

AUDITOR'S REPORT

Audit completion date: 18-12-2017.


Secretary
Ministry of Finance
Finance Division
Bangladesh Secretariat, Dhaka.

I. We have audited the accompanying Financial Statement of "**Investment Promotion and Financing Facility (IPFF) Project**" financed by IDA credit no. 4169-BD and 4693-BD as at 30th June 2017 and for the year then ended. The preparation of the Financial Statement is the responsibility of management. Our responsibility is to express an opinion on the Financial Statement based on our audit.

II. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan & perform our audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used & significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

III. In our opinion, the Financial Statement gives a fair view in all material aspects, except of financial position of "**Investment Promotion and Financing Facility (IPFF) Project**" as at 30th June, 2017 and the results of its operations and cash flows for the year then ended in accordance with cash basis of accounting followed by the Government of Bangladesh.

IV. Opinion status: **Unqualified.**


31/12/17
(**Mohammad Aminul Ehsan Kabir**)
Deputy Director
For Director General
Foreign Aided Project Audit Directorate
Tel: 9362478.

INVESTMENT PROMOTION AND FINANCING FACILITY (IPFF) PROJECT

IDA CREDIT NO. : 4693-BD

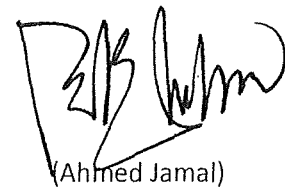
PROJECT FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 JUNE, 2017

(In Lakh Taka)

RESOURCES	Notes	Cumulative to 30 June, 2016	FY 2016-17	Cumulative to 30 June, 2017
Government of Bangladesh	1	15,141.20	18,645.80	33,787.00
Loans from Lender/Donor (IDA)	2	162,446.09	9,242.49	171,688.58
Other Sources	3	854.36	138.64	993.00
Opening Cash Balance	4		4,304.78	
TOTAL RESOURCES		178,441.65	32,331.71	206,468.58

EXPENDITURE				
Category 1 (On-lending component)	5	170,128.20	31,788.11	201,916.31
Category 2 (Technical assistance component)				
Operating and Administration Cost		815.80	121.25	937.05
) Training, Seminar and Workshop		1,098.16	213.17	1,311.33
i) Procurement of Goods & Consultants		2,094.71	209.18	2,303.89
TOTAL EXPENDITURE		174,136.87	32,331.71	206,468.58
CLOSING CASH BALANCE				
Special Account (DOSA)		4,303.78	-	-
Project Operating Account No. 0003-0210014364		1.00	-	-
Operating Account of Field offices				
TOTAL-CLOSING CASH BALANCE		4,304.78	-	-
TOTAL EXPENDITURE AND CLOSING CASH BALANCE		178,441.65	32,331.71	206,468.58



(Ahmed Jamal)

Executive Director & Project Director

Phone: 9530491

NOTES TO THE FINANCIAL STATEMENT

1. GOVERNMENT OF BANGLADESH

Government of Bangladesh provided funds to cover GoB's share of eligible expenditures of the Project as specified in the Financing Agreement and TPP. During the Project's tenure GOB contributed a total of Taka 36,041.20 lakh. After covering GoB's share of eligible expenditures, Taka 2,254.20 lakh has been refunded to the GoB after the expiry of the Project. Hence, the resources provided by GoB stand as follows:

(In Lakh Taka)

	Inception to 30 th June, 2016	For the year ended 30 th June, 2017	Inception to 30 th June, 2017
1	2	3	4=(2+3)
Disbursement by GOB	15,141.20	20,900.00	36,041.20
Less: Refund to GOB	-	2,254.20	2,254.20
Total:	15,141.20	18,645.80	33,787.00

2. LOAN FROM LENDER/DONOR

IDA provided a total of USD 241.95 million equivalent to Taka 1,87,799.11 lakh to cover its share of eligible expenditures of the Project as specified in the Financing Agreement and TPP of the Project. Prior to the expiry of the Project, it was estimated that USD 20.00 million would remain unutilized. As such USD 20.00 million equivalent to Taka 15,756.00 lakh was refunded to IDA upon partial debt cancellation. In addition to that, USD 0.44 million remained unspent after paying all expenses incurred within the tenure of the Project i.e. 31 December, 2016. Subsequently, USD 0.44 million equivalent to Taka 354.53 lakh has been refunded to IDA. Hence, the resources provided by IDA stand as follows:

(In Lakh Taka)

	Inception to 30 th June, 2016	For the year ended 30 th June, 2017	Inception to 30 th June, 2017
1	2	3	4=(2+3)
Initial Advance	7,279.00	-	7,279.00
Direct payment	-	-	-
RPA (DA Procedures)	1,55,167.09	25,353.02	1,80,520.11
Non SOE Procedures	-	-	-
Total Received	1,62,446.09		
Less: Refund to IDA	-	16,110.53	16,110.53
Total IDA Resources	1,62,446.09	9,242.49	1,71,688.58

3. OTHER RESOURCES

Since DA based disbursement method was used for IDA Credit No. 4693-BD, IPFF had to maintain a foreign currency denominated account (DOSA: 4693-BD) for withdrawal and utilization of IDA fund. On the other hand, accounting currency of GoB is Bangladesh Taka. Therefore, USD balances lying in DOSA: 4693-BD account were translated into Taka each month to prepare financial statement. In doing so, exchange gain or loss whichever arises are aggregated and shown in other resources. However, this gain or loss accrued to IPFF has been used for the sole purposes of the Project. The resources under this category are as follows:

(Figures in Lakh Taka)

	Inception to 30 th June, 2016	For the year ended 30 th June, 2017	Inception to 30 th June, 2017
1	2	3	4=(2+3)
Project revenues	-	-	-
Exchange gains/losses	854.36	138.64	993.00
Total	854.36	138.64	993.00



NOTES TO THE FINANCIAL STATEMENT

4. CASH:

IPFF maintained three bank accounts namely Dollar Special Account (DOSA-4693 BD) and IPFF Operating Account for IDA contribution and local currency account (TAKA: 4693-BD) for GOB contribution. DOSA-4693 BD and TAKA: 4693-BD were maintained with the Forex Reserve and Treasury Management Department of Bangladesh Bank. On the other hand, IPFF Operating Account was maintained with Trust Bank Limited, Sena Kalyan Bhaban Branch. The unspent balance lying with DOSA: 4693-BD and TAKA: 4693-BD accounts have been refunded to IDA and GoB respectively. Year-end cash balances of these accounts are as follows:

(In Lakh Taka)

	Inception to 30 th June, 2016	For the year ended 30 th June, 2017	Inception to 30 th June, 2017
1	2	3	4
Cash on hand	-	-	-
Special Account (DOSA: 4693 BD)	4303.78	-	-
TAKA: 4693 BD	-	-	-
Project Operating Account/ Field stations	1.00	-	-
Total	4,304.78	-	-

5. On-lending component:

Under On-lending Component of IPFF (IDA Credit No. 4693-BD), a total of Tk. 201916.31 lakh was disbursed against 7 power plants, 3 water treatment plants, 2 NTTN projects, 1 inland container depot, 1 dolphin jetty, 1 dry dock and 1 hospital project. The detailed information of the projects is given below:

(In lakh Taka)

SI No.	Name of Project	Name of PFI	IPFF Lending		
			Total	Taka	P.A.
01.	United Power Generation & Distribution Ltd (44 MW Power Plant, Chittagong EPZ)	Dutch-Bangla Bank Ltd	747.00	-	747.00
02.	United Power Generation & Distribution Ltd (35 MW Power Plant, Dhaka EPZ)	Dhaka Bank Ltd, Eastern Bank Ltd & IIDFC Ltd	1121.00	-	1121.00
03.	Baraka Patenga Power Ltd (50 MW Power Plant, Patenga, Chittagong)	United Commercial Bank Ltd & Trust Bank Ltd	17085.56	-	17085.56
04.	Dhaka Southern Power Generations Ltd (55 MW Power Plant, Nababganj, Dhaka)	NCC Bank Ltd	20891.40	-	20891.40
05.	Midland Power Company Ltd (51 MW Power Plant, Ashuganj, Brahmanbaria)	Eastern Bank Ltd, Mutual Trust Bank Ltd & Trust Bank Ltd	14899.52	-	14899.52
06.	United Ashuganj Energy Limited (200 MW Power Plant, Ashuganj, Brahmanbaria)	Dhaka Bank Ltd, Trust Bank Ltd & Mutual Trust Bank Ltd	45513.00	-	45513.00
07.	Dhaka Northern Power Generations Ltd (55 MW Power Plant, Singair, Manikganj)	Trust Bank Ltd	22741.45	-	22741.45
08.	KDS Logistics Ltd (Inland Container Depot, Sitakunda, Chittagong)	Dhaka Bank Ltd, IDLC Finance Ltd, United Finance Ltd, Trust Bank Ltd & UFIL	15001.00	7900.00	7101.00
09.	Karnafuly Dry Dock Ltd (sub-project: B Jetty, Badalpura, Chittagong)	Dhaka Bank Ltd, Trust Bank Ltd &	14433.44	-	14433.44

NOTES TO THE FINANCIAL STATEMENT

SI No.	Name of Project	Name of PFI	IPFF Lending		
			Total	Taka	P.A.
10.	Karnafuly Dry Dock Ltd (sub-project: A Dry Dock, Badalpura, Chittagong)	Dhaka Bank Ltd & Trust Bank Ltd	1142.31	-	1142.31
11.	D-Water Tech Ltd (Water Treatment Plant, Chittagong EPZ)	Dhaka Bank Ltd	1000.00	-	1000.00
12.	M/S Sigma Engineers Ltd (Water Treatment Plant, Comilla EPZ)	NCC Bank Ltd	817.60	817.60	-
13	M/S Sigma Engineers Ltd (Water Treatment Plant, Adamjee EPZ)	NCC Bank Ltd	901.60	901.60	-
14.	Fiber@Home Ltd (Expansion of Nationwide Optical Fiber Telecommunication Transmission Network)	AB Bank Ltd, United Commercial Bank Ltd, Trust Bank Ltd, IIDFC Ltd, GSP Finance Co (BD) Ltd & Lanka-Bangla Finance Ltd	14975.63	5522.00	9453.63
15.	Summit Communications Ltd (Expansion of Nationwide Optical Fiber Telecommunication Transmission Network)	Prime Bank Ltd, Trust Bank Ltd & IIDFC Ltd	14416.00	2416.00	12000.00
16.	Imperial Hospital Ltd (353 Bed Tertiary and General Hospital, Pahartali, Chittagong)	United Commercial Bank Ltd, Trust Bank Ltd & GSP Finance Co (BD) Ltd	16229.80	16229.80	-
Total			201916.31	33787.00	168129.31



AUDIT OPINION ON SOE

We have audited the statement of expenditure (SOE) of the “*Investment Promotion and Financing Facility (IPFF) Project*” for the year ended 30th June, 2016. Submitted to the World Bank for reimbursement of expenditure in accordance with the IDA credit no. 4169-BD and 4693-BD.

The audit was conducted following International Standards on Auditing. Accordingly it included such tests of the accounting records and supporting documentation, review of system of internal control. So, per exists adopting necessary auditing procedures that the considered essential under the circumstances.


Withdrawals/SOE particulars:

The project authority claimed U\$\$ 32,639,203.06 (Application No-19), but Fund was released U\$\$ 32,338.034.

Withdrawal application SOE particulars are shown in the annexure- “A”.

Opinion:


In our opinion, except as mentioned in our findings, the statement of expenditure (SOE) submitted can be relied upon to support the expenditure incurred for the purpose of the project as specified in the particulars of withdrawal application.

 3/1/2017

(Mohammad Amimul Ehsan Kabir)
Deputy Director
For Director General
Foreign Aided Project Audit Directorate
Tel: 9362478.

AUDITOR'S REPORT ON SPECIAL ACCOUNT (DOSA)

1. We have audited the special account statement of *“Investment Promotion and Financing Facility (IPFF) Project”* for the year 2016-2017 under provision of IDA credit no. 4169-BD and 4693-BD and dated June, 2017.
2. Our audit was carried out in accordance with International Auditing Guideline. Accordingly our audit included such review of systems of internal control, test of the accounting records and supporting documents, verification of account balance and other auditing procedures that are considered necessary under the circumstances.
3. The accompanying Special Account Statement was prepared on the basis of cash deposits and withdrawal for the purpose of complying with above credit Agreement. Annexure-“B”.
4. In our opinion, the receipts were properly accounted for withdrawals are made for the purpose of the project. Special Accounts Statement (DOSA) gives a fair view of the beginning and ending balance and the account activity for the year 2016-2017 on the basis of cash deposits and withdrawals.

 31/12/17

(Mohammad Amimul Ehsan Kabir)
Deputy Director
For Director General
Foreign Aided Project Audit Directorate
Tel: 9362478.