



**Timor-Leste Second Chance Education Project  
Grant number H633-TP**

**Year Ended 31 December 2014**

Timor-Leste Second Chance Education Project Grant number H633-TP

Year Ended 31 December 2014

**Trust Fund Information**

**Funding Body and Trustee:** International Development Association acting as Trustee for the Trust Fund of East Timor

**Recipient:** Ministry of Finance  
(Democratic Republic of Timor-Leste)

**Grant number:** IDA H633-TP

**Bankers:** Caixa Geral de Depositos (BNU Timor)

**Auditors:** Deloitte Unipessoal Lda

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**Management's Assertion Statement**

The Project Management of the All Timor-Leste Second Chance Education Project hereby states that the Project Management has complied with the obligations imposed by the Grant Agreement IDA H633-TP dated 18 February 2011 and its subsequent amendments.

The financial statements set out on pages 4 to 5 were approved by the Director General Corporate Services on behalf of the Ministry of Finance:

Director General Corporate Services signature:



Date

- 8 SEP 2015

## **Independent Auditor's Report to the Management of the Timor-Leste Second Chance Education Project and the Timor-Leste Minister of Finance**

We have audited the accompanying statement of grant monies received and expended of the Timor-Leste Second Chance Education Project for the year ended 31 December 2014, a summary of significant accounting policies and other explanatory information and management's assertion statement (together "the Financial Statements") as set out in pages 4 to 5. The Financial Statements have been prepared in accordance with the Grant Agreement IDA H633-TP dated 18 February 2011 (the "Grant Agreement").

### *Management's Responsibility for the financial statements*

Management of the program is responsible for compliance with the requirements of the Grant Agreement and for the preparation and fair presentation of the Financial Statements and have determined that the accounting policies described in Note 1, are appropriate to meet the financial reporting requirements of the Grant Agreement and the needs of the Timor-Leste Minister of Finance ("the Minister"). Management's responsibility also includes such internal control as management determine is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant 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 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 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, if any, made by the 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 presents fairly, in all material respects, the grant monies received and expended of the Timor-Leste Second Chance Education Project for the year ended 31 December 2014 in accordance with the accounting policies described in Note 1 to the Financial Statements.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the Financial Statements, which describe the basis of accounting. The Financial Statements have been prepared to assist Timor-Leste Second Chance Education Project to meet the financial reporting requirements of the Grant Agreement. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for the management of the program, the Minister and the World Bank and should not be distributed to or used by parties other than the management of the program, the Minister and the World Bank.



DELOITTE  
Chartered Accountants  
Dili, 8 September 2015

**Timor-Leste Second Chance Education Project Grant number H633-TP**

**Statement of Cash Receipts and Cash Payments**

**For the year ended 31 December 2014**

	Note	Year Ended 31 Dec 2014 US\$	Year Ended 31 Dec 2013 US\$
<b>RECEIPTS</b>			
<b>Grants &amp; Contributions</b>			
International Development Association	1	642,074	552,034
Government Contribution	1	29,978	-
<b>Other receipts</b>			
Bank interest	1	283	248
<b>Total receipts</b>		<b>672,335</b>	<b>552,282</b>
<b>PAYMENTS</b>			
Goods	1	-	-
Consulting Services	1	490,339	348,309
Incremental Operating Costs	1	21,983	11,618
Training & Workshops	1	52,440	60,117
Teachers & Field Coordinators	1	137,162	53,760
<b>Total payments</b>		<b>701,924</b>	<b>473,804</b>
<b>(Decrease) / Increase in cash</b>		<b>(29,589)</b>	<b>78,479</b>
Cash at the beginning of the year		167,564	89,085
<b>Cash at the end of the year</b>	<b>2</b>	<b>137,975</b>	<b>167,564</b>

**Timor-Leste Second Chance Education Project Grant number H633-TP**

**Year ended 31 December 2014**

**Notes to the Financial Statements**

**1. Accounting Policies**

**Basis of preparation**

The Timor-Leste Second Chance Education Project's (the 'Project') policy is to prepare its financial statements on a cash basis. On this basis revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred. The accounting policies have been applied consistently throughout the period.

**The Reporting entity**

The objectives of the Project are:

- To increase the number of out of school youths and adults who complete recognized equivalency programs
- To decrease the number of leavers from each program and level, increasing internal efficiency of the program

The Grant Agreement was signed on 18 February 2011, however the Project did not become active until October 2011. The agreement was subsequently amended on 17 December 2012. In terms of the agreement the project will cease on 31 December 2015 and any unspent amounts will be transferred back to the World Bank.

**Reporting currency**

The reporting currency is United States Dollars (US\$).

**Foreign currencies**

Transactions involving foreign currencies have been recorded in United States dollars using the rates of exchange ruling on the date of transactions.

**Receipts**

The project's main source of income that comes from the World Bank donor proceeds. This fund is kept by the World Bank in the Head Office in Washington and disbursed periodically based on the Grant Agreement and the Project Appraisal Document. The World Bank does not replenish any expenditure unless it appears on the bank statement and is eligible as per the Grant Agreement. All eligible expenditure is funded by the World Bank.

In terms of the agreement amended on 17 December 2012 the Government of Timor-Leste contributes towards the salaries for Contract Teachers, Teacher Trainers and Field Coordinators as follows:

- 25% of eligible expenditure incurred in 2014
- 50% of eligible expenditure incurred in 2015

**Bank Interest**

Comprises of bank interest earned on the operating bank account.

**Payments**

Payments related to eligible expenditure incurred to deliver the project as defined by the Grant Agreement.

**2. Cash**

Cash comprises cash at bank. Cash at bank consist of balances within the Project's bank account and are controlled by the Project.