

Audited Project Financial Statements

Project Number: 50099-002

Loan/Grant Number: 3686/0592/0593

Period covered: 1 January 2020 to 31 December 2020

Cambodia: Fourth Greater Mekong Subregion Corridor Towns Development Project

Prepared by Ministry of Public Works and Transport

For the Asian Development Bank

Date received by ADB: 9 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
Fourth Greater Mekong Subregion Corridor Towns
Development Project**

ADB Loan No. 3686-CAM (COL),
Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and No. 0593-CAM (EF)

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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 comprises the statement 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 28 of the Fourth Greater Mekong Subregion Corridor Towns Development Project ("the Project"), under the Asian Development Bank Loan No. 3686-CAM (COL), Grant No. 0592-CAM(SF) and Grant No. 0593-CAM(EF) and implemented by the Ministry of Public Works and Transport ("MPWT", "the Executing Agency" or "EA"), 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

31 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 Fourth Greater Mekong Subregion Corridor Towns Development Project (“the Project”), under the Asian Development Bank Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF), Grant No. 0593-CAM (EF) and implemented by the Ministry of Public Works and Transports (“MPWT”, “the Executing Agency” or “EA”), which comprises the statement of receipts and payments and 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 28 (hereafter referred to as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, of the cash receipts 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 14 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 14 December 2018 (Project effective date). 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 the period from 14 December 2018 to 31 December 2019 and related explanatory notes. 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 management of the Project, the 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


Guek Teav
Partner



Phnom Penh, Kingdom of Cambodia

31 May 2021

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

Year ended 31 December 2020						Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
Note	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$	US\$
Receipts							
Asian Development Bank	5	556,087	361,336	-	-	917,423	1,275,446
Royal Government of Cambodia	5	-	-	-	-	-	70,000
		<u>556,087</u>	<u>361,336</u>	<u>-</u>	<u>-</u>	<u>917,423</u>	<u>1,345,446</u>
Payments by category and financier							
Vehicle and equipment	6	116,000	-	-	-	116,000	-
Consulting services	7	247,212	361,336	-	-	608,548	875,102
Incremental administration costs	8	33,233	-	-	47,354	80,587	15,523
Interest charge		9,706	-	-	-	9,706	344
		<u>406,151</u>	<u>361,336</u>	<u>-</u>	<u>47,354</u>	<u>814,841</u>	<u>890,969</u>
Increase/(Decrease) in cash		<u>149,936</u>	<u>-</u>	<u>-</u>	<u>(47,354)</u>	<u>102,582</u>	<u>454,477</u>

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

	Note	Year ended 31 December 2020				Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
		ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$
Cash at the beginning of the year/period	4	184,477 ✓	100,000 ✓	100,000 ✓	70,000 ✓	454,477 ✓	-
Increase/(Decrease) in cash		149,936 ✓	-	-	(47,354) ✓	102,582 ✓	454,477 ✓
Cash at end of the year/period	4	<u>334,413 ✓</u>	<u>100,000 ✓</u>	<u>100,000 ✓</u>	<u>22,646 ✓</u>	<u>557,059 ✓</u>	<u>557,059 ✓</u>



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

Phnom Penh, Kingdom of Cambodia

31 May 2021



Mr. Dor Mao
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia

31 May 2021

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

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

Statement of advance account for the year ended 31 December 2020

	Note	Year ended 31 December 2020				Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
		ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	Total US\$	US\$	US\$
Part A							
Beginning cash balance		184,477	100,000	100,000	384,477	-	-
Receipt:							
Initial advance	5	250,000	-	-	250,000	400,000	650,000
Amount replenished by ADB	5	180,381	-	-	180,381	-	180,381
		614,858	100,000	100,000	814,858	400,000	830,381
Payments made from advance account:							
Consulting services	7	247,212	-	-	247,212	-	247,212
Incremental administration costs	8	33,233	-	-	33,233	15,523	48,756
		280,445	-	-	280,445	15,523	295,968
Ending cash balance	4	334,413	100,000	100,000	534,413	384,477	534,413

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

		Year ended 31 December 2020				Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	Note	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	Total US\$	US\$	US\$
Part B – Advance account reconciliation							
Initial advance	A	450,000	100,000	100,000	650,000	400,000	650,000
Balance of advance account as of 31 December per bank statement		334,413	100,000	100,000	534,413	384,477	534,413
Less: Outstanding cheque		-	-	-	-	-	-
Add: Petty cash balance		-	-	-	-	-	-
Total cash balance	B	334,413	100,000	100,000	534,413	384,477	534,413
Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b)	C	115,587	-	-	115,587	15,523	115,587
a. Current year withdrawn from advance account but not yet claimed for replenishment		115,587	-	-	115,587	-	115,587

Ministry of Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

Note	Year ended 31 December 2020				Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	Total US\$	US\$	US\$
Part B – Advance account reconciliation (continued)						
Total amount withdrawn from the advance account but not yet claimed for replenishment (a+b) (continued)	C					
b. Other - Previous year withdrawn from advance account but not yet claimed for replenishment	-	-	-	-	15,523	-
Total advance accounted for (B+C)	<u>450,000</u>	<u>100,000</u>	<u>100,000</u>	<u>650,000</u>	<u>400,000</u>	<u>650,000</u>



H.E. Vong Pisith
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Ministry of Public Works and Transport
Phnom Penh, Kingdom of Cambodia
31 May 2021

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



Mr. Dor Mao
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia
31 May 2021

Ministry of Public Work and Transport

Fourth Greater Mekong Subregion Corridor Towns Development

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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 Fourth Greater Mekong Subregion Corridor Towns Development Project (“the Project”) was established under the Loan Agreement No. 3686 CAM (COL), Grant Agreement No. 0592 CAM (SF) and Grant Agreement No. 0593 CAM (EF) between the Asian Development Bank (“ADB”) and the Royal Government of Cambodia (“RGC”) (represented by the Ministry of Economy and Finance) was signed on 24 October 2018 and declared effective date on 14 December 2018, with offers loan and grants amounting to US\$78.5 million, US\$1.5 million and US\$0.5 million respectively. RGC will provide cash contribution of US\$8 million for supplementary salaries for counterpart staff, taxes and duties, civil works, and equipment; and in-kind government contribution. The Project expects to have closing date on 30 June 2024.

The loan will have a maturity period of 32 years including a grace period of 8 years with an interest rate of 1% per annum during the grace period and 1.5% per annum thereafter. The principal amount of the loan is payable on a semi-annually instalment commencing from 1 January 2027 and ending on 1 July 2050.

The objective of the Project is to improve urban services for enhancing regional economic connectivity in participating towns are: Kompong cham, Kratie and Stung Treng.

The Project comprises the following outputs:

Output 1 - Improvement of urban services in Participating towns

Under this output, there are three sub-outputs are as follows:

- (i) a new WWT facility with a capacity of 5,050m³/d with approximately 137km pipelines, 4,676 household connections and pump stations, 4.3km drainage channel, a controlled landfill with a volume capacity of 900,000m³ and waste collection vehicles in Kampong Cham;
- (ii) a new WWT facility with a capacity of 4,900 m³/d with approximately 143 km pipelines, 2,688 household connections and pump stations, 12 km drainage channel, a controlled landfill with a volume capacity of 433,500 m³ and waste collection vehicles, and pedestrian walkaway rehabilitation with energy-efficient lights in Kratie; and
- (iii) a new WWT facility with a capacity of 3,800m³/d with approximately 147km pipelines, 2,253 household connections and pump stations, a controlled landfill with a volume capacity of 291,000m³ and waste collection vehicles, pedestrian walk pavement rehabilitation with street landscaping and energy-efficient street lights in Stung Treng.

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ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

1. Background and activities (continued)

Output 2 - Enhancement of institutional effectiveness and policy and planning environment for regional economic connectivity

Under this output, there are five sub-outputs are as follows:

- (i) formulating 5-year provincial strategic development plans;
- (ii) training on resilience-based town planning;
- (iii) improving institutional capacity in urban service delivery, urban facilities, financial sustainability roadmap, contract engagement and management for private service providers;
- (iv) development of ICT-based public service and management systems, including civil and vehicle registrations, public asset management, and utility billing system for efficient and transparent government operations; and
- (v) supporting project management, construction supervision and social and safeguards monitoring.

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Loan No. 3686-CAM (COL) and the allocation of amounts of the Loan to each such category:

Allocation and Withdrawal of Loan Proceeds			
No.	Item	Total Amount Allocated for ADB Financing (US\$)	Basis for Withdrawal from the Loan Account
1	Works	58,615,000	90.9% of total expenditure claimed
2	Equipment	1,350,000	100% of total expenditure claimed*
3	Consulting services	5,597,000	100% of total expenditure claimed*
4	Incremental administration costs	981,000	100% of total expenditure claimed
5	Interest charge	2,256,000	100% of amount due
6	Unallocated	9,701,000	
	Total	78,500,000	

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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 the proceeds of the ADB Grant No. 0592-CAM (SF) and the allocation of amounts of the Grant to each such category:

Allocation and Withdrawal of Grant Proceeds			
No.	Item	Total Amount Allocated for ADB Financing (US\$)	Basis for Withdrawal from the Grant Account
1	Works	500,000	90.9% of total expenditure claimed
2	Consulting services		
2A	Project management consultant	500,000	100% of total expenditure claimed
2B	Information communication technology for public management	500,000	100% of total expenditure claimed
	Total	1,500,000	100% of total expenditure claimed

The table below sets forth the categories of items of expenditure to be financed out of the proceeds of the ADB Grant No. 0593-CAM (EF) and the allocation of amounts of the Grant to each such category:

Allocation and withdrawals of Grant Proceeds			
No.	Item	Total Amount Allocated for ADB Financing	Basis for Withdrawal from the Grant Account
		Category	
1	Consulting services-Information communication technology for public management	500,000	100% of total expenditure claimed *
	Total	500,000	

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

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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 14 December 2018 (Project effective date) 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 13.

(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 Project and are recognised when paid.

(b) Statement of advance account

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

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

3. Significant accounting policies (continued)

(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-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.

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Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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 accounts:		
ADB Loan No. 3686 (*)	334,413	184,477
ADB Grant No. 0592 (*)	100,000	100,000
ADB Grant No. 0593 (*)	100,000	100,000
Royal Government of Cambodia (*)	22,646	70,000
	<u>557,059</u>	<u>454,477</u>

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

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

5. Receipts

	Year ended 31 December 2020					Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$	US\$
ADB							
Direct payments (*)	125,706	361,336	-	-	487,042	875,446	1,362,488
Advance account (**)	430,381	-	-	-	430,381	400,000	830,381
	556,087	361,336	-	-	917,423	1,275,446	2,192,869
RGC							
Advance account (***)	-	-	-	-	-	70,000	70,000
	556,087	361,336	-	-	917,423	1,345,446	2,262,869

(*) Direct payments represent advance payments made by ADB directly to the consultants on behalf of the Project.

(**) The statement of advance account is prepared in accordance with the Loan and Grants agreement and purely used to receive and disburse for expenditure financed by the ADB Loan and Grants proceeds.

(***) This represents advance from the RGC during the year/period.

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

6. Vehicle and equipment

	Year ended 31 December 2020					Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$	US\$
Direct payment:							
Trucks	<u>116,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,000</u>	<u>-</u>	<u>116,000</u>

Ministry Public Works and Transport

Fourth Greater Mekong Subregion Corridor Towns Development Project

ADB Loan No. 3686-CAM (COL), Grant No. 0592-CAM (SF) and Grant No. 0593-CAM (EF)

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

7. Consulting services

	Year ended 31 December 2020					Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$	US\$
Direct payment:							
Project management	-	361,336	-	-	361,336	-	361,336
Advance account:							
Project management	162,799	-	-	-	162,799	875,102	1,037,901
Project implementation	71,813	-	-	-	71,813	-	71,813
Finance management	6,600	-	-	-	6,600	-	6,600
Procurement	6,000	-	-	-	6,000	-	6,000
	<u>247,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,212</u>	<u>875,102</u>	<u>1,122,314</u>
	<u>247,212</u>	<u>361,336</u>	<u>-</u>	<u>-</u>	<u>608,548</u>	<u>875,102</u>	<u>1,483,650</u>

Included in the above payments, there were advance payments to consultants of Nil (2019: US\$875,102); out of which no amounts were not liquidated as at 31 December 2020 (31 December 2019: US\$875,102). Refer to Note 11 for details.

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

8. Incremental administration costs

	Year ended 31 December 2020					Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	ADB Loan No. 3686 US\$	ADB Grant No. 0592 US\$	ADB Grant No. 0593 US\$	RGC US\$	Total US\$	US\$	US\$
Advance account:							
Travel cost	27,226	-	-	-	27,226	14,000	41,226
Office cost	4,298	-	-	-	4,298	1,523	5,821
Vehicle O&M	1,709	-	-	-	1,709	-	1,709
Incremental salary	-	-	-	45,380	45,380	-	45,380
Road tax	-	-	-	1,974	1,974	-	1,974
	<u>33,233</u>	<u>-</u>	<u>-</u>	<u>47,354</u>	<u>80,587</u>	<u>15,523</u>	<u>96,110</u>

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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	Period from 14 December 2018 to 31 December 2019	Cumulative Period from 14 December 2018 to 31 December 2020
	Note	US\$	US\$	US\$
ADB fund claims during the year/period				
Direct payments		487,042	875,446	1,362,488
Advance account		430,381	400,000	830,381
Sub-total	(A)	<u>917,423</u>	<u>1,275,446</u>	<u>2,192,869</u>
Total payments made during the year/period	(B)	814,841	890,969	1,705,810
Payments made out of Government Counterpart fund	(C)	(47,354)	-	(47,354)
Payments in prior year claim during the year/period	(D)	15,523	-	-
Payments not yet claimed during the year/period	(E)	(115,587)	(15,523)	(115,587)
Initial advance remains unused	(F)	250,000	400,000	650,000
Total eligible payments claimed (G=A+B+C+D+E+F)	(G)	<u>917,423</u>	<u>1,275,446</u>	<u>2,192,869</u>

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

10. Payments by category and financiers

Particulars	ADB Loan No.3686 – CAM (COL)		ADB Grant No.0592 – CAM (SF)		RGC		Total
	US\$	%	US\$	%	US\$	%	US\$
Vehicle and equipment	116,000	100	-	-	-	-	116,000
Consulting services	247,212	40.62	361,336	59.38	-	-	608,548
Incremental administration costs	33,233	41.24	-	-	47,354	58.76	80,587
Interest charge	9,706	100	-	-	-	-	9,706
Total payments – for the year ended 31 December 2020	406,151	49.84	361,336	44.34	47,354	5.81	814,841
% of total project costs – for the year ended 31 December 2020	0.52%		24.09%		0.00%		0.92%
% of total project costs – for the period from 14 December 2018 to 31 December 2020	1.65%		24.09%		0.00%		1.93%

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

11. Advance to consultants

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

	Year ended 31 December 2020 US\$	Period from 14 December 2018 to 31 December 2019 US\$
At beginning of the year/period	875,102	-
Addition for the year/period (*):		
Consulting services	-	875,102
Liquidation:		
Consulting services	(875,102)	-
At end of the year/period (**)	-	875,102

(*) 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\$
Consulting services (Note 7)	-	875,102

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

12. Statement of withdrawals

Withdrawal application No.	Description	Date	Currency	Consulting services	Incremental administration costs	Vehicle and equipment	Interest charge	Initial advance	Total
ADB fund									
Year ended 31 December 2020									
ADB Loan No. 3686 – CAM (COL)									
A0003	Additional advance	29-Sep-20	US\$	-	-	-	-	250,000	250,000
A0004	Replenishment	3-Dec-20	US\$	144,625	35,756	-	-	-	180,381
Sub-total (A)				US\$ 144,625	35,756	-	-	250,000	430,381
N/A	Direct payment	1-Jan-20	US\$	-	-	-	4,308	-	4,308
N/A	Direct payment	31-Jul-20	US\$	-	-	-	5,398	-	5,398
A0005	Direct payment	24-Nov-20	US\$	-	-	116,000	-	-	116,000
Sub-total (B)				US\$ -	-	116,000	9,706	-	125,706
ADB Grant No. 0592 – CAM (SF)									
B0002	Direct payment	16-Jul-20	US\$	145,869	-	-	-	-	145,869
B0003	Direct payment	16-Nov-20	US\$	215,467	-	-	-	-	215,467
Sub-total (C)				US\$ 361,336	-	-	-	-	361,336
Total direct payment (D=B+C)				US\$ 361,336	-	116,000	9,706		487,042
Total fund receipt during the year (E=A+D)				US\$ 505,961	35,756	116,000	9,706	250,000	917,423

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

12. Statement of withdrawals (continued)

Withdrawal application No.	Description	Date	Currency	Consulting services	Incremental administration costs	Vehicle and equipment	Interest charge	Initial advance	Total
Period from 14 December 2018 to 31 December 2019									
ADB Loan No. 3686 – CAM (COL)			US\$	875,102	-	-	344	200,000	1,075,446
ADB Grant No. 0592 – CAM (SF)			US\$	-	-	-	-	100,000	100,000
ADB Grant No. 0593 – CAM (EF)			US\$	-	-	-	-	100,000	100,000
Total fund receipts for period from 14 December 2018 to 31 December 2019			US\$	875,102	-	-	344	400,000	1,275,446
Cumulative period from 14 December 2018 to 31 December 2020									
ADB Loan No. 3686 – CAM (COL)			US\$	1,019,727	35,756	116,000	10,050	450,000	1,631,533
ADB Grant No. 0592 – CAM (SF)			US\$	361,336	-	-	-	100,000	461,336
ADB Grant No. 0593 – CAM (EF)			US\$	-	-	-	-	100,000	100,000
Total ADB fund			US\$	1,381,063	35,756	116,000	10,050	650,000	2,192,869
RGC fund									
Year ended 31 December 2020			US\$	-	-	-	-	-	-
Period from 14 December 2018 to 31 December 2019			US\$	-	-	-	-	70,000	70,000
Cumulative period from 14 December 2018 to 31 December 2020			US\$	-	-	-	-	70,000	70,000
Total fund receipts for the period from 14 December 2018 to 31 December 2020			US\$	1,381,063	35,756	116,000	10,050	720,000	2,262,869



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Phnom Penh, Kingdom of Cambodia

31 May 2021



Mr. Dor Mao
Financial Management Specialist

Phnom Penh, Kingdom of Cambodia

31 May 2021

Ministry Public Works and Transport

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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 Income from selling bid documents

During the year/period, the Project sold bidding documents on behalf of the National Treasury Departments (NTD) as follows:

	Year ended 31 December 2020 US\$	Period from 14 December 2018 to 31 December 2019 US\$	Cumulative period from 14 December 2018 to 31 December 2020 US\$
Receipt	150	-	150
Transferred to NTD	<u>(150)</u>	<u>-</u>	<u>(150)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

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 guideline from the MEF as follows:

	Year ended 31 December 2020 US\$	Period from 14 December 2018 to 31 December 2019 US\$	Cumulative period from 14 December 2018 to 31 December 2020 US\$
Salary for project staff	55,020	55,020	110,040
Office rental	26,784	26,784	53,568
Utilities	13,507	13,507	27,014
Tax and duties			
Withholding tax	207,837	-	207,837
Custom duties	89,436	-	89,436
VAT and import duties	<u>11,600</u>	<u>-</u>	<u>11,600</u>
	<u>404,184</u>	<u>95,311</u>	<u>499,495</u>

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

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

13.4 Payment commitments

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

	As at 31 December 2020 US\$	As at 31 December 2019 US\$
Contracted but not yet paid:		
Consulting services	<u>4,844,161</u>	<u>4,958,909</u>

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 period from 14 December 2018 to 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 the Project's statement of receipts and payments and statement of advance account for the period from 14 December 2018 to 31 December 2019.

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

14. Explanation of transition to CPSAS (continued)

Reconciliation of cash (continued)

		31 December 2019		
	Note	Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Current assets				
Cash at banks		454,477	-	454,477
Advances	A	875,102	(875,102)	-
		<u>1,329,579</u>	<u>(875,102)</u>	<u>454,477</u>

Reconciliation of statement of receipts and payments for the period from 14 December 2018 to 31 December 2019

Period from 14 December 2018 to 31 December 2019				
		Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Receipts				
Asian Development Bank		1,275,446	-	1,275,446
Royal Government of Cambodia		70,000	-	70,000
		<u>1,345,446</u>	<u>-</u>	<u>1,345,446</u>
Payments by category and financiers				
Consulting services	A	-	875,102	875,102
Incremental administration costs		15,523	-	15,523
Interest charge		344	-	344
		<u>15,867</u>	<u>875,102</u>	<u>890,969</u>
Change in cash		1,329,579	(875,102)	454,477

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

14. Explanation of transition to CPSAS (continued)

Reconciliation of statement of advance account for the period from 14 December 2018 to 31 December 2019

	Period from 14 December 2018 to 31 December 2019		
	Previous GAAP US\$	Effect of transition to CPSAS US\$	CPSAS US\$
Receipts			
Asian Development Bank	400,000	-	400,000
Payments by category and financiers			
Incremental administration costs	15,523	-	15,523
Increase in cash	<u>384,477</u>	<u>-</u>	<u>384,477</u>

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\$875,102 and advances decreased by US\$875,102.

	Period from 14 December 2018 to 31 December 2019 US\$
Statement of receipts and payments	
Increase in consulting services	875,102
Adjustment to change in cash	<u>875,102</u>
Represented by:	
Decrease in advances	<u>875,102</u>

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

Description	Year ended 31 December 2020				Period from 14 December 2018 to 31 December 2019				Cumulative for the period from 14 December 2018 to 31 December 2020			
	Budget	Actual	Variance		Budget	Actual	Variance		Budget	Actual	Variance	
	US\$	US\$	US\$	%	US\$	US\$	US\$	%	US\$	US\$	US\$	%
Investment												
Incremental administration costs	92,044	80,587	11,457	12.45%	24,000	15,523	8,477	35.32%	116,044	96,110	19,934	17.18%
Consulting services	628,693	608,548	20,145	3.20%	-	875,102	(875,102)	(100%)	1,503,795	1,483,650	20,145	1.34%
Vehicle and equipment	116,000	116,000	-	0.00%	-	-	-	-	116,000	116,000	-	0.00%
Interest charge	9,708	9,706	2	0.02%	344	344	-	0.00%	10,052	10,050	2	0.02%
Total	846,445	814,841	31,604	3.73%	24,344	890,969	(866,625)	(3,559.91%)	1,745,891	1,705,810	40,080	2.30%



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