

Audited Project Financial Statements

Project Number: 46079-002

Loan Number: 3114

Period Covered: 12 August 2014 to 31 December 2015

PRC: Guangdong Chaonan Water Resources Development and Protection Demonstration Project

Prepared by Guangdong Provincial Audit Office of the People's Republic of China

For the Asian Development Bank

Date received by ADB: 30 June 2016

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 Ningxia Irrigated Agriculture and Water Conservation Demonstration Project Management Office.

中华人民共和国广东省审计厅
Guangdong Provincial Audit Office
of the People's Republic of China

审 计 报 告

Audit Report

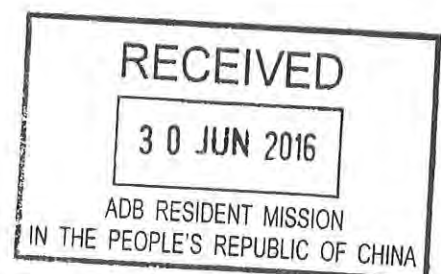
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项目名称：亚洲开发银行贷款广东省潮南水资源保护及利用示范项目
Project Name: Guangdong Chaonan Water Resources Development and
Protection Demonstration Project Financed by ADB

贷款号：3114-PRC
Loan No.: 3114-PRC

项目执行单位：广东省潮南水资源保护及利用示范项目办公室
Project Entity: Guangdong Chaonan Water Resources Development and
Protection Demonstration Project Office

会计期间：2014年8月12日至2015年12月31日
Accounting Period: August 12, 2014 - December 31, 2015



目 录

Contents

一、 审计师意见.....	1
I . Auditor's Opinion.....	3
二、 财务报表及财务报表附注.....	6
II . Financial Statements and Notes to the Financial Statements.....	6
(一) 资金平衡表.....	6
i. Balance Sheet.....	6
(二) 项目进度表.....	8
ii. Summary of Sources and Uses of Funds by Project Component.....	8
(三) 贷款协定执行情况表.....	9
iii. Statement of Implementation of Loan Agreement	9
(四) 专用账户报表.....	10
iv. Special Account Statement.....	10
(五) 财务报表附注.....	12
v. Notes to the Financial Statements	15
三、 审计发现的问题及建议.....	19
III. Audit Findings and Recommendations	23

一、审计师意见

审计师意见

广东省潮南水资源保护及利用示范项目办公室：

我们审计了亚洲开发银行贷款广东省潮南水资源保护及利用示范项目 2015 年 12 月 31 日的资金平衡表及截至该日同期间的的项目进度表、贷款协定执行情况表和专用账户报表等特定目的财务报表及财务报表附注（第 6 页至第 18 页）。

（一）项目执行单位及广东省财政厅对财务报表的责任

编制上述财务报表中的资金平衡表、项目进度表是你办的责任，编制贷款协定执行情况表、专用账户报表是广东省财政厅的责任，这种责任包括：

1. 按照中国的会计准则、会计制度和本项目贷款协定的要求编制项目财务报表，并使其实现公允反映；
2. 设计、执行和维护必要的内部控制，以使项目财务报表不存在由于舞弊或错误而导致的重大错报。

（二）审计责任

我们的责任是在执行审计工作的基础上对财务报表发表审计意见。我们按照中国国家审计准则和国际审计准则的规定执行了审计工作，上述准则要求我们遵守审计职业要求，计划和执行审计工作以对项目财务报表是否不存在重大错报获取合理保证。

为获取有关财务报表金额和披露信息的有关证据，我们实施了必要的审计程序。我们运用职业判断选择审计程序，这些程序包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时，为了设计恰当的审计程序，我们考虑了与财务报表相关的内部控制，但目的并非对内部控制的有效性发表意见。审计工作还包括评价所选用会计

政策的恰当性和作出会计估计的合理性，以及评价财务报表的总体列报。

我们相信，我们获取的审计证据是适当的、充分的，为发表审计意见提供了基础。

（三）审计意见

我们认为，第一段所列财务报表在所有重大方面按照中国的会计准则、会计制度和本项目贷款协定的要求编制，公允反映了亚洲开发银行贷款广东省潮南水资源保护及利用示范项目 2015 年 12 月 31 日的财务状况及截至该日同期间的财务收支、项目执行和专用账户收支情况。

（四）其他事项

我们审查了本期内由广东省财政厅报送给亚洲开发银行的第 15001 号的提款申请书及所附资料。我们认为，这些资料均符合贷款协议的要求，可以作为申请提款的依据。

本审计师意见之后，共同构成审计报告的还有两项内容：财务报表及财务报表附注和审计发现的问题及建议。

中华人民共和国广东省审计厅
2016 年 6 月 28 日



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I . Auditor's Opinion

Auditor's Opinion

To Guangdong Chaonan Water Resources Development and Protection Demonstration Project Office,

We have audited the special purpose financial statements (from page 6 to page 18) of Guangdong Chaonan Water Resources Development and Protection Demonstration Project Financed by ADB, which comprise the Balance Sheet as of December 31, 2015, the Summary of Sources and Uses of Funds by Project Component, the Statement of Implementation of Loan Agreement and the Special Account Statements for the period then ended, and Notes to the Financial Statements.

Project Entity and Guangdong Provincial Finance Department's Responsibility for the Financial Statements

The preparation of the Balance Sheet, the Summary of Sources and Uses of Funds by Project Component and is the responsibility of your entity, while the preparation of the Statement of Implementation of Loan Agreement and Special Account Statements is the responsibility of Guangdong Provincial Finance Department, which includes:

- i. Preparing and fairly presenting the accompanying financial statements in accordance with Chinese accounting standards and system, and the requirements of the project loan agreement;
- ii. Designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Government Auditing Standards of the People's Republic of China and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing necessary procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures

selected depend on the auditor's ethical judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements identified in the first paragraph present fairly, in all material respects, the financial position of Guangdong Chaonan Water Resources Development and Protection Demonstration Project Financed by ADB as of December 31, 2015, its financial receipts and disbursements, the project implementation and the receipts and disbursements of special account for the period then ended in accordance with Chinese accounting standards and system, and the requirements of the project loan agreement.

Other Matter

We also examined the withdrawal application No. 15001 and the attached documents submitted to the ADB during the period. In our opinion, those documents comply with the project loan agreement and can serve as basis for loan withdrawal.

The audit report consists of the Auditor's Opinion and two more parts hereinafter: Financial Statements and Notes to the Financial Statements, Audit Findings and Recommendations.

Guangdong Provincial Audit Office of the People's Republic of China

June 28, 2016



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The English translation is for the convenience of report users; please take the
Chinese audit report as the only official version.

二、财务报表及财务报表附注

II. Financial Statements and Notes to the Financial Statements

(一) 资金平衡表

i. Balance Sheet

资金平衡表 BALANCE SHEET

2015 年 12 月 31 日

(As of December 31, 2015)

项目名称: 亚洲开发银行贷款广东省潮南水资源保护及利用示范项目

Project Name: Guangdong Chaonan Water Resources Development and Protection Demonstration Project
Financed by ADB

编报单位: 广东省潮南水资源保护及利用示范项目办公室

货币单位: 人民币元

Prepared by: Guangdong Chaonan Water Resources Development and Protection
Demonstration Project Office

Currency Unit: RMB Yuan

资金占用 Application of Fund	期初余额 Beginning Balance	期末余额 Ending Balance	资金来源 Sources of Fund	期初余额 Beginning Balance	期末余额 Ending Balance
一、项目支出合计 Total Project Expenditures	-	69,421,697.03	一、项目拨款合计 Total Project Appropriation Funds	-	143,291,505.43
1.交付使用资产 Fixed Assets Transferred	-	-	二、项目资本与项目资本公积 Project Capital and Capital Surplus	-	-
2.待核销项目支出 Project Expenditures to be Offset	-	-	其中: 捐赠款 Including: Grants	-	-
3.转出投资 Investments Transferred-out	-	-	三、项目借款合计 Total Project Loan	-	39,981,709.04
4.在建工程 Construction in Progress	-	69,421,697.03	1.项目投资借款 Total Project Investment Loan	-	39,981,709.04
二、应收生产单位投资借款 Investment Loan Receivable	-	-	(1) 亚行借款 ADB Loan	-	39,981,709.04
其中: 应收生产单位亚行贷款 Including: ADB Investment Loan Receivable	-	-	其中: 技术合作信贷 Technical Cooperation	-	-
三、拨付所属投资借款 Appropriation of Investment Loan	-	-	联合融资 Co-Financing	-	-
其中: 拨付亚行贷款 Including: Appropriation of ADB Investment Loan	-	-			
四、器材 Equipment	-	-			
其中: 待处理器材损失 Including: Equipment Losses in Suspense	-	-	(2) 国内借款 Domestic Loan	-	-
五、货币资金合计 Total Cash and Bank	-	40,014,873.94	2.其他借款 Other Loan	-	-
1.银行存款 Cash in Bank	-	40,012,637.66	四、上级拨入投资借款 Appropriation of Investment Loan	-	-
其中: 周转金账户存款 Including: Special Account	-	38,624,413.39	其中: 拨入亚行贷款 Including: ADB Loan	-	-
2.现金 Cash on Hand	-	2,236.28	五、企业债券资金 Bond Fund	-	-

后续 (To be continued)

六、预付款及应收款合计 Total Prepaid and Receivable	-	77,102,663.30	六、待冲项目支出 Construction Expenditure to be Offset	-	-
其中：应收子项目执行单位亚行贷款 Including: ADB Loan Receivable	-		七、应付款合计 Total Payables	-	3,259,045.61
应收亚行贷款利息 ADB Loan Interest Receivable	-		其中：应付亚行贷款利息 Including: ADB Loan Interest Payable	-	-
应收亚行贷款承诺费 ADB Loan Commitment Fee Receivable	-		应付亚行贷款承诺费 ADB Loan Commitment Fee Payable	-	-
应收亚行贷款占用费 ADB Loan Service Fee Receivable	-		应付亚行贷款资金占用费 ADB Loan Service Fee Payable	-	-
七、有价证券 Marketable Securities	-		其他应付款 Others Payable	-	-
八、固定资产合计 Total Fixed Assets	-		八、未交款合计 Other Payables	-	-
固定资产原价 Fixed Assets Cost	-		九、上级拨入资金 Appropriation of Fund	-	-
减：累计折旧 Less: Accumulated Depreciation	-		十、留成收入 Retained Earnings	-	6,974.19
固定资产净值 Fixed Assets Net	-		十一、固定资金 Total Fixed funds	-	-
固定资产清理 Fixed Assets Pending Disposal	-				
待处理固定资产损失 Fixed Assets Losses in Suspense	-				
资金占用合计 Total Application of Fund	-	186,539,234.27	资金来源合计 Total Sources of Fund	-	186,539,234.27

(二) 项目进度表

ii. Summary of Sources and Uses of Funds by Project Component

项目进度表

SUMMARY OF SOURCES AND USES OF FUNDS BY PROJECT COMPONENT

本期截至 2015 年 12 月 31 日

(For the period ended December 31, 2015)

项目名称: 亚洲开发银行贷款广东省潮南水资源保护及利用示范项目

Project Name: Guangdong Chaonan Water Resources Development and Protection Demonstration Project Financed by ADB

编报单位: 广东省潮南水资源保护及利用示范项目办公室

Prepared by: Guangdong Chaonan Water Resources Development and Protection Demonstration Project Office

货币单位: 人民币元

Currency Unit: RMB Yuan

	本期 Current Period			项目总计划额 Life of PAD	累计 Cumulative	
	本期计划额 Current period Budget	本期发生额 Current period Actual	本期完成比 Current period % completed		累计完成额 Cumulative Actual	累计完成比 Cumulative % Completed
资金来源合计 Total Sources of Funds	236,677,500.00	183,273,214.47	77.44%	1,396,461,900.00	183,273,214.47	13.12%
1. 国际金融组织贷款 International Financing	157,076,512.00	39,981,709.04	25.45%	605,166,700.00	39,981,709.04	6.61%
亚洲开发银行贷款 ADB Loan	157,076,512.00	39,981,709.04	25.45%	605,166,700.00	39,981,709.04	6.61%
二、配套资金 Counterpart Financing	79,600,988.00	143,291,505.43	180.01%	791,295,200.00	143,291,505.43	18.11%
有偿配套 Other Loan	-	-	-	-	-	-
无偿配套 Appropriation Funds	79,600,988.00	143,291,505.43	180.01%	791,295,200.00	143,291,505.43	18.11%
资金运用合计 Total Application of Funds	236,677,500.00	69,421,697.03	29.33%	1,396,461,900.00	69,421,697.03	4.97%
1. 在建工程 Construction in Progress	236,677,500.00	69,421,697.03	29.33%	1,287,563,300.00	69,421,697.03	5.39%
2. 器材 Equipment	-	-	-	108,898,600.00	-	-
差异 Difference	-	113,851,517.44	-	-	113,851,517.44	-
1. 应收款变化 Change in Receivables	-	77,102,663.30	-	-	77,102,663.30	-
2. 应付款变化 Change in Payables	-	-3,259,045.61	-	-	-3,259,045.61	-
3. 货币资金变化 Change in Cash and Bank	-	40,014,873.94	-	-	40,014,873.94	-
4. 其他 Other	-	-6,974.19	-	-	-6,974.19	-

(三) 贷款协定执行情况表

iii. Statement of Implementation of Loan Agreement

贷款协定执行情况表

STATEMENT OF IMPLEMENTATION OF LOAN AGREEMENT

本期截至 2015 年 12 月 31 日

(For the period ended December 31, 2015)

项目名称: 亚洲开发银行贷款广东省潮南水资源保护及利用示范项目

Project Name: Guangdong Chaonan Water Resources Development and Protection Demonstration Project

Financed by ADB

编报单位: 广东省财政厅

货币单位: 美元/人民币元

Prepared by: Guangdong Provincial Finance Department

Currency Unit: USD/ RMB Yuan

类 别 Category	核定贷款金额 Loan Amount	本期提款数 Current-period Withdrawals		累计提款数 Cumulative Withdrawals	
	美 元 USD	美 元 USD	折合人民币 RMB	美 元 USD	折合人民币 RMB
一、工程和货物 (Civil Works and Goods)	90,876,600.00	-	-	-	-
(1) 工程	57,221,200.00	-	-	-	-
(2) 货物	33,655,400.00	-	-	-	-
二、咨询服务和培训与考察 (Consulting Services and training)	3,563,300.00	-	-	-	-
(1) 咨询服务费 (Consulting Services)	2,317,300.00	-	-	-	-
(2) 培训与考察 (training and study visit)	1,246,000.00	-	-	-	-
三、待分配部分 (Unlocated)	5,560,100.00	157,094.53	1,020,109.04	157,094.53	1,020,109.04
(1) 利息和承诺费 (Interest and Commitment Fee)	5,560,100.00	157,094.53	1,020,109.04	157,094.53	1,020,109.04
(2) 汇兑损益 (profit and loss on exchange)	-	-	-	-	-
四、周转金账户 (Imprest Account)	-	6,000,000.00	38,961,600.00	6,000,000.00	38,961,600.00
总计 (Total)	100,000,000.00	6,157,094.53	39,981,709.04	6,157,094.53	39,981,709.04

(四) 专用账户报表

iv. Special Account Statement

专用账户 (周转金账户) 报表

SPECIAL ACCOUNT (IMPREST ACCOUNT) STATEMENT

本期截至 2015 年 12 月 31 日

(For the period ended December 31, 2015)

项目名称: 亚洲开发银行贷款广东省潮南水资源保护及利用示范项目

Project Name: Guangdong Chaonan Water Resources Development and Protection Demonstration Project

Financed by ADB

贷款号: 3114-PRC

Loan No: 3114-PRC

编报单位: 广东省财政厅

Prepared by: Guangdong Provincial Finance Department

开户银行名称: 中国银行广州东山支行

Depository Bank: Guangzhou Dongshan Sub-branch, Bank of China

账号: 700364737071

Account No: 700364737071

货币种类: 美元

Currency: USD

项 目 Items	金 额 Amount
A 部分: 本期账户收支情况 Part A: Account Activity for the Period	
期初余额 Beginning balance(month/day/year)	0.00
增加 Add	
1. 本期亚行提款总额 (Total amount deposited by ADB)	6,000,000.00
2. 利息收入 (Total interest earned)	1074.01
3. 本期不合格支出归还总额 (Total amount refunded)	-
减少 Deduct	
4. 本期支付总额 (Total amount withdraw)	53,000.00
a. 工程 (Civil Works)	-
b. 货物设备 (Goods)	-
c. 咨询服务 (Consulting Services)	-
d. 培训考察 (Training : Including Study tours)	53,000.00
e. 利息和承诺费 (Interests and Commitment Charges)	-
5. 其他服务费支出 (Total service charges if not included in above amount withdraw)	-
期末余额 Ending Balance(month/day/year)	5,948,074.01

(后续 To be continued)

B 部分：专用银行账户调节 Part B-Account Reconciliation			
1、亚行预付款总额（Amount advanced by ADB）			6,000,000.00
减少 Deduce			
2.亚行回收总额（Total amount recovered by ADB）			-
3.本期期末专用账户未偿还预付款净额 （Outstanding amount advanced to the Imprest Account at 12/31/2015）			6,000,000.00
4.周转金账户期末余额（Ending balance of Imprest Account at 12/31/2015）			5,948,074.01
增加 Add			
5.截至本期期末已申请报账但尚未回补金额 Amount claimed but not yet credited at month/day/year			53,000.00
申请书号 Application No.	金 额 Amount		-
15001	53,000.00		-
6.截至本期期末已支付但尚未申请报账金额 Amount paid but not yet claimed			-
7.服务费累计支出（Cumulative service charge(if not included in item5.or6.)			-
减少 Deduce			
8.利息收入（存入专用账户部分）（Interest earned(if included in Special Account)）			1,074.01
9.本期期末周转金账户首次存款净额（Total advance to Special Account accounted for at 12/31/2015			6,000,000.00

（五）财务报表附注

财务报表附注

1. 项目概况

亚洲开发银行贷款广东省潮南水资源保护及利用示范项目贷款号为 3114-PRC，旨在通过项目建设，改善潮南区的卫生条件，提高潮南区城乡居民的生活质量，提供良好的供水服务。项目依靠统筹城乡供水系统、减少水漏，保护潮南区的水资源并提高其用水安全，向潮南区 123 万城乡居民提供新的或更可靠的供水。同时将通过涵养林建设、污染治理、水质监测、公共意识提高、机构加强和能力建设来支持流域管理。具体包括 3 个子项：（1）水资源保护；（2）供水设施改善；（3）机构加强和能力建设。项目协议于 2014 年 5 月 30 日签订，于 2014 年 8 月 12 日生效，关账日为 2020 年 3 月 31 日。项目计划总投资为人民币 1,396,461,900.00 元，其中亚洲开发银行贷款总额为 100,000,000.00 美元，折合人民币 605,166,700.00 元（以 1 美元兑换人民币 6.051667 元计算）。

2. 财务报表编制范围

本财务报表的编制范围包括广东省潮南水资源保护及利用示范项目办公室（以下简称项目办）、汕头市潮南自来水有限公司（以下简称自来水公司）、潮南区环境保护局、潮南区教育局、潮南区城市综合管理局、潮南区农业局、潮南区水务局（潮南区水利工程建设管理服务中心）及省财政厅的财务报表。

3. 主要会计政策

3.1 本项目财务报表按照财政部《世界银行贷款项目会计核算办法》（财际字〔2000〕13 号）的要求编制。

3.2 会计核算期间采用公历年制，首次审计的会计期间为 2014 年 8 月 12 日至 2015 年 12 月 31 日。

3.3 本项目会计核算以“权责发生制”作为记账原则，采用借贷复式记账法记账，以人民币为记账本位币。

3.4 按照中国人民银行 2015 年 12 月 31 日汇率，即 USD1=人民币 6.4936 元。

4. 报表科目说明

4.1 项目支出

本期项目支出人民币 69,421,697.03 元，累计支出人民币 69,421,697.03 元，占总投资计划的 4.97%。

4.2 货币资金

2015 年 12 月 31 日货币资金余额为人民币 40,014,873.94 元，其中专用账户存款折合人民币 38,624,413.39 元。

4.3 预付及应收款

2015 年 12 月 31 日余额为人民币 77,102,663.30 元，主要是预付龙溪水厂、金溪水厂、秋风水厂及给水管道工程基础设施配套费和给水管道工程 9 个镇路产补（赔）偿款。

4.4 项目拨款

2015 年 12 月 31 日余额为人民币 143,291,505.43 元，是省、市、区各级到位的配套资金。

项目计划配套资金总额约人民币 791,295,200.00 元，截至 2015 年 12 月 31 日到位配套资金人民币 143,291,505.43 元，占计划的 18.11%。

4.5 项目借款

2015 年 12 月 31 日余额为人民币 39,981,709.04 元，其中：亚洲开发银行贷款为 6,157,094.53 美元，折合人民币 39,981,709.04 元。

截至 2015 年 12 月 31 日，累计提取亚洲开发银行贷款 6,157,094.53 美元，占贷款总额的 6.16%。

4.6 应付款

2015 年 12 月 31 日余额为人民币 3,259,045.61 元，主要是应付村村通自来水公路管网一期的工程款。

4.7 留成收入

2015 年 12 月 31 日余额为人民币 6,974.19 元，主要是省财政厅专用账户的银行存款利息收入。

5. 专用账户使用情况

本项目专用账户设在省财政厅，开户银行为中国银行广州东山支行，账号为 700364737071，币种为美元。专用账户首次存款 6,000,000.00 美元。期初余额 0.00 美元，本期拨入预付款 6,000,000.00 美元，利息收入 1,074.01 美元，本期支付 53,000.00 美元，期末余额 5,948,074.01 美元。

6. 其他需要说明的事项

6.1 项目进度表中本期计划额按 2015 年年度计划额填列，其中“国际金融组织贷款”和“亚洲开发银行贷款”的本期计划额不包括利息和承诺费。本期发生额按 2014 年 8 月 12 日至 2015 年 12 月 31 日累计发生额填列。

6.2 贷款协定执行情况表的本期间提款数总计金额 6,157,094.53 美元与专用账户报表中的本期亚洲开发银行回补总额 6,000,000.00 美元存在 157,094.53 美元的利息和承诺费差额，利息和承诺费直接在亚洲开发银行贷款 100,000,000.00 美元中扣除而不经专用账户支付。

v. Notes to the Financial Statements

Notes to the Financial Statements

1. Project Overview

The Loan Number of Guangdong Chaonan Water Resources Development and Protection Demonstration Project is 3114-PRC, which aims to bring better sanitation and quality of life in Chaonan District, and improved and equitable water supply services to urban and rural residents in Chaonan District by integrating urban-rural water supply systems and reducing water losses. The project will protect water resources and improve water security in Chaonan District. The project will ensure new or more reliable water supply to about 1.23 million urban and rural inhabitants of Chaonan District. It will also support watershed management through reforestation, pollution prevention, water quality monitoring, public awareness building and institutional capacity development. The project included 3 subprojects: (i) water resources protection, (ii) water supply infrastructure improvement, and (iii) institutional and staff capacity strengthening. The project agreement was signed on May 30, 2014 and became effective on August 12, 2014, with the closing date of the loan of March 31, 2020. The planned total investment of the project is RMB1,396,461,900.00 yuan, among which ADB loan funding is USD100,000,000.00, equivalent to RMB605,166,700.00 yuan (calculated with the exchange rate of USD1= RMB6.051667 yuan).

2. Consolidation Scope of the Financial Statements

Consolidation scope of the financial statements covers the financial statements of Guangdong Chaonan Water Resources Development and Protection Demonstration Project Office (hereinafter referred to as PMO), Chaonan Water Supply Company (hereinafter referred to as CWSC), Environmental Protection Bureau of Chaonan District, Education Bureau of Chaonan District, Urban Management Bureau of Chaonan District, Agricultural Bureau of Chaonan District, Water Affairs Bureau of Chaonan District (Water Conservancy Construction and Management Center of Chaonan District), as well as relevant financial statements of the Guangdong Provincial Finance Department (hereinafter referred to as GDFD).

3. Accounting Policies

3.1 The Financial Statements of the project were prepared according to the requirements of *Accounting Methods for the World Bank Financed Project* (Caijizi[2000]No.13) .

3.2 In accounting practice, the Gregorian calendar year is adopted as the fiscal period, the accounting period in the first audit was from August 12, 2014 to December 31, 2015.

3.3 The accrual basis and the debit/credit double entry bookkeeping method are adopted. RMB is used as the recording currency of bookkeeping.

3.4 The exchange rate adopted in the financial statements was the exchange rate on December 31, 2015 of the People's Bank of China, which is USD1=RMB6.4936 yuan.

4. Explanation of Subjects

4.1 Project Expenditures

The project expenditure in this period was RMB69,421,697.03 yuan, and the cumulative expenditures were RMB69,421,697.03 yuan, which accounted for 4.97% of the total investment plan.

4.2 Cash and Bank

On December 31, 2015, the balance was RMB40,014,873.94 yuan, including the funds in the Special Account of RMB38,624,413.39 yuan converted.

4.3 Prepaid and Receivable

Its balance on December 31, 2015 was RMB77,102,663.30 yuan, mainly the prepayment to infrastructure supporting costs of Longxi Water Supply Plant, Qiufeng Water Supply Plant, Jinxi Water Supply Plant and water supply pipe projects and road property compensation in 9 towns of water supply pipe projects.

4.4 Project Appropriation Funds

The balance on December 31, 2015 was RMB143,291,505.43 yuan, which was the counterpart funds allocated by all levels including the province, the city and the county.

The total planned counterpart funds of this project were approximately RMB791,295,200.00 yuan. By the end of 2015, RMB143,291,505.43 yuan of the counterpart funds had been allocated, which accounted for 18.11% of the plan.

4.5 Project Loan

The balance on December 31, 2015 was RMB39,981,709.04 yuan, including the ADB loan USD6,157,094.53, equivalent to RMB39,981,709.04 yuan.

By the end of December 31, 2015, accumulated USD6,157,094.53 of the ADB loan had been withdrawn, accounting for 6.16% of the total amount.

4.6 Payables

The balance on December 31, 2015 was RMB3,259,045.61 yuan, mainly payable for civil works of Water Transmission Lines project.

4.7 Retained Earnings

The balance on December 31, 2015 was RMB6,974.19 yuan, mainly interest earned by the GDFD's Special Account..

5. Special Account

The Special Account of this project is set in GDFD. The depository bank is Guangzhou Dongshan Sub-branch, Bank of China, with the account number of 700364737071, and USD as currency Unit. The initial Deposit of the Special Account is USD6,000,000.00. The beginning balance of this period was USD0.00 and the disbursement from the ADB by the method of advances in this period was USD6,000,000.00. This period the interest earned was USD1,074.01 and the disbursement was USD53,000.00. Thus, the ending balance was USD5,948,074.01.

6. Other Explanation for the Financial Statements

6.1 The Current period Budget in Summary of Sources and Uses of Funds by Project Component was filled according the annual plan of 2015, among which the number of International Financing and ADB Loan did not include Interest and Commitment Charges. The number of Current period Actual filled was the Cumulative amount occurred from August 12, 2014 to December 31, 2015.

6.2 There was a difference of USD157,094.53 between the total Current Period Withdrawals of USD6,157,094.53 in *Statement of Implementation of Loan Agreement* and the total Amount Deposited this Period by ADB of USD6,000,000.00 in the Special Account Statement, which was the Interest and Commitment Charges, not disbursed by the Special Account but deducted directly in the ADB loan of USD100,000,000.00.