

Audited Project Financial Statements

Project Number: 48346-002
Grant Number: 0514-0515
Period covered: For Year End 31 December 2018

SOL: Solar Power Development Project

Prepared by Solomon Power

For the Asian Development Bank
Date received by ADB: 14 June 2019

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 Access to Information Policy and as agreed between ADB and the Government of the Solomon Islands.

ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
PROJECT NUMBER: 48346-002

AUDITED PROJECT FINANCIAL STATEMENTS

Project Number: 48346-002

Grant Number: 0514-SOL(SF)/0515-SOL(EF)

Period Covered: For the year ended 31st December 2018

SOL: SOLAR POWER DEVELOPMENT PROJECT

**ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
GRANT NO. 0514-SOL(SF), 0515-SOL(EF)
FOR THE YEAR ENDED 31ST DECEMBER 2018**

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ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
GRANT NO. 0514-SOL(SF), 0515-SOL(EF)
FOR THE YEAR ENDED 31ST DECEMBER 2018

Report of the Implementing Agency

In my capacity as CEO of Solomon Power, I have the mandate from the Asian Development Bank and the Ministry of Finance and Treasury as the Executing Agency, to supervise and manage the funds provided for the Solar Power Development Project funded by the Asian Development Bank.

I certify that the attached Statement of Cash Receipts and Payments which has been prepared under my supervision presents a true and fair view of the cash receipts and payments of the Solar Power Development Project for the year ended 31 December 2018.

In addition, I confirm that;

- a) The project financial statements are free from material misstatements including omissions and errors, and are fairly presented
- b) Solomon Power has utilized the proceeds of the funds only for the purpose(s) of the project
- c) Solomon Power was in compliance with the financial covenants of the legal agreement(s)
- d) Adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), for reimbursement of eligible expenditures incurred and;
- e) effective internal control, including over the procurement process, was maintained.

Dated at HONIARA this 14 day of JUNE 2019.



Mr. Pradip Verma
Chief Executive Officer

Independent Auditor's Report

Report on the Statement of Cash Receipts and Payments Of the Solar Power Development Project

We have audited the accompanying financial reports of the Solar Power Development Project which comprise the Statement of Cash Receipts and Payments for the year ended 31st December 2018, and a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 6.

Responsibility for the Statement of Cash Receipts and Payments

Solomon Power, as the Implementing Agency, is responsible for the preparation and fair presentation of the Statement of Cash Receipts and Payments in accordance with the requirements of the Asian Development Bank (ADB) and the Grant Agreements 0514-SOL(SF) and 0515-SOL(EF) dated 2nd February 2017 between Solomon Islands Government and ADB, and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement of Cash Receipts and Payments 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 Statement of Cash Receipts and Payments is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Cash Receipts and Payments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement 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 Statement.

The audit also involved evaluating the project's compliance with the requirements of the Grant Agreements 0514-SOL and 0515 - SOL between Solomon Islands Government and the Asian Development Bank.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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:

- (a) the Statement of Cash Receipts and Payments for the year ended 31st December 2018, presents, in all material respects, accurately the grants received and payments incurred for the Solar Power Development Project in conformity with the accounting policies specified in note 1 to the accounts;
- (b) payments made by Solomon Power in respect of the Project, have, in all material respects, been used in accordance with the conditions of the financing agreement, and only for the purposes for which they were provided and adequate documentation exists to support the payments incurred as detailed in the Statement of Cash Receipts and Payments.

MORRIS & SOJNOCKI
Chartered Accountants

BY Gregory J. Sojnocki
PARTNER

Date: 14 June 2019
Honiara

**ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
GRANT NO. 0514-SOL(SF), 0515-SOL(EF)
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018**

	Notes	2018 USD	2017 USD	Accumulated Amounts USD
RECEIPTS				
External Assistance - Multilateral Agencies				
ADB Grant	3	-	65,297	65,297
Other Grants and Aid				
Solomon Islands Government	4	289,837	95,353	385,190
TOTAL RECEIPTS		289,837	160,650	450,487
PAYMENTS				
Civil Works	6	65,906	-	65,906
Consulting Services	5	-	65,297	65,297
Consulting Services	6	3,516	3,458	6,974
Legal Services	6	-	1,216	1,216
Other Costs	6	162,928	13,124	176,052
Survey & Topography Services	6	48,509	63,533	112,042
Travelling, Accommodation, Per diems	6	8,978	14,022	23,000
TOTAL PAYMENTS		289,837	160,650	450,487
BALANCE OF FUNDS AT END OF YEAR		-	-	-

The statement is to be read in conjunction with Notes to and forming part of the Statement of Cash Receipts and Payments on page 4 to 5.



Pradip Verma
Chief Executive Officer



Jose Poothokaren
Chief Financial Officer

ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
GRANT NO.0514-SOL(SF), 0515-SOL(EF)
NOTES TO STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

Notes to and forming part of the Statement of Cash Receipts and Payments

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The special purpose Financial Statements had been prepared in accordance with International Public Sector Accounting Standards Finance Reporting under the Cash Basis of Accounting (Cash Basis IPSAS), except as modified below in relation to External Assistance from Multilateral Agencies.

The accounting policies have been applied throughout the period.

b) Reporting Entity

The Special purpose Financial Statements are for the Solar Power Development Project as supervised by the Ministry of Finance in the Solomon Islands. The project commenced on 2nd February 2017, with the signing of the project agreement between Solomon Power and the Asian Development Bank.

The Financial Statements cover the year commencing 1st January 2018 to 31st December 2018. The comparative figures are for the period 2nd February 2017 to 31 December 2017.

c) Reporting Currencies

The amounts are stated in United States dollars as this is the currency used for the grants and all project reports. Foreign currency equivalents are converted at the rate applicable at the date of transaction

d) External Assistance from Multilateral Agencies

ADB Grant receipts in the statement of cash receipts and payments includes amounts received during the current reporting period along with amounts expected to be reimbursed to Solomon Power by the ABD in a subsequent reporting period that relates to specific amounts spent during the current period from Solomon Power internal funds.

e) Budget vs Actuals

The project has a multi-year financing plan, as opposed to annual budgets that place limits on the spending in one year. Below are the information in regards to actuals versus budget for the reporting period.

ADB Funding						
Items	Budget			Actual Costs		
	ADF Grant	SCF Grant	Total	2018	2017	Accumulated
A. Investment Costs						
Civil Works	1,100,000	5,400,000	6,500,000	-	-	-
Consulting Services	800,000	-	800,000	-	65,297	65,297
Land Acquisition and Site Preparation	-	-	-	-	-	-
B. Contingencies	340,000	800,000	1,140,000	-	-	-
Total	2,240,000	6,200,000	8,440,000	-	65,297	65,297

SI Government Funding						
Items	Budget			Actual Cost		
	Base Cost	Taxes & Duties	Total	2018	2017	Accumulated
A. Investment Costs						
Civil Works	3,800,000	1,100,000	4,900,000	65,906	-	65,906
Consulting Services	-	100,000	100,000	-	-	-
Land Acquisition	600,000	100,000	700,000	171,906	28,362	200,268
B. Contingencies	1,060,000	-	1,060,000	-	-	-
Total	5,460,000	1,300,000	6,760,000	237,812	28,362	266,174

e) ADB Disbursement

For the year ended 31st December 2018, no disbursement was made for grant numbers 0514-SOL(SF) and 0515-SOL(EF).

ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
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NOTES TO STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

Notes to and forming part of the Statement of Cash Receipts and Payments - Con't

2. CASH

There is no separate Bank Account for the project. Grants received are deposited into Solomon Power Bank account.

3 EXTERNAL ASSISTANCE - GRANT RECEIVED

Reimbursements received from ADB represents the following:

	2018	2017	Accumulated Funds
	USD	USD	USD
ADB Grant - 0514-SOL			
- payments made direct to contractors	-	39,380	39,380
- reimbursement amounts paid to Solomon Power	25,917	-	25,917
	<u>25,917</u>	<u>39,380</u>	<u>65,297</u>
- less amounts taken up in prior period	(25,917)	-	(25,917)
- plus payments made by Solomon Power to be reimbursed by ADB in subsequent period	-	25,917	25,917
ADB Grant - 0515-SOL	-	-	-
Total ADB Grants	<u>-</u>	<u>65,297</u>	<u>65,297</u>

4. OTHER GRANT AND AIDS

Funds provided by Solomon Power as contribution towards to the Project represents the following:

	2018	2017	Accumulated Funds
	USD	USD	USD
Government Counterparty Funds	289,837	95,353	385,190
	<u>289,837</u>	<u>95,353</u>	<u>385,190</u>

5. EXTERNAL ASSISTANCE - PAYMENT BY THIRD PARTIES

Payments represent costs paid by Solomon Power to the following:

	2018	2017	Accumulated Costs
	USD	USD	USD
Consulting Services - Mr. Vivek Mishra	-	65,297	65,297
	<u>-</u>	<u>65,297</u>	<u>65,297</u>

6. OTHER PAYMENTS - SOLOMON ISLANDS GOVERNMENT

Payments represent costs paid by Solomon Power as contribution towards to the project:

	2018	2017	Accumulated Costs
	USD	USD	USD
Civil Works - Jogo's Construction & Maintenance	65,906	-	65,906
Consulting Services - Anthony Woods	1,823	-	
Consulting Services - W. L Consultancy Services	1,693	-	
Consulting Services - Alfred Warau	-	3,458	
Total consulting services	<u>3,516</u>	<u>3,458</u>	6,974
Legal Services - Sol Law	-	1,216	1,216
Other Costs	162,928	13,124	176,052
Survey & Topography Services - Mosese Surveyors	-	9,316	
Survey & Topography Services - Astro Surveyor & Engineerin	2,097	5,289	
Survey & Topography Services - Wantok Appraisers	1,448	362	
Survey & Topography Services - Lashee	1,522	12,568	
Survey & Topography Services - Leslie Volelia	-	1,722	
Explosive Ordinances Services - SIEO Tech	43,442	34,276	
Total Survey & Topography Services	<u>48,509</u>	<u>63,533</u>	112,042
Travelling, Accommodation, Per diems	8,978	14,022	23,000
	<u>289,837</u>	<u>95,353</u>	<u>385,190</u>

ASIAN DEVELOPMENT BANK
SOLAR POWER DEVELOPMENT PROJECT
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NOTES TO STATEMENT CASH RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018

7. RECONCILIATION SUMMARY

Below is a reconciliation summary showing details of withdrawal applications that has been drawn down in relation to the Solar Power Development Project.

Withdrawal Application Nos. {WA}	Grant No.	Disbursement Method (Reimbursement, Direct Payment, etc.)	Per APFS (amount reported in the project FS as reimbursement, direct payments, etc.)				Per GFIS (actual paid)		Difference (a-b)	Reason for difference (i.e. timing, forex, pending, rejected)
			Date	In local currency	Exchange Rate	USD Equivalent (a)	Value Date	In USD (b)		
00008	0514-SOL	Reimbursement	23-Aug-17	156,994	0.1261	19,797	21-Sep-18	19,797		
00006	0514-SOL	Reimbursement	08-Nov-17	48,038	0.1274	6,120	05-Jun-18	6,120		
00002	0514-SOL	Reimbursement	13 Jul 2017 & 4 Oct 2017	315,554	0.1248	39,380	20-Dec-17	39,380		
TOTAL				520,587		65,297		65,297		