

AUDITED PROJECT FINANCIAL STATEMENTS

Project № 1100001455

Loan/Grant: Loan No. I-836-MN
 Grant No. FSS-1-MN

Period covered: 1st January 2017 – 31st December 2017

Project For Market And Pasture Management Development

Prepared by Mongolian National Audit Office

Received on 30th June 2018

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Date 2018.06.29

Ref. 06/1491

TO BATKHUU.I, DIRECTOR OF
FINANCING FOR DEVELOPMENT
DIVISION OF MINISTRY OF FINANCE
AND CHAIRMAN OF STEERING
COMMITTEE OF MARKET AND
PASTURE MANAGEMENT
DEVELOPMENT PROJECT

Audit certificate

Mongolian National Audit Office has conducted an audit on the financial statements including Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended December 31, 2017 and accompanying disclosures of Market and Pasture Management Development project in accordance with the State Audit Law article 15.1 and the Budget Law article 8.9.1.

Unqualified opinion

In our opinion, Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows of Market and Pasture Management Development project's as of and for the year ended December 31, 2017 are presented true and fairly, in all material respects, in accordance with the policy, methodologies and guidelines approved by the Minister of Finance in accordance with the Accounting Law and the International Public Sector Accounting Standards.

Basis for opinion

We performed an audit in accordance with the International Standards on Auditing and the financial statements audit procedures approved by the Auditor General of Mongolia in conformity with International Standards on Auditing. Those standards and procedures 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.

We have audited financial statements of Market and Pasture Management Development project balance, transaction amounts and disclosure notes, accounting policy of the Company, bookkeeping, software, internal control system and related evidence based on test review; as well as we assessed significant estimations by the management and assessed 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.

Responsibilities

Market and Pasture Management Development project's management is responsible for the preparation and fair presentation of these financial statements in accordance with the State Budget Law article 26.1, in compliance with International Public Sector Accounting Standards.

Mongolian National Audit Office's responsibility is to express an independent opinion on these financial statements as to whether they are prepared true and fairly in compliance with related laws and International Public Sector Accounting Standards and in accordance with guidelines and regulations approved by the Minister of Finance.

DIRECTOR OF FINANCIAL AUDIT DEPARTMENT,
PRINCIPAL AUDITOR



TS. NARANCHIMEG



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TO BATKHUU.I, DIRECTOR OF
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DEVELOPMENT PROJECT

Date 2018.06.29

Ref. 06/1489

Statement of Expenditure

The audit was performed on the expenditure statement of Market and Pasture Management Development project implemented with the funding grant and loan of the International Fund for Agricultural Development /IFAD/, Global Environment Facility /GEF/, which is ended December 31, 2017

The project has disbursed USD 1,408,353.3 operating activities including with USD 216,615.7 from the grant capital, USD 1,191,737.6 loan respectively.

1. Grant from the IFAD, disbursed for under the category-2 purchased cars and equipment USD 61,553.8, category-3a procurement of goods and materials 47,815.7 USD, under the category-3b economic development expenditure USD 107,161.7, under the category-6 operational cost USD 84.5 respectively.

2. Loan from the IFAD, disbursed for under the category-1 construction work 52,781.3 USD, under the category-2 purchased cars and equipment 436,662.0 USD, under the category-3b economic development expenditure 112,462.6 USD, under the category-4 group establishment and funding for project 63,844.2 USD, under the category-5c loan 354,520.4 USD, under the category-6 operational cost 171,467.1 USD respectively.

The project annual work plan of budget was approved by the Ministry of Finance in consultation with IFAD, based on the approved annual budget, budget for every quarters approved the Ministry of Finance, in accordance with Regulation #196 by the Ministry of Finance, and monthly report on disbursement is submitted to the Ministry as an internal monitoring

DIRECTOR OF FINANCIAL AUDIT DEPARTMENT,
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TO BATKHUU.I, DIRECTOR OF
FINANCING FOR DEVELOPMENT
DIVISION OF MINISTRY OF FINANCE
AND CHAIRMAN OF STEERING
COMMITTEE OF MARKET AND
PASTURE MANAGEMENT
DEVELOPMENT PROJECT

Financial Statement Summary

Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows of Market and Pasture Management Development project as of and for the year ended December 31, 2017 are presented true and fairly, in all material respects, in accordance with the policy, methodologies and guidelines approved by the Minister of Finance in accordance with the Accounting Law and the International Financial Reporting Standards.

Market and Pasture Management Development project total 6,120.6 million MNT of budget was approved including with 5,407.6 million MNT from the loan capital of IFAD, 713.0 million MNT from the grant capital. Credited in 5,012.2 million MNT from the loan account, 500.6 million MNT from the grant account, 178.2 million MNT from VAT exemption totally 5,691.0 million MNT were disbursed and the budget performance was 92.9 percent in 2017.

DIRECTOR OF FINANCIAL AUDIT DEPARTMENT,
PRINCIPAL AUDITOR  TS.NARANCHIMEG



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DEVELOPMENT PROJECT

Special Account Expenditure

We have audited the income and expenditure transactions, ended as of 31 December, 2017, of the special accounts of USD in the [REDACTED] Bank, such as loan account [REDACTED], the grant account [REDACTED] of the Market and Pasture Management Development project, funded by loan from the IFAD and the grant from the GEF.

Our duty is to express our opinions on these accounts based on the audit evidences.

The income and expenditure transactions of the special account in 2017 at the market and pasture development project have done in accordance with the International Accounting Standard of the Public Sector and the guideline of the funding resources and expenditure of the IFAD.

Disbursed amount of USD 2,682,032.73 for the project operating activities and some procurements the materials forming and claimed to IFAD and financed USD 1,554,077.63. This is due to completion of the project, a deduction of working capital provided to project at the beginning.

Closing value of balance, the loan account [REDACTED] was USD 553,464.14 and the grant account [REDACTED] was USD 20,509.12 and in order to separate interest income, an account [REDACTED] opened and balance USD 2,308.32 respectively.

In accordance with the decision of the Ministry of Finance, 109.4 million MNT of exchange rate loss presented in the financial statement as of 31 December 2017, created by closing rate of Mongol bank.

Either the State Secretary of Ministry of Finance or Director of financing for Development division and Director of Debt management division can sign the first signature on [REDACTED] Bank USD loan account [REDACTED] grant account [REDACTED] while the second signature on above mentioned accounts can be authenticated and signed by the Director of PMU and Director of PMU can sign the first signature on tugrik loan account [REDACTED] tugrik grant account [REDACTED] while the second signature on above mentioned accounts can be authenticated and signed by the accountant of PMU and Either the State Secretary of Ministry of Finance or Director of Debt management division can sign the first signature on Credit guarantee fund account [REDACTED] second signature on above account can be authenticated and signed by the manager of sub-unit Credit guarantee fund.

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In accordance with an official letter from Ministry of Finance dated on 15 December 2017, the project balance amount of the loan account [redacted] and the grant account [redacted] in Ulaanbaatar Bank transferred and disbursed to State bank the loan account [redacted] and the grant account [redacted]

The purpose to centralize, [redacted] and [redacted] accounts were opened for the project management unit's USD bank account and credit guarantee fund MNT account for providing bank interest respectively.

Disbursed amount of procuring the materials forming the special account amounted [redacted] remitted following the exchange rate, the U.S. dollars were estimated.

Guarantee Fund capital was relocated and earned interest income into saving accounts [redacted] at Golomt bank, [redacted] at [redacted] bank, [redacted] at [redacted] banks, current account [redacted] at Capital bank respectively.

DIRECTOR OF FINANCIAL AUDIT DEPARTMENT,
PRINCIPAL AUDITOR [redacted] TS.NARANCHIMEG



One. Legal basis of the audit:

For the year ending the 31 December 2017, the financial statements of the Market and Pasture Management Development project has been audited in accordance with article 8.9.1 of the Budget Law, article 15.1.3 and 18.2 of the State Audit Law.

We have audited in accordance with the Budget Law, the State Audit Law, and the Accounting Law and related other Law, the International Audit Standards principles and developed during the planning stage of plans and programs.

The financial statements of the Market and Pasture Management Development project unit are designed to cogitate preparing properly and fairly in accordance with the Accounting Law, the International Accounting Standards (IAS), the International Public-Sector Accounting Standards (IPSAS) and its related accounting policy and instructions in fiscal year 2017.

The project management is responsible for the preparation fairly and properly presentation of these financial statements in accordance with the International Public-Sector Accounting Standards (IPSAS) and its related accounting policy and instructions.

State Audit Office's responsibilities are cogitated to preparing properly, fairly and free of materiality misstatements the financial statements in accordance with the Accounting Law, the generally accepted accounting principles, IAS and IPSAS

Senior auditor Tsolmon.R, contract auditor Undarmaa.E have planned and conducted with financial statements of the Market and Pasture Management Development project the year ending 2017 between 5th -25th April 2018. /TAB-STA-A-9/

The National Audit Office was received the financial statements with an official letter No23 of the project on 22 January 2018.

The National Audit Office will be carried the audit between 5th-25th April 2018, the audit report will be handed Batkhuu.I director Development, Financing division, Ministry of Finance and the project steering committee in Budget Law timely period.

Two. Legal environment of the organization:

The Market and Pasture Management Development project operates under "Budget law", "State and local government property law", "Accounting law" and all related legal bases, financial activities of the project adopt laws and regulations, in accordance with related rules and regulations are not modified in fiscal year.

Three. Organization mission and operating activities:

The Market and Pasture Management Development project's main objective is to promote poverty reduction and livelihood improvement, create value added chain, increase jobs, improve local livelihood of the herder household in soums and aimags, in compliance with "Mongolian livestock program" and "Develop Cooperatives program" which implement by the Government of Mongolia, to support cooperatives, small and medium enterprises.

In order to achieve above mentioned objectives and functions, the project unit director is responsible budget governor in accordance with State budget law in article 16.4.16 "Head of the Project Unit which is implemented with the financial support of a concessional loan and grant through Government in relation to the budget of this project".

The loan and grant contracts were signed between Mongolian Government and International Fund for Agricultural Development (IFAD) approved by State Great Khural (Parliament) on 09 July 2011.

It is stated in the contract that the project will be implemented for 5 years with total finding of USD 13.0 million, of which, USD 11.5 million coming from the loan account of IFAD, USD 1.5 million from the disinterested grant of Global Environment Facility (GEF). The loan from IFAD has a term of 40 years and grace period of 10 years and bears annual rate of 0.75 percent. It has been implementing in Arkhangai, Bulgan, Khuvsgul, Khentii and Govi-Altai provinces since 2012.

PROJECT OBJECTIVE: To increase incomes and to raise steadily livelihood of the rural population, contribute for implement goal of Government of Mongolia and IFAD.

The project has three components:

1. Pasture components
2. Market components:
 - Support and develop small businesses
 - to grant credit
 - Credit guarantee
 - Create a value-added chain
3. Project management.

Brief information of the project implementation in 2017:

The end of 2017, the project disbursed 11,077,212.22 USD of the planned budget 12,085,000.00 USD. That means 91.7 percent of the total project capital.

Relating to the project completion, the annual budget and plan of 2017 done by based on jointly agreed with the Ministry of Finance (MoF), Ministry of Food and Agriculture (MoFA) and IFAD.

The project's planned works fulfilments were 99 percent in 2017 and repair and maintenance of the information room at the Ministry of Food and Agriculture was not done because the management of the ministry were changed.

There was not submitted any the loan required materials from entities, so 200.0 thousand USD did not credit to the borrowers.

The project operating activities were rated satisfaction (1-6 points assessed 5) by Monitoring and evaluation working group of the financing organization conducted in October 2017.

In 2017, the planned activities each component in the following.

Pasture management and climate change adaptation component:

Tractors, sprinklers to herder groups are required 80% of its value amount to accumulate the fund. And 115 groups performed these requirements to create 2-6 million MNT and total fund value of amount is 533,286,200 MNT. But five groups did not perform these requirements so, decided to utilize those assets to administration of soum in order herders' advantages.

Participation of herder community groups' meetings were increased the same time 14 of 120 pasture herder group community groups have established five cooperatives.

In order to reducing risk for livestock and purpose of increasing, fencing hay feeding area 262.3 hectares of land, free of livestock /80000 hectors/, green fodder cultivation /170 hector/ activities implemented and hay and feed storage shed were built in 9 soums, 2 provinces and 2 grass reverse area, 120 hay sets tractors were utilized as a result of the above-mentioned activities, herder groups amount of feeds increased by 2,3 times, soum reserves of hay and fodder production 30% respectively.

Automatic weather stations were installed in 14 soums and meteorological officers have utilized to start a device to send messages to the herders. There was progress very high efficiency in the preparation and distribution for meteorological data spreading in 15 soums.

In order to increase water supply in pasture, drilled 64 wells, refurbished 16 old wells, established 10 new water hubs and secured 94 fountain springs, as a result of that 305.9 thousands of hectares of pasture was available, 5897 people in household 1407 and 588.7 thousand heads of cattle were supplied by water anytime quarters in year.

Support and develop small businesses:

Under this sub-component of this project, "Mongolian manufacturing and services cooperatives union" NGO was selected and signed with a cooperative agreement to work together until 2016 and 455 groups women dominated groups established.

Established between 2012-2016, 395 out of 455 group's or 86.8 percent were received credit from project resources through commercial banks, employment support fund and other resources. An individual group is able to credit 8.0-10.0 million MNT with 8% annual interest rate for up to 36 months length a loan. The first year will be pay back only the interest and the project unit guarantee covered 80% of the credits.

2,850.1 million MNT credit to the 317 groups from the State bank, 444.2 million MNT credit to the 47 groups from the Capital and 172.8 million MNT to the 32 groups from the Employment support fund, totally 3,467.1 million MNT credit to the 396 groups borrowed respectively.

Within the framework of newly create jobs in soums, unused 21 premises were reinvested in 570 million MNT owned by State property agent /11 premises in 2015, 10 premises in 2016/ the registered public ownership and signed with the provincial government free for the women group under the project for 2-5 year or only to pay usage costs. 40 members of the group's 160 people have been employed.

Create a value-added chain:

1. To develop small and medium enterprises, capacitate their human resource.
2. To establish national level value chain and support selected value chains.

To develop small and medium enterprises, capacitate their human resource, establish national level of a value-added chain and support selected value-added chains. Within small and medium enterprise development activities a total of 55 small and medium enterprises from 33 soums and 5 provinces were selected project target soums to collaborate with the project implementation and 272 employees of these small and medium enterprises attended capacity building trainings on business plan development, value added and product value calculation, milk factory hygiene and sanitary standard.

Those selected small and medium enterprises, and cooperatives will have an access to loans extended under project guarantee schemes up to USD 100.0-300.0 million funded from Government Small and medium enterprise development fund (SMEDF) and other international projects and programs' resources. 18 of those SMEs 2,290.0 million MNT of credit borrowed loan from the international sources and MNT 913.6 million guarantee supported by the project.

The credit guarantee service coverage:

Under this objective, a contract made between Ministry of Finance, State Bank and Capital bank on 29 May 2013. as result of this agreement, in accordance with additional amendment IFAD allocated at State bank 1,300,000 USD and at Capital Bank 300,000 USD. Credited loans: The State Bank of 2,850,100,000 MNT 315 groups, Capital bank 444,200,000 MNT 47 groups in total 363 women groups 3,294,300,000 MNT including with credit guarantee covered 334 women groups in 2,308,873,310 MNT between 2013-2016. /Appendix 1/

The loan repayment, portfolio guarantee the implementation: borrowed 71 loans closed, transferred 10 loan categories out of total 316 loans at the State bank, borrowed 13 loans closed, transferred 2 loan categories, in total loan repayment rate is 98.5 percent.

While total employment promotion in the project grant, according to the group's work, IFAD on display throughout the assignment 80 percent of the approved medium-term recommendations of the Ministry of Finance, Ministry of Food, Agriculture and the Ministry of Labor /former/ EU Secretary of State's to grant support through the Employment of the Memorandum of Understanding on cooperation in the financial guarantee contract was made on the basis of the establishment of banks established portfolio of the State Bank and Capital banks. This action within the 2015-2017 period, a total of MNT 2,178,194,200 guarantees portfolio of 632 borrowers, repayment of 632 borrowers, closed 429 loans, 15 loan classified and repayment rate is 98.7 percent. /Appendix 2/

Under the to create the value-added chain purpose, selection of enterprises by the project and the working group of IFAD in 2016 decided to financing additional 509,909 USD relocated and relating with this activity, made an agreement between Khan bank and Ministry of Finance on 12 December 2016.

In accordance with the individual agreement of credit guarantee from 2014 to 2017, total 23 entities were credited in 2,632,715,200 MNT by the State bank, Capital bank, Khas bank, Golomt bank and Khan bank, including with the project financed 1,476,115,200 MNT for 17 loans and the project of JAIKA 2 stages project financed 1,156,600,000 MNT for 6 loans. In fiscal year, the project financed 851,965,200 MNT loan for 8 entities. Repayment rate of these 23 entities were a hundred percent.

Four. Audit criteria, methodology, implementation procedure, test of control, substantive advanced procedure and its results:

The generally accepted accounting principles, IPSAS and the Accounting Law were used criterion for the audit.

By the audit, Market and Pasture Management Development project's 2017 financial statements in order to analyze the financial statements are free of materiality error expressed in certain accounts in order to obtain evidence of inherent risk and control risk documented identify and evaluate internal controls set by the organization. /TAB-STA-A-5/

In some accounts of cash flow were selected detailed procedures and audit testing performance done.

We look into the project's an accounting policy system, it introduced and followed since 2008. The accounting policy met and developed in accordance with IPSAS, the 196th resolution of "financing, controlling, organizing, implementing of project, program financed by the Government foreign loan usage" in 2015, the 326th resolution of ongoing loan and grant financed by the Government, is a component of consolidated financial statement and "Accounting policy" in 2007 approved by the Minister of Finance.

The financial operations of the Market and Pasture Management Development project's financial software system operations interrogation methods used in the assessment of its review of complex information technology specialist who was not required to participate, so direct performance of the audit. /TAB-STA-B-2/

The project materiality level is estimated 2 percent or 114.3 million MNT of the total costs in performing and planning stage. /TAB-STA-A-4/, /TAB-STA-B-1/

The Market and Pasture Management Development project's financial operations which mean recording, checking and preparing are prepared in accordance with the financial statements preparation methods by the "Acolous" financial software.

Five. Internal control:

We are no material error in the financial statements in order to verify that the amounts deemed necessary internal controls. Its purpose is to prevent materiality error in order to observe effective main controls during the year. The Market and Pasture Management Development project's internal control risk was low in the planning stage and internal control was re-examined normal.

Six. Implementation of budget revenue and expense and its description:

A planned budget approved for disbursing total 6,120.6 million MNT including with 713.0 million MNT of grant and 5,407.6 million MNT from IFAD.

In fiscal year, 3,839.7 million MNT loan from the IFAD, 182.8 million MNT from grant, 16.5 million MNT from operating income, 326.4 million MNT from supporting activity income,

earned totally 4,365.5 million tugriks income but actual disbarment was 3,973.4 million MNT, the approved budget disbursed 2,147.2 million MNT short. /please, see below table/

Cost category	Approved budget	Execution	/million MNT/	
			Difference	Percent
Current costs	3,118.2	1,531.6	1,586.6	49.1
Capital expenditure	2,100.0	1,654.5	445.5	78.8
Loan through	902.4	787.3	115.1	87.2
Total amount	6,120.6	3,973.4	2,147.2	64.9

According to the above table, seemed to disburse 2,147.2 million MNT less. But, in the following reasons to cause some planned work did not implement fully.

- According to IFAD, Ministry of Finance, Ministry of Food and Agriculture Memorandum in March 2017, reflected that unable to support training, research and coordinator expenses of soums and provinces level,
- There was not any entity the loan required criteria, so 200.0 million MNT did not credit from planned loan disbursement of IFAD in 2017.
- 54.0 million MNT amount of a winter greenhouse training was not conducted, 445.5 million MNT saved from construction and equipment tendering.
- Did not spent 70.0 million MNT for equipment and maintenance of information room in MoFA and etc.

Designated account:

Total 2,682,032.73 USD were disbursed for the project activities and withdrawal application made and claimed from IFAD, financed by grants 58,934.72 USD and Loan 1,495,142.91 USD, total 1,554,077.63 USD credited in 2017.

/Appendix 2/			
No	Withdrawal application number	Claimed	Credited
Loan withdrawals /USD/			
1	WA-28 /loan/	126,599.34	65,282.37
2	WA-29 /loan/	211,718.67	190,546.80
3	WA-30 /loan/	1,273,678.62	1,087,987.60
4	WA-31 /loan/	138,089.41	
5	WA-32 /loan/	302,652.27	151,326.14
6	WA-33 /loan/	196,197.48	
7	WA-34 /loan/	216,481.21	
Sum		2,465,417.00	1,495,142.91
Grants withdrawals /USD/			
No	Withdrawal application number	Claimed	Credited
1	WA-16 /grant/	35,001.25	
2	WA- 17/grant/	53,255.28	26,627.79
3	WA- 18/grant/	64,613.86	32,306.93
4	WA- 19/grant/	21,045.32	
5	WA- 20/grant/	42,700.02	
Sum		216,615.73	58,934.72
Grand total		2,682,032.73	1,554,077.63

DISBURSEMENT IN 2017:/cumulative amount /

/Appendix 3/

Appendix 3

№	Components	Budget /modified/	Disbursement /in US Dollars/			Percentage
			Year 2012- 2016	Year 2017	Cumulative	
Total disbursement of loan						
1	Investment	1,518,400.0	1,301,184.1	52,781.3	1,353,965.4	89.2%
2	Equipment	1,138,800.0	676,638.3	436,662.9	1,113,301.2	97.8%
3	Training research					
	a. Material, tools	832,200.0	714,970.89		714,970.9	85.9%
	b. Economic expenses	919,800.0	702,834.46	112,462.6	815,297.1	88.6%
4	Developing a group expense	905,200.0	725,730.32	63,844.2	789,574.5	87.2%
5	Guarantee and Loan		-			
	a. Loan guarantee	963,600.0	1,000,000.0		1,000,000.0	103.8%
	b. Loan guarantee / Target group /	905,200.0	700,000.0		700,000.0	77.3%
	c. Loan	2,482,000.0	1,870,225.49	354,520.4	2,224,745.9	89.6%
6	Operating expenditure	876,000.0	772,470.44	171,467.1	943,937.6	107.8%
7	Unallocated	43,800.0	-			
Total		10,585,000.0	8,464,054.0	1,191,738.5	9,655,792.5	91.2%
Total disbursement of grant						
2	Equipment	180,000.0	38,280.1	61,553.7	99,833.9	55.5%
3	Training research cost		-		-	
	a. Material, tools	460,000.0	433,134.7	47,815.7	480,950.5	104.6%
	b. Economic expenses	825,000.0	733,100.1	107,161.7	840,278.5	101.9%
6	Operating expenditure	10,000.0	273.0	84.5	357.5	3.6%
7	Unallocated expenses	25,000.0	-		-	
Total		1,500,000.0	1,204,804.8	216,615.7	1,421,420.4	94.8%

The Government grants:

Total the Government financing property is 542.4 million MNT /cumulative/. According to the Mongolian Law of VAT, 178.2 million MNT VAT exemption from the all the activities and the procurement expenditures of the PMU in the reporting year were exempted and estimated as a Mongolian Government Donation. It was registered in the expenditure in above amount of money. /Appendix № 4/

/in thousand MNT/

No	Components	VAT disbursement						
		□□□□	2012	2013	2014	2015	2016	2017
1	Pasture management	417,721.65	15,182.79	42,411.20	44,397.96	91,099.83	74,660.62	149,969.25
2	Value-added component	17,803.17		3,415.95	3,582.20	1,087.87	1,950.45	7,766.70
3	Credit guarantee component	11,872.17			588.98	3,435.00	4,137.97	3,710.22
4	Women micro-enterprises development	46,837.61		1,294.99	31,077.54	962.19	35.58	13,467.31
5	PIU expenses	48,121.89	25,451.08	4,130.38	4,676.53	4,019.41	6,575.87	3,268.62
	Total sum	542,356.49	40,633.87	51,252.52	84,323.21	100,604.30	87,360.49	178,182.10
6	The Government grant	90,720.00	22,680.00	22,680.00	17,010.00	17,010.00	11,340.00	

Procurement of goods and services activity:

The project planned to purchase totally 34 procurements including with 25 goods, 8 works and 1 consulting services in 2017.

- “Pasture management and climate change adaptation” component: - goods / tractor with tools sets, hay kits, fence for livestock classifications and checking, motorbike and portable cooling of medicine bio preparations, meteorological station and herder's information facilities/,
- Market development component: -3 goods /milk and dairy products processing equipment, sewing machines, footwear and leather processing equipment/,
- Value-added chain component:
 - 2 goods /milk and dairy products processing equipment, acrylic film greenhouses and drip irrigation system sets/
 - 5 works / to build winter greenhouses/
- Investment purchases to the MoFA:
 - 4 goods / passenger cars, computer equipment, warning systems and ventilation systems/
- Procurements by ministry ordered:
 - 1 consulting service / “To suggest alternatives to the livestock raw materials preparation system” consulting service/
 - 8 goods /aseptic livestock Infectious diseases, well pump motors, office equipment of Pasture management office of provinces officers, cheese makers small size of machinery, hygiene tools of raw milk, information room accomplishment/
 - 5 works / Pasture management office of provinces; automotive parts and repairs, rehabilitation of fodder storage and fencing/

Planned 12 of 34 procurements were organized open tenders by Committee evaluation of tenders of MoFA, 5 procurements done by Committee evaluation in soums and provinces and 17 procurements done by the project management unit within purchased comparison method.

1,813,587,360 MNT amount of procurement were made a contract out of planned purchases 1,965,844,400 MNT amount. Totally 82,257,040 MNT saved from procured purchases. 22 procured purchases by loan, 11 procured purchases by grant and 1 procured purchase by interest income respectively financed. 33 out 34 procurements were purchased and performed 96 percent.

Pasture component:

The invested should be based on local needs and herders, has completed 12 works by the end of 2017.

No	Investments	Quantity	Price /MNT/	Performance
1.	To supply big tractors	4	399,200,000	100%
2.	To supply hay kit tractors with set tools	5	385,000,000	90%
3.	To supply motorbikes for vaccine transportation	24	91,900,000	90%
4.	To supply movable fence set	5	78,900,000	90%
5.	To supply information devices /weather station officers/	2 soums	5,379,900	100%
6.	To supply information device / Administrative level of soums/	2 soums	21,610,969	100%
7.	Aseptic			100%
8.	rehabilitation of wells /Tsagaan-Uul soum/	1 soum	3,500,000	100%
	Total		981,990,869	95%

Within the Pasture management and climate change adaptation component of 2017, planned to organize five training courses to be implement and 4 training courses conducted successfully, one was stopped. In collaboration with MoFA financed some the Government activities on the urgently needs on timely manner.

No	Training course	Organizer	Date	Participants	performance
1	Advanced training course for cooperatives	" MCCEA" ¹ NGO	III/20-III/29	57	100%
2	Value added training /Livestock quality/	"Khugnu meej" NGO	III/29-IV/18	115	100%
3	Milk and dairy production processing technology training	"MADA" NGO ²	V/15-V/18	33	100%
4	Detailed map of pastures	Altanzul.Ts	V/27	28	100%
5	Tour		stopped	0	20%
6	Closing seminars	PMU	VI/06-08	100	100%
	Total			333	86%

Developing value-added chain component:

To develop small and medium enterprises, capacitate their human resource, establish national level of a value-added chain and support selected value-added chains. Within small and medium enterprise development activities a total of 55 small and medium enterprises from 33 soum and 5 provines were selected project target soums to collaborate with the project implementation and 272 employees of these small and medium enterprises attended capacity building trainings on business plan development, value added and product value calculation, milk factory hygiene and sanitary standard.

Within the supporting for local value-added chain development activities, total 55 enterprises and cooperatives (the project estimated 45) were selected and attended trainings on

¹ MCCEA - Mongolian Certified Consulting Engineers Association

² MADA – Mongolian Agriculture Development Association

business plan development, 26 of them were supported by 1.4 billion MNT guarantee covered and borrowed 3.2 billion MNT loan within capacity building framework.

The selected enterprises' activities 97 percent of them, are to processing agriculture raw materials especially milk, dairy products and meat productions percent are the highest or 24% each.

As a result of MNT 3.2 billion loans to enterprises, around sixty permanent and seasonal workplaces will be created, and herders who supply raw materials will be able to stabilize income. It is stabled 1350 households' income who supply raw materials to the borrowers.

Sub component of credit guarantee fund:

During the project implementation, granted 3.3 billion MNT loan for 363 women groups, covered 2.3 billion MNT credit guarantee for 334 groups, covered 1.4 billion MNT for 675 borrowers of labor fund, 1.8 billion MNT loan for selected 15 small to medium enterprises, 963.6 million MNT for guarantee, in total granted loan is 5.1 billion MNT for 378 borrowers, 4.7 billion MNT guarantee for 1024 borrowers. The implementation of the project period, the project resolved with to be claimed women's groups 5 and 2 supporting for labor fund loans of MNT 9,900,000 exceed more than 90 days. The loan repayment rate is 99.5 percent.

Loan and guarantee report extended for Women's groups

/2017.12.31 in thousand MNT/

No	Year	Bank	Transferred resource		Aimag	Loans financed				Loans guaranteed		Resource balance	Loan outstanding	Guarantee outstanding	Repaid	At Revolving fund	
			Date	Amount		Number of borrr	Closed	Classified	Amount	Number of borrr	Amount						
1	2013	State Bank	7/5/2013	286,400.00	Arkhangai	6	6	-	45,000.00	2	7,262.00		-	-	45,000.00		
2			11/6/2013	338,600.00	Bulgan	14	14	1	126,000.00	7	18,332.01		-	-	126,000.00		
3					Gobi-Altai	21	21	-	169,500.00	18	101,564.70		-	-	169,500.00		
4					Khuvsgul	9	9	1	86,000.00	7	38,798.00		-	-	86,000.00		
5					Khentii	12	12	1	97,500.00	10	64,576.80		-	-	97,500.00		
			Sub total		625,000.00		62	62	3	524,000.00	44	238,533.51	101,000.00	-	-	524,000.00	
6		Capital Bank	11/6/2013	96,600.00	Arkhangai	5	5	-	48,000.00	6	44,880.00		-	-	48,000.00		
7			12/30/2013	18,000.00	Bulgan	2	2	1	20,000.00	2	16,000.00		-	-	20,000.00		
8					Gobi-Altai	-	-	-	-	-	-		-	-	-		
9					Khuvsgul	7	7	-	56,600.00	7	44,880.00		-	-	56,600.00		
			Sub total		114,600.00		14	14	1	124,600.00	15	105,760.00	(10,000.00)	-	-	124,600.00	
		Sub total		739,600.00		76	76	4	648,600.00	59	336,293.51	91,000.00	-	-	648,600.00		
10	2014	State Bank	8/7/2014	373,000.00	Arkhangai	17	17	-	146,000.00	16	90,040.68		-	-	146,000.00		
11			12/3/2014	373,000.00	Bulgan	19	19	-	187,000.00	15	101,497.20		-	-	187,000.00		
12					Gobi-Altai	19	19	-	178,000.00	13	100,401.85		-	-	178,000.00		
13					Khuvsgul	9	9	-	86,000.00	9	56,710.00		-	-	86,000.00		
14					Khentii	7	7	-	44,700.00	7	34,179.88		-	-	44,700.00		
			Sub total		746,000.00		71	71	0	641,700.00	60	382,829.61	104,300.00	-	-	641,700.00	
15		Capital Bank	3/6/2014	28,600.00	Arkhangai	9	7	-	86,600.00	8	81,800.00		-	-	86,600.00		
16	11/20/2014		145,000.00	Bulgan	-	-	-	-	-	-		-	-	-			
17				Gobi-Altai	-	-	-	-	-	-		-	-	-			
18				Khuvsgul	10	7	-	100,000.00	10	80,000.00		-	-	100,000.00			
19				Khentii	2	1	1	17,000.00	2	13,600.00		-	-	17,000.00			
		Sub total		173,600.00		21	15	1	203,600.00	20	155,400.00	(30,000.00)	-	-	203,600.00		
		Sub total		919,600.00		92	86	1	845,300.00	80	538,229.61	74,300.00	-	-	845,300.00		
20	2015	State Bank	5/26/2015	381,259.79	Arkhangai	44	1	2	395,000.00	44	315,117.58		136,509.05	108,902.28	258,490.95		
21			8/28/2015	297,750.00	Bulgan	36	1	1	358,500.00	36	286,760.00		88,657.00	70,915.71	269,843.00		
22			11/11/2015	298,926.00	Gobi-Altai	26	1	-	252,000.00	26	200,791.31		51,281.90	40,860.95	200,718.10		
23					Khuvsgul	37	1	1	363,000.00	37	289,262.80		92,727.06	73,891.15	270,272.94		
24					Khentii	39	3	1	305,900.00	39	241,618.50		74,981.60	59,225.05	230,918.40		
			Sub total		977,935.79		182	7	5	1,674,400.00	182	1,333,590.19	(696,464.21)	444,156.61	353,795.14	1,230,243.39	
25		Capital Bank	4/30/2015	76,000.00	Arkhangai	-	-	-	-	-	-		-	-	-		
26			12/2/2015	80,000.00	Bulgan	-	-	-	-	-	-		-	-	-		
27					Gobi-Altai	2	1	-	20,000.00	2	16,000.00		1,800.53	1,440.42	18,199.47		
28					Khuvsgul	2	1	-	20,000.00	2	16,000.00		2,500.65	2,000.52	17,499.35		
29					Khentii	8	5	1	76,000.00	8	60,800.00		15,552.48	12,441.98	60,447.52		
			Sub total		156,000.00		12	7	1	116,000.00	12	92,800.00	40,000.00	19,853.66	15,882.93	96,146.34	
		Sub total		1,133,935.79		194	14	6	1,790,400.00	194	1,426,350.19	(656,464.21)	464,010.27	369,678.07	1,326,389.73		
30	2016	State Bank	3/22/2016	2,340.21	Arkhangai												
31					Bulgan												
32					Gobi-Altai												
33					Khuvsgul												
34					Khentii	1	-	-	10,000.00	1	8,000.00		3,879.49	3,103.59	6,120.51		
			Sub total		2,340.21		1	0	0	10,000.00	1	8,000.00	(7,859.79)	3,879.49	3,103.59	6,120.51	
35		Capital Bank			Arkhangai												
36					Bulgan												
37					Gobi-Altai												
38					Khuvsgul												
39					Khentii												
			Sub total		-		0	0	0	-	-	-	-	-	-	-	
		Sub total		2,340.21		1	0	0	10,000.00	1	8,000.00	(7,859.79)	3,879.49	3,103.59	6,120.51		
	Grand total			2,795,476.00		363	178	11	3,284,300.00	334	2,308,873.31	(498,824.00)	467,889.76	372,781.66	2,820,289.73	2,321,465.73	
	Of which: State Bank			2,361,276.00		316	140	8	2,850,100.00	287	1,954,913.31	(498,824.00)	448,036.10	356,998.73	2,395,943.39	1,897,119.39	
	Capital Bank			444,200.00		47	36	3	444,200.00	47	353,960.00	-	19,853.66	15,882.93	424,346.34	424,346.34	

Credit guarantee information for Employment Promotion Fund loan

/in thousand MNT, as of 31.12.2017/

№	Years	Banks	Guaranteed loans					Loan outstanding /MNT/	Guarantee outstanding /MNT/
			Loan amount /MNT/	No of borrowe r	Closed	Arrear	Guarantee amount /MNT/		
1	2015	State Bank	697,700.00	191	189	2	505,415.80	2,573.58	1,864.31
2		Capital Bank	477,000.00	103	70	10	275,381.70	10,015.92	5,782.39
		Total	1,174,700.00	294	259	12	780,797.50	12,589.50	7,646.70
3	2016	State Bank	638,600.00	167	84	1	467,400.00	43,183.30	31,606.44
4		Capital Bank	594,500.00	123	86	2	605,496.70	50,034.39	45,823.39
		Total	1,233,100.00	290	170	3	1,072,896.70	93,217.69	77,429.83
5	2017	State Bank	10,000.00	2	0	0	8,000.00	3,007.31	2,405.85
6		Golomt Bank	530,000.00	46	0	0	316,500.00	484,038.00	289,052.88
		Total	540,000.00	48	-	-	324,500.00	487,045.31	291,458.73
Grand total			2,947,800.00	632	429	15	2,178,194.20	592,852.50	376,535.26
Of which: State Bank			1,346,300.00	360	273	3	980,815.80	48,764.19	35,876.60
Golomt Bank			530,000.00	46	-	-	316,500.00	484,038.00	289,052.88
Capital Bank			1,071,500.00	226	156	12	880,878.40	60,050.31	51,605.78

Loan and guarantee report extended for VC selected SMEs

/in thousand MNT, as of 31.12.2017/

in thousand MNT, as of 12.2017														
№	Year	Bank	Transferred resource		Aimag	Borrowers	Amount /MNT/	Guarantee		Borrower's loan outstanding /MNT/	Guarantee outstanding /MNT/	Repaid amount /MNT/	Repayment status	
			Date	Amount /MNT/				Coverage	Amount /MNT/					
1	2015	Khas Bank	JICA TSL II		Arkhangai	Ar Az Tovshin LLC	130,000.00	50	65,000.00	75,830.34	37,915.17	54,169.66	normal	
2					Khentii	Munkhin Duuring LLC	300,000.00	50	150,000.00	240,499.63	120,249.82	58,500.37	normal	
		Sub total						430,000.00		215,000.00	316,329.97	158,164.99	113,670.03	
3		Golomt Bank	JICA TSL II		Khuvsgul	Selenge LLC	60,000.00	-	-	3,333.33	-	56,666.67	closed	
4					Khuvsgul	Gurvan Ivel LLC	70,000.00	50	35,000.00	46,666.66	23,333.33	23,333.34	normal	
		Sub total						130,000.00		35,000.00	49,999.99	23,333.33	80,000.01	
5		Capital Bank	JICA TSL II		Bulgan	Bulgan Anar LLC	200,000.00	40	80,000.00	112,023.68	44,809.47	87,978.32	normal	
		Sub total						200,000.00		80,000.00	112,023.68	44,809.47	87,978.32	
6		State Bank	12/21/2015	45,000.00	Bulgan	Saikhan Harzai LLC	50,000.00	50	25,000.00	32,273.74	16,136.87	17,726.26	normal	
7			12/25/2015	45,000.00	Bulgan	ImBulen Buteel cooperative	50,000.00	60	30,000.00	41,818.00	25,090.80	8,182.00	normal	
	Sub total						100,000.00		55,000.00	74,091.74	41,227.67	25,908.26		
Total in 2015							860,000.00		385,000.00	552,445.38	267,535.46	307,554.62		
8	2016	State Bank	1/18/2016	121,950.00	Govi-Altai	Isher Tayan cooperative	135,500.00	60	81,300.00	97,861.04	58,716.62	37,638.96	normal	
9			1/18/2016	72,000.00	Govi-Altai	Suman Tayan cooperative	80,000.00	60	48,000.00	57,777.51	34,666.51	22,222.49	normal	
10			1/11/2016	72,000.00	Khentii	Enkhbum cooperative	80,000.00	60	48,000.00	63,828.62	38,297.17	16,171.38	normal	
11			5/13/2016	43,200.00	Khuvsgul	Gazar Shoro LLC	48,000.00	50	24,000.00	37,946.53	18,973.27	10,053.47	normal	
12			8/29/2016	108,000.00	Bulgan	Hyalganat Geser coop	120,000.00	60	72,000.00	111,429.22	66,857.53	8,570.78	normal	
13			11/18/2016	45,000.00	Bulgan	Bulgan Achuit LLC	50,000.00	50	25,000.00	49,129.68	24,564.64	870.32	normal	
14		Sub total		JICA TSL II		Bulgan	Ugil Sondul LLC	398,600.00	50	199,300.00	398,600.00	199,300.00	-	normal
							910,100.00		496,600.00	814,572.60	440,375.94	95,527.40		
15	2016	Khas Bank	7/19/2016	72,000.00	Arkhangai	OD Kr cooperative	80,000.00	40	32,000.00	71,666.63	28,666.65	8,333.37	normal	
		Sub total						80,000.00		32,000.00	71,666.63	28,666.65	8,333.37	
Total in 2016							990,100.00		528,600.00	886,239.23	469,942.59	103,860.77		
16	2017	State Bank	2/13/2017	135,000.00	Bulgan	Undur Tsegits LLC	150,000.00	50	75,000.00	149,999.01	74,999.51	0.99	normal	
17			4/7/2017	45,000.00	Khentii	Hallaast Hairhan coop	50,000.00	60	30,000.00	46,343.27	27,805.96	3,656.73	normal	
18		Khan Bank	3/27/2017	103,500.00	Arkhangai	Baga Rasheant LLC	115,000.00	50	57,500.00	115,000.00	57,500.00	-	normal	
19			4/5/2017	134,100.00	Govi-Altai	Hurhreen Dolgio coop	149,000.00	60	89,400.00	148,793.34	89,276.00	206.66	normal	
20			6/12/2017	132,865.20	Govi-Altai	Altan Teysh coop	147,628.00	60	88,578.80	147,628.00	88,578.80	-	normal	
21			6/19/2017	90,000.00	Khentii	Xas Delgerheh LLC	100,000.00	50	50,000.00	100,000.00	50,000.00	-	normal	
22			9/29/2017	121,500.00	Khuvsgul	Dalai Enjin Dolgio coop	135,000.00	40	54,000.00	132,503.10	53,001.24	2,496.90	normal	
23		Khas Bank	9/29/2017	90,000.00	Arkhangai	Ar Enkh Naran coop	100,000.00	50	50,000.00	100,000.00	50,000.00	-	normal	
	Sub total						946,628.00		494,476.80	940,266.72	491,158.51	6,361.28		
2017 оны нийт							946,628.00		494,476.80	940,266.72	491,158.51	6,361.28		
Total in 2017							2,796,728.00		1,408,076.80	2,378,951.33	1,227,737.56	417,776.67		
Of which: from JICA TSL II							1,156,600.00		528,300.00	874,953.64	424,807.79	281,646.36		
: from PMPMD							1,640,128.00		879,776.80	1,503,997.69	803,129.77	136,130.31		
State Bank							1,210,100.00		656,600.00	1,065,006.62	584,408.08	125,093.38		
Khas Bank							610,000.00		297,000.00	487,996.60	236,831.64	122,003.40		
Golomt Bank							130,000.00		35,000.00	49,999.99	23,333.33	80,000.01		
Capital Bank							200,000.00		80,000.00	112,023.68	44,809.47	87,978.32		
Khan Bank							646,628.00		339,476.80	643,924.44	338,354.04	2,703.56		

Quantity of equipment provided in 2015-2017

№	Province name	Year 2015		Year 2016		Year 2017		Total	
		number	Sum thousand MNT	number	Sum thousand MNT	number	Sum thousand MNT	number	Sum thousand MNT
1	Arkhangai	22	18,462.1	33	14,046.0	24	31,709.0	79	64,217.1
2	Bulgan	18	22,365.1	34	18,422.0	26	38,740.0	78	79,527.1
3	Govi-Altai	11	3,689.0	23	3,950.0	17	22,278.0	51	29,917.0
4	Khuvsgul	17	19,064.4	33	16,088.0	24	46,480.0	74	81,632.4
5	Khentii	19	21,069.4	43	19,088.0	46	52,596.0	108	92,753.4
	SUM	87	84,650.0	166	71,594.0	137	191,803.0	390	348,047.0

Seven. Glass account:

According to glass account law, the project is provided management decisions, transparency of activities and understandable, public monitoring system for the purpose of efficient budgeting and state and local property assets property assets on the its own website <http://shilendans.gov.mn/agency/1025>.

According to the Article 8 of the Glass Account Law, the auditor considered that whether official controls on the law enforcement. In the financial year 2017, the Market and Pasture Management Development project would be placed total 5,512.8 million MNT amount of information and allocated the necessary information on the website and the law enforcement was 100 percent.

Eight. Main risks and its consequence:

In the planning stage six risks were defined, evaluated control assess result was effectiveness so thoroughgoing tests were carried within framework of assertions.

Nine. Main and special transactions and its description (if applicable):

In the financial year 2017 the Market and Pasture Management Development project's financial statements were revealed materially inaccurate that prepared to follow the policies and principles of evaluation and audit the financial statements affect the amount of cash and cash equivalent, fixed assets, operating income, stationary, postal, training expenses and other expenses were examined these accounts of transactions, balance and estimation by the method of sampling Assertions and substantive procedures. /TAB-STA-B-3/

Ten. Main findings of the audit and its resolved:

1. The project's an interest income account in Commercial bank /Ulaanbaatar bank have not been closed and transferred to the State treasury funds.

Resolved: Recommended that the project's an interest income account /Ulaanbaatar bank: 4000USD or 9.5 million tugriks amount of balance should be closed and transferred to the State treasury funds.

2. The Market and Pasture Management Development project /Sub-unit of Credit Guarantee Fund/ granted 3,817.7 million tugrik loans to the commercial banks in accordance with the agreement between the Ministry of Finance and the commercial banks in 2013-2017, but

the outstanding loan balance are uncertain because there is no repayment schedule and amount.

Resolved: To make the loan repaying amount schedule from commercial banks to the Ministry of Finance in accordance with the loan agreement.

3. The Market and Pasture Management Development project /Sub-unit of Credit Guarantee Fund/ granted 787.3 million tugrik to the commercial banks but these amounts were not confirmed in the end of fiscal year. It does not comply with Accounting Law, article 20.2.6 "to count property inventory and payments, resolving the result of the counts, to organize and manage in order to documentation and confirmation for the balance of an account of buyers and suppliers".

Resolved: The loan, amount of 787.3 million tugriks should be confirmed in comply with Accounting Law, article 20.2.6.

Eleven. Description of immateriality unadjusted errors:

During the audit, immateriality of 4,614.5 million MNT errors are not able to correct them.

Twelve. Noteworthy other important issues:

The project bought MoFA 222.0 million MNT amount of a Land cruiser-200 car income source from an account balance in commercial bank and interest income of guarantee fund savings account.

Thirteen. Considerations of the following audit:

During the audit of the Market and Pasture Management Development project financial statements in 2017 there is not complete walk-through traceability risks.

Fourteen. Combined error of financial statements by the audit:

In total of 4,614.5 million MNT issues were found on the project annual financial statement and recommendations given by management letter.

Fifteen. Implementation of previous recommendation:

6.9 million amounts of one recommendation was given to the Market and Pasture Management Development project unit and has been accomplished.

Sixteen. Recommendations

Three recommendations are given to the Market and Pasture Management Development project's management in fiscal year 2017.

Seventeen. Unqualified opinion

In our opinion, Statement of financial position, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows of the Market and Pasture Management Development project's as of and for the year ended December 31, 2017 are presented true and fairly, in all material respects, in accordance with the policy, methodologies and guidelines approved by the Minister of Finance in accordance with the Accounting Law and the International Public Sector Accounting Standards (IPSAS).

AUDITED STATEMENT OF FINANCIAL POSITION

Financial statements for the year ending the 31 December 2017

/MNT/

Balance items	Opening balance	Closing balance
CURRENT ASSETS	4,943,953,602.68	5,626,553,283.45
CASH AND CASH EQUIVALENTS	4,737,764,748.97	5,020,364,429.74
Cash on hand	28,965.00	1,883,952.00
Tugriks	28,965.00	1,883,952.00
Cash in bank	4,737,735,783.97	5,018,480,477.74
Tugriks	2,105,706,307.64	1,671,912,930.77
State treasury bank account		131,663,298.93
Account at Commercial Bank	2,105,706,307.64	1,540,249,631.84
Foreign currency	2,632,029,477.33	3,346,567,546.97
Account at Commercial Bank	2,632,029,477.33	3,346,567,546.97
Receivable	199,997,373.71	599,997,373.71
Receivables from service	199,997,373.71	599,997,373.71
INVENTORIES	6,191,480.00	6,191,480.00
Supply materials	6,191,480.00	6,191,480.00
Supply materials	5,791,680.00	5,791,680.00
Other supply materials	399,800.00	399,800.00
Non-current assets	181,750,332.61	161,314,965.35
FIXED ASSETS	181,750,332.61	161,314,965.35
Tangible assets	181,750,332.61	161,314,965.35
Vehicles	244,500,000.00	244,500,000.00
Accumulated depreciation	(85,520,833.42)	(97,770,833.38)
Equipment (computer)	34,867,465.00	34,867,465.00
Accumulated depreciation	(24,326,733.62)	(30,314,203.64)
Furniture and fixtures	21,478,621.00	21,478,621.00
Accumulated depreciation	(9,248,186.35)	(11,446,083.63)
TOTAL ASSETS	5,125,703,935.29	5,787,868,248.80
TOTAL LIABILITIES	1,422,000,000.00	3,378,737,527.64
CURRENT LIABILITIES	1,422,000,000.00	3,378,737,527.64
LIABILITIES		1,137,527.64
Liabilities related with employees		1,137,527.64
Unearned revenue	1,422,000,000.00	3,377,600,000.00
Government organizations and other higher level of budget	1,422,000,000.00	3,377,600,000.00
TOTAL OWNER'S EQUITY	3,703,703,935.29	2,409,130,721.16
Government assets	3,703,703,935.29	2,409,130,721.16
Cumulated Retained Earnings	3,703,703,935.29	2,409,130,721.16
Previous year Retained Earnings	3,703,703,935.29	3,703,703,935.29
Current year Retained Earnings		(1,294,573,214.13)
TOTAL LIABILITIES OWNER'S EQUITY	5,125,703,935.29	5,787,868,248.80

AUDITED STATEMENT OF COMPREHENSIVE INCOME
Financial statements for the year ending the 31 December 2017

/MNT/

Item	Previous year	Current year
OPARETING ACTIVITIES INCOME (I)	4,810,460,771.69	4,532,083,795.92
Commom non-taxation income	4,259,425,925.98	4,349,231,003.92
State budget organisation to be financed by its income	4,259,425,925.98	4,349,231,003.92
Financing from main activities	17,740,000.00	504,624,448.92
Financing income from supporting activities	330,891,878.54	4,900,000.00
Financing from foreign sources	3,910,794,047.44	3,839,706,555.00
Grant income	551,034,845.71	182,852,792.00
Grant /foreign/	551,034,845.71	182,852,792.00
OPERATOINAL EXPENSES	3,073,460,780.67	2,974,287,077.69
CURRENT EXPENSES	1,665,966,915.67	1,155,329,612.69
Goods, services costs	1,665,966,915.67	1,155,329,612.69
Salary, compensations and bonus	-	307,243,636.00
Social security insurance	-	33,796,800.00
Pension insurance	-	21,507,055.00
Allowance insurance	-	2,969,076.00
Industrial accidents and occupational diseases insurance	-	2,561,309.00
Unemployment insurance	-	614,487.00
Health insurance	-	6,144,873.00
Supply and inventory costs	-	53,066,402.81
Stationery materials	-	4,739,953.00
Transportation and fuel expenses	-	11,344,984.00
Communication Charges	-	36,981,465.81
Diem and delegate cost	-	9,176,952.00
Foreign per diem expenses		4,356,400.00
Internal per diem expenses		4,820,552.00
Common service fees done by others	870,282,590.30	576,034,346.62
Common service fees done by others	870,282,590.30	576,034,346.62
Other expenses for goods and services	795,684,325.37	176,011,475.26
Other expenses for goods and services	762,512,436.00	155,576,108.00
Depreciation	33,171,889.37	20,435,367.26
Asset expenses	1,407,493,865.00	1,818,957,465.00
Premises	1,180,551,423.00	165,614,363.00
Equipments	226,942,442.00	1,653,343,102.00
OPERATING RESULTS (III)=(I)-(II)	1,736,999,991.02	1,557,796,718.23
NON-OPERATING EXPENSES	-	2,852,369,932.36
Foreign exchange loss	-	109,428,532.50
Repayable loan		2,742,941,399.86
GROSS OPERATING RESULTS (VI)=(III)+(IV)-(V)	1,736,999,991.02	(1,294,573,214.13)

AUDITED STATEMENT OF CASH FLOW
Financial statements for the year ending the 31 December 2017

/MNT/

Item	Previous year	Current year
TOTAL OPERATING INCOME (I)	4,769,631,990.88	4,365,474,563.88
Common non-taxation income	4,218,597,145.17	4,182,621,771.88
State budget organisation to be financed by its income	4,218,597,145.17	4,182,621,771.88
Financing from main activities	17,740,000.00	16,472,902.96
Financing income from supporting activities	290,063,097.73	326,442,313.92
Financing from foreign sources	3,910,794,047.44	3,839,706,555.00
Grant income	551,034,845.71	182,852,792.00
TOTAL COST AND NET LOAN	1,565,082,974.20	1,531,613,177.75
Goods, services costs	1,565,082,974.20	1,531,613,177.75
Salary, compensations and bonus	-	306,106,108.36
Social security insurance		33,796,800.00
Fixed costs related with building rent	-	22,680,000.00
Supply and inventory costs	-	27,244,424.81
Stationery materials	-	4,585,936.00
Transportation and fuel expenses	-	10,963,269.00
Communication Charges	-	11,695,219.81
Diem and delegate cost	-	9,176,952.00
Foreign per diem expenses	-	4,356,400.00
Internal per diem expenses	-	4,820,552.00
Common service fees done by others	1,106,995,333.20	979,011,255.58
Common service fees done by others	1,106,995,333.20	979,011,255.58
Other expenses for goods and services	458,087,641.00	153,597,637.00
Other expenses for goods and services	458,087,641.00	153,597,637.00
Net operating activities cash flow (III)=(I)-(II)	3,204,549,016.68	2,833,861,386.13
Net cash investment costs	1,336,972,001.00	1,654,491,773.00
ASSETS COST	1,336,972,001.00	1,654,491,773.00
internal sources	1,336,972,001.00	1,654,491,773.00
Premises	1,116,178,255.00	153,188,850.00
Equipments	217,524,846.00	1,501,302,923.00
Purchase costs of tangible and intangible assets	3,268,900.00	-
Net investment cash flows (VI)=(IV)-(V)	(1,336,972,001.00)	(1,654,491,773.00)
Net financial activities cash flow	(301,071,209.00)	(896,769,932.36)
Net loan reduced by repayment	301,071,209.00	787,341,399.86
Financing from foreign loan	301,071,209.00	787,341,399.86
Financial activities expenses	-	109,428,532.50
Foreign exchange difference	-	109,428,532.50
Net financial activities cash flow	(301,071,209.00)	(896,769,932.36)
TOTAL NET CASH FLOWS (VIII)=(III)+(VI)+(VII)	1,566,505,806.68	282,599,680.77
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	3,171,258,942.29	4,737,764,748.97
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	4,737,764,748.97	5,020,364,429.74

AUDITED STATEMENT OF CHANGES IN EQUITY

Financial statements for the year ending the 31 December 2017

/MNT/

Item	Government financing property	Resource of re- evaluate property	Retained earnings	SUM of Government property
Balance as at January 1, 2016	-	-	1,966,703,944.27	1,966,703,944.27
Restated balance	-	-	1,966,703,944.27	1,966,703,944.27
Current year Retained Earnings	-	-	3,073,460,780.67	3,073,460,780.67
Balance as at December 31, 2016	-	-	3,073,460,780.67	3,073,460,780.67
Balance as at January 1, 2017	-	-	3,073,460,780.67	3,073,460,780.67
Restated balance	-	-	3,073,460,780.67	3,073,460,780.67
Current year Retained Earnings	-	-	(1,294,573,214.13)	(1,294,573,214.13)
Balance as at December 31, 2017	-	-	2,409,130,721.16	2,409,130,721.16

THE BUDGET EXECUTION STATEMENT

Financial statements for the year ending the 31 December 2017

/MNT/

Item	Planning	Executed budget	More or Less	Percentage
TOTAL COST AND NET LOAN AMOUNT	6,120,630,100.0	3,973,446,350.61	2,147,183,749.39	64.9
Current expenses	3,118,229,500.0	1,531,613,177.75	1,586,616,322.25	49.1
Goods, services costs	3,118,229,500.0	1,531,613,177.75	1,586,616,322.25	49.1
Salary, compensations and bonus	323,128,200.0	306,106,108.36	17,022,091.64	94.7
Basic salary	323,128,200.0	306,106,108.36	17,022,091.64	94.7
Social security insurance	35,532,700.0	33,796,800.00	1,735,900.00	95.1
Pension insurance	35,532,700.0	33,796,800.00	1,735,900.00	95.1
Fixed costs related with building rent	26,025,000.0	22,680,000.00	3,345,000.00	87.1
light and electricity	1,664,400.0		1,664,400.00	-
Heating	1,680,600.0		1,680,600.00	-
Rent for Premises	22,680,000.0	22,680,000.00	-	100.0
Supply and inventory costs	32,897,800.0	27,244,424.81	5,653,375.19	82.8
Stationery materials	7,123,800.0	4,585,936.00	2,537,864.00	64.4
Transportation and fuel expenses	9,788,600.0	10,963,269.00	(1,174,669.00)	112.0
Communication Charges	15,985,400.0	11,695,219.81	4,290,180.19	73.2
Diem and delegate cost	12,121,800.0	9,176,952.00	2,944,848.00	75.7
Foreign per diem expenses	4,400,000.0	4,356,400.00	43,600.00	99.0
Internal per diem expenses	7,721,800.0	4,820,552.00	2,901,248.00	62.4
Common service fees done by others	2,154,717,100.0	979,011,255.58	1,175,705,844.42	45.4
Common service fees done by others	2,154,717,100.0	979,011,255.58	1,175,705,844.42	45.4
Other expenses for goods and services	533,806,900.0	153,597,637.00	380,209,263.00	28.8
Other expenses for goods and services	533,806,900.0	153,597,637.00	380,209,263.00	28.8
ASSETS COST	2,100,000,600.0	1,654,491,773.00	445,508,827.00	78.8
internal sources	2,100,000,600.0	1,654,491,773.00	445,508,827.00	78.8
Premises	212,337,900.0	153,188,850.00	59,149,050.00	72.1
Equipments	1,887,662,700.0	1,501,302,923.00	386,359,777.00	79.5
Net loan reduced by repayment	902,400,000.0	787,341,399.86	115,058,600.14	87.2
Financing from foreign loan	902,400,000.0	787,341,399.86	115,058,600.14	87.2
FINANCING SOURCES FOR EXPENSES	6,120,630,100.0	4,365,474,563.88	1,755,155,536.12	71.3
Financing from State budget				
State budget organisation to be financed by its income	5,407,630,100.00	4,182,621,771.88	1,225,008,328.12	77.3
Financing from main activities	-	16,472,902.96	(16,472,902.96)	
Financing income from supporting activities	-	326,442,313.92	(326,442,313.92)	

Financing from foreign sources	5,407,630,100.00	3,839,706,555.00	1,567,923,545.00	71.0
FINANCING FROM GRANT	713,000,000.00	182,852,792.00	530,147,208.00	25.6
Financing from grant	713,000,000.00	182,852,792.00	530,147,208.00	25.6
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		4,737,764,748.97	(4,737,764,748.97)	-
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		5,020,364,429.74	(5,020,364,429.74)	-