

CIF IE Financial Reporting under Special Purpose

No.	Category	Line Item on FS	Reporting							
			Basis	IBRD	IFC	EBRD	ADB	IADB	AFDB	Trustee
1	Project and project preparation grant approved	Project/Preparation on grant income	Accrual basis	Currently revenue and receivable is recognized on TF Committee Approval date. However, the preference was to use the Trustee Commitment Date (also referred to as the Trustee validation date). It was noted that the commitment letter from the Trustee also reflects the TF Committee Approval Date. Further discussion with external auditors regarding this change is required.	Revenue and receivable will be recognized on Trustee validation date	Revenue and receivable to be recognized on the Trustee Validation date pending discussions noted by IBRD with external auditors.	Currently revenue and receivable is recognized on TF Committee Approval date. We will wait to hear IBRD's response on discussion with auditors.	Accrual basis. Use "Trustee Commitment Date".	Revenue and receivable is recognized on Trustee Commitment Date (also referred to as the Trustee validation date). It was noted that the commitment letter from the Trustee also reflects the TF Committee Approval Date.	Project and project preparation grant amounts are expensed at the TF Committee approval date. In order to avoid restating CY10 financial statements, we will discuss with the auditors regarding changing to Trustee Commitment Date starting from CY12. However, for CY11, we will work with Trustee to ensure that by year end all TF Committee approvals are also committed by the Trustee. Consequently, either basis should result in consistent amounts.
2	Administrative budget	Admin budget revenue & expense	cash basis	Receipt, expense and refund are all reported at cash basis	Receipt, expense and refund will be reported at cash basis	Receipt is recorded on a cash basis. Expenses and refund to Trustee will be recorded on an accruals basis.	ADB has applied accrual basis for recording receipt of the budget and expenses and cash basis for refund. It is possible for ADB to switch to cash basis for recording receipt of the budget in addition to refund. However, we need to apply accrual basis for the recognition of expenses to match the expenses incurred in a budget fiscal year to the corresponding budget.	Cash basis. Receipt, expense and refund are all reported at cash basis.	Receipt, expense and refund are all reported at cash basis	Transfers and refunds are recorded on a cash basis.
3	Grants to recipients e.g. Government recipients	Grant expense and liabilities	Accrual basis	Expense is reported at effectiveness of grant agreement with recipient	NA	Expense is reported at effectiveness of grant agreement with recipient	Expense is reported at effectiveness of grant project.	Accrual basis. Grants (expenses) are recognized upon Board/Management project approval.	Expense is reported at effectiveness of grant agreement with recipient	N/A
4	Technical Grants - including Grants expended by MDBs and paid to consultants	Grant expense	Cash Basis or accrual basis based on the MDBs standard practice.	Expense is reported on a cash basis.	Expense is reported on a cash basis. Grants are in the form of Advisory Services grants expended by IFC staff in the regions. On closure of project unused grant amount to be recorded as payable	Expenses recorded on an accruals basis based on a percentage of completion (usually using a straight line method over the life of the consultancy contract unless this is unreasonable).	While ADB's normal practice is to report expense at effectiveness of the project, we have followed cash basis reporting (i.e. amounts disbursed) for CIFs.	Accrual basis. Expenses are recognized when incurred.	Expense is reported on a cash basis.	N/A
5	Loans	Loan provided to recipients	Accrual basis	Record loan receivable at nominal value	Record loan receivable at nominal value	Record loan receivable at nominal value	We will record loan receivable at nominal value in line with disbursements to borrower.	Accrual basis. Loans outstanding at nominal value	Record loan receivable at nominal value	N/A for loans to recipients. Loan from donors are recorded as payable when received.
		Loan interest	Accrual basis	Accrue interest receivable and recognize interest income.	Accrue interest receivable and recognize interest income.	Accrue interest receivable and recognize interest income.	We will accrue interest receivable and recognize interest income.	Accrual basis for income on loans.	Accrue interest receivable and recognize interest income.	N/A for interest from recipients. Interest payable to donors is recorded on accrual basis.

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		Loan principal repayment transferred to Trustee	Cash basis for receipt from recipient, then accrue for payable to trustee	Once loan principal repayment received by IE, record liability for payable back to Trustee	Once loan principal repayment received by IE, record liability for payable back to Trustee	Once loan principal repayment received by IE, record liability for payable back to Trustee	We will record expense and liability for payable back to the Trustee once loan principal repayment is received by ADB.	Cash basis for receipt from recipient, then accrue for payable to trustee. Once loan principal repayment received by IE, record liability for payable back to Trustee.	Once loan principal repayment received by IE, record liability for payable back to Trustee	Loan principal repayments receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Loan interest transferred to Trustee	Cash basis for receipt from recipient, then accrue for payable to trustee	Once interest received by IE, record expense and liability for payable back to Trustee	Once interest received by IE, record expense and liability for payable back to Trustee	Once interest received by IE, record expense and liability for payable back to Trustee	We will record expense and liability for payable back to the Trustee once interest is received by ADB.	Cash basis for receipt from recipient, then accrue for payable to trustee. Once interest received by IE, record expense and liability for payable back to Trustee.	Once interest received by IE, record expense and liability for payable back to Trustee	Loan interest receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Allowance/provision for loan loss	Methodology for assessment of allowance/provision will vary for each MDB	Default period based computation	Default period based computation similar to IBRD	Impairment recognised on specific assets where particular objective evidence of impairment is available. Provisions also recognised for classes of similar assets which are not individually identified as impaired using a risk rated approach for non-sovereign assets and a separate methodology for sovereign assets taking into account the Bank's preferred creditor status.	Loan loss provisions are recorded when a loan is considered impaired. This is determined when the principal or interest is in arrears for more than a certain period, unless there is clear and convincing evidence warranting the deferment or acceleration of such provisioning.	Default period based computation or method followed by our comparators, if practical to the IADB.	Incurred loss basis as prescribed by IAS 39 or any other basis as prescribed by International Financial Reporting Standards (IFRS) ruling.	N/A - Trustee reflects as receivable amounts already received by the MDBs.
6	MDB/Project Fee	MDB project implementation fee from Trustee	Cash basis	Recognize as income when cash received	Recognize as income when cash received. MDB fee expected to cover costs of preparation, supervision legal costs For CTF MDB fee is fungible across projects within the portfolio. For SCF MDB fees is fungible for projects within the countries across the different SCF programs.	Recognise as income when cash received.	Recognize as income when cash received.	Cash basis. Recognize as income when cash received and concurrently expense and payable to IE.	Recognize as income when cash received	Trustee recognized expense when approved by the TF Committee. Will discuss with the auditors about changing this to Trustee Commitment Date in CY12.
		MDB fee received from recipient (Public sector)	cash basis	Recognize as income when cash received		N/A	Accrual basis will be applied.	N/A	Recognize as income when cash received	N/A
		<u>Private Sector Loans</u> Commitment Fee: should be returned to the CTF Trustee.		n/a	Recognize as income when cash received and a payable to trustee upon receipt until remitted	N/A	We will accrue commitment fee receivable and recognize income. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.	Cash basis. Recognize as income when cash received and record a liability with the Trustee if the fee needs to be reverted to the Trustee or liability with the IE if the fee needs to be reverted to the IE.	To be further discussed	Commitment fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.

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		Front End Fee: should be returned to the CTF Trustee.	n/a		Recognize as income when cash received and a payable to trustee upon receipt until remitted	N/A	Recognize as income when cash received. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.		To be further discussed	Front end fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Syndication/Structuring Fees: retained to MDB	n/a		n/a	N/A	Recognize as income when cash received.		n/a	N/A
		Assignment Fee: retained to MDB	n/a		n/a	N/A	Recognize as income when cash received.		n/a	N/A
		Cancellation Fee: should be returned to the CTF Trustee.	n/a		Recognize as income when cash received and a payable to trustee upon receipt until remitted	Accounted for on a cash basis, if and when received.	Recognize as income when cash received. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.		To be further discussed	Cancellation fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Late Fee: should be returned to the CTF Trustee.	n/a		n/a	N/A	We will accrue late fee receivable and recognize income. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.		To be further discussed	Late fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Conversion Fee: should be returned to the CTF Trustee.	n/a		n/a	N/A	Recognize as income when cash received. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.		To be further discussed	Conversion fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		Breakage Fee - when a borrower breaks a deal involving an interest rate swap: retained to MDB	n/a		n/a	N/A	Recognize as income when cash received.		n/a	N/A
		Prepayment Fee: should be returned to the CTF Trustee.	n/a		n/a	Recognise as income when cash received.	Recognize as income when cash received. We will record expense and liability for payable back to the Trustee once the fee is received by ADB.		To be further discussed	Prepayment fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.
		MDB fee received from recipient (up front fee for loan and guarantee service charge, if MDB is on full cost recovery)	cash basis	Once fee is received, record fee income and concurrently expense and payable to IE.		N/A	Once fee is received, record fee income and expense and payable to ADB.		Once fee is received, record fee income and concurrently expense and payable to IE.	Trustee recognized expense when approved by the TF Committee. Will discuss with the auditors about changing this to Trustee Commitment Date in CY12.

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No.	Category	Line Item on FS	Reporting		IBRD	IFC	EBRD	ADB	IADB	AFDB	Trustee
			Basis								
7	Guarantee	Guarantee funds transferred from Trustee to IE	cash basis	Recognize income when cash is transferred from Trustee to IE. At expiration of guarantee, liability to Trustee is recorded. Cash for guarantee is restricted and total contingent liability is disclosed in the financial statements notes.	Recognize income when cash is transferred from Trustee to IE, and create expense when cash paid out to recipient. At expiration of guarantee, liability to Trustee is recorded. Cash for guarantee is restricted and total contingent liability is disclosed in the financial statements notes.	Recognise income when cash is transferred from Trustee to IE, and create expense when cash paid out to recipient. At expiration of guarantee, liability to Trustee is recorded. Cash for guarantee is restricted and total contingent liability is disclosed in the financial statements notes.	ADB will recognize income when cash is transferred from Trustee to ADB. At the expiration of guarantee, ADB will record concurrently expense and payable to Trustee. The committed and outstanding amount of guarantee obligations are disclosed in the financial statements notes.	Cash basis. Recognize income when cash is transferred from Trustee to IE. At expiration of guarantee, liability to Trustee is recorded. Cash for guarantee is restricted and total contingent liability is disclosed in the financial statements notes.	Recognize income when cash is transferred from Trustee to IE, and create expense when cash paid out to recipient. At expiration of guarantee, liability to Trustee is recorded. Cash for guarantee is restricted and total contingent liability is disclosed in the financial statements notes.	Guarantee projects amounts are expensed at the TF Committee approval date. We will discuss with the auditors regarding changing to Trustee Commitment Date starting from CY12. However, for CY11, we will work with Trustee to ensure that by year end all TF Committee approvals are also committed by the Trustee. Consequently, either basis should result in consistent amounts.	
		Guarantee fee (commission) - Public sector	cash basis	Once fee is received, record fee income and concurrently expense and payable to IE.	N/A	N/A	When fee is received, record fee income and concurrently expense and payable to ADB.	n/a	Once fee is received, record fee income and concurrently expense and payable to IE.	N/A	
		Guarantee fee (Private Sector)	cash basis	n/a	Once fee is received, record fee income and concurrently expense and payable to IE.	Once fee is received, record fee income and concurrently expense and payable.	Same as Public Sector.	Cash basis. Once guarantee fee is received, record fee income and concurrently record expense and liability payable back to Trustee.	To be further discussed	Guarantee fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.	
		Guarantee charge - public sector	cash basis	Once guarantee charge is received by IE, record expense and liability for payable back to Trustee	N/A	N/A	When fee is received, record fee income and concurrently expense and payable to Trustee.	n/a	Once guarantee charge is received by IE, record expense and liability for payable back to Trustee	Guarantee fees receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.	
		Recording a liability when payment on a guarantee becomes probable	Accrual basis	Expense and liability is recorded in the FS when payment on a guarantee becomes probable	Guarantee on cash basis when called recorded as an expense on cash basis	Expense and liability is recorded in the FS when payment on a guarantee becomes probable.	Expense and liability is recorded in the FS when payment on a guarantee becomes probable.	Guarantee on cash basis when called recorded as an expense on cash basis	Expense and liability is recorded in the FS when payment on a guarantee becomes probable	N/A	
8	Equity investment	Initial recognition	Accrual basis	Record investment income at inception at cost, not fair value valuation	Record investment income at inception at cost, not fair value valuation	Initially record investment at cost.	TBD. We will not be using the fund for Equity Investments at this time.	Accrual basis. Full investment amount is initially recorded at cost. No subsequent fair value calculation.	AfDB does not intend to invest CIF funds in Equity investments	N/A	
		Impairment	Valuation of impairment are determined by each IE.	No annual assessment, record permanent impairment when trigger event happens.	No annual assessment, record permanent impairment when trigger event happens.	Provision assessed annually as cost less fair value.	TBD. We will not be using the fund for Equity Investments at this time.	No annual assessment, record permanent impairment when trigger event happens.	AfDB does not intend to invest CIF funds in Equity investments	N/A	
		Dividend and capital gains	Cash basis	Recognition of income and expense and liability back to Trustee is when cash is received by IE.	Recognition of income and expense and liability back to Trustee is when cash is received by IE.	Recognition of income and expense and liability back to Trustee is when cash is received by IE.	TBD. We will not be using the fund for Equity Investments at this time.	Recognition of income and expense and liability back to Trustee is when cash is received by IE.	AfDB does not intend to invest CIF funds in Equity investments	Dividends receivable from MDBs is recorded when MDB report to the trustee that amounts have been received from the recipients.	

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No.	Category	Line Item on FS	Reporting Basis	IBRD	IFC	EBRD	ADB	IADB	AFDB	Trustee
9	Investment income	Investment income	IE may report differently basis on their policies. The trustee reflects the investment income from MDBs on a cash basis when received.	Fair value basis	Cash basis	Interest income recognised on a cash basis.	Reflects the investment income on accrual basis. All investment securities and negotiable certificate of deposits held by ADB other than derivative instruments are considered by management to be "Available for Sale" and are reported at fair value. Time deposits are reported at cost.	Accrual basis for revenue recognition.	Accrual basis and investments would be fair valued.	Fair value basis. Investment income receivable from MDBs will be recognized on a cash basis.
10	Foreign Currency Exchange Gains/Losses	Foreign Currency Exchange Gains/Losses	Transactions in currencies other than the U.S. dollar are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain/loss.	Transactions in currencies other than the U.S. dollar are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain/loss.	Transactions in currencies other than the U.S. dollar are translated at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain/loss.	Transactions in currencies other than the U.S. dollar are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the ADB's internal book rate at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain/loss.		n/a	Transactions in currencies other than the U.S. dollar are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recorded in the cumulative currency translation adjustment (ccta) account.	Transactions in currencies other than the U.S. dollar are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain/loss.

Note

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Each IE will prepare its own FS at December 31, 2011 but they will not be consolidated.

For fees for private sector loans, accounting treatments indicated above are those to be applied if ADB charges those fees. Whether these will be applied depends on further internal discussion.