

AUDITORS' REPORT

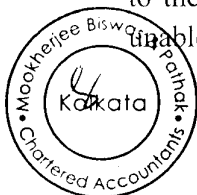
To Bihar Aapda Punarwas Evam Punarnirman Society

We have audited the attached Balance Sheet of Bihar Aapda Punarwas Evam Punarnirman Project (BAPEPS) as at March 31, 2011, the Statement of Sources and Applications of Fund for the period ended on that date and Reconciliation of audited expenditure with IUFRR expenditure for the period ended 31st March 2011 (collectively referred to as the "financial statements") under World Bank Loan No. 4802-IN. These financial statements are the responsibility of the Management of the project. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, and to the best of our information and according to the explanations given to us

- i) The said financial statements give a true and fair view of the financial position of the Project at the end of the period under audit examination, and of Sources and Application of Project funds for that period.
- ii) The Project funds were utilized for the purposes for which they were provided.
- iii) Expenditures are eligible for financing under the Project legal agreements and these were exclusively financed through the Project funds and no other sources of funds have been received by BAPEPS for incurring these expenditures.
- iv) The Society has not submitted any Interim Unaudited Financial Report (IUFRR) to the World Bank for the period ended March 31, 2011 and as such we are unable to comment in the adequacy and accuracy of the same.

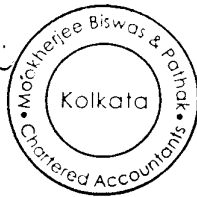


Mookherjee Biswas & Pathak

- v) Procurement has been carried out by the BAPEPS in line with the agreed procedures as detailed in the project legal agreement and the Procurement Manual; and
- vi) The Project has an adequate internal control system (including its continuing and effectiveness) and adheres to the provisions of the project legal agreements, the Financial Management, Procurement and Operations Manual in all material aspects.

For Mookherjee Biswas & Pathak
Chartered Accountants
Firm Registration No 301138E


(S Mukherjee)
Partner



Membership No 059159

Patna
January 27, 2012

Bihar Aapda Punarwas Evam Punarnirman Society

Kosi Flood Recovery Project (Credit No. 4802-IN)

Schedules forming part of the Balance Sheet as at 31st March 2011

Schedule 1 -- Project Revenue Expenditure during the period

(Amount in Rs.)

Particulars	For the period ended 31st March,2011
Owner Driven Housing Reconstruction	
HRC - 1 Beneficiaries	252,145,000
HRC - 2 Beneficiaries	72,680,000
HRC - 3 Beneficiaries	37,105,000
Reconstruction of Roads & Bridges	
Bridges and Culverts on SH and MDR	-
Rural Roads	-
Strengthening Flood Management Capacity	
Knowledge Management & Capacity Building	-
Flood Forecasting and Early Warning	-
Structural Investments	-
Improving Emergency Response Capacity	
Civil Works	-
Consultant Services	-
Project Management and Technical Assistance	
Incremental Operating Costs (SPMU)	1,120,716
Incremental Operating Costs (BPMU)	5,252,605
Incremental Operating Costs (IA)	-
Consultancies & Technical Services	-
Total	368,303,321

Schedule 2 - Current Liabilities

Particulars	As at 31 March,2011
Tax deducted at Source payable	-
Works Contract Tax payable	-
Other Taxes payable	-
Bank Interest	18,134,517
Other Receipts	-
Earnest Money received	-
Security Deposit received	-
Total	18,134,517



Bihar Aapda Punarwas Evam Punarnirman Society
Kosi Flood Recovery Project (Credit No. 4802-IN)

Schedules forming part of the Balance Sheet as at 31st March 2011

Schedule 3 - Fixed Assets

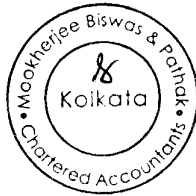
(Amount in Rs.)

Particulars	Purchased during the period ended 31st March,2011	Adjustments/di sposal during the period	As at 31 March,2011
a. Project Management			
Motor Cars	970,552	-	970,552
Computer & Printers	48,474	-	48,474
Furniture & Fixture	15,128	-	15,128
Misc. Electronic Installations	12,900	-	12,900
b. Emergency Response			
		-	-
Total	1,047,054		1,047,054

Schedule 4 - Balance with Bank/s in Current/Saving Account

(Amount in Rs.)

Particulars	As at 31 March,2011
SPMU	2,450,655,642
DPMUs	88,292,693
Total	2,538,948,335



Bihar Aapda Punarwas Evam Punarnirman Society

Kosi Flood Recovery Project (Credit No. 4802-IN)

Schedule 5 - Advances & Other Current Assets

(Amount in Rs.)

Particulars	As at 31 March, 2011
Advances to Contractors	
Beltron, Patna	160,062
Bihar Rajya Pul Nirman Nigam Ltd.	15,000,000
Bihar Rural Roads Development Agency	5,800,000
Owner Driven Reconstruction Collaborative - Saharsa District	361,462
Advance to Generator Operator	15,000
Advance for Videography	32,000
Advances to Consultants	
-	
Advances to staff	
Imprest Advance	48,000
Advance Recoverable from District Office/ Block Office of Government of Bihar	
District Office	
Saharsa	7,504,307
Block Office	
Alamnagar	7,645,000
Basantpur	99,321,993
Bihariganj	6,559,972
Chausa	4,560,000
Chhatapur	137,874,633
Gwalpara	16,090,000
Kumarkhand	56,837,010
Madhepura	57,910,000
Murliganj	37,766,915
Pratapganj	8,121,026
Puraini	3,043,118
Sankarpur	35,314,624
Singheswar	10,807,739
Sonbarsa	61,880,794
Triveniganj	104,099,381
Udakisunganj	15,870,098
Total	692,623,134



Bihar Aapda Punarwas Evam Punarnirman Society

Kosi Flood Recovery Project (Credit No.4802- IN)

Statement of Sources and Applications of Funds for the period ended 31st March 2011

(Amount in Rs.)

Particulars	For the period ended 31st March,2011
1 Opening Balances	
Cash in Hand	-
Balance with Bank	-
Funds in Transit/Cheques in Hand	-
<i>Total Opening Balances</i>	
2 Add : Sources/Receipts	
Grant from Government of Bihar	3,582,793,000
Interest	-
Other Receipts	-
Decrease in Advances & Other Current Assets	-
Increase in Current Liabilities	18,134,517
<i>Total Sources/Receipts</i>	3,600,927,517
3 Less : Application/Users	
Owner Driven Housing Reconstruction	361,930,000
Reconstruction of Roads	-
Reconstruction of Bridges	-
Stengthening Flood Management Capacity	-
Improving emergency response Capacity	-
Project Management & Technical Assistance	6,373,321
Fixed Assets Purchased (net)	1,047,054
Increase in Advances & Other Current Assets	692,623,134
Decrease in Current Liabilities	-
<i>Total Application/Users</i>	1,061,973,509
4 Closing Balances	
Cash in Hand	5,673
Balance with Bank	2,538,948,335
Funds in Transit/Cheques in Hand	-
<i>Total Closing Balances</i>	2,538,954,008

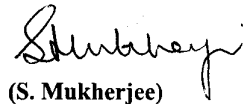
Note : Total Closing Balances (4) should be equal to 1 + 2 - 3

For and on behalf of

Mookherjee Biswas & Pathak

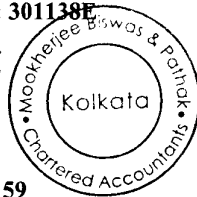
Chartered Accountants

Firm Registration No: 301138E

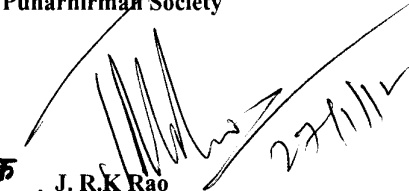

(S. Mukherjee)

Partner

Membership No. F 59159



For and on behalf of
Bihar Aapda Punarwas Evam
Punarnirman Society


परियोजना निदेशक
बिहार आपदा पुनर्वास एवं
पुनर्निर्माण सोसाईटी,
J. R.K Rao
(Project Director)

Place : Patna

Date : 27th January, 2012



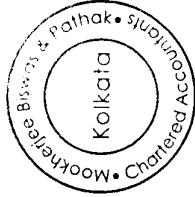
Bihar Aapda Punarwas Evam Punarnirman Society
Kosi Flood Recovery Project (Credit No. 4802-IN)

Reconciliation of audited expenditure with IUFR expenditure for the period ended 31st March 2011

Particulars	(Amount in Rs.)					
	Component A - Housing Reconstruction	Component B - Reconstruction of Roads & Bridges	Component C - Strengthening Flood Mgmt. Capacity	Component E - Improving Emergency Response Capacity	Component F - Project Management & Technical Assistance etc.	Total
Total Expenditure as per Audited Project Financial Statements	361,930,000	-	-	-	7,420,375	369,350,375
Revenue Expenditure (Schedule 1)	361,930,000	-	-	-	6,373,321	368,303,321
Capital Expenditure (Schedule 3)	-	-	-	-	1,047,054	1,047,054
Add: Other eligible amounts (Mobilization advance, secured advance etc.)	-	-	-	-	-	-
Less: Ineligible Expenditure	-	-	-	-	-	-
1. Eligible Expenditure as per audited PFS	361,930,000	-	-	-	7,420,375	369,350,375
2. Eligible Expenditure as per IUFR (Note 1)	Nil	-	-	-	Nil	Nil
3. (Excess)/Short Expenditure reported (1-2)	NA	-	-	-	NA	NA
4. Reimbursable %age	NA	-	-	-	NA	NA
5. World Bank share (1*4)	NA	-	-	-	NA	NA
6. Reimbursement made for the year [as per list attached]	-	-	-	-	-	-
7. Excess/Short Claim (5 - 6)	NA	-	-	-	NA	NA

Note 1: IUFR not submitted
NA: Not Applicable

For and on behalf of
Mookherjee Biswas & Pathak
Chartered Accountants
Firm Registration No: 301138E



S. Mukherjee
(S. Mukherjee)
Partner
Membership No. F 59159

Place: Patna
Date: 27th January, 2012

For and on behalf of
Bihar Aapda Punarwas Evam Punarnirman Society

J.R.K. Rao
(Project Director)

Niranjay Kumar
N Kumar
(Accounts Officer)



परियोजना निदेशक
बिहार आपदा पुनर्वास एव
पुनर्निर्माण सोसाईटी,
पटना

Schedule- 6

Significant Accounting Policies and Notes to Accounts

1. Overview of the project

Bihar Aapda Punarwas Evam Punarnirman Society (BAPEPS) is implementing a USD220 mn World Bank assisted **Bihar Kosi Flood Recovery Project** in three districts of Bihar i.e. Supaul, Madhepura and Saharsa. The project will support the efforts of the Government of Bihar (GoB) in helping communities recover from the impacts of the flood and reduce vulnerabilities from flood hazard of affected population. To this effect, the Project has five components which will be implemented through specialized state agencies as given below:

- Reconstruction of Houses, through the Owner Driven Reconstruction Collaborative (ODRC) Model, through the District Administration led by the District Magistrate and supported by the district / block units of BAPEPS.
- Reconstruction of Rural Roads, through the Bihar Rural Roads Development Agency (BRRDA) and reconstruction of Bridges, through the Bihar Rajya Pul Nirman Nigam (BRPNNL).
- Strengthening Flood Management Capacity, through the Water Resources Department(WRD)
- Livelihood Restoration and Enhancement is implemented by Bihar Rural Livelihood Project(BRLP)
- Improving Emergency Response Capacity, through Bihar Aapda Punarwas Evam Punarnirman Society (BAPEPS) ; and
- Project Management and Technical Assistance through Bihar Aapda Punarwas Evam Punarnirman Society (BAPEPS).

BAPEPS was formed on 7th July, 2010. Before the Society was formed, an amount of Rs 110.90 Crores was contributed by the Planning & development Department, Government of Bihar for the Project. The financial statement incorporate the transactions pertaining to the Project prior to the date of formation of the Society.

2. Basis of Preparation of Financial Statements

The Financial Statements have been maintained on double entry system adopting cash basis of accounting. Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles followed in India to the extent applicable.

Preparation of the financial statements are in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Estimates are based on assumptions that management believes are reasonable under the circumstances.



3. Fixed Assets and Depreciation

Fixed assets are stated at their cost of acquisition including taxes, duties, freight and other incidental expenses relating to their acquisition and substantial expenditure on subsequent improvements thereto. Fixed assets received in kind are stated at a nominal value of Re 1/- only.

In case of fixed assets acquired through Project grants and owned by BAPEPS, an amount equivalent to the cost of acquisition is credited to Capital Fund and shown in the Balance Sheet. On disposal of such fixed asset, equivalent amount is reduced from the Capital Fund.

Fixed assets acquired through project grants but are owned by or vested in other line/departments/agencies are not accounted for as fixed assets and are shown as Project expenditure.

No depreciation has been charged on the fixed assets in the financial statements.

4. Revenue Recognition

Grant received and spent during the period is recognized in the Income & expenditure Account. Unutilised grant is carried forward in the Balance Sheet.

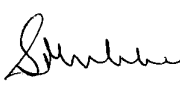
Interest earned on balances on project bank accounts and other incomes arising from the Project are recognized as liability in the balance sheet and pending decision of the Executive committee/ Governing Body.

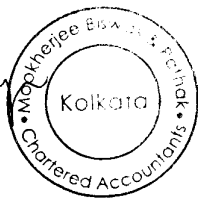
5. Fund Transfer under the Housing Component

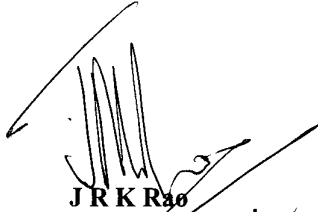
Funds released to beneficiaries against milestones under the Housing Component of the project are recognized as expenditure at the time of release.

6. This being the first year, previous year's figures are not available for comparison.

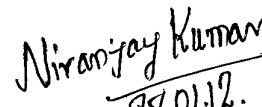
For Mookherjee Biswas & Pathak
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(S Mukherjee)
Partner
Membership No: F 59159




J R K Rao
Project Director

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बिहार आपदा पुनर्वास एवं
पुनर्निर्माण सोसाईटी
बिहार, पटना


Niranjan Kumar
Accounts Officer
27.01.12.



Patna
January 27, 2012