

# Audited Project Financial Statements

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Project Number: 45366-004  
Loan Number: 3067  
Period covered: 1 January 2015 to 31 December 2015

## UZB: Solid Waste Management Improvement Project

Prepared by TSIAR-FINANS, LLC (Uzbekistan)

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

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«SOLID WASTE MANAGEMENT IMPROVEMENT» PROJECT  
ADB LOAN No.3067-UZB

INDEPENDENT AUDITOR'S REPORT  
ON SPECIAL PURPOSE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 01 JANUARY 2015 TO 31 DECEMBER 2015

State Enterprise "Project Implementation Unit  
of the «Solid Waste Management Improvement Project»

Received Three copies of Independent Auditor's Report  
(figures in writing)

"27" March 2017

Andreychenko O.V. surname, Initials  (signature)  
Seal, Stamp

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## INDEPENDENT AUDITOR'S REPORT

**To: The Management of State Unitary Enterprise "MAXSUSTRANS" and State Enterprise «Project Implementation Unit of the Solid Waste Management Improvement»**

We have audited the accompanying Special Purpose Financial Statements (hereinafter – Financial Statements) of the "Solid Waste Management Improvement" Project (hereinafter – Project), financed by the Asian Development Bank (hereinafter – the Bank, ADB) according to the Loan Agreement No.3067 dated 27 February 2014 (hereinafter – Loan Agreement) for the period from 01 January 2015 to 31 December 2015.

The Special Purpose Financial Statements comprise Balance Sheet as at 31 December 2015, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, Imprest Account Statements for the period from 01 January 2015 to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

The Special Purpose Financial Statements have been prepared by the management of State Enterprise "Project Implementation Unit of the "Solid Waste Management Improvement" (hereinafter – PIU) according to the International Public Sector Accounting Standards (hereinafter – IPSAS) and Asian Development Bank's requirements, based on the cash flow method.

### **Responsibility of the managers for drawing up financial statement**

The management of the Project is responsible for preparation and fair presentation of these Special Purpose Financial Statements based on the cash flow basis in accordance with IPSAS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the accompanying Special Purpose Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), published by International Federation of Accountants. Those standards require that we should follow ethical norms, plan and perform the audit to obtain reasonable assurance that there is no incorrect or false data in the Special Purpose Financial Statements.

Audit stipulates carrying out the procedures, which are aimed to get audit proofs as regards numeric data and information, contained in the Special Purpose Financial Statements. Choosing the procedures is based on auditor's professional judgment, including the estimation of risks of substantial misrepresenting of financial statement as a result of fraud or mistakes. In the process of estimation of above-mentioned risks, Auditor considers internal control system related to the preparation and authentic submission of financial statement of the organization to develop audit procedures, which are necessary in the present circumstances, but not to express opinion on the effectiveness of organization's internal control system.

An audit also includes evaluating principles of accounting policies used and estimates made by the management, as well as evaluating the overall presentation of the Special Purpose Financial Statements.

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

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**Auditor's opinion**

In our opinion,

- A) The Special Purpose Financial Statements of the «Solid Waste Management Improvement Project» fairly present in all material respects the financial position of the Project as at 31 December 2015 and the results of its operations for the period from 01 January 2015 to 31 December 2015, in conformity with the International Public Sector Accounting Standards.
- B) The PIU 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 Executing Agency was in compliance for the period from 01 January 2015 to 31 December 2015 with all financial covenants of the Loan Agreement.

In addition,

- (i) (a) With respect to Statement of Expenditures (SOE), adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) which the expenditures are eligible for financing under the Loan Agreement.
- (ii) (a) The Imprest Accounts give a true and fair view of the receipts collected and payments made during the period ending at 31 December 2015; and (b) these receipts and payments support Imprest Account liquidations/replenishments during the period from 01 January 2015 to 31 December 2015.

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared to assist the Project to comply with the financial reporting provisions on the requirements conditions of the Loan Agreement and IPSAS. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. In accordance with the Loan Agreement, ADB shall disclose the annual audited Project financial statements and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

**Auditor:**

TSIAR-FINANS LLC  
2A, Chust Street,  
Tashkent, 100077, Uzbekistan

*TSIAR-FINANS LLC*

«22» March 2017





**BALANCE SHEET**  
As at 31 December 2015  
(USD)

<i>Indicator</i>	<i>Note</i>	<i>as at 1 January 2015</i>	<i>as at 31 December 2015</i>
<b>ASSETS</b>			
Cash and cash equivalents	<b>4</b>	0	6 942
<b>TOTAL ASSETS</b>		<b>0</b>	<b>6 942</b>
<b>OWN FUNDS/FINANCING</b>			
ADB financing	<b>2.2</b>	0	254 390
Government financing	<b>2.2</b>	0	9 815
<b>Cumulative expenditure, net:</b>	<b>7</b>	0	(257 263)
including: Exchange rate difference	<b>2.5</b>	0	(1)
<b>TOTAL OWN FUNDS/FINANCING</b>		<b>0</b>	<b>6 942</b>


Signed by management on 01 February 2017


**Head of SUE "MAXSUSTRANS"**

**PIU Manager**

**PIU Chief Accountant**

  
Nabiev K.J.

  
Shukurov R.H.

  
Andreychenko O.V.

*Balance Sheet* is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.

**STATEMENT OF SOURCES AND USES OF FUNDS**  
for the period from 01 January 2015 to 31 December 2015  
(USD)

<i>Indicator</i>	<i>Note</i>	<i>Budget</i>	<i>Actual 2015</i>	<i>Cumulative from the beginning of the Project</i>
<b><u>Financing</u></b>				
<b><u>ADB Funds</u></b>				
ADB – Credit				
- Direct payment	5		143 425	143 425
- Replenishment to Imprest Account	4.1		110 965	110 965
<b>Total ADB Funds</b>		69 000 000	254 390	254 390
<b><u>Government Funds</u></b>				
- Replenishment to Imprest Account	4.1		9 815	9 815
In kind Contribution	4.2		0	0
<b>Total Government Funds</b>		7 320 700	9 815	9 815
<b>Total on direct financing</b>		<b>76 320 700</b>	<b>264 205</b>	<b>264 205</b>
<b>Total other financing</b>		<b>76 320 700</b>	<b>264 205</b>	<b>264 205</b>
<b><u>Expenses</u></b>				
<b><u>ADB Funds</u></b>				
1A. Landfill Construction		17 831 000	0	0
1B. Dumpsite Closure		5 700 000	0	0
1C. Transfer Station, Garages & Collection Points		5 400 000	0	0
1D. Design & Supervision		2 546 000	0	0
2A. Landfill Equipment & Machinery		1 858 500	0	0
2B. Waste Collection & Transfer Trucks		13 642 000	0	0
2C. Bins & Other Equipment		7 955 000	(44 570)	(44 570)
3A. Project Management Personnel & Support		2 236 700	(50 112)	(50 112)
3B. Capacity Support Programs		2 170 500	(8 252)	(8 252)
Interest and Commitment Charges		1 501 000	(143 425)	(143 425)
Unallocated		8 159 300	0	0
<b>Total</b>		<b>69 000 000</b>	<b>(246 359)</b>	<b>(246 359)</b>
<b><u>Government Funds</u></b>				
Project Management (Single Social Payment)		332 700	(10 903)	(10 903)
Tax and other fees		5 820 000	0	0
Financial costs during investment period		309 000	0	0
Unallocated		859 000	0	0
<b>Total *</b>		<b>7 320 700</b>	<b>(10 903)</b>	<b>(10 903)</b>
<b>Total expenses</b>		<b>76 320 700</b>	<b>(257 262)</b>	<b>(257 262)</b>

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Indicator	Note	Budget	Actual 2015	Cumulative from the beginning of the Project
<b>Exchange rate difference</b>			(1)	(1)
<b>Excess of Receipts over Payments</b>			6 942	6 942
<b>Cash Balance as at January 20, 2015*</b>				
UZS Imprest Account of PIU **	4		0	0
USD Imprest Account of PIU **	4		0	0
<b>Total</b>			0	0
<b>Net Available Funds</b>			6 942	6 942
<b>Cash Balance as at December 31, 2015</b>				
UZS Imprest Account of PIU **	4		40	40
USD Imprest Account of PIU **	4		6 902	6 902
<b>Total</b>			6 942	6 942

\* Budget data by GOU sources presented without contribution as PPE in use of SUE "Maxsustrans"

\*\* As at January 20, 2015 (opening date)

Signed by management on 01 February 2017

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Sources and Uses of Funds is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.



**STATEMENT OF USES OF FUNDS FROM ADB LOAN PROCEEDS**  
for the period from 01 January 2015 to 31 December 2015  
(USD)

Categories	Note	Actual		Budget	Available Funds
		2015	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project
1A. Landfill Construction		0	0	17 831 000	17 831 000
1B. Dumpsite Closure		0	0	5 700 000	5 700 000
1C. Transfer Station, Garages & Collection Points		0	0	5 400 000	5 400 000
1D. Design & Supervision		0	0	2 546 000	2 546 000
2A. Landfill Equipment & Machinery		0	0	1 858 500	1 858 500
2B. Waste Collection & Transfer Trucks		0	0	13 642 000	13 642 000
2C. Bins & Other Equipment	4.1	(44 570)	(44 570)	7 955 000	7 910 430
3A. Project Management Personnel & Support	4.1, 4.2	(50 112)	(50 112)	2 236 700	2 186 588
3B. Capacity Support Programs	4.1	(8 252)	(8 252)	2 170 500	2 162 248
Interest and Commitment Charges	6	(143 425)	(143 425)	1 501 000	1 357 575
Unallocated		0	0	8 159 300	8 159 300
<b>Total</b>		<b>(246 359)</b>	<b>(246 359)</b>	<b>69 000 000</b>	<b>68 753 641</b>

Signed by management on 01 February 2017

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Uses of Funds from ADB Loan Proceeds is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.



**STATEMENT OF USES OF FUNDS FROM THE GOU CONTRIBUTION**  
for the period from 01 January 2015 to 31 December 2015  
(USD)

Categories *	Note	Actual		Budget	Available Funds
		2015	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project	Cumulative from the beginning of the Project
Project Management (Single Social Payment)	4.2	(10 903)	(10 903)	332 700	321 797
Tax and other fees		0	0	5 820 000	5 820 000
Financial costs during investment period		0	0	309 000	309 000
Unallocated		0	0	859 000	859 000
<b>Total</b>		<b>(10 903)</b>	<b>(10 903)</b>	<b>7 320 700</b>	<b>7 309 797</b>

\* Budget data by GOU sources presented without contribution as PPE in use of SUE "Maxsustrans"

Signed by management on 01 February 2017

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of Uses of Funds from the GOU Contribution is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.



**STATEMENT OF USD IMPREST ACCOUNT OF PIU  
for the period from 01 January 2015 to 31 December 2015**

Account No:	2021 0840 7004 2118 3001
Depository bank:	JSCIB "Ipoteka-Bank" Shaykhantakhur branch
Address:	16 A, Uzbekistan street, Tashkent, Uzbekistan
Related loan:	3067-UZB
Currency:	USD

	USD
<b>Balance as at 20 January, 2015 (opening date)</b>	<b>0</b>
<b>Inflow:</b>	
ADB financing	110 965
Interbank Charge	(13)
<b>Total inflow:</b>	<b>110 952</b>
<b>Outflow:</b>	
Sale of foreign currency	104 050
<b>Total outflow:</b>	<b>104 050</b>
<b>Balance as at 31 December, 2015</b>	<b>6 902</b>


Signed by management on 01 February 2017

Head of SUE "MAXSUSTRANS"

PIU Manager

PIU Chief Accountant

  
Nabiev K.J.

  
Shukurov R.H.

  
Andreychenko O.V.

Statement of USD Imprest Account of PIU is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.



**STATEMENT OF UZS IMPREST ACCOUNT OF PIU**  
for the period from 01 January 2015 to 31 December 2015

Account No: 2021 0000 6004 2118 3001  
 Depository bank: JSCIB "Ipoteka-Bank" Shaykhantakhur branch  
 Address: 16 A, Uzbekistan street, Tashkent, Uzbekistan  
 Related loan: 3067-UZB  
 Currency: UZS

	USD	000' UZS
<b>Balance as at 20 January, 2015 (opening date)</b>	<b>0</b>	<b>0</b>
<b>Inflow:</b>		
Proceeds from sale of foreign currency	104 050	267 009
SUE "MAXSUSTRANS" Financing	9 815	25 488
Returns from suppliers	395	1 000
<b>Total inflow:</b>	<b>114 260</b>	<b>293 497</b>
<b>Outflow:</b>		
Expenses on related categories	114 219	293 383
Exchange rate difference	1	
<b>Total outflow:</b>	<b>114 220</b>	<b>293 383</b>
<b>Balance as at 31 December, 2015</b>	<b>40</b>	<b>114</b>

Signed by management on 01 February 2017

**Head of SUE "MAXSUSTRANS"**

**PIU Manager**

**PIU Chief Accountant**

Nabiev K.J.

Shukurov R.H.

Andreychenko O.V.

Statement of UZS Imprest Account of PIU is to be read in conjunction with Notes (Pages from 12 to 17) thereto forming an integral part of the Special Purpose Financial statements.





**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
for the period from 01 January 2015 to 31 December 2015

**1. Program background**

The Government of Uzbekistan (GOU) has applied for a loan from the Asian Development Bank (hereinafter – ADB) for the development and improvement of Solid Waste Management (SWM) system of the capital city Tashkent. The loan reference number and project title is L3067-UZB: Solid Waste Management Improvement Project (hereinafter – Project). The Loan Agreement was signed between the Republic of Uzbekistan and Asian Development Bank dated 27 February 2014 and Project Agreement dated 12 March 2014 signed between ADB, Tashkent City Khokimiyat and the State Unitary Enterprise “MAXSUSTRANS” (hereinafter – SUE “MAXSUSTRANS”).

Pursuant to the Sub-lending Agreement dated December 10, 2014 and signed between the Ministry of Finance on behalf of the Republic of Uzbekistan, State Unitary Enterprise “MAXSUSTRANS” and Tashkent City Khokimiyat the whole amount was sub-lent to SUE “MAXSUSTRANS”. Loan funds are made available to the Republic of Uzbekistan for Project financing shall only be used for the Intention and on the Terms and Conditions of the Loan Agreement.

The project aims to provide an improved SWM system in Tashkent, the capital city, to upgrade urban infrastructure and services. The project will develop a sanitary landfill that meets international standards, rehabilitate transfer stations, and modernize the waste collection and transfer fleet. It will build capacity in waste management and help formulate a national strategy on solid waste management Implementation of the Project’s enables sustainable urban environment and quality of life for the residents of Tashkent. The outcome will be improved SWM services and management for the residents of Tashkent city

The Project outputs include:

**(i) Output 1: Rehabilitated and expanded SWM system in Tashkent.**

By the project, completion it is expected that

- ✓ rehabilitation of transfer stations and possibility of liquidation of an existing transfer stations
- ✓ 3 million tons of disposal capacity established with international environmental standards, and
- ✓ Possibility of waste utilization for 1,950 tons per day.

**(ii) Output 2: Strengthened operational capacity.**

By the project completion it is expected that

- ✓ at least 90% of households actively segregating waste at source,
- ✓ campaign to raise awareness will reach 90% of households on waste segregation with women households members’ participation,
- ✓ improved management and operations of SUE “MAXSUSTRANS”, including a 20% improvement (reduction) in cost per ton of waste disposal, and (iv) an IT-supported MSW collection system based on a geographic information system (GIS) database is implemented and 80% of trips monitored by the system is achieved.

**(iii) Output 3: National SWM Strategy.**

It is planned to prepare a national SWM strategy and submit to the Government and ADB by 2016.

Project financing plan is as follows:

<i>Source of financing</i>	<i>USD</i>
ADB	69 000 000
Government	5 820 000
State Unitary Enterprise “MAXSUSTRANS” for and on behalf of GOU	17 431 000
<b>Total</b>	<b>92 251 000</b>

Decree No.2255 of the President of the Republic of Uzbekistan dated 31 October 2014 designates the SUE “MAXSUSTRANS” and Khokimiyat of Tashkent city as an executive agencies responsible for the target and effective use of loan proceeds and Project implementation.

Pursuant to the Sub-lending Agreement, SUE "MAXSUSTRANS" is the organization in charge for the repayment of loan and interest. PIU is located at: Industrial Zone "Bekabad", Uchtepa District 100132 Tashkent, Uzbekistan.

The Project components include:

**(i) Civil Works**

Current component includes the establishment of a sanitary landfill establishment, transfer stations and garage rehabilitation, dumpsite closure, garage rehabilitation and design and supervision.

**(ii) Plant and Equipment**

Current component includes the procurement of landfill equipment and machinery, waste collection and transfer trucks, waste collection bins and other equipment.

**(iii) Project Management Capacity Development & Studies**

Component includes the project management and support through consulting services, and the capacity development programs listed below:

- ✓ National SWM Strategy Formulation
- ✓ Waste Minimization and recycling
- ✓ Media and public awareness campaign
- ✓ Transfer and logistic study
- ✓ O&M Support for SWM for systems operation

The expected completion date of Project Implementation is 31 December 2018.

ADB loan proceeds under the Project implementation are available to cover the following eligible costs:

USD

No.	Category	ADB financing:	
		In USD	In %
<b>1</b>	<b>Civil Works</b>	<b>31 477 000</b>	<b>100% of all expenditures</b>
1A	1A. Landfill Construction	17 831 000	100% of all expenditures
1B	1B. Dumpsite Closure	5 700 000	100% of all expenditures
1C	1C. Transfer Station, Garages & Collection Points	5 400 000	100% of all expenditures
1D	1D. Design & Supervision	2 546 000	100% of all expenditures
<b>2</b>	<b>Plant &amp; Equipment</b>	<b>23 455 500</b>	<b>100% of all expenditures</b>
2A	2A. Landfill Equipment & Machinery	1 858 500	100% of all expenditures
2B	2B. Waste Collection & Transfer Trucks	13 642 000	100% of all expenditures
2C	2C. Bins & Other Equipment	7 955 000	100% of all expenditures
<b>3</b>	<b>Project Management, Capacity Development &amp; Studies</b>	<b>4 407 200</b>	<b>100% of all expenditures</b>
3A	3A. Project Management Personnel & Support	2 236 700	100% of all expenditures
3B	3B. Capacity Support Programs	2 170 500	100% of all expenditures
<b>4</b>	<b>Interest and Commitment Charges</b>	<b>1 501 000</b>	<b>100% of all expenditures</b>
<b>5</b>	<b>Unallocated</b>	<b>8 159 300</b>	<b>100% of all expenditures</b>
	<b>Total</b>	<b>69 000 000</b>	

(\*) Exclusive of taxes and duties imposed within the territory of the Borrower.

GOU proceeds under the Project implementation are available to cover the following eligible costs:

No.	Category	GOU financing:	
		GOU	SUE «MAXSUSTRANS»
1	Project Management (Single Social Payment)		332 700
2	Tax and other fees	5 820 000	
3	Financial costs during investment period		309 000
4	Unallocated		859 000
5	Property, Plant & Equipment in use		15 930 300
	<b>Total by GOU sources</b>	<b>5 820 000</b>	<b>17 431 000</b>
	<b>Total</b>	<b>23 251 000</b>	



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## **2. Program Accounting Policy**

Special Purpose Financial Statements of the Program was prepared in accordance with International Public Sector Accounting Standards (hereinafter – IPSAS) based on the cash flow basis.

### **2.1. Basis for the preparation of the Special Purpose financial statements**

Balance Sheet, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, Imprest Accounts Statements and Notes to the Financial Statements have been prepared to reflect operations conducted in the Project's framework. Balance Sheet, Statement of Sources and Uses of Funds, Statement of Uses of Funds from ADB loan proceeds, Statement of Uses of Funds from the GOU contribution, and Imprest Accounts Statements have been prepared based on cash flow basis in accordance with below-stated principles.

### **2.2. Financing**

Financing of the Project is considered as actual in the following cases:

#### **1. ADB Financing:**

- when suppliers of material resources or services are paid by the ADB from the Loan Account (hereinafter – Loan Account) under Direct payment procedures or by the Letter of Credit;
- Imprest account financing is recognized when the funds from the ABD's Loan Account were transmitted to the PIU Imprest account (hereinafter – the Imprest account) opened with Joint-Stock Innovation Commercial Bank "Ipoteka-Bank" Shaykhantakhur branch (hereinafter – JSICB "Ipoteka-Bank")

#### **2. Government financing:**

- In cash - once the finds are transferred from the SUE "MAXSUSTRANS" accounts to the PIU Imprest account opened in the JSICB "Ipoteka-Bank";
- In kind of tax and duty exemptions accounted on the basis of the certificates (notes/letters) furnished by the Project suppliers and subcontractors subjected to the general taxation requirements (VAT, mandatory contributions and fees to the public ear-marked funds, non-budget Fund for Reconstruction, Capital Refurbishment and Equipment of Educational and Health Care Institutions and Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan).

### **2.3. Expenditures**

The Project expenditures are recognized as such and stated in the financial statements when the payment is made to suppliers of goods, works and/or services. The payments are made either directly from the Loan account administered by the Bank, from the Letters of credit or from Imprest accounts of PIU.

### **2.4. Comparative information**

As the financial activity of the Project is started from 2015, no comparative information for the previous period is presented in the special purpose financial statements.

### **2.5. Reporting currency and exchange rate methodology**

Uzbekistan's national currency is Uzbek Soum (UZS). ADB Fund's Project financing and key costs are budgeted in United States Dollars (USD). Hence, USD is functional and reporting currency, in which the Project Special Purpose Financial Statements are presented (presentation currency). Itemization in the Special Purpose Financial Statements is exercised in the functional currency.

PIU has USD Imprest account. Besides, PIU has UZS Imprest account, used to convert funds.

For preparing Project's financial statements, the following principles of foreign exchange rate conversion were used:

- for ADB funds, expenses in UZS are restated in USD at the Central Bank of Uzbekistan (CBU) exchange rate effective on the date of conversion;
-

- exchange differences generated from the exchange of UZS into USD are reported in the Statements of Project Imprest Accounts and in the Statement of Source and Use of Funds as expenditures at the established exchange rate;
- UZS balances of PIU bank accounts are revalued at the official exchange rate of CBU effective at the reporting date. As at 31 December 2015 the CBU's UZS to USD official exchange rate was UZS 2 809,98/USD1.

For the reported period the negative exchange [loss] resulted from the UZS:USD exchange is USD 1.

### 3. Presented financial statements

Project Financial Statements are generated and produced by the Management of the Project Implementation Unit (hereinafter - PIU), established by the SUE "MAXSUSTRANS" being the Project Executive Agency appointed by the Uzbekistan Presidential Resolution No.2255 dated 31 October 2014.

The Project Special Purpose Financial Statements have been signed by Head of SUE "MAXSUSTRANS" Mr. Nabiev, PIU Manager Mr. Shukurov and PIU Chief Accountant Mrs. Andreychenko on 01 February 2017.

The following Project Financial Statements are generated in line with the IPSAS on the cash flow method:

#### (1) Balance sheet

This report includes data on the accumulated Project funds, financing and cumulative Project expenditures as on December 31, 2015.

#### (2) Statement of Sources and Uses of Funds

During the reported period the Project was funded:

- ✓ by ADB in the amount of USD 254,390 where USD 143,425 are Direct payment (pls. see Note 6), and USD 110,952 (excluding interbank charge in the amount of USD 13) – replenishment of the Imprest Account based on the SOE procedure (pls. see Note 7);
- ✓ by GOU counterpart financing in the amount of USD 9,815 as a replenishment of the UZS Imprest Account of PIU to cover the cost of Single Social Payment (pls. see Note 4.1).

The total Project expenditures in the period from 01 January 2015 to 31 December 2015 were amount of USD 257,262 (excluding exchange rate difference in the amount of USD 1).

#### (3) Statement of Uses of Funds from ADB Loan Proceeds

This Statement includes detailed data on the cash expenditures by the Project Categories in terms of the ADB counterpart financing.

#### (4) Statement of Uses of Funds from the GOU Contribution

This Statement includes detailed data on the cash expenditures by the Project Categories in terms of the GOU counterpart financing in cash and kind (pls. see Note 4.2)

### 4. Cash and cash equivalents

The Project has a number of bank accounts. The Project's accounts and their purposes are listed below:

#### 4.1. Imprest Accounts

The PIU has two Imprest Accounts: USD and UZS (ADB Loan No.3067-UZB) for financing eligible expenditures within ADB and GOU's (SUE "MAHSUSTRANS") shares. During the period from 01 January 2015 to 31 December 2015, the Imprest Accounts were used for paying to suppliers as well as to cover bank expenditures and salary.

In the period from 01 January 2015 to 31 December 2015 ADB has funded UZS Imprest Account of PIU for the amount of USD 110,952 (excluding interbank charge in the amount of USD 13). UZS Imprest Account of PIU was financed by SUE "MAHSUSTRANS" for the amount of USD 9,815.



#### 4.2. In kind Contribution

GOU's contribution in kind of tax and duty exemptions accounted on the basis of the certificates (notes/letters) furnished by the Project suppliers and subcontractors subjected to the general taxation requirements (VAT, mandatory contributions and fees to the public ear-marked funds, non-budget Fund for Reconstruction, Capital Refurbishment and Equipment of Educational and Health Care Institutions and Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan).

In the period from 01 January 2015 to 31 December 2015 there was no GOU's contribution in kind of tax and duty exemptions.

Balances of the Project's bank accounts are reflected in the following table:

	000'UZS	USD
<b>Balance as at 20 January 2015</b>		
<b>ADB and GOU funds</b>		
UZS Imprest Account of PIU	0	0
USD Imprest Account of PIU	0	0
<b>Total ADB and GOU Funds</b>	<b>0</b>	<b>0</b>
<b>Total Project Funds</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 December 2015</b>		
<b>ADB and GOU funds</b>		
UZS Imprest Account of PIU *	114	40
USD Imprest Account of PIU *	16 394	6 902
<b>Total ADB and GOU Funds</b>	<b>16 508</b>	<b>6 942</b>
<b>Total Project Funds</b>	<b>16 508</b>	<b>6 942</b>

#### 5. Direct payments

Direct payments made by the ADB from Loan Account during the period from 01 January 2015 to 31 December 2015, are stated in the following table:

No of Withdrawal application	Dated	Payment currency	Total in payment currency	The payment amount of a cut of cost categories* (in USD)	Total amount in USD
				Per cent **	
CAP**	15.09.2015	USD	52 287	52 287	52 287
CAP**	15.09.2015	USD	91 138	91 138	91 138
<b>Total</b>			<b>143 425</b>	<b>143 425</b>	<b>143 425</b>

(\*) Cost Categories in wording are in the Note 1 to the financial statements

(\*\*) These amounts are the accrued interest and commitment fee

Below is the summary of ADB-financed total under the Direct Payment Procedure (from the Project beginning):

Reporting period	Category*	TOTAL, USD
	Per cent	
2015	143 425	143 425
<b>Total</b>	<b>143 425</b>	<b>143 425</b>

(\*) Cost Categories in wording are in the Note 1 to the financial statements

## 6. Statement of Expenditure (SOE) procedures

SOE procedure used by the Project to replenish funds to the Imprest Account in accordance with the conditions of the Loan Agreement and ADB Guidelines' requirements.

Summary data on funds recovered and reimbursed through SOE procedures is stated in the following table:

<b>Total Amount reported under SOEs</b>	<b>103 991</b>
<i>Less: unsubmitted to ADB as of 31 December 2015</i>	<i>(8 917)</i>
<b>Subtotal</b>	<b>95 074</b>
<b>Of which: Proceeds to Imprest Account</b>	<b>110 952</b>
<i>Including advance payment as per SOE P0001</i>	<i>(110 952)</i>
<b>Unreimbursed under SOE procedure</b>	<b>95 074</b>
<b>Difference</b>	<b>0</b>

Including by the expenditure categories:

No. of Withdrawal application	Cost category (*)			Total reimbursable	Not reimbursed	Replenishment of the Imprest Account
	2C	3A	3B			
P0002	44 453	42 371	8 250	95 074	95 074	0
<b>Total</b>	<b>44 453</b>	<b>42 371</b>	<b>8 250</b>	<b>95 074</b>	<b>95 074</b>	<b>0</b>

(\*) Including by the expenditure categories, pls. see Annex №1

## 7. Cumulative expenditures

Cumulative Project expenditures include expenditures from the Project Imprest Accounts to the suppliers of goods (works and services), expenditures of the GOU counterpart financing, including exchange losses.

<b>Project Expenditures</b>	<b>In the period from 01 January 2015 to 31 December 2015</b>	<b>Cumulative from the beginning of the Project</b>
Expenditures of the ADB Load proceeds	(246 359)	(246 359)
Expenditures of the counterpart financing	(10 903)	(10 903)
Exchange rate difference	(1)	(1)
<b>Total</b>	<b>(257 263)</b>	<b>(257 263)</b>

## 8. Taxes

PIU as non-commercial organization is exempted from taxes and fees according to Tax Code of the Republic of Uzbekistan.