

Public Disclosure Authorized

Second Basic Education Development project
STATEMENT OF SOURCES AND USES OF FUNDS
IDA Grant NO. H8250-RY
31 DECEMBER 2014

Second Basic Education Development project

Sana'a – Republic of Yemen

IDA Grant NO. H8250-RY

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**AUDITOR'S REPORT TO THE MANAGEMENT
TO The Second Basic Education Development project**

Report on the financial statements:

We have audited the accompanying statement of sources and uses of funds of the Second Basic Education Development project financed by (IDA Grant NO. H8250-RY), and Yemen government share executed by Ministry of Education for the year ended 31 December 2014 and summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 entity'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 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 sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements gives a true and fair view of the financial position of the Second Basic Education Development project for the year ended 31 December 2014 in accordance with International Financial Reporting Standards

Report on Other legal and Regulatory Requirements:

In additional with respect to the statement of expenditures (SA) adequate supporting documentation has been maintained to support claims to the (IDA. and Yemen government) for the re-imbusement of expenditures incurred and these expenditures are eligible for financing under (IDA Grant NO. H8250-RY), and Yemen government share

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AUDITOR

Dr. ABDUL SALAM ALMIKHLAEI

17/Jun/2015

Sana'a



Second Basic Education Development project
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Cumulative Up to 31/12/2014	2014	Cumulative Up to 31/12/2013
<u>SOURCES OF FUNDS</u>	<u>Note</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
• IDA Grant no.(H8250- RY)	3	15,008,667	11,508,667	3,500,000
• Yemen government share	4	552,843	113,124	439,719
• Others		359	359	-
TOTAL SOURCES OF FUNDS		15,561,869	11,622,150	3,939,719
<u>USES OF FUNDS</u>				
• goods / Consultancy services / Training	5	7,355,859	6,541,235	814,624
• Civil works		1,628,443	1,628,443	
• Educational grants	6	3,377,655	1,753,228	1,624,427
• Operation Cost	7	1,145,667	955,752	189,915
• Others	8	1,648	(218,193)	219,841
TOTAL USES OF FUNDS		13,509,272	10,660,465	2,848,807
Net of cash flows			961,685	
BANK BALANCES AND CASH AT 1-1-2014			1,090,912	
BANK BALANCES AND CASH AT 31-12-2014	11	2,052,597	2,052,597	1,090,912

The attached notes (1) to (12) form part of this statement.

Chief accounts

Financial manager

Project Director



Second Basic Education Development project

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 2014

1- Summary of the Project:

- **Project Name:** Second Basic Education Development project
- **Executing Authority :** Ministry of Education
- **Total Cost :(43.100.000)SDR**
- **Date of signing the Grant agreement :** 6 December 2013

The PROJECT OBJECTIVES:

the objective of the project is to assist the recipient in improving student learning and equitable access to basic education in selected governorates and schools

The Project consists of the following parts:

- Improving the Quality of Basic Education and Enhancing Student
- Promoting Equitable Access to Quality Education
- Institutional Capacity Development
- Project Management

2- Important Accounting policies :

The most important accounting policies are represented on a fixed basis as follows:

2-1- Principles of preparing the resources and utilization statement:

The Project's management follows the cash accounting basis in recording financial transactions as per the instruction and requirements of IDA , this basis includes the acknowledgment of the finance resources during the cash receipt and acknowledgment of the expenses at the actual expenditure.

The resources and utilization are demonstrated in USD as per the requirements of financier

2-2 : Received Resources:

The finance submitted by IDA with a contribution of both donors and Yemen government at the date of receipt.

2/3 :Other Revenues :

Other revenues are proved at the date of their receipt .

2/4: Project's Expenditure:

Project's expenditures are proved at the date of payment

2/5: Fixed Assets:

The cost of fixed assets purchased are proved as expenditures at the date of payment.

2/6: Installment from the Grant :

The agency withdraws from the Grant account on behalf of the Project's execution unit as per withdrawal order from the Grant accounts which used either as direct expenditures or Grant special accounts against expenditures paid by the borrower. It is due to provide Project's coordination unit with a monthly summary of the disbursed amounts from the Grant either in the form of withdrawals or direct payment and balance statement from the Grant .

2-7- Foreign currencies :

Project's execution unit keeps accounting records in USD for all finances categories withdrawals are proved from the Grant in USD during the withdrawal from the Grant with the prevailing exchange rate of the special withdrawal units.

Expenditures identified in local currency (YR) are settled and proved in USD using the prevailing exchange rate at the time of transactions . the standing and circulating assets balances are re-evaluated with local currency at the end of the period to USD using the prevailing exchange rate on 31 Dec.2013. The evaluation variances are closed at the resources and utilization list.

Second Basic Education Development project

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

3- IDA Grant No. H8250-RY

The withdrawn from IDA Grant as at 31 dec , 2014 as follows :

NO of withdrawn Application	Date	SA USD	goods & Consultancy services & Training & civil works USD	Educational grants USD	Operation Costs USD	Total USD
<u>Component Project Implementation Unit - Ministry of Education</u>						
3	7/2/2014	-	718,839	1,202,943	87,254	2,009,036
5	13/6/2014	-	334,215	421,484	108,185	863,884
6	6/8/2014	-	372,247	-	-	372,247
7	28/8/2014	-	553,814	-	33,975	587,789
8	29/8/2014	-	139,556	-	11,382	150,938
9	16/10/2014	-	198,148	-	42,193	240,341
10	1/10/2014	-	264,046	-	18,510	282,556
11	1/10/2014	-	375,591	-	5,720	381,311
12	6/10/2014	-	1,318,907	-	11,226	1,330,133
13	10/11/2014	-	30,129	-	12,773	42,902
15	27/11/2014	-	381,724	-	42,260	423,984
16	27/11/2014	-	265,078	1,753,228	79,777	2,098,083
Total withdrawn from the Grant during 2014		-	4,952,294	3,377,655	453,255	8,783,204
TOTAL withdrawn of the Grant up to 2013		3,000,000	4,952,294	3,377,655	453,255	11,783,204
Total withdrawn from the Grant up to December 31, 2014						

Second Basic Education Development project

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>NO of withdrawn Application</u>		<u>Component of Public Works Project</u>		Total <u>USD</u>
	<u>Date</u>	<u>SA USD</u>	<u>goods & Consultancy services & Training & civil works USD</u>	<u>Educational grants USD</u>	
3	29/5/2014	-	1,722,965	-	1,732,965
4	24/11/2014	-	316,954	-	445,865
5	15/12/2014	-	488,250	-	546,633
Total withdrawn from the Grant during 2014					
		500,000	2,528,169	-	2,725,463
TOTAL withdrawn of the Grant up to 2013					
		500,000	2,528,169	-	3,225,463
Total withdrawn from the Grant up to December 31, 2014					
		3,500,000	7,480,463	3,377,655	15,008,667
Total withdrawn from the Grant up to December 31, 2014					

Second Basic Education Development project

**NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4- Yemen government share

During the year 2014, the government of the republic of Yemen contributed an amount of .
USD(552,843)

5- Goods, consultancies and training

	Cumulative Up to 31/12/2014 <u>USD</u>	2014 <u>USD</u>	Cumulative Up to 31/12/2013 <u>USD</u>
<u>Details</u>			
Component Project Implementation Unit - Ministry of Education	7,334,776	6,520,152	814,624
Component of Public Works Project	21,083	21,083	-
Total	<u>7,355,859</u>	<u>6,541,235</u>	<u>814,624</u>

6- Educational grants

	Cumulative Up to 31/12/2014 <u>USD</u>	2014 <u>USD</u>	Cumulative Up to 31/12/2013 <u>USD</u>
<u>Details</u>			
Cash transfers to selected Beneficiaries Hod -13	878,972	457,488	421,484
Cash transfers to selected Beneficiaries Lhj -13	2,498,683	1,295,740	1,202,943
Total	<u>3,377,655</u>	<u>1,753,228</u>	<u>1,624,427</u>

7- Operation costs:

	Cumulative Up to 31/12/2014 <u>USD</u>	2014 <u>USD</u>	Cumulative Up to 31/12/2013 <u>USD</u>
<u>Details</u>			
Operation costs - Project Implementation Unit	955,919	775,950	179,969
Operation costs - Component of Public Works Project	189,748	179,802	9,946
Total	<u>1,145,667</u>	<u>955,752</u>	<u>189,915</u>

8- Others :

	Cumulative Up to 31/12/2014 <u>USD</u>	2014 <u>USD</u>	Cumulative Up to 31/12/2013 <u>USD</u>
<u>Details</u>			
Staff Loan	1,648	(32,034)	33.682
advance payment made to the SEDGAP.	-	(186,159)	186.159
Total	<u>1,648</u>	<u>(218,193)</u>	<u>219.841</u>

Second Basic Education Development project

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

9- Sources and Uses of Funds As Financing Categories Funds as at 31 December 2014

	IDA Grant	Yemen Government	Others	Total
SOURCES OF FUNDS	USD	USD	USD	USD
• IDA Grant no.(H8250- RY)	15,008,667	-	-	15,008,667
• Yemen government share	-	552,843	-	552,843
• Others	-	-	359	359
TOTAL SOURCES OF FUNDS	15,008,667	552,843	359	15,561,869
USES OF FUNDS				
• goods / Consultancy services / Training	7,355,859	-	-	7,355,859
• Civil works	1,628,443	-	-	1,628,443
• Educational grants	3,377,655	-	-	3,377,655
• Operation Cost	695,058	450,250	359	1,145,667
• Others	-	1,648	-	1,648
TOTAL USES OF FUNDS	13,057,015	451,897	359	13,509,272
BANK BALANCES AND CASH AT 31-12-2014	1,951,652	100,945	-	2,052,597

Second Basic Education Development project

**NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10- sources and uses of funds component's at December 31,2014

	Component Project Implementation Unit 31/12/2014 <u>USD</u>	Component of Public Works Project 31/12/2014 <u>USD</u>	Total <u>USD</u>
<u>SOURCES OF FUNDS</u>			
• IDA Grant no.(H8250- RY)	11,783,204	3,225,463	15,008,666
• Yemen government share	552,843	-	552,843
• Others	359	-	359
<u>TOTAL SOURCES OF FUNDS</u>	<u>12,336,406</u>	<u>3,225,463</u>	<u>15,561,869</u>
<u>USES OF FUNDS</u>			
• goods / Consultancy services / Training	7,334,776	21,083	7,355,859
• Civil works	-	1,628,443	1,628,443
• Educational grants	3,377,655	-	3,377,655
• Operation Cost	955,919	189,748	1,145,667
• Others	1,648	-	1,648
<u>TOTAL USES OF FUNDS</u>	<u>11,669,998</u>	<u>1,839,274</u>	<u>13,509,272</u>
<u>BANK BALANCES AND CASH AT 31-12-2014</u>	<u>666,408</u>	<u>1,386,189</u>	<u>2,052,597</u>

Second Basic Education Development project**NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014****11- Cash Account**

<u>Details</u>	Cumulative Up to 31/12/2014 USD	2014 USD	Cumulative Up to 31/12/2013 USD
Cash Balance			
<u>Component of Public Works Project</u>			
- Special account with central Bank of Yemen	1,385,701	895,701	490,000
Petty cash	488	434	54
	<u>1,386,189</u>	<u>896,135</u>	<u>490,054</u>
<u>Component Project Implementation Unit</u>			
- Special account with central Bank of Yemen	449,579	287,634	161,945
- Current account with central Bank of Yemen (YR).	115,884	(9,708)	125,592
- Gov Current Account Y.R	100,945	(212,376)	313,321
	<u>666,408</u>	<u>65,550</u>	<u>600,858</u>
Total	<u>2,052,597</u>	<u>961,685</u>	<u>1,090,912</u>

Second Basic Education Development project

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

12- Cash flows in both special Account as at December 31, 2014

	Second Basic Education Development project		
	Circulating account of the project 01-1226-0010235 Central Bank of Yem Sana'a - Yemen USD	Current Account of the projects 001-1055-0010033 Central Bank of Yem Sana'a - Yemen YR	Public works project Circulating account of the project 01-1163-10252 Central Bank of Yem Sana'a - Yemen YR
	<u>USD</u>	<u>USD</u>	<u>USD</u>
balance as at 1 -1 2014	161,945	125,592	490,000
Total Withdrawals under the spring reports 2014	8,783,203	-	2,725,463
turned into a sub-account in local currency	(7,248,769)	7,248,769	-
Total amounts in bank accounts	1,696,379	7,374,361	3,215,463
Deducted			
Project's expenditures as at 31 Dec 2014	1,246,800	7,258,477	1,829,762
SA balance as at 31 Dec 2014	449,579	115,884	1,385,701
Petty cash- Component of Public Works Project	-	-	488
Total	<u>449,579</u>	<u>115,884</u>	<u>1,386,189</u>