

Financial Statements

UNIVERSIDADE EDUARDO MONDLANE

Centro Regional de Excelência em Estudos de Engenharia e
Tecnologia de Petróleo e Gás

31 December 2021



CENTRO REGIONAL DE EXCELÊNCIA EM ESTUDOS DE ENGENHARIA E TECNOLOGIA DE PETRÓLEO E GÁS
FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2021

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CENTRO REGIONAL DE EXCELÊNCIA EM ESTUDOS DE ENGENHARIA E TECNOLOGIA DE PETRÓLEO E GÁS

Financial Statements Approvals

The Management of the "Centro Regional de Excelência em Estudos de Engenharia e Tecnologia de Petróleo e Gás" is responsible for the preparation and adequate presentation of the Statement of Receipts and Expenditures for the year ended 31 December 2021 which include the notes of the statement of receipts and expenditures and a summary of the significant accounting policies and other explanatory notes, described in note 2.

The Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Statement of receipts and expenditures audited for the period from 1 January to 31 December 2021 and set out on pages 5 to 11, have been approved by the Management of "Centro Regional de Excelência em Estudos de Engenharia e Tecnologia de Petróleo e Gás", on 23 June 2022 and are signed on their behalf by:


The Project Management



INDEPENDENT AUDITOR'S REPORT

To the Project Manager of the

**CENTRO REGIONAL DE EXCELÊNCIA EM ESTUDOS DE ENGENHARIA E TECNOLOGIA DE
PETRÓLEO E GÁS**

Opinion

We have audited the financial statements of *Centro Regional de Excelência e Tecnologia de Petróleo e Gás - "CS-OGET"* (the Project) funded by "World Bank", which comprise the Statement of Income and Expenditures for the year ended 31 December 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Project are prepared, in all material respects, in accordance with the basis of accounting disclosed on note 2 of the Financial Statements and with the Donor's requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CS-OGET in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with basis of accounting disclosed in Note 2 of the Financial Statements and Donor requirements, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 ActionAid Mozambique's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern.

- ▶ If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

The engagement partner on the audit resulting in this independent auditor's report is Paulo Reis.

ERNST & YOUNG - SOCIEDADE DE CONTABILISTAS E AUDITORES CERTIFICADOS, LDA.

Represented by:



Paulo Jorge Gonçalves Afonso dos Reis (Certified Auditor nr. 34)

Maputo, 24 June 2022





UNIVERSIDADE
EDUARDO
MONDLANE

CENTRO REGIONAL DE EXCELÊNCIA EM ESTUDOS DE ENGENHARIA DE PETRÓLEO E GÁS
STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in USD)

	Notes	2021			2020		
		Budget	Expenditures	Balance	Budget	Expenditure	Balance
RECEIPTS							
Opening balance	3.1	-	300 954			148 893	
Funds received							
Funds received from Donors	3.2	1 530 000	1 255 663		1 555 000	357 007	
TOTAL RECEIPTS		1 530 000	1 556 617		1 555 000	505 900	
EXPENDITURES							
Achieving Learning Excellence	4.1	101 000	1 408	99 592	93 000	14 466	
Achieving Research Excellence	4.2	547 000	18 918	528 082	549 000	2 040	
Quality Assurance		25 000	-	25 000	25 000	0%	
Equity Dimensions		35 000	-	35 000	60 000	25 000	
Attracting Academic Staff and Students from the Region	4.3	125 000	55 513	69 487	105 000	5 159	
Collaborative Activities	4.4	90 000	18 310	71 690	130 000	41 513	
Infrastructure development	4.5	480 000	49 899	430 101	430 000	3 483	
Management and Governance	4.6	112 000	69 448	42 552	148 000	4 064	
Monitoring and Evaluation	4.7	15 000	5 404	9 596	15 000	31 670	
Total		1 530 000	218 900	1 311 100	1 555 000	106 117	
Other expenditures	4.8	79 041	24 158	54 883	132 954	81 859	
Exchange-rate difference: (Gains) / Losses	4.9	1 609 041	243 058	1 365 983	1 687 954	187 986	
			(14 472)			16 960	
TOTAL EXPENDITURES		1 609 041	228 586	1 365 983	1 687 954	204 946	
EXCESS OF RECEIPTS OVER EXPENDITURES			1 328 031			300 954	

Represented by:

Bank deposits

Notes	31-Dec-2021	31-Dec-2020
5	1 328 031	300 954
	1 328 031	300 954

The Financial Management

The Project Management



These financial statements should be read together with the notes to the financial statements

1. INTRODUCTION

The Entity is an organic unit of the Eduardo Mondlane University (UEM). CS – OGET was created in 2017 as part of the Africa Centers of Excellence for the East and Southern Africa Project-ACE II, which is an initiative of African Governments financed by the World Bank.

The Project's development objectives proposed for ACE II, are to strengthen selected institutions of higher education in East and Southern Africa to provide quality postgraduate education, and build capacity for collaborative research, and capacity for collaborative research in regional priority areas. Based on this objective, CS-OGET proposes to help the region to build local and regional capacities in the Oil and Gas (O&G) area through the attribution of scholarships, exchange of students and teachers, and joint research programs across the East and Southern Africa region.

CS-OGET intends to progressively implement master's and doctoral and research programs in Petroleum Engineering, Petroleum Geology and other knowledge areas, transversal to O&G, such as Safety and Environmental Engineering and Economics and Petroleum Management. The Center is committed to ensuring competence in teaching, training, advising and supervising research, in partnership with other world-renowned Centers in O&G, ensuring up-to-date and appropriate curricula. In addition to all these activities, the Center values transparent conduct and the best management and operating practices, in accordance with the Financial Agreement signed between the Government of Mozambique and the World Bank, and all other relevant guidelines and institutional and national regulations.

To finance these activities, the institution signed a public deed of retrocession agreement, through which it was transferred to him, the financing between the Mozambican state and the International Development Association (IDA), in the amount of USD 6.000.000.

Changes arising from Credit Default

According to articles seven of the public deed of retrocession agreement, the delay or non-compliance with the conditions set forth in this Agreement will imply the payment, as penalty, of an additional fee of one point percent (1,5625%), of the overdue of unpaid instalments, and it may be cumulative:

- a) Change the loan repayment term, and
- b) Immediately terminate and cancel the agreement, declaring the contractual instalments due in advance and due.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The project accounts were prepared on cash basis. Under this basis, incomes are recognized when received and expenditures are recognized when paid. Therefore, these financial statements reflect the receipts and expenditure for the period ending, and the financial position of the project for the period comprised between 1 January 2021 and 31 December 2021 and are presented in USD.

(b) Transaction in local and foreign currency

The reference currency for recording transactions is the Metical. Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction.

(c) Equipment and materials

The Acquisitions of equipment and materials are recognized as current expenditures of the Projects at the date of payment. However, the Project Managers maintain a detailed inventory of all equipment not consumable.

(d) Receipts

Receipts / Funds received comprise donations received under the Partnership Agreements with Donors and other partners of the CS - OGET Project.

(e) Expenditures

Expenditures categories comprise several expenses / payments for the implementation of CS-OGET Project (activities and are recorded when goods and services are provided). Allocation of payments across different expense categories is based on budget classification.

(d) Accounting period

The accounting period of the financial statements is twelve (12) months, counted from 1 January 2021 to 31 December 2021.

3. RECEIPTS

This category comprises the following:

3.1 Opening balance

Corresponds to the opening of the bank account of the Project at the Standard Bank and Creditors balance, as at 1 January 2021:

	<u>1-Jan-2021</u>
Bank deposits	
Banco de Moçambique	278.849
Banco ABC	22.105
	<u>300.954</u>