

Audited Project Financial Statements

Project Number: 41116
Loan Numbers: 2925/3132
Period covered: 1 April 2015 to 31 March 2016

IND: Jammu and Kashmir Urban Sector Development Investment Program (Project 2 and Project 3)

Prepared by Economic and Reconstruction Agency

For the Asian Development Bank
Date received by ADB: 9 December 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Economic and Reconstruction Agency.



Jammu and Kashmir
Economic Reconstruction Agency
2nd Floor Commercial Complex Rambagh- Srinagar
13 C/C Gandhi Nagar, Jammu

SDG
Bu
ERA

The Country Director,
INRM, Asian Development Bank,
4-San Martin Marg, Chanakyapuri,
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No. ERA/CEO/299/Adm/2781-83

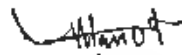
Dated: 07-12-2016

Subject: - Loan No.2331-IND, Loan-2925-IND & Loan-3132-IND: Jammu and Kashmir Urban Sector Development Investment Program (JKUSDIP) Project-I, II & III- Audited Project Accounts for 2015-16.

Madam,

Pursuant to the provisions of the Project Loan Agreements, enclosed kindly find herewith the Audited Accounts of J&K Economic Reconstruction Agency (ERA) pertaining to Loan-2331-IND, Loan-2925-IND and Loan-3132-IND, Jammu and Kashmir Urban Sector Development Investment Program (JKUSDIP) Project- I, II & III for the financial year 2015-16 for information.

Yours faithfully


Director Finance
J&K ERA

Copy along with copy of Audited Accounts to the:-

1. Joint Secretary, Department of Economic Affairs, Ministry of Finance, Govt., of India, Room No. 67-B, North Block, New Delhi.
2. Controller, Aid Accounts and Audit Division, 5th Floor, B-Wing, Janpath Bhawan, New Delhi.



INDEPENDENT AUDITOR'S REPORT

To the Members of:

JAMMU & KASHMIR ECONOMIC RECONSTRUCTION AGENCY

Report on the Financial Statements

We have audited the accompanying financial statements of **Jammu & Kashmir Economic Reconstruction Agency ('J&K ERA') ('the Society')**, which comprises the Balance Sheet, related schedules, Receipts and Payments account and Statement of Expenditures of the four projects as at **31st March, 2016** and summary of significant accounting policies and other explanatory information. The four projects that J&K ERA has been implementing are following:

1. Multi-Sector Project for infrastructure Rehabilitation in Jammu & Kashmir (MPIRJK);
2. Jammu & Kashmir Urban Sector Development Investment Programme- Project-I (JKUSDIP);
3. Jammu & Kashmir Urban Sector Development Investment Programme- Project-II (JKUSDIP);
4. Jammu & Kashmir Urban Sector Development Investment Programme- Project-III (JKUSDIP);
5. Geographical Information System.

The 'MPIRJK and JKUSDIP are both funded by the 'Asian Development Bank and co-funded by the 'Government of India' and 'Government of Jammu & Kashmir'.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true a fair view of the financial positions and financial performance of 'the Society' in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

It is the policy of the Society to prepare its Financial Statements on the cash receipts and disbursements basis. On this basis, revenue and related assets are recognised when received rather than when earned & expenses are recognised when paid rather than when the obligation is incurred.

In our opinion, subject to what is been stated above and to the best of our information and according to the explanations given to us, the financial statements of 'the Society', read together with the appended accounting policies and notes thereon and subject to the comments and opinion stated herein, give a true and fair view (or presents fairly, in all material respects) the cash receipts and expenditures during the year ended **31st March 2016** in accordance with the accounting standards prescribed by the ICAI in respect of:

- (i) the attached Balance Sheet of J&K ERA as at **31st March 2016**;
- (ii) the Statements of Expenditure for the projects MPIRJK (Loan 2151-IND), JKUSDIP (Loan 2331-IND), JKUSDIP (Loan 2925-IND) and JKUSDIP (Loan 3132 IND) as at **31st March 2016**; and
- (iii) the Receipts and Payments Statement for the year ended on **31st March 2016**.

Emphasis of Matter

We draw attention to the following items disclosed in the Financial Statements without qualifying our Audit Report:

- a. Though the J & K ERA has demonstrated that the action and correspondence have been made to the respective departments and parties to whom the advances have been paid but there has been no proper response for advances to the tune of Rs. 14,64,56,814.00 therefore we are unable to verify the actual recoverability of these advances in cash/kind. Such advance of Rs. 14,64,56,814.00 has been reported under Schedule F: Current Assets, Loans and Advances as line item – "Advances to Govt. Agencies for Shifting Utilities" under the head Loans and Advances – MPIRJK.

Other Matters

- a. The Project Management Unit (PMU) makes advances of money to the two Project Implementation Unit (PIU) for implementation of the project and record expenses reported by them against the advances.
- b. Vouchers relating to the Project Management Unit (PMU) have not been verified and signed off by any internal audit department which leads us to question the presence, efficiency and effectiveness of the Internal Control System implemented at the Society.

Report on Other Legal and Regulatory Requirements

Based on our audit of the accompanying financial statements, we report that:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. The financial statements as dealt with by us in this report are in agreement with the books of accounts maintained at the Project Management Unit.
- c. Proceeds of the Loan from ADB have been utilised for the purpose as per the ADB Loan/ Project Agreement.
- d. Financial Covenants in the Loan Agreement MPIRJK (Loan -2151 IND), JKUSDIP (Loan 2331-IND), JKUSDIP (Loan 2925-IND) and JKUSDIP (Loan - 3132 IND) dated 17.03.2005, 28.12.2007, 16.05.2013 and 30.12.2014 respectively have been complied with.
- e. (i)(a)with respect to SOEs , adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred ; and (b) except for the ineligible expenditures as detailed in the audit observations , if any, appended to this report, expenditures are eligible for financing under the loan Agreement. (c) further, such expenditures withdrawn under SOE procedures are accurate and conform to the propriety principles to the extent as presented to us during the course of our Audit and ADB can rely on such SOE's as a basis for credit disbursement.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the report of CAG of India for being laid before Parliament/ State or UT legislature.

Place: Jammu
Dated: 02.12.2015

For Raj Har Gopal & Co.
Chartered Accountants

FRN: 002074N

(Gopal Krishan Gupta)
Partner

M.No: 081085

Audit Observations for the Financial Year ended 31st March 2015 and Compliance thereof:

During the Audit Process for the Financial Year ended 31st March 2016, we have noted the compliance or otherwise by the Auditee, J&K ERA, of the following observations for the Financial Year ended on 31st March 2015 :

- a) Audit Observation at in 'Emphasis Matter' Para (a): Though the J & K ERA has demonstrated that the action and correspondence have been made to the respective departments and parties to whom the advances have been paid but there has been no proper response for advances to the tune of Rs 16,53,87,212/- therefore we are unable to verify the actual recoverability of these advances in cash/kind. Such advance of Rs. 16,53,87,212/- has been reported under Schedule F : Current Assets, Loans and Advances as line item – "Advances to Govt. Agencies for Shifting Utilities" under the head Loans and Advances – MPIRJK therefore we are unable to verify the actual recoverability of these advances in cash/ kind "

Compliance by Auditee:

During the financial year 2015-2016 Advances to the tune of RS. 1,89,30,398/- has been adjusted. Remaining advances of Rs. 14,64,56,814.00 are outstanding for a longer period for which there has been no response as on 31/03/2016.

- a) Audit Observation at 'In Emphasis Matters Para (b): "There is a suspense amount of Rs. 5,000/- outstanding for reconciliation from previous accounting periods other than under Audit and has been separately reflected in the Financial Statements."

Compliance by Auditee:

As at 31st March 2016, the suspense amount of Rs. 5,000/- is adjusted.

- b) Audit Observation at 'Other Matters Para (b): Internal Audit has not been conducted by any external agency for the financial year 2014-15 and considering the size of the organisation and quantum of transactions, it is imperative that an Internal Auditor should be appointed.

Compliance by Auditee:

The Society has appointed M/s K G Somani & Co., Chartered Accountants for conducting the Internal Audit of the society for the Financial Year(s) 2015-16 and 2016-17.



Jammu & Kashmir Govt.
Economic Reconstruction Agency

2ND Floor, Commercial Complex, Srinagar-----
 13 C/C Gandhi Nagar, Jammu

JK
 ERA

M/s. Raj Har Gopal & Co.,
 Chartered Accountants,
 412, Ansal Bhawan, 16 K.G. Marg,
 New Delhi- 110001.

December 02, 2016

Subject: Management Representation Letter regarding Statutory Audit for FY 2015-16.

Sir(s),

This representation letter is provided in connection with your audit of the financial statements of the J&K Economic Reconstruction Agency for the year ended March 31, 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of J&K Economic Reconstruction Agency as of March 31, 2016 and of the results of operations for the year then ended. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the recognized accounting policies and practices, including the Accounting and Auditing Standards issued by the Institute of Chartered Accountants of India (ICAI).

1. Accounting Policies

The Accounting policies, which are material or critical in determining the results of operations for the year or state of affairs are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on cash basis except as stated otherwise in the financial statements.

There are no changes in the accounting policies followed by the society during the current year.

2. Fixed Assets

- 2.1 The fixed assets held by J&K Economic Reconstruction Agency have been properly accounted for and have been physically verified at the year end. No discrepancies are noticed on such verification.
- 2.2 Fixed Assets Register has been properly maintained at all the Branches. All fixed assets shown in the Balance Sheet are in working condition.
- 2.3 Capital expenditure incurred only for the assets put to use have been fully capitalized and is not shown in Work in process/advances for capital works-Sundry Debtors.
- 2.4 All transfers-in and transfer-out of capital assets have been correctly accounted.

- 2.5 No Depreciation on these assets has been provided in accordance with the cash basis of accounting.
3. **Capital Commitments**
At the balance sheet date, there were no outstanding commitments for capital expenditure other than those disclosed in the financial statements.
4. **Other Current Assets**
In the opinion of the management, other current assets have a value on realization in the ordinary course of the J&K Economic Reconstruction Agency activities which is at least equal to the amount at which they are stated in the balance sheet.
5. **Cash and Bank Balances**
- 5.1 The cash balance as on March 31, 2016 is Rs. 1, 12,593/- (Rupees One Lac Twelve Thousand Five Hundred Ninety Three Only) and has been verified by us.
- 5.2 Balances with Banks as at 31st March 2016 were reconciled.
6. **Liabilities**
The J&K Economic Reconstruction Agency has recorded all known liabilities in the financial statements.
7. **Contingent Liabilities**
The J&K Economic Reconstruction Agency has disclosed in notes to the financial statements all contingent liabilities exist as on the date of financial statements.
8. There have been no events subsequent to the balance sheet date that require adjustment of or disclosure in, the financial statements or notes thereto.
9. **Statement of Expenditures**
Except as disclosed in the financial statements, the results for the year were not materially affected by:
(a) transactions of a nature not usually undertaken by the J&K Economic Reconstruction Agency;
(b) circumstances of an exceptional or non-recurring nature;
(c) charges or credits relating to prior years;
(d) changes in accounting policies.
10. **Project Funds**
The project funds have been expended in accordance with the intended purposes as reflected in the financial statements.
11. We have made available to you all the latest reports on the accounts of our J&K Economic Reconstruction Agency, and compliances by the J&K Economic Reconstruction Agency on the observations contained therein:

Apart from the above, the J&K Economic Reconstruction Agency has not received any show cause notice, inspection advice, etc., from Government of India or any other monitoring or regulatory authority of India that could have a material effect on the financial statements of the J&K Economic Reconstruction Agency during the year.

12. Balancing of Books

The books of the accounts are manual as well as computerized. In case of manual ledgers maintained. We confirm that they duly match with the general ledger balances.

13. There is no enquiry going on or concluded during the year by Central Bureau of Investigation (CBI) or any other vigilance or investigating agency on J&K Economic Reconstruction Agency or on its employees and no cases of frauds or of misappropriation of assets of the J&K Economic Reconstruction Agency have come to the notice of the Management during the year.

14. There have been no irregularities involving management or employees who have a significant role in the system of internal control that could have a material effect on the financial statements.

15. The financial statements are free of material misstatements, including omissions.

16. The J&K Economic Reconstruction Agency has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulating authorities that could have a material effect on the financial statements in the event of non-compliance.

17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

18. The other particulars required have already been given to you and particulars and other representations made to you from time to time are true and correct in all respects.

19. Taxability

Since J&K ERA has no taxable income hence no Income Tax Return(s) have been filed till date but the J&K ERA has obtained Permanent Income Tax Account Number (PAN). J&K ERA is having Tax Deduction Account Number (TAN) and is complying with the provisions relating to Tax Deduction at Source of Income Tax Act 1961.

20. Internal Control/Internal Audit

M/s K.G. Somani and co. (Chartered Accountants) has been appointed as Internal Auditor for the financial years 2015-16 and 2016-17. The Principal A.G. Office has conducted audit on the account's of J&K ERA for the period 2013-14. The Society has its own internal control/ Internal Audit System.


(Director Finance)
J&K ERA

J & K Economic Reconstruction Agency

**Balance Sheet J&K Urban Sector Development Investment Programme
in J&K - (JKUSDIP) Loan 2331, 2925 & 3132- IND as at 31st March 2016**

Amount in ₹

Particulars	Schedule No	As at 31.03.2016		As at 31.03.2015	
Funds for JKUSDIP- Loan 2331-IND					
ADB Funds		163,63,42,000.00		146,34,33,000.00	
Counterpart Funds		208,00,00,000.00	371,63,42,000.00	208,00,00,000.00	354,34,33,000.00
Funds for JKUSDIP- Loan 2925-IND					
ADB Funds		224,70,68,000.00		94,15,56,000.00	
Counterpart Funds		131,04,00,000.00		27,00,00,000.00	
State Funds for Land acquisition		20,00,00,000.00	375,74,58,000.00	23,00,00,000.00	141,15,56,000.00
Funds for JKUSDIP- Loan 3132-IND					
ADB Funds		54,06,61,000.00	54,06,61,000.00	-	-
Current Liabilities & Payables	A		34,54,81,034.00		16,14,30,437.00
Total			835,99,52,034.00		511,64,19,437.00
Application of funds					
Fixed Assets	B		1,41,19,172.00		1,18,13,730.00
Project Expenditure :					
JKUSDIP	C				
(a) Loan 2331-IND		239,27,23,342.98		217,63,98,279.21	
(b) Loan 2925-IND		394,76,89,908.00		103,98,36,272.00	
(c) Loan 3132-IND		102,10,12,088.00	736,14,25,338.98	15,29,04,412.00	336,91,38,963.21
Current Assets, Loans and Advances	D		98,44,07,523.02		173,54,66,743.79
Total			835,99,52,034.00		511,64,19,437.00

Significant Accounting Policies
Notes to accounts

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In term of our report of even date

For Raj Har Gopal & Co.
Chartered Accountants

K. Gupta
Partner
FRN No: 002074N
M. No.: 081085
Place: Jammu
Date: 02/12/2016

Mohammad Yousuf Pandith
Director Finance
J & K ERA

Vinod Sharma
CEO
J & K ERA

J & K Economic Reconstruction Agency

Statement of Expenditure on J&K Urban Sector Development Investment Programme-

Project 1 (JKUSDIP) Loan 2331- IND

From Inception To 31st March 2016

Component	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
A : Expenditure		
Works	151,85,66,915.00	141,54,78,492.00
Consultancy Services	46,85,67,616.00	41,40,51,776.00
Incremental Administration Costs	41,75,23,116.98	35,86,81,741.21
B : Advances		
Works	10,38,36,310.00	19,42,52,210.00
Consultancy Services	(2,02,479.00)	(2,02,479.00)
Incremental Administration Costs	(71.00)	11,184.00
Land Acquisition	2,24,85,555.00	2,24,85,555.00
Less:		
C: Retention Money/Security Deposit		
Works	3,63,29,600.00	3,94,19,000.00
Incremental Administration Costs	40,000.00	40,000.00
Total (A+B-C)	249,44,07,352.98	236,52,99,479.21

In term of our report of even date

For Raj Har Gopal & Co.
Chartered Accountants

CA G.K. Gupta
Partner
FRN No: 002074N
M. No: 081055
Place: Jammu
Date: 02/12/2016

Mohammad Yousuf Pandith
Director Finance
J & K ERA

Vinod Sharma
CEO
J & K ERA

J & K Economic Reconstruction Agency

Statement of Expenditure on J&K Urban Sector Development Investment Programme-
Project 2 (JKUSDIP) Loan 2925 - IND
From Inception To 31st March 2016

Component	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
A : Expenditure		
Works	256,95,93,319.00	80,43,73,658.00
Equipment	15,74,76,852.00	6,26,67,932.00
Consultancy Services	36,43,58,187.00	11,73,71,692.00
Incremental Administration Costs	11,12,93,879.00	-
Resettlement Plan	66,62,33,105.00	1,06,19,490.00
Land Acquisition	8,09,18,433.00	4,48,03,500.00
	394,96,74,775.00	103,98,36,272.00
B : Advances		
Works	32,09,57,993.00	42,37,36,902.00
Equipment	0.00	44,59,581.00
Consultancy Services	17,48,311.00	2,21,11,856.00
Incremental Administration Costs	78,941.00	-
Resettlement Plan	24,67,000.00	65,71,07,000.00
Shifting Utilities	18,10,93,784.00	19,02,28,557.00
Land Acquisition	10,30,78,738.00	13,91,68,071.00
	60,94,24,767.00	143,68,11,967.00
Less:		
C: Retention Money/Security Deposit		
Works	12,13,93,393.00	3,87,67,950.00
Equipment	0.00	3,23,000.00
Incremental Administration Costs	30,241.00	-
	12,14,23,634.00	3,90,90,950.00
Total (A+B-C)	443,78,75,908.00	243,75,57,289.00

In term of our report of even date

For Raj Har Gopal & Co.
Chartered Accountants

CA G.K.Gupta
Partner
FRN No: 002074 N
M. No.: 681085
Place: Jammu
Date: 02/12/2016

Mohammad Yousuf Pandit
Director Finance
J & K ERA

Vinod Sharma
CEO
J & K FRA

J & K Economic Reconstruction Agency

**Statement of Expenditure on J&K Urban Sector Development Investment Programme-
Project 3 (JKUSDIP) Loan 3132 - IND
From Inception To 31st March 2016**

Component	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
A : Expenditure		
Works	100,35,60,909.00	14,26,74,412.00
Consultancy Services	72,21,179.00	0.00
Land Acquisition	1,02,30,000.00	1,02,30,000.00
B : Advances		
Works	25,16,62,674.00	16,21,18,118.00
Shifting Utilities	2,12,87,499.00	1,16,00,000.00
Less:		
C: Retention Money/Security Deposit		
Works	4,87,45,400.00	69,73,000.00
Total (A+B-C)	124,52,16,861.00	31,96,49,530.00

In term of our report of even date

For Raj Har Gopal & Co.
Chartered Accountants

CA G.K. Gupta
Partner
FRN No: 002074/N
M. No.: 081085
Place: Jammu
Date: 02/04/2016

Mohammad Yousuf Pandit
Director Finance
J & K ERA

Vinod Sharma
CEO
J & K ERA

J & K Economic Reconstruction Agency

Schedules annexed to and forming part of
Balance Sheet as at 31st March 2016Schedule 'A' - Current Liabilities & Payables

Particulars	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
A : For JKUSDIP- Loan 2331		
Sundry Creditors		
Consultants	17,10,853.00	17,10,853.00
Contractors	3,63,29,600.00	3,94,19,000.00
Suppliers/Service Providers	40,000.00	40,000.00
Taxes, duties etc. deducted and payable	(18,170.00)	(65,336.00)
Other Liabilities	13,21,28,054.00	6,98,29,164.00
	17,01,90,337.00	11,09,33,681.00
B : For JKUSDIP- Loan 2925		
Sundry Creditors		
Consultants	48,65,761.00	36,29,561.00
Contractors	12,14,23,634.00	3,90,90,950.00
Suppliers/Service Providers	0.00	0.00
Taxes, duties etc. deducted and payable	2,55,902.00	8,03,245.00
	12,65,45,297.00	4,35,23,756.00
C : For JKUSDIP- Loan 3132		
Sundry Creditors		
Consultants	0.00	0.00
Contractors	4,87,45,400.00	69,73,000.00
Suppliers/Service Providers	0.00	0.00
Taxes, duties etc. deducted and payable	0	-
	4,87,45,400.00	69,73,000.00
Total (A+B+C+D)	34,54,81,034.00	16,14,30,437.00



J & K Economic Reconstruction Agency

Schedules annexed to and forming part of
Balance Sheet as at 31st March 2016

Schedule 'B' - Fixed Assets

Particulars	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
Fixed assets out of JKUSDIP Funds Trench-I		
Furniture and fixtures	8,70,954.00	7,59,449.00
Office equipments	36,57,216.48	36,48,146.48
Taxes and duties on fixed assets	81,354.52	81,354.52
	46,09,525.00	44,88,950.00
Fixed assets out of JKUSDIP Funds Trench-II		
Office equipments	21,84,867.00	21,84,867.00
JKUSDIP		
Project Support Consultant	39,90,073.00	39,90,073.00
Design & Supervision Consultant- Jmu	33,34,707.00	33,34,707.00
	73,24,780.00	73,24,780.00
Total	1,41,19,172.00	1,18,13,730.00



J & K Economic Reconstruction Agency

Schedules annexed to and forming part of
Balance Sheet as at 31st March 2016Schedule 'C' - Expenditure on JKUSDIP- Project 1- Loan 2331 - IND, Project 2- Loan 2925 - IND
& Project 3- Loan 3132 - IND

		Amount in ₹	
Particulars	As on 31.03.2016	As on 31.03.2015	
A: JKUSDIP Loan -2331			
Works			
Water Supply	14,31,14,734.00	13,98,56,614.00	
Sewerage	86,80,57,678.00	80,65,10,189.00	
Solid Waste Management	50,63,94,503.00	45,71,11,688.00	141,54,78,492.00
Consultancy Services			
Project Support Consultant	8,97,73,944.00	8,97,73,944.00	
Design & Supervision Consultants Jmu	17,78,39,146.00	16,76,20,182.00	
Design & Supervision Consultants Kmr	19,36,29,746.00	14,93,32,870.00	40,67,26,996.00
Incremental Admin Support			
Project Management Unit	15,24,33,762.98	13,29,14,630.21	
Project Implementation Unit - Jammu	17,21,25,852.00	14,41,82,992.00	
Project Implementation Unit - Kashmir	10,26,30,315.00	8,46,68,725.00	
Less: Recoveries and receipts	(1,42,76,338.00)	(75,73,556.00)	35,41,92,791.21
TOTAL	239,27,23,342.98	217,63,98,279.21	
B: JKUSDIP Loan- 2925			
Works			
Water Supply	22,18,44,515.00	4,36,33,076.00	
Drainage System	91,63,72,605.00	31,49,55,006.00	
Urban Transport	143,13,78,199.00	44,57,85,576.00	
Equipment	15,74,76,852.00	6,26,67,832.00	86,70,41,590.00
Consultancy Services			
Project Support Consultant	11,33,48,582.00	5,54,69,890.00	
Design & Supervision Consultants Jmu	6,70,39,966.00	2,04,16,973.00	
Design & Supervision Consultants Kmr	4,39,42,075.00	0.00	
Consultancy Services for CBISC	7,27,13,476.00	1,79,27,301.00	
Consultancy Services for NRW	6,73,15,088.00	2,35,55,528.00	11,73,71,692.00
Incremental Admin Support			
Project Management Unit	1,83,36,671.00	-	
Project Implementation Unit - Jammu	5,32,11,141.00	-	
Project Implementation Unit - Kashmir	3,77,56,296.00	-	
Less: Recoveries and receipts	(1,95,096.00)	-	
Expenses Out of Counterpart Funds			
Land Acquisition	8,09,18,433.00	4,48,03,500.00	
Resettlement Plan	66,62,33,105.00	1,06,19,490.00	5,54,22,990.00
TOTAL	394,76,89,908.00	103,98,36,272.00	
C: JKUSDIP Loan- 3132			
Works			
Water Supply	27,09,71,841.00	-	
Drainage System	61,00,43,762.00	14,26,74,412.00	
Sewerage	5,24,36,188.00	-	
Urban Transport	7,01,09,118.00	-	14,26,74,412.00
Consultancy Services			
Consultancy Services for Gender Action Plan	72,21,179.00	-	
Expenses Out of Counterpart Funds			
Land Acquisition	1,02,30,000.00	-	1,02,30,000.00
TOTAL	102,10,12,088.00	15,29,04,412.00	

Note: Cost of Fixed Assets acquired out of the Project funds is shown in Schedule 'B' Fixed Assets

J & K Economic Reconstruction Agency

**Schedules annexed to and forming part of
Balance Sheet as at 31st March 2016**

Schedule 'D' - Current Assets, Loans and advances

Particulars	Amount in ₹	
	As on 31.03.2016	As on 31.03.2015
Loans and Advances -JKUSDIP-Tranche-I		
Advances to Employees for official purposes	(71.00)	11,184.00
Advances to Govt. Agencies for Land	2,24,85,555.00	2,24,85,555.00
Advances to Contractors	10,38,36,310.00	19,42,52,210.00
Advance to Others	(18,98,48,926)	(18,72,29,022)
Advances to Consultants	(2,02,479.00)	(2,02,479.00)
	(6,37,29,611.00)	2,93,17,448.00
Loans and Advances -JKUSDIP-Tranche-II		
Advances to Employees for official purposes	78,941.00	0.00
Advances to Govt. Agencies for Land	10,30,78,738.00	13,91,68,071.00
Advances to Govt. Agencies for Resettlement	24,67,000.00	65,71,07,000.00
Advances to Contractors	32,09,57,893.00	42,81,96,483.00
Advances to Consultants	17,48,311.00	2,21,11,856.00
Advances to Govt. Agencies for Shifting Utilities	18,10,93,784.00	19,02,28,557.00
	60,94,24,767.00	143,68,11,967.00
Loans and Advances -JKUSDIP-Tranche-III		
Advances to Contractors	25,16,62,674.00	16,21,18,118.00
Advances to Govt. Agencies for Shifting Utilities	2,12,87,499.00	1,16,00,000.00
	27,29,50,173.00	17,37,18,118.00
Cash at Bank in Current Account with		
J&K Bank - PMU - JKUSDIP	(9.21)	(9.21)
J&K Bank - PMU - SBG - 041 JKUSDIP L-I	15,15,69,587.00	(35,96,938.00)
J&K Bank - PMU - SBG - 043 JKUSDIP L-II & L-III	1,40,80,023.23	9,91,63,527.00
	16,56,49,601.02	9,55,66,579.79
Cash in Hand		
Cash in Hand - PMU JKUSDIP	1,12,593.00	52,631.00
	1,12,593.00	52,631.00
Total	98,44,07,523.02	173,54,66,743.79



Jammu & Kashmir Economic Reconstruction Agency

Schedule "G"- Significant Accounting Policies

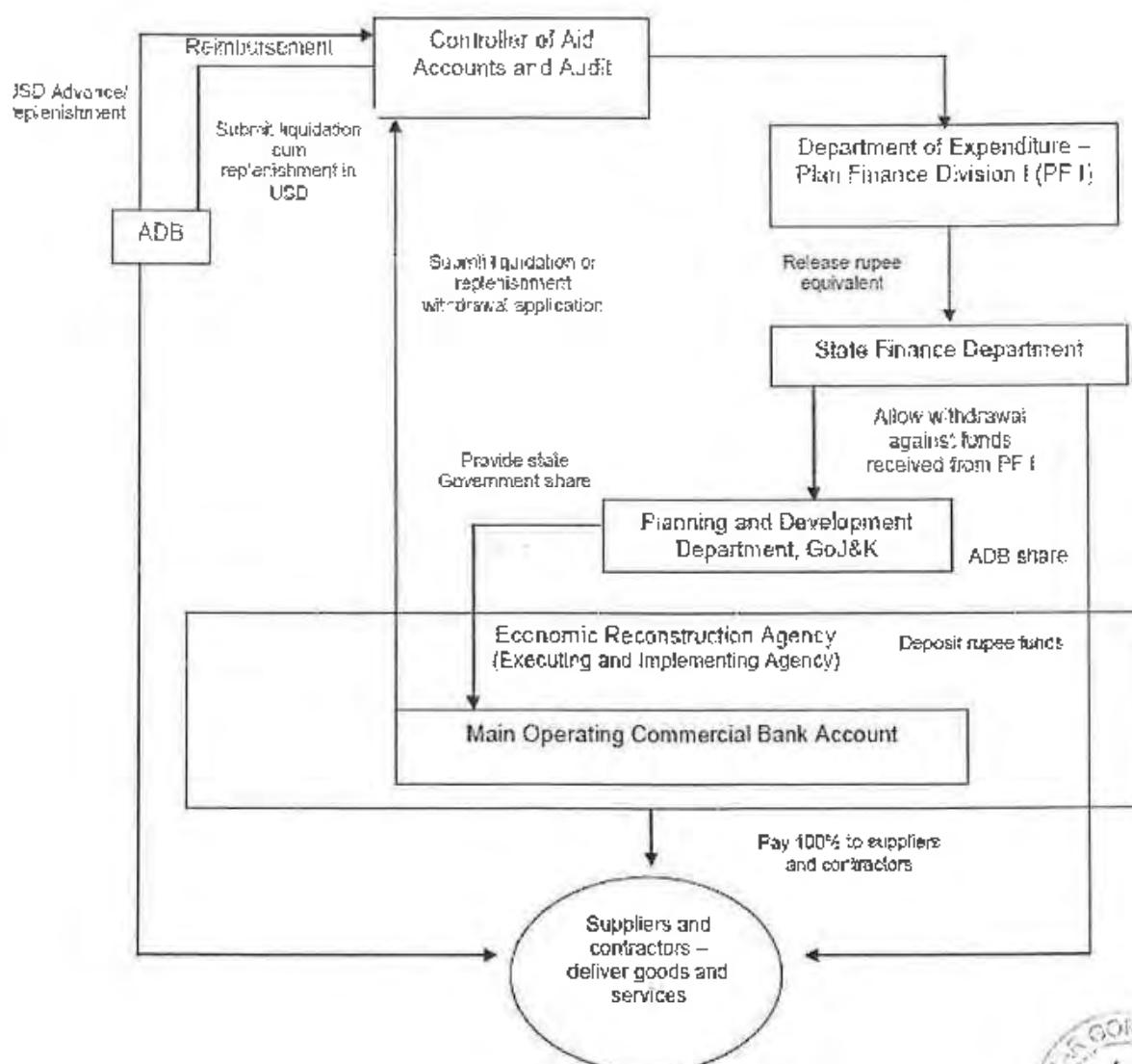
1. System of Accounting

- 1.1 Financial statements of Jammu & Kashmir Economic Reconstruction Agency (J&K ERA) consists of Balance Sheet, supporting schedules, Receipt and Payment Account, Statement of Expenditures (SOEs) for MPIRK (Loan 2151-IND), JKUSDIP (Loan 2331IND, Tranche-I), JKUSDIP (Loan 2925-IND, Tranche-II) and JKUSDIP (Loan 3132-IND, Tranche-III)
- 1.2 These financial statements have been prepared in accordance with the generally accepted accounting standards, as applicable in India and are consistently being followed.
- 1.3 The financial statements are prepared on cash basis and under historical cost and going concern conventions.

2. Fund Flow Mechanism

The following diagram depicts the Fund Flow of Project Funds:

E. Fund Flow Diagram



ADB = Asian Development Bank, GoJ&K = Government of Jammu and Kashmir.



3. Fixed Assets and Depreciation

- 3.1. Fixed assets are stated at acquisition cost. No depreciation is provided on fixed assets in line with the cash basis of accounting.
- 3.2. Assets like office furniture and fixtures, office equipment, vehicles, computers, etc., purchased by the Project Management Unit(PMU) and Project Implementation Units(PIUs) out of funds for Multi-Sector Project for Infrastructure Rehabilitation in J&K(MPIRJ Loan 2151-IND) and J&K Urban Sector Development Investment Program-Project-1 (JKUSDIP Loan 2331-IND), Program-Project-2 (JKUSDIP Loan 2925-IND) & Program-Project-3 (JKUSDIP Loan 3132-IND) are accounted for under fixed assets. Vehicles and office equipment purchased out of the initial grants from the Govt. of J&K are also accounted for under Fixed Assets.
- 3.3. Fixed Assets purchased by the Project Consultants-Project Management Consultants (PMC), Project Support Consultants (PSC) and Design and Supervision Consultants (DSCs) out of the funds provided by J&K ERA are also accounted for under fixed assets and are held with PMC, PSC and DSCs. These assets being the property of J&K ERA, adequate controls for their safe keeping is the prime responsibility of PMC, PSC and DSCs, till these are handed over to J&K ERA on completion of the project.

4. Advance & Other Receivables

- 4.1 The Project Management Unit (PMU) makes advances to the two Project Implementation Unit (PIU) for implementation of the project and record expenses reported by them against the advances.
- 4.2 Advances given on Shifting of Utilities are settled as soon as Utilization Certificates are received with proper approval by the competent authority.
- 4.3 Interest free mobilization advance is paid to the contractors at a rate specified in the contract (Ten/Twenty percent of the accepted amount less provisional sums). Repayment of the same is due when payments are 20% of the accepted contract amount less provisional sums. Thereafter, these advances are recovered through deduction from interim payments at a rate specified in the respective contract.

5. Project Expenditures

All expenditures on civil works, equipment, materials, consulting services and administration for the projects/programmes being executed by J&K ERA on behalf of the Govt. of J&K viz., MPIRJ, JKUSDIP, GIS for Jammu and Srinagar cities, and PPTA for phase-II are carried forward under the head "Project Expenditure" in the Balance Sheet. Direct costs (including civil works, equipment and materials, etc.) are aggregated under individual contracts for sub projects. Indirect implementation costs (Consulting services and administration costs) are being aggregated for each consultancy contract, PIU and PMU and will be allocated to individual sub-projects after completion of the project.



6. Income

All recoveries and receipts incidental to contracts like interest on advances and penalties from contractors and consultants, sale of bid documents are accumulated separately and reduced from expenditures on incremental administration costs.

7. Employee Costs

All employee costs, including retirement benefits, if any, are being accounted for on cash basis.

8. Accounting for Grants

J&K ERA had received an initial grant of ₹1,28,98,170/- from the Govt. of J&K. This is being accounted for on cash basis under individual heads of grants and disclosed in the Balance Sheet under Sources of Funds.

9. Interest expenses and Financial Charges

The project loan from Asian Development Bank (ADB) and the counterpart share is passed on by the Govt. of India to the Govt. of J&K as 90% grant and 10% loan. These funds are transferred to J&K ERA by the State Govt. for project implementation. Interest during construction and commitment charges to ADB are payable by the Govt. of India. Govt. of J&K is liable to pay interest only on the 10% loan component to Govt. of India. J&K ERA is not subject to any commitment or interest charges on ADB loan and hence the same have not been accounted for in the books of J&K ERA.

10. Recoveries and Receipts incidental to Contracts

All recoveries and receipts incidental to contracts like interest on advances and penalties from contractors and consultants, sale of bid documents, charges for damage/permission for laying cables, etc. along road and bridge sub-projects are accumulated separately and reduced from expenditures on incremental Administration costs.

11. Allocation of Administrative Expenses for MPIRIK and JKUSDIP

Administrative expenses of PIUs for MPIRIK and JKUSDIP are charged to the respective project accounts. Administrative expenses of the PMU, except for the officers associated with MPIRIK are charged to JKUSDIP.



Jammu & Kashmir Economic Reconstruction Agency

Schedule "H" - Notes to Accounts

1. Reporting Entity

J&K Economic Reconstruction Agency is a Special Purpose Vehicle for Implementation of Externally Aided Projects. It is a Society registered under Societies Registration Act of 1941 AD. ERA came into being on 28th Dec 2004. Hon'ble Chief Minister, J&K is the Chairman of the Governing Body of ERA, which is the highest decision making body. The Territorial limits of the state (J&K) are the operational areas of J&K ERA.

2. Reporting Period

Financial statements are for the financial year ended on **March 31st 2016**. Previous year's figures are for the financial year ended **March 31st 2015**.

3. Financial Statements

3.1. Financial statements consist of Balance Sheet, supporting schedules, Receipt and Payment account, Statement of Expenditure for MPIRJK (Loan 2151-IND), JKUSDIP Project-1 (Loan 2331-IND), JKUSDIP Project-2 (Loan 2925-IND) and JKUSDIP Project-3 (Loan 3132-IND) Significant Accounting Policies and Notes to Accounts.

3.2. Balance Sheet is a statement of affairs of J&K ERA as at **31st March 2016** representing its financial position as on that date. Receipts & Payment Account is a summary of all receipts and payments during the financial year 2015-16 and cash & bank balances as at 31st March 2016. The Statement of Expenditure (in place of Income & Expenditure Statement) is prepared under the broad heads of project expenditures as specified in the project loan agreements and include all payments since inception of the project to 31st March 2016 under MPIRJK and JKUSDIP Project-1, Project-2 & Project-3.

3.3. Since J&K Era was constituted for implementation of externally aided infrastructure projects in the state of Jammu & Kashmir, the administration and operating costs of J&K ERA are also funded/charged against the projects executed by it. Such costs have been disclosed under the head "Project Expenditure" in Balance Sheet and in the statement of expenditure hence no separate Income & Expenditure Statement has been prepared.

4. Statement of Project Expenditure

A separate Statement of Expenditure has been prepared for each of the project loan i.e. MPIRJK (Loan 2151-IND), JKUSDIP Project-1(Loan 2331-IND), JKUSDIP Project-2 (Loan 2925-IND) & JKUSDIP Project-3 (Loan 3132-IND) The Statement of Expenditure contains the total disbursement of the project and includes cost of fixed assets and advances given to the consultants, contractors, Govt. agencies and others. Expenditure on the project as indicated in Schedule 'C' is exclusive of fixed assets and advances, which are shown separately under the Schedule 'B' and 'F' respectively.



5. Multi-sector Projects for Rehabilitation in Jammu & Kashmir [MPIRJK (Loan 2151-IND)]

- 5.1. A loan agreement between Govt. Of India and Asian Development Bank (ADB), and a Project agreement between ADB, Govt. of J&K and J&K ERA were signed on 17th March 2005 for implementation of MPIRJK. The effective date of the project and loan agreement was 13th May 2005 as notified by ADB/Govt. of India and closing date was March 2014.
- 5.2. The project is being funded through ADB and counterpart funding of Govt. of India/Govt. of J&K. Funds received from ADB through Govt. of India/Govt. of J&K are deposited in a separate bank account for the project maintained at Srinagar/Jammu with Jammu & Kashmir Bank. No fixed deposit of the surplus funds has been made with any bank.
- 5.3. Payment of indirect taxes and duties and miscellaneous income from project are identified separately and deducted from project expenditure while making a claim to ADB for reimbursement.

6. Urban Sector Development Investment Program, (JKUSDIP) ADB Loan-II

JK Urban Sector Development Investment Program (JKUSDIP) was approved by ADB on 31st May 2007. It is a Multi-Tranche Financing Facility (MFF) aimed at expansion of basic urban infrastructure in the capital cities of Jammu & Srinagar and other regional towns in the state.

The total size of JKUSDIP was Rs. 2425 Crore of which Rs. 1500 Crore is the ADB loan – Component and the balance Rs. 925 Crore counterpart fund from the state plan. The total size of JKUSDIP has been reduced to Rs. 1769 Crore.

6.1 Tranche-I(2331-IND)

Tranche-I under JKUSDIP was approved on 4th June 2007. A loan agreement between Govt. Of India and Asian Development Bank (ADB), and a Project agreement between ADB, Govt. of J&K and J&K ERA were signed on 28th December 2007 for implementation of JKUSDIP. The effective date of the project and loan agreement is 25th March 2008 as notified by ADB/Govt. of India.

The project is being funded through ADB and counterpart funding of Govt. of India/Govt. of J&K. Funds received from ADB through Govt. of India/Govt. of J&K are deposited in a separate bank account for the project maintained at Srinagar/Jammu with Jammu & Kashmir Bank. No fixed deposit of the surplus funds has been made with any bank.

Payment of indirect taxes and duties and miscellaneous income from project are identified separately and deducted from project expenditure while making a claim to ADB for reimbursement.

6.2 Tranche-II(2925-IND)

Tranche-II under JKUSDIP was approved on 26th October 2012. A loan agreement between Govt. Of India and Asian Development Bank (ADB), and a Project agreement between ADB, Govt. of J&K and J&K ERA were signed on 16th May 2013 for implementation. The effective date of the project and loan agreement is 19th August 2013 as notified by ADB/Govt. of India.

6.2 Tranche-III(3132-IND)

Tranche-III Under JKUSDIP was approved on 18th June 2014. A loan agreement between Govt. Of India and Asian Development Bank (ADB), and a Project agreement between ADB, Govt. of J&K and J&K ERA were signed on 30th Dec 2014 for implementation. The effective date of the project and loan agreement is 29th Jan., 2015 as notified by ADB/Govt. of India.

7. PPTA for Phase-II

J&K Era has been incurring expenditure for Project Preparatory Technical Assistance (PPTA) for the Phase-II sector loan from ADB. These are being carried forward separately under the head 'Project Expenditure'. ₹56,00,000/- have been received by J&K FRA from Govt. of J&K as counterpart fund for this vide sanction letter no. PD/EAP-101/2004-05/18(15) dated 10th February 2006.

8. GIS for Jammu and Srinagar Cities

All expenditures incurred for Geological Information System (GIS) for the cities of Jammu and Srinagar are carried forward separately under the head 'Project Expenditure'. Govt. of J&K has made payment of ₹2.00 crore to J&K ERA in December 2010 and 1.00 crore to J&K ERA in March 2012.

9. Previous Year Figures

Previous year figures have been re-classified/re-grouped wherever considered necessary.

10. Related Parties' Transaction

There was no related party transaction during the period.

11. Payment to Statutory Auditors and Internal Auditors

During the year '11, 47,585/- has been paid to Internal and Statutory Auditors towards consolidated audit fees for the financial year 2014-15 and 2015-16.

12. Contingent Liabilities

The detail of contingent liabilities existing as on 31st March 2016 is as under:

Sn.	Nature of Contingent Liability	Current Year Crores	Previous Year Crores
1.	Estimated amount of contracts remaining to be executed on capital account (Net of advances)	742.62	1011.34
P	Pension/Retirement Benefits	Nil	Nil
3.	Guarantees Issued and Outstanding	Nil	Nil
4.	Legal Claims	Nil	Nil



J & K Economic Reconstruction Agency

Receipt & Payment Account for JKUSDIP Loan-2331, 2925 & 3132 for the year ended 31st March, 2016

Amount in ₹

Particulars	2015-16		2014-15	
Opening Balance:				
Cash	52,631.00		40,806.00	
Bank	9,55,66,579.79	9,56,19,210.79	19,39,71,572.79	19,40,15,378.79
RECEIPTS				
Loan-2331 Tranche-I				
Project Funds				
ADB Funds	17,29,09,000.00		13,39,04,000.00	
Counterpart Funds	0.00	17,29,09,000.00	0.00	13,39,04,000.00
Other Receipts				
Recovery of Advances	8,77,77,150.00		13,40,79,300.00	
Retention Money (net)	15,93,13,963.00		27,25,39,303.00	
Taxes & duties deducted (net)	2,62,95,559.00		4,19,99,887.00	
Deduction from Salaries	16,29,036.00		32,27,342.00	
Advance from Loan-2151	54,55,02,000.00		39,23,97,076.00	
Other Receipts	6,98,23,200.00	89,03,40,907.00	7,39,47,961.00	91,81,90,869.00
Loan-2925 Tranche-II				
Project Funds				
ADB Funds	129,79,05,000.00		64,96,77,000.00	
Counterpart Funds	104,04,00,000.00		27,00,00,000.00	
Land Acquisition	0.00	233.83,05,000.00	20,00,00,000.00	111,96,77,000.00
Other Receipts				
Recovery of Advances	20,30,88,611.00		7,03,31,688.00	
Retention Money (net)	216,84,17,069.00		87,06,83,864.00	
Deduction from Salaries	41,63,382.00			
Taxes & duties deducted (net)	29,93,37,381.00	267,50,06,443.00	11,08,76,062.00	105,18,91,594.00
Loan-3132 Tranche-III				
Project Funds				
ADB Funds		54,06,61,000.00		0.00
Other Receipts				
Recovery of Advances	11,75,78,100.00		2,50,30,000.00	
Retention Money (net)	91,95,67,575.00		16,12,47,412.00	
Taxes & duties deducted (net)	13,46,58,688.00	117,18,04,363.00	2,25,03,407.00	20,87,80,819.00
Total Receipts		778,80,26,713.00		343,24,44,282.00
PAYMENTS				
Expenditure Loan-2331 Tranche-I				
Works	10,08,88,423.00		16,92,97,908.00	
Consultancy Support	5,46,15,840.00		9,49,90,558.00	
Incremental administration costs	6,46,30,713.77	22,00,34,976.77	14,56,20,005.00	40,99,08,481.00
Advances				
Advances to Govt. Agencies	0.00		0.00	
Advances to Contractors	3,05,100.00		1,89,01,610.00	
Advance to Loan-2151	54,55,00,000.00		24,26,30,720.00	
Advances to Staff	1,53,150.00	54,59,58,250.00	7,55,000.00	26,21,87,330.00
Expenditure Loan-2925 Tranche-II				
Works	181,93,87,581.00		72,05,62,209.00	
Consultancy Support	23,50,85,238.00		10,18,75,908.00	
Incremental administration costs	11,09,40,346.00	216,54,13,165.00	0.00	82,24,38,117.00

J & K Economic Reconstruction Agency

Receipt & Payment Account for JKUSDIP Loan-2331, 2925 & 3132 for the year ended 31st March, 2016

Amount in ₹

Particulars	2015-16		2014-15	
Advances				
Advances to Govt. Agencies	3,50,31,827.00		10,00,00,000.00	
Advances to Contractors	7,25,57,576.00		11,38,95,747.00	
Advances to Consultants	4,42,000.00	10,60,31,403.00	3,32,93,564.00	24,71,95,311.00
Expenditure Loan-3132 Tranche-III				
Works	66,08,86,497.00		14,26,74,412.00	
Consultancy Support	72,21,179.00	86,81,07,676.00	0.00	14,26,74,412.00
Advances				
Advances to Govt. Agencies	2,28,31,499.00		1,02,30,000.00	
Advances to Contractors	19,39,78,656.00	21,68,10,155.00	19,87,48,118.00	20,89,78,118.00
Other Payments				
JKUSDIP Loan-2331				
Retention Money	16,24,03,363.00		26,63,58,303.00	
Taxes & Duties deducted	2,63,25,140.00		4,19,99,887.00	
Deduction from Salaries	16,25,465.00	19,03,53,968.00	34,89,689.00	31,18,47,879.00
JKUSDIP Loan-2925				
Retention Money	208,70,35,260.00		83,80,16,114.00	
Taxes & Duties deducted	30,24,48,654.00		11,08,16,869.00	
Deduction from Salaries	42,36,359.00	239,37,20,273.00	0.00	94,88,32,983.00
JKUSDIP Loan-3132				
Retention Money	87,77,95,175.00		15,42,74,412.00	
Taxes & Duties deducted	13,46,58,668.00	101,24,53,863.00	2,25,03,407.00	17,67,77,819.00
Total Payments		771,88,83,729.77		353,08,40,450.00
Closing Balance		16,57,62,194.02		9,56,19,210.79
Cash at Bank in				
J&K Bank - PMU - JKUSDIP	(9.21)		(9.21)	
J&K Bank - PMU - SBG - 041 JKUSDIP	15,15,69,587.00		(35,96,938.00)	
J&K Bank - PMU - SBG - 043 JKUSDIP	1,40,80,023.23	16,56,49,601.02	9,91,63,527.00	9,55,66,579.79
Cash In Hand				
Cash in Hand - PMU JKUSDIP	1,12,593.00	1,12,593.00	52,631.00	52,631.00
Total		16,57,62,194.02		9,56,19,210.79

In term of our report of even date

For Raj Har Gopal & Co.
Chartered Accountants

CA G.K. Gupta

Partner

FRN No: 002074N

M. No.: 010101

Place: Jammu

Date: 2.12.2016



Mohammad Yousuf Pandit
Director Finance
J & K ERA

Vinod Sharma
CEO
J & K ERA

(Signature)

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-I (JKUSDIP)
Loan/Grant No. 2331-IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

in (INR)				
Particulars	Note Reference	During the Current Year for 12 month period	During the Previous Year for 12 month Period	Cumulative Project to Date As at (end of CURRENT year)
Opening Balance ¹ (A)			340,95,29,000.00	340,95,29,000.00
Receipts				
Funds received from Government ²	4			
ADB Loan ³	5	17,29,09,000.00	13,39,04,330.00	30,68,13,000.00
ADB Grant ³	6			
Co-financier 1	7			
Co-financier 2	8			
Beneficiary contribution (if any)	9			
Other receipts such as interest income, sale from disposals of fixed assets, etc.	10			
Total Receipts (B)		17,29,09,000.00	13,39,04,000.00	30,68,13,000.00
Total (C = A + B)		17,29,09,000.00	354,34,33,000.00	371,63,42,000.00
Opening Balance Payments (D)			208,32,84,454.21	208,32,84,454.21
Investment Costs⁴	11			
Civil Works - Water Supply		1,02,52,170.00	0.00	1,02,52,170.00
Civil Works - Sewerage		(3,73,72,011.00)	(7,01,02,756.00)	(10,24,74,767.00)
Civil Works - Solid Waste		3,78,81,814.00	11,80,41,974.00	15,59,23,788.00
Consultancy Services		5,45,15,840.00	9,49,90,558.00	14,95,06,408.00
Land Acquisition		0.00	0.00	0.00
Sub Total (E)		7,02,77,763.00	14,29,29,786.00	21,32,07,549.00
Recurrent Cost	12			
Incremental Admin Costs		5,88,30,120.77	13,90,85,239.00	19,79,15,359.77
Sub Total (F)		5,88,30,120.77	13,90,85,239.00	19,79,15,359.77
Total Payments		12,91,07,883.77	28,20,15,025.00	41,11,22,908.77
Financing Charges During Implementation (G)	13			
Total Project Cost (H = D + E + F + G)		12,91,07,883.77	236,52,99,479.21	249,44,07,362.98
Closing Balance (C-H)		4,38,01,116.23	117,81,33,520.79	122,19,34,637.02

¹If cash balance are controlled by the entity, indicating cash balance, interest account and SGIA balance separately.

²These will include external assistance received by Government for the project.

³This shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by ADB to the suppliers of goods and services under Direct Payment procedure and Commitment Letter procedure.

⁴Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement.

Notes 1 to x of the financial statements form an integral part of these financial statements

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Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-I (JKUSDIP)
Loan/Grant No. 2331-IND

STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER (SOE) PROCEDURE
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

								in (INR)
Particulars	ADB ¹			Co-Financier		Government		Total Expenditure
	Percentage of financing ²	Actual Expenditure		Actual Expenditure		Actual Expenditure		
		Amount	%	Amount	%	Amount	%	
		1	2	3	4	5	6	
Investment Costs ²								
Civil Works - Water Supply	82	84,06,738.00				18,45,382.00		1,02,52,120.00
Civil Works - Sewerage	82	2,79,07,328.00				(6,02,79,330.00)		(5,23,72,011.00)
Civil Works - Solid Waste	82	0.00				3,78,81,814.00		3,78,81,814.00
Consultancy Services	95	6,15,04,947.00				(69,89,107.00)		5,45,15,840.00
Land Acquisition		0.00				0.00		0.00
Sub Total (A)		9,78,19,013.00				(2,75,41,250.00)		7,02,77,763.00
Recurrent Cost								
Incremental Admin Costs	80	5,23,96,836.00				64,33,284.77		5,88,30,120.77
Sub Total (B)		5,23,96,836.00				64,33,284.77		5,88,30,120.77
Total Cost (C=A+B) ³		15,02,15,849.00				(2,11,07,965.23)		12,91,07,883.77
% Total Project Cost								
Total Project Cost for Financial Year 2015-2016		15,02,15,849.00				(2,11,07,965.23)		12,91,07,883.77

The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).

²Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement.

³The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.

⁴This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter.

Notes 1 to x of the financial statements form an integral part of these financial statements.



Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
 Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-I (JKUSDIP)
 Loan/Grant No. 2331-IND
 FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

Statement of Disbursement

		in (INR)		
Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund claimed during the year				
Reimbursement ¹	E.1	15,02,15,849.00	26,25,16,629.00	1,85,54,83,177.00
Imprest Fund ²	E.2			
Direct Payment	E.3			7,06,79,000.00
Commitment Letter	E.4			
Subtotal	(A)	15,02,15,849.00	26,25,16,629.00	187,61,62,177.00
Total Expenditure made during the year¹	(B)	12,91,07,883.77	28,20,15,025.00	249,44,07,362.98
Less:				
Expenditure not yet claimed	(C)	0.00	0.00	32,97,66,302.21
Borrower's Share	(D)	(2,11,07,965.23)	1,94,98,396.00	28,84,78,883.77
Total Eligible Expenditure Claimed (B - C - D = E = A)		15,02,15,849.00	26,25,16,629.00	187,61,62,177.00

¹The total expenditure as per Statement of Receipts and Payments.

²This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6).

³includes both claims using SOE and full supporting documentation.

Notes 1 to x of the financial statements form an integral part of these financial statements



Please refer to Schedule 'G' - Significant accounting policies
Schedule 'H' - Notes to accounts

Attachment 1
Page 1 of 3

[NAME OF THE COUNTRY/IMPLEMENTING AND EXECUTING AGENCY]
[NAME OF THE ENTITY/PROJECT]
[ADB LOAN REFERENCE]
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR END DATE]

1. Project Name and Activities

1.1 Description of the Project, the nature of activities, commencement and expected completion dates. Mention location, domicile, legal form, controlling IAF/ E/A, brief nature of the project outputs

1.2 Governance framework

Insert as relevant

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in India. This refers to the cash basis of accounting applied with due regard to the General Financial Rules, PWD Codes, Treasury Codes, and similar financial rules and codes as are in effect and applicable to the operations of the Project.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financial, the Statement of Disbursement and related notes and appendices to the financial statements.

3.2 Basis of measurement

Financial statements have been prepared under the historical cost convention and on cash/ accrual basis of accounting

3.3 Changes in Accounting policies

Describe changes in accounting policies, if any

3.4 Fund Flow mechanism

Describe the fund flow mechanism, in particular, whether the IAF/E/ control funds or whether all payments are centralized

3.5 Advances and other receivables

Describe treatment of advances against expenditure

[Signature]
Director Finance
J&K ERA

3.3 Cash and cash equivalents

Cash equivalents comprise (define components of cash). Explain if the entity controls unspent advances, only petty cash, or has a nil balance as applicable.

3.7 Accrued and other liabilities

Disclose any major liabilities which have not been accrued under the cash basis policy.

3.8 Income

- i) Describe nature of different types of income and how they are recognized. For example profits, sale of proceeds of fixed assets, interest income on bank accounts etc.
- ii) [Include if applicable] Free of cost office space, electricity and other services provided by [insert name] are not valued and accordingly are not recognized in these financial statements as income of the Project.

3.9 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR).

(b) Transactions and balances

Transactions in foreign currency are converted at the exchange rate prevailing at the date of transaction. Foreign currency bank balances are re-stated at the year end rate, and the resulting gains/losses are recognized in the statement of receipts and payments account. Conversion Rate: USD \$ 1 = INR ____ as of 31 March ____.

3.10 Allocation of Common Costs

Describe how common costs are allocated to different output activities.

3.11 Interest Expenses and Financial Charges

Describe how financial charges are treated and included. For example if these are not allocated to the Project by the borrower.

4. Funds Received from the Government

Give details of the government budgeting and funding mechanism

	in (INR) Crores		
	Current Year	Prior Year	Cumulative Year to date
Government Counterpart funding Amount Reimbursable to Government			
Total			

5. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the
_____ of _____ at _____

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-I (JKUSDIP)

Loan/Grant No. 2331-IND

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016****6. Funds Received from ADB**

Give key terms and conditions of the loan including date of loan agreement, loan effectiveness date, key terms conditions, disbursement schedule, commitment fee and interest rates etc.

ADB Source of Funds - Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year	Cumulative Project to Date
ADB Loan				
- By Reimbursement	6.1	15,02,15,849.00	26,25,16,629.00	185,54,83,177.00
- By Imprest Account ¹	6.2			
- By Direct Payment	6.3			2,06,79,000.00
- By Commitment Letter	6.4			
ADB Loan Total		15,02,15,849.00	26,25,16,629.00	187,61,62,177.00
ADB Grant				
ADB Loan and Grand Total		15,02,15,849.00	26,25,16,629.00	187,61,62,177.00

¹This should agree with the advances/replenishments net of refunds in Statement 6.2

6.1 Funds Received from ADB through Reimbursement Method

Attachment 3

Not Applicable

Name of the Executing Agency
Name of the Implementing Agency

[NAME OF THE ENTITY/PROJECT]
Loan/Grant No.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR/END DATE]

6.2 Reconciliation of the Imprest Account and the Bank Statement is given below

**STATEMENT OF IMPREST ACCOUNT
FOR THE YEAR/PERIOD ENDED XX, XXXX.**

		Prior Year	In (US) '000 Current Year
Balance brought forward from previous period		100	140
Add:			
Advance		200	200
Replenishment received during the year/period ¹		10	10
Interest Earned			
Subtotal (A)		310	350
Deduct:			
Payments made during the year/period		150	150
Replenishment / liquidation ²	50		
Expenditure yet to be claimed	10%		
Amount retained during the year/period		20	20
Closing Balance (B)		140	180
As per bank statement (copy attached)		140	180

6.2.1 The US \$ equivalent notational amount held at the R31 in respect of the above Imprest Account balance is _____ US \$ (bank statement attached)

Notes: Figures indicated are illustrative in nature

[Signature]
Director Finance
J&K ERA

All relevant documents are referenced contained

6.3 Details of Payments made directly by ADB are given below

(Add relevant details here)

6.4 Details of payments made through commitment procedure

(Add relevant details here)

6.5 Details of Grants

(Give relevant details for grants)

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Annexure-7

NAMC OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-I (JKUSDIP)
Loan/Grant No. 2331-IND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

6.C Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

in (INR)							
W/A No.	SDE Sheet No.	Category	Total Amount Paid	ADB Financing %	Net Eligible Expense	Amount Reimbursed	Total Disbursement Using SOE Procedure
1	2	3	4	5	6 (4x5)	7	7 + 8 = 9
105	1	Consultants	87,78,914	95	83,39,968	83,39,968	83,39,968
106	1	Incremental	1,48,29,875	80	1,48,29,500	1,48,29,500	1,48,29,500
107	1	Incremental	77,32,648	80	77,86,118	77,86,118	77,86,118
108	1	Consultants	60,36,450	95	60,36,728	60,36,728	60,36,728
109	1	Civil Works - Sewerage	23,03,467	82	18,88,843	18,88,843	18,88,843
	2	Incremental	66,94,815	80	53,55,850	53,55,850	53,55,850
110	1	Consultants	1,52,83,505	95	1,45,19,330	1,45,19,330	1,45,19,330
111	1	Civil Works - Sewerage	41,09,927	82	33,70,140	33,70,140	33,70,140
	2	Consultants	54,76,283	95	52,02,460	52,02,469	52,02,469
112	1	Incremental	3,05,31,710	80	2,44,25,368	2,44,25,368	2,44,25,368
113	1	Consultants	1,22,25,793	95	1,16,14,503	1,16,14,503	1,16,14,503
114	1	Consultants	1,39,61,540	82	1,14,48,463	1,14,48,463	1,14,48,463
115	1	Civil Works - Water Supply	32,58,120	82	26,71,658	26,71,658	26,71,658
	2	Civil Works - Sewerage	2,89,000	82	2,29,600	2,29,600	2,29,600
	3	Consultants	45,72,091	95	43,43,486	43,43,486	43,43,486
116	1	Civil Works - Water Supply	69,54,000	82	57,35,080	57,35,080	57,35,080
	2	Civil Works - Sewerage	1,55,55,237	82	1,27,55,294	1,27,55,294	1,27,55,294
117	1	Civil Works - Sewerage	1,17,84,696	82	96,63,451	96,63,451	96,63,451
		Total	17,64,34,069		15,02,15,849	15,02,15,849	15,02,15,849
		Total for Financial Year 2015-2016					

*The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.



Attachment 3

Further details - will

Name of the Executing Agency
Name of the Implementing Agency

[NAME OF THE ENTITY/PROJECT]
Loan/Grant No.
NOVELS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR END DATE]

		Details of the Contribution Project to State
Current Year	Prior Year	

7-4-13

If any of the amounts given on the Statements of
Receipts and Payments require further detail or
Break down, provide this here against relevant
Note

[Signature]
Director Finance
J&K ERA

Name of Executing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of Implementing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of the Project - Jammu & Kashmir Urban Sector Development Investment Program (JKUSDIP), Tranche-I
 Loan/Grant No. - 2331-IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended Mar 2016				For the Prior year ended Mar 2015				Cumulative from beginning to Mar 2016			
	Budgeted Expenditures	Actual Expenditures	Utilization Percentage #	Variance	Budgeted Expenditures	Actual Expenditures	Utilization Percentage #	Variance	Budgeted Expenditures	Actual Expenditures	Utilization Percentage	Variance
	INR '000	INR '000	%	INR '000	INR '000	INR '000	%	INR '000	INR '000	INR '000	%	INR '000
Investment Costs												
Civil Works #*, #	67,000	15,762	23.53%	51,238	3,40,170	47,940	14.09%	2,92,230	19,35,407	15,86,074	81.95%	3,49,333
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
a. Project Management	60,000	54,516	90.86%	5,484	1,20,000	94,990	79.16%	25,010	4,85,000	4,68,365	96.57%	16,635
b. Capacity Development												
Others												
Subtotal	1,27,000	70,278	55.34%	56,722	4,60,170	1,42,930	31.06%	3,17,240	22,500	22,486	99.94%	14
Recurrent Costs	65,942	58,830	89.21%	7,112	1,40,000	1,39,085	99.35%	915	24,42,907	20,76,924	85.02%	3,65,983
Salaries									4,25,942	4,17,483	98.01%	8,459
Accommodation												
Equipment Operation & Maintenance												
Others												
Subtotal	65,942	58,830	89.21%	7,112	1,40,000	1,39,085	99.35%	915	4,25,942	4,17,483	98.01%	8,459
Total Payments	1,92,942	1,29,108	66.92%	63,834	6,00,170	2,82,015	46.99%	3,18,155	28,68,849	24,94,407	86.95%	3,74,442
Financing Charges During Implementation												
Total Project Cost	1,92,942	1,29,108	66.92%	63,834	6,00,170	2,82,015	46.99%	3,18,155	28,68,849	24,94,407	86.95%	3,74,442
Grant total of expenditure in USD '000	2,969	1,987	66.92%	982	9,785	4,598	46.99%	5,187	53,715	46,704	86.95%	7,011

* Utilization was under achieved on account of termination of two works packages due to slow progress and encashment of Bank Guarantee
 # Utilization was under achieved on account of termination of one works package due to slow progress and encashment of Bank Guarantee
 Note: Conversion Rate
 2014-15 USD 1 = INR 62.54
 2015-15 USD 1 = INR 64.58
 Overall USD 1 = INR 63.41



Name of Executing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of Implementing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of the Project - Jammu & Kashmir Urban Sector Development Investment Program (JKUSDIP), Tranche-II
 Loan/Grant No. - 2925-IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended Mar 2016				For the prior year ended Mar 2015				Cumulative from beginning to Mar 2016			
	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000
Investment Costs												
Civil Works	27,70,000	25,70,681	88.74%	1,99,319	9,25,457	8,16,615	88.25%	1,08,782	33,06,445	29,50,252	89.23%	3,56,193
Miscellaneous and Equipment	97,000	90,672	93.56%	6,328	1,00,000	63,088	63.09%	36,912	1,65,000	1,57,477	95.44%	7,523
Environment and Social Mitigation	1,200	974	81.13%	226	4,60,000	4,66,638	101.44%	6,638	6,71,200	6,68,700	99.63%	2,500
Consultants												
a. Project Management	2,00,000	1,83,424	92.15%	16,576	1,00,000	96,264	96.26%	3,736	3,11,000	2,92,262	93.97%	18,738
b. Capacity Development	45,000	41,200	91.56%	3,800	35,000	32,645	93.27%	2,355	80,000	73,845	92.31%	6,154
Others	30	26	85.33%	4	1,66,000	1,66,160	100.10%	160	1,82,030	1,83,997	101.08%	1,967
Subtotal	21,09,230	18,88,976	89.60%	2,19,254	17,86,457	16,42,370	91.99%	1,44,087	47,15,675	43,26,533	91.75%	3,89,142
Recurrent Costs	1,15,000	1,11,343	96.82%	3,657	0	0	0	0	1,15,000	1,11,343		
Salaries												
Accommodation												
Equipment Operation & Maintenance												
Others												
Subtotal	1,15,000	1,11,343	96.82%	3,657	0	0	0	0	1,15,000	1,11,343	96.82%	3,657
Total Payments	22,23,230	20,00,319	89.97%	2,22,911	17,86,457	16,42,370	91.93%	1,44,087	48,30,675	44,37,876	91.87%	3,92,799
Financing Charges During Implementation												
Total Project Cost	22,23,230	20,00,319	89.97%	2,22,911	17,86,457	16,42,370	91.93%	1,44,087	48,30,675	44,37,876	91.87%	3,92,799
Grand total of expenditure in USD '000	53,881	30,484	89.97%	3,397	29,052	26,709	91.93%	2,343	75,671	69,518	91.87%	6,153

Note: Conversion Rate
 2014-15 USD 1 = INR 61.49
 2013-16 USD 1 = INR 65.62
 Overall USD 1 = INR 63.87



Name of Executing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of Implementing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of the Project - Jammu & Kashmir Urban Sector Development Investment Program (JKUSIP), Tranche-II;
 Loan/Grant No. - 3132-IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended Mar 2016				For the Prior Year ended Mar 2015				Cumulative from beginning to Mar 2016			
	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000
Investment Costs												
Civil Works	10,02,000	9,18,346	91.65%	83,654	3,58,483	3,09,420	86.31%	49,063	13,60,483	12,27,766	90.24%	1,32,717
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
a. Project Management												
b. Capacity Development	7,500	7,221	96.28%	279								
Others	0	0		0	10,230	10,230	100.00%	0	15,000	7,221	48.14%	7,779
Subtotal	10,09,500	9,25,567	91.69%	83,933	3,68,713	3,19,650	86.69%	49,063	10,230	10,230	100.00%	0
Recurrent Costs									13,85,713	12,45,217	89.86%	1,40,496
Salaries	0	0		0	0	0		0	0	0		0
Accommodation												
Equipment Operation & Maintenance												
Others												
Subtotal	0	0		0								
Total Payments	10,09,500	9,25,567	91.69%	83,933	3,68,713	3,19,650	86.69%	49,063	13,85,713	12,45,217	89.86%	1,40,496
Financing Charges During Implementation												
Total Project Cost	10,09,500	9,25,567	91.69%	83,933	3,68,713	3,19,650	86.69%	49,063	13,85,713	12,45,217	89.86%	1,40,496
Grand total of expenditure in USD '000	16,128	14,787	91.69%	1,341	5,593	4,849	86.69%	744	21,396	19,227	89.86%	2,169

Note:
 2014-15 USD 1 = INR 62.59
 2015-16 USD 1 = INR 65.62
 Overall USD 1 = INR 54.77



38

Non Profit Making Agency

Name of the Executing Agency
 Name of the Implementing Agency
 Name of the Project
 Loan/Grant No.

EXPENDITURE BY QUANTIFICATION

IN R.S. 000

	Total Expenditure			Budget I			Budget II			Budget III			Total Budget		
	Proj. Year	Current Year	Sum to Date	Prior Year	Current Year	Sum to Date	Prior Year	Current Year	Sum to Date	Prior Year	Current Year	Sum to Date	Prior Year	Current Year	Sum to Date
Investment Costs															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															
Equipment and Supplies															
Utilities															
Others															
Subtotal (B)															
Total Cost (C=A+B)															
Land															
Building and Equipment															
Furniture and Fixtures															
Transportation															
Communications															
a. Project Management															
b. Capacity Development															
Others															
Subtotal (A)															
Recurrent Costs															
Salaries															
Accommodation															

Example of a Management Assertion Letter

(Project Letterhead)

(To Author)

(Date)

This assertion letter is provided in connection with your audit of the financial statement of the _____ Project for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cash basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relation to the project.
- The project has complied with the conditions of all relevant legal agreements, including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

(Project Director / Chief Executive Officer)

(Chief Finance Officer / Senior Finance Officer)

L. Kumar
Director Finance
J&K ERA

Annexure II (39)
Management Representation
Letter enclosed with Audit
Report

(40)

Excerpt from CAG Auditing Standards (2nd Edition, 2002) Chapter IV. Reporting standards

12. The form and content of audit opinion and report.

12.1 The form and content of all audit opinions and reports are founded on the following general principles:

- (a) **Title.** The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.
- (b) **Signature and date.** The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statement).
- (c) **Objectives and scope.** The opinion or report should include reference to the objectives and scope of the audit. This information outlines the purpose and boundaries of the audit.
- (d) **Completeness.** Opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.
- (e) **Addressee.** The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.
- (f) **Identification of subject matter.** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.
- (g) **Legal basis.** Audit opinions and reports should identify the legislation or other authority providing for the audit.
- (h) **Compliance with standards.** Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedure.
- (i) **Timeliness.** The audit opinion or report should be available promptly to those of greatest use to readers and users, particularly those who have to take immediate action.

Atmurt
Director Finance
J&K ERA

Report of the Comptroller and Auditor General of India

To

(Project Implementing Authority)

Report on the Project Financial Statements

We have audited the accompanying financial statements of the _____ Project financed under Asian Development Bank Loan No. _____ which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financial the Statement of Disbursement and related notes for the year ended _____.

OR

In case, the PIA is maintaining Balance Sheet and statement of Income and expenditure following para may be substituted:

We have audited the accompanying financial statements alongwith Balance Sheet balance sheet, income and expenditure statement and Cash Flow Statement and related statements of the _____ Project financed under Asian Development Bank Loan No. _____ for the year ended _____.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General 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. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the status and application of funds of Project for the year ended [insert date] in accordance with Government of India accounting standards.

in addition to other required documents and schedules attached to the report on the project financial statements. I am

and the _____ Finance Department, adoption of the accounting standards promulgated by the Comptroller and Auditor General of India, the accounting standards followed by the Comptroller and Auditor General of India.


Director Finance
J&K ERA

In addition, in our opinion:

- (a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan / Project Agreement
- (b) Financial covenants in the loan agreement (name and number of loan) dated (name of loan) have been complied with
- (c) (i)(a) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.

Further the Imprest Accounts give a true and fair view of the receipts collected and payments made during the year ended--- and the same receipts and payments support Imprest Account liquidations/replenishments during the year.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/State or UT Legislature.

{Auditor's Signature}

{Auditor's Address}

{Date}

Accounting applied with due regard to the General Financial Rules, 1963 and other applicable financial rules and codes as are in effect and applicable to the concerned PFI project.

The report is issued by the date as of the date in which the audit findings are submitted to the concerned department and ministry. This is generally the final date of the report, as appended to the date of signing the audit report.


Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)
Loan/Grant No. 2925-IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

Particulars	Note Reference	During the Current Year for 12 month period	During the Previous Year for 12 month period	Cumulative Project to Date As at (end of CURRENT year)
Opening Balance¹ (A)		0.00	0.00	0.00
Receipts				
Funds received from Government ²	4	104,04,00,000.00	47,00,00,000.00	151,04,00,000.00
ADB Loan ³	5	130,55,12,000.00	64,96,77,000.00	224,70,88,000.00
ADB Grant ³	6			
Co-financier 1	7			
Co-financier 2	8			
Beneficiary contribution (if any)	9			
Other receipts such as interest income, sale from disposals of fixed assets, etc.	10			
Total Receipts (B)		234,59,12,000.00	111,96,77,000.00	375,74,68,000.00
Total (C = A + B)		234,59,12,000.00	111,96,77,000.00	375,74,68,000.00
Opening Balance Payments (D)		0.00	146,65,49,666.00	146,65,49,666.00
Investment Costs⁴	11			
Civil Works		157,06,80,536.00	67,81,11,193.00	224,87,91,729.00
Equipment		9,06,72,339.00	6,39,87,513.00	15,46,59,852.00
Training & Workshop		0.00	0.00	0.00
Consulting Services		22,66,23,950.00	32,89,08,917.00	35,55,32,867.00
Resettlement Plan		9,79,615.00	10,00,00,000.00	10,00,73,615.00
Land Acquisition		25,600.00	0.00	25,600.00
Sub Total (E)		188,89,76,040.00	97,10,07,623.00	285,99,83,663.00
Recurrent Cost	12			
Incremental Admin Costs		11,13,42,579.00	0.00	11,13,42,579.00
Sub Total (F)		11,13,42,579.00	0.00	11,13,42,579.00
Total Payments		200,03,18,619.00	97,10,07,623.00	297,13,26,242.00
Financing Charges During Implementation (G)	13			
Total Project Cost (H = D + E + F+G)		200,03,18,619.00	243,75,57,289.00	443,78,75,908.00
Closing Balance (C-H)		34,55,93,381.00	(131,78,80,289.00)	(68,04,07,908.00)

¹If cash balance are controlled by the entity, indicating cash balance, imprest account and SGIA balance separately.

²These will include external assistance received by Government for the project.

³This shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by ADB to the suppliers of goods and services under Direct Payment procedure and Commitment Letter procedure.

⁴Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

Notes 1 to x of the financial statements form an integral part of these financial statements

Annexure-2

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (KUSDIP)
Loan/Grant No. 2925-IND

**STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER (SOE) PROCEDURE
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

Particulars	ADB ^a								Co-Financier				Government		Total Expenditure in (INR)
	Percentage of financing ¹	Actual Expenditure		%	Actual Expenditure		%	Actual Expenditure		%	Actual Expenditure		%		
		Amount	2		Amount	%		Amount	4		Amount	6			
														1	
Investment Costs ²															
Civil Works	70		108,16,44,972										48,90,35,564		157,06,80,536
Equipment	100		7,79,45,599										1,27,26,740		9,06,72,339
Training & Workshop	100		0										0		
Consulting Services	80		14,64,34,345										8,01,89,604		22,66,23,950
Resettlement Plan			0										9,73,615		9,73,615
Land Acquisition			0										25,600		25,600
Sub Total (A)			130,60,24,917										58,29,51,123		188,89,76,040
Recurrent Cost															
Incremental Admin Support	80		8,91,91,178										2,21,51,401		11,13,42,579
Sub Total (B)			8,91,91,178										2,21,51,401		11,13,42,579
Total Cost (C=A+B) ³			139,52,16,095										60,51,02,524		200,03,18,619
% Total Project Cost															
Total Project Cost for Financial Year 2015-2016			139,52,16,095										60,51,02,524		200,03,18,619

¹The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).

²Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement.

³The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.

⁴This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter.

Notes 1 to x of the financial statements form an integral part of these financial statements



Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)

Loan/Grant No. 2925-IND

FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

Statement of Disbursement

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund claimed during the year				
Reimbursement ¹	6.1	139,52,16,095.00	61,69,95,141.00	201,22,11,236.00
Imprest Fund ²	6.2			
Direct Payment	6.3	91,61,000.00	28,58,000.00	1,20,19,000.00
Commitment Letter	6.4			
Subtotal	(A)	140,43,77,095.00	61,98,53,141.00	202,42,30,236.00
Total Expenditure made during the year³	(B)	200,03,18,619.00	97,10,07,623.00	297,13,26,242.00
Less:				
Expenditure not yet claimed	(C)	6,47,53,669.00	12,49,91,896.00	18,97,45,565.00
Borrower's Share	(D)	53,11,87,855.00	22,61,62,586.00	75,73,50,441.00
Total Eligible Expenditure Claimed (B - C - D = E = A)		140,43,77,095.00	61,98,53,141.00	202,42,30,236.00

¹The total expenditure as per Statement of Receipts and Payments.

²This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6).

³Includes both claims using SOE and full supporting documentation.

Notes 1 to x of the financial statements form an integral part of these financial statements

Please refer to Schedule 'G' - Significant accounting policies
Schedule 'H' - Notes to accounts

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Page 1 of 3

[NAME OF THE COUNTRY/IMPLEMENTING AND EXECUTING AGENCY]
[NAME OF THE ENTITY/PROJECT]
[ADB LOAN REFERENCE]
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR END DATE]

1. Project Nature and Activities

1.1 Description of the Project, the nature of activities, commencement and expected completion dates, location, domicile, legal form, controlling I/O I-A, brief nature of the project outputs

1.2 Give legislative framework

Insert as relevant

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in India. This refers to the cash basis of accounting applied with due regard to the General Financial Rules, PWD Codes, Treasury Codes, and similar financial rules and codes as are in effect and applicable to the operations of the Project.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the Statement of Disbursement and related notes and appendices to the financial statements

3.2 Basis of measurement

Financial statements have been prepared under the historical cost convention and on (cash/ accrual) basis of accounting

3.3 Changes in Accounting policies

Describe changes in accounting policies, if any

3.4 Fund Flow mechanism

Describe the fund flow mechanism, in particular whether the I/A's control funds or whether all payments are centralized

3.5 Advances and other receivables

Describe treatment of advances against expenditure

Director Finance
J&K ERA

3.6 Cash and cash equivalents

Cash equivalents comprise (define components of cash). Explain if the entity controls interest receivables, only petty cash, or has a nil balance, as applicable.

3.7 Accrued and other liabilities

Disclose any major liabilities which have not been accrued under the cash basis policy.

3.8 Income

i) Describe nature of different types of income and how they are recognized. For example: rental, sale of proceeds of fixed assets, interest income on bank accounts etc.

ii) [Include if applicable] Free of cost office space, electricity and certain other services provided by [insert name] are not valued and accordingly, are not recognized in these financial statements as income of the Project.

3.9 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR).

(b) Transactions and balances

Transactions in foreign currency are converted at the exchange rate prevailing at the date of transaction. Foreign currency bank balances are re-stated at the year end, and the resulting gains/losses are recognized in the statement of receipts and payments account. Conversion Rate: USD \$ 1 = INR ____ as of 31 March ____

3.10 Allocation of Common Costs

Describe how common costs are allocated to different output/activities.

3.11 Interest Expenses and Financial Charges

Describe how financial charges are treated and recorded. For example, if these are not allocated to the Project by the borrower.

4. Funds Received from the Government

Give details of the government budgeting and funding mechanism

	in EUR, 100		
	Current Year	Prior Year	Cumulative Year to date
Government Counterpart funding			
Amount Reimbursable to Government			
Total			

5. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the
_____ of _____ on _____

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: **J&K ECONOMIC RECONSTRUCTION AGENCY**
 Name of the Implementing Agency: **J&K ECONOMIC RECONSTRUCTION AGENCY**

NAME OF THE ENTITY/PROJECT: **Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)**

Loan/Grant No. **2925-IND**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

6. Funds Received from ADB

Give key terms and conditions of the loan including date of loan agreement, loan effectiveness date, key terms conditions, disbursement schedule, commitment fee and interest rates etc.

in (INR)			
ADB Source of Funds - Method of Withdrawal	Note Reference	During the Current Year	During the Previous Year
ADB Loan			
- By Reimbursement	6.1	139,52,16,095.00	61,69,95,141.00
- By Imprest Account ¹	6.2		
- By Direct Payment	6.3	91,61,000.00	28,58,000.00
- By Commitment Letter	6.4		
ADB Loan Total		140,43,77,095.00	61,98,53,141.00
ADB Grant			
ADB Loan and Grand Total		140,43,77,095.00	61,98,53,141.00
			243,03,80,197.00

¹This should agree with the advances/replenishments net of refunds in Statement 6.2

6.1 Funds Received from ADB through Reimbursement Method





NAMLOF / TITLE / PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)
Loan/Grant No. 2925-IND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

W/A No.	SOE Sheet No.	Category	Total Amount Paid	ADB Financing %	Net Eligible Expense	Amount Reimbursed (In Rs)	Imprest Fund Replenished/ Liquidated	Total Disbursement Using SOE Procedure
1	2	3	4	5	6 = (4*5)	7	8	7 + 8 = 9
36	1	Civil Works	21,60,772	70	15,12,540	15,12,540		15,12,540
36	2	Civil Works	4,74,933	70	3,32,453	3,32,453		3,32,453
36	3	Consulting Services	86,59,377	80	69,27,502	59,00,002		59,00,002
37	1	Civil Works	35653297	70	24957308	24957308		2,49,57,308
38	1	Civil Works	3529502	70	2470651	2470651		24,70,651
38	2	Equipment	4,08,995	100	4,08,995	4,08,995		4,08,995
38	3	Consulting Services	1,07,47,527	80	85,98,022	85,98,022		85,98,022
39	1	Civil Works	3,37,75,143	70	2,36,42,600	2,36,42,600		2,36,42,600
39	2	Civil Works	4,00,75,587	70	2,80,52,911	2,80,52,911		2,80,52,911
40	1	Civil Works	96,46,853	70	67,52,797	67,52,797		67,52,797
40	2	Civil Works	54,76,199	70	38,33,339	38,33,339		38,33,339
40	3	Civil Works	45,00,000	70	31,50,000	31,50,000		31,50,000
40	4	Consulting Services	1,91,09,176	80	1,52,87,339	1,10,52,193		1,10,52,193
41	1	Civil Works	6,71,39,415	70	4,69,97,591	4,69,97,591		4,69,97,591
41	2	Civil Works	9,32,33,576	70	6,52,63,504	6,52,63,504		6,52,63,504
41	3	Civil Works	70,99,776	70	49,69,843	49,69,843		49,69,843
41	4	Equipment	3,78,00,416	100	3,78,00,415	3,78,00,415		3,78,00,415
42	1	Civil Works	1,10,68,721	70	77,48,105	77,48,105		77,48,105
42	2	Civil Works	3,31,02,112	70	2,31,71,478	2,31,71,478		2,31,71,478
43	1	Civil Works	17,227	70	12,059	12,059		12,059
43	2	Civil Works	2,30,000	70	1,61,000	1,61,000		1,61,000
43	3	Consulting Services	86,06,426	80	68,85,141	49,66,815		49,66,815
45	1	Civil Works	31,00,000	70	21,70,000	21,70,000		21,70,000
45	2	Civil Works	1,14,07,223	70	79,85,056	79,85,056		79,85,056
45	3	Civil Works	31,63,680	70	22,14,576	22,14,576		22,14,576
45	4	Equipment	35,04,870	100	35,04,870	35,04,870		35,04,870
45	5	Incremental Admin Support	1,52,35,899	80	1,21,88,079	1,21,88,079		1,21,88,079
45	6	Consulting Services	2,23,34,770	80	1,78,67,816	1,78,67,816		1,78,67,816
46	1	Civil Works	90,48,001	70	63,33,601	63,33,601		63,33,601
46	2	Civil Works	5,77,08,684	70	3,69,59,079	3,69,59,079		3,69,59,079
47	1	Civil Works	1,42,17,990	70	99,52,594	99,52,594		99,52,594
47	2	Civil Works	1,39,28,484	70	97,49,939	97,49,939		97,49,939
48	1	Civil Works	7,57,37,758	70	5,30,16,431	5,30,16,431		5,30,16,431
48	2	Civil Works	2,24,20,454	70	1,56,87,317	1,56,87,317		1,56,87,317
49	1	Civil Works	22,60,362	70	15,82,253	15,82,253		15,82,253
49	2	Incremental Admin Support	1,46,17,062	80	1,16,93,650	1,16,93,650		1,16,93,650
49	3	Consulting Services	53,60,100	80	42,88,080	42,88,080		42,88,080
49	4	Consulting Services	10,27,500	80	10,27,500	10,27,500		10,27,500
50	1	Civil Works	65,43,642	70	45,80,550	45,80,550		45,80,550
50	2	Equipment	56,65,500	100	56,65,500	56,65,500		56,65,500
50	3	Consulting Services	1,17,92,997	80	94,34,397	94,34,397		94,34,397
51	1	Civil Works	6,40,18,938	70	4,48,13,257	4,48,13,257		4,48,13,257
51	2	Civil Works	2,01,65,950	70	1,41,16,165	1,41,16,165		1,41,16,165
51	3	Civil Works	71,77,907	70	50,24,535	50,24,535		50,24,535
52	1	Civil Works	3,00,000	70	2,10,000	2,10,000		2,10,000
52	2	Civil Works	1,02,56,032	70	71,79,223	71,79,223		71,79,223
52	3	Civil Works	4,50,000	70	3,15,000	3,15,000		3,15,000
52	4	Incremental Admin Support	1,52,95,143	80	1,22,36,113	1,22,36,113		1,22,36,113
52	5	Consulting Services	1,96,95,436	80	1,57,59,565	1,57,59,565		1,57,59,565
53	1	Civil Works	1,93,25,043	70	1,35,27,530	1,35,27,530		1,35,27,530
53	2	Civil Works	1,99,85,426	70	1,39,89,798	1,39,89,798		1,39,89,798
53	3	Civil Works	1,44,58,737	70	1,01,21,116	1,01,21,116		1,01,21,116
54	1	Civil Works	1,04,35,962	70	73,05,173	73,05,173		73,05,173
54	2	Incremental Admin Support	1,13,01,080	80	90,40,864	90,40,864		90,40,864

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Annexure-7

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)

Loan/Grant No. 2925-IND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

W/A No.	SOE Sheet No.	Category	Total Amount Paid	ADB Financing %	Net Eligible Expense	Amount Reimbursed (in Rs)	Imprest Fund Replenished/ Liquidated	Total Disbursement Using SOE Procedure
1	2	3	4	5	6 = (4*5)	7	8	7 + 8 = 9
54	3	Consulting Services	84,57,113	80	67,65,690	67,65,690		67,65,690
55	1	Civil Works	4,92,75,093	70	3,44,92,565	3,44,92,565		3,44,92,565
55	2	Civil Works	2,45,52,706	70	1,71,86,894	1,71,86,894		1,71,86,894
55	3	Civil Works	76,38,817	70	53,47,172	53,47,172		53,47,172
56	1	Civil Works	33,74,595	70	23,62,217	23,62,217		23,62,217
56	2	Incremental Admin Support	1,21,22,664	50	96,98,131	96,98,131		96,98,131
56	3	Consulting Services	1,55,33,573	80	1,24,26,858	1,24,26,858		1,24,26,858
57	1	Civil Works	10,58,50,658	70	7,40,95,461	7,40,95,461		7,40,95,461
57	2	Civil Works	3,35,93,889	70	2,35,15,722	2,35,15,722		2,35,15,722
58	1	Civil Works	2,80,000	70	1,96,000	1,96,000		1,96,000
58	2	Civil Works	21,40,530	70	15,04,671	15,04,671		15,04,671
58	3	Incremental Admin Support	1,37,50,379	80	1,10,00,303	1,10,00,303		1,10,00,303
58	4	Consulting Services	1,89,97,000	80	1,51,97,600	1,51,97,600		1,51,97,600
59	1	Civil Works	6,87,00,822	70	4,80,90,576	4,80,90,576		4,80,90,576
59	2	Civil Works	4,01,00,577	70	3,44,39,704	3,44,39,704		3,44,39,704
59	3	Civil Works	2,04,58,962	70	1,43,21,273	1,43,21,273		1,43,21,273
60	1	Civil Works	42,69,700	70	29,88,790	29,88,790		29,88,790
60	2	Civil Works	29,14,632	70	20,40,242	20,40,242		20,40,242
60	3	Civil Works	20,73,000	70	14,51,100	14,51,100		14,51,100
60	4	Equipment	6,29,500	100	6,29,500	6,29,500		6,29,500
60	5	Incremental Admin Support	1,54,03,810	80	1,23,23,048	1,23,23,048		1,23,23,048
60	6	Consulting Services	1,90,17,512	80	1,52,14,010	1,52,14,010		1,52,14,010
61	1	Civil Works	10,52,62,973	70	7,36,84,081	7,36,84,081		7,36,84,081
61	2	Civil Works	8,53,78,499	70	5,97,64,949	5,97,64,949		5,97,64,949
61	3	Civil Works	83,76,306	70	58,63,414	58,63,414		58,63,414
61	4	Equipment	2,99,36,319	100	2,99,36,319	2,99,36,319		2,99,36,319
62	1	Civil Works	7,60,11,252	70	5,38,37,877	5,38,37,877		5,38,37,877
62	2	Civil Works	7,59,56,023	70	5,31,69,220	5,31,69,220		5,31,69,220
62	3	Civil Works	81,04,967	70	56,73,477	56,73,477		56,73,477
63	1	Civil Works	1,90,17,788	70	1,33,12,452	1,33,12,452		1,33,12,452
63	2	Civil Works	17,00,000	70	11,90,000	11,90,000		11,90,000
63	3	Civil Works	2,87,800	70	2,01,460	2,01,460		2,01,460
63	4	Consulting Services	2,04,48,240	80	1,63,58,592	1,63,58,592		1,63,58,592
65	1	Civil Works	68,83,376	70	48,18,328	48,18,328		48,18,328
65	2	Incremental Admin Support	1,37,63,738	80	1,10,10,990	1,10,10,990		1,10,10,990
65	3	Consulting Services	19,71,508	80	15,77,206	15,77,206		15,77,206
66	1	Civil Works	57,63,000	70	68,34,100	68,34,100		68,34,100
66	2	Civil Works	4,48,59,793	70	3,14,01,855	3,14,01,855		3,14,01,855
		Total	192,64,03,950		140,23,97,067	139,52,16,095		139,52,16,095
		Total for Financial Year 2015-2016						

¹The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)
Loan/Grant No. 2925-IND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

W/A No.	SOE Sheet No.	Category	Total Amount		ADB Financing %	Net Eligible Expense	Amount Reimbursed (in Rs)	Imprest Fund Replenished/Liquidated	In (INR) Total Disbursement Using SOE Procedure
			Paid						
1	2	3	4	5	6 = (4*5)	7	8		7 + 8 = 9
54	3	Consulting Services	84,57,113	80	67,65,690	67,65,690			67,65,690
55	1	Civil Works	4,92,75,093	70	3,44,92,565	3,44,92,565			3,44,92,565
55	2	Civil Works	2,45,52,706	70	1,71,86,894	1,71,86,894			1,71,86,894
55	3	Civil Works	76,38,817	70	53,47,172	53,47,172			53,47,172
56	1	Civil Works	33,74,595	70	23,62,217	23,62,217			23,62,217
56	2	Incremental Admin Support	1,21,22,664	80	96,98,131	96,98,131			96,98,131
56	3	Consulting Services	1,55,33,573	80	1,24,26,858	1,24,26,858			1,24,26,858
57	1	Civil Works	10,58,50,658	70	7,40,95,461	7,40,95,461			7,40,95,461
57	2	Civil Works	3,35,93,889	70	2,35,15,722	2,35,15,722			2,35,15,722
58	1	Civil Works	2,80,000	70	1,96,000	1,96,000			1,96,000
58	2	Civil Works	21,40,530	70	15,04,671	15,04,671			15,04,671
58	3	Incremental Admin Support	1,37,50,379	80	1,10,00,303	1,10,00,303			1,10,00,303
58	4	Consulting Services	1,80,97,000	80	1,51,97,600	1,51,97,600			1,51,97,600
59	1	Civil Works	6,87,00,822	70	4,80,90,576	4,80,90,576			4,80,90,576
59	2	Civil Works	4,91,99,577	70	3,44,39,704	3,44,39,704			3,44,39,704
59	3	Civil Works	2,04,58,962	70	1,43,21,273	1,43,21,273			1,43,21,273
60	1	Civil Works	42,69,700	70	29,88,790	29,88,790			29,88,790
60	2	Civil Works	29,14,632	70	20,40,242	20,40,242			20,40,242
60	3	Civil Works	20,73,000	70	14,51,100	14,51,100			14,51,100
60	4	Equipment	6,29,500	100	6,29,500	6,29,500			6,29,500
60	5	Incremental Admin Support	1,54,03,810	80	1,23,23,048	1,23,23,048			1,23,23,048
60	6	Consulting Services	1,90,17,512	80	1,52,14,010	1,52,14,010			1,52,14,010
61	1	Civil Works	10,52,62,973	70	7,36,84,081	7,36,84,081			7,36,84,081
61	2	Civil Works	8,53,78,499	70	5,97,64,949	5,97,64,949			5,97,64,949
61	3	Civil Works	83,76,306	70	58,63,414	58,63,414			58,63,414
61	4	Equipment	2,99,36,319	100	2,99,36,319	2,99,36,319			2,99,36,319
62	1	Civil Works	7,60,11,252	70	5,38,37,877	5,38,37,877			5,38,37,877
62	2	Civil Works	7,59,56,029	70	5,31,69,220	5,31,69,220			5,31,69,220
62	3	Civil Works	81,04,967	70	56,73,477	56,73,477			56,73,477
63	1	Civil Works	1,90,17,788	70	1,33,12,452	1,33,12,452			1,33,12,452
63	2	Civil Works	17,00,000	70	11,90,000	11,90,000			11,90,000
63	3	Civil Works	2,87,800	70	2,01,460	2,01,460			2,01,460
63	4	Consulting Services	2,04,48,240	80	1,63,58,592	1,63,58,592			1,63,58,592
65	1	Civil Works	68,83,328	70	48,18,328	48,18,328			48,18,328
65	2	Incremental Admin Support	1,37,53,738	80	1,10,10,990	1,10,10,990			1,10,10,990
65	3	Consulting Services	19,71,508	80	15,77,206	15,77,206			15,77,206
66	1	Civil Works	97,63,000	70	68,34,100	68,34,100			68,34,100
66	2	Civil Works	4,48,59,793	70	3,14,01,855	3,14,01,855			3,14,01,855
		Total	192,64,03,950		140,23,97,067	139,52,16,095			139,52,16,095
		Total for Financial Year 2015-2016							

*The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.

(Not Applicable)

Name of the Executing Agency
Name of the Implementing Agency

NAME OF THE ENTIRE PROJECT
Loan/Grant No.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED (YEAR END DATE)

6.2 Reconciliation of the Imprest Account and the Bank Statement is given below

**STATEMENT OF IMPREST ACCOUNT
FOR THE YEAR/PERIOD ENDED XX, XXXX.**

		Prior Year	In (US) 1995 Current Year
Balance brought forward from previous period		100	100
Add:			
Advance ¹		200	200
Replenishment received during the year/period ¹			
Interest Earned		10	10
Subtotal (A)		310	350
Deduct:			
Payments made during the year/period		150	150
Replenishment/Liquidation ¹	50		
Expenditure yet to be claimed	100		
Amount funded during the year/period		20	20
Closing Balance (B)		140	180
As per bank statement (copy attached)		140	180

6.2 : The US \$ equivalent notional amount held at the RBI in respect of the above Imprest Account balance is _____ US \$ (bank statement attached)

Note: Figures indicated are illus values in nature

Handwritten Signature
Director Finance
J&K ERA

6.2 Details of Payments made directly by ADB are given below

(Add relevant details here)

6.3 Details of payments made through commitment procedure

(Add relevant details here)

6.4 Details of Grants

(Give relevant details for grants)

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Annexure-7

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-II (JKUSDIP)
Loan/Grant No. 2925-IND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

6.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

in (INR)								
W/A No.	SOE Sheet No.	Category	Total Amount Paid	ADB Financing %	Net Eligible Expense	Amount Reimbursed (in Rs)	Imprest Fund Replenished/ Liquidated	Total Disbursement Using SOE Procedure
1	2	3	4	5	6 = (4*5)	7	8	7 + 8 = 9
36	1	Civil Works	21,60,772	70	15,12,540	15,12,540		15,12,540
36	2	Civil Works	4,74,933	70	3,32,453	3,32,453		3,32,453
36	3	Consulting Services	86,59,377	80	69,27,502	59,00,002		59,00,002
37	1	Civil Works	35653297	70	24957308	24957308		2,49,57,308
38	1	Civil Works	3529502	70	2470651	2470651		24,70,651
38	2	Equipment	4,08,995	100	4,08,995	4,08,995		4,08,995
38	3	Consulting Services	1,07,47,527	80	85,98,022	85,98,022		85,98,022
39	1	Civil Works	3,37,75,143	70	2,36,42,600	2,36,42,600		2,36,42,600
39	2	Civil Works	4,00,75,587	70	2,80,52,911	2,80,52,911		2,80,52,911
40	1	Civil Works	96,46,853	70	67,52,797	67,52,797		67,52,797
40	2	Civil Works	54,76,199	70	38,33,339	38,33,339		38,33,339
40	3	Civil Works	45,00,000	70	31,50,000	31,50,000		31,50,000
40	4	Consulting Services	1,91,09,174	80	1,52,87,339	1,10,52,193		1,10,52,193
41	1	Civil Works	6,71,39,415	70	4,69,97,591	4,69,97,591		4,69,97,591
41	2	Civil Works	3,32,33,576	70	2,32,63,504	2,32,63,504		2,32,63,504
41	3	Civil Works	70,99,776	70	49,69,843	49,69,843		49,69,843
41	4	Equipment	3,78,00,416	100	3,78,00,416	3,78,00,416		3,78,00,416
42	1	Civil Works	1,10,68,721	70	77,48,105	77,48,105		77,48,105
42	2	Civil Works	3,31,07,112	70	2,31,71,478	2,31,71,478		2,31,71,478
43	1	Civil Works	17,227	70	12,059	12,059		12,059
43	2	Civil Works	2,30,000	70	1,61,000	1,61,000		1,61,000
43	3	Consulting Services	86,06,426	80	68,85,141	49,66,815		49,66,815
45	1	Civil Works	31,00,000	70	21,70,000	21,70,000		21,70,000
45	2	Civil Works	1,14,07,223	70	79,85,056	79,85,056		79,85,056
45	3	Civil Works	31,63,680	70	22,14,576	22,14,576		22,14,576
45	4	Equipment	35,04,870	100	35,04,870	35,04,870		35,04,870
45	5	Incremental Admin Support	1,52,35,099	80	1,21,88,079	1,21,88,079		1,21,88,079
45	6	Consulting Services	2,23,34,770	80	1,78,67,816	1,78,67,816		1,78,67,816
46	1	Civil Works	90,48,001	70	63,33,601	63,33,601		63,33,601
46	2	Civil Works	5,27,98,684	70	3,69,59,079	3,69,59,079		3,69,59,079
47	1	Civil Works	1,42,17,002	70	99,52,594	99,52,594		99,52,594
47	2	Civil Works	1,39,28,484	70	97,49,939	97,49,939		97,49,939
48	1	Civil Works	7,57,37,758	70	5,30,16,431	5,30,16,431		5,30,16,431
48	2	Civil Works	2,24,10,454	70	1,56,87,317	1,56,87,317		1,56,87,317
49	1	Civil Works	22,60,362	70	15,82,253	15,82,253		15,82,253
49	2	Incremental Admin Support	1,46,17,062	80	1,16,93,650	1,16,93,650		1,16,93,650
49	3	Consulting Services	53,60,100	80	42,88,080	42,88,080		42,88,080
49	4	Consulting Services	10,27,500	80	8,22,000	8,22,000		8,22,000
50	1	Civil Works	65,43,642	70	45,80,550	45,80,550		45,80,550
50	2	Equipment	56,65,500	100	56,65,500	56,65,500		56,65,500
50	3	Consulting Services	1,17,92,997	80	94,34,397	94,34,397		94,34,397
51	1	Civil Works	6,40,18,939	70	4,48,13,257	4,48,13,257		4,48,13,257
51	2	Civil Works	2,01,65,950	70	1,41,16,165	1,41,16,165		1,41,16,165
51	3	Civil Works	71,77,907	70	50,24,535	50,24,535		50,24,535
52	1	Civil Works	3,00,000	70	2,10,000	2,10,000		2,10,000
52	2	Civil Works	1,02,56,032	70	71,79,223	71,79,223		71,79,223
52	3	Civil Works	4,50,000	70	3,15,000	3,15,000		3,15,000
52	4	Incremental Admin Support	1,52,95,143	80	1,22,36,113	1,22,36,113		1,22,36,113
52	5	Consulting Services	1,90,99,456	80	1,52,79,565	1,52,79,565		1,52,79,565
53	1	Civil Works	1,93,25,043	70	1,35,27,530	1,35,27,530		1,35,27,530
53	2	Civil Works	1,09,85,476	70	76,91,913	76,91,913		76,91,913
53	3	Civil Works	1,44,58,737	70	1,01,21,136	1,01,21,136		1,01,21,136
54	1	Civil Works	1,04,35,962	70	73,05,173	73,05,173		73,05,173
54	2	Incremental Admin Support	1,13,01,080	80	90,40,864	90,40,864		90,40,864

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Annexure B

Further details - Nil

Name of the Executing Agency
Name of the Implementing Agency

NAME OF THE ENTITY/PROJECT
Loan/Grant No.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (YEAR END DATE)

		and/or 31% Cumulative Project to
Current Year	Prior Year	2017

7.4.13

If any of the amounts given on the Statements of Receipts and Payments require further detail or Break-down, provide this here against relevant Note

[Signature]
Director Finance
J&K ERA

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Name of Executing Agency ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of Implementing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of the Project - Jammu & Kashmir Urban Sector Development Investment Program (JKUSDIP), Tranche-II
 Loan/Grant No. 2925 IND

STATEMENT OF APPROPRIATION VS. ACTUAL

Cost Categories	For the current year ended Mar 2016				For the prior year ended Mar 2015				Cumulative from beginning to Mar 2016			
	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000
Investment Costs												
Civil Works	17,70,000	15,70,681	88.74%	1,99,319	9,25,457	8,16,675	88.25%	1,08,782	33,06,445	29,50,252	89.23%	3,56,193
Mechanical and electrical	52,000	90,672	98.56%	1,328	1,00,000	63,988	63.99%	36,012	1,65,000	1,57,477	95.44%	7,523
Environment and Social Mitigation	1,200	974	81.13%	226	4,60,000	4,66,638	101.44%	-6,638	6,71,200	6,68,700	99.63%	2,500
Consultants												
a. Project Management	2,00,000	1,85,424	92.71%	14,576	1,00,000	96,264	96.26%	3,736	3,11,000	2,92,262	93.97%	18,738
b. Capacity Development	45,000	41,200	91.56%	3,800	35,000	32,645	93.27%	2,355	80,000	73,845	92.31%	6,154
Others	30	26	85.33%	4	1,66,000	1,66,160	100.10%	-160	1,32,030	1,33,997	101.08%	-1,967
Subtotal	21,08,230	18,88,976	89.60%	2,19,254	17,86,457	16,42,370	91.93%	1,44,087	47,15,675	43,26,533	91.75%	3,89,142
Recurrent Costs												
Salaries	1,15,000	1,11,343	96.82%	3,657	0	0		0	1,15,000	1,11,343		
Accommodation												
Equipment Operation & Maintenance												
Others												
Subtotal	1,15,000	1,11,343	96.82%	3,657	0	0			1,15,000	1,11,343	96.82%	3,657
Total Payments	22,23,230	20,00,319	89.97%	2,22,911	17,86,457	16,42,370	91.93%	1,44,087	48,30,675	44,37,876	91.87%	3,92,799
Financing Charges During Implementation:												
Total Project Cost	22,23,230	20,00,319	89.97%	2,22,911	17,86,457	16,42,370	91.93%	1,44,087	48,30,675	44,37,876	91.87%	3,92,799
Grand total of expenditure in USD '000	33,881	30,484	89.97%	3,397	29,052	26,709	91.93%	2,343	75,671	69,518	91.87%	6,153

Note: Conversion Rate
 2014-15 USD 1 = INR 61.43
 2015-16 USD 1 = INR 65.62
 Overall USD 1 INR 63.84



Non Profit making agency

Name of the Executing Agency
 Name of the Implementing Agency
 Name of the Project
 Component No.

EXPENDITURE BY OUTPUT COMPONENTS

Table 10a

	Output 1				Output 2				Output 3				Output 4			
	Plan Year	Current Year	Cum to Date	Year	Current Year	Cum to Date	Year	Current Year	Cum to Date	Current Year	Previous Year	Cum to Date	Current Year	Previous Year	Cum to Date	Year
Investment Costs																
Other Works																
Recurrent Expenditure																
Environment and Social Mitigation																
Consultants																
a. Project Management																
b. Capacity Development																
Others																
Subtotal (A)																
Recurrent Costs																
Salaries																
Provision																
Equipment and other																
Materials																
Others																
Subtotal (B)																
Total Recurrent																
Total Project Cost																

Subtotal (A) and (B) are to be entered in the corresponding rows of the Form Agreement and will be used for the purpose of the note 3.10.

[Signature]
 Director Finance
 J&K ERA

Example of a Management Assertion Letter

Management Representation
Letter enclosed with Audit
Report

(Project Letterhead)

To: Auditor

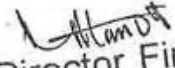
(Date)

This assertion letter is provided in connection with your audit of the financial statement of the _____ Project for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cost basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were received.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who hold a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation relating to the project.
- The project has complied with the conditions of all relevant legal agreements including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

(Project Director / Chief Executive Officer)

(Chief Finance Officer / Senior Finance Officer)


Director Finance
J&K ERA

except from CAG Auditing Standards (2nd Edition, 2002), Chapter IV, Reports & Standards.

12. The form and content of audit opinion and report.

12.1 The form and content of all audit opinions and reports are founded on the following general principles:

(a) Title. The opinion or report should be prepared by a suitable title or heading helping the reader to distinguish it from statements and information issued by others.

(b) Signature and date. The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularly (financial) audits, may be beyond the period of the financial statement).

(c) Objectives and scope. The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purposes and boundaries of the work.

(d) Completeness. Opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.

(e) Addressee. The opinion or report should identify those to whom it is addressed as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.

(f) Identification of subject matter. The opinion or report should identify the financial statements (in the case of regularly (financial) audits) or areas (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.

(g) Legal basis. Audit opinions and reports should identify the legislation or other authority providing for the audit.

(h) Compliance with standards. Audit opinions and reports should involve the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedures.

(i) Timeliness. The audit opinion or report should be available promptly to the greatest use to readers and users, particularly those who have to take remedial action.

[Signature]
Director Finance
J&K ERA

61
Awaited

Report of the Comptroller and Auditor General of India

To

Project Implementing Authority

Re: Part of the Project Financial Statements

We have audited the accompanying financial statements of the _____ project financed under Asian Development Bank Loan No. _____ which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financial, the Statement of Disbursement and related notes for the year ended _____.

Or:

In case the PIA is maintaining Balance Sheet and statement of Income and Expenditure following may be substituted:

We have audited the accompanying financial statements alongwith Balance Sheet, Income and expenditure statement and Cash Flow Statement and related statements of the _____ Project financed under Asian Development Bank Loan No. _____ for the year ended _____.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the auditing standards promulgated by the Comptroller and Auditor General 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. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended Insert Date in accordance with Government of India accounting standards.

In addition, if other required statements and schedules, including but not limited to, are submitted, we will review them.

The Director General of Finance prescribes adoption of the accounting standards promulgated by the Comptroller and Auditor General of India, and the accounting standards followed by the Government of India, and the accounting standards.


Director Finance
J&K ERA

In addition, the following:

- (a) Proceeds of the loan from ADP have been utilized for the purposes as per APD Loan / Project Agreement
- (b) Financial covenants in the loan agreement (name and number of loan) dated [] of [] have been complied with
- (c) (i) With respect to SOLs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.

Financial Imprest Accounts give a true and fair view of the receipts collected and payments made during the year ended -- and for these receipts and payments support Imprest Account liquidations/replenishments during the year.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/State or UT Legislature

[Auditor's Signature]

[Auditor's Address]

[Date]

It is hereby declared that due regard to the General Financial Rules (GFR) and the various orders and circulars issued thereunder are given effect and applicable to the operations of the project.

The auditor is not held responsible for the accuracy of the figures and data furnished by the project and its officers. This is generally the final date of the report as signed by the auditor for the year.

Attest
Director Finance
J&K ERA

Annexure-1

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-III (JKUSDIP)
Loan/Grant No. 3132-IND

STATEMENT OF RECEIPTS AND PAYMENTS
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

Particulars	Note Reference	During the Current Year for 12 month period	During the Previous Year for 12 month Period	In (INR)	
				Cumulative Project to Date As at (end of CURRENT year)	0.00
Opening Balance ¹ (A)		0.00	0.00		0.00
Receipts					
Funds received from Government ²	4				
ADB Loan ³	5	54,06,61,000.00	0.00		54,06,61,000.00
ADB Grant ³	6				
Co-financier 1	7				
Co-financier 2	8				
Beneficiary contribution (if any)	9				
Other receipts such as interest income, sale from disposals of fixed assets, etc.	10				
Total Receipts (B)		54,06,61,000.00	0.00		54,06,61,000.00
Total (C = A + B)		54,06,61,000.00	0.00		54,06,61,000.00
Opening Balance Payments (D)					
Investment Costs ⁴	11				
Civil Works		72,62,90,355.00	30,94,19,530.00		103,57,09,885.00
Consulting Services		62,50,170.00	0.00		62,50,170.00
Resettlement Plan		0.00	0.00		0.00
Land Acquisition		0.00	1,02,30,000.00		1,02,30,000.00
Sub Total (E)		73,25,40,525.00	31,96,49,530.00		105,21,90,055.00
Recurrent Cost	12				
Incremental Admin Costs		0.00	0.00		0.00
Sub Total (F)		0.00	0.00		0.00
Total Payments		73,25,40,525.00	31,96,49,530.00		105,21,90,055.00
Financing Charges During Implementation (G)	13				
Total Project Cost (H = D + E + F+G)		73,25,40,525.00	31,96,49,530.00		105,21,90,055.00
Closing Balance (C-H)		(19,18,79,525.00)	(31,96,49,530.00)		(51,15,29,055.00)

¹ If cash balance are controlled by the entity, indicating cash balance, imprest account and SGIA balance separately.

² These will include external assistance received by Government for the project.

³ This shall include amounts received in the Bank Account as well as amounts deemed to be received against direct payments made by ADB to the suppliers of goods and services under Direct Payment procedure and Commitment Letter procedure

⁴ Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement

Annex 1 to x of the financial statements form an integral part of these financial statements



Annexure-2

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-III (JKUSDIP)
Loan/Grant No. 3132-IND

**STATEMENT OF EXPENDITURE BY CATEGORY AND FINANCIER (SOE) PROCEDURE
REPORT FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

Particulars	in (INR)							
	Percentage of financing ¹	ADB ²		Co-Financier		Government		Total Expenditure
		Actual Expenditure Amount	%	Actual Expenditure Amount	%	Actual Expenditure Amount	%	
	1	2	3	4	5	6	7	8
Investment Costs ²								
Civil Works	80	72,62,90,355.00				19,20,55,797.00		91,83,46,152.00
Consulting Services	100	62,50,170.00				9,71,009.00		72,21,179.00
Resettlement Plan		0.00				0.00		0.00
Land Acquisition		0.00				0.00		0.00
Sub Total (A)		73,25,40,525.00				19,30,26,806.00		92,55,67,331.00
Recurrent Cost								
Incremental Admin Costs	50	0.00				0.00		0.00
Sub Total (B)		0.00				0.00		0.00
Total Cost (C=A+B) ³		73,25,40,525.00				19,30,26,806.00		92,55,67,331.00
% Total Project Cost								
Total Project Cost for Financial Year 2015-2016		73,25,40,525.00				19,30,26,806.00		92,55,67,331.00

¹The financing percentages for ADB funds should directly correlate to the financing percentages in the allocation table(s) of the financing agreement(s).

²Expenditure categories are based on the cost allocation table as per Loan/Grant Agreement.

³The figures shown against various categories of expenditure should agree with the current year's payment in Annexure 1, Statement of Receipts and Payments.

⁴This shall include total expenditure claimed from ADB under various disbursement procedures, i.e. direct payment, reimbursement, imprest account and commitment letter.

Notes 1 to x of the financial statements form an integral part of these financial statements



Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
 Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-III (JKUSDIP)
 Loan/Grant No. 3132-IND
FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

Statement of Disbursement

Statement of Disbursement	Note	Current Year	Prior Year	Cumulative Project to Date
ADB Fund claimed during the year				
Reimbursement ³	6.1	73,25,40,525.00	24,75,35,624.00	98,00,76,149.00
Imprest Fund ³	6.2			
Direct Payment	6.3			
Commitment Letter	6.4			
Subtotal	(A)	73,25,40,525.00	24,75,35,624.00	98,00,76,149.00
Total Expenditure made during the year¹	(B)	92,55,67,331.00	31,96,49,530.00	124,52,16,861.00
Less:				
Expenditure not yet claimed	(C)	1,12,91,262.00	1,02,30,000.00	2,15,21,262.00
Borrower's Share	(D)	18,17,35,544.00	6,18,83,906.00	24,36,19,450.00
Total Eligible Expenditure Claimed (B - C - D = E = A)		73,25,40,525.00	24,75,35,624.00	98,00,76,149.00

¹The total expenditure as per Statement of Receipts and Payments.

²This should tally with the Government share included in Statement of Expenditure by category and financier (Column 6).

³Includes both claims using SOE and full supporting documentation.

Notes 1 to x of the financial statements form an integral part of these financial statements



Please refer to Schedule 'G' - Significant Accounting policies
Schedule 'H' - Notes to Accounts

Annexure
Page 1 of 3

[NAME OF THE COUNTRY/IMPLEMENTING AND EXECUTING AGENCY]
[NAME OF THE ENTITY/PROJECT]
[ADB LOAN REFERENCE]
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED [YEAR END DATE]

1. Project Nature and Activities

1.1 Description of the Project, the nature of activities, commencement and expected completion dates. Mention location, domicile, legal form, controlling (AY/ER) and nature of the project outputs

1.2 Give legislative framework

(as far as relevant)

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in India. This refers to the cash basis of accounting applied with due regard to the General Financial Rules, PWD Codes Treasury Codes, and similar financial rules and codes as are in effect and applicable to the operations of the Project.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial Statements

This comprises of the Statement of Receipts and Payments, the Statements of Expenditure by Category and Financier, the Statement of Disbursement and related notes and appendices to the financial statements

3.2 Basis of measurement

Financial statements have been prepared under the historical cost convention and on *cash/accrual* basis of accounting

3.3 Changes in Accounting policies

Describe changes in accounting policies, if any

3.4 Fund Flow mechanism

Describe the fund flow mechanism, in particular, whether the (AY/ER) support loans or whether all payments are capitalized

3.5 Advances and other receivables

The write offment of advances against expenditure

[Signature]
Director Finance
J&K ERA

3.6 Cash and cash equivalents

Cash equivalents comprise (define components of cash). Explain if the entity controls assets advances, only petty cash, or has a nil balance, as applicable.

3.7 Accrued and other liabilities

Disclose any major liabilities which have not been accrued under the cash basis policy.

3.8 Income

i) Describe nature of different types of income and how they are recognised. For example grants, sale of proceeds of fixed assets, interest income on bank accounts etc.

ii) (Include if applicable) Free of cost office space, electricity and certain other services provided by (insert name) are not valued and accordingly, are not recognized in these financial statements as income of the Project.

3.9 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Project are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Indian Rupee (INR).

(b) Transactions and balances

Transactions in foreign currency are converted at the exchange rate prevailing at the date of transaction. Foreign currency bank balances are re-stated at the year end end, and the resulting gains/losses are recognized in the statement of receipts and payments account. Conversion Rate: US\$ 1 = INR _____ as of 31 March _____.

3.10 Allocation of Common Costs

Describe how common costs are allocated to different output/activities.

3.11 Interest Expenses and Financial Charges

Describe how financial charges are treated and recorded. For example if these are not allocated to the Project by the borrower.

Funds Received from the Government

Give details of the government budgeting and funding mechanism

IN (IN) '000		
Current Year	Prior Year	Cumulative Year to date

Government Counterpart funding
Amount Reimbursable to Government

Total

5. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the
_____ of _____ or _____

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-III (JKUSDIP)
Loan/Grant No. 3132-IND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016

6. Funds Received from ADB

Give key terms and conditions of the loan including date of loan agreement, loan effectiveness date, key terms conditions, disbursement schedule, commitment fee and interest rates etc.

				in (INR)	
ADB Source of Funds - Method of Withdrawal					
	Note Reference	During the Current Year	During the Previous Year	Cumulative Project to Date	
ADB Loan					
- By Reimbursement	6.1	73,25,40,525.00	24,75,35,624.00	24,75,35,624.00	
- By Imprest Account ¹	6.2				
- By Direct Payment	6.3	0	0	0	
- By Commitment Letter	6.4				
ADB Loan Total		73,25,40,525.00	24,75,35,624.00	24,75,35,624.00	
ADB Grant					
ADB Loan and Grand Total		73,25,40,525.00	24,75,35,624.00	24,75,35,624.00	

¹This should agree with the advances/replenishments net of refunds in Statement 6.2

6.1 Funds Received from ADB through Reimbursement Method



(Not Applicable)

Name of the Executing Agency
Name of the Implementing Agency

[NAME OF THE ENTITY/PROJECT]
Loan/Grant No.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED (YEAR END DATE)

6.2 Reconciliation of the Imprest Account and the Bank Statement is given below:

**STATEMENT OF IMPREST ACCOUNT
FOR THE YEAR/PERIOD ENDED XX, XXXX.**

		Prefer Year	in US\$ '000 Current Year
Balance brought forward from previous period		150	140
Add:			
Advance ¹		200	200
Replenishment received during the year/period ¹		10	10
Interest Earned			
Subtotal (A)		310	350
Less:			
Payments made during the year/period		150	150
Replenishment / liquidation ¹	50		
Expenditure yet to be claimed	100		
Amount refunded during the year/period		20	20
Closing Balance (B)		140	140
As per bank statement (copy attached)		140	140

6.2.1 The US \$ equivalent notional amount held at the RBI in respect of the above Imprest Account balance is _____ US \$ (bank statement attached)

Note: Figures indicated are illustrative in nature.

[Signature]
Director Finance
J&K ERA

With approval/ application/ vide / information received

3.3 Details of Payments made directly by ACB and given below

(Add relevant details here)

3.4 Details of payments made through commitment procedure

(Add relevant details here)

3.5 Details of Grants

(Give relevant details for grants)

[Signature]
Director Finance
J&K ERA

Name of the Executing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY
 Name of the Implementing Agency: J&K ECONOMIC RECONSTRUCTION AGENCY

Annexure-7

NAME OF THE ENTITY/PROJECT: Jammu & Kashmir Urban Sector Development Investment Program Tranche-III (JKUSDIP)
 Loan/Grant No. 3132-IND
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED (01-APR-2015 TO 31-MAR-2016)

b.6 Details of disbursement claimed under the Statement of Expenditure (SOE) Procedure are given below

**DISBURSEMENT CLAIMED UNDER STATEMENT OF EXPENDITURE (SOE) PROCEDURE
 FOR THE YEAR/PERIOD ENDED 01-APR-2015 TO 31-MAR-2016**

W/A No.	SOE Sheet No.	Category	Total Amount Paid	ADB Financing %	Net Eligible Expense	Amount Reimbursed	Imprest Fund Replenished/ Liquidated	in (INR)
								Total Disbursement Using SOE Procedure
1	2	3	4	5	6 (4x5)	7	8	7 + 8 = 9
5	1	Civil Works	3,49,92,000	80	2,79,93,600	2,79,93,600		2,79,93,600
5	2	Civil Works	1,16,31,774	80	93,05,419	93,05,419		93,05,419
6	1	Civil Works	2,08,56,806	80	1,66,85,445	1,66,85,445		1,66,85,445
7	1	Civil Works	2,95,10,971	80	2,36,08,777	2,36,08,777		2,36,08,777
7	2	Civil Works	1,54,14,738	80	1,55,31,790	1,55,31,790		1,55,31,790
8	1	Civil Works	2,00,35,857	80	1,60,28,686	1,60,28,686		1,60,28,686
8	2	Civil Works	6,47,359	80	5,17,919	5,17,919		5,17,919
8	3	Civil Works	1,40,29,179	80	1,12,23,343	1,12,23,343		1,12,23,343
9	1	Civil Works	1,87,81,658	80	1,50,25,326	1,50,25,326		1,50,25,326
9	2	Civil Works	1,36,85,726	80	1,09,48,581	1,09,48,581		1,09,48,581
10	1	Civil Works	2,80,46,664	80	2,24,37,331	2,24,37,331		2,24,37,331
10	2	Civil Works	2,65,40,120	80	2,12,32,096	2,12,32,096		2,12,32,096
11	1	Civil Works	91,89,074	80	73,51,259	73,51,259		73,51,259
11	2	Civil Works	4,45,95,335	80	3,56,76,268	3,56,76,268		3,56,76,268
11	3	Civil Works	17,35,022	80	13,88,018	13,88,018		13,88,018
12	1	Civil Works	3,13,63,493	80	2,50,90,794	2,50,90,794		2,50,90,794
13	1	Civil Works	1,49,29,381	80	1,19,43,505	1,19,43,505		1,19,43,505
13	2	Civil Works	2,49,58,735	80	1,99,66,988	1,99,66,988		1,99,66,988
14	1	Civil Works	7,96,60,710	80	6,37,28,568	6,37,28,568		6,37,28,568
14	2	Civil Works	2,48,28,675	80	1,98,62,940	1,98,62,940		1,98,62,940
15	1	Civil Works	1,72,32,852	80	1,37,86,282	1,37,86,282		1,37,86,282
15	2	Civil Works	5,85,38,879	80	4,68,31,103	4,68,31,103		4,68,31,103
15	3	Civil Works	98,14,000	80	78,51,200	78,51,200		78,51,200
16	1	Civil Works	6,13,73,874	80	4,90,99,099	4,90,99,099		4,90,99,099
16	2	Civil Works	2,45,42,176	80	1,96,33,741	1,96,33,741		1,96,33,741
16	3	Civil Works	2,61,40,000	80	2,12,32,000	2,12,32,000		2,12,32,000
16	4	Consultancy Support	14,21,396	100	14,21,396	14,21,396		14,21,396
17	1	Civil Works	4,31,10,832	80	3,44,88,666	3,44,88,666		3,44,88,666
17	2	Civil Works	97,24,778	80	77,79,822	77,79,822		77,79,822
17	3	Consultancy Support	36,98,437	100	36,98,437	36,98,437		36,98,437
18	1	Civil Works	5,78,64,730	80	4,62,91,784	4,62,91,784		4,62,91,784
18	2	Civil Works	2,37,21,410	80	1,89,77,128	1,89,77,128		1,89,77,128
18	3	Civil Works	1,66,83,345	80	1,33,46,676	1,33,46,676		1,33,46,676
18	4	Consultancy Support	12,93,292	100	12,93,292	11,30,337		11,30,337
19	1	Civil Works	2,19,26,182	80	1,75,40,946	1,75,40,946		1,75,40,946
19	2	Civil Works	6,73,56,569	80	5,38,85,255	5,38,85,255		5,38,85,255
		Total	91,42,76,069		73,27,03,480	73,25,40,525		73,25,40,525
		Total for Financial Year 2015-2016						

*The financing percentages within the table for ADB funds are as per loan agreement Schedule 3.



Further detail - nil

Name of the Executing Agency
 (Name of the Implementing Agency)

NAME OF THE ENTITY/PROJECT
 Location (if any)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED (YEAR END DATE)

Current Year	Prior Year	In prior year Cumulative Project to Date
		Date

7-4-13

If any of the amounts given on the Statements of
 Receipts and Payments require further detail or
 Break-down, provide this here against relevant
 Note

[Signature]
 Director Finance
 J&K ERA

Name of Executing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of Implementing Agency - ECONOMIC RECONSTRUCTION AGENCY (ERA), JAMMU & KASHMIR
 Name of the Project - Jammu & Kashmir Urban Sector Development Investment Program (JKUSDIP), Tranche-III
 Loan/Grant No. - 3132-IND

STATEMENT OF APPROPRIATION, VS. ACTUAL

Cost Categories	For the current year ended Mar 2016				For the prior year ended Mar 2015				Cumulative from beginning to Mar 2016			
	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000	Budgeted Expenditures INR '000	Actual Expenditures INR '000	Utilization Percentage %	Variance INR '000
Investment Costs												
Civ. Works	10,02,000	9,18,346	91.65%	83,654	3,58,483	3,09,420	86.31%	49,063	13,60,483	12,27,766	90.24%	1,32,717
Mechanical and Equipment												
Environment and Social Mitigation												
Consultants												
a. Project Management												
b. Capacity Development	7,500	7,221	96.28%									
Others	0	0		0					15,000	7,221	48.14%	7,779
Subtotal	10,09,500	9,25,567	91.65%	83,933	3,68,713	3,19,650	86.69%	49,063	10,230	10,230	100.00%	0
Recurrent Costs									13,85,713	12,45,217	89.86%	1,40,496
Salaries	0	0			0	0			0	0		
Accommodation												
Equipment Operation & Maintenance												
Others												
Subtotal	0	0										
Total Payments	10,09,500	9,25,567	91.65%	83,933	3,68,713	3,19,650	86.69%	49,063	0	0		
Financing Charges During Implementation									13,85,713	12,45,217	89.86%	1,40,496
Total Project Cost	10,09,500	9,25,567	91.65%	83,933	3,68,713	3,19,650	86.69%	49,063	13,85,713	12,45,217	89.86%	1,40,496
Grand total of expenditure in USD '000	16,128	14,787	91.69%	1,341	5,593	4,849	86.69%	744	21,396	19,227	89.86%	2,169

Note:

2014 to USD 1 = INR 67.59

2015 to USD 1 = INR 65.92

Overall USD 1 = INR 64.77



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Non Profit Making Agency

Name of the Beneficiary Assisted
Name of the Implementing Agency
Name of the Project
Location

EXPENDITURE BY OBJECT COMPONENTS

In R.P. No.	Object 1			Object 2			Object 3			Object 4		
	Pre-Current Year	Current Year	Cur to Date	Pre-Current Year	Current Year	Cur to Date	Pre-Current Year	Current Year	Cur to Date	Pre-Current Year	Current Year	Cur to Date
Investment Costs												
Capital Costs												
Recurrent Expenditure												
Administrative & Staff												
Salaries												
Others												
Subtotal (A)												
Recurrent Costs												
Salaries												
Administrative												
Equipment Operation and Maintenance												
Others												
Subtotal (B)												
Total Capital Costs												
Total Recurrent Costs												
Total Project Cost												

Expenditure on the above is for the period from 1st April 2011 to 31st March 2012. The total expenditure is Rs. 10,00,000/- (Ten Lakhs only). The above expenditure is for the period from 1st April 2011 to 31st March 2012.

Director Finance
J&K ERA

Example of a Management Assertion Letter

(Project Letterhead)

(To: Auditor)

(Date)

This assertion letter is provided in connection with your audit of the financial statement of the _____ Project for the year ended _____. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the cost basis of accounting followed by the Government of India, and we confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

- The project financial statements are free of material misstatements, including omissions.
- Project funds have been used for the purposes for which they were provided.
- Project expenditures are eligible for financing under the Loan/Credit agreement.
- There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the project financial statements.
- We have made available to you all books of account and supporting documentation in relation to the project.
- The project has complied with the conditions of all relevant local agreements, including the Financing Agreement, the Project Agreement, the Project Appraisal Document, the Minutes of Negotiations, and the Borrower's Project Implementation Plan.

(Project Director / Chief Executive Officer)

(Chief Finance Officer / Senior Finance Officer)

L. Kumar
Director Finance
J&K ERA

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Management Representation
Letter enclosed with Audit
Report

Excerpt from CAG Auditing Standards (2nd Edition, 2002), Chapter IV, Reporting Standards

19. The form and content of audit opinion and report.

20. The form and content of all audit opinions and reports are founded on the following general principles:

- (a) **Title.** The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.
- (b) **Signature and date.** The opinion or report should be properly signed. The inclusion of a date informs the reader that consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statement).
- (c) **Objectives and scope.** The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.
- (d) **Completeness.** Opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.
- (e) **Addressee.** The opinion or report should identify those to whom it is addressed, or required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.
- (f) **Identification of subject matter.** The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or areas (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.
- (g) **Legal basis.** Audit opinions and reports should identify the legislation or other authority providing for the audit.
- (h) **Conformity with standards.** Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the audit has been carried out in accordance with generally accepted procedures.
- (i) **Timeliness.** The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.

W. M. M. M.
Director Finance
J&K ERA

Report of the Comptroller and Auditor General of India

To

Project Implementing Authority

Report on the Project Financial Statements

We have audited the accompanying financial statements of the _____ Project financed under Asian Development Bank Loan No. _____ which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financial Statement of Disbursement and related notes for the year ended _____.

OR

In case the PLA is maintaining Balance Sheet and statement of Income and Expenditure, following para may be substituted:

We have audited the accompanying financial statements alongwith Balance Sheet, Income and Expenditure Statement and Cash Flow Statement and related notes of the _____ Project financed under Asian Development Bank Loan No. _____ for the year ended _____.


These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted our audit in accordance with the auditing standards promulgated by the Comptroller and Auditor General 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. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of Project for the year ended [insert date] in accordance with Government of India accounting standards.²

In compliance of other required statements and schedules included in the project financial statements, if any.

² That the auditing of Finance project is a application of the accounting standards promulgated by the Comptroller and Auditor General of India. In case the PLA is maintaining Balance Sheet and statement of Income and Expenditure, following para may be substituted:


Director Finance
J&K ERA



In addition, in our opinion:

- (a) Proceeds of the loan from ADB have been utilized for the purposes as per ADB Loan - Project Agreement
- (b) Financial covenants in the loan agreement (name and number of loan) dated [date of loan] have been complied with
- (c) (i) (a) With respect to SOCs, adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement.

(ii) (a) The Imprest Accounts give a true and fair view of the receipts collected and payments made during the year ended — and to — were receipts and payments support Imprest Account liquidations/replenishments during the year

This report is issued without prejudice to CAG's right to incorporate the audit observations in the Report of CAG of India for being laid before Parliament/State or UT Legislature.

[Auditor's Signature]

[Auditor's Address]

[Date]

This report is prepared with due regard to the General Financial Rules, 1963 and other financial rules and orders as are in effect and applicable to the operations of the project.

This report is issued as of the date on which the auditor has signed the report. It is subject to the provisions and provisions of the Act. This is generally the final date of the work as required to be done in the audit report.

K. Hanot
 Director Finance
 J&K ERA