



**SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
ON THE REVISED ACCOUNTS OF THE KERALA WATER AUTHORITY  
FOR THE YEAR ENDED 31 MARCH 2016.**

1. We have audited the attached Balance Sheet of Kerala Water Authority (KWA) as at 31 March 2016 and the Income and Expenditure Account (Revised) for the year ended 31 March 2016 under Section 19(3) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 29(3) & (4) of the Kerala Water Supply and Sewerage Act, 1986. These financial statements include the individual accounts of 172 units. The preparation of these financial statements is the responsibility of the Kerala Water Authority. Our responsibility is to express an opinion on these financial statements based on our audit.
2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with best accounting practices, accounting standards, disclosure norms etc. Audit observations on financial transactions with regard to compliance with the Laws, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects etc., if any, are reported through Inspection Reports/CAG's Audit Report separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on our audit, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) The Balance Sheet and Income and Expenditure Account dealt with by this report have been drawn up in the format approved by the State Government under Section 29(1) of the Kerala Water Supply and Sewerage Act 1986.
  - (iii) In our opinion, system of maintenance of books of accounts and other relevant records as required under Section 29(1) of Kerala Water Supply and Sewerage Act 1986, were wanting in many respects, in so far as it appeared from our examination of such books.
  - (iv) We further report the following significant audit observations on financial statements under different heads:



## A. BALANCE SHEET

### 1. Sources of Funds

#### 1.1. Kerala Water Authority Fund

##### 1.1.1. Reserves and Surplus. ₹356.55 crore (Schedule-B)

This represents the amount of deposit received against water/sewer deposit works transferred to “Reserve for Deposit Works” on effective completion of such works which are not handed over to the depositors. As per Note No.2.03 of the Statement on Significant Accounting Policies, it was stated that works completed under the deposit received up to March 2012 had been transferred to the Reserve for Deposit Works as Fixed Asset register was updated only up to March 2012.

Audit observed that even though depreciation was provided for on the assets created out of deposits from consumers, amount of reserve equal to the amount of depreciation provided for has not been accounted as income in the Income and Expenditure account. The non-accounting of depreciation as income has resulted in depiction of vitiated excess of income over expenditure for the year 2015-16.

Though this had been brought to the notice of the Authority in the previous Audit Reports, no adjustments have been made in the accounts so far.

#### 1.2. Kerala Water Authority Loan Fund

##### 1.2.1 Unsecured Loans and Deposits (Schedule-D)

##### 1.2.1.1. Interest accrued on GoK loan ₹1461.12 crore.

This is understated by ₹ 608.72 crore due to non- providing of liability towards penal interest @2.5 *per cent* per annum for default in repayment of GoK loan and interest thereon. The GoK, Finance (Public Undertakings-A) Department vide circular No.40/2013/Fin dated 27.4.2013 had revised the rate of interest and terms and conditions of loan advanced to Autonomous Bodies/Public Sector Undertakings/Statutory Corporations/Boards and other institutions under the control of GoK with effect from 01 April 2012. The revised rate of interest is given below.

Type of Loan	Rate of interest (%) <i>p.a</i>
Investment loan	11.50
Working capital loan and loan advanced to meet cash losses	13.50

In case of default in repayment of principal and of interest, penal interest @2.5 *per cent* per year will be charged in addition to the applicable interest rate. GoK had revised the above rate of interest on loan to 9.50 *per cent* compound interest in respect of all loans with effect from 16.5.2018.

Audit observed that during the period 2007-08 to 2015-16, the Authority had availed loan amounting to ₹2281.57 crore from GoK. Interest accrued on loan amounting to ₹1461.12 crore @ 11.50 *per cent* per year was provided in the revised accounts. However, no liability had been made in the accounts for the penal interest.



Thus, the non-provisioning of liability towards penal interest had resulted in understatement of interest accrued on GoK loan by ₹608.72 crore(**Detailed in Appendix 1**)and corresponding understatement of accumulated excess of expenditure over income.

#### **1.2.1.2. Security Deposits-₹ 195.78 crore**

This does not include ₹18,56,550/- being the Security Deposit received from various contractors in the form of Fixed Deposits in favour of Executive Engineer, Project Division, Thiruvananthapuram. These SDs were neither accounted in the Cash Book nor in the Annual Accounts. Non accounting of the same has resulted in understatement of Current Assets to the extent of ₹18.57 lakh and corresponding understatement of KWA Loan Fund to that extent.

### **2. Application of Funds**

#### **2.1. Net Current Assets**

##### **2.1.1. Current Assets (Schedule No.G)**

##### **2.1.1.1. Cash & Bank balances**

##### **2.1.1.1.1.Bank& Treasury Balances-₹377.09 crore**

(a) As per the cash book maintained at the Public Health Division Thiruvananthapuram, balance of Non-Operative account as on 31.03.16 was ₹5,92,53,735/- whereas balances as per Tally was ₹4,90,36,503/- with a difference of ₹1,02,17,232/-. The difference had been carried over from previous years and the reason for the difference could not be traced out.

(b) As per the Bank Reconciliation sheet as on 31.03.2016 prepared by the Public Health Division, Thiruvananthapuram, there was a Bank Fixed Deposit amounting to ₹4,21,78,328/-. The details of the FD such as copy of the Deposit receipt, bank confirmation, FD register were not available for audit. As such Audit is not in a position to ascertain the veracity of the FD.

#### **2.2. Current Liabilities & Provisions (ScheduleNo.H) - ₹ 954.63crore**

##### **Current Liabilities**

(a) The incorrect adjustment of minus balance in the tax deducted at source against current liabilities has resulted in understatement of Current Liabilities and Provisions by ₹3,13,61,930/-

(b) Contractors/Suppliers under current liabilities include ₹38,26,73,137/- being debit balance of the Sundry Creditors for Suppliers (A/c code 2812) in the ARUs detailed in **Appendix 2**. Since there cannot be debit balances in liability to suppliers account, the said balances are incorrect.

#### **2.3. Loans & Advances (Schedule I) -₹ 225.03 crore**

This includes a credit balance of ₹1,42,30,452/- being the Loans and Advances to employees. Opening balance of the same was also a credit balance. Inclusion of credit balance in Assets has resulted in understatement of Loans& Advances to the extent of ₹1.42 crore.



### 2.3.1. Advances to suppliers/contractors-₹ 164.72 crore

- (a) This includes ₹27,19,605/- being the Sundry Creditors (debit balances) for contractors (A/c code 2811) wrongly adjusted against advances to suppliers/contractors. The wrong adjustment of debit balances in sundry creditors account against the amount receivable from suppliers/contractors has resulted in overstatement of Loans & Advances to the extent of ₹0.27 crore.
- (b) Kerala Water Authority Board in its 379<sup>th</sup> Meeting held on 30.07.2015 had resolved to avail overdraft amounting to ₹100 crores from State Bank of India for the payment of contractors' bills submitted/pending under State Plan Schemes, NRDWP Schemes, NABARD Schemes and Drought Relief Works. The amount would be disbursed to the contractors subject to the condition that the interest payable on OD for a year would be paid by the contractors in advance i.e., at the time of disbursement of amount. The contractors had to give an undertaking to continue to bear the interest if the release of budget allocation from Government was delayed beyond the period of a year.

During the year 2015-16, the Authority availed ₹100 crores from SBI and disbursed the amount to the contractors. Interest rate of 9.95 per cent per annum or at the rate charged by the bank for OD on the amount equal to the amount payable to the contractors plus statutory recoveries on the bill for 12 months were recovered by the Authority on release of the payment.

As the OD was availed only for the settlement of bills submitted/pending, but not for paying advances to contractors, the amount disbursed to the contractors should have been adjusted against Sundry Creditors (Account Code 2811) instead of Loans and Advances. The incorrect accounting of disbursement of OD as Advances to contractors has resulted in overstatement of Loans & Advances and corresponding overstatement of Sundry Creditors to the extent of ₹100 crores.

- (c) This does not include ₹23,14,72,347 /- being the value of work done in respect of which bills were submitted by the contractors and payments made by the Project Division Thiruvananthapuram during 2016-17 as detailed in the **Appendix 3**

As per the stated accounting policy, the Authority follows accrual basis of accounting. However, the Authority has not accounted the liability in respect of above works. The non-accounting of the liability has resulted in understatement of Sundry Creditors (A/c No.2811) and corresponding understatement of Capital Work in Progress to the extent of ₹23.15 crore

- (d) Advances to suppliers/contractors include Sundry Creditors for Contractors (A/c code-2811) debit balance amounting to ₹1658.45 crore as on 31<sup>st</sup> March 2016. The sundry creditors for contractors are understated by ₹59.32 crore due to non-accounting of liability regarding payment to contractors at the time of bills due for payment in the JICA Project Division Thiruvananthapuram. On scrutiny of vouchers and connected records at JICA project, it was seen that once the bill for contractors is passed for payment, no entry was seen passed for liability for payment and corresponding accounting to Capital Work in Progress. The transaction is accounted only at the time of making payment to the contractors by crediting the bank account. The details of the bills of the completed works which were not accounted under the A/c code 2811 during the year



2015-16 are detailed in **Appendix 4**. This has also resulted in understatement of Capital Work in Progress to the extent of ₹59.32 crore.

- (e) This does not include ₹20,67,224/- being the outstanding bills of the completed works as on 31.03.2016 in Public Health Division Thiruvananthapuram and accounted during the FY 2016-17 as payment basis as detailed below: -

Sl. No.	Voucher date	Amount (₹)	Voucher No.	Payment month and year
1.	03.02.16	63,050	22 of 06/16	06/16
2.	19.03.16	7,27,118	22 of 08/16	08/16
3.	19.03.16	5,35,316	33 of 08/16	08/16
4.	17.02.16	3,34,029	24 of 11/16	11/16
5.	23.03.16	4,07,711	26 of 12/16	12/16
	<b>Total</b>	<b>20,67,224</b>		

As per the stated accounting policy, the Authority follows accrual basis of accounting. However, the Authority has not accounted the liability in respect of above completed works. The non-accounting of the liability has resulted in understatement of Sundry Creditors (A/c No.2811) and corresponding understatement of Capital Work in Progress to the extent of ₹0.21 crore.

## **B. INCOME AND EXPENDITURE ACCOUNT**

### **3. Expenditure**

#### **3.1. Administrative Expenses (Schedule No.R)**

##### **3.1.1. Professional fees – ₹4.96 crore**

This does not include ₹28,85,000/- being the fees payable to Chartered Accountant firm for completion of Annual Accounts for the year 2015-16. The non-inclusion of fees payable has resulted in understatement of Expenditure and corresponding understatement of Current Liabilities to the extent of ₹0.29 crore.

##### **3.1.2. Interest on Govt. of Kerala Loans. ₹245.07 crore**

This is understated by ₹ 70.20 crore due to incorrect adoption of rate of interest for GoK loan and non- consideration of penal interest as per the GoK order. The GoK, Finance (Public Undertakings-A) Department vide Circular No.40/2013/Fin dated 27.4.2013 had revised the rate of interest and terms and conditions of loan advanced to Autonomous Bodies/Public Sector Undertakings/Statutory Corporations/Boards and other institutions under the control of GoK with effect from April 2012. The revised rate of interest is given below.

Type of Loan	Rate of interest (%) <i>p.a</i>
Investment loan	11.50
Working capital loan and loan advanced to meet cash losses	13.50



In case of default in repayment of principal and of interest, penal interest @2.5 *per cent* per year will be charged in addition to the applicable interest rate. GoK had revised the above rate of interest on loan to 9.50 *per cent* compound interest in respect of all loans with effect from 16.5.2018.

Audit observed that during the year 2015-16, an amount of ₹245.07crore had been provided in the accounts @ 11.50 *per cent per annum*. However, penal interest @ 2.5 % *per annum* for non-payment of principal and interest as per the GO had not been provided in the revised Accounts.

The non- provisioning of penal interest has resulted in overstatement of Excess of income over Expenditure by ₹70.20crore **(vide Appendix 5)**.

## **C. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS**

### **4. Statement on Significant Accounting Policies and Notes on the Accounts.**

#### **4.1 Grant in Aid (Note No 2.02)**

**(a)** Reference is invited to item No.2.02.2 of Notes to Accounts wherein it was stated that the grant in aid received under plan schemes was booked as Contribution and Grants which form part of the KWA Fund. On review of the records, it was seen that total plan funds received from Government of Kerala during the year 2015-16 was ₹ 622.75 crore and out of this, ₹ 103.03 crore was pertaining to the previous year but released during the year 2015-16. As the Authority follows accrual basis for accounting, the fact should have been disclosed in the Financial Statements by way of Notes on the Accounts.

## **D. GENERAL**

### **5. Balance Sheet**

#### **5.1 Current Assets (Schedule G)**

##### **5.1.1 Cash & Bank Balances**

##### **5.1.1.1 Bank & Treasury Balances ₹377.09 crore**

The Kerala Water Authority had seven Fixed Deposit accounts amounting to ₹21 crore which were opened with the Federal Bank in July 2014. Interest amounting to Rs. 3.3crore was accrued on the Fixed Deposit for the period up to March 2016 along with the principal amount shown as Bank and Treasury balances in the Balance sheet. The amount of fixed deposit and interest accrued thereon should have been shown separately in order to have a true and fair view of statement of affairs of the Authority.

### **6. Income and Expenditure Account for the year ended 31<sup>st</sup> March 2016.**

During the year 2015-16, the excess of income over expenditure was ₹1435.72 crore. This was incorrectly stated as excess of expenditure over income.





## 7. Impact of the comments

As a result of the comments on the revised accounts for the year 2015-16, Assets would be decreased by ₹15.98 crore, Liabilities increased by ₹665.22 crore, expenditure by ₹ 70.49crore as detailed below.

(Rupees in Crore)

Particulars	increase	Decrease	Net increase/Decrease (-)
Assets	84.29	100.27	(-)15.98
Liabilities	765.22	100.00	665.22
Expenditure	70.49	0	70.49
Income	0	0	0

### E. Grants in aid

Out of Grants in aid of ₹870.95 crore (₹838.35 crore received during the year, and ₹10.07 crore recouped) ₹.22.05 crore is the opening balance. The Authority had utilised an amount of ₹ 822.48 crore, leaving a balance of ₹ 48.47crore as unutilised grant as on 31 March 2016. Project wise details of grants-in-aid are in Annexure II enclosed.

(v) Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the Accounting Policies and Notes

on Accounts and subject to the significant matters stated above and other matters mentioned in Annexure-I and II to this Audit Report **does not give a true and fair** view in conformity with the accounting principles generally accepted in India, and especially in view of item Nos. 1.2.1.1,2.1.1.1, 2.3.1 (d) and 2.3 (e) and 3.1.2

a. In so far as it relates to the Balance Sheet of the state of affairs of the Kerala Water Authority as at 31 March 2016 and

b. In so far as it relates to the Income and Expenditure Account of the deficit for the year ended on that date.

**For and on behalf of the Comptroller  
and Auditor General of India**

**Sd/-**

अनिमचेरियान

ANIM CHERIAN

प्रधानमहालेखाकार (ले.प-1), केरल

PRINCIPAL ACCOUNTANT GENERAL

(AUDIT-I), KERALA

तिरुवनंतपुरम/ Thiruvananthapuram

Dated: 05.11.2021



## ANNEXURE I

### INTERNAL CONTROL

#### Internal Audit System

Internal Audit of the Authority is conducted by the Internal Audit Wing under the control of Accounts Member. The internal audit in respect of the following ARUs are pending for a year or more as shown below:

Number of ARUs	Period up to which Internal Audit is completed
1	31.03.2011
9	31.03.2012
3	31.03.2013
8	31.03.2014
6	31.03.2015

Audit is of the opinion that Internal Audit coverage does not commensurate with the size and nature of the Authority.

The major deficiencies noticed in the Internal Audit system are

- Internal Audit Manual explaining the mode and procedure to be followed hasnot been prepared by the Authority.
- The Internal Audit Wing is under the control of Accounts Member instead of under the direct control of the Chief Executive of the Authority.
- There were delays in complying with the audit paragraphs or taking corrective action by the field units.

### II. Adequacy of Internal Control System

The Internal Control system in the Authority is deficient mainly in the following areas:

- On test check of records at three ARUs ( Project Division, Thiruvananthapuram, Public Health Division,Thiruvananthapuram, and JICA project Division,Thiruvananthapuram), it was seen that each of these ARUs had a separate Non-Operative Bank Account on which the Unit does not have withdrawal power. The balance in the Non - Operative Account has not been reconciled so far.

- **Inadequate accounting information**

- (a) Project Division, Thiruvananthapuram, Public Health Division,Thiruvananthapuram and JICA project Division,Thiruvananthapuram were not maintaining Financial Ledgers. Hence, Audit could not ensure the correctness of the item wise balances.





- (b) Subsidiary Ledgers of receivables and payables were also not being maintained by the above ARUs. In the absence of these ledgers the correctness of the account balances and status of recovery potential/liability could not be ascertained.
- (c) Many of the account balances in Trial balances of Divisions/Sub divisions were altered/ revised at Head Office without proposing journal entries and without recording the reasons for the alteration/revision. The revisions made were not being incorporated in the books of accounts of the concerned Divisions/Sub divisions even after finalising accounts. As a result, the opening balances of control accounts in the Unit trial balances were often at variance with the balances in Trial Balance considered for preparation of consolidated Accounts at the Head Office.
- (d) The accounts in respect of five Sub- project offices (at Thiruvananthapuram, Meenad, Cherthala, Kozhikode and Pattuvam) of JICA which were closed during August 2015 and March 2016 had not been incorporated in the final accounts of the Authority for the year 2015-16.
- (e) The Accounts Manual provides that the accounts shall contain details such as quantity of clear water produced and sold to domestic and non-domestic consumers, Local Bodies, industrial consumers etc. However, the quantitative details of water produced and sold could not be complied as the Authority did not have the accurate information.
- (f) Non- Accountal of Liability - In the three ARUs mentioned above the liability for payment of contractors had not been seen accounted when the work had been completed and bills were passed for payment. These ARUs pass entries only at the time of making payment to the contractors. This resulted in depiction of incorrect liability for payments in the annual financial statements.

- **Cash book**

In the three ARUs stated above Cash Book was not seen closed on daily basis and was not authenticated by an authorised officer.

**Interest on GPF**

GPF accounts of Individual employees are not made up-to-date. Hence the interests on GPF provided are based on estimate.

- **Physical Verification of Fixed Assets Register**

As per the Kerala Water Authority (Deprecation Reserve and its Utilization ) Rules 1992, the Authority shall maintain Assets registers for all assets the value of which exceeds Rs 1000 for each of its Divisional Offices, Circle Offices, Regional Offices and Head Office as per FA -15. Audit observed that the Head office of the Authority had not maintained Fixed Assets Register in the year 2015-16. The Fixed Asset Register is pending updation since March.2012. Further, physical verification of Fixed Assets has not been conducted. Hence Audit could not ensure the actual existence of the Assets.



- **Security deposits from contractors/suppliers**

Security deposits collected from the contractors in the form of fixed deposits are seen deposited in treasury account. The amount of security deposits so collected is not entered in the books of accounts (Project Division, Thiruvananthapuram). Further it was seen that in Public Health Division, Thiruvananthapuram, security deposits collected from contractors/suppliers in the form of Fixed Deposits (taken in the name of the contractors) were found pledged with the Executive Engineer. These fixed deposits were not taken in the name of the Executive Engineer.

- **Regularity in payment of statutory dues**

The Authority was generally regular in depositing undisputed statutory dues including NPS contribution with appropriate authorities except water cess.

Sd/-

**Resident Audit Officer  
Kerala Water Authority**



<b>GRANTS -IN-AID ANNEXURE II</b> <b>Project wise details of Receipt and Utilisation of Grants -in - Aid During the year 2015-16</b>									
Sl.No	Name of the Project for which grants received or General Grants	Amount of grant brought forward from previous year	Amount of grant received during the year	Interest / Others	Audit Disallowance recouped	Total Grant received/ Funds available	Amount utilized during the year	Amount unutilized as on 31.03.2016 carried forward to next year	Remarks i. Target date of the Project ii. Audit comment in delay etc.
1	NRWDP and Tech Mission	9.91	48.05	0.48	10.07	68.51	65.40	3.11	
2	Earmarked Schemes	1.41	-	-		1.41	0.44	0.97	
3	AUWSS								
4	Others								
	<b>Total GOI</b>	<b>11.32</b>	<b>48.05</b>		<b>10.07</b>	<b>69.92</b>	<b>65.84</b>	<b>4.08</b>	
5	GOK (P) State Plan	14.96	439.19	-	-	454.15	409.96	44.19	
	JICA	(8.64)	80.00	-	-	71.36	72.26	(0.90)	
6	GOK (NP)		265.11			265.11	265.11		
7	LAC-ADF And others	4.41	6.00	-	-	10.41	9.31	1.10	
	<b>Total GOK</b>	<b>10.73</b>	<b>790.30</b>	<b>-</b>	<b>-</b>	<b>801.03</b>	<b>756.64</b>	<b>44.39</b>	
	<b>Grand Total</b>	<b>22.05</b>	<b>838.35</b>		<b>10.07</b>	<b>870.95</b>	<b>822.48</b>	<b>48.47</b>	

Sd/-

**Resident Audit Officer**  
Kerala Water Authority



## APPENDIX 1

Referred to in Paragraph 1.2.1.1.  
Interest accrued on Government of Kerala loans

(Rs in lakh)

Period  ( A )	Amount Of loan  ( B )	Interest per year at the rate of 14 % including penal interest @ 2.5 % <i>pa</i>  ( C )	Interest accrued up to March 2017  ( D )= C x number of years up to March 2017
2007-08	66218	9270.52	83434.68
2008-09	37900	5306.00	42448
2009-10	32427	4539.78	31778.46
2010-11	9917	1388.38	8330.28
2011-12	23233	3252.62	16263.1
2012-13	25691	3596.74	14386.96
2013-14	19367	2711.38	8134.14
2014-15	5335	746.9	1493.8
2015-16*	8069	714.57	714.57
<b>Total</b>	<b>228157</b>		<b>206983.99</b>
A. Accrued interest short provided (Rs 2069.84 -1449.86)			619.98
B. Accrued interest additionally provided as per the revised accounts			11.26
C. Liability short provided (A-B)			608.72

\*During the year 2015-16, Rs. 5000 lakh was received on June 29, 2015 and Rs. 3069 lakh was received September 23, 2015 and interest was calculated for proportionate period.

Sd/-

**Resident Audit Officer**  
Kerala Water Authority



## APPENDIX 2

Referred to in Paragraph 2.2.1 ( b )

Debit balance of the Sundry Creditors for suppliers (A/c code 2812)

Sl.No.	Name of the ARU	Closings Balance (debit) during the year 2015-16. (Rs.)
1.	Secretary, KWA, HO	20174759
2.	JICA	19448645
3.	PH Circle, Thiruvananthapuram	663168
4.	WASCON, Thiruvananthapuram	50885
5.	WS Division, Neyyattinkara	5838966
6.	Sewerage Division, Thiruvananthapuram	4012663
7.	Quality Control Div, Thiruvananthapuram	434425
8.	Head Works Div, Aruvikkara	18005122
9.	Project Div, Thiruvananthapuram	23315
10.	JNNRUM, Kuriyathi	195669
11.	PH Div, Kollam	37952110
12.	PH div, Kottarakkara	10915414
13.	PH Div, Pathanamthitta	21136310
14.	PH Div, Thiruvalla	1481917
15.	PH Div, Kottayam	3016695
16.	PH Div, Alappuzha	7468239
17.	PH Div, Kochi	6615487
18.	WS div, Kochi	1160423
19.	PH Div, Thrissur	77460465
20.	PH Div, Irinjalakkuda	25882358
21.	PH Div, Kozhikode	5240201
22.	Quality Control Div, Kozhikode	25520974
23.	PH Div, Vadakara	4395707
24.	PH Div, Malappuram	45211875
25.	Project Div, Malappuram	362573
26.	PH Div, Palakkad	14869979
27.	Project Div, Palakkad	290505
28.	PH Div, Shornur	167765
29.	PH Div, SulthanBathery	1875099
30.	WS Div, Kannur	8874654
31.	Project Div, Kannur	11494189
32.	WS Div, Taliparamba	2432581
	<b>Total</b>	<b>382673137</b>

Sd/-

Resident Audit Officer/Kerala Water Authority



## APPENDIX 3

Referred to in Paragraph 2.3.1 (c)

Details of value of work done in respect of which bills were submitted by the contractors and payments made by the Division during 2016-17.

Sl No.	Bill date	Amount (Rs.)	Voucher No.	Payment month and year
1.	29.02.16	2597762	87 of 04/16	04/16
2.	24.03.15	707288	31 of 05/16	05/16
3.	19.03.15	182888	32 of 05/16	05/16
4.	26.03.15	7478390	33 of 05/16	05/16
5.	30.03.15	1059205	34 of 05/16	05/16
6.	10.04.15	3191141	49 of 05/16	05/16
7.	29.07.15	257406	50 of 05/16	05/16
8.	29.05.15	10739663	57 of 05/16	05/16
9.	08.07.15	13158875	58 of 05/16	05/16
10.	24.08.15	6846336	59 of 05/16	05/16
11.	31.03.15	3818601	60 of 05/16	05/16
12.	11.08.15	13114539	61 of 05/16	05/16
13.	15.09.15	24152700	62 of 05/16	05/16
14.	10.04.15	17802542	63 of 05/16	05/16
15.	16.09.15	11229225	64 of 05/16	05/16
16.	08.04.15	4229099	65 of 05/16	05/16
17.	30.3.16	22190192	35 of 06/16	06/16
18.	12.01.16	144476	46 of 06/16	06/16
19.	12.01.16	299010	47 of 06/16	06/16
20.	28.11.15	7369673	48 of 06/16	06/16
21.	07.11.15	383469	49 of 06/16	06/16
22.	12.01.16	11942992	50 of 06/16	06/16
23.	18.01.16	200144	51 of 06/16	06/16
24.	07.11.15	1559294	52 of 06/16	06/16
25.	21.12.15	720739	53 of 06/16	06/16
26.	11.11.15	244874	54 of 06/16	06/16
27.	28.11.15	855507	55 of 06/16	06/16
28.	25.11.15	12590004	56 of 06/16	06/16





29.	27.11.15	8100760	57 of 06/16	06/16
30.	30.11.15	1728461	58 of 06/16	06/16
31.	12.01.16	210372	59 of 06/16	06/16
32.	14.01.16	124882	60 of 06/16	06/16
33.	04.12.15	5968961	61 of 06/16	06/16
34.	03.10.15	10067885	34 of 07/16	07/16
35.	10.12.15	63126	35 of 07/16	07/16
36.	31.03.15	2302504	31 of 09/16	09/16
37.	05.05.14	518054	33 of 09/16	09/16
38.	04.05.15	30111	34 of 09/16	09/16
39.	05.05.15	741685	35 of 09/16	09/16
40.	18.11.15	1149187	09 of 11/16	11/16
41.	29.02.16	1426609	14 of 11/16	11/16
42.	23.03.16	9356249	16 of 11/16	11/16
43.	03.03.16	4978377	17 of 11/16	11/16
44.	08.03.16	2323723	18 of 11/16	11/16
45.	11.06.15	497080	14 of 12/16	12/16
46.	06.06.15	169643	52 of 01/17	01/17
47.	11.06.15	629908	53 of 01/17	01/17
48.	03.07.15	918775	54 of 01/17	01/17
49.	13.07.15	479683	55 of 01/17	01/17
50.	10.08.15	511925	56 of 01/17	01/17
51.	22.08.15	108353	59 of 01/17	01/17
	<b>Total</b>	<b>23,14,72,347</b>		

Sd/-  
Resident Audit Officer/Kerala Water Authority



## APPENDIX 4

Referred to in Paragraph 2.3.1 (d)  
Details of bills of the completed works were not accounted  
under the A/c code 2811 during the year 2015-16.

Sl. No.	Bill date	Amount (Rs.)	Voucher No.	Payment month and year
1.	31.3.15	4419822	33-4/15	04/15
2.	31.3.15	12863018	34-4/15	04/15
3.	22.4.15	1192200	81-4/15	04/15
4.	23.4.15	3185600	83-4/15	04/15
5.	27.4.15	6588637	92-4/15	04/15
6.	05.5.15	4500000	27-5/15	05/15
7.	14.5.15	1612866	58-5/15	05/15
8.	02.5.15	12350041	61-5/15	05/15
9.	.5.15	10334982	74-5/15	05/15
10.	22.5.15	355780	89-5/15	05/15
11.	01.6.15	1666214	28-6/15	06/15
12.	03.6.15	2588720	42-6/15	06/15
13.	13.7.15	4626725	51-7/15	07/15
14.	15.7.15	19044195	52-7/15	07/15
15.	02.7.15	5844947	53-7/15	07/15
16.	03.7.15	1651982	65-7/15	07/15
17.	.7.15	2148417	66-7/15	07/15
18.	17.7.15	3588571	68-7/15	07/15
19.	21.7.15	13807515	69-7/15	07/15
20.	23.7.15	3886465	75-7/15	07/15
21.	25.7.15	21737621	90-7/15	07/15
22.	28.7.15	31546451	99-7/15	07/15
23.	23.7.15	15011003	103-7/15	07/15
24.	30.7.15	2041026	105-7/15	07/15
25.	30.7.15	10697719	106-7/15	07/15
26.	30.7.15	13693835	107-7/15	07/15
27.	31.7.15	1525537	17-8/15	08/15
28.	10.8.15	22424314	36-8/15	08/15
29.	19.8.15	5000000	94-8/15	08/15



30.	21.8.15	4392499	113-8/15	08/15
31.	21.8.15	1476435	112-8/15	08/15
32.	24.8.15	2268484	124-8/15	08/15
33.	08.09.15	7169807	13-9/15	09/15
34.	16.09.15	4231925	31-9/15	09/15
35.	17.09.15	1850000	32-9/15	09/15
36.	28.09.15	2287930	74-9/15	09/15
37.	29.09.15	1400000	75-9/15	09/15
38.	01.10.15	453600	17-10/15	10/15
39.	26.10.15	38013281	66-10/15	10/15
40.	26.10.15	24015121	67-10/15	10/15
41.	27.10.15	9183605	69-10/15	10/15
42.	.10.15	11053864	71-10/15	10/15
43.	29.10.15	1658675	76-10/15	10/15
44.	29.10.15	3312255	77-10/15	10/15
45.	05.11.15	4687910	25-11/15	11/15
46.	13.11.15	10749501	49-11/15	11/15
47.	25.11.15	4575860	66-11/15	11/15
48.	02.12.15	9382878	17-12/15	12/15
49.	07.12.15	9256514	42-12/15	12/15
50.	08.12.15	1673735	48-12/15	12/15
51.	10.12.15	2500000	49-12/15	12/15
52.	16.1.16	5382614	30-01/16	01/16
53.	16.1.16	10000000	31-01/16	01/16
54.	21.1.16	1659511	57-01/16	01/16
55.	28.1.16	19994323	62-01/16	01/16
56.	29.1.16	104709	47-02/16	02/16
57.	05.02.16	4551623	48-02/16	02/16
58.	05.02.16	1181789	49-02/16	02/16
59.	.02.16	68620	58-02/16	02/16
60.	10.02.16	10766540	76-02/16	02/16
61.	12.02.16	2500000	77-02/16	02/16
62.	.02.16	7608615	79-02/16	02/16



63.	12.02.16	26522148	80-02/16	02/16
64.	17.02.16	30000000	85-02/16	02/16
65.	18.02.16	1082074	86-02/16	02/16
66.	.03.16	7591811	24-03/16	03/16
67.	03.03.16	1590468	38-03/16	03/16
68.	14.03.16	7221317	44-03/16	03/16
69.	16.03.16	2500000	56-03/16	03/16
70.	17.03.16	9480855	57-03/16	03/16
71.	19.03.16	10000000	60-03/16	03/16
72.	.03.16	4118274	60-03/16	03/16
73.	29.03.16	10000000	71-03/16	03/16
74.	29.03.16	12000000	72-03/16	03/16
75.	31.10.15	9765623	87-03/16	03/16
76.	31.03.16	1647798	88-03/16	03/16
77.	31.03.16	324000	89-03/16	03/16
	<b>Total</b>	<b>593190794</b>		

**Sd/-**

**Resident Audit Officer/Kerala Water Authority**



## APPENDIX 5

Referred to in Paragraph 3.1.2  
Statement of calculation of interest on GoK loans

(Rs in lakh)

Period	Amount of Loan	Interest per year at the rate of 14 % including penal interest @ 2.5 % <i>pa</i>
2007-08	66218	9270.52
2008-09	37900	5306
2009-10	32427	4539.78
2010-11	9917	1388.38
2011-12	23233	3252.62
2012-13	25691	3596.74
2013-14	19367	2711.38
2014-15	5335	746.9
2015-16*	8069	714.57
<b>Total</b>		<b>31526.89</b>
A. Understatement of excess of expenditure over income= 315.27 crore – 244.81 crore= 70.46 crore		
B. Additional provision for interest made as per the revised accounts =0.26 crore		
C. Liability short provided (A-B) =70.20 crore		

\*During the year 2015-16, Rs. 5000 lakh was received on June 29, 2015 and Rs. 3069 lakh was received September 23, 2015 and interest was calculated for proportionate period.

Sd/-

**Resident Audit Officer/Kerala Water Authority**



# KERALA WATER AUTHORITY

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SOURCES OF FUNDS</u></b>			
1 Kerala Water Authority Fund			
a. Contributions & Grants	A	66,16,86,51,414	61,03,28,74,155
b. Reserves & Surplus	B	3,56,55,04,378	3,50,18,43,848
2 Kerala Water Authority Loan Fund			
a. Secured Loans	C	1,26,77,59,680	1,03,62,90,762
b. Unsecured Loans & Deposits	D	55,60,08,09,702	51,00,75,66,219
<b>Total</b>		<b>1,26,60,27,25,174</b>	<b>1,16,57,85,74,984</b>
<b><u>APPLICATION OF FUNDS</u></b>			
1 Fixed Assets	E		
Gross Block		54,20,79,22,361	52,05,39,38,490
Less: Depreciation Reserve		16,25,64,70,211	15,09,17,60,617
Net Block		37,95,14,52,150	36,96,21,77,873
Capital Work in Progress		54,03,60,91,988	49,48,57,49,124
		91,98,75,44,138	86,44,79,26,997
2 Investments	F	52,44,06,932	47,22,15,765
3 Net Current Assets			
a. Current Assets	G	13,58,20,04,838	12,87,02,29,163
b. Current Liabilities	H	9,54,62,91,947	12,21,07,13,930
		4,03,57,12,891	65,95,15,233
4. Loans & Advances	I	2,25,02,98,524	1,27,21,48,502
5 Miscellaneous Expenditure to the extent not Written-off	J	-	-
6 Accumulated Excess of Expenditure over Income	K	27,80,47,62,690	27,72,67,68,487
<b>Total</b>		<b>1,26,60,27,25,174</b>	<b>1,16,57,85,74,984</b>

Schedules A to K and significant accounting policies and notes on the accounts 2.01 to 2.10 form an integral part of this Balance Sheet

**Shijith. V**  
Finance Manager &  
Chief Accounts Officer

**V. Ramasubramani**  
Accounts Member

**Venkatesapathy. S IAS**  
Managing Director





# KERALA WATER AUTHORITY

## INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>INCOME</b>			
1 Operating Income			
a. Consumers	L	5,63,40,90,888	5,55,26,40,218
b. Others	M	2,61,76,893	2,63,60,435
		5,66,02,67,781	5,57,90,00,653
2 Grants & Subventions - Government of Kerala		2,65,10,69,000	2,25,16,14,000
3 O&M Grant from Government of India		8,13,93,000	16,58,64,000
4 Interest Income	N	27,93,44,631	20,02,89,264
5 Other Non-Operative Income	O	82,96,97,710	56,10,81,383
6 Debtors/Creditors written off	S	5,00,00,00,000	(29,23,650)
<b>Total Income</b>		<b>14,50,17,72,122</b>	<b>8,75,49,25,650</b>
<b>EXPENDITURE</b>			
1 Operating & Maintenance Expenses	P	3,62,73,52,367	3,11,64,30,765
2 Payment & Provision to Employees		7,05,60,21,835	5,94,07,40,145
3 Office expenses	Q	15,26,47,230	15,32,03,551
4 Travelling & Conveyance Expenses		3,98,68,983	3,63,12,081
5 Administrative Expenses	R	5,91,28,750	6,48,66,729
6 Assets and losses written off	T	-	-
7 Provision for Doubtful Debts	U	-	-
8 Interest on			
a. Secured Loans		11,86,61,307	13,09,56,144
b. Government of Kerala Loans		2,45,06,69,000	2,39,11,97,000
c. GPF		24,02,01,638	22,35,08,589
		2,80,95,31,945	2,74,56,61,733
9 Depreciation	E	1,16,47,09,594	1,04,32,46,015
<b>Total Expenditure</b>		<b>14,90,92,60,704</b>	<b>13,10,04,61,019</b>
10 Transferred to Capital Work-In-Progress	V	55,20,76,443	70,86,65,543
		14,35,71,84,261	12,39,17,95,476
<b>Excess of Expenditure over Income</b>		<b>(14,45,87,861)</b>	<b>3,63,68,69,826</b>
11 Prior Period Adjustments	W	22,25,82,064	18,41,54,512
<b>Excess of Expenditure over Income after prior period adjustments</b>		<b>7,79,94,203</b>	<b>3,82,10,24,338</b>

Schedules L to W and significant accounting policies and notes on the accounts 2.12 to 2.14 form an integral part of this Balance Sheet

**Shijith. V**  
Finance Manager &  
Chief Accounts Officer

**V. Ramasubramani**  
Accounts Member

**Venkatesapathy. S IAS**  
Managing Director



## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

		CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - A</u></b>			
<b>CONTRIBUTIONS &amp; GRANTS</b>			
1	Capital Contribution by GOK on formation of KWA (Net value of Assets taken over from erstwhile P.H.E.D)	4,34,53,27,735	4,34,53,27,735
2	Contribution & Grants from Government of Kerala	40,44,29,41,032	35,99,10,34,032
3	Interest free fund from GOK	7,13,22,51,632	7,13,22,51,632
	Less : Amount released to :		
	a. Urban L.C.S Schemes	3,65,25,750	3,65,25,750
	b. Rural L.C.S Schemes	3,94,97,200	3,94,97,200
	c. Kerala Urban Development Project	3,60,00,000	3,60,00,000
		7,02,02,28,682	7,02,02,28,682
4	Contribution & Grants from Government of India	15,96,32,46,303	15,47,10,63,761
	Less : Amount released to District Collectors and Kerala Rural Water Sanitation Agency	2,24,58,75,986	2,24,58,75,986
		13,71,73,70,317	13,22,51,87,775
5	Donated capital assets	18,14,530	18,14,530
6	Capital contribution from other sources	64,09,69,119	44,92,81,401
		<b>66,16,86,51,414</b>	<b>61,03,28,74,154</b>
<b><u>SCHEDULE - B</u></b>			
<b>RESERVES &amp; SURPLUS</b>			
	Reserve for deposit works	3,56,55,04,378	3,50,18,43,848
		<b>3,56,55,04,378</b>	<b>3,50,18,43,848</b>
<b><u>SCHEDULE - C</u></b>			
<b>SECURED LOANS</b>			
1	Loan from LIC of India	81,03,33,586	91,70,75,278
2	Loan from HUDCO	-	-
3	Bonds	-	-
4	Bank Overdraft	45,74,26,094	11,92,15,484
		<b>1,26,77,59,680</b>	<b>1,03,62,90,762</b>
<b><u>SCHEDULE - D</u></b>			
<b>UNSECURED LOANS &amp; DEPOSITS</b>			
1	Loan from Govt of Kerala	22,81,56,83,580	21,88,90,05,580
2	Interest accrued on GOK Loan	14,61,11,66,000	12,06,07,70,000
3	Deposit from local bodies	3,97,46,42,685	3,87,90,95,951
4	Security Deposit	1,95,78,27,975	2,17,87,91,579
5	Earnest Money Deposit	5,41,14,544	6,15,71,754
6	Water & Sewerage Connection Deposits	12,18,19,255	9,99,38,351
7	Deposit work-Water Supply & Sewerage	10,23,96,36,389	9,51,21,20,365
8	Other deposits	1,82,59,19,274	1,32,62,72,639
		<b>55,60,08,09,702</b>	<b>51,00,75,66,219</b>

Finance Manager &  
Chief Accounts Officer

Accounts Member

Managing Director

**SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31-03-2016 ( Contd....)**

**KERALA WATER AUTHORITY**

**SCHEDULE OF FIXED ASSETS AS AT 31<sup>st</sup> MARCH 2016**

**SCHEDULE - E**

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	BALANCE AS ON 01/04/2015	ADDITIONS	DELETIONS	AS ON 31-03-2016	BALANCE AS ON 01/04/2015	DEPRECIATION UPTO 31-03-2016	CURRENT YEAR	PREVIOUS YEAR
FREE HOLD LAND	1,74,87,85,524	47,79,643	-	1,75,35,65,167	-	-	1,75,35,65,167	1,74,87,85,524
LEASE HOLD LAND	-	-	-	-	-	-	-	-
LAND DEVELOPMENT EXPENDITURE	7,48,73,240	-	-	7,48,73,240	-	-	7,48,73,240	7,48,73,240
CIVIL WORKS	19,68,84,61,339	1,29,73,50,393	-	20,98,58,11,732	4,45,32,85,458	4,93,17,14,562	16,05,40,97,170	15,23,51,75,881
BUILDINGS	1,73,08,75,382	8,81,03,681	-	1,81,89,79,063	47,21,62,623	50,49,62,627	1,31,40,16,436	1,25,87,12,759
PLANT & MACHINERY	4,09,05,71,940	31,52,17,241	-	4,40,57,89,181	2,17,13,96,498	2,33,64,11,123	2,06,93,78,058	1,91,91,75,442
MAINS & NETWORKS	23,92,81,44,071	43,94,90,349	-	24,36,76,34,420	7,58,55,37,983	8,05,15,73,239	16,31,60,61,181	16,34,26,06,088
ROADS BRIDGES AND CULVERTS	36,74,53,074	-	-	36,74,53,074	16,84,00,061	17,80,12,092	18,94,40,982	19,90,53,013
VEHICLES	13,70,60,837	55,02,401	-	14,25,63,238	8,37,21,280	8,89,16,458	5,36,46,780	5,33,39,557
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	28,77,13,083	35,40,163	-	29,12,53,246	15,72,56,714	16,48,80,111	12,63,73,135	13,04,56,369
<b>Total</b>	<b>52,05,39,38,490</b>	<b>2,15,39,83,871</b>	<b>-</b>	<b>54,20,79,22,361</b>	<b>15,09,17,60,617</b>	<b>16,25,64,70,211</b>	<b>37,95,14,52,150</b>	<b>36,96,21,77,873</b>



	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
GROSS BLOCK OF FIXED ASSETS	54,20,79,22,361	52,05,39,38,490
LESS : ACCUMULATED DEPRECIATION	16,25,64,70,211	15,09,17,60,617
NET VALUE OF FIXED ASSETS	37,95,14,52,150	36,96,21,77,873
ADD : CAPITAL WORK-IN-PROGRESS [ACCOUNT CODE 11]	54,03,60,91,988	49,48,57,49,124
<b>Total</b>	<b>91,98,75,44,138</b>	<b>86,44,79,26,997</b>

Finance Manager &  
Chief Accounts Officer

Accounts Member

Managing Director



	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - F</u></b>		
<b><u>INVESTMENTS</u></b>		
Investment for Pension / PF	52,44,06,932	47,22,15,765
<b><u>SCHEDULE - G</u></b>		
<b><u>CURRENT ASSETS</u></b>		
1 Inventory :		
a. Stores, Tools & Spares	80,76,79,727	82,23,52,246
b. Consumables	12,19,12,497	10,93,15,431
c. Others	-	-
	<b>92,95,92,224</b>	<b>93,16,67,677</b>
2 Sundry Debtors :		
a. Consumers		
i. Local bodies dues - water & maintenance charges	2,21,93,45,735	1,51,77,30,789
ii. Domestic, Non-domestic & Industrial dues	6,44,21,21,386	5,54,98,77,091
b. LIC Loan repayment due from Local Bodies	17,61,43,755	17,61,43,755
c. Others	96,76,282	96,76,282
	<b>8,84,72,87,158</b>	<b>7,25,34,27,917</b>
3 Cash & Bank Balances :		
a. Bank & Treasury balances	3,77,08,96,005	4,63,09,32,554
b. Cheques & Bills in transit	-	-
c. Cash on hand	59,46,174	61,58,202
	<b>3,77,68,42,179</b>	<b>4,63,70,90,756</b>
4 Other Current Assets :		
Inter office & other suspense account balances	2,82,83,277	4,80,42,813
	<b>13,58,20,04,838</b>	<b>12,87,02,29,163</b>
<b><u>SCHEDULE - H</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
1. <u>Current Liabilities</u>		
a. Sundry Creditors :		
i. Payment to employees	39,52,85,959	35,71,46,393
ii. For expenses	5,47,99,52,028	8,25,07,58,857
iii. For contractors/suppliers	(5,75,72,348)	(6,06,21,846)
b. Statutory employees deductions :		
i. General provident fund	3,33,05,02,469	3,25,90,54,323
ii. NMR PF	5,49,34,876	5,63,56,854
iii. Others	(1,52,05,982)	(1,39,97,389)
c. Sales-Tax Collection	3,50,39,912	2,73,60,951
d. Tax Deducted at Source	(2,41,21,990)	(2,42,75,911)
e. Other Current liabilities	37,37,54,860	37,73,26,399
f. Interest Accrued on Loans	8,42,70,887	8,66,72,576
	<b>9,65,68,40,671</b>	<b>12,31,57,81,207</b>
2 .Control Account Balances	(11,05,48,724)	(10,50,67,277)
	<b>9,54,62,91,947</b>	<b>12,21,07,13,930</b>

Finance Manager &  
Chief Accounts Officer

Accounts Member

Managing Director



	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - I</u></b>		
<b><u>LOANS &amp; ADVANCES</u></b>		
1 Loans & advances to employees	(1,42,30,452)	(79,98,889)
2 Advances for expenses	3,11,33,703	2,39,77,825
3 Advances to suppliers / contractors	1,64,71,62,749	70,41,28,320
4 Revolving fund to Local Bodies	19,08,803	19,08,803
5 Advances - Others	1,09,37,230	1,07,54,071
6 Claims recoverable	21,14,04,250	20,95,83,309
7 Contribution Deposit - KSEB	92,23,076	60,42,498
8 Consumer Deposit - KSEB	17,56,82,190	17,53,21,519
9 Deposit with PWD	1,88,74,828	-
10 Deposit with others	10,12,85,176	9,15,14,075
11 Advances for capital expenditure	5,69,16,971	5,69,16,971
	<b>2,25,02,98,524</b>	<b>1,27,21,48,502</b>
<b><u>SCHEDULE - J</u></b>		
<b><u>MISC EXPENDITURE NOT WRITTEN OFF</u></b>		
Miscellaneous Expenses to the extent not written off	-	-
<b><u>SCHEDULE - K</u></b>		
<b><u>ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME</u></b>		
Balance as on the begning of the year	27,72,67,68,487	23,90,57,44,149
Add : Current years excess of expenditure over income	7,79,94,203	3,82,10,24,338
	<b>27,80,47,62,690</b>	<b>27,72,67,68,487</b>

Finance Manager &  
Chief Accounts Officer

Technical Member

Managing Director



	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - L</u></b>		
<b>OPERATING INCOME - CONSUMERS</b>		
1 Operating income - water supply		
a. Domestic Consumers	1,98,76,71,757	1,93,15,64,512
b. Non-domestic Consumers	2,19,72,49,362	2,17,51,06,146
c. Industrial Consumers	20,73,68,584	14,45,35,059
	<b>4,39,22,89,703</b>	<b>4,25,12,05,717</b>
2 Operating income - Sewerage		
a. Domestic Consumers	10,32,496	12,59,416
b. Non-domestic Consumers	34,41,254	20,79,827
	<b>44,73,750</b>	<b>33,39,243</b>
3 Income from local bodies	1,23,73,27,435	1,29,80,95,258
	<b>5,63,40,90,888</b>	<b>5,55,26,40,218</b>
<b><u>SCHEDULE - M</u></b>		
<b>OPERATING INCOME - OTHERS</b>		
1 Centage charges	2,14,68,935	1,96,89,163
2 Storage charges	1,29,326	6,33,986
3 Supervision charges	14,78,614	15,72,598
4 Miscellaneous recoveries	31,00,018	44,64,688
	<b>2,61,76,893</b>	<b>2,63,60,435</b>
<b><u>SCHEDULE - N</u></b>		
<b>INTEREST INCOME</b>		
1 Interest on loans & advances	5,38,91,671	20,53,742
2 Interest on deposits	22,54,52,960	19,82,35,522
	<b>27,93,44,631</b>	<b>20,02,89,264</b>
<b><u>SCHEDULE - O</u></b>		
<b>OTHER NON-OPERATING INCOME</b>		
1 Income as recoveries	42,76,81,162	45,71,08,408
2 Claims recoverable	6,73,194	1,40,452
3 Miscellaneous income	40,13,43,354	10,38,32,523
	<b>82,96,97,710</b>	<b>56,10,81,383</b>

Finance Manager &  
Chief Accounts Officer

Accounts Member

Managing Director





	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - P</u></b>		
<b>OPERATING &amp; MAINTENANCE EXPENSES</b>		
1 Consumption of Stores, Tools & Spares	12,37,56,227	11,98,23,022
2 Consumables	6,64,37,646	5,08,02,091
3 Power charges	2,37,16,60,610	2,11,30,44,964
4 Insurance	16,00,879	13,35,933
5 Other operating expenses	2,71,60,390	8,62,64,826
6 Repairs & Maintenance of water supply	93,59,61,100	65,31,69,931
7 Repair & Maintenance of sewerage	7,98,47,860	7,01,88,020
8 Vehicle maintenance	2,09,27,655	2,18,01,978
	<b>3,62,73,52,367</b>	<b>3,11,64,30,765</b>
<b><u>SCHEDULE - Q</u></b>		
<b>OFFICE EXPENSES</b>		
1 Rent	26,84,579	15,29,989
2 Rates & Taxes	30,66,338	36,29,601
3 Postage, Telegram, Telephone & Telex	1,38,53,912	1,25,36,633
4 Printing & Stationery	1,70,37,501	1,65,76,972
5 Exhibition & Publicity	1,44,95,110	1,75,61,854
6 Training & other expenses	83,88,601	57,34,268
7 Electricity charges	6,57,15,472	7,69,62,451
8 Other office expenses	2,74,05,717	1,86,71,783
	<b>15,26,47,230</b>	<b>15,32,03,551</b>
<b><u>SCHEDULE - R</u></b>		
<b>ADMINISTRATIVE EXPENSES</b>		
1 Board meeting expenses	1,21,862	65,231
2 Professional fees	4,96,07,412	5,59,89,117
3 Payment to auditors	62,90,007	72,49,422
4 Bank Charges	75,586	5,00,479
5 Other administrative expenses	30,33,883	10,62,480
	<b>5,91,28,750</b>	<b>6,48,66,729</b>
<b><u>SCHEDULE - S</u></b>		
<b>WRITE OFFS</b>		
Local Bodies dues written off	-	-
Consumers Written Off - OTS	-	(29,23,650)
Dues to KSEB waived off by GoK	5,00,00,00,000	-
	<b>5,00,00,00,000</b>	<b>-29,23,650</b>

Finance Manager &  
Chief Accounts Officer

Accounts Member

Managing Director



	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - T</u></b>		
<b>ASSETS WRITTEN OFF</b>		-
	-	-
<b><u>SCHEDULE - U</u></b>		
<b>PROVISION FOR BAD &amp; DOUBTFUL DEBTS</b>		-
<b><u>SCHEDULE - V</u></b>		
<b>TRANSFER OF REVENUE EXPENSES TO CWIP</b>		
Establishment Charges (Share Debit)	55,20,76,443	69,29,02,200
Interest on loan from Fis & Banks	-	1,57,63,343
	<b>55,20,76,443</b>	<b>70,86,65,543</b>
<b><u>SCHEDULE - W</u></b>		
<b>PRIOR PERIOD ADJUSTMENTS</b>		
PPA of Depreciation		
PPA of Other Income	22,98,38,000	-2,46,899
PPA of Operating expenses	3,24,639	
PPA Rates & Taxes - Water Cess		
PPA Repairs & Maintenance WSS		
PPA Investments	-90,64,432	
PPA Bank Charges		
PPI OI from D Consumers		18,17,24,667
PPA Salaries of Employees	14,83,857	26,76,744
	<b>22,25,82,064</b>	<b>18,41,54,512</b>

**Shijith. V**  
Finance Manager &  
Chief Accounts Officer

**V. Ramasubramani**  
Accounts Member

**Venkatesapathy. S IAS**  
Managing Director



# **KERALA WATER AUTHORITY**

## **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

### **1. NATURE OF OPERATION.**

Kerala Water Authority was established on 1st April 1984 as an autonomous body of Government of Kerala by converting the erstwhile Public Health Engineering Department, for the development and regulation of water supply and waste water collection and its disposal in the State of Kerala and for matters connected therewith through a legislation called “The Kerala Water Supply and Sewerage Act, 1986” w.e.f 01.03.1984. Water Authority implements Water Supply Schemes in the State with the Grant-in-aid of State Government as well as the Central Government. It also implements Water Supply Schemes for other Departments/Bodies on Deposit works basis. Water Authority collects water charges at the tariff rates fixed by the State Government from the consumers for the supply of potable water.

### **2. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS.**

#### **2.01 BASIS OF ACCOUNTING AND PREPERATION OF FINANCIAL STATEMENTS:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India and as per the accounting policies specified in the Kerala Water Authority Accounts Manuel. The financial statements have been prepared on accrual basis under the historical cost convention except for government grants, disbursement made therefrom and gratuity payments. The accounting policies adopted in the preparation of the financial statements is consistent with those followed in the previous years.

#### **2.02 GRANT-IN-AID.**

2.02.1 Kerala Water Authority receives Grant in aid from the Government of Kerala as well as from Government of India for the implementation of Water Supply/Sewerage Schemes in the State, towards meeting the establishment expenditure and operation & maintenance expenditure.

2.02.2 The Grant in aid received under plan schemes is booked as Contributions and Grants which form part of the Kerala Water Authority Fund. The Grant in Aid received under non-plan is recognized as income in the year in which it is received, and is shown in the Income & Expenditure Account. As per the NRDWP guidelines, 15% of the total amount received from Government of India towards implementation of the Schemes (Programme funds) have been recognized as income and is shown in the Income & Expenditure Account. Interest earned on the bank account maintained for keeping the NRDWP funds have been treated as funds received from Government of India as per the guidelines.

2.02.3 During the financial year the total amount of Grant in Aid received is detailed as follows.



₹ in Crore				
Sl No.	Source	Amount	Plan/Non Plan	Expenditure (including OB)
1	Government of Kerala	445.19	Plan and Loans	482.21
2	Government of Kerala	265.11	Non Plan	265.11
3	Government of India	57.36	Plan	57.36

The total amount shown as received from Government of India is ₹ 57.36 Crore and the interest earned for NRDWP fund for the year is ₹ 0.019 Crore. An amount of ₹ 57.36 Crore is utilized for NRDWP Schemes which includes an amount of ₹ 8.14 Crore being the O&M provision of 15% of the programme funds have been transferred to income and expenditure account as per NRDWP guidelines. The excess amount is met from the opening balance and the disallowance amount recouped from state share.

#### 2.02.4 Contribution and Grants Schedule-(A)

2.02.4.1 This consists of (i) the investment of the Government in the Authority by way of transfer of net assets on the date of establishment of the Authority. (ii) All contributions and Grants (Plan) received by the Authority from Government of Kerala and Government of India since its formation. (iii) All assets received by way of donations valued at fair market value (iv) all other miscellaneous grants & contributions received from other sources (Capital) and (v) Interest free fund from GOK being the conversion of GOK loan.

2.02.4.2 The Contributions / Grants received have been shown at gross amounts (under gross concept) and the total amount disbursed out of the same to District Collectors and Kerala Rural Water Sanitation Agency have also been shown as deduction therefrom at gross amounts.

2.02.4.3 As there was no separate release of funds from Government for Low Cost sanitation (LCS) project, an amount equal to the payment made by Kerala Water Authority for LCS Schemes is shown as a deduction in the schedule.

### 2.03 RESERVES & SURPLUS.

The Accounts Manual envisages for transfer of deposit received against water/sewer deposit works to “reserve for deposit works” on effective completion of such works which are not handed over to the depositors. Works completed under the deposit received up to 31<sup>st</sup> March 2012 have been transferred to ‘Reserve for Deposit Works’ as the updation of fixed assets register and analysis of asset related items including deposit works are done up to 31-03-2012.

### 2.04 SECURED LOANS.

2.04.1 The secured loan represents (i) the balance of the loan availed by local bodies as well as the Kerala State Rural Development Board from LIC of India prior to the formation of the Kerala Water Authority (KWA) and the liability for repayment was transferred to KWA (ii) the outstanding amount of the loan from LIC of India availed by KWA. The Government had given guarantee for the LIC/HUDCO loans and no provision was made towards guarantee



commission payable to the Government up to the FY 2007-08 & for the FY 2009-10. This has been incorporated in the books for the FY 2012-13.

2.04.2 The security for the loan is mainly given as a charge by way of hypothecation of all KWA's movables (save as except book debts) including movable machinery, machinery spares, tools and accessories present and future pertaining to the projects for which loan is taken subject to the prior charges created and or to be created in favor of the borrowers bank for working capital facilities over the borrower raw materials, semi finished and finished goods consumable stores book debts and such other movables as may be agreed to by the bank. The Government of Kerala guarantees loan taken from LIC/HUDCO. The repayments of bank loans are covered by Escrow facility on the revenue receipts.

## **2.05 UNSECURED LOANS**

2.05.1 Kerala Water Authority has requested Government of Kerala [GoK] to convert the amount released for JBIC assisted schemes into interest free fund. As the above is under consideration, interest on Government of Kerala loan, amounting to ₹ 244.46 Crore for the year 2015-16 has been provided.

2.05.2 As per the budget speech for the year 2008-09 Government had announced the write-off of the interest accrued and due on GOK loans up to 31-03-2007 and to convert the loan as on 31-03-2007 to interest free fund. Hence KWA had written off ₹ 1004.81 Crore of interest on Government of Kerala loan and converted the loan of ₹ 839.13 Crore as an interest free fund during 2006-07. Government have issued orders for conversion of loan of ₹ 126.38 Crore as Grant vide GO (Rt.) No.260/2008/WRD Dated 27-02-2008. Government of Kerala have accorded sanction for conversion of the same vide Go(Rt)No.122/2017/WRD Dated 15-02-2017, based on the request submitted by Kerala water Authority.

2.05.3 All the deposit figures stated are subject to reconciliation by individual divisions.

## **2.06 FIXED ASSETS**

2.06.1 The fixed assets of the Authority have been shown in the books of accounts at historical cost.

2.06.2 The value of fixed assets amounting to ₹ 9,19,875.44 Lakh represents (i) The value of fixed assets and capital work in progress vested in and transferred to the Authority and (ii) The additions made by the Authority since its formation, after providing for depreciation there on.

2.06.3 The fixed assets register has been updated up to the year 2011-12. Action is in progress to update the same for the financial from 2012-2013. The expenditure incurred towards Water Supply Schemes/Sewerage Schemes are first booked as Capital Work in Progress and on successful commissioning of the schemes, the same is transferred to corresponding fixed assets. The analysis and updation of fixed assets register and asset related matters is done up to 31-03-2012 only. Various Schemes Commissioned during the year 2005-06 to 2012-13 amounting to ₹ 2408.31 Crore have been transferred from Capital Work in Progress to Fixed Assets ( i.e done up to 31-03-2012 amounting to ₹1923.82 Crore and ₹ 484.49 Crore for the



year 2012-13.) ₹ 170.66 Crore have been transferred from Capital Work in Progress to Fixed Assets for the year 2013-14 and an amount of ₹ 215.39 Crore have been transferred for the year 2015-16.

2.07 **Investment for pension/GPF** represents money kept in Fixed Deposits with District treasury. It includes interest accrued but not due as on 31-03-2016.

## 2.08 **CURRENT ASSETS**

2.08.1 The stock figures stated are subject to reconciliation with individual divisions.

2.08.2 Closing Stock is valued on FIFO basis.

2.08.3 The current assets include dues from local bodies on account of loans availed from LIC amounting to ₹ 1761.44 Lakh.

2.08.4 The sundry debtor's balances have not been reconciled and no provision has been made for doubtful debts.

2.08.5 The reconciliation of bank balances with bank statements is in progress.

2.08.6 The reconciliation of inter office balances is in progress.

2.08.7 The inter office and suspense account balances includes the following:

Inter office Accounts and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 2015-16 amounting to ₹282.83 Lakhs (Debit).

## 2.09 **CURRENT LIABILITIES**

2.09.1 The balance shown under statutory employee's deduction of GPF and NMR-PF is net of advances given to the employees under respective heads.

2.09.2 The GPF balance had not been reconciled with individual accounts and the same is in progress.

2.09.3 The interest on GPF has been accounted on actual basis upto 1998-99. The interest on GPF and NMR-PF has been provided for the year 1999-2000 at 12% per annum, for the year 2000-01, @ 11.00% per annum, for the year 2001-02, @ 9.5 % per annum, for the year 2002-03 @ 9%, for the years 2003-04 to November 2011 @8.00% p.a., for the period from December 2011 to March 2013 @ 8.60% p.a and from April 2013 to March 2016 @8.70% p.a.

2.09.4 The liability because of gratuity and pension to the employees is being accounted on cash basis.

2.09.5 Control account balance of ₹ 1011.49 Lakh (Debit) represents balance under control account capital expenditure others.

2.09.6 The details of receipt of non cash securities including security pledged in the form of FD's etc and bank guarantee are recorded in register of securities maintained in form FA6 as stipulated in the Accounts manual and is not incorporated in accounts since there is no cash flow.

2.09.7 The Government of Kerala vide G.O(Ms) No.24/2015/PD dated 29.06.2015, has set off a part of the arrears of electricity charge dues from the Kerala Water Authority to the Kerala State





Electricity Board Limited to the extent of Rs.500 crores against the electricity duty payable by the Kerala State Electricity Board Limited to the Government. Accordingly, an amount of Rs.500 crores has been written off from Sundry Creditors for expenses in Schedule H 'Current Liabilities and Provisions'.

2.09.8 Kerala Water Authority Board in its 379<sup>th</sup> meeting held on 30.07.2015 had resolved to avail overdraft facility from The State Bank of India amounting to Rs.100 crore for the payment of Contractor's bill. The amount would be disbursed to the contractors on the security of passed bills (disclosed as advance as per the Balance Sheet) at interest rate of 9.95 % p.a (bank rate). As and when state funds are released, these funds are recouped. During the year 2015-16, Authority availed the OD and disbursed Rs.99,99,99,920/- to twenty two ARUs for the payment and recovered Rs.5,24,99,995/- towards interest expense payable to bank for a period of twelve months from the date of disbursement. As and when state funds are released, proportionate interest not due are refunded to contractors.

## **2.10 LOANS AND ADVANCES**

2.10.1 Balances of loans and advances given to the employees together with interest thereon have not been reconciled with the individual accounts.

## **2.11 REVENUE RECOGNITION.**

2.11.1 Revenue from Water Charges is recognized immediately on rising of bills and necessary provisional income is included in respect of water supplied and ascertained but remaining unbilled.

2.11.2 Fines and penalties are considered as income, as and when collected.

2.11.3 Grants and Subventions received towards meeting establishment, operation and maintenance expenditure have been considered as income of the year, based on actual receipt.

2.11.4 Interest on bank account/bank FD's are booked on accrual basis.

2.11.5 No provision for bad and doubtful debts is provided for in the books of accounts for the year.

## **2.12 INTEREST EXPENDITURE.**

2.12.1 This includes interest on loan taken from LIC and Bank loans amounting to ₹ 1186.61 Lakh. Interest on Government of Kerala Loan include interest due on Government loans, Guarantee Commission paid to Government and rupee equivalent of funds due from Central Government to State Government.

## **2.13 DEPRECIATION**

2.13.1 Depreciation has been provided for on straight-line method so as to write off 90% of the cost/ value of the fixed assets over the estimated useful life of the assets concerned as per the Kerala Water Authority (Depreciation Reserve and its Utilization) Rules 1992.

2.13.2 The total amount of depreciation reserve created amounting to ₹ 162564.70 Lakh include depreciation of ₹ 150917.61 Lakh provided on Fixed Assets up to 31-03-2015.



## **2.14 PRIOR PERIOD ADJUSTMENT**

2.14.1 Prior period adjustment for the year 2015-16 consist of the Employer contribution of NPS Subscription due for the year 2014-15 amounting to ₹14.84 Lakhs, being the rectification of investment of earlier years, prior period operating expenses, ₹ 90.64 Lakh being the prior period income earned and ₹ 56,150 Lakhs being prior period Loan from GoK.

## **2.15 GENERAL**

2.15.1 In order to absorb project overheads on capital works, a transfer of revenue expenditure to capital work-in-progress is made @ 5.00 % to 12.50 % for schemes on the capital expenditure.

2.15.2 Interests on Bank loan have been capitalized during the year. As the schemes undertaken with LIC loan has been commissioned or taken up under new funding, the interest on LIC loan paid during 2015-16 has not been capitalized.

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

2.15.4 Leave encashment of the employees have been accounted on cash basis.

2.15.5 According to the accounts manual framed under regulation 65(f) of the Act, provision for gratuity and pension liability accrued shall be made in the accounts of the authority in such manner as may be deemed appropriate by the authority. Kerala Water Authority accounts for pension/gratuity in cash basis as this alone is practical.

**Shijith. V**  
Finance Manager &  
Chief Accounts Officer

**V. Ramasubramani**  
Accounts Member

**Venkatesapathy. S IAS**  
Managing Director

Place: Thiruvananthapuram

Date : 03.03.2021



## **REPLY TO SEPARATE AUDIT REPORT FOR THE FINANCIAL YEAR 2015-16**

### **A. BALANCE SHEET**

#### **1. Sources of Funds**

##### **1.1. Kerala Water Authority Fund**

###### **1.1.1. Reserves and Surplus. ₹356.55 crore (Schedule-B)**

The same has been disclosed vide 2.13.2 statement on significant accounting policies and notes on accounts for the year 2015-2016. The reserve equal to the amount of depreciation provided on the asset created out of deposit works will be done upon updation of Fixed Assets Register. As on the date, the Fixed Assets Register is updated only till March 31, 2012. An action plan has been formulated to update the Fixed Asset register and the verification will be conducted of other assets thereafter.

##### **1.2. Kerala Water Authority Loan Fund**

###### **1.2.1 Unsecured Loans and Deposits (Schedule-D)**

###### **1.2.1.1. Interest accrued on GoK loan ₹1461.12 crore.**

KWA has provided interest at the rate of 11.50% for Government Loan and is correctly reflected in the annual accounts. KWA has requested for conversion of loan received from Government for the period from 2007-08 to 2016-17 amounting to ₹2332.74 crores as grant and to write-off the interest due thereon upto 31/03/2017. Government Order for the same is awaited. The amount was released to KWA as loan by GoK and booked accordingly by the Authority. Earlier Government vide order GO Rt No: 122/2017/WRD Dated: 15/02/2017 had issued orders for converting an amount of ₹713.00 crores as capital contribution and written off the interest due on the same amounting ₹1004 crore(upto 31.03.2007). As the intention of the Government is to absolve KWA from the loan liability rather than penalizing it or to repay it, provision for penal interest at the rate of 2.50% has not been provided as suggested by AG.

###### **1.2.1.2. Security Deposits-₹ 195.78 crore**

The Security deposit received from contractors amounting to Rs.18,56,550/- at Project Division, Trivandrum, is in the name of contractors and then pledged in favour of the Executive Engineer, Project Division, Thiruvananthapuram. Since the Fixed Deposit (FD) received from the contractor is in the name of the contractor and is not en-cashed on getting the same, it is not included in cash book. A separate register is maintained at each office towards recording such FD's received and the same is updated regularly. The FD amount is taken in the accounts as and when the these are forfeited/ encashed.



## **2. Application of Funds**

### **2.1. Net Current Assets**

#### **2.1.1. Current Assets (Schedule No.G)**

##### **2.1.1.1. Cash & Bank balances**

##### **2.1.1.1.1. Bank & Treasury Balances – ₹377.09 crore**

(a). The difference have been identified and rectified in the annual accounts of subsequent years.

(b). Since, the Fixed Deposit had been closed, the original receipt of the FD was returned to the bank. However, the bank statement pertaining to the closure of FD has already been provided and amount shown in the accounts are correct.

### **2.2. Current Liabilities & Provisions (Schedule No.H) - ₹ 954.63 crore**

#### **Current Liabilities**

- (a). Necessary directions have already been issued to all ARUs to analyse and rectify the debit balances if any.
- (b). The debit balance in the suppliers/contractors are mainly brought forward from previous years and the same is being scrutinized and necessary steps have been taken to rectify the wrong entries.

### **2.3. Loans & Advances (Schedule I) – ₹ 225.03 crore**

The Credit balance in the 'Loans and advances to employees' have been brought forward from previous years and the same is being scrutinized. Necessary steps have been taken to rectify the errors crept in the entries.

#### **2.3.1. Advances to suppliers/contractors – ₹ 164.72 crore**

- (a). The debit balance in Sundry Creditors are mainly brought forward from previous years and the same is being scrutinized and necessary steps have been taken to rectify the errors crept in the entries.
- (b). The amount was released to contractors as an advance by availing overdraft at the rate of 9.95% and included under the head loans and advances. The same was adjusted to 2811 (Sundry Creditors) at the time of receipt of actual funds from government. The actual settlement of the contractor was carried out at the time of receipt of fund from Government of Kerala.
- (c). Payments to contractors are settled as and when grants are received from the Government. Since accounting of grants is carried out on receipt basis, the payments to contractors which are made therefrom are also accounted for on cash basis.
- (d). As indicated under para 2.4.1 c), the payments to contractors are settled as and when plan grants are received from the Government. Since accounting of grants is carried out on receipt basis, the payments to contractors which are made there from are also accounted for on cash basis.



(e). As indicated under para 2.4.1 c) and d) above, the payments to contractors are settled as and when grants are received from the Government. Accordingly, since accounting of grants is carried out on receipt basis, the payments to contractors which are made therefrom are also accounted for on cash basis.

## **B. INCOME AND EXPENDITURE ACCOUNT**

### **3. Expenditure**

#### **3.1. Administrative Expenses (Schedule No. R)**

##### **3.1.1. Professional fees – ₹4.96 crore**

Provision has already been made in respect of the fee payable to Chartered Accountant firm for finalization of annual accounts for financial years 2015-16 and the same is correctly reflected in the annual accounts.

##### **3.1.2. Interest on Govt. of Kerala Loans. ₹245.07 crore**

KWA has provided interest at the rate of 11.50% for Government Loan and is correctly reflected in the annual accounts. KWA has requested for conversion of loan received from Government for the period from 2007-08 to 2016-17 amounting to ₹2332.74 crores as grant and to write-off the interest due thereon upto 31/03/2017. Government Order for the same is awaited. The amount was released to KWA as loan by GoK and booked accordingly by the Authority. Earlier Government vide order GO Rt No: 122/2017/WRD Dated: 15/02/2017 had issued orders for converting an amount of ₹713.00 crores as capital contribution and written off the interest due on the same amounting ₹1004 crore(upto 31.03.2007). As the intention of the Government is to absolve KWA from the loan liability rather than penalizing it or to repay it, provision for penal interest at the rate of 2.50% has not been provided as suggested by AG.

## **C. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS**

### **4. Statement on Significant Accounting Policies and Notes on the Accounts.**

#### **4.1 Grant in Aid (Note No 2.02)**

Contribution and Grants from Govt of Kerala has been accounted on receipt basis as done in the previous years. Since the receipt of fund pertaining to a financial year is a contingent factor and also in order to maintain consistency in the accounting policies adopted, KWA accounts Contribution and Grants from Govt of Kerala on receipt basis. For the Financial Year (FY) 2015-16, the total Plan fund received from Govt of Kerala is Rs.4,45,19,07,000. As per the Government orders, the Plan fund sanctioned for the relevant financial year is Rs.5,34,40,00,000. The said amount includes Govt of India releases through Govt of Kerala and those funds are not received during FY 2015-16. This has been suitably disclosed under Notes to Accounts (2.01).



## **D. GENERAL**

### **5. Balance Sheet**

#### **5.1 Current Assets (Schedule G)**

##### **5.1.1 Cash & Bank Balances**

##### **5.1.1.1 Bank & Treasury Balances ₹377.09 crore**

For the purpose of maintaining consistency in the adoption of accounting practises / policies of KWA, the amount of Fixed Deposits and interest accrued thereon for FY 2015-16 are shown under the head 'Bank and Treasury Balances' in the Balance Sheet under Schedule G as done in previous years. Usually, the interest accrued on the FDs are not withdrawn and are re-invested along with the principle amount by the Authority. The interest accrued on FD are included along with the FD amount in the respective year itself and the same is accounted as income at the end of every year and are classified as cash and bank balances at the time of closure of FD.

### **6. Income and Expenditure Account for the year ended 31<sup>st</sup> March 2016.**

Necessary corrections have already been made in the Revised Accounts 2015-16.

### **7. Impact of the comments**

Comment of the Authority not warranted.

## **E. GRANTS IN AID**

Grant in Aid as per the annexure is fully reflected in the annual accounts for the year 2015-2016

### **Reply to Annexure**

#### **I Internal audit system**

The present internal audit wing in Kerala Water Authority is functioning satisfactorily. However based on the comments of the audit party and considering the need of adequate internal audit coverage, action has been taken to strengthen the unit. While KWA does not have an Audit manual of its own, KWA Audit make use of the Government Audit Manual for reference and guidelines. Strict instructions have been given to the field offices to expedite corrective action as per Audit observations.

#### **II Adequacy of Internal Control System**

Strict instructions were already given to the field offices to reconcile the bank/treasury accounts including non-operative account periodically and pass necessary correction entries by way of JV's.

#### **Inadequate Accounting Information**

##### **(a) Financial ledgers**

The divisions have been instructed to keep the financial ledgers, subsidiary ledgers, journal entries and supporting vouchers up to date. Moreover the accounts are captured in Tally ERP9 software as well, wherein the financial ledgers are available.

##### **(b) Subsidiary ledgers of receivables**



The receivables data is available in the E-abacus software.

(c) Difference in unit trial balance at HO and field offices

Instructions have been issued to the divisions to incorporate the corrections/revisions made by the head office, in their books of accounts so that there will not be any difference in the opening balance of the unit trial balance with balance in the head office trial balance. Head office section has been instructed not to make any corrections in the account balances of the divisions/sub divisions without proposing journal entries and recording reasons for corrections. Moreover, during the FY 2011-2012 onwards till FY 2015-2016 have been consolidated at Head office by adding the *"ARU wise during the year transactions"* to the consolidated closing balance of previous year (balance after audit)" so as to avoid omissions to correct the closing balances as pointed out by AG. This system will continue till the Accounts are current.

(d) JICA sub projects

The five project offices of JICA at Thiruvananthapuram, Meenad, Cherthala, Kozhikode and Pattuvam were not accounts rendering units (ARUs) till their closure. The details of the transactions in those units were incorporated in the accounts of JICA itself, which has been included in the consolidated financial statements.

(e) Quantitative Details of water

Noted for future guidance. Efforts will be taken to comply with the Manual provision.

(f) Non Accounting of Liability

The bills pending under capital works are not booked as liabilities as on the balance sheet date. These bills are accounted on cash basis only as the source of payment of these bills are budgetary release from Government which in turn are also accounted on cash basis. The same has been disclosed under notes to accounts.

### **Cash Book**

Necessary directions have already been issued to all the Account Rendering Units to do periodic physical verification of balances as per cash book and to affix certificate of verification of the competent authorities.

### **Interest on GPF**

Interest on GPF is adjusted according to the amount calculated from the software called "GASK" which is the consolidation of all individual balances.

### **Physical verification of Fixed Assets**

1) No physical verification of the Fixed asset was done, as the same would be cumbersome and expensive. However, office equipment, furniture and fixtures, computers etc are physically verified from time to time. There are two stock verification parties headed by two Assistant Executive Engineers located





at Trivandrum and Kozhikode to verify stock of materials. They are taking continuous verification of various offices, and differences, if any, on shortage of materials are fixed on Assistant Engineers in charge. FA register is updated from the Financial Year upto 2011-2012 by the consultant appointed by the Authority. An action plan has been formulated to update the Fixed Asset register and the verification will be conducted of other assets thereafter.

### **Security deposits from contractors / Suppliers**

The Security deposit received from contractors of in the name of contractors and then pledged in favour of the Executive Engineer concerned. As the Fixed Deposit is in the name of the contractor, the same has not been accounted in the books of accounts since there is no cash inflow. However a separate register is maintained recording all such security deposits made. After the guarantee period is over, the FD receipts are returned and entries are updated in the register accordingly.

### **Regularity in Payment of Statutory dues**

The Authority is regular in depositing undisputed statutory dues including NPS contribution with appropriate Authorities. Water Cess have been assessed and remitted up to 2012-2013. Water Cess Returns for the FY 2013-14 onwards to the Pollution Control Board is under submission.

**Managing Director**





## **FINANCIAL RESULTS**

Income from operations for the year 2015-16 amounts to ₹ 676.93 Crores. In addition, a non plan grant of ₹ 265.11 Crores was received from Government of Kerala to meet the revenue expenditure and ₹ 8.14 Crores from Government of India to meet the Operation & Maintenance of the completed Accelerated Rural Water Supply Schemes. The revenue expenditure after capitalizing the share debit and interest on LIC/HUDCO/Bank loan comes to ₹ 1435.72 Crores leaving an excess of expenditure over income ₹ 7.79 Crores.

### **INCOME AND EXPENDITURE**

*in Crores*

<b>INCOME</b>	<b>2015-16</b>	<b>2014-15</b>
Domestic	198.77	193.16
Non Domestic	219.72	217.51
Industrial	20.74	14.45
Local Bodies	123.73	129.81
Sewerage	0.45	0.33
Other Income	113.52	78.77
<b>Total</b>	<b>676.93</b>	<b>634.03</b>
O&M Grant from GoI	8.14	16.59
Government of Kerala – Grant	265.11	225.16
Debtors / Creditors written off	500.00	(0.29)
<b>Total</b>	<b>1450.18</b>	<b>875.49</b>
<b>EXPENDITURE</b>	<b>2015-16</b>	<b>2014-15</b>
Operation & Maintenance	362.74	311.64
Establishment	705.60	594.07
Office expenses	15.26	15.32
Travelling	3.99	3.63
Administrative Expenses	5.91	6.49
Interest	280.95	274.57
Depreciation	116.47	104.32
	<b>1490.92</b>	<b>1310.04</b>
Less: Transferred to CWIP	55.20	70.87
	<b>1435.72</b>	<b>1239.17</b>
Excess of Expenditure over income	(14.45)	363.69
Prior period adjustment	22.25	18.42
Excess of Expenditure over Income after prior period adjustment	<b>7.79</b>	<b>382.10</b>



## SOURCES AND APPLICATIONS OF FUNDS

*in Crores*

Source of Fund	2015-16	2014-15
Capital & Reserves	6973.42	6453.47
Secured Loans	126.78	91.82
Unsecured Loans	5560.07	5100.76
<b>TOTAL</b>	<b>12660.27</b>	<b>11657.85</b>
Application of funds	2015-16	2014-15
Fixed Assets	9198.75	8644.79
Investments	52.44	47.22
Net Current assets	403.57	65.95
Loans and Advances	225.03	127.21
Accumulated excess of expenditure over Income	2780.48	2772.68
<b>TOTAL</b>	<b>12660.27</b>	<b>11657.85</b>
CAPITAL RECEIPTS	2015-16	2014-15
Grant from Government of Kerala	382.16	242.34
Loan from Government of Kerala	80.00	50.00
Grant from Government of India	57.03	115.12
<b>TOTAL</b>	<b>519.19</b>	<b>407.46</b>

*In Crores*

CAPITAL EXPENDITURE	2015-16	2014-15
State Plan Schemes		
Rural WSS – Improvements	2.29	5.43
UWSS – Others	3.29	4.66
Completion of ongoing UWSS	30.75	14.79
WSS – Medical Colleges	0	0.58
AUWSS – Matching	0	5.70
ARWSS	82.71	26.18
JBIC	72.26	104.86
NABARD	84.56	47.37
Completion of ongoing RWSS	0.58	2.03

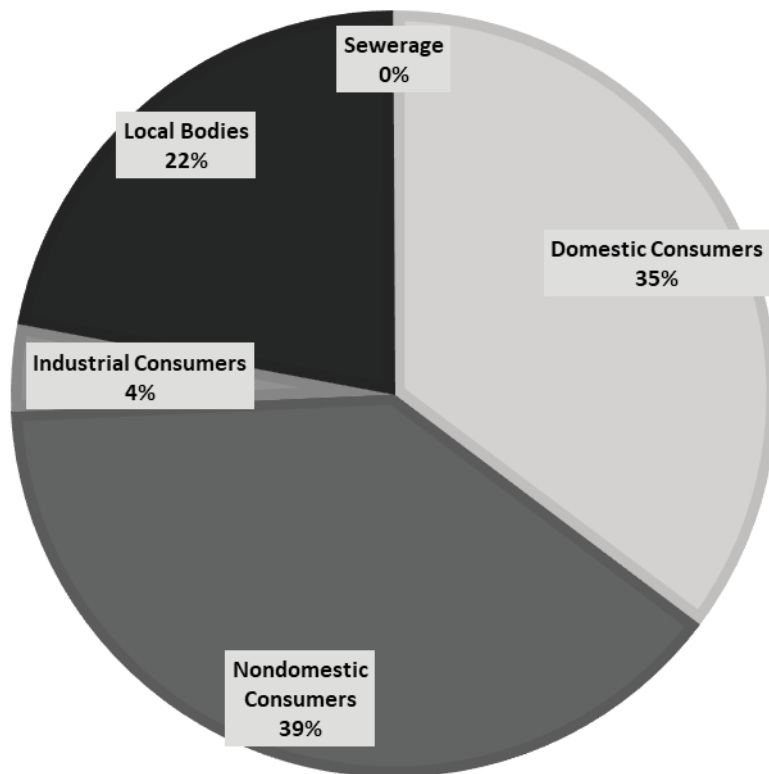


RWSS – New	35.60	39.98
Renovation of Existing Civil structure	4.51	5.45
DRW	60.95	3.2
RWSS – Others	0	
SARK 2010-11	5.05	14.2
TM – Matching	4.99	
Urban – Sewerage	4.51	4.92
Replacement of Pipes	84.28	97.84
Projects on LAC ADF	9.31	
Other Schemes	6.66	6.11
<b>TOTAL</b>	<b>492.30</b>	<b>383.30</b>
<b>Centrally Sponsored Schemes</b>		
NRDWP	0	111.22
ARWSS	54.34	0
Other Schemes	4.72	6.4
<b>TOTAL</b>	<b>59.06</b>	<b>117.62</b>
<b>Outside State Plan Schemes</b>		
UWSS-LIC/HUDCO/Bank Loan		
Deposit Works	22.58	32.26
LSGD Deposit Works	42.28	45.43
Others	0.46	0.63
<b>TOTAL</b>	<b>65.32</b>	<b>78.32</b>

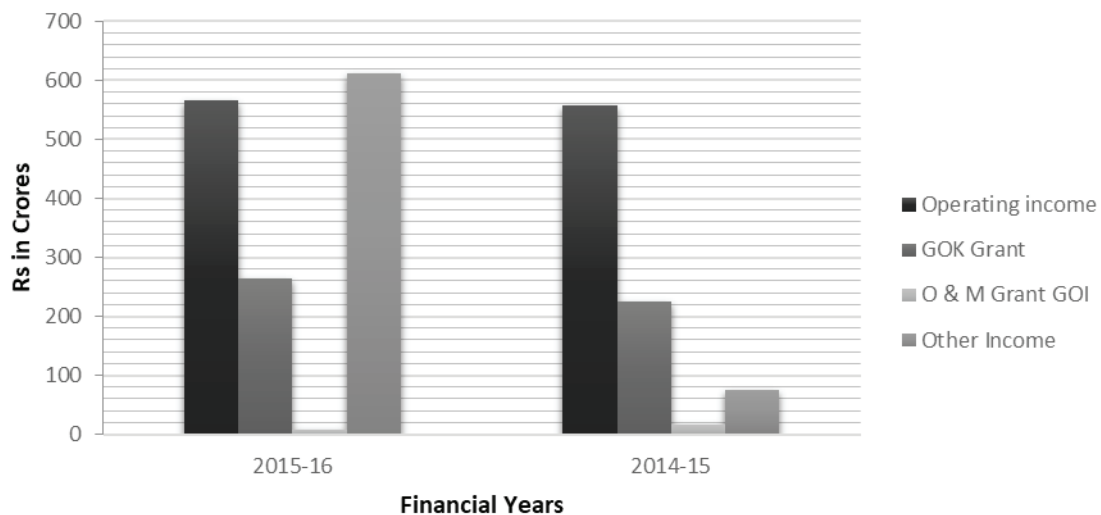


## OPERATING INCOME 2015-16

■ Domestic Consumers ■ Nondomestic Consumers ■ Industrial Consumers ■ Local Bodies ■ Sewerage

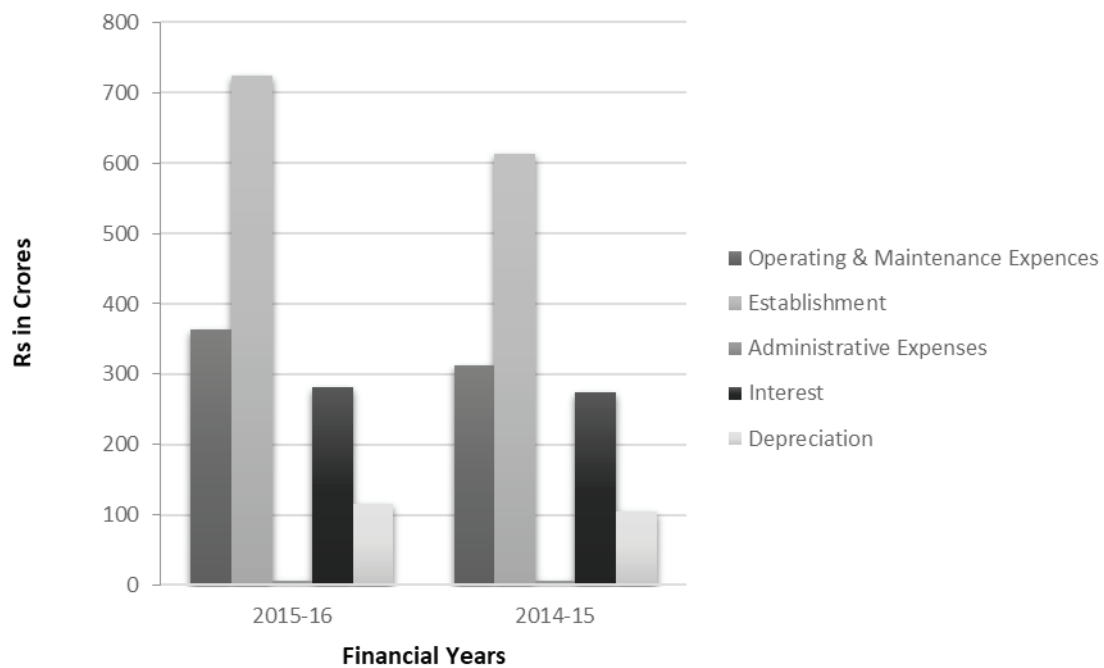


## Revenue Receipts

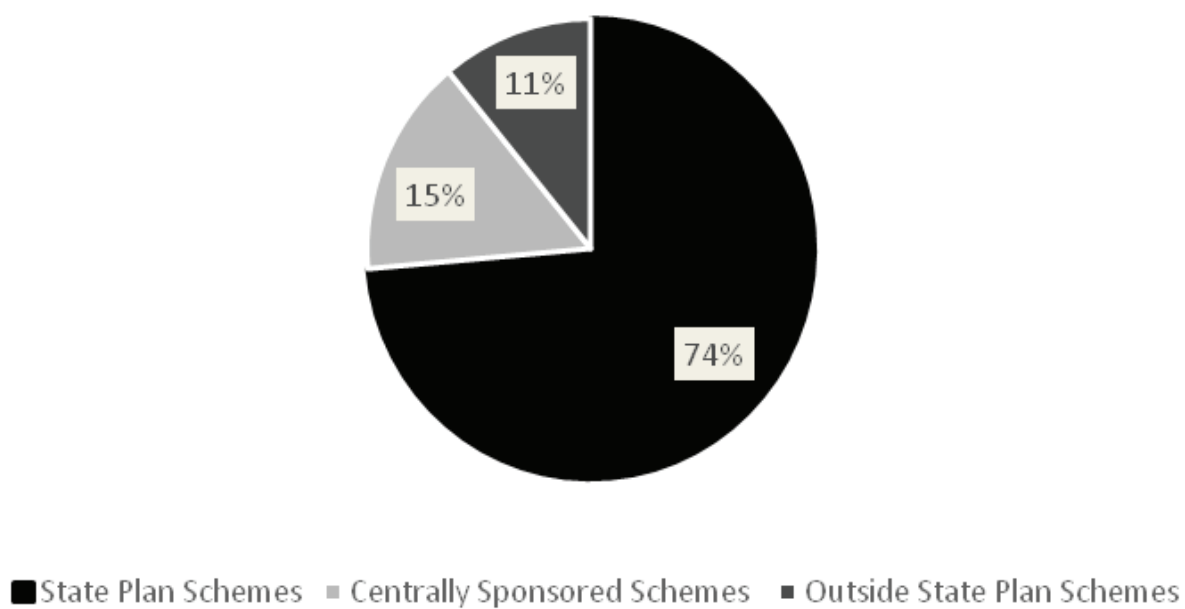




## Revenue Expenditure



## Capital Expenditure 2015-16





## Income and Expenditure

