Project Management Unit (PMU)- Road Maintenance Project

STATEMENT OF SOURCES AND USES OF FUNDS
(IDA Grant no: H-826-RY)
31 DECEMBER 2014
**INDEX**

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<td>5-8</td>
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AUDITORS, REPORT TO THE MANAGEMENT
OF THE Project Management Unit (PMU)- Road Maintenance Project

Report on the financial statements:

We have audited the accompanying statement of sources and uses of funds of the Project Management Unit (PMU)- Road Maintenance Project (financed under the international Development Association (IDA) Grant no. ( H-826-RY) 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 Project Management Unit (PMU) - Road Maintenance 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) for the re-imbursement of expenditures incurred and these expenditures are eligible for financing under (IDA Grant no. ( H-826-RY)

HASIBEEN Co.
AUDITOR
Dr. ABDUL SALAM ALMIKHLAFI
20/Apr/2015
Sanaa
Road Assets Management project

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

<table>
<thead>
<tr>
<th>SOURCES OF FUNDS</th>
<th>Note</th>
<th>Cumulative Up to 31/12/2014</th>
<th>Cumulative Up to 31/12/2013</th>
<th>USES OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• International Development Association (IDA) grant -No ( I-826-RY)</td>
<td>3</td>
<td>3,828,159</td>
<td>3,328,159</td>
<td>500,000</td>
</tr>
<tr>
<td>TOTAL SOURCES OF FUNDS</td>
<td></td>
<td>3,828,159</td>
<td>3,328,159</td>
<td>500,000</td>
</tr>
<tr>
<td>USES OF FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Civil works</td>
<td>4</td>
<td>3,228,655</td>
<td>3,228,655</td>
<td>-</td>
</tr>
<tr>
<td>• Consultant services</td>
<td>5</td>
<td>452,719</td>
<td>452,719</td>
<td>-</td>
</tr>
<tr>
<td>• Training</td>
<td>6</td>
<td>109,446</td>
<td>109,446</td>
<td>-</td>
</tr>
<tr>
<td>• Operating cost</td>
<td>7</td>
<td>30,703</td>
<td>30,703</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL USES OF FUNDS</td>
<td></td>
<td>3,821,523</td>
<td>3,821,523</td>
<td>-</td>
</tr>
<tr>
<td>Net of cash flows</td>
<td></td>
<td>-</td>
<td>(493,364)</td>
<td>-</td>
</tr>
<tr>
<td>BANK BALANCES AND CASH AT 1-1-2014</td>
<td></td>
<td>-</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>BANK BALANCES AND CASH AT 31-12-2014</td>
<td>8</td>
<td>6,636</td>
<td>6,636</td>
<td>500,000</td>
</tr>
</tbody>
</table>

The attached notes (1) to (9) form part of this statement.

Financial Manager
Nabeel Alsawady

Project Director
Nabeela Alsery
1- Brief summary about the project:

On the 27 February 2013 the Grant agreement no. (H – 826 RY) was concluded between IDA and the Government of the Republic of Yemen to fund the Road Assets Management project. According to the Agreement IDA extends twenty six million special withdrawal units equivalent to USD 40,000,000:

<table>
<thead>
<tr>
<th>Details</th>
<th>Special withdrawal units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Civil works, Consultant services, Training</td>
<td>25,885,000</td>
</tr>
<tr>
<td>Operating cost</td>
<td>215,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>26,100,000</strong></td>
</tr>
</tbody>
</table>

2- Important Accounting Policies:

The most Important Accounting Policies are represented on a fixed basis as follows:

2-1 **Principles of preparing the Statement of sources and uses of funds:**

The project’s management follows the cash accounting basis in recording financial transactions as per the instructions and requirements of IDA. This basis includes the acknowledgment of the finance source during the cash receipt and acknowledgment of the expenses at the actual expenditure.

The Statement of sources and uses of funds are demonstrated in USD as per the requirements of the financier.

2-2 **received sources:**

The finance submitted by IDA at the date of receipt.

2-3 **other Revenues:**

Other Revenues are proved at the date of their receipt.

2-4 **The project’s Expenditure.**

The project’s Expenditure are proved at the date of payment.

2-5 **foreign currency transactions:**

The project records its transactions in US dollar. Transaction in non-USD currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in non-USD currencies at the year-end are retranslated at the year-end market rate. Exchange differences thus arising are reported in the statement of source and uses of funds.
Road Assets Management project

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

3- IDA Grant NO. H543

The withdrawn from IDA Grant at 31Dec. 2014 as follows:

3/1- DIRECT PAYMENTS FROM GRANT:

<table>
<thead>
<tr>
<th>Application NO</th>
<th>Date</th>
<th>Consultant, Training USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>22/9/2014</td>
<td>836,383.38</td>
<td>836,383.38</td>
</tr>
<tr>
<td>5</td>
<td>17/11/2014</td>
<td>554,987.00</td>
<td>554,987.00</td>
</tr>
<tr>
<td>6</td>
<td>20/11/2014</td>
<td>570,452.91</td>
<td>570,452.91</td>
</tr>
<tr>
<td>7</td>
<td>29/12/2014</td>
<td>825,000.00</td>
<td>825,000.00</td>
</tr>
<tr>
<td>TOTAL 2014</td>
<td></td>
<td>-</td>
<td>2,786,823.29</td>
</tr>
<tr>
<td>Cumulative up to 2013</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Cumulative up to 2014</td>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

3/2- AMOUNTS CARRIED OUT FROM GRANT TO SPECIAL ACCOUNT:

<table>
<thead>
<tr>
<th>Application NO</th>
<th>Date</th>
<th>Consultant, Training USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2014/5/19</td>
<td>119,075.48</td>
<td>119,075.48</td>
</tr>
<tr>
<td>4</td>
<td>2014/9/17</td>
<td>250,793.92</td>
<td>250,793.92</td>
</tr>
<tr>
<td>8</td>
<td>2014/12/2</td>
<td>171,466.05</td>
<td>171,466.05</td>
</tr>
<tr>
<td>TOTAL 2014</td>
<td></td>
<td>-</td>
<td>541,335.45</td>
</tr>
<tr>
<td>Cumulative up to 2013</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Cumulative up to 2014</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>500,000.00</td>
<td>3,328,158.74</td>
</tr>
<tr>
<td></td>
<td></td>
<td>541,335.45</td>
<td>3,828,158.74</td>
</tr>
</tbody>
</table>
### 4- Civil works

<table>
<thead>
<tr>
<th>Details</th>
<th>Cumulative Up to 31/12/2014</th>
<th>2014</th>
<th>Cumulative Up to 31/12/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road maintenance Ahodida –Muliki co.</td>
<td>570,452.91</td>
<td>570,452.91</td>
<td>-</td>
</tr>
<tr>
<td>Road maintenance Ahodida – Red Sea co.</td>
<td>554,987.13</td>
<td>554,987.13</td>
<td>-</td>
</tr>
<tr>
<td>Road maintenance in Taiz</td>
<td>825,000.00</td>
<td>825,000.00</td>
<td>-</td>
</tr>
<tr>
<td>Road maintenance in Lahj</td>
<td>1,018,669.48</td>
<td>1,018,669.48</td>
<td>-</td>
</tr>
<tr>
<td>Set up two fixed stations for central weight</td>
<td>259,545.40</td>
<td>259,545.40</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,228,654.92</strong></td>
<td></td>
<td><strong>3,228,654.92</strong></td>
</tr>
</tbody>
</table>

### 5- Consultant services

<table>
<thead>
<tr>
<th>Details</th>
<th>Cumulative Up to 31/12/2014</th>
<th>2014</th>
<th>Cumulative Up to 31/12/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting Company Limited Fuentes Solishn India</td>
<td>396,920.38</td>
<td>396,920.38</td>
<td>-</td>
</tr>
<tr>
<td>Accounting system maintenance</td>
<td>1,750.00</td>
<td>1,750.00</td>
<td>-</td>
</tr>
<tr>
<td>Audit fees</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>-</td>
</tr>
<tr>
<td>Contract field work by photography Taiz Aden</td>
<td>4,062.00</td>
<td>4,062.00</td>
<td>-</td>
</tr>
<tr>
<td>Foreign Consultant services</td>
<td>12,102.83</td>
<td>12,102.83</td>
<td>-</td>
</tr>
<tr>
<td>Local Consultant services</td>
<td>32,884.00</td>
<td>32,884.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>452,719.21</strong></td>
<td></td>
<td><strong>452,719.21</strong></td>
</tr>
</tbody>
</table>

### 6- Training

<table>
<thead>
<tr>
<th>Details</th>
<th>Cumulative Up to 31/12/2014</th>
<th>2014</th>
<th>Cumulative Up to 31/12/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training course in the area of procurement America</td>
<td>75,775.00</td>
<td>75,775.00</td>
<td>-</td>
</tr>
<tr>
<td>Traffic Safety Conference Abu Dhabi</td>
<td>4,500.00</td>
<td>4,500.00</td>
<td>-</td>
</tr>
<tr>
<td>Training on road maintenance</td>
<td>29,171.00</td>
<td>29,171.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>109,446.00</strong></td>
<td></td>
<td><strong>109,446.00</strong></td>
</tr>
</tbody>
</table>

### 7- Operating cost

<table>
<thead>
<tr>
<th>Details</th>
<th>Cumulative Up to 31/12/2014</th>
<th>2014</th>
<th>Cumulative Up to 31/12/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas travel allowance</td>
<td>24,560.00</td>
<td>24,560.00</td>
<td>-</td>
</tr>
<tr>
<td>Air tickets</td>
<td>6,143.24</td>
<td>6,143.24</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>30,703.24</strong></td>
<td></td>
<td><strong>30,703.24</strong></td>
</tr>
</tbody>
</table>
Road Assets Management project
NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

8 - BANK BALANCES AND CASH:

<table>
<thead>
<tr>
<th>Details</th>
<th>Cumulative Up to 31/12/2014</th>
<th>2014</th>
<th>Cumulative Up to 31/12/2013</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance with banks:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Special account with central Bank of Yemen</td>
<td>5,536</td>
<td>(494,464)</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>1,100</td>
<td>1,100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,636</td>
<td>(493,364)</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9 - SPECIAL ACCOUNT STATEMENT

Account No: 1124-0010235
Depository Bank: Central Bank of Yemen
Address: Sana'a. Republic of Yemen
Grant No: H-826
Currency: USD

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replenishment of designated account</td>
<td>541,336</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>1,041,336</td>
<td>500,000</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments from the designated Account</td>
<td>1,034,700</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 31 December</td>
<td>6,636</td>
<td>500,000</td>
</tr>
</tbody>
</table>