

# Audited Project Financial Statements

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Project Number: 50301-002

Loan Numbers: 3579/3580

Period covered: 1 January 2018 to 31 December 2018

## Sri Lanka: Second Integrated Road Investment Program – Tranche 1

Prepared by Ministry of Highways & Roads Development and Petroleum Resources Development/Road Development Authority

For the Asian Development Bank

Date received by ADB: 21 June 2019

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**MINISTRY OF HIGHWAYS & ROAD DEVELOPMENT AND PETROLEUM RESOURCES DEVELOPMENT**

**ROAD DEVELOPMENT AUTHORITY**

**SECOND INTEGRATED ROAD INVESTMENT PROGRAM (I Road II)**

**ASIAN DEVELOPMENT BANK FUNDED**

**LOAN NOS 3579 SRI, 3580 SRI (COL)**

**Statement of Changes in Net Assets/Equity** **SLRs**

Description	GOSL (Treasury Fund)	Loan No 3579	Loan No 3580	Total
Accounts Code	101	4000102	4000202	
Balance as at 31.12.2017	-	-	-	-
During the Year- 2018				
Foreign Aid				-
Direct Payments during the Year		3,551,439,130.53	209,649,689.54	3,761,088,820.07
Funds Utilized During the Year	26,000,000.00			26,000,000.00
<b>Total</b>	<b>26,000,000.00</b>	<b>3,551,439,130.53</b>	<b>209,649,689.54</b>	<b>3,787,088,820.07</b>

MINISTRY OF HIGHWAYS & ROAD DEVELOPMENT AND PETROLEUM RESOURCES DEVELOPMENT

ROAD DEVELOPMENT AUTHORITY

SECOND INTEGRATED ROAD INVESTMENT PROGRAM (i Road II)

ASIAN DEVELOPMENT BANK FUNDED

LOAN NOS 3579 SRI, 3580 SRI (COL)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.12.2018

(Figures in SLRs)

Description	Year 2017	Year 2018
Cash Flow from Operating Activities		
Changes in Working Capital		
Advances & Prepayments	-	2,631,435,509.79
Replenishment		52,893,470.89
Loan Payable		(19,183,540.65)
Accrued Expenditure	-	(401,412.79)
Payable to Consultant & Contractors	-	(526,051,793.84)
Inter Current Account - RDA	-	(202,375,155.41)
Retention Money	-	(105,705,922.86)
Initial Advance	-	(192,960,000.00)
Provision for Gratuity	-	
Net Cash Generated from Operating Activities	-	1,637,651,155.13
Cash flow from Investing Activities		
Purchase of Property Plant & Equipment	-	-
Work in Progress	-	1,986,237,961.19
Net Cash Used in Investing Activities	-	1,986,237,961.19
Net Cash Flow From Operating & Investing Activities	-	3,623,889,116.32
Financing Activities		
GOSL Contribution	-	26,000,000.00
Foreign Grant / Loans	-	3,761,088,820.07
Net Cash Generated from Financing Activities	-	3,787,088,820.07
Change in Cash & Cash Equivalents	-	163,199,703.75
Cash & Cash Equivalent at beginning of the Year	-	-
Cash & Cash Equivalent at End of the Year	-	163,199,703.75

**MINISTRY OF HIGHWAYS & ROAD DEVELOPMENT AND PETROLEUM  
RESOURCES DEVELOPMENT**

**ROAD DEVELOPMENT AUTHORITY**

**LOAN NO'S 3579 – SRI, 3580 – SRI (COL)**

**ASIAN DEVELOPMENT BANK FUNDED**

**SECOND INTEGRATED ROAD INVESTMENT PROGRAM (I ROAD II)**

**Financial Statements 2018**

**Information and Accounting Policies**

**1. Corporate Information**

**1.1 General**

Preparing the Integrated Road Investment Program is implemented (i ROAD) of the Road Development Authority. The main office of this PMU is located at 12<sup>th</sup> Floor, Sethsiripaya Stage II, Battaramulla, Sri Lanka.

**1.2 Principle activities and the nature of operations**

3100 km of Rural Roads belonging to Local Government Institutions (Provincial Councils and Pradeshiya Sabhas) and about 400 km of National Roads under the RDA within the above Project areas are intended to be designed, improved and maintained over a period of five years and seven years respectively.

**2. Basis of preparation of the Financial Statements**

**2.1 General**

The Financial statements have been prepared on accrual basis in compliance with Generally Accepted Accounting Policies and Sri Lanka Public Sector Accounting Standards (SLPSAS).

**2.2 Tax Concession**

The Department of Fiscal Policy of the Ministry of Finance and Planning has identified Integrated Road Investment Program as a Specified road upgrading Project. Therefore, the contract packages are exempted from VAT.

**2.3 Borrowing Cost**

All Commitment charges for the disbursement amounts and Interest Charges for the utilized amounts of the granted Loans have been capitalized as a part of work-in-progress and taken in to the loan accounts.

### **3. Significant Accounting Policies**

#### **3.1 Property, Plant and Equipment**

3.1.1 Assets Purchased for the project are shown in the Financial Statements at Net value.(Written Down Value – WDV)

#### **3.2 Reporting Currency**

All the Financial Statements are presented in Sri Lankan Rupees amount paid from Asian Development Bank in US Dollars are converted to Sri Lankan Rupees at the Conversion rates used by External Resources Department (ERD).

Imprest fund account is maintained with the Central Bank of Sri Lanka (CBSL) in US Dollars. The Financial Statements have been prepared the Exchange Rates and revaluation of the US Dollars with used by CBSL.

#### **3.3 Accounts Payables and Accruals**

Accounts payables include all Liabilities fall due as at the Balance Sheet date. All the Project cost included overheads are accumulated and accounted under work in progress until completion of the Project.

#### **3.4 Consistency of Accounting Policies**

Current Assets and Current Liabilities are categorized under the following headings. Comparative figures are adjusted accordingly.

- Advances & Prepayments
- Accrued Expenses
- Payable to Consultants & Contractors
- Retention Money



Note 01 Cash & Cash Equivalent				SLRs
Accts. Code 2018	Schedule No	Description	Balance as at 31.12.2017	Balance as at 31.12.2018
114		Bank of Ceylon Battaramulla A/C 7040532	-	816,457.73
11201	01	Central Bank Special Dollar Account (SL-203) - Loan No. 3580	-	162,383,246.02
			-	163,199,703.75



Schedule 1 Central Bank Special Dollar Account - Loan No. 3580 (SL-203) as at 31.12.2018

Second Integrated Road Investment Program

( Sub Ledger 203 activated on 01.08.2018)

Description	Balance as at 31.12.2018	
	USD	SLRS
Balance B/F	-	-
Initial Advance	1,200,000.00	192,960,000.00
Sub Total	1,200,000.00	192,960,000.00
Add :- Replenishment	-	-
USD Revaluation - Gain	-	23,133,174.64
Total Amount	1,200,000.00	216,093,174.64
Less :- Disbursement Details		
Pyunghwa Eng	39,765.40	7,134,097.67
Consulting Engineers and Architects Associated (Pvt) Ltd	59,073.07	10,583,099.99
CML -MTD Construction Limited	89,135.54	15,992,732.58
Secretary MOHD&PD PMU Expenditure	123,471.49	19,999,998.38
Total Less	311,445.50	53,709,928.62
Balance C/F 31.12.2018	888,554.50	162,383,246.02



Sub Schedule No.1.1.Advance Account as at 31.12.2018

Asian Development Bank (ADB)

Loan No : 3580 SRI (COL)

USD

Withdrawal Application No.	Requested Advance Amount	Requested Amount	Replenishment Amount	Liquidated Amount	Withheld Amount	Advance Balance
B0002	1,200,000.00					1,200,000.00
	1,200,000.00	-	-	-	-	1,200,000.00

Advance Account Reconciliation as at 31.12.2018

Loan No : 3580-SRI (COL)

Advance Account Balance as at 31.12.2018 as per CB Statement		888,554.50
Add:		
Amount Claimed in previous application but not yet credited at the date of bank statement		
WA No -	-	
In Hand Applications	306,405.04	306,405.04
Balance of the Sub Account 7040532		5,040.46
		1,200,000.00
Less:		
Imprest Balance as at 31.12.2018 as per ADB Records		1,200,000.00

Note 02 Advances & Prepayments

SLRs						
Accts Code 2018	Schedule No	Description	Balance as at 31.12.2017	Paid for the Year 2018	Recovered for the year 2018	Balance as at 31.12.2018
110	2.1	Mobilization Advance-Civil Work	-	2,553,886,690.86	-	2,553,886,690.86
108	2.2	Mobilization Advance-Consultancy	-	96,936,023.65	19,387,204.72	77,548,818.93
			-	2,650,822,714.51	19,387,204.72	2,631,435,509.79



Schedule No 2.1 Mobilization Advance - Civil Work Loan No - 3579 SRI

SLRs

Contract Package No.	Name of the Contractor	Balance as at 31.12.2017	Paid for the year 2018	Recovered for the Year 2018	Balance as at 31.12.2018
BA1	NEM Construction (Pvt) Ltd	-	157,439,566.60	-	157,439,566.60
BA2	Komuthi -HCM Engineering JV	-	169,405,096.50	-	169,405,096.50
BA3	CML-MTD Construction Limited	-	189,773,347.68	-	189,773,347.68
BA4	CNTIC-RDCE JV	-	162,243,264.67	-	162,243,264.67
BA5	CNTIC-RDCE JV	-	183,567,024.89	-	183,567,024.89
BA6	CML-MTD Construction Limited	-	180,932,798.95	-	180,932,798.95
BA7	CML-MTD Construction Limited	-	189,435,117.71	-	189,435,117.71
BA8	Tissa - PND JV Ltd	-	141,766,831.80	-	141,766,831.80
MO 1	AMSK - CGGC JV	-	173,822,798.00	-	173,822,798.00
MO 2	Tudawe Brothers (Pvt.) Ltd	-	146,134,097.48	-	146,134,097.48
MO 3	Maga Engineering (Pvt.) Ltd	-	171,970,402.81	-	171,970,402.81
MO 4	CML-MTD Construction Limited	-	175,415,539.42	-	175,415,539.42
MO 5	Tudawe Brothers (Pvt.) Ltd	-	158,728,405.38	-	158,728,405.38
MO 6	Hovani Construction (Pvt.) Ltd	-	209,903,433.54	-	209,903,433.54
MO 7	Tudawe Brothers (Pvt.) Ltd	-	143,348,965.43	-	143,348,965.43
<b>Total</b>		-	<b>2,553,886,690.86</b>	-	<b>2,553,886,690.86</b>

## Schedule No 2.2 Mobilization Advance - Consultancy Services

SLRs

Accts.Code 2018	Contract Package No	Name Of the Consultant	Balance as at 31.12.2017	Paid for the Year 2018	Recovered for the Year 2018	Balance as at 31.12.2018
1080301	PIC 06	Pyunghwa ENG-USD	-	20,803,523.65	4,160,704.72	16,642,818.93
1080302	PIC 06	Consulting Engineers and Architects Associated (Pvt) Ltd -LKR	-	76,132,500.00	15,226,500.00	60,906,000.00
		<b>Total</b>	-	96,936,023.65	19,387,204.72	77,548,818.93

**Note 03 Replenishment**

**SLRs**

Accts.Code 2018	Schedule No	Description	Balance as at 31.12.2017	Balance as at 31.12.2018
4000203	01	Replenishment	-	52,893,470.89
<b>Total</b>			-	52,893,470.89



**Schedule 1 Replenishment**

(Not Yet Replenish or Liquidate as at 31.12.2018)

WA No.	Description	Amount
SCB 002	Consulting Engineers & Architects Associated (Pvt) Ltd	10,583,099.99
SCB 003	Pyunghwa Eng	3,562,039.39
SCB 004	CML-MTD Construction Limited	7,485,899.15
SCB 005	CML-MTD Construction Limited	8,506,833.43
SCB 006	Pyunghwa Eng	3,572,058.28
SCB 007	Project Management Expenditure December 2018	19,183,540.65
	<b>Total</b>	<b>52,893,470.89</b>

Note 04 - Work in Progress

SLRs

Accts. Code 2018	Schedule No	Description	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
	4.1	Consultancy Cost	-	121,645,214.98	121,645,214.98
	4.2	Civil Work	-	1,619,520,761.59	1,619,520,761.59
	4.3	Project Management Expenditure	-	236,796,948.49	236,796,948.49
601	4.4	Interest & Commitment Charges	-	31,408,210.77	31,408,210.77
70404	4.5	USD Revaluation - CB Imprest -S/L 203	-	(23,133,174.64)	(23,133,174.64)
			-	1,986,237,961.19	1,986,237,961.19



## Schedule 4.1 Consultancy Cost

SLRS

Accts.Code 2018	Contract Package No	Name Of the Consultant	Balance as at 31.12.2017	Paid for the Year 2018	Balance as at 31.12.2018
70101/70102	PIC 06	Pyunghwa ENG-USD	-	25,323,492.25	25,323,492.25
75001/75101	PIC 06	Pyunghwa ENG-Ex.Rate Difference	-	2,570,372.74	2,570,372.74
70102/70202	PIC 06	Consulting Engineers and Architects Associated (Pvt) Ltd	-	67,105,800.00	67,105,800.00
75002	PIC 06	Consulting Engineers and Architects Associated (Pvt) Ltd-Ex.Rate Difference	-	(0.01)	(0.01)
Provision for Consultancy 2018 Refer Schedule 6.1					
Total Consultancy 2018					121,645,214.98



## Schedule No 4.2 Civil Work

SLRs

Contract Package No.	Name of the Contractor	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
BA1	NEM Construction (Pvt) Ltd	-	54,480,846.24	54,480,846.24
BA2	Komuthi -HCM Engineering JV	-	31,267,024.85	31,267,024.85
BA3	CML-MTD Construction Ltd	-	33,769,896.41	33,769,896.41
BA4	CNTIC-RDCE JV	-	59,432,055.83	59,432,055.83
BA5	CNTIC-RDCE JV	-	57,725,192.58	57,725,192.58
BA6	CML-MTD Construction Ltd	-	46,094,992.15	46,094,992.15
BA7	CML-MTD Construction Ltd	-	54,985,986.30	54,985,986.30
BA8	Tissa - PND JV Ltd	-	35,494,015.00	35,494,015.00
MO 1	AMSK - CGGC JV	-	209,122,610.60	209,122,610.60
MO 2	Tudawe Brothers (Pvt.) Ltd	-	101,522,608.82	101,522,608.82
MO 3	Maga Engineering (Pvt.) Ltd	-	177,723,530.27	177,723,530.27
MO 4	CML-MTD Construction Ltd	-	56,034,174.90	56,034,174.90
MO 5	Tudawe Brothers (Pvt.) Ltd	-	70,070,279.66	70,070,279.66
MO 6	Hovael Construction (Pvt.) Ltd	-	88,753,217.81	88,753,217.81
MO 7	Tudawe Brothers (Pvt.) Ltd	-	43,638,086.33	43,638,086.33
		-	1,120,114,517.75	1,120,114,517.75
Provision for Civil Work 2018 refer Schedule 6.1				499,406,243.84
<b>Total Civil Work 2018</b>				<b>1,619,520,761.59</b>

## Sub Schedule No 4.2.1 Civil Work (Loan Category)

SLRs

600 - Civil Works			
60001 - Civil Works Loan N0.3579 SRI			Amount
6000101	BA1	NEM Construction (Pvt) Ltd	54,480,846.24
6000102	BA2	Komuthi -HCM Engineering JV	31,267,024.85
6000103	BA3	CML-MTD Construction Ltd	33,769,896.41
6000104	BA4	CNTIC-RDCE JV	41,550,039.05
6000105	BA5	CNTIC-RDCE JV	57,725,192.58
6000106	BA6	CML-MTD Construction Ltd	46,094,992.15
6000107	BA7	CML-MTD Construction Ltd	54,985,986.30
6000108	BA8	Tissa - PND JV Ltd	35,494,015.00
6000109	MO1	AMSK - CGGC JV	32,500,328.30
6000110	MO2	Tudawe Brothers (Pvt.) Ltd	101,522,608.82
6000111	MO3	Maga Engineering (Pvt.) Ltd	177,723,530.27
6000112	MO4	CML-MTD Construction Ltd	38,537,506.18
6000113	MO5	Tudawe Brothers (Pvt.) Ltd	70,070,279.66
6000114	MO6	Hovael Construction (Pvt.) Ltd	88,753,217.81
6000115	MO7	Tudawe Brothers (Pvt.) Ltd	43,638,086.33
Total			908,113,549.95
60002 Civil Works Loan N0. 3580 SRI			
6000204	BA4	CNTIC-RDCE JV	17,882,016.78
6000209	MO1	AMSK - CGGC JV	176,622,282.30
6000212	MO4	CML-MTD Construction Ltd	17,496,668.72
Total			212,000,967.80
Total Civil Works 2018			1,120,114,517.75

## Schedule No 4.3 Project Management Expenditure

SLRs

Accts. Code 2018	Schedule No.	Description	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
	Sch. 4.3.1	Bank Charges	-	510.00	510.00
	Sch. 4.3.1	Telephone Bills	-	2,624.80	2,624.80
	Sch. 4.3.1	Overtime	-	5,178.20	5,178.20
	Sch. 4.3.1	Holiday Pay	-	203,500.00	203,500.00
	Sch. 4.3.1	Travelling	-	115,392.50	115,392.50
	Sch. 4.3.1	Miscellaneous	-	288,258.00	288,258.00
	Sch. 4.3.1	Hire Charges	-	4,561,032.28	4,561,032.28
	Sch. 4.3.1	Salary - Contract	-	2,470,734.76	2,470,734.76
	Sch. 4.3.1	Salary - RDA Staff (UVA)	-	121,168.44	121,168.44
	Sch. 4.3.1	EPF 12% and ETF 3%	-	336,272.91	336,272.91
	Sch. 4.3.1	Stationery	-	143,753.50	143,753.50
	Sch. 4.3.1	Project Allowance 50%	-	1,115,000.00	1,115,000.00
	Sch. 4.3.1	Evaluation Fee	-	3,357,975.00	3,357,975.00
	Sch. 4.3.1	Advertisement	-	2,250,751.25	2,250,751.25
	Sch. 4.3.1	Incentive Payment	-	1,750,000.00	1,750,000.00
	Sch. 4.3.2	Acting Allowances	-	2,408,055.82	2,408,055.82
	Sch. 4.3.1	Meeting Expenses	-	824,246.50	824,246.50
	Sch. 4.3.1	Survey Charges	-	216,842,494.53	216,842,494.53
<b>Total</b>			-	<b>236,796,948.49</b>	<b>236,796,948.49</b>

## Schedule No 4.3.1 Details Of Project Management Expenditure

SLRs

Accts. Code 2018	Description	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
50102	Bank Charges - 7040532	-	510.00	510.00
	<b>Bank Charges</b>	-	<b>510.00</b>	<b>510.00</b>
50701	Telephone Bills (UVA)	-	2,624.80	2,624.80
	<b>Telephone Bills</b>	-	<b>2,624.80</b>	<b>2,624.80</b>
50901	Overtime (UVA)	-	5,178.20	5,178.20
	<b>Over Time</b>	-	<b>5,178.20</b>	<b>5,178.20</b>
51001	Holiday Pay (UVA)	-	183,500.00	183,500.00
51006	Holiday Pay (PMU)	-	20,000.00	20,000.00
	<b>Holiday Pay</b>		<b>203,500.00</b>	<b>203,500.00</b>
51101	Travelling (UVA)	-	115,392.50	115,392.50
	<b>Travelling</b>	-	<b>115,392.50</b>	<b>115,392.50</b>
51301	Miscellaneous (UVA)	-	35,000.00	35,000.00
51303	Miscellaneous (NORTH)	-	16,000.00	16,000.00
51306	Miscellaneous (PMU)	-	237,258.00	237,258.00
	<b>Miscellaneous</b>	-	<b>288,258.00</b>	<b>288,258.00</b>
51406	Hire Charges	-	4,561,032.28	4,561,032.28
	<b>Hire Charges</b>	-	<b>4,561,032.28</b>	<b>4,561,032.28</b>
515011	Salary - Contract (UVA)	-	2,033,883.40	2,033,883.40
515015	Salary - Contract (WESTERN)	-	436,851.36	436,851.36
	<b>Salary - Contract</b>	-	<b>2,470,734.76</b>	<b>2,470,734.76</b>
515031	Salary RDA Staff (UVA)	-	121,168.44	121,168.44
	<b>Salary - Casual</b>		<b>121,168.44</b>	<b>121,168.44</b>
51601	EPF 12% Contract & Casual	-	269,018.33	269,018.33
51602	ETF 3% Contract & Casual	-	67,254.58	67,254.58
	<b>EPF 12% and ETF 3%</b>	-	<b>336,272.91</b>	<b>336,272.91</b>
51806	Stationery (PMU)	-	143,753.50	143,753.50
	<b>Stationery</b>	-	<b>143,753.50</b>	<b>143,753.50</b>
52001	Project Allowance 50% (UVA)	-	925,000.00	925,000.00
52006	Project Allowance 50% (PMU)	-	190,000.00	190,000.00
	<b>Project Allowance 50%</b>	-	<b>1,115,000.00</b>	<b>1,115,000.00</b>
52406	Evaluation Fee (PMU)	-	3,357,975.00	3,357,975.00
	<b>Evaluation Fee</b>	-	<b>3,357,975.00</b>	<b>3,357,975.00</b>

Accts. Code 2018	Description	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
52902	Advertisement (EASTERN)	-	496,627.50	496,627.50
52903	Advertisement (NORTH)	-	511,865.00	511,865.00
52906	Advertisement (PMU)	-	1,242,258.75	1,242,258.75
	Advertisement	-	2,250,751.25	2,250,751.25
53406	Incentive Payment (PMU)	-	1,750,000.00	1,750,000.00
	Incentive Payment	-	1,750,000.00	1,750,000.00
54005	Acting Allowances (WESTERN)		203,239.22	203,239.22
54006	Acting Allowances (PMU)		2,204,816.60	2,204,816.60
	Acting Allowances		2,408,055.82	2,408,055.82
54102	Meeting Expenses (EASTERN)	-	25,025.00	25,025.00
54106	Meeting Expenses (PMU)	-	799,221.50	799,221.50
	Meeting Expenses	-	824,246.50	824,246.50
60401	GIS Mapping Works	-	5,543,624.83	5,543,624.83
60402	Environmental Assessment	-	16,641,923.44	16,641,923.44
60403	Geotechnical Investigation	-	16,888,180.93	16,888,180.93
60404	Preparation Booklets	-	6,348,986.46	6,348,986.46
60405	Providing Video Clips	-	21,849,571.62	21,849,571.62
60406	Socio Economic Survey	-	48,704,692.29	48,704,692.29
60408	Traffic Survey	-	49,565,279.96	49,565,279.96
60409	Transect Walk	-	10,297,749.31	10,297,749.31
60411	Extra Work	-	41,002,485.69	41,002,485.69
	Survey Charges	-	216,842,494.53	216,842,494.53
	<b>Total</b>	-	<b>236,796,948.49</b>	<b>236,796,948.49</b>

**Schedule 4.4 Interest & Commitment Charges**

**SLRs**

Accts. Code 2018	Description	Balance as at 31.12.2017	For The Year 2018	Balance as at 31.12.2018
50301	Interest & Commitment Charges-Loan No 3579	-	31,169,429.56	31,169,429.56
50302	Interest & Commitment Charges-Loan No 3580	-	238,781.21	238,781.21
	<b>Total</b>	-	<b>31,408,210.77</b>	<b>31,408,210.77</b>



Schedule No 4.5 USD Revaluation

ADB Special Operation-Loan No 3580 SRI (COL) Central Bank Of Sri Lanka

Revaluation Gain and (Loss) Sub Ledger 203 - 2018

SLRs

Date	Month	Loss	Gain	Revaluation Gain / Loss
31.01.2018	January			
28.02.2018	February			
31.03.2018	March			
28.04.2018	April			
31.05.2018	May			
30.06.2018	June			
31.07.2018	July			
31.08.2018	August		807,600.00	807,600.00
30.09.2018	September		8,422,253.31	8,422,253.31
31.10.2018	October		5,531,095.84	5,531,095.84
30.11.2018	November		5,701,294.98	5,701,294.98
29.12.2018	December		2,670,930.51	2,670,930.51
Total		-	23,133,174.64	23,133,174.64

**Note 05 Accrued Expenses**

**SLRs**

Accts. Code 2018	Schedule No	Description	Balance as at 31.12.2017	Year 2018 Payables	Balance as at 31.12.2018
30301		EPF 8% - Payable	-	48,027.09	48,027.09
30303		EPF 12% - Payable	-	72,040.64	72,040.64
30305		ETF 3% - Payable	-	18,010.16	18,010.16
303065		Travelling	-	17,475.00	17,475.00
303065		Acting Allowance	-	203,239.22	203,239.22
30310		PAYEE Tax	-	41,495.68	41,495.68
30311		Stamp Duty	-	1,125.00	1,125.00
			-	<b>401,412.79</b>	<b>401,412.79</b>



**Note 06 Payables to Contractors and Consultants**

**SLRs**

Accts Code 2018	Schedule No	Description	Balance as at 31.12.2017	Balance as at 31.12.2018
30701	6.1	Payables to Contractors and Consultants Actuals	-	499,406,243.84
708	6.1	Payables to Contractors and Consultants Provisions	-	26,645,550.00
			-	526,051,793.84

Schedule No 6.1 - Payable to Contractors and Consultants

SLRs

Package No	Description	Month	1.5% of the contract sum	%	Months	Amount for Provision
BA1	NEM Construction (Pvt.) Ltd	December	2,055,897,217.55	1.50%	1	30,838,458.26
BA2	Kumuthi - HCM Engineering JV	December	2,262,823,158.00	1.50%	1	33,942,347.37
BA3	CML - MTD Construction Limited	December	2,458,963,395.33	1.50%	1	36,884,450.93
BA4	CINTIC - RDCE JV	December	2,118,733,738.12	1.50%	1	31,781,006.07
BA5	CINTIC - RDCE JV	December	2,504,966,968.06	1.50%	1	37,574,504.52
BA6	CML - MTD Construction Limited	December	2,345,800,424.97	1.50%	1	35,187,006.37
BA7	CML - MTD Construction Limited	December	2,461,426,008.14	1.50%	1	36,921,390.12
BA8	Tissa - PND JV	December	1,847,725,581.60	1.50%	1	27,715,883.72
MO1	AMSK - CGGC JV	December	2,241,235,656.00	1.50%	1	33,618,534.84
MO2	Tudawe Brothers (Pvt.) Ltd	December	1,891,879,866.96	1.50%	1	28,378,198.00
MO3	Maga Engineering (Pvt.) Ltd	December	2,201,476,829.52	1.50%	1	33,022,152.44
MO4	CML - MTD Construction Limited	December	2,274,491,009.64	1.50%	1	34,117,365.14
MO5	Tudawe Brothers (Pvt.) Ltd	December	2,056,797,645.36	1.50%	1	30,851,964.68
MO6	Hovuel Construction (Pvt.) Ltd	December	2,713,444,633.17	1.50%	1	40,701,669.50
MO7	Tudawe Brothers (Pvt.) Ltd	December	1,858,087,457.19	1.50%	1	27,871,311.86
<b>Total Provision for Contractors</b>						<b>499,406,243.84</b>
PIC 06	Pyanghwa ENG-USD	December	6,160,500.00		1	6,160,500.00
PIC 06	Consulting Engineers and Architects Associated (Pvt) Ltd - LKR	December	20,485,050.00		1	20,485,050.00
<b>Total Provision for Consultants</b>						<b>26,645,550.00</b>
<b>Payables to Contractors and Consultants</b>						<b>526,051,793.84</b>

Note 07 Retention Money

SLRs

Accts Code 2018	Schedule No	Description	Balance as at 31.12.2017	Retained For The Year 2018	Released For The Year 2018	Balance as at 31.12.2018
301	7.1	Retention Civil Works	-	104,969,533.22	-	104,969,533.22
30313	7.2	Retention Survey Works	-	736,389.64	-	736,389.64
			-	105,705,922.86	-	105,705,922.86



Schedule 7.1 Retention Civil Work

SLRs

Contract Package No.	Name of the Contractor	As at 31.12.2017	Retained For The Year 2018	Released For The Year 2018	Balance as at 31.12.2018
BA1	NEM Construction (Pvt) Ltd	-	4,735,377.10	-	4,735,377.10
BA2	Komuthi -HCM Engineering JV	-	2,975,192.28	-	2,975,192.28
BA3	CML-MTD Construction Limited	-	3,376,989.64	-	3,376,989.64
BA4	CNTIC-RDCE JV	-	5,948,465.26	-	5,948,465.26
BA5	CNTIC-RDCE JV	-	5,772,519.26	-	5,772,519.26
BA6	CML-MTD Construction Limited	-	4,609,499.44	-	4,609,499.44
BA7	CML-MTD Construction Limited	-	5,498,598.63	-	5,498,598.63
BA8	Tissa - PND JV Ltd	-	3,549,401.50	-	3,549,401.50
MO 1	AMSK - CGGC JV	-	20,259,892.47	-	20,259,892.47
MO 2	Tudawe Brothers (Pvt.) Ltd	-	9,038,087.14	-	9,038,087.14
MO 3	Magn Engineering (Pvt.) Ltd	-	15,859,780.23	-	15,859,780.23
MO 4	CML-MTD Construction Limited	-	5,357,684.51	-	5,357,684.51
MO 5	Tudawe Brothers (Pvt.) Ltd	-	6,621,161.32	-	6,621,161.32
MO 6	Hovael Construction (Pvt.) Ltd	-	7,551,550.50	-	7,551,550.50
MO 7	Tudawe Brothers (Pvt.) Ltd	-	3,815,333.94	-	3,815,333.94
<b>Total</b>		-	<b>104,969,533.22</b>	-	<b>104,969,533.22</b>

## Schedule 7 .1.1 Retention Civil Work

SLRs

301 - Retention (Civil Works)			Amount
<b>30101 - Retention-Loan N0.3579</b>			
3010101	BA1	NEM Construction (Pvt) Ltd	4,735,377.10
3010102	BA2	Komuthi -HCM Engineering JV	2,975,192.28
3010103	BA3	CML-MTD Construction Limited	3,376,989.64
3010104	BA4	CNTIC-RDCE JV	4,155,003.91
3010105	BA5	CNTIC-RDCE JV	5,772,519.26
3010106	BA6	CML-MTD Construction Limited	4,609,499.44
3010107	BA7	CML-MTD Construction Limited	5,498,598.63
3010108	BA8	Tissa - PND JV Ltd	3,549,401.50
3010109	MO 1	AMSK - CGGC JV	3,250,032.83
3010110	MO 2	Tudawe Brothers (Pvt.) Ltd	9,038,087.14
3010111	MO 3	Maga Engineering (Pvt.) Ltd	15,859,780.23
3010112	MO 4	CML-MTD Construction Limited	3,853,750.62
3010113	MO 5	Tudawe Brothers (Pvt.) Ltd	6,621,161.32
3010114	MO 6	Hovael Construction (Pvt.) Ltd	7,551,550.50
3010115	MO 7	Tudawe Brothers (Pvt.) Ltd	3,815,333.94
<b>Total</b>			<b>84,662,278.34</b>
<b>30102 Retention Loan N0.3580</b>			
3010204	BA4	CNTIC-RDCE JV	1,793,461.35
3010209	MO 1	AMSK - CGGC JV	17,009,859.64
3010212	MO 4	CML-MTD Construction Limited	1,503,933.89
<b>Total</b>			<b>20,307,254.88</b>
<b>Total Retention</b>			<b>104,969,533.22</b>

Schedule 7.2 Survey Works Retention

Survey and Preliminary Engineering Activities

SLRs

Serial No	Contractor's Name	Contract Description	Balance as at 31.12.2017	Retention Year 2018	Released during the Year 2018	Balance as at 31.12.2018
01	Master Hellies Engineering Consultant (Pvt) Ltd	Data Collection and Preparations of Booklets for the Project Roads in Northern Province	-	205,544.79	-	205,544.79
02	Master Hellies Engineering Consultant (Pvt) Ltd	Road Safety Audit	-	182,015.53	-	182,015.53
03	Master Hellies Engineering Consultant (Pvt) Ltd	Transect Walk	-	173,762.36	-	173,762.36
04	EMI Consultant	Data Collection	-	30,143.49	-	30,143.49
05	CEA	Environmental Survey	-	144,923.47	-	144,923.47
<b>Total</b>			-	736,389.64	-	736,389.64

Note 08 Initial Advance

SLRs

Description	Loan No 3580	Total
	Initial Advance	
Accounts Code	4000201	
Balance as at 31.12.2017	-	-
During the year- 2018		
Foreign Aid Loan		
Initial Imprest	192,960,000.00	192,960,000.00
Replenishment		
Liquidation		
Balance as at 31.12.2018	192,960,000.00	192,960,000.00

**Note 09 Intercurrent Account with iRoad I**

**SLRs**

<b>Accts Code 2018</b>	<b>Description</b>	<b>Amount</b>
51406	Hire Charges	4,561,032.28
53406	Incentive Payment	1,750,000.00
60401	GIS Mapping Works	4,965,802.36
60402	Environmental Assessment	15,440,061.28
60403	Geotechnical Investigation	15,572,213.72
60404	Preparation of Booklets	6,318,842.97
60405	Providing Video Clips	21,849,571.62
60406	Socio Economic Survey	48,499,147.50
60408	Traffic Survey	43,467,064.10
60409	Transect Walk	7,583,324.19
60411	Extra work	32,368,095.39
<b>Total</b>		<b>202,375,155.41</b>

**Note 10 GOSL Fund-Government Contribution**

**SLRs**

Accts. Code 2018	Description	Balance as at 31.12.2017	Year 2018	Balance as at 31.12.2018
30203	Funds Received MOHD&PRD	-	26,000,000.00	26,000,000.00
30308	Non Refundable Tender Deposits	-	2,280,000.00	2,280,000.00
	Collections Transferred to MOHD&PRD	-	(2,280,000.00)	(2,280,000.00)
		-	26,000,000.00	26,000,000.00

**Note 11 Foreign Loan**

SLRs

Description	Loan No 3579	Loan No 3580	Total
Accounts Code	4000102	4000401	
Balance as at 31.12.2017			
During the year- 2018			
Foreign Aid Loan			
Direct Payments	3,551,439,130.53	175,939,759.30	3,727,378,889.83
Central Bank Application		33,709,930.24	33,709,930.24
Balance as at 31.12.2018	3,551,439,130.53	209,649,689.54	3,761,088,820.07

Savings and Deficit 2018 according to the Financial Statement

Vote Details	Finance Code	Budgetary Provision	Supplementary Allocation	FR 66 Transfers	Net Provision	Actual Expenditure	Savings and Deficit	Savings of monthly summary as at 31.12.2018	Unaccounted expenditure by TOD
117-2-4-44-2506	12	13,000,000,000.00	3,000,000,000.00	200,000,000.00	16,200,000,000.00	16,180,681,528.26	19,318,471.74	2,384,676,290.83	2,365,357,819.09
117-2-4-44-2506	17	484,000,000.00	75,000,000.00	(200,000,000.00)	359,000,000.00	118,650,000.00	240,350,000.00	241,192,494.34	* 842,494.34

SLRs

\* Payment of Revenue Account - Rs.842,494.34

Savings and Deficit 2018 I Road

Vote Details	Finance Code	Budgetary Provision	Supplementary Allocation	FR 66 Transfers	Net Provision	Actual Expenditure	Savings and Deficit	Savings of monthly summary as at 31.12.2018	Unaccounted expenditure by TOD
117-2-4-44-2506	12	8,000,000,000.00	3,000,000,000.00	1,440,000,000.00	12,440,000,000.00	12,419,592,708.19	20,407,291.81	1,616,835,893.24	1,596,428,601.43
117-2-4-44-2506	17	200,000,000.00	75,000,000.00		275,000,000.00	92,650,000.00	182,350,000.00	182,350,000.00	-

Savings and Deficit 2018 I Road II

Vote Details	Finance Code	Budgetary Provision	Supplementary Allocation	FR 66 Transfers	Net Provision	Actual Expenditure	Savings and Deficit	Savings of monthly summary as at 31.12.2018	Unaccounted expenditure by TOD
117-2-4-44-2506 -2	12	5,000,000,000.00		(1,240,000,000.00)	3,760,000,000.00	3,761,088,820.07	(1,088,820.07)	767,840,397.59	768,929,217.66
117-2-4-44-2506 - 2	17	284,000,000.00		200,000,000.00	84,000,000.00	26,000,000.00	58,000,000.00	-	-



Treasury Ledger Confirmation 2018

Month	3221	3326	3171	3315	3610	3879-Second Road	3589-Second Road	CB179	CB184	SCB 203-Second Road	Total CB	Total		Difference	Related Monthly Summary
												I Road	TOD		
January				83,493,522.50				293,218.53	44,904,770.93						
Commitments			113,047,802.43	94,529,801.98											
February				396,565,019.71				290,219.15	72,223,349.75						
March				999,897,248.37				302,319.33	63,113,802.02						
Commitments												100,520,411.82	160,528,411.82	-	Jan/Feb/March
April				1,874,039,064.37					79,595,929.18						
May				819,076,550.96					68,699,293.18			79,595,929.18	79,595,929.18	-	April
June				814,232,649.18					72,748,132.73			68,699,293.18	68,699,293.18	-	May
Commitments												760,384,279.35	760,384,279.35	-	June
July				694,503,793.35					160,957,422.08						
Commitments			164,377,648.71	133,696,171.15								546,432,683.96	144,112,683.96	-	July
August				238,645,394.23					74,032,664.32						
September				139,364,591.43					84,584,274.25			74,032,664.32	74,032,664.32	(63,943,676.03)	August
Commitments												6,822,533,214.63	6,822,533,214.63	-	September
October		78,451,570.31		272,376,590.56			230,781.31	132,053.76	69,432,797.97						
November			20,302,704.33	146,081,679.23					59,216,430.88			2,313,454,541.66	2,313,454,541.66	-	October
December								24,711,233.29	115,349,222.35	33,709,930.24		744,372,125.26	680,429,449.25	63,943,676.01	November
	653,148,353.10		234,438,110.29	131,722,310.28	573,119,827.76	666,225,439.37	102,703,778.09		171,672,405.88			3,747,818,463.55	2,747,010,463.55	-	December
Total	653,148,353.10	78,451,570.31	471,846,845.68	6,380,530,648.64	3,882,148,348.15	3,551,439,136.53	175,938,759.36	26,971,569.46	922,276,832.91	33,709,930.24	992,657,732.55	13,815,333,769.17	13,815,333,769.17		

Notes:-

TOD Accounted Amount	13,815,223,709.17
TOD - Unaccounted - I Road I	1,596,428,601.43
TOD - Unaccounted - I Road II	768,929,217.66
Total	2,365,357,819.09
	16,180,681,528.26





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தேசிய கணக்காய்வு அலுவலகம்  
NATIONAL AUDIT OFFICE

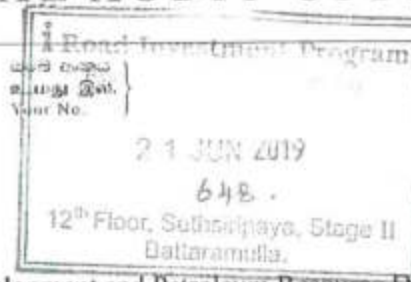


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உமது இல. }  
Your No. }

දිනය }  
திகதி }  
Date }

19 June 2019



The Secretary

Ministry of Highways & Road Development and Petroleum Resource Development

**Report of the Auditor General on the Financial Statements of the Second Integrated Road Investment Program-II (i-Road II) for the First Accounting year ended 31 December 2018.**

The English version of the above mentioned report is sent herewith along with a copy of the financial statements certified.

02. The Management Report on the affairs of the Project has been issued on 29 May 2019 for the consideration of the Project Management Unit.

W.P.C. Wickramaratne  
Auditor General

- Copies to :-
01. Secretary, Ministry of Finance
  02. Project Director, Second Integrated Road Investment Program-II
  03. Project Co-ordinator, Asian Development Bank

P. Acct  
Pl. arrange to submit  
to ADB SLPM  
early  
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## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය RCT/A/IRIP/FA/2018/02  
எனது இல. }  
My No. }

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය } 19 June 2019  
திகதி }  
Date }

The Secretary

Ministry of Highways & Road Development and Petroleum Resource Development

**Report of the Auditor General on the Financial Statements of the Second Integrated Road Investment Program-II ( i-Road II) for the First Accounting year ended 31 December 2018.**

#### 1. Financial Statements

##### 1.1 Qualified Opinion

The audit of the financial statements of the Second Integrated Road Investment Program-II for the first accounting year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of changes of net assets and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 4.03 of Article IV of the Loan Agreement No. 3579 SRI and Loan Agreement No.3580 SRI(COL) dated 22 November 2017, entered into between the Democratic Socialist Republic of Sri Lanka and the Asian Development Bank. This report consists of the matters observed during the course of audit and submitted for the consideration of the Executing and Implementing Agencies of the Program.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Program as at 31 December 2018, financial performance and its cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.



## 1.2 Basis for Qualified Opinion

- According to the records maintained by the External Resources Department, the disbursement amounting to Rs.2,992.16 million had been made during the year under review. However, the corresponding disbursements amounting to Rs.3,761.08 million had been shown in the financial statement of the Program.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section appeared in my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## 1.3 Other information on the Performance of the Program

The other information as stated below does not include in the financial statements and my opinion thereon does not cover the other information.

- According to the initial plans of the Program, the road rehabilitation works of 400 kilometres of national roads and 3,750 kilometres of rural roads in the Northern, Eastern, Uva and Western Provinces were expected to be rehabilitated. However, the contracts for rehabilitation works of 1,045 kilometres of rural roads in the Uva Province under 15 packages had only been awarded during the year under review and the physical progress of 6.80 per cent had been achieved thereon as at 31 December 2018, out of the expected progress of 10.30 per cent to be achieved as at that date.
- As per the sub Clause 4.2 of General Condition of Contract, the contractors are required to furnish the performance security bonds at their own cost. However, it was observed that the Project had included a separate pay item in the Bill of Quantities to meet cost thereon, contrary to the above mentioned requirement and allowed to contractors to claim the cost incurred on providing of performance security bonds. Accordingly, a sum of Rs.132.80 million had been paid additionally to the contractors engaged in rehabilitation of roads in the Uva Province.

- The bids for the rehabilitation works of the sections of Trincomalee-Batticaloa Road, Allai - Kantalai Road and the Coastal Road in the Eastern Province had been called by the Project and evaluation made thereon, without considering the arbitration cases raised by the previous contractor engaged in rehabilitation of the respective sections of the roads under other donor funded project called Trincomalee Integrated Infrastructure Project. The legal clearance requested from the Attorney General in this regard had not been received even up to 31 December 2018.
- According to the information received, commitment charges amounting to Rs.31.41 million had been recovered by the Lending Agency as at 31 December 2018 on undisbursed proceeds of Loan.

#### **1.4 Responsibilities of Management and those charged with governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine 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 Program 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 intend to liquidate the Program or to cease operations, or has no realistic alternative but to do so.

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

The Program is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared by the Program.

## 1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Program's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Requirements of the Donor Agency

As required by the Asian Development Bank, I state the followings

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In my opinion:
  - except for the effect of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Program,
  - the funds provided had been utilized for the purposes for which they were provided,
  - the Statements of Expenditure submitted could be fairly relied upon to support the applications for reimbursement in accordance with the requirements specified in the Loan Agreements,
  - the initial deposit, withdrawals from and replenishments to the Imprest Fund Account had been truly and fairly disclosed in the books and records maintained by the Project and the balance as at 31 December 2018 had been satisfactorily reconciled with the accounting records of the Central Bank of Sri Lanka as at that date and
  - the financial covenants laid down in the Loan Agreements had been complied with.

  
W.P.C. Wickramaratne  
Auditor General