Audited Project Financial Statements

Project Number: 49001-001
Loan Number: 6004
Period covered: 31 December 2016

Fiji: Project Design Advance Urban Water Supply and Wastewater Management Project

Prepared by Water Authority of Fiji, Implementing Agency

For the Asian Development Bank
Date received by ADB: 25 January 2018

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 the Ministry of Economy, Executing Agency.
PROJECT DEVELOPMENT ADVANCE FOR URBAN WATER SUPPLY AND WASTEWATER
MANAGEMENT PROJECT

LOAN NUMBER: PDA6004-FIJ

FINANCIAL STATEMENTS

FOR THE YEAR PERIOD 31 DECEMBER 2016
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Management Declaration

We, Mr. Opetaia Ravai, Chief Executive Officer (WAF), Mr. Michael Lal, Chief Financial Officer (WAF), Ms. Joana Kaloucava, Project Accountant (WAF) and Mr. Taitusi Vakadravuyaca, General Manager Special Projects (WAF), declare that the accompanying Project Development Advance for Urban Water Supply and Wastewater Management Project financial statements for the period ended 31 December 2016, together with the notes to the financial statements are to the best of our knowledge and belief correct.

Declared at Suva, Fiji

This is 16th day of October, 2017.

Mr. Opetaia Ravai
Chief Executive Officer
Water Authority of Fiji

Date: 16/10/17

Mr. Michael Lal
Chief Financial Officer
Water Authority of Fiji

Date: 16/10/2017

Mr. Taitusi Vakadravuyaca
General Manager Special Projects
Water Authority of Fiji

Date: 16/10/17

Ms. Joana Kaloucava
Project Accountant
Water Authority of Fiji

Date: 16/10/2017
PROJECT DESIGN ADVANCE FOR URBAN WATER SUPPLY AND WASTE WATER MANAGEMENT
ADB LOAN NUMBER PDA6004-FIJ
FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT

Scope

I have audited the accompanying special purpose financial statements of the Project Design Advance for Urban Water Supply and Waste Water Management, Loan Number PDA6004-FIJ for the period ended 31 December 2016. The audit was conducted in accordance with the provisions of Section 4.04(a) of the Loan agreement between the Republic of Fiji and Asian Development Bank. The Management of Water Authority of Fiji is responsible for the preparation and presentation of the special purpose financial statements and the information contained therein.

I have conducted an independent audit of the special purpose financial statements in order to express an opinion on them.

My audit was conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatements. My audit procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements. These procedures have been undertaken to form an opinion as to whether, in all material respects, the special purpose financial statements are presented fairly in accordance with ADB loan Agreement, Generally Accepted Accounting Principles and statutory provisions so as to present a view which is consistent with my understanding of the financial performance of the Project Design Advance for Urban Water Supply and Waste Water Management project.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion:

(a) the aforementioned special purpose financial statements and appended notes that were also the subject of the audit, fairly present in all material respects the financial performance of the Project Design Advance for Urban Water Supply and Waste Water Management Project for the period ended 31 December 2016 in conformity with Generally Accepted Accounting Principles, applied on a basis consistent in all material respects;

(b) WAF has utilized all proceeds of the loan withdrawn from the Asian Development Bank only for purpose of the Project in accordance with the loan agreement, and no proceed of the loan has been utilized for any other purpose; and

(c) WAF was in compliance as at the date of the special purpose financial statements of the period of audit with all financial covenants of the loan agreement examined during the audit.

In addition:

(a) with respect to financial statements, adequate supporting documents has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and

(b) expenditure is eligible for financing under Loan Agreement No. 6004 - FIJ give a true and fair view of the payments made during the period ending 31 December 2016.

Suva, Fiji
7th November, 2017

Ajay Nand
AUDITOR GENERAL
<table>
<thead>
<tr>
<th>Sub-Project/Component Description</th>
<th>Notes</th>
<th>Allocation</th>
<th>Fiji Govt Funded</th>
<th>ADB Funded</th>
<th>Total Expenditure</th>
<th>Cumulative Expenditure</th>
<th>Ineligible Expenditure</th>
<th>Eligible Expenditure</th>
<th>% Bank Funded</th>
<th>Reimbursable Expenditure</th>
<th>Disbursements to be Submitted/Net Yet Paid</th>
<th>Direct Payment - ADB 34%</th>
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<td>1,693,800</td>
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<td>583,854</td>
<td>-</td>
<td>583,854</td>
<td>284,110</td>
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</table>

Certified to be correct Financial Statements

[Signatures]

Mr. Jothi Kini - Chief Accountant
Water Authority of Fiji

Mr. Selvakumar L - Chief Financial Officer
Water Authority of Fiji

Mr. Tukai Valekukou - General Manager Special Projects
Water Authority of Fiji

Mr. Waisale M - Chief Executive Officer
Water Authority of Fiji
<table>
<thead>
<tr>
<th>Components</th>
<th>Expenditures</th>
<th>Financing Source</th>
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<td>Cumulative to Previous Year</td>
<td>Current</td>
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Project Design Advance for Urban Water Supply and Wastewater Management Project  
Asian Development Bank (ADB) PDA Loan Number 6004 - FIJ  
Statement of Project Financing Status for period ending 31 December 2016

<table>
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<tr>
<th>Description</th>
<th>FJD</th>
<th>USD</th>
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<tr>
<td>ADB paid Statement of Expenditure Claims</td>
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<td>Government Finance</td>
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<td><strong>Total paid as at 31/12/16</strong></td>
<td><strong>2,239,795</strong></td>
<td><strong>284,120</strong></td>
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PROJECT DESIGN ADVANCE FOR URBAN WATER SUPPLY AND WASTEWATER MANAGEMENT PROJECT LOAN NUMBER: PDA6004-FIJ
NOTES TO FINANCIAL STATEMENT
FOR THE PERIOD 31 DECEMBER 2016

Note 1: General

i) In 2015 Government requested ADB for financial assistance under ADB’s Project Design Facility for preparation of the Urban Water Supply and Wastewater Management Project. In response to the above request, ADB agreed to provide a project design advance (PDA) in the form of a loan from ADB’s ordinary capital resources in an amount not exceeding USD two million six hundred and fifty thousand dollars (USD$2,650,000.00)

ii) There is no ADB Imprest Advance for the Project. The loan drawdown is on the basis of direct payment submitted to the Bank. The direct payment claims are based on certified statements of expenditure.

iii) The Project Management Unit maintains its records and prepares its financial statements on the disbursements basis, with transactions being recorded when paid. The Project Financial Statements for 2016 has been prepared on the basis of figures extracted from 2016 WAF General Ledger ACCPAC printout. Any direct payments by financiers for the project expenditures are recorded by the Project Management Unit at the time they take place.

iv) The Project Management Unit is also responsible for the fair presentation of the statement of expenditure in accordance with the Generally Accepted Accounting Principles and the Bank’s guidelines, including appropriate disclosures wherever necessary.

v) The Project Management Unit is not aware of any breaches or possible breaches of relevant legislations, contracts or agreements.

vi) Provisions of the Income Tax Act and the VAT Decree have been duly complied with.

vii) The project is funded by ADB with 34% contribution and the Fiji Government with 66% contribution.

viii) Exchange rates used were as of the date of payments (spot rate).

Note 2: Consulting Services

i) The total cumulative expenditure for the Consulting Services as at 31 December 2016 comprises of eligible expenditures of FJD$2,239,795 (VIP). These consulting services are for project package 1 (Part A): project preparatory work and capacity building; and project package 3 (Part A): survey, investigation, detailed design & tendering of wastewater system upgrades & extension.

ii) Under the Loan all VAT and Tax is borne by the Implementing Agency and not ADB.