



REPORT NO : FIN -2013-32

27 AUGUST 2013

Auditor General's Report

SCALING-UP RENEWABLE ENERGY PROJECT

MINISTRY OF ENVIRONMENT AND ENERGY

FINANCIAL YEAR 2012



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AUDITOR GENERAL'S OFFICE

Malé, Republic of Maldives

AUDITOR GENERAL'S REPORT TO THE MINISTRY OF ENVIRONMENT AND ENERGY ON THE SCALING-UP RENEWABLE ENERGY PROJECT

We have audited the accompanying financial statements, including the statement of financial position for the 10 months ended 31st October 2012, the statement of income and expenditure and receipt and payments for the 10 months ended 31st October 2012, and the accompanying notes to the financial statements, as set out on pages 8 to 10 of the Scaling Up Renewable Energy financed under World Bank / International Development Association (IDA) Grant No TF099659 as of June 7th, 2011 for the year then ended.

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 controls 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.

Auditors Responsibilities

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 auditors' judgement, 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 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 unqualified audit opinion.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of the 10 months ended 31 October 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In addition, we can provide assurance that:

- (a) The fund provided under the Grant have been utilized for the purposes for which they were provided;
- (b) The financial statements of the Special Account give a true and fair view of the financial position of the Special Account of Scaling Up Renewable Energy as of June 7th 2011 for the year then ended in accordance with International Financial Reporting Standards
- (c) The Financial Monitoring Reports submitted could be fairly relied upon to support the applications for withdrawals in accordance with the requirement specified in the Grant Agreement; and adequate supporting documentation has been maintained to support claims to the IDA, for reimbursement of expenditures incurred and which expenditures are eligible for financing under the Grant Agreement.

Project progress

The main objective of SREP was to create an Investment Plan (IP) which was achieved at the completion of the project. SREP was completed during the month of October 2012 and the balance of funds provided for SREP which amounted to USD 21,745 (twenty one thousand seven hundred and forty five) was transferred to World Bank on 22 October 2012.

27th August 2013


Niyaz Ibrahim
Auditor General





SCALING-UP RENEWABLE ENERGY PROJECT FINANCIAL STATEMENT 2012

MINISTRY OF ENVIRONMENT AND ENERGY

**MINISTRY OF ENVIRONMENT AND ENERGY
SCALING-UP RENEWABLE ENERGY PROGRAM**

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the 10 months ended 31st October 2012

	Note	2012 USD	2011 USD
Grant Receipts			
Funds received -IDA	2	70,150	100,000
<u>Less: Disbursements</u>			
Maldives Clean Energy investment Plan Development		(74,709)	(69,856)
Project Management	3	(3,546)	(294)
Transfer of bank balance	4	(21,745)	-
Surplus / (Deficit) for the period		<u>(29,850)</u>	<u>29,850</u>

The accounting policies and notes on pages 8 through 10 form an integral part of the financial statements.

27th August 2013

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**MINISTRY OF ENVIRONMENT AND ENERGY
SCALING-UP RENEWABLE ENERGY PROGRAM**

STATEMENT OF FINANCIAL POSITION

As at 31st October 2012

	Note	2012 USD	2011 USD
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	-	29,850
Total Assets		<u>-</u>	<u>29,850</u>
Equity and Liabilities			
Accumulated Funds	6	-	29,850
Total equity and liabilities		<u>-</u>	<u>29,850</u>

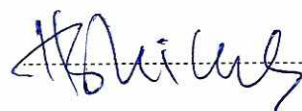
Management of the Project is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Project:

Name of officer

Signature

1. Hussain Shihab
Financial Management officer



The accounting policies and notes on pages 8 through 10 form an integral part of the financial statements.

27th August 2013

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**MINISTRY OF ENVIRONMENT AND ENERGY
SCALING-UP RENEWABLE ENERGY PROGRAM**

STATEMENT OF CASHFLOWS

For the 10 months ended 31st October 2012

	2012 USD	2011 USD
Operating cash flows		
Disbursements	70,150	100,000
Less: Funds received - IDA		
Maldives clean energy investment plan development	(29,938)	(69,856)
Modeler for Island Power system	(16,284)	0
Male; Thermal Power system	(15,593)	0
Grid Stability Expert	(12,894)	0
Operating Expenses	(3,546)	0
IT Equipment for PMU	0	(294)
Transfer of bank balance	(21,745)	
	(100,000)	(70,150)
Cash and Cash Equivalents as at 1st January	29,850	0
Cash and Cash Equivalents as at 31st December	0	29,850

The accounting policies and notes on pages 8 through 10 form an integral part of the financial statements.

27th August 2013

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MINISTRY OF ENVIRONMENT AND ENERGY
SCALING-UP RENEWABLE ENERGY PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the 10 months ended 31st October 2012

Project Information

The main objective of Maldives SREP IP is to transform the electricity sector and to develop renewable energies on a large scale. The underlying principles guiding the Maldives SREP IP are in line with the 2010 National Energy Policy and Strategy, centred on the following strategic objectives:

- Create an enabling environment for the growth of a reliable and sustainable energy sector and meet the constitutional obligation of the Government in the provision of electricity to every inhabited island at reasonable standards commensurate to the island.
- Reduce over reliance of the energy sector and the national economy on fossil fuels through the diversification of energy supplies.
- Improve energy efficiency and conservation of energy use.
- Encourage the adoption of low-carbon technologies in production, distribution and energy consumption through promotion of a healthy lifestyle.
- Exploit local energy resources and renewable technologies.
- Engage private sector participation in the development of the energy sector, energy services and quality assurance mechanisms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the IFRS. No adjustments are made inflationary factors affecting these accounts.

1.2 Cash and cash equivalents

Cash flow statement is prepared on indirect method. For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents defined above.

1.3 Revenue recognition

Revenue is accounted for on a cash basis. Revenue is recognised to the extent of amount drawn by the SREP from the disbursement approved and any contributions made by the SREP, on a cash basis.



1.4 Expenditure recognition

Expenses are accounted for on a cash basis. Expenses are recognised in the income and expenditure statement on the basis of a direct association between the cost incurred and the specific project activity.

	2012 USD	2011 USD
2. DISBURSEMENTS		
World Bank	70,150	100,000
	70,150	100,000
3. PROJECT MANAGEMENT		
Hire of hall for training purpose	(2,710)	-
Catering and refreshment services	(836)	-
IT Equipment's for PMU	-	(294)
	(3,546)	(294)
4. TRANSFER OF BANK BALANCE		
At the completion of the project, the bank balance of USD 21,745 was returned to World Bank.		
5. CASH AND CASH EQUIVALENTS		
Cash at Bank at 1 st January	29,850	-
Disbursements from World Bank	70,150	100,000
Expenditure	(78,255)	(70,150)
Bank balance	21,745	29,850
Transfer of balance to World Bank	(21,745)	-
Cash at Bank at period end	-	29,850



8. AUDIT FEE

The audit was conducted by the Auditor General Office and no fee was charged for the audit.

9. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

There are no material events occurring after the balance sheet date that require adjustment to or disclosure in the financial statements.

