

# Audited Project Financial Statements

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Project Number: 45120-003  
Loan Numbers: 3058/3059  
Period covered: 4 February 2014 to 31 December 2015

## UZB: Samarkand Solar Power Project

Prepared by Joint Stock Company Uzbekenergo

For the Asian Development Bank  
Date received by ADB: 28 December 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 the Joint Stock Company Uzbekenergo.

ASIAN DEVELOPMENT BANK  
"SAMARKAND SOLAR POWER PROJECT"  
PROJECT IMPLEMENTATION UNIT  
STATE JOINT-STOCK COMPANY "UZBEKENERGO"  
(EXECUTING AGENCY)  
ADB LOAN #3058-UZB (SF), ADB LOAN #3059- UZB (SF)

SPECIAL-PURPOSE CASH BASIS FINANCIAL STATEMENTS AND STATEMENTS OF EXPENDITURE FOR  
THE PERIOD FROM 21 JANUARY 2014 (COMMENCEMENT OF OPERATIONS) TO 31 DECEMBER 2015

SAMARKAND SOLAR POWER PROJECT

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## SAMARKAND SOLAR POWER PROJECT

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2015

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The Management of the Samarkand Solar Power Project (hereinafter - the "Project") is responsible for the preparation of the Special - Purpose Financial Statements of the Project funded by the Asian Development Bank (hereafter -the "ADB") that present fairly the financial position of the Project as of 31 December 2015, and the funds received, and expenditures incurred for the year ended 31 December 2015, in compliance with International Public Sector Accounting Standards "Financial Reporting under the Cash Basis of Accounting" ("IPSAS-Cash Basis").

In preparing the Special Purpose Financial Statements, the management of the Project is responsible for:


- Selecting suitable accounting policies and applying them consistently;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IPSAS-Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Project's Special Purpose Financial Statements; and
- Making an assessment of the Project's ability to continue as a going concern.

The Management of the Project is also responsible for:

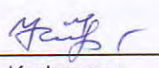
- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions and disclose with reasonable accuracy at any time the fund balance of the Project, and which enable them to ensure that the Special Purpose Financial Statements of the Project comply with specific requirements in IPSAS-Cash Basis;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Uzbekistan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- Preventing and detecting fraud and other irregularities.

The Special- Purpose Financial Statements of the Project for the year ended 31 December 2015 were authorized for issue by the Project's Management on 14 December 2016.

On behalf of the Project's Management:

  
U. U. Khashimov  
Director



  
M. Kurbanova  
Chief Accountant



**INDEPENDENT AUDITOR'S REPORT**

*To the Management of the Unitary Enterprise "Management on construction and operation of renewable energy generation" under the State Joint-Stock Company "Uzbekenergo" of the Republic of Uzbekistan*

- 1 We have audited the accompanying Special-Purpose Cash Basis Financial Statements ("the Financial Statements") which includes a specialized report of cash receipts and payments, and detailed costs prepared on a cash basis, as well as the significant accounting policies and other explanatory notes to the Financial Statements of "Samarkand Solar Power Project" (the "Project") financed by the Asian Development Bank ("ADB"), Loan #3058-UZB (SF) and Loan #3059-UZB (SF) dated 21 November 2013, and contributions received from the Government of the Republic of Uzbekistan prepared in line with International Public Sector Accounting Standards: "Financial Reporting under the Cash Basis of Accounting" (the "IPSAS—Cash Basis") for the period from 21 January 2014 (commencement of operations) to 31 December 2015

*Management's Responsibility for Special-Purpose Cash Basis Financial Statements*

- 2 Management of the Project is responsible for the preparation and fair presentation of these Financial Statements in accordance with the International accounting standards for public sector and the implementation of internal controls in the extent to which the management believes it is necessary for the preparation and fair presentation of the Financial Statements which are free from material misstatement due to fraud or error on the activities of the Project.

*Auditor's Responsibility*

- 3 Our responsibility is to express an opinion on these Financial Statements and the Statement of Expenditure based on our audit. We conducted our audit in line with International Standards on Auditing ("ISA"). 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.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's 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 Project's 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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by the Management of the Project, as well as evaluating the overall presentation of the Financial Statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Basis for qualified opinion*

- 6 According to Note 2 paragraph 6, the PIU has an exemption from Value-Added Tax (VAT) payments within the scope of the Project implementation. However, in FY 2014-2015 the SJSC "Uzbekenergo" (payer Unitary Enterprise "Uzelectroset") paid VAT on work and goods. Not enough sufficient accounting and internal control system of the PIU in terms of payments with VAT led to direct violation of President Decree No.2381 dated 04 June 2014.



*Qualified opinion*

- 7 In our opinion, except for the effect of such adjustments, if any, as might have been required regarding the matter referred to in the preceding paragraph,
- (A) the Special-Purpose Cash Basis Financial Statements present fairly the financial position of the Project, in all material respects, as of 31 December 2015 and the results of its operations for the year then ended in compliance with the IPSAS—Cash Basis and with the all conditions of the Loan Agreement;
  - (B) the Project has utilized all proceeds of the loan withdrawn from ADB only for purposes of the Project as agreed between the ADB and Republic of Uzbekistan in accordance with the Loan Agreement; and no proceeds of the Loan have been utilized for other purposes; and
  - (C) the Project was in compliance, for the period from January 21, 2014 to December 31, 2015 with all financial covenants of the Loan Agreement.

In addition:

- (a) With respect to the Expenditure, adequate supporting documentation has been maintained to support of expenditure incurred; and
- (b) The Expenditure are eligible for financing under Loan Agreements #3058-UZB (SF) and Loan #3059-UZB (SF);

*Basis of Accounting*

- 8 Without modifying our opinion, we draw attention to Note 2 of the accompanying Special-Purpose Cash Basis Financial Statements, which describes the basis of accounting. The financial statements are prepared to assist the PIU in complying with the financial reporting provisions of the loan agreement described above. Accordingly, the accompanying Special-Purpose Cash Basis Financial Statements may not be suitable for another purpose.

*Restriction on Distribution and Use*

- 9 This report is intended solely for the Management of the PIU & ADB and should not be distributed to or used by parties other than the PIU and ADB.

*PKF MAK ALYANS*

14 December 2016  
Tashkent, Uzbekistan





**SAMARKAND SOLAR POWER PROJECT  
PROJECT IMPLEMENTATION UNIT**

**Special-Purpose Financial Statements under IPSAS-Cash Basis for the year ended 31 December 2015**  
Tabular amounts are presented in US Dollars

**SPECIAL-PURPOSE STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

	31 December 2015		31 December 2014	2015	
	Budget <sup>1</sup>	Actual	Actual	Variance Amount	Variance %
Opening Funds Balances		-	-		
<b>FUNDS RECEIVED</b>					
Direct Payments		-	-		
Total ADB Loan No.3058-UZB (SF)	101 100 000	-	-	101 100 000	100.00
Direct Payments		728 911	-		
Total ADB Loan No.3059-UZB (SF)	8 900 000	728 911	-	8 171 089	91.81
Financing funds		-	-		
Total of funds of FRDRU	110 000 000	-	-	110 000 000	100.00
Financing funds		1 007 682	1 017 472		
Total of funds of SJSC Uzbekenergo	13 124 000	1 007 682	1 017 472	11 098 846	84.57
Tax & Customs benefits		-	-		
Total Uzbek Government Contributions	42 711 000	-	-	42 711 000	100.00
Tender Proceeds		1 030	33 990	35 020	
Total Other Sources		1 030	33 990	35 020	
<b>TOTAL FUNDS RECEIVED</b>	<b>275 835 000</b>	<b>1 737 624</b>	<b>1 051 462</b>	<b>273 115 956</b>	<b>99.01</b>
<b>EXPENDITURE INCURRED</b>					
1. Turnkey:	84 900 000	-	-	84 900 000	
1A. Equipment	69 938 000	-	-	69 938 000	
1B. Civil works	14 962 000	-	-	14 962 000	
2. Other expenditure	5 100 000	-	-	5 100 000	
3. Unallocated	11 100 000	-	-	11 100 000	
Total Expenditure ADB Loan No.3058-UZB	101 100 000	-	-	101 100 000	100.00%
1. Consulting Services	7 000 000	728 911	-	6 271 089	89.59
2. Unallocated	1 900 000	-	-	1 900 000	100.00
Total Expenditure ADB Loan No.3059-UZB	8 900 000	728 911	-	8 171 089	91.81%
1. Equipment	95 038 000	-	-	95 038 000	82.56
2. Civil works	14 962 000	-	-	14 962 000	100.00
Total Expenditure FRDRU	110 000 000	-	-	110 000 000	96.69%
1. Equipment	490 000	-	-	490 000	100.00
2. Civil works	4 420 000	962 202	968 033	2 489 765	56.33
3. Financing during investment period	6 552 000	-	-	6 552 000	100.00
4. Initial working capital	18 000	-	-	18 000	100.00
5. Project Management (including audit)	1 644 000	45 480	49 439	1 549 081	94.23
Total Expenditure SJSC Uzbekenergo	13 124 000	1 007 682	1 017 472	11 098 846	84.57
1. Tax & Customs benefits	42 711 000	-	-	42 711 000	
Total Expenditure by Uzbek Government	42 711 000	-	-	42 711 000	100.00
Other expenditure		505	12 490	12 995	
Total Other Expenditure		505	12 490	12 995	
FX Exchange Loss		882	108	990	
<b>TOTAL EXPENDITURE INCURRED</b>	<b>275 835 000</b>	<b>1 737 981</b>	<b>1 030 070</b>	<b>273 094 921</b>	<b>99.01</b>
Closing Funds Balances		21 035	21 392	21 035	

U. U. Khashimov  
Director



Signed on behalf of the Project's Management on 14 December 2016

M. Kurbanova  
Chief Accountant

<sup>1</sup>The budget figures are fixed in equivalent of USD based on SDR rate on the date of signing the Loan Agreement. Therefore, the available funds for distribution for future expenditure might be different due to SDR rate changes.

Notes on pages 10 to 15 form an integral part of the Special-Purpose Cash Basis Financial Statements.



SAMARKAND SOLAR POWER PROJECT  
PROJECT IMPLEMENTATION UNIT

Special-Purpose Financial Statements under IPSAS-Cash Basis for the year ended 31 December 2015  
Tabular amounts are presented in US Dollars

SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES FOR THE YEAR ENDED 31 DECEMBER 2015  
(ADB LOAN #3058 –UZB (SF))

Category	Actual		Budget	Cumulative balance
	2015	Cumulative		
<i>Category 1A: Equipment</i>				
Total	-	-	69 938 000	69 938 000
<i>Category 1B: Civil works</i>				
Total	-	-	14 962 000	14 962 000
<i>Category 2: Other expenditure</i>				
Total	-	-	5 100 000	5 100 000
<i>Category 3: Unallocated</i>				
Total	-	-	11 100 000	11 100 000
<b>TOTAL ADB EXPENDITURE</b>	-	-	101 100 000	101 100 000

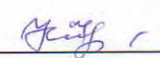
SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES FOR THE YEAR ENDED 31 DECEMBER 2015  
(ADB LOAN #3059 –UZB (SF))

Category	Actual		Budget*	Cumulative balance
	2015	Cumulative		
<i>Category 1: Consulting services</i>				
Total	728 911	728 911	7 000 000	6 271 089
<i>Category 2: Unallocated</i>				
Total	-	-	1 900 000	1 900 000
<b>TOTAL ADB EXPENDITURE</b>	728 911	728 911	8 900 000	8 171 089

(\*) –The budget figures are fixed in equivalent of USD based on SDR rate on the date of President's Decree No.2381 dated 04 June 2015. Therefore, the available funds for distribution for future expenditure might be different due to SDR rate changes.

  
U. U. Khashimov  
Director



  
M. Kurbanova  
Chief Accountant



SAMARKAND SOLAR POWER PROJECT  
PROJECT IMPLEMENTATION UNIT

Special-Purpose Financial Statements under IPSAS-Cash Basis for the year ended 31 December 2015

Tabular amounts are presented in US Dollars

SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES FOR THE YEAR ENDED 31 DECEMBER 2015  
(FUND OF RECONSTRUCTION AND DEVELOPMENT OF REPUBLIC OF UZBEKISTAN)

Category	Actual		Budget	Cumulative balance
	2015	Cumulative		
Category 1: Equipment	-	-		
Total	-	-	95 038 000	95 038 000
Category 2: Civil works	-	-		
Total	-	-	14 962 000	14 962 000
TOTAL FRDRU EXPENDITURE	-	-	110 000 000	110 000 000

SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES FOR THE YEAR ENDED 31 DECEMBER 2015  
(STATE JOINT-STOCK COMPANY "UZBEKENERGO")

Category	Actual		Budget*	Cumulative balance
	2015	Cumulative		
Category 1: Equipment	-	-		
Total	-	-	490 000	490 000
Category 2: Works	962 202	1 930 235		
Total	962 202	1 930 235	4 420 000	2 489 765
Category 3: Financing during investment period	-	-		
Total	-	-	6 552 000	6 552 000
Category 4: Initial working capital	-	-		
Total	-	-	18 000	18 000
Category 5: Consulting services (including audit)	45 480	94 919		
Total	45 480	94 919	1 644 000	1 549 081
TOTAL SJSC UZBEKENERGO EXPENDITURE	1 007 682	2 025 154	13 124 000	11 098 846

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U. U. Khashimov  
Director



M. Kurbanova  
Chief Accountant




SAMARKAND SOLAR POWER PROJECT  
PROJECT IMPLEMENTATION UNIT

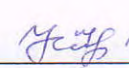
Special-Purpose Financial Statements under IPSAS-Cash Basis for the year ended 31 December 2015  
Tabular amounts are presented in US Dollars

SPECIAL-PURPOSE STATEMENT OF USES OF FUNDS BY PROJECT CATEGORIES FOR THE YEAR ENDED 31 DECEMBER 2015  
(UZBEK GOVERNMENT CONTRIBUTIONS)

Category	Actual		Budget	Cumulative balance
	2015	Cumulative		
Category: Tax and Customs benefits	-	-	42 711 000	42 711 000
Total	-	-	42 711 000	42 711 000
TOTAL EXPENSES FROM UZBEK GOVERNMENT FUNDS	-	-	42 711 000	42 711 000

  
U. U. Khashimov  
Director



  
M. Kurbanova  
Chief Accountant



## 1 PROJECT IMPLEMENTATION UNIT AND ITS OPERATION

The ADB Loans No.3058-UZB (SF) and No.3059-UZB (SF) for the "Samarkand Solar Power Project" (the Project) were approved on 21 November 2013 and declared effective on 21 January 2014. Co-financiers of the Project are: Fund of Reconstruction and Development of the Republic of Uzbekistan (FDRRU), State Joint-Stock Company "Uzbekenergo" (SJSC Uzbekenergo) and the Government of the Republic of Uzbekistan (GoUz.).

The Project was estimated to cost US \$110.00 million and to be implemented over 6 years, starting early in 2014. ADB would provide two loans from special funds resources: on regular term basis of SDR 65 822 000 (US Dollars equivalently 101.1 million), and on hard term basis of SDR 5 794 000 (US Dollars equivalently 8.9 million) for 25 years with grace period of 5 years. The estimated Project's completion date is March 31 2019.

Funds of FDRRU not exceeding USD 110.0 million for 12 years with grace period of 2 years would finance acquisition of equipment and civil works under the Project.

Own funds of SJSC Uzbekenergo equivalently USD 13.12 million for civil works, financing during investment period and other expenses including the PIU's recurrent costs under the Project.

The government would finance taxes and duties, including value-added tax and customs duties and other tax contributions in the form of exemption all of which are estimated amounting to USD 42.71 million.

Accounting of the financial-economic activity of the Project kept by the PIU. The PIU is structural part of the Unitary Enterprise "Uzeletroset" under SJSC Uzbekenergo. Total estimated cost of the Project Loan is USD 275.84 million. The loan is administered by ADB.

The PIU started its activity on 21 January 2014. The PIU is located at SJSC Uzbekenergo's building on the following legal address: Uzbekistan, Tashkent city, 100000, Istiklol Street 6. The purpose of establishment of the PIU is to execute tasks, related to implementation of the Project, including the coordination of all Project's components including monitoring and evaluation of results of execution under the Project.

According to the President's Decree (PD) No. 2381 dated 04 June 2014 "Measures on operation of investment project Samarkand Solar Power Project" with ADB Loans, the SJSC Uzbekenergo was appointed as an Executive agency of the Project which is responsible for planning, organization, supervision, control and monitoring of the Project.

The main objective of the Project is increased renewable energy generation in the Samarkand area.

The Project shall comprise:

- (a) Constructing a 100 megawatt photovoltaic power plant, including transmission system and support facilities;
- (b) Developing the capacity of Uzbekenergo for procurement, financial management, technical and other management, and administration of the design, construction, operation and maintenance of on-grid solar power plants;
- (c) Developing the capacity of solar institutes, scientific research institutes, design institutes, financial, regulatory and technical government agencies, advanced technology, manufacturing industries, and academic institutions for solar energy; and
- (d) Providing the Project management support for the PIU.



## 2 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

These Special-Purpose Financial Statements have been prepared in accordance with the International Public Sector Accounting Standard (IPSAS) "Financial Reporting under the Cash Basis of Accounting" promulgated by the International Federation of Accountants (IFAC) as required in "Handbook for Borrowers on the Financial Management and Analysis of Projects financed by the Asian Development Bank", issued by the ADB. Those standards require that cash receipts shall be effective when received and expenditures of funds shall be effective when they are paid rather than when incurred. The financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein.

The Project's Special- Purpose Cash Basis Financial Statements are prepared based on cash receipts and disbursements, which are a comprehensive basis of accounting.

Accounting of PIU under the Project is conducted in accordance with the applicable laws of the Republic of Uzbekistan with the specific implementation of the Project, including applying cash method.

Financial reports of the SJSC Uzbekenergo forms only based on accounting of using part of ADB loans and FDRRU funds under the Project implementation. And financial reports UE Uzelectroset forms based on accounting all financial-economic activities of the Project, including all sources of funding the Project.

- The PIU exercises no accounting control over all contributions, as SJSC Uzbekenergo and UE Uzelectroset are made their contributions directly to objects and other users, participating in the Project. Data on all contributions made for FY 2014-2015 with respect to the Project, the PIU could present data based on confirmation letter received from above mentioned organizations.
- Also we noted that the PIU has an exemption from Value-Added Tax (VAT) payments within the scope of the Project implementation. However, during FY 2014-2015 the SJSC "Uzbekenergo" (payer Unitary Enterprise "Uzelectroset") paid VAT on work and goods amounting to UZS 559.5 million (equivalently to USD 209 276). Not enough sufficient accounting and internal control system of the PIU in terms of payments with VAT led to direct violation of President Decree No.2381 dated 04 June 2014.

### Cash and cash equivalents

Cash and cash equivalents are recognized at cost and include cash at cash desk, cash at current and other special accounts at domestic banks and cash in transit.

### Project expenditure

The Project's expenditure during FY 2014-2015 made by the UE Uzelectroset under the SJSC Uzbekenergo in UZS from the current bank account above said organizations. The contributions in cash represented in the forms of salaries, single social payments, acquisitions of office supplies, fare expenses and other expenses.

The Project's Special-Purpose Cash Basis Financial Statements are prepared based upon the accounting records of the PIU, which are maintained in UZS. The initial accounting records consist of summaries of disbursement documents and other payment vouchers.

The policy management programs also include preparation of detailed report of expenditure on a cash basis in accordance with International Accounting Standards for the Public Sector. The accounting is carried out using the accounting software "1-C Accounting", however, it maintains on accrual basis.



In accounting, the following articles are used:

- Taking into account the actual costs;
- Accounting of cash;
- Accounting of cash transactions;
- Accounting of fixed assets;
- Accounting of stocks;
- Accounting of remuneration;
- Settlements with debtors and creditors;
- Reporting.

The Financial Management of the Project is carried out by the following main points:

- 1) Analysis of the performance costs;
- 2) Analysis of cash expenses and for transfers;
- 3) Analysis of financial condition;
- 4) An analysis of budget execution.

An analytical account of the sums received by the Project of funding is not separated from the breakdown of the total amount financed by categories of expenditure. At the end of each month / quarter are not counted up all the items of expenditure for the quarter and total year to-date, in order to identify the remainder and in a similar way to keep records of cash expenditures for transfers.

#### **Reporting currency and translation methodology**

The reporting currency of the Project's Special –Purpose Cash Basis Financial Statements is US Dollars and majority of the financing and expenditure of the Project were made in Uzbek Soums ("UZS"). However, the Project also has UZS bank accounts, which are used to receive UZS funds and pay for expenses in UZS for the Project's management.

The assets' additions and expenditure paid for in UZS were translated into USD using the following principles of transaction:

- Monetary assets denominated in UZS have been translated to USD using the official rate of exchange of the Central Bank of Uzbekistan ("CBU") on the date of conversion;
- All income/expenditure earned/incurred in UZS denominated into USD were recorded as an official exchange rate of CBU, effective at the date of receipt or payment of the funds;
- Gain/Loss resulting from the transaction of UZS / USD: Cash & cash equivalents outstanding as at reporting date are translated into USD at the official rate of the CBU effective at the reporting date.

The official exchange rate set by the CBU and effective, as at 31 December 2015 was UZS 2,809.98 to USD 1 (2014: UZS 2,422.40 to USD 1).

#### **The Fund of Reconstruction and Development funds**

The FDRRU funds are provided as capital investments in the forms of cash contributions as follows:

- Cost of equipment;
- Costs of civil works.

#### **The SJSC Uzbekenergo funds**

The SJSC Uzbekenergo own funds are provided as capital investments in the forms of cash contributions as follows:

- Cost of acquisition of equipment;
- Costs of civil works;
- Financing charges during implementation period;
- Initial working capital;
- recurrent costs of the PIU and other expenses.

SJSC Uzbekenergo in its turn transferred its duties/functions into UE Uzelectroset as a general consumer of the Project.



### The Uzbek Government funds

The Government funds of Uzbekistan represent in-kind contributions by the Government.

Contributions are provided as tax and customs benefits as follows:

- Taxes and duties exemption on goods, works and services of the Project and its contractors procured under ADB loan and the Government's Fund during implementation period (except customs duties).

### Bank Accounts of the Project

During the period from 21 January 2014 to 31 December 2015, the PIU did not held any own bank accounts for the Project implementation.

- The PIU operates its local expenses through current bank accounts of SJSC Uzbekenergo and UE Uzelectroset. On the transit USD and UZS accounts of above said organizations, there were tender proceeds on behalf of the PIU during FY 2014-2015, and compulsory sale of hard currency of 50% was made from tender proceeds in USD. After compulsory sale of USD, UZS equivalents transferred into UE Uzelectroset UZS current account to cover its own expenses and later it was compensated for PIU's expenditure. However, we were unable to obtain enough assurance about correctness of the reported financing cumulative amounts of SJSC "Uzbekenergo" of some expenditure categories, or perform additional audit procedures to satisfy ourselves about these amounts.

The UZS Current Account was used for payments to local suppliers, project management and withdrawal of cash. The bank balances as of 31 December 2015 of above said bank accounts are not possible to indicate.

The outstanding balance of the tender account as of 31 December 2015 is disclosed in Note 5.

### Taxation

The PIU, being the state non-commercial organization, acting on a basis of Charter, is exempted from taxes and levies in line with the Tax Code of the Republic of Uzbekistan.

Also the Decree of the President of the Republic of Uzbekistan #PP-2381 dated 04 June 2014 states that the goods, works and services purchased with the ADB funds within the framework of the Project, are exempted from customs payments, VAT, mandatory contributions to the state funds-in-trust. The same policy is applied with respect to goods, works and services purchased with the FDRRU and SJSC Uzbekenergo Funds. Such exemption is considered as a contribution of the Uzbek Government toward the implementation of the Project.

## 3 SUBSEQUENT EVENTS

SJSC Uzbekenergo issue the Order No.255 dated 13 May 2016 on establishing "Management on construction and operation of renewable energy generation" under the State Joint-Stock Company "Uzbekenergo in the form of the Unitary Enterprise (UE), and entrusted the functions of general consumer of construction and further operation of on-grid solar power plants in the Republic of Uzbekistan. After legal registrations of Charter, the UE started its activity on 01 July 2016.

## 4 APPROVAL OF SPECIAL-PURPOSE FINANCIAL STATEMENTS

The Special-purpose financial statements were approved by the Management for issue on 26 October 2016.



## 5 Statement of Cash Balances of the Project

The PIU has the following Cash Balances as at 31 December 2015:

Source of funds	Currency	Note	Name of account	Amount in USD
USD Tender Account	USD	5.1	Tender Account	3 070
UZS Tender Account	UZS	5.2	Tender Account	7 856
<b>Total</b>				<b>30 398</b>

The PIU has the following Cash Balances as at 31 December 2014:

Source of funds	Currency	Note	Name of account	Amount in USD
USD Tender Account	USD	5.1	Tender Account	3 070
UZS Tender Account	UZS	5.2	Tender Account	7 856
<b>Total</b>				<b>30 398</b>

## 5.1. Statement of Tender Accounts of the UE Uzelectroset as at 31 December 2015

	UZS	USD Equivalent	USD
Balance as at 01 January 2015	15 483 400	6 392	15 000
<b>Add:</b>			
Tender Proceeds in UZS	-	-	-
Tender Proceeds in USD	-	-	1 030
<b>Deduct:</b>			
Compulsory sale (50%)	-	-	(505)
FX Exchange loss	-	(802)	-
<b>Balance as at 31 December 2015</b>	<b>15 483 400</b>	<b>5 510</b>	<b>15 525</b>

## 5.2. Statement of Tender Accounts of the UE Uzelectroset as at 31 December 2014

	UZS	USD Equivalent	USD
Balance as at 21 January 2014	-	-	-
<b>Add:</b>			
Tender Proceeds in UZS	15 483 400	6 500	-
Tender Proceeds in USD	-	-	27 490
<b>Deduct:</b>			
Compulsory sale (50%)	-	-	(12 490)
FX Exchange loss	-	(108)	-
<b>Balance as at 31 December 2014</b>	<b>15 483 400</b>	<b>6 392</b>	<b>15 000</b>

Note: Funds in UZS from compulsory sale (50%) transferred into current UZS account of the Unitary Enterprise "Uzelectroset" under SJSC "Uzbekenergo" and spent for own needs of the receiver.



SAMARKAND SOLAR POWER PROJECT  
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Notes to Special-Purpose Financial Statements under IPSAS Cash Basis for the year ended 31 December 2015  
Tabular amounts are presented in US Dollars

6 Breakdown of costs of PIU made by Unitary Enterprise "Uzelectroset" under SJSC "Uzbekenergo"

Items	Actual		Cumulative
	2015	2014	
Salary expenses	20 478	21 547	42 025
Single Social Payments	7 825	8 444	16 269
Office supplies	417	404	821
Communication & Internet	3 417	4 924	8 341
Fare expenses	348	190	538
Business trip expenses	-	43	43
Training & re-training of PIU staff	-	487	487
Staff compensations & allowances	4 326	5 198	9 524
Bonuses & material aid for staff	8 669	8 202	16 871
<b>Total</b>	<b>45 480</b>	<b>49 439</b>	<b>94 919</b>

Note: The PIU's recurrent expenses were paid by the Unitary Enterprise "Uzelectroset" under SJSC "Uzbekenergo" for the reporting period.

7 Direct Payments – ADB Loan #3059 – UZB (SF)

W/A number	Year	Expenditure Category	Total
		(Consulting services)	
00001	2015	69 020.39	69 020.39
00002	2015	659 891.00	659 891.00
<b>TOTAL</b>		<b>728 911.39</b>	<b>728 911.39</b>