

HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 033

**ANNUAL ACCOUNTS  
FOR THE YEAR  
1996 - 97**



**KERALA WATER AUTHORITY**

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**KERALA WATER AUTHORITY**

## AUDIT CERTIFICATE

I have examined the Income and Expenditure Account for the year ended 31st March 1997 and the Balance Sheet as on 31st march 1997 of the Kerala Water Authority. I have obtained all the information and explanations that I have required and subject to the observations in the appended Audit Report, I certify, as a result of my audit that in my opinion these accounts and balance sheet are properly drawn up so as to exhibit, a true and fair view of the state of affairs of the Kerala Water Authority, according to the best of information and explanations given to me and as shown by the books of the organisation.

Thiruvananthapuram  
Dated: 26.08.1998.

Accountant General (Audit),  
Kerala.

**AUDIT REPORT ON THE ACCOUNTS OF KERALA WATER AUTHORITY  
FOR THE YEAR 1996-97.**

**1. Introduction**

The Kerala Water Authority (known as Kerala Water and Waster Water Authority till 1986) was established on the first day of April 1984 to provide for the development and regulation of water supply and collection and disposal of waste water. The ordinance was replaced in August 1986 by the Kerala Water Supply and Sewerage Act 1986. The Authority took over all the functions of the erstwhile Public Health Engineering Department of the Kerala State Government.

The audit of the accounts of the Authority is entrusted to the Comptroller & Auditor General of India under Section 19(3) of the comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act 1971 for a period of fifteen years from 1984-85 to 1998-99. The accounts for 1996-97 was revised based on the observation of audit. As a result of the revision the net value of current assets was increased by Rs. 3.58 crores and the excess of expenditure over income reduced by Rs. 0.73 crore.

**2. Comments on Accounts**

Balance Sheet	
Source of Funds	
Contributions and Grants	-
Schedule A	
Net value of Assets taken over	Rs. 3,88,28,68,875/-

(i)

The net value of assets and liabilities of the erstwhile Public Health Engineering Department taken over on 1st April 1984 was provisionally valued at Rs. 43553.06 lakh and there had been adjustments to the net value upto 1992-93 on account of adjustments of items adjustable by P.W.D.

The original valuation and the revision had not been approved by Government of Kerala in accordance with Section 16(2) of the Act. Assets and liabilities of the Kerala State Rural Development Board taken over on 1st August 1984 had not been incorporated in the accounts due to the non-completion of the reconciliation of assets and liabilities taken over.

The Water Supply and Sewerage Scheme of two Municipal Corporation (Kochi & Kozhikode) and eight Municipalities (Kollam, Kottayam, Alappuzha, Aluva, Palakkad, Perumbavoor and Thrissur) were taken over by the Authority in March 1991. However, the schemes were retransferred to one Municipality (Thrissur) in October 1994. The assets and liabilities have not been finalised and incorporated in the accounts. The value of assets and liabilities created by the Authority till the date of retransfer of the schemes to the Municipality (Thrissur) was not assessed and settled with the concerned Municipality.

Government in October 1993 ordered the transfer of 8.09 hectares out of 9.71 hectares of landed property of the Authority at Palariattom (Ernakulam District) to the Greater Cochin Development Authority (G.C.D.A.) for the construction of International Stadium in lieu of an equal extent of developed land at Maradu (Ernakulam District) and compensation of Rs. 20 crore for the difference in cost of the two lands. The entire land (9.71 hectares) was taken possession by G.C.D.A. and only 6.27 hectares of land was handed over to the Authority exchange. The balance area of land was not got transferred as agreed upon and the compensation not realised. The valuation of the properties and documentation of the transfer was not effected.

The closing balance of the loan as per the books of accounts of the Authority was more than the closing balance communicated by HUDCO by Rs. 1.20 crore and the difference pertains to the year 1994-95. This has not been reconciled so far.

- (ii) Kerala Water Authority Loan Fund  
Schedule C - Secured Loans  
Loan from HUDCO - Rs. 44,01,12,000/-
- The closing balance of the loan as per the books of accounts of the Authority was more than the closing balance communicated by HUDCO by Rs. 1.20 crore and the difference pertains to the year 1994-95. This has not been reconciled so far.
- (iii) Application of Funds  
Schedule E - Fixed Assets  
Gross Block - Rs. 7,40,51,68,127/-  
Less depreciation reserve - Rs. 3,20,62,14,863/-
- Rule 151 (4) (a) of G.F.R. stipulate to append to the annual statement of accounts and extract of the register of assets. The Authority had prepared the fixed assets register upto the period 1991-92 only. Since the fixed assets register is incomplete the accuracy of depreciation could not be ensured.
- (1) Additions to fixed assets to be effected by transfer from work in progress pertaining to the years 1992-93 to 1996-97 has not been assessed and not depreciation provided for these assets put to use.
- (2) Full depreciation instead of proportionate depreciation as provided under the rules was charged in respect of the assets added/disposed off during the year.
- (3) Accounting Manual stipulate the capitalisation of interest on borrowed funds earmarked and utilised for the acquisition/creation of assets upto the commissioning of the scheme. The interest till the date of commissioning has not been segregated and capitalised resulting incorrect computation of capital asset.
- (iv) Capital work in Progress Rs. 7,02,01,89,357/-  
The cost of civil works, Building Mains and net works, roads, bridges and culverts commissioned and put to use since 1991-92 has not been brought under various items of fixed assets and the cost of such assets stand incorrectly incorporated under works in progress resulting in under statement of fixed assets.
- (v) Stores, Tools and Spares - Rs. 77,76,78,580/-  
The balance has not been reconciled with the balance in the priced stores ledger of individual divisions. The balance has arrived at after adjusting the credit balance of Rs. 1,18,292/- and the reasons for the credit balance not investigated. The difference between issue rate and cost has not been worked out and adjusted in the accounts.
- The valuation of closing stock as stipulated in the Accounts Manual and the summary of adjustments were not done by the individual divisions. As such the value of inventory included in the current asset is not realistic.
- (vi) Consumables - Rs. 87,38,896/-  
The balance has been arrived at after adjusting the credit balance amounting to Rs. 26,40,706/- as detailed below.

Rs. 6,57,095/-  
 - Stock of fuel  
 - 19,83,611/-  
 26,40,706/-

This should have been shown separately in the liability side. However the reasons for these credit have not been investigated.

(vii) Others - Rs. 4,70,343/-

The exact nature of the current assets cited as 'others' was not disclosed.

(viii) Sundry debtors - Rs. 1,31,18,13,500/-

The sundry debtors balance has not been reconciled and acceptance of the closing balance obtained. Provision for bad and doubtful debts was not made as stipulated in the Accounting Manual.

The balance under sundry debtors include water charges amounting to Rs. 11,335.41 lakhs due from local bodies, Rs. 1,761.44 lakh on account of loan repayment to L.I.C. and the balance Rs. 9,573.73 lakhs due from other consumers.

The Authority has not been charged penal interest @ 2% per annum for default of claims against Panchayats/Municipalities/Corporation inspite of the direction issued by the Government.

An amount of Rs. 71,34,085/- raised against Technology Mission on drinking water for the work of "Drilling bore wells and installation of hand pumps" carried out by the Authority during the period from 1987-88 to 1994-95 has not been included under sundry debtors resulting in understatement of sundry debtors to this extent.

The compensation of rs. 20 crore to be received from GDA for the transfer of land as ordered in GO dt. 18.10.1993 has not been claimed and incorporated in the accounts.

(ix) Cash and Bank Balances

Bank and Treasury Balance - Rs. 52,79,39,490/-

The revenue collected by the units is transferred to Head Office accounts in the State Bank of Travancore, Kowdiar, Trivandrum. The financial settlement in respect of stores transfer between units are also adjusted through bank accounts. Remittances and adjustments made by units into Head Office accounts and those as per the individual units accounts do not agree as per the Head office accounts and the accumulated difference worked out to Rs. 132.87 lakh (debit) which stand included under "Other current assets - inter office and suspense account balances"

(x) Other Current assets

Inter office and suspense account balance Rs. 3,82,73,146/-

The balance under this head should have been cleared before closing the annual accounts.

(xi) Current liabilities and Provisions.

Statutory employees deductions

(a) General Provident Fund - Rs. 34,75,78,548/-

This amount comprises of Rs. 30,26,02,054/- under general provident fund and Rs. 4,49,76,494/- under NMR Provident Fund. The personal ledger accounts of 1995-96 and 1996-97 were not completed and reconciled and the interest for the fund balance was provided on the opening balance only as applicable for that accounting year. As such the figure did not reflect the actual position.

The difference between the total of the balance as per the individual credit cards and the

G.P.F. balance as per the annual accounts of 1994-95 amounting to Rs. 15,32,193/- has not been reconciled.

(b) Non provision of guarantee commission.

The KWA is required to pay to Government of Kerala guarantee commission @ 0.75 percent of the amount guaranteed with a rebate of 0.25 percent for prompt repayment. However no such provision was made in the accounts. The commission payable to the amount outstanding on 31st March 1997 worked out to Rs. 9,96,44,375/-.

(c) Other Current Liabilities - Rs. 50,47,70,334/-

A major portion under this head represented the net debit balance under "Items adjustable by PWD" amounting to Rs. 4,837.78 lakh relating to the period (1975-76 to 1983-84) prior to the formation of the Authority. The Authority has not yet identified the works/schemes for which the materials were procured by debit to IA PWD despite the comments made in the audit report of the previous years and the position continued to remain as such in the accounts for 1996-97 also. As a result the net value of current assets taken over shown under "Contributions and Grants" on the liability side of the balance sheet is decreased with corresponding increase in current liabilities.

(xii) Control accounts balances - Rs. 30,05,72,136/-

This includes Rs. 44,61,353/- received from Railways towards the consideration for the land and building transferred from the Authority from 01.03.1990. This was not adjusted against fixed assets in spite of comments in the previous year.

(xiii) Loans and Advances

Advance to suppliers/contractors Rs. 78,42,67,285/-

This includes Rs. 37,72,34,564/- representing final payment made to contractors/suppliers (debit balances) in respect of capital/revenue works which remain unadjusted at the end of the year. A consultant was appointed by the Kerala Water Authority for the updation of fixed assets and the asset related accounts upto 31/03/1992. Adjustments in the accounts based on the report of the consultant had not been carried out. No action had been taken to analyse the balances of the current year and make necessary adjustments in the accounts.

(xiv) Interest paid on secured/unsecured loan Rs. 74,43,08,279/-

No provision has been made for additional interest and additional penal interest on the World Bank loans consequent on the retrospective revision of interest rates from 1985-86 as per GO (MSS) No. 44/93/LAD dated 25.02.1993 resulting in under statement of interest liability.

(xv) No provision was made in the accounts for the water cess payable as per water (Prevention and Control of Pollution) Cess Act 1977 for the water supplied/produced during the year.

## GENERAL

(xvi)(a) The Authority has not incorporated in the accounts the capital assets and spares donated by UNICEF/DANIDA from 1988-89 onwards.

(b) The Accounts Manual framed under Regulation 65 (f) of the KWSS Act 1986 required that the accounts should contain the quantitative details such as quantity of clear water provided and purchased, units of water sold to domestic and non domestic consumers, local bodies, industrial consumers etc. The provision has not been complied with in spite of comments in the previous audit reports.

Thiruvananthapuram  
Date: 26.08.1998.

Accountant General (Audit),  
Kerala.

# KERALA WATER AUTHORITY

BALANCE SHEET AS AT MARCH 31, 1997

SOURCES OF FUNDS		SCH REF	CURRENT YEAR	PREV YEAR
1.	Kerala Water Authority Fund a. Contributions & Grants b. Reserve & Surplus	A	9,40,48,92,172	8,54,60,05,830
2.	Kerala Water Authority Loan Fund a. Secured Loans b. Unsecured Loans	B C D	1,872,849,160 6,41,49,83,493	1,67,66,89,955 5,34,17,90,335
<b>TOTAL</b>			<b>17,69,27,24,825</b>	<b>15,56,44,86,120</b>
APPLICATION OF FUNDS				
1.	Fixed Assets Gross Block Less: Depreciation Reserve	E	7,405,168,127 3,206,214,863	6,16,65,98,076 2,83,34,12,519
			4,19,89,53,264	3,33,31,85,557
			7,02,01,89,357	7,01,21,53,580
			11,21,91,42,621	10,34,53,39,137
2.	Investments	F	0	0
3.	Net Current Assets a. Current Assets b. Current Liabilities	G H	2,59,19,51,606 1,29,08,49,602	2,43,38,58,848 1,230,016,811
			1,30,11,02,004	1,20,38,42,037
4.	Loan and Advances	I	1,23,62,88,465	1,16,60,55,789
5.	Miscellaneous Expenditure not written off	J	0	0
6.	Accumulated Excess of Expenditure over Income	K	3,93,61,91,735	2,84,92,49,157
<b>TOTAL</b>			<b>17,69,27,24,825</b>	<b>15,56,44,86,120</b>

Schedules A to K and Notes 1.01 to 1.08 and 2.05 form an integral part of this Balance Sheet.

Finance Manager and  
Chief Accounts Officer  
Technical Member  
Managing Director

Place: Thiruvananthapuram  
Date: 30/04/1998



# KERALA WATER AUTHORITY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 1997

SCH	REF	CURRENT YEAR	PREV YEAR
<b>INCOME</b>			
1.	Operating Income	57,79,10,379	48,36,23,601
	a. Consumers	3,480,523	40,38,171
	b. Others		
2.	Grants and Subventions from Govt. of Kerala	58,13,90,902	48,76,61,772
3.	Interest Income	34,40,00,000	34,40,00,000
4.	Other Non-Operative Income	4,12,24,486	2,65,74,805
		<b>97,54,26,128</b>	<b>86,86,02,224</b>
<b>EXPENDITURE</b>			
1.	Operating & Maintenance Expenses	42,92,81,682	37,66,31,706
2.	Payment & Provision to employees	65,30,85,064	70,29,28,735
3.	Office Expenses	2,77,94,644	2,61,38,032
4.	Travelling & Conveyance Expenses	78,82,382	70,72,874
5.	Administrative Expenses	56,49,717	40,15,311
6.	Issue and Project Expenses Written-off	0	0
7.	Assets and Losses Written-off	0	0
8.	Provision for Doubtful Debts	0	0
9.	Interest on		
	a. Secured Loans	22,17,16,782	19,22,63,038
	b. Unsecured Loans	52,25,91,497	44,69,04,815
10.	Depreciation	74,43,08,279	63,91,67,853
		<b>14,62,20,832</b>	<b>10,91,70,488</b>
<b>TOTAL EXPENDITURE</b>		<b>2,01,42,22,600</b>	<b>1,86,51,24,999</b>
11.	Transferred to Capital Work-in-Progress	17,88,85,319	15,39,03,359
		<b>1,83,53,37,281</b>	<b>1,71,12,21,640</b>
		<b>1,08,69,42,578</b>	<b>84,26,19,416</b>
12.	Excess of Expenditure over Income for the year	85,99,11,153	84,26,19,416
	Prior Period Adjustment	22,70,31,425	0
		<b>1,08,69,42,578</b>	<b>84,26,19,416</b>

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Schedules L to V Notes 2.01 to 2.05 form an Integral part of this Income and Expenditure Accounts.

Finance Manager and  
Chief Accounts Officer

Technical Member

Managing Director

Place: Thiruvananthapuram  
Date: 30/04/1998

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 1997

SCHEDULE - A

CONTRIBUTIONS AND GRANTS		CURRENT YEAR	PREV YEAR
1. Net Value of Assets taken over	3,88,28,68,875	3,88,28,68,875	3,88,28,68,875
2. Cont & Grants from State Govt.	4,65,62,59,096	4,09,73,88,096	4,09,73,88,096
3. Cont & Grants from GOI	48,82,75,000	24,68,87,000	24,68,87,000
4. Donated Capital Assets	1,07,21,977	39,54,771	39,54,771
5. Capital contribution from others	36,67,67,224	31,49,07,088	31,49,07,088
<b>9,40,48,92,172</b>		<b>8,54,60,05,830</b>	<b>8,54,60,05,830</b>
RESERVES & SURPLUS		0	0
SCHEDULE - C			
SECURED LOANS		1,43,27,37,160	1,25,84,42,480
1. Loan from LIC of India		44,01,12,000	41,82,47,475
2. Loan from HUDCO			
SCHEDULE - D		1,87,28,49,160	1,67,66,89,955
UNSECURED LOANS		3,66,89,66,412	3,11,82,46,740
1. a. Loan from Govt. of Kerala		3,66,89,66,412	3,11,82,46,740
b. Interest accrued on GOK Loan		2,27,36,07,802	1,79,30,51,730
2. Accountable Advances from Govt. of Kerala		3,65,25,750	3,65,25,750
a. For Urban L.C.S. Schemes		3,94,97,200	3,94,97,200
b. For Rural L.C.S. Schemes		3,60,00,000	3,60,00,000
c. For Kerala Urban Development Project			
3. Loan from Industrial Consumers		3,46,83,710	4,09,82,150
4. Deposit from local bodies		1,05,46,403	1,04,31,154
5. Security Deposit		7,43,43,678	5,21,16,796
6. Earnest Money Deposit		1,27,99,319	47,45,703
7. Water Connection deposits		71,54,944	61,07,591
8. Sewer Connection Deposits		6,25,404	4,87,448
9. Deposit work-water supply & sewerage		12,36,92,195	10,76,05,790
10. Other Deposits		99,48,260	93,99,867
11. Unclassified Deposits		8,65,92,416	8,65,92,416
<b>6,41,49,83,493</b>		<b>5,34,17,90,335</b>	<b>5,34,17,90,335</b>

KERALA WATER AUTHORITY

SCHEDULE OF FIXED ASSETS AS AT 31-03-1997

SCHEDULE - E

ACCOUNT CODE	DESCRIPTION	GROSS BLOCK		DEL	DEPRECIATION BLOCK		NET BLOCK		PREVIOUS YEAR	
		BALANCE AS ON 1.4.96	ADDITIONS DURING YEAR		AS ON 31.3.97	BALANCE AS ON 1.4.96	DEPRECIATION PRIOR PERIOD FOR THE YEAR	DEPT UPTO 31.3.97		AS ON 31.3.97
1011	FREE HOLD LAND	637352875	-5667121	0	631685754	0	0	0	631685754	643147105
1012	LEASE HOLD LAND	0	0	0	0	0	0	0	0	0
1013/4	LAND DEVELOPMENT EXPENDITURE	70254814	-1150203	0	69104611	0	0	0	69104611	70254814
102	CIVIL WORKS	1206759011	410373509	0	1617132520	547637409	75629967	39905030	663172406	953960114
103	BUILDINGS	258908393	37642642	0	296551035	107098606	4801453	5021263	116921322	179629713
104	PLANT AND MACHINERY	342231827	68331287	0	410563114	253785919	21259038	11258034	286302991	124260123
105	MAINS AND NETWORKS	3508052235	710441671	0	4218493906	1821513685	120102114	85079860	2026956559	2191798247
106	ROADS BRIDGES AND CULVERTS	53423194	7038048	0	60461242	43385762	1679549	908644	45978955	14487287
107	VEHICLES	37074505	9505010	0	46579515	30858184	3813682	1668027	36339893	10239622
108	FURNITURE, FIXTURES AND OFFICE EQUIPMENTS	52541222	2055208	0	54596430	29132954	-704291	2379974	30808637	23787793
TOTAL		6166598076	1238570051	0	7405168127	2833412519	226581512	146220832	3206214863	4198953264

GROSS BLOCK OF FIXED ASSETS  
 LESS: ACC. DEPRECIATION  
 NET VALUE OF FIXED ASSETS  
 ADD: C.W.I.P./A/C CODE II  
 TOTAL

THIS YEAR (RS.)  
 7405168127  
 3206214863  
 4198953264  
 7020189357  
 11219142621

PREVIOUS YEAR (RS.)  
 6166598076  
 2833412519  
 3333185557  
 7012153580  
 10345339137

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.....)

SCHEDULE - F		SCHEDULE - G		SCHEDULE - H	
INVESTMENTS	CURRENT ASSETS	1. Inventory	2. Sundry Debtors	3. Cash & Bank Balances	4. Other Current Assets
0	77,76,78,580	a. Stores, Tools & Spares	a. Consumers	a. Bank & Treasury Balances	a. Other Current Assets
	87,38,896	b. Consumables	i. Local bodies dues - Water & maintenance charges	b. Cheques & Bills in transit	a. Inter Office & Other Suspense
	4,70,343	c. Others	ii. Others	c. Cash on hand	b. Interest accrued on short term deposit
	72,48,34,194			0	
	63,39,402			42,18,52,769	
	4,70,343			0	
				21,75,512	
				52,79,39,490	
				35,83,943	
				1,31,18,13,500	
				1,34,49,75,122	
				95,73,97,111	
				17,61,43,755	
				17,61,43,755	
				42,27,628	
				53,15,23,433	
				42,40,28,281	
				(3,82,73,146)	
				6,70,51,506	
				263,012	
				(6,67,88,494)	
				2,43,38,58,848	
				2,59,19,51,606	
				(3,82,73,146)	
				7,83,17,203	
				6,57,65,955	
				2,74,15,723	
				30,26,02,054	
				4,49,76,494	
				4,86,586	
				6,31,806	
				50,45,217	
				50,47,70,334	
				4,06,52,556	
				(20,69,259)	
				33,93,888	
				34,94,357	
				50,37,32,161	
				3,50,27,814	
				(1,71,857)	
				92,94,20,533	
				30,05,72,136	
				1,29,08,49,602	
				1,23,00,16,811	
CURRENT YEAR					
PREV. YEAR					

# KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.....)

## SCHEDULE - I

	CURRENT YEAR	PREV YEAR	
	5,18,04,666	4,14,73,081	1. Loans & Advances to employees
	94,19,974	1,01,24,898	2. Advances for expenses
	78,42,67,285	79,97,44,589	3. Advances to suppliers/contractors
	17,33,42,325	10,57,31,500	4. Advance to District Collectors
	3,65,25,750	3,65,25,750	5. Advance to Director of Municipal Adm
	3,94,97,200	3,94,97,200	6. Advance to Director of Panchayats
	3,60,00,000	3,60,00,000	7. Advances to KUDP
	30,48,954	10,54,721	8. Advances - Others
	60,21,339	34,85,734	9. Claims recoverable
	3,21,85,277	3,11,53,791	10. Contribution Deposit - KSEB
	1,68,30,957	1,48,33,850	11. Consumer Deposit - KSEB
	4,01,26,503	3,95,40,201	12. Deposit with PWD
	49,41,832	16,16,919	13. Deposit with others
	22,775	19,927	14. Prepaid expenses
	22,53,628	22,53,628	15. Advances for capital expenditure
	<b>1,23,62,88,465</b>	<b>1,16,60,55,789</b>	
	0	0	SCHEDULE - J
			MISC EXPENDITURE NOT WRITTEN OFF
			SCHEDULE - K
			ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME
	2,84,92,49,157	2,00,66,29,741	Balance as on last year
	1,08,69,42,578	84,26,19,416	Add Transfer from Schedule B-
	<b>3,93,61,91,578</b>	<b>2,84,92,49,157</b>	Current Years excess of expenditure over income

Finance Manager and  
Chief Accounts Officer

Technical Member

Managing Director

Place: Thiruvananthapuram  
Date: 30/04/1998

**KERALA WATER AUTHORITY**

**SCHEDULES FORMING PART OF INCOME AND EXPENDITURE FOR THE YEAR 1996-97**

CURRENT YEAR	PREV YEAR
18,97,92,042	17,05,56,928
19,54,70,687	15,51,80,081
3,98,47,026	3,27,44,874
<b>42,51,09,755</b>	<b>35,84,81,883</b>
74,821	9,830
47,03,486	42,79,828
47,78,307	42,89,658
14,80,22,317	12,08,52,060
57,79,10,379	48,36,23,601
19,27,577	20,90,415
31,605	83,038
14,04,207	15,85,042
1,17,134	2,79,676
34,80,523	40,38,171
4,61,116	3,34,207
83,49,624	1,00,31,440
88,10,740	1,03,65,647
2,85,29,198	1,70,07,399
2,00,000	11,36,839
1,24,95,288	84,30,567
4,12,24,486	2,65,74,805
4,29,23,158	2,94,22,078
2,79,88,202	2,34,03,313
21,01,15,797	19,39,81,967
1,00,202	1,06,293
68,07,165	72,02,928
11,81,52,812	10,14,59,433
1,09,05,742	90,96,647
1,22,88,604	1,19,59,047
42,92,81,682	37,66,31,706

**OPERATING INCOME - CONSUMERS**  
 1. Operating income - water supply  
 a. Domestic Consumers  
 b. Non-domestic Consumers  
 c. Industrial Consumers

**OPERATING INCOME - SEWERAGE**  
 2. Operating Income - Sewerage  
 a. Domestic Consumers  
 b. Non-domestic Consumers

3. Income from Local Bodies

**SCHEDULE - M**

**OPERATING INCOME - OTHERS**

1. Centage charges  
 2. Storage charges  
 3. Supervision charges  
 4. Miscellaneous recoveries

**SCHEDULE - N**

**INTEREST INCOME**  
 1. Interest on loans & advances  
 2. Interest on deposits

**SCHEDULE - O**

**OTHER NON-OPERATIVE INCOME**  
 1. Income as recoveries  
 2. Claims recoverable  
 3. Miscellaneous income

**SCHEDULE - P**

**OPERATING AND MAINTENANCE EXPENSES**  
 1. Consumption of stores, Tools & Spares  
 2. Consumables  
 3. Power Charges  
 4. Insurance  
 5. Other Operating expenses  
 6. R & M of water supply  
 7. R & M of sewerage  
 8. Vehicle maintenance

**KERALA WATER AUTHORITY**

**SCHEDULES FORMING PART OF INCOME AND EXPENDITURE (Contd.....)**

**SCHEDULE-Q**

		CURRENT YEAR	PREV YEAR
<b>OFFICE EXPENSES</b>			
1. Rent		13,38,737	11,73,467
2. Rates & Taxes		10,74,475	10,75,123
3. Postage, Telegram, Telephone and Telex		52,87,483	48,35,478
4. Printing & Stationary		54,98,127	52,80,801
5. Exhibition & Publicity		72,99,983	68,36,247
6. Training and other expenses		6,82,057	7,99,408
7. Other office expenses		66,13,782	61,37,508
<b>SCHEDULE - R</b>		<b>2,77,94,644</b>	<b>2,61,38,032</b>
<b>ADMINISTRATIVE EXPENSES</b>			
1. Board meeting expenses		14,857	11,308
2. Professional fees		13,57,366	21,45,833
3. Payment to auditors		0	0
a. Audit fees		0	0
b. Audit expenses		0	0
c. Certification fees		0	0
d. Other payments		0	0
4. Bank Charges		20,00,000	15,24,308
5. Other administrative expenses		2,45,559	3,05,544
		<b>56,49,717</b>	<b>40,15,311</b>
<b>SCHEDULE - S</b>			
Issues & Project expenses written off			
<b>SCHEDULE - T</b>			
Assets & Losses written off			
<b>SCHEDULE - U</b>			
Provision for Doubtful debts			
<b>SCHEDULE - V</b>			
Prior Period adjustments - Depreciation			
- Others			
<b>SCHEDULE - W</b>			
Appropriations to Reserves			
		22,70,31,425	0
		22,65,81,512	4,49,913
		0	0
		0	0
		0	0
		0	0

Finance Manager and Chief Accounts Officer  
 Technical Member  
 Managing Director

Place: Thiruvananthapuram  
 Date: 30/04/1998

KERALA WATER AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1997

1. BALANCE SHEET

1.01.	CONTRIBUTIONS & GRANTS (SCHEDULE - A) CURRENT YEAR Rs. 94048.92 LAKHS PREVIOUS YEAR Rs. 85460.06 LAKHS	Contributions and Grants 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 amounting to Rs. 38828.69 lakhs (Rs. 38828.69 lakhs) (ii) all contributions and Grants (Plan) received by the Authority since its formation amounting to Rs. 46562.59 lakhs (Rs. 40973.88 lakhs) (iii) all assets received by way of donations valued at fair market value amounting to Rs. 107.22 lakhs at fair market value amounting to Rs. 107.22 lakhs (Rs. 39.55 lakhs); and (iv) all other miscellaneous grants and contributions received from various sources amounting to Rs. 3667.67 lakhs (Rs. 3149.07 lakhs).
1.02	SECURED LOANS (SCHEDULE - C) CURRENT YEAR Rs. 18728.49 LAKHS PREVIOUS YEAR Rs. 16766.90 LAKHS	The secured loan represents (i) the balance of loan availed by the local bodies and Kerala State Rural Development Board from L.I.C. of India prior to the formation of the Authority liability for repayment of which was transferred to the Authority and the balance of loan availed by the Authority from L.I.C. of India since its formation. (ii) and the loan availed from HUDCO. The above loans has been made towards guarantee commission payable.
1.03	UNSECURED LOANS (SCHEDULE - D) CURRENT YEAR Rs. 64149.83 LAKHS PREVIOUS YEAR Rs. 53417.90 LAKHS	Interest has been provided on loan from Government of Kerala as simple interest, on the amount outstanding at the beginning of the year upto 1994-95. From the year 1995-96 onwards actual interest due based on the date of receipt of the loan has been provided. Penal interest has not been provided, as the Authority has approached the Government for a moratorium in payment of interest and also for a reduction in such interest rate. The interest accrued and due to GOK as on date is Rs. 22736.08 lakhs out of which Rs. 4805.56 lakhs relates to the interest provided for the period 1996-97.
1.03.1		As per G.O.M.S. No. 44/93/LAD dt. 25.2.93 and G.O.M.S. No. 46/93/LAD dt. 4/3/94 the entire amount released by the GOVT. to Kerala Water Authority since 1985-86 by way of Grant and Loan for the Urban and Rural LCS projects will be treated as Accountable Advances from the Govt. of Kerala.
1.03.2		As there was no separate release of funds from the Govt. for LCS Project, an amount equal to the payment made by Kerala Water Authority for LCS Schemes have been shown separately under the head Accountable Advances deducting the same from the Loan from Government of Kerala. A similar treatment is made for the amount paid to the KUDP.
1.03.3		All Deposit figures stated are subject to reconciliation by individual divisions.



1.04	<b>FIXED ASSETS</b>	(SCHEDULE - E) CURRENT YEAR Rs. 112191.43 LAKHS PREVIOUS YEAR Rs. 103453.39 LAKHS
1.04.1		The value of fixed assets represents (i) the value of Fixed Assets and Capital Work-in-Progress vested in and transferred to the Authority amounting to Rs. 42182.80 Lakhs and (ii) the additions made by the Authority since its formation, after providing for depreciation thereon.
1.04.2		The Fixed Assets Register has been prepared upto the year 1991-92 and is in the process of being updated. During the year 1996-97, Rs. 12397.05 lakhs has been transferred from work-in-progress to fixed assets being the assets capitalised from the year 1987-88 to 1991-92. Accumulated depreciation for this amounting to Rs. 2265.82 lakhs has also been provided during the year.
1.05	<b>CURRENT ASSETS</b>	(SCHEDULE - G) CURRENT YEAR Rs. 25919.52 LAKHS PREVIOUS YEAR Rs. 24338.59 LAKHS
1.05.1		The Stock figures stated are subject to reconciliation with individual divisions.
1.05.2		The Current Assets include dues from local bodies on account of (i) loans availed from L.I.C. amounting to Rs. 1761.44 lakhs (Rs. 1761.44 lakhs); and (ii) water and maintenance charges amounting to Rs. 9573.97 lakhs (Rs. 10358.61 lakhs) for which confirmation of balances have not been obtained.
1.05.3		The Sundry Debtors balances have not been reconciled and no provision has been made for doubtful debts.
1.05.4		The reconciliation of Bank Balances with the bank statements are in progress.
1.05.5		The reconciliation of Inter Office Account balances is in progress.
1.05.6		The Inter office and Suspense account balances comprise the following: Inter Office Accounts : Credit Rs. 515.60 lakhs Cash and Bank Suspense : Debit Rs. 132.87 lakhs (Credit Rs. 802.88 lakhs) (Debit Rs. 132.37 lakhs)
1.06	<b>CURRENT LIABILITIES</b>	(SCHEDULE - H) CURRENT YEAR Rs. 12908.50 LAKHS PREVIOUS YEAR Rs. 12300.17 LAKHS
1.06		The balance shown under statutory employee deduction of GPF and NMR PF is net of advances given to employees under respective heads.
1.06.2		The GPF and NMR PF balance have not been reconciled with the individual accounts and the same is in progress.
1.06.3		The interest on G.P.F. has been accounted on actual basis upto 1994-95. The interest on GPF and NMR PF for the years 1995-96 & 1996-97 has been provided @ 12% p.a on the opening balance as applicable for that accounting year.

1.06.4	The liability in account of Gratuity and Pension to the employees is being accounted on cash basis.	
1.06.5	Control Account Balances	Credit 3005.72 lakhs (Credit Rs. 3005.96 lakhs)
	This represents accumulated balances between control accounts and the concerned WIP/stores/sundry debtors.	
1.07.	<b>LOANS &amp; ADVANCES</b>	
		CURRENT YEAR Rs. 12362.88 LAKHS PREVIOUS YEAR Rs. 11660.56 LAKHS
1.07.1.	Balance of Loans and Advances given to employees together with interest thereon have not been reconciled with individual accounts.	
1.08	<b>ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME (K)</b>	
		CURRENT YEAR Rs. 39361.92 LAKHS PREVIOUS YEAR Rs. 28492.49 LAKHS
	The accumulated excess of expenditure over income comprises of carry balance of Rs. 28492.49 lakhs and current year's excess of expenditure over income of Rs. 10869.43 lakhs including prior period expenditure.	
2.	<b>INCOME AND EXPENDITURE ACCOUNT</b>	
		(SCHEDULE - L)
2.01.	<b>OPERATING INCOME</b>	
		CURRENT YEAR Rs. 5813.91 LAKHS PREVIOUS YEAR Rs. 4876.62 LAKHS
	The operating income from consumers represent the water, sewerage and maintenance charges demanded by the Authority from consumers and local bodies during the year.	
2.02.	<b>INTEREST</b>	
		CURRENT YEAR Rs. 7443.08 LAKHS PREVIOUS YEAR Rs. 6391.68 LAKHS
	This amount includes Rs. 2217.17 Lakhs paid to LIC & HUDCO, Rs. 4805.56 Lakhs provided for GOK loan and Rs. 420.35 Lakhs for others.	
2.03	<b>DEPRECIATION</b>	
		CURRENT YEAR Rs. 1462.21 LAKHS PREVIOUS YEAR Rs. 1091.70 LAKHS
	Depreciation has been provided for on straight line method so as to write off 90% of the cost/value of fixed Assets over the estimated useful life of the Assets concerned.	
2.04	<b>PRIOR PERIOD ADJUSTMENTS</b>	
		CURRENT YEAR Rs. 2270.31 LAKHS PREVIOUS YEAR: NIL
	This comprises for prior period depreciation of Rs. 2265.81 Lakhs provided for the assets capitalised from 1987-88 to 1991-92 and Rs. 4.50 Lakhs being the short provision made for the audit fee for the year 1995-96.	

**2.05 GENERAL**

- 2.05.1 In order to absorb project overheads on capital work, a transfer of revenue expenditure to capital works-in-transfer @10% in the case of Bilateral Schemes and @ 22% in the case of other schemes on the Capital Expenditure incurred during the year has been made.
- 2.06.2 Previous year figures have been regrouped/reclassified wherever necessary.

Finance Manager &  
Chief Accounts Officer

Technical Member

Managing Director

Place: Thiruvananthapuram  
Date: 30.4.1998

**KERALA WATER AUTHORITY**

**REPLY TO THE AUDIT REPORT ON THE ACCOUNTS OF THE  
KERALA WATER AUTHORITY FOR THE YEAR 1996-97**

1. The revision in the accounts for 1996-97 was mainly due to rectification of a wrong credit of Rs. 3.50 crores made in inter office account instead of loan account and provision of penal interest of Rs. 0.69 crores on the amount due from local bodies under Malappuram division.
  - 2(i) (a) The net value of assets of the erstwhile PHED taken over as on 01/04/1984 has been provisionally valued and sent for approval of the Government. The approval of Govt. is awaited.
  - (b) The reconciliation of the statement of the assets and liabilities of Kerala State Rural Development Board taken over by the Authority could not be completed as the Board did not provide the required information even after persistent efforts. A final decision on this will have to be taken by Government.
  - (c) The two corporations and eight municipalities have been asked to submit the details of distribution system and other assets/liabilities handed over by them to the Authority in March 1991. The details can be incorporated in the accounts of the Authority only after finalising the statement of assets and liabilities.
  - (d) The land of KWA at Palariattom in Ernakulam Dist. was handed over to GCDA, and instead land at Maradu was allotted to KWA based on G.O(Rt) No. 6828/93/LAD dated 18/10/1993. As per para 5 of the GO, the District Collector, Ernakulam is to value both the lands and decide the differential value. The Authority had taken up with the Government for settling the matter relating to the transfer of land.
  - (ii) HUDCO had given a credit of Rs. 1.20 crores to KWA during 1994-95 without giving any details. We have requested to HUDCO to give full details pertaining to this credit.
  - (iii) 1. Steps are being taken for assessing the amount to be transferred from work in progress to fixed assets from 1992-93.
  2. We were charging depreciation for a full year on assets added and no depreciation for assets disposed, since 1984 based on the fixed assets evaluation report. Depreciation Reserve and Utilisation Rule 1992 was approved by the Government subsequently. However, the same procedure of charging depreciation continued for the subsequent years also in order to maintain consistency.
  - 3 (iii) From the inception of the Authority, we are debiting the entire interest on loan directly to Income & Expenditure Account. In view of the Audit observation, interest on the amount spent on various schemes until the scheme is commissioned will be capitalised in future.
  - (iv) Steps are being taken for assessing the amount to be transferred from work in progress to fixed assets from 1992-93.
  - (v) (a) Action has been already taken to update PSL and to reconcile the same with accounts balance.
- The credit balances in the inventory codes are mainly of previous years and the same was scrutinised by the consultants. The consultants have now given their report

- containing the details of division wise stock balances. The statements contained in the report needs to be verified by the divisions before making final entries. Necessary action is being taken for this purpose.
- As the issue of materials are valued on FIFO basis, there will not be any difference between issue price and cost price.
- (b) The valuation of closing stock as stipulated in the Accounts Manual cannot be done every year in all the division as it is a very expensive and cumbersome process. However, the two stock verification subdivisions of KWA are carrying out periodical physical verification of inventory and differences if any, are reported for further action. The credit balances in the consumables accounts are mainly of previous years and the same was scrutinised by the consultants. The consultants have now given their report containing the details of divisionwise stock balances. The statements contained in the report needs to be verified by the divisions before making final entries. Necessary action is being taken for this purpose.
- (vi) The amount relates to miscellaneous stock items which were carried over from 1987-88 while valuing the assets. This will be transferred to appropriate heads as and when they are identified.
- (viii) Division wise details towards the dues from Panchayats, Municipalities and Corporation as on 31/03/1997 are now available. Details of amount due had been given to the DMA and DP. Steps have been taken to reconcile the dues of other consumers also. Some of the divisions are charging penal interest and is being incorporated in the accounts. Other divisions are also been instructed to charge penal interest on water charge dues. Mechanical Division, Kochi had raised a claim on Technology Mission Palghat @ Rs. 285 for both 150 mm dia and 110 mm dia bore wells which was dug by KWA. But the Mission had admitted a rate of Rs. 117/- only for 110 mm dia bore well. This was disputed by the Authority. As of date an amount of Rs. 16,93,052/- is available with the Executive Engineer, PH Division, Palghat. Action is being taken to adjust this amount against the balance due to the Authority from the Mission, after obtaining concurrence of their New Delhi Office. Necessary entries will be passed in the accounts after the matter is settled.
- (ix) The land of KWA at Palarivattam in Ernakulam Dist was handed over to GCD, and instead land at Maradu was allotted to KWA based on GO(Rt) No. 6828/93/LAD dated 18/10/1993. As per para 5 of the GO, the District Collector, Ernakulam is to value both the lands and decide the differential value. The Authority had taken up with the Government for settling the matter relating to the transfer of land. The entry can be made only after the transfer is effected or when cash is received.
- (x) Action will be taken to locate the difference of Rs. 132.87 Lakhs in the suspense accounts which is mostly carried over from 1987-88.
- (xi) The difference in inter office and control accounts are mostly pertaining to previous years. Steps will be taken to locate the differences.
- (a) The credit cards upto the year 1995-96 were already issued to the staff. Preparation of 1996-97 credit cards is in the final stage. The difference in interest if any will be provided in the 1997-98 accounts. The individual balance of PF account is under scrutiny.
- (b) We have requested the Government to exempt us from the payment of Guarantee commission which is due from KWA to Government. Orders of the Government is awaited. In the 'notes to the accounts' it is mentioned that no guarantee commission is provided in the accounts.

(xi) c The liability on account of IAPWD is created for the net debit balance under items adjustable by PWD prior to the formation of the Authority as recommended by the AG during the Audit of Accounts for the year 1988-89.

(xii) The adjustment of the amount received from Railways against the fixed assets account could not be made as the details relating to the cost of land transferred is not forthcoming. Action is being taken to find out the details.

(xiii) The debit balances in the contractors/suppliers accounts are mainly of previous years and the same was scrutinised by the consultants. The consultants have now given their report containing the details of dues to/from suppliers/contractors. The statements contained in the report needs to be verified by the divisions before making final entries. Necessary action is being taken for this purpose.

(xiv) The issue is pending with the Government. Any additional interest payable on this account can be ascertained only after a decision is taken on the loan/grant apportionment.

(xv) The exact amount of cess payable is not ascertainable as the same is due for several years. We are paying the water cess arrears/current dues when demanded by the Pollution Control Board and the same is accounted on cash basis.

(xvi) a Details are being collected and the same will be incorporated in the subsequent years account.

(xvi) b The quantitative details of water produced and sold were not furnished for want of accurate information in this regard. We are taking steps to collect the particulars and furnish these information in the subsequent years accounts.

MANAGING DIRECTOR

## FINANCIAL RESULTS

### INCOME AND EXPENDITURE

Income from operations for the year 1996-97 amounts to Rs. 6,314.26 Lakhs. In addition a non-plan grant of Rs. 3,440.03 Lakhs was received from Government of Kerala to meet the revenue expenditure. The revenue expenditure after capitalising the share debit comes to Rs. 18,353.37 Lakhs leaving a deficit of Rs. 8,599.11 Lakhs.

Rs. in Lakhs		1996-97	1995-96
<b>INCOME</b>			
Domestic	1,898.67	1,705.67	1,705.67
Non-Domestic	2,001.74	1,594.60	1,594.60
Industrial	398.47	327.45	327.45
Local Bodies	1,480.22	1,208.52	1,208.52
Other Income	535.16	409.78	409.78
		<b>6,314.26</b>	<b>5,246.02</b>
Government of Kerala - Grant		3,440.00	3,440.00
		9,754.26	8,686.02
<b>EXPENDITURE</b>			
Operation & Maintenance	4,292.82	3,766.32	3,766.32
Establishment	6,530.85	7,029.29	7,029.29
Office Expenses	277.95	261.38	261.38
Travelling	78.82	70.73	70.73
Administrative Expenses	56.50	40.15	40.15
Interest	7,443.08	6,391.68	6,391.68
Depreciation	1,462.20	1,091.70	1,091.70
		20,142.22	18,651.25
Less : Transferred to CWIP		1,788.85	1,539.03
		<b>18,353.37</b>	<b>17,112.22</b>
<b>DEFICIT</b>		<b>8,599.11</b>	<b>8,426.20</b>

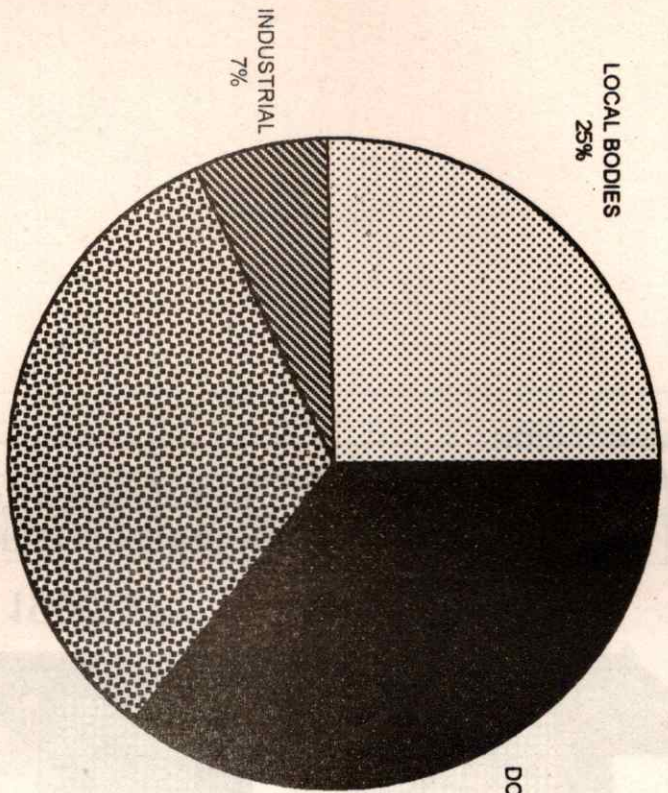
SOURCE OF APPLICATION OF FUNDS		SOURCE OF FUNDS	
Rs. in Lakhs		1996-97	1995-96
Capital	94,048.92	85,460.06	16,766.90
Secured Loans	18,728.49	64,149.84	53,417.90
APPL Unsecured Loans			
Fixed Assets	1,12,191.43	1,03,453.39	
Net Current Assets	13,011.02	12,038.42	
Loan & Advances	12,362.88	11,660.56	
Accumulated excess of Income over Expenditure	39,361.92	28,492.49	
<b>CAPITAL RECEIPTS</b>	<b>1,76,927.25</b>	<b>1,55,644.86</b>	
Grant from GOK	7,283.71	6,095.00	
Loan from GOK	3,565.95	4,539.89	
Grant from GOI	2,660.13	2,468.87	
Loan from LIC of India	2,266.00	2,028.00	
Loan from HUDCO	294.25	1,060.39	
Others	0.00	87.73	
<b>Total</b>	<b>16,070.04</b>	<b>16,279.88</b>	



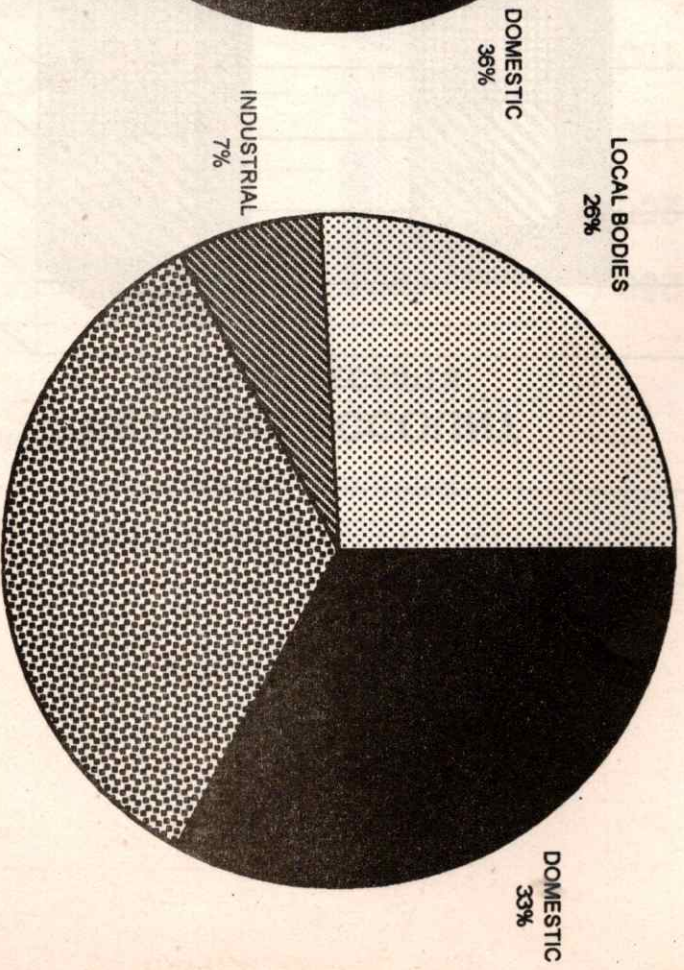
STATE PLAN SCHEMES		Rs. in Lakhs	
UWSS - LIC	942.15	759.44	
UWSS - Matching (HUDCO/LIC)	726.73	870.00	
UWSS - Others	140.06	138.81	
RWSS - LIC	91.88	162.61	
RWSS - WB	184.60	337.97	
RWSS - Danida	85.55	368.50	
RWSS - Netherlands	1,129.57	1,231.91	
RWSS - SCP	1,497.28	1,103.17	
RWSS - TSP	188.21	173.39	
15 Point Programme	912.11	607.73	
RWSS - Others	628.96	620.37	
Urban Sewerage Schemes	289.03	163.42	
Other Schemes	288.23	175.63	
WSS to Medical Colleges	34.31		
50% share for AUWSS	0.31		
UWSS - LIC/HUDCO	2,123.37	2,117.77	
RWSS - LIC	637.79	1,118.18	
Westernghat Development		17.94	
Drought Relief		91.24	
Others		22.72	
<b>OUTSIDE STATE PLAN SCHEMES</b>	<b>2,761.16</b>	<b>3,367.85</b>	
<b>CENTRALLY SPONSORED SCHEMES</b>	<b>40.48</b>	<b>12.81</b>	
ARWSS			
AUWSS	2,834.27	1,485.16	
<b>TOTAL</b>	<b>12,774.89</b>	<b>11,578.77</b>	

## CAPITAL EXPENDITURE

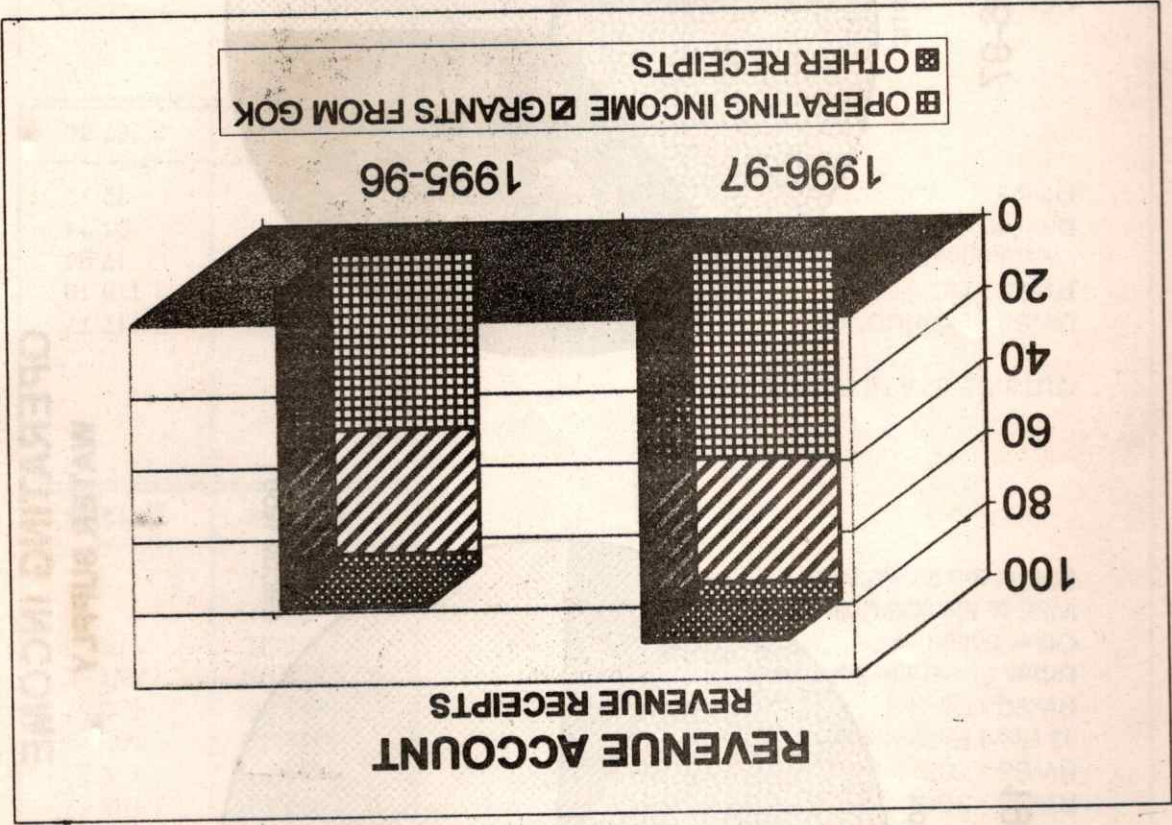
# OPERATING INCOME WATER SUPPLY

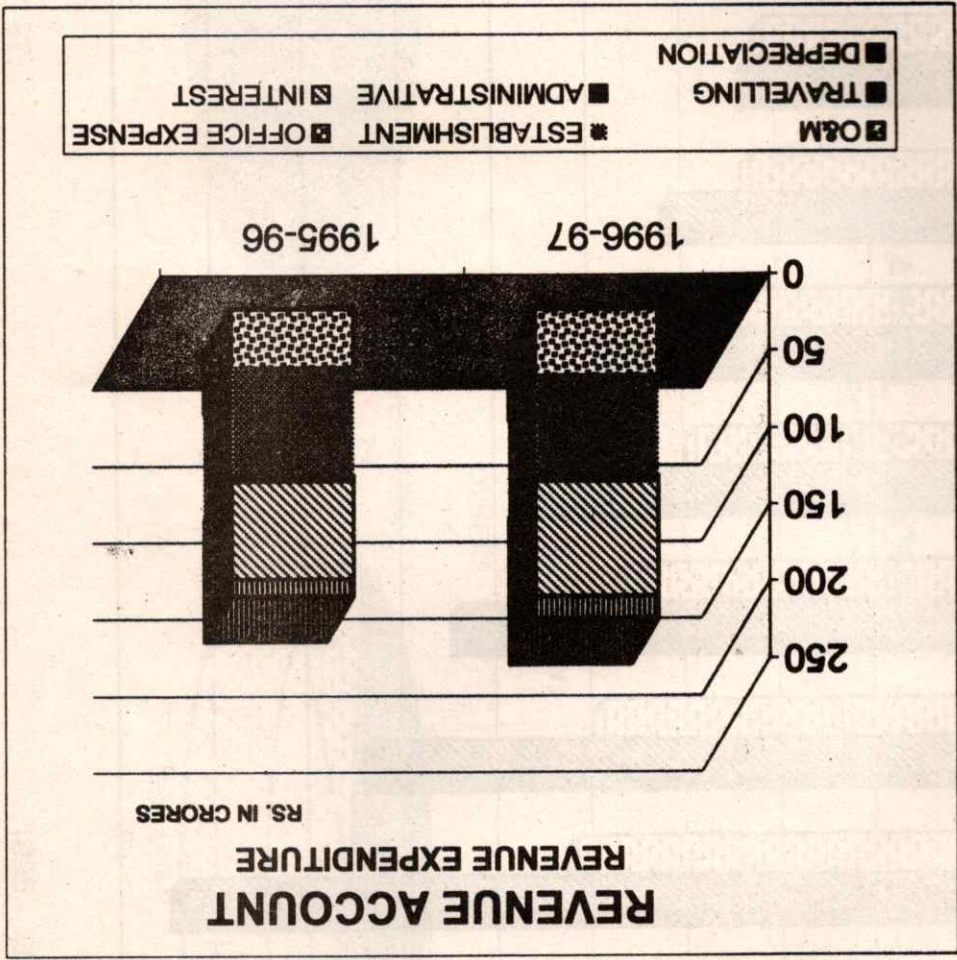


1996-97



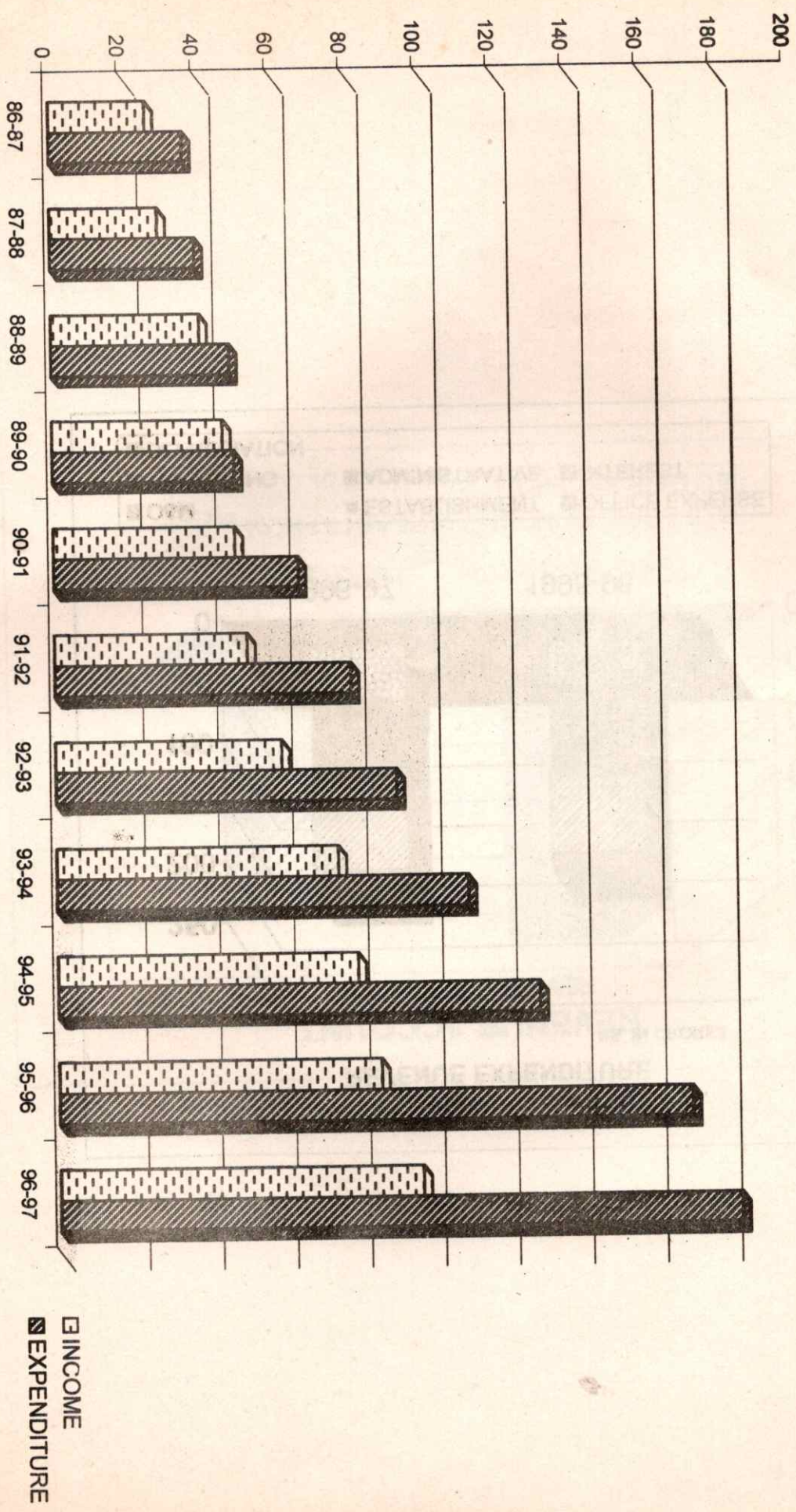
1995-96





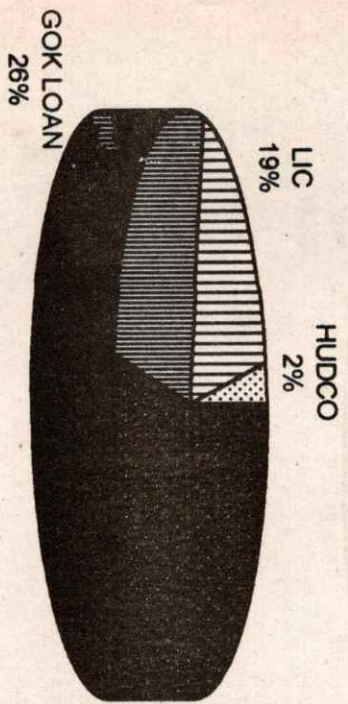
**INCOME & EXPENDITURE**  
**1986 - 87 TO 1996-97**

Rs. In Crores

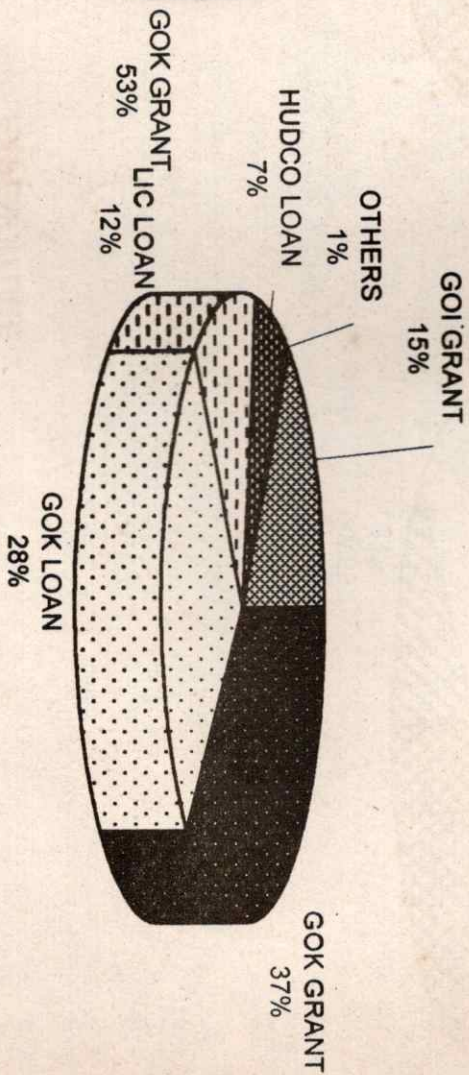


▨ INCOME  
 ▣ EXPENDITURE

# CAPITAL ACCOUNT RECEIPTS

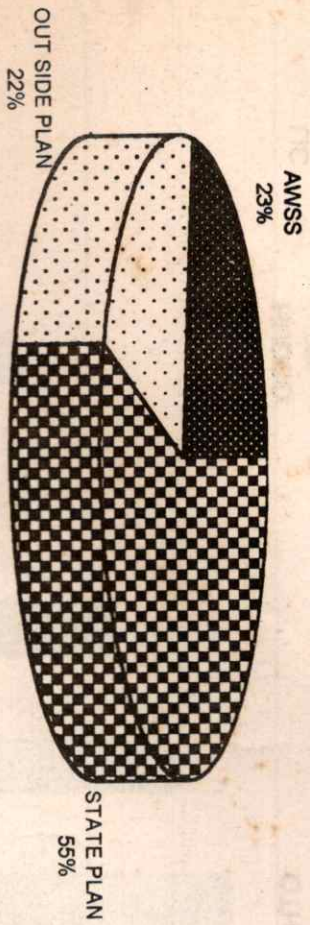


1996 - 97

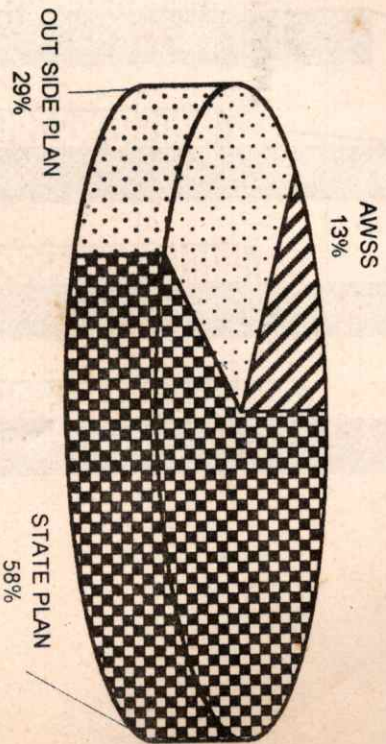


1995 - 96

# CAPITAL ACCOUNT EXPENDITURE



1996-97



1995-96