29 February 2016 to 31 December 2020
		US\$	US\$	US\$
ADB fund claims during the year/period				
Direct payments		2,427,071	3,659,655	7,490,080
Advance account		240,569	-	931,444
Sub-total	(A)	<u>2,667,640</u>	<u>3,659,655</u>	<u>8,421,524</u>
Total expenditure made during the year/period	(B)	2,586,597	3,818,067	8,202,423
Expenditure made out of Government Counterpart fund	(C)	(57,884)	(54,452)	(166,911)
Expenditure not yet claimed during the year/period	(D)	(39,988)	(103,960)	(39,988)
Expenditure made in prior year but claimed during the year	(E)	178,915	-	-
Initial advance from ADB	(F)	-	-	426,000
Total eligible expenditure claimed (F=A+B+C+D+E+F)	(G)	<u>2,667,640</u>	<u>3,659,655</u>	<u>8,421,524</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued)
for the year ended 31 December 2020

10. Payments by category and financier

Particulars	ADB Loan No. 3314 – CAM (COL)		RGC		Total
	US\$	%	US\$	%	US\$
Civil works	1,956,785	100	-	-	1,956,785
Consulting services	412,878	100	-	-	412,878
Incremental administrative costs	101,642	64	57,884	36	159,526
Interest charge	57,408	100	-	-	57,408
Total payments – for the year ended 31 December 2020 (C=A+B):	2,528,713		57,884		2,586,597
% of total project costs – for the year ended 31 December 2020	7.66%		1.13%		6.79%
% of total project costs – for the period from 29 February 2016 to 31 December 2020	24.09%		4.98%		21.53%

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

11. Advance to contractors

During the year, the Project incurred the following advance transactions:

	Year ended 31 December 2020 US\$	Year ended 31 December 2019 US\$
At beginning of the year	2,596,518	-
Addition for the year/period (*):		
Civil works	-	2,596,518
Liquidation:		
Civil works (Note 6)	(2,596,518)	-
At end of the year (**)	<u>-</u>	<u>2,596,518</u>

(*) The advances were recorded as payments in respective payment categories in the statement of receipts and payments upon incurred.

(**) This represents unliquidated advances which are maintained by way of an advance register by management for monitoring purpose:

	As at 31 December 2020 US\$	As at 31 December 2019 US\$
Civil works	<u>-</u>	<u>2,596,518</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

12. Statement of withdrawals

Withdrawal application No.	Description	Date	Currency	Initial advance	Civil works	Consulting services	Incremental administrative costs	Interest charge	Total
Year ended 31 December 2020									
ADB Loan No. 3314 – CAM (COL)									
Direct payments									
A0018	Direct payment	27-Feb-20	US\$	-	-	108,927	-	-	108,927
A0019	Direct payment	20-Jul-20	US\$	-	545,458	-	-	-	545,458
A0020	Direct payment	25-Jun-20	US\$	-	-	171,848	-	-	171,848
A0021	Direct payment	1-Sep-20	US\$	-	416,568	-	-	-	416,568
A0023	Direct payment	27-Oct-20	US\$	-	-	132,103	-	-	132,103
A0024	Direct payment	16-Nov-20	US\$	-	994,759	-	-	-	994,759
CAP	Direct payment	1-Apr-20	US\$	-	-	-	-	25,442	25,442
CAP	Direct payment	1-Oct-20	US\$	-	-	-	-	31,966	31,966
Sub-total			US\$	-	1,956,785	412,878	-	57,408	2,427,071
Advance account									
A0022	Replenishment	20-Oct-20	US\$	-	-	-	240,569	-	240,569
Total ADB fund (A)			US\$	-	1,956,785	412,878	240,569	57,408	2,667,640
RGC									
R0007	Replenishment	27-Jan-20	US\$	-	-	-	19,532	-	19,532
R0008	Replenishment	28-Apr-20	US\$	-	-	-	17,280	-	17,280
R0009	Replenishment	30-Jun-20	US\$	-	-	-	15,900	-	15,900
R0010	Replenishment	18-Nov-20	US\$	-	-	-	10,004	-	10,004
Total RGC fund (B)			US\$	-	-	-	62,716	-	62,716
Total fund receipts for the year (C=A+B)			US\$	-	1,956,785	412,878	303,285	57,408	2,730,356

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

12. Statement of withdrawals (continued)

Withdrawal application No.	Description	Date	Currency	Initial advance	Civil works	Consulting services	Incremental administrative costs	Interest charge	Total
Year ended 31 December 2019									
ADB Loan No. 3314 – CAM (COL)			US\$	-	3,035,621	577,902	-	46,132	3,659,655
RGC			US\$	-	-	-	53,557	-	53,557
Total			US\$	-	3,035,621	577,902	53,557	46,132	3,713,212
Cumulative period from 29 February 2016 to 31 December 2019									
ADB Loan No. 3314 – CAM (COL)			US\$	426,000	4,992,406	2,394,134	505,444	103,540	8,421,524
RGC			US\$	20,000	-	-	152,211	-	172,211
Total fund receipts for the period from 29 February 2016 to 31 December 2020			US\$	446,000	4,992,406	2,394,134	657,655	103,540	8,593,735



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Project Director
Phnom Penh, Kingdom of Cambodia
Date: 28 May 2021



Mr. Mao Dor
Financial Management Specialist
Phnom Penh, Kingdom of Cambodia
Date: 28 May 2021

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

13. Items not recognised in the statement of receipts and payments

13.1. Receipts from selling bid documents

During the year, the Project did not have any receipts from selling bid documents (2019:Nil).

13.2. In-kind contribution

The Project's management has identified and calculated in-kind contribution from the RGC to the Project based on the MEF's guideline as follows:

	Year ended 31 December 2020 US\$	Year ended 31 December 2019 US\$	Cumulative period from 29 February 2016 to 31 December 2020 US\$
Office space	21,024	21,024	101,616
Utilities (electricity and water)	11,080	11,080	53,552
Salaries of project staff	57,900	57,900	249,798
Taxation			
Withholding tax	65,363	89,834	366,067
Value Added Tax	195,679	43,906	246,291
	<u>351,046</u>	<u>223,744</u>	<u>1,017,324</u>

13.3. Payment commitments

As at 31 December 2020, the Project had the following payment commitments:

	As at 31 December 2020 US\$	As at 31 December 2019 US\$
Contracted, but not yet paid:		
Civil works	7,062,092	14,924,924
Consulting services	1,167,757	1,580,636
Individual consulting services	-	80,640
	<u>8,229,849</u>	<u>16,586,200</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

14. Explanation of transition to CPSAS

As stated in Note 2, these are the Project's first set of financial statements prepared in accordance with CPSAS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2020 and the comparative information presented in these financial statements for the year ended 31 December 2019.

In preparing its opening CPSAS statement of receipts and payments and statement of advance account, the Project has adjusted amounts reported previously in financial statements prepared in accordance with modified cash receipts and disbursement basis ("Previous GAAP") relating to the preparation of the financial statements.

Reconciliation of cash

The following reconciliation summarise the impacts on initial application of CPSAS on the Project's financial position as at 31 December 2019 and 1 January 2019, and the Project's statement of receipts and payments and statement of advance account for the year ended 31 December 2019.

		As at 1 January 2019		
		Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Current assets				
Cash at banks		352,408	-	352,408
Advances	A	-	-	-
		<u>352,408</u>	<u>-</u>	<u>352,408</u>
		As at 31 December 2019		
		Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Current assets				
Cash at banks		247,553	-	247,553
Advances	A	2,596,518	(2,596,518)	-
		<u>2,844,071</u>	<u>(2,596,518)</u>	<u>247,553</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

14. Explanation of transition to CPSAS (continued)

Reconciliation of statement of receipts and payments for the year ended 31 December 2019.

		Year ended 31 December 2019		
		Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Receipts				
Asian Development Bank		3,659,655	-	3,659,655
Royal Government of Cambodia		53,557	-	53,557
		<u>3,713,212</u>	<u>-</u>	<u>3,713,212</u>
Payments by category and financier				
Civil works	A	439,103	2,596,518	3,035,621
Consulting services		584,502	-	584,502
Incremental administrative costs		151,812	-	151,812
Interest charge		46,132	-	46,132
		<u>1,221,549</u>	<u>2,596,518</u>	<u>3,818,067</u>
Change in cash		<u>2,491,663</u>	<u>(2,596,518)</u>	<u>(104,855)</u>

Reconciliation of statement of advance account for the year ended 31 December 2019.

		Year ended 31 December 2019		
		Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Receipts				
Asian Development Bank		-	-	-
Payments by category and financier				
Incremental administrative cost		103,960	-	103,960
Change in cash		<u>(103,960)</u>	<u>-</u>	<u>(103,960)</u>

Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Notes to the financial statements (continued) for the year ended 31 December 2020

14. Explanation of transition to CPSAS (continued)

A. Restatement of advances

Under previous GAAP, the expenditure is recognised when payments are made rather than when it is incurred, except for the advanced payments made to suppliers/staff that are initially recognised as a receivable and only recognised as expenditure when they have been liquidated by supporting invoices.

On adoption of CPSAS, the payments increased by US\$2,596,518 and advances decreased by US\$2,596,518.

Year ended
31 December 2019
US\$

Statement of receipts and payments

Increase in Civil works	2,596,518
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Adjustment to change in cash	2,596,518
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Represented by:

Decrease in advances	2,596,518
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Ministry of Public Works and Transport

Second Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3314 – CAM (COL)

Appendix I: Statement of budget versus actual payments for the year ended 31 December 2020

Description	Year ended 31 December 2020				Year ended 31 December 2019				Cumulative period from 29 February 2016 to 31 December 2020			
	Actual		Variance		Actual		Variance		Actual		Variance	
	Budget US\$	US\$	US\$	%	Budget US\$	US\$	US\$	%	Budget US\$	US\$	US\$	%
Investment												
Civil works	2,119,765	1,956,785	162,980	7.69%	447,211	3,035,621	(2,588,410)*	-578.79%*	2,566,976	4,992,406	(2,425,430)	-94.49%
Consulting services	431,388	412,878	18,510	4.29%	609,020	584,502	24,518	4.03%	2,774,288	2,400,734	373,554	13.46%
Incremental administrative cost	175,172	159,526	15,646	8.93%	163,810	151,812	11,998	7.32%	817,158	705,743	111,415	13.63%
Interest charge	57,408	57,408	-	-	46,132	46,132	-	-	103,540	103,540	-	-
Total	2,783,733	2,586,597	197,136	7.08%	1,266,173	3,818,067	(2,551,894)	-201.54%	6,261,962	8,202,423	(1,940,461)	-30.99%

(*) On the adoption of CPSAS, the advance to contractors on the Civil work as at 31 December 2019 amounting to US\$2,596,518 was recognised as payment for the year ended 31 December 2019 (Note 14). This resulted in the significant variance in the budget versus actual payment for the year ended 31 December 2019.



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