

Audited Project Financial Statements

Project Number: 48141
Loan Number: L3210
Period covered: 19 months period to 31 July 2016

FIJ: Transport Infrastructure Investment Sector Project

Prepared by Fiji Roads Authority

For the Asian Development Bank
Date received by ADB: 31 January 2017

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 Ministry of Economy, Executing Agency.

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK – ADB LOAN No. 3210 – FIJ
WORLD BANK – WB LOAN No. 8482 – FJ
FINANCIAL STATEMENTS
FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016**

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
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FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016

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INDEPENDENT AUDITOR'S REPORT

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT ASIAN DEVELOPMENT BANK – ADB LOAN No.3210 – FIJ WORLD BANK – WB LOAN No. 8482 – FIJ FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 ENDED JULY 2016

Scope

I have audited the special purpose financial statements for the Transport Infrastructure Investment Sector Project, which has been prepared in accordance with generally accepted accounting principles, for the 19 months period ended 31 July 2016. The audit was conducted in accordance with Article IV Section 4.05 of the Asian Development Bank (ADB) Loan Agreement No. 3210-FIJ and Schedule 2, Section II Part B(3) of the World Bank (WB) Loan Agreement No. 8482-FIJ. The special purpose financial statements consist of the Statement of Cash Receipts and Payments, Statement of Expenditure, Statement of Imprest and Designated Account, Project Expenditure and Financing, Project Financing Status, and other explanatory information as set out on Notes 1 to 6.

The management of Fiji Roads Authority is responsible for the preparation and presentation of the financial statements and the information contained therein.

My responsibility is to express an opinion on these special purpose financial statements based on my audit.

My audit was conducted in accordance with the 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, and the evaluation of the accounting policies and any significant accounting estimates. 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 the generally accepted accounting principles and ADB Loan Agreement of Loan No. 3210-FIJ and WB Loan Agreement No. 8482-FIJ, so as to present a view, which is consistent with my understanding of the operations of the Transport Infrastructure Investment Sector Project.

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

Audit Opinion

In my opinion:

- a) proper books of account have been kept by the Fiji Roads Authority, so far as it appears from the examination of those books; and
- b) the accompanying special purpose financial statements have been prepared in accordance with generally accepted accounting principles and the ADB Loan Agreement of Loan No. 3210 – FIJ and WB Loan Agreement of Loan No. 8482 – FIJ; and

- i) are in agreement with the books of account; and
- ii) to the best of my information and according to the explanation given to me:
 - a) give a true and fair view of the state of affairs of the Transport Infrastructure Investment Sector Project for the 19 months period ended 31 July 2016; and
 - b) give the information required by the Loan Agreements in the manner so required.

I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
25 April 2017

**TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
MANAGEMENT DECLARATION**

We, **Mr. John Hutchinson**, *Chief Executive Officer*; **Mr. Robert Sen**, *Chief Financial Officer*; and **Mr. Sonal Goundar**, *Project Accountant*, of Fiji Roads Authority declare that the accompanying Project Financial Statements as at and for the 19 months period ended 31 July 2016, together with the notes attached to the Project Financial Statements, are to the best of our knowledge and give a true and fair view.

Dated at Suva this 11th day of April 2017.



Mr. John Hutchinson
Chief Executive Officer



Mr. Robert Sen
Chief Financial Officer



Mr. Sonal Goundar
Financial Controller / ADB Project Accountant

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
STATEMENT OF CASH RECEIPTS AND PAYMENTS

	Notes	31-July-16
CASH RECEIPTS		
Direct Payment		
ADB Loan No. 3210 - FIJ		-
World Bank Loan No. 8482 - FJ		-
Interest Payment		
ADB Loan No. 3210 - FIJ		429,269
World Bank Loan No. 8482 - FJ		35,411
Imprest Account ADB		
Designated Account World Bank		-
Government of Fiji		2,376,080
Total Cash Receipts		<u>2,840,760</u>
PAYMENTS		
A. Investment Costs		
Civil Works		-
Consultants		1,973,311
Land Acquisition		-
B. Recurrent Costs		
Salaries		162,752
Project Audits		-
Operational Costs		9,821
B. Financing Charges		
Interest and Commitment Charges		464,680
VAT Expenses Paid		230,196
Total Cash Payments		<u>2,840,760</u>
NET CHANGE IN CASH		<u>-</u>

The accompanying notes form an integral part of this Financial Statements.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
 ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FJ
 WORLD BANK - WB LOAN No. 8482 - FJ
 FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
 STATEMENT OF EXPENDITURE

2016 Sub-Project / Component Description	Notes	Allocation		Total Expenditure 01/01/2015 to 31/07/2016	Expenditure Govt. Funded (FJD)	Expenditure ADB/WB Funded (FJD)	Total Expenditure to be Reimbursed	Total Reimbursement Claims Paid as at 31/07/2016 (FJD)	Expenditure Reimbursement Claims to be Submitted as at 31/07/2016 (FJD)	Expenditure Left to be Reimbursed
		USD	FJD							
A. Investment Costs										
1. Civil Works	2	109,920,000	232,585,696							
2. Consultants	3	17,660,000	37,367,753	1,973,311	1,973,311					
3. Land Acquisition		7,500,000	15,869,657							
B. Recurrent Costs										
1. Salaries	4	2,050,000	4,337,706	162,752	162,752					
2. Project Audits		90,000	190,436							
3. Operational Costs	5	-	-	9,821	9,821					
C. Contingencies										
1. Physical		13,730,000	29,052,052							
2. Price		8,670,000	18,345,324							
Sub-Total		159,620,000	337,748,624	2,145,884	2,145,884					
D. Financing Charges										
1. Interest & Commitment Charges	6	7,050,000	14,917,478	464,680		464,680	464,680	464,680		
VAT Expenses				230,196	230,196					
Grand Total		166,670,000	352,666,102	2,840,760	2,376,080	464,680	464,680	464,680	464,680	-

Certified to be correct Financial Statement:


 CEO

Robert Sen - Chief Financial Officer



Sonal Goundar - Financial Controller/ADB Project Accountant

The accompanying notes form an integral part of this Financial Statements.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
STATEMENT OF IMPREST AND DESIGNATED ACCOUNT

STATEMENT OF IMPREST - ADB	31-July-16
Opening Cash Balance	-
Less: Payments	-
Net Cash Available	<u>-</u>

STATEMENT OF DESIGNATED ACCOUNT - WORLD BANK	31-July-16
Opening Cash Balance	-
Less: Payments	-
Net Cash Available	<u>-</u>

The accompanying notes form an integral part of this Financial Statements.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
PROJECT EXPENDITURE AND FINANCING

2016 Sub-Project / Component Description	Notes	Total Eligible Expenditure 01/01/2015 to 31/07/2016	Financing Source		
			ADB	WB	GOVT
A. Investment Costs					
1. Civil Works	2	-	-	-	-
2. Consultants	3	1,973,311	-	-	1,973,311
3. Land Acquisition					
B. Recurrent Costs					
1. Salaries - PMU	4	162,752	-	-	162,752
2. Project Audits		-	-	-	-
3. Operational Costs	5	9,821	-	-	9,821
C. Contingencies					
1. Physical		-	-	-	-
2. Price		-	-	-	-
Sub-Total		2,145,884	-	-	2,145,884
D. Financing Charges					
1. Interest & Commitment Charges (100% funded by bank)	6	464,680	429,269	35,411	-
VAT expenses		230,196	-	-	230,196
Grand Total		2,840,760	429,269	35,411	2,376,080

The accompanying notes form an integral part of this Financial Statements.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
PROJECT FINANCING

	31-Jul-16
ADB Loan Financing (Loan No. 3210 - FIJ)	
ADB - Direct Payments	-
ADB - Claims Reimbursed	-
ADB - Claims Submitted Not Yet Paid	-
ADB - Claims Not Submitted	-
Interest & Commitment Charges	429,269
Total ADB Financing	<u>429,269</u>
WB Loan Financing (Loan No. 8482 - FJ)	
WB - Direct Payments	-
WB - Claims Reimbursed	-
WB - Claims Submitted Not Yet Paid	-
WB - Claims Not Submitted	-
Interest & Commitment Charges	35,411
Total WB Financing	<u>35,411</u>
Government Financing	<u>2,376,080</u>
Total Financing	<u><u>2,840,760</u></u>

The accompanying notes form an integral part of this Financial Statements.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
ASIAN DEVELOPMENT BANK - ADB LOAN No. 3210 - FIJ
WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 GENERAL

(a) The Transport Infrastructure Investment (Sector) Project is a Government of Fiji Project, estimated to cost US\$166.67 million. The project is being implemented with financial assistance from ADB Loan No. 3210-FIJ for US\$100 million, WB Loan No. 8482-FJ for US\$50 million and Government of Fiji. The Project Management Unit at Fiji Roads Authority (FRA) (called the Implementing Agency) implements the project, effecting payments through the Ministry of Economy (called the Borrower and Executing Agency). The Project Management Unit of the FRA is responsible for the preparation of the Project Financial Statements.

(b) The loan drawdown process is on the basis of reimbursement claim, direct payment and through ADB's Imprest Fund Account and WB's Designated Account.

ADB loan proceeds are disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time), and detailed arrangements agreed upon between the Government and ADB. Direct payment and reimbursement procedures are used for civil works and consulting services.

The World Bank loan was not effective during the reporting period, and no disbursements were made. The World Bank loan proceeds will follow provisions for disbursement as described in the Disbursement Letter dated 14 April 2016, and amended on 11 August 2016. Disbursement of World Bank loan proceeds will be by Direct Payment, Advance and Re-imburement will be used for civil works and consulting services.

A Designated Account will be established by the Fiji Roads Authority.

ADB and World Bank loan proceeds are to be used exclusively for ADB and WB share of eligible expenditures. At the time of this report, the Imprest Fund account for ADB has been established with the Reserve Bank of Fiji under Ministry of Economy and Designated account for WB was still in the process of being set up.

(c) The project management unit of the FRA is responsible for the fair presentation of Financial Statements in accordance with generally accepted accounting principles and the Bank's guidelines, including appropriate disclosures where necessary. The project management unit of the FRA maintains its records and prepares its financial statements on the cash basis of accounting. The projected Financial Statements for the 19 months period ended 31/07/2016 has been prepared on cash basis and data extracted are from the FRA's financial information system (Navision).

(d) A change in Fiji Roads Authority's financial year and a waiver was granted for 31 December 2015 for submission of financial statements as there was no significant transactions done which resulted in financial statements prepared as at 31 July 2016 for 19 months.

(e) The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of project expenditure. Actual results may differ from these estimates.

(f) The financial statements are presented in Fiji Dollars rounded to the nearest dollar.

(g) Provisions of the Income Tax Act, VAT Decree, and the Fiji National Provident Fund Act have been duly complied with.

(h) The ADB Loan No. 3210 - FIJ became effective on 27 March 2015 and WB Loan No. 8482 - FJ became effective on 10 August 2016. The project financial loan closing date is on 31 October 2020.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
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WORLD BANK - WB LOAN No. 8482 - FJ
FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1 GENERAL (continued)

- (i) Relevant documentation relating to details of expenditure are maintained by the Project Management Unit of FRA. The Project Management Unit of FRA is not aware of any breaches or possible breaches of relevant legislations, contracts or agreements.

2 CIVIL WORKS

<u>Contract No.</u>	<u>Description</u>	31-Jul-2016 SFJD
FRA 15/84	Construction of Village Street Lighting Works - Western Division	-
FRA 15/63	Construction of Irish Crossing, Matewale	-
		<hr style="width: 100%; border: 0.5px solid black;"/>
		<hr style="width: 100%; border: 0.5px solid black;"/>

Contract FRA 15/43 for Village Street Lighting Works - Central Division and FRA 15/67 for Street Light Renewals have been terminated due to non-compliance of pre-existing conditions stated in the letter of acceptance by the contractor. No physical work was done on both the contracts. At the time of this report these works were still in the process of re-tendering.

3 CONSULTANTS COSTS

31-Jul-2016
SFJD

Street Lights Queens Road Village - FRA 15/84	26,581
Matewale Crossing Fees - FRA 15/63	12,465
Suva Arterial Road Upgrading Project	639,264
Street Lights Renewal	2,174
Street Lights New Villages and Urban Centers	98,872
Traffic Signals and SCATS	99,100
Mass Action Plans	147,075
Sealing Programme - Reseals & Second Coat	265,021
Unsealed Roads Rehabilitation	30,607
Unsealed Roads Rurl	53,099
Rabaraba Crossing	570
Solovi 1 & 2 Irish Crossing	78,693
Taveuni Bridges	18,106
Ovalau Bridges	127,425
ADB Overall Project Management	374,259
	<hr style="width: 100%; border: 0.5px solid black;"/>
	1,973,311

4 SALARIES

The total expenditure of \$162,752 as at 31 July 2016 as indicated in the Statement of Expenditure comprises of ineligible expenditure which are salary for PMU (Environmental Safeguard Specialist, Social Safeguard Specialist and Financial Management Accountant).

5 OPERATIONAL COSTS

The total expenditure of \$9,821 as at 31 July 2016 as indicated in the Statement of Expenditure comprises of ineligible expenditure which are operational costs incurred by PMU. These operational costs are travelling, purchase of office equipments and supplies and other miscellaneous costs.

TRANSPORT INFRASTRUCTURE INVESTMENT SECTOR PROJECT
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FINANCIAL STATEMENTS FOR THE 19 MONTHS PERIOD ENDED 31 JULY 2016

6 FINANCING CHARGES

The total expenditure of F\$464,680 which is equivalent to USD219,608 incurred as at 31 July 2016 comprises of interest and commitment fee charged and is 100% funded by ADB and WB.

	31-Jul-16	31-Jul-16
	USD	FJD
Asian Development Bank - ADB Loan No. 3210 - FIJ	202,873	429,269
World Bank - WB Loan No. 8482 - FJ	16,735	35,411
	<u>219,608</u>	<u>464,680</u>