

# Audited Project Financial Statements

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Project Number: 48293  
Loan/Grant Number: L3152, G0403  
Period covered: 1 January 2015 to 31 December 2015

## SOL: Transport Sector Flood Recovery Project

Prepared by Ministry of Infrastructure Development

For the Asian Development Bank  
Date received by ADB: 3 June 2016

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## **Independent Auditor's Report to the Permanent Secretary of Ministry of Infrastructure Development**

We have audited the accompanying Statement of Cash Receipts and Payments of Transport Sector Flood Recovery Project, which comprises the Statement of Cash Receipts and Payments for the period 2 March 2015 to 31 December 2015, and a summary of significant accounting policies and other explanatory information. This Report has been prepared by in accordance with the Agreements dated 6 April 2011 (Grant Agreement No. 0243-SOL) and 11 September 2014 (Grant Agreement No. 0403-SOL and Loan Agreement No. 3152) between Solomon Islands Government and the Asian Development Bank.

### **Responsibility of the Statement of Cash Receipts and Payments**

The Ministry of Infrastructure Development, as the Executing Agency, and the management of Transport Sector Flood Recovery Project are responsible for the preparation and fair presentation of the Statement of Cash Receipts and Payments in accordance with the International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Statement of Cash Receipts and Payments based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Cash Receipts and Payments. The procedures selected depend of the auditor's judgement, including the assessment of risks of material misstatements of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Statement that gives a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the Statement.

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



**Opinion**

In our opinion, the Statement of Cash Receipts and Payments presents fairly, in all material aspects, the receipts and payments of Transport Sector Flood Recovery Project in accordance with the cash basis of accounting and the grant monies were expended in accordance to the program for the funding period 2 March 2015 to 31 December 2015.

A stylized, cursive signature of Deloitte Touche Tohmatsu.

**Deloitte Touche Tohmatsu**

A stylized, cursive signature of Mark Clarke.

**Mark Clarke**  
Country Director

Honiara, 30 May 2016.

**ASIAN DEVELOPMENT BANK**  
**SOLOMON ISLANDS TRANSPORT SECTOR FLOOD RECOVERY PROJECT**  
**GRANT NO. 0243-SOL, 0403-SOL, LOAN NO. 3152**  
**STATEMENT OF CASH RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**ASIAN DEVELOPMENT BANK**  
**SOLOMON ISLANDS TRANSPORT SECTOR FLOOD RECOVERY PROJECT**  
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**STATEMENT OF CASH RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**Report of the Executing Agency**

Under the terms of my contract, I have the mandate from the ADB and the Ministry of Infrastructure Development as Executing Agency, to supervise and manage the funds provided for the Solomon Islands Transport Sector Flood Recovery Project (TSFRP) funded by the Asian Development Bank.

I certify that the attached Statement of Cash Receipts and Payments which has been prepared under my supervision presents a true and fair view of the cash receipts and payments of the TSFRP for the year ended 31 December 2015.

Dated at Honiara this 30<sup>th</sup> day of May 2016



Mr. Henry Murray Aife  
Permanent Secretary  
Executing Agency Representative  
Ministry of Infrastructure Development



**ASIAN DEVELOPMENT BANK**  
**SOLOMON ISLANDS TRANSPORT SECTOR FLOOD RECOVERY PROJECT**  
**GRANT NO. 0243-SOL, 0403-SOL, LOAN NO. 3152**  
**STATEMENT OF CASH RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Payments by Third Parties	Cumulative*
		USD \$	USD \$
<b>RECEIPTS</b>			
<b>External Assistance - Multilateral Agencies</b>			
ADB - Third Party Payment - Ela Motors Ltd	2	68,527	68,527
ADB - Third Party Payments - SMEC Consulting Services	2	558,359	558,359
ADB - Third Party mobilization Advance - SMEC Consulting Services	2	300,000	300,000
<b>Other Grants and Aid</b>			
<b>Other Receipts</b>			
Solomon Islands Government	5	6,244	6,244
<b>TOTAL RECEIPTS</b>		<b>933,130</b>	<b>933,130</b>
<b>PAYMENTS</b>			
Motor Vehicles - Ela Motor Ltd	3	68,527	68,527
Consulting Services - SMEC International Pty Ltd)	3	558,359	558,359
Repayment of Mobilization Advance	3	266,669	266,669
Solomon Islands Government Financing	5	6,244	6,244
Bank Charges		-	-
<b>TOTAL PAYMENTS</b>		<b>899,800</b>	<b>899,800</b>
Cash at beginning of period		-	-
Decrease /Increase in Cash		33,331	33,331
Foreign exchange differences		-	-
Cash at end of period		<b>33,331</b>	<b>33,331</b>

This Statement is to be read in conjunction with the Notes to and forming part of the Statement of Cash Receipts and Payments on pages 4 and 6

\*Cumulative figures includes Year to Date

**ASIAN DEVELOPMENT BANK**  
**SOLOMON ISLANDS TRANSPORT SECTOR FLOOD RECOVERY PROJECT**  
**GRANT NO. 0243-SOL, 0403-SOL, LOAN NO 3152**  
**STATEMENT OF CASH RECEIPTS AND PAYMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**Notes to and forming part of the Statement of Cash Receipts and Payments**

**1 STATEMENT OF ACCOUNTING POLICIES**

**a Basis of Preparation**

The Statement of Cash Receipts and Payments has been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS). The accounting policies have been applied consistently throughout the period.

**b Reporting entity**

The Statement of Cash Receipts and Payments is for the Solomon Islands Transport Sector Flood Recovery Project (TSFRP) as supervised by the Ministry of Infrastructure Development in the Solomon Islands. The program commenced on 2 March 2015, with the signing of the contract between the Solomon Islands Government (SIG) and joint SMEC International Pty Ltd, Australia and IMC, UK, and is managed by the Asian Development Bank (ADB) with funding from ADB, under TSFRP on 14 May 2015. This Statement therefore covers the period from 2 March 2015 to 31 December 2015.

**c Reporting Currencies**

The accounts are stated in United States dollars (USD\$) as this is the currency used for the grants and all project reports. Foreign currency equivalents are converted at the rate applicable on the date of transaction. Cash denominated in foreign currencies have been revalued into USD\$ using the exchange rates in the effect on the dates of the receipts and payments.

**d Budget**

The TSFRP has a multi-year financing plan, as opposed to annual budgets that place limits on the spending for the year. As a result, budget information for 2015 has not been provided.

## 2 EXTERNAL ASSISTANCE - MULTILATERAL AGENCIES - GRANTS RECEIVED

In 2015, ADB Loans and Grant receives as follows;

		2015	YTD
		<u>USD\$</u>	<u>USD\$</u>
<b>Grant /Loan Ref</b>			
Grant 0403-SOL	<i>Motor Vehicle – 50% of total Invoice</i>	33,820	33,820
Loan 3152-SOL	<i>Motor Vehicle – 50 % of total Invoice</i>	34,707	34,707
	<b>Total</b>	<b>68,527</b>	<b>68,527</b>
Grant No.0243-SOL	<i>Consulting Services – 100%</i>	453,300	453,300
Grant No. 0403-SOL	<i>Consulting Services – 100%</i>	105,059	105,059
	<b>Total</b>	<b>558,359</b>	<b>558,359</b>
Grant No.0403-SOL	<i>Mobilization advance</i>	300,000	300,000
	<b>Total</b>	<b>300,000</b>	<b>300,000</b>

### a Grant 0243-SOL

In 2015 under Grant 0243-SOL, the total receipts is USD\$ 453,300 for the consulting services in three currencies; SBD 71,027.28 (equivalent to USD\$12,946), AUD 17,929.55 (equivalent to USD\$13,146.82) and USD\$ 432,948.

### b Grant 0403-SOL

In 2015 under Grant 0403-SOL, the total receipts is USD\$ 438,878.50. The amount of USD\$105,058.60 is for the consulting services, USD\$ 300,000 is for the consultant mobilization advance payment and USD\$ 33,819.20 is for the purchase of one of the two vehicles.

### c Loan 3152-SOL

In 2015 under Loan 3152-SOL, the total loan receipt is USD\$ 33,819.90, equivalent to SBD 260,956 being for the purchase of the second project vehicle.



### 3 THIRD PARTY PAYMENTS

In 2015, the total payments under ADB funding are as follows:

		2015 <u>USD\$</u>	YTD <u>USD\$</u>
Grant 0403-SOL	<i>Motor Vehicle</i>	33,820	33,820
Loan 3152-SOL	<i>Motor Vehicle</i>	34,707	34,707
	<b>Total</b>	<b>68,527</b>	<b>68,527</b>
Grant No.0243-SOL	<i>Consulting Services</i>	453,300	453,300
Grant No. 0403-SOL	<i>Consulting Services</i>	105,059	105,059
	<b>Total</b>	<b>558,359</b>	<b>558,359</b>
Grant No.0403-SOL	<i>Mobilization Advance</i>	266,669	266,669
	<b>Total</b>	<b>266,669</b>	<b>266,669</b>

The Third Party payments for 2015 are as follows:

**a *Ela Motor - Motor Vehicles under Equipment Payment***

The purchase of two Double Cabin Hilux under ADB procurement method shopping was executed. The amount of SDB 260,956 (equivalent to USD\$ 33,819.90 at that exchange rate of transaction) was purchased under Grant No 0403-SOL. The second vehicle invoice at SBD 260,956 (equivalent to USD\$ 34,707 at the exchange rate of transaction) was purchased under Loan No. 3152. 50% of total cost shared amongst the Grant and the Loan

**b *SMEC Consultancy Services***

The SMEC invoices are presented in USD\$, AUD and SBD and payments are apportioned according to the agreed contribution percentages. Payments are shown by the ADB in USD\$ at the exchange rate in effect on the date of payment as required by IPSAS Cash Basis. The total payment for SMEC invoices under Grant 0243 is USD\$ 453,100, and under grant 0403, is USD\$105,059 respectively.

#### 4 MOBILIZATION ADVANCE REPAYMENT

##### c SMEC Consultancy Services -

Monthly deductions from SMEC Invoices based on the agreed rate for the repayment of the mobilization advance made by SMEC at the commencement of the project. The total repayment of USD\$ 266, 669 was made in 2015. The Schedule of Mobilization Advance Repayment as follows;

Date	Details	Invoice No	Repayment	Balance
May-15	Mobilization Advance			USD\$ 300,000.00
30-Jun-15	SMEC Mar/Apr'15 Invoice	5037010.002U	USD\$ 33,333.33	USD\$ 266,666.67
6-Jul-15	SMEC May'15 Invoice	5037010.003U	USD\$ 33,333.33	USD\$ 233,333.34
15-Jul-15	SMEC Jun'15 Invoice	5037010.004U	USD\$ 33,333.33	USD\$200,000.01
28-Aug-15	SMEC Jul'15 Invoice	5037010.005U	USD\$ 33,333.33	USD\$166,666.68
21-Oct-15	SMEC Aug'15 Invoice	5037010.006U	USD\$ 33,333.33	USD\$133,333.35
30-Nov-15	SMEC Sep'15 Invoice	5037010.007U	USD\$ 23,315.37	USD\$110,017.98
1-Dec-15	SMEC Oct'15 Invoice	5037010.008U	USD\$ 43,354.10	USD\$ 66,663.88
2-Dec-15	SMEC Nov'15 Invoice	5037010.009U	USD\$ 33,333.33	USD\$ 33,330.55
	<b>Total</b>		<b>USD\$ 266,669.45</b>	

#### 5 OTHER RECEIPTS - SOLOMON ISLANDS GOVERNMENT

SIG is also to contribute to the project by providing counterpart staff, office accommodation, transport and administrative support. The estimated value of this assistance for 2015 is USD\$ 6,244.48 based on actual 2015 payments for electricity of US\$ 5,576.37 and actual 2015 payments of USD\$ 718.11 for water bills. This actual amount is based on the actual totals of electricity and water bills for 2015 shared by DMSP and TSFRP.