

KERALA WATER AUTHORITY



ANNUAL ACCOUNTS 2003 - 04

HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 003

KERALA WATER AUTHORITY



ANNUAL ACCOUNTS 2003 - 04

HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 003

AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Kerala Water Authority as at 31 March 2004 and the Income and Expenditure Account for the year ended on that date. These financial statements include the accounts of 59 units. Preparation of these financial statements is the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I 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, evidence supporting the amounts and disclosure in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that:

1. have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. Subject to the major observations given below and detailed observations in the Audit Report annexed herewith, I report that the Balance Sheet and Income and Expenditure Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.
 - i. Understatement of value of fixed assets and short provision of depreciation by Rs.199.48 crore and Rs.14.11 crore respectively due to non-identification of completed capital works in ninety-one schemes test checked.
(2.1.4.1)
 - ii. Overstatement of capital works in progress by Rs.3.40 crore being the cost of scheme works handed over to local bodies before 2003-04 not written off.
(2.1.5.1)
 - iii. Understatement of expenditure by Rs.8.04 crore due to non-charging of the value of stores, tools and spares to Revenue Account which were declared as obsolete stock.
(2.1.6.1)
 - iv. Understatement of liability of Rs.53.08 crore payable to KSEB for power charges.
(2.1.10.1)
 - v. Non-provision of liability of Rs.1.43 crore towards entry tax / sales tax resulted in understatement of expenditure and corresponding understatement of current liabilities.
(2.1.10.2)
 - vi. Non-provision of dues towards water cess payable to Kerala State Pollution Control Board in the accounts resulted in understatement of expenditure and corresponding understatement of liability by Rs.15.14 crore.
(2.1.10.3)

vii. Understatement of income by Rs.1.67 crore due to non-crediting of centage charges to the head of account. (2.2.1.1)

3. In my opinion and to the best of my information and according to the explanations given to me:

- (i) The accounts give the information required under the prescribed format of accounts;
- (ii) The said Balance Sheet, Income and Expenditure Account read together with the Accounting Policies and Notes thereon and subject / due to the significant matters stated above and other matters mentioned in the Audit Report annexed herewith, give a true and fair view.
 - 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 2004; and
 - b. In so far as it relates to the Income and Expenditure Account of deficit for the year ended on that date.

Place: Thiruvananthapuram.
Date: 14.08.2007

Sd/-
Principal Accountant General (Audit),
Kerala, Thiruvananthapuram

KERALA WATER AUTHORITY

BALANCE SHEET AS AT 31st MARCH, 2004

SOURCES OF FUNDS		SCH REF	CURRENT YEAR Rs	PREVIOUS YEAR Rs
1.	Kerala Water Authority Fund			
a.	Contributions & Grants	A	19,511,044,778	18,058,915,623
b.	Reserves & Surplus	B	151,723,814	151,723,814
2.	Kerala Water Authority Loan Fund			
a.	Secured Loans	C	2,820,411,485	2,906,179,991
b.	Unsecured Loans	D	14,974,905,730	13,516,770,817
TOTAL			37,458,085,807	34,633,590,245
APPLICATION OF FUNDS				
1.	Fixed Assets	E		
	Gross Block		13,631,335,690	13,612,381,589
	Less: Depreciation Reserve		5,450,381,597	5,164,542,713
	Net Block		8,180,954,093	8,447,838,876
	Capital Work in Progress		13,311,008,129	11,469,915,259
2.	Investments	F	21,491,962,222	19,917,754,135
3.	Net Current Assets		40,000,000	20,000,000
a.	Current Assets	G	6,048,046,707	4,987,525,932
b.	Current Liabilities	H	2,633,228,320	1,733,261,207
			3,414,818,387	3,254,264,725
4.	Loans & Advances	I	1,409,330,475	1,320,611,996
5.	Miscellaneous Expenditure not Written-off	J	-	
6.	Accumulated Excess of Expenditure over Income	K	11,101,974,723	10,120,959,389
TOTAL			37,458,085,807	34,633,590,245

Schedules A to K and Notes 1.01 to 1.09 and 2.03 form an integral part of this Balance Sheet

P.R Devaraj
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

V.K.Girijavallabhan
ACCOUNTS MEMBER

T.P. Mohanlal
MANAGING DIRECTOR

Place: Thiruvananthapuram
Date : 28/02/2007

KERALA WATER AUTHORITY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2004

		SCH REF	CURRENT YEAR Rs	PREVIOUS YEAR Rs
INCOME				
1.	Operating Income	L	1,444,990,496	1,352,243,029
	a. Consumers	M	4,718,427	2,179,861
	b. Others		<u>1,449,708,923</u>	<u>1,354,422,890</u>
2.	Grants & Subventions - GOK		612,414,000	618,600,000
3.	O&M Grant from GOI		52,466,400	28,489,500
4.	Interest Income	N	2,106,428	3,844,400
5.	Other Non-Operative Income	O	604,137,597	523,925,838
	TOTAL INCOME		<u>2,720,833,348</u>	<u>2,529,282,628</u>
EXPENDITURE				
1.	Operating & Maintenance Expenses	P	1,342,626,001	1,013,121,159
2.	Payment & Provision to employees		1,343,036,934	1,233,252,591
3.	Office expenses	Q	53,661,356	50,596,187
4.	Travelling & Conveyance Expenses		8,892,112	8,531,067
5.	Administrative Expenses	R	6,910,149	5,398,952
6.	Issue and Project Expenses Written-off	S	-	-
7.	Assets and Losses Written-off	T	-	-
8.	Provision for Doubtful Debts	U	-	-
9.	Interest on			
	a. Secured Loans		332,231,464	333,630,257
	b. GOK Loans		872,294,000	807,034,000
	c. PF loans		<u>62,991,849</u>	<u>66,645,897</u>
10.	Depreciation	E	1,267,517,313	1,207,310,154
			<u>285,838,884</u>	<u>284,838,415</u>
	TOTAL EXPENDITURE		<u>4,308,482,749</u>	<u>3,803,048,525</u>
11.	Transferred to Capital Work-In-Progress	V	605,319,067	629,629,404
			<u>3,703,163,682</u>	<u>3,173,419,121</u>
12.	Excess of Expenditure over Income		982,330,334	644,136,493
	Prior Period Adjustments	W	(1,315,000)	1,153,705,974
	Excess of Expenditure over Income after prior period adjustments		<u>981,015,334</u>	<u>1,797,842,467</u>

Schedules L to W and Notes 2.01 to 2.03 form an integral part of this Income & Expenditure Account

P.R Devaraj
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

V.K.Girijavallabhan
ACCOUNTS MEMBER

T.P. Mohanlal
MANAGING DIRECTOR

Place: Thiruvananthapuram
Date : 28/02/2007

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2004

SCHEDULE - A

CONTRIBUTIONS & GRANTS		CURRENT YEAR	PREVIOUS YEAR
1.	Net value of Assets taken over	4,345,327,735	4,345,327,735
2.	Contribution & Grants from Government of Kerala	11,646,069,096	10,721,868,096
3.	Contribution & Grants from Government of India	3,127,271,272	2,612,182,800
4.	Donated capital assets	1,801,696	1,556,578
5.	Capital contribution from other sources	390,574,979	377,980,414
		<u>19,511,044,778</u>	<u>18,058,915,623</u>

SCHEDULE - B

RESERVES & SURPLUS

Reserve for deposit works	151,723,814	151,723,814
	<u>151,723,814</u>	<u>151,723,814</u>

SCHEDULE - C

SECURED LOANS

1.	Loan from LIC of India	2,210,296,085	2,310,464,591
2.	Loan from HUDCO	510,115,400	595,715,400
	Bank Loan - Federal Bank, Pattom	100,000,000	
		<u>2,820,411,485</u>	<u>2,906,179,991</u>

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KERALA WATER AUTHORITY

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

SCHEDULE - D

UNSECURED LOANS

			5,760,478,412	5,681,728,412
1.	a.	Loan from Govt of Kerala	7,397,468,006	6,525,174,006
	b.	Interest accrued on GOK Loan		
2.		Accountable advances from Govt of Kerala :		
	a.	For Urban L.C.S Schemes	36,525,750	36,525,750
	b.	For Rural L.C.S Schemes	39,497,200	39,497,200
	c.	For Kerala Urban Development Project	36,000,000	36,000,000
3.		Deposit from local bodies	164,110,483	128,562,992
4.		Security Deposit	200,630,564	176,521,396
5.		Earnest Money Deposit	14,272,243	15,135,413
6.		Water & Sewerage Connection Deposits	11,487,807	10,004,059
7.		Deposit work-water supply & sewerage	1,127,397,657	712,527,408
8.		Other deposits	187,037,608	155,094,181
			14,974,905,730	13,516,770,817

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KERALA WATER AUTHORITY
SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2004

SCHEDULE-E

Description	Gross Block			Depreciation Block				Net Block		
	Balance as on 01/04/2003	Additions during year	Deletions	As on 3/31/2004	Balance as on 01/04/2003	Depreciation for the year	Depreciation period prior	Dep upto 3/31/2004	As on 3/31/2004	Previous Year
FREE HOLD LAND	943184373	235085		943419458					943419458	943184373
LEASE HOLD LAND	75238384			75238384					75238384	75238384
LAND DEVELOPMENT EXPENDITURE	3078705506	2376597		3081082103	1131169053	66716744		1197885797	1883196306	1947536453
CIVIL WORKS	556257769	125257		556383026	180472706	9831477		190404183	365978843	375785063
BUILDINGS	913198881	37855		913237746	519350236	32943169		552283405	360944341	383849545
PLANT AND MACHINERY	7747649233			7747649233	3166005580	165442094		3331447674	4416201559	4581643653
MAINS AND NETWORKS	132418755			132418755	65333691	3128141		68461732	63957023	67085164
ROADS BRIDGES AND CULVERTS	56180131			56180131	45748983	1594339		47341322	8838809	10433148
VEHICLES	109547557	16179237		125726854	55464564	6082920		62547484	63179370	53082993
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	13612381589	18654101		13631335690	5164542713	285838884		5450381597	8180954093	8447838876
TOTAL										

	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
GROSS BLOCK OF FIXED ASSETS	13631335690	13612381589
LESS : ACC.DEPRECIATION	5450381597	5164542713
NET VALUE OF FIXED ASSETS	8180954093	8447838876
ADD : C.W.I.P.A/C CODE 11	13311008129	11469915259
TOTAL	21491962222	19917754135

KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET (Contd....)

SCHEDULE - F

INVESTMENTS

Investment for Pension / PF

CURRENT YEAR

40,000,000

PREVIOUS YEAR

20,000,000

SCHEDULE - G

CURRENT ASSETS

1.	Inventory :	592,945,132	629,819,928
a.	Stores, Tools & Spares	59,817,087	58,629,315
b.	Consumables	470,342	470,342
c.	Others		
		653,232,561	688,919,585
2.	Sundry Debtors :		
a.	Consumers		
	i. Local bodies dues - water & maintenance charges	2,427,729,350	1,827,348,028
	ii. Domestic, Non-domestic & Industrial dues	1,601,241,643	1,384,909,845
b.	LIC Loan repayment due from Local Bodies	176,143,755	176,143,755
c.	Others	4,196,628	4,227,828
		4,209,311,376	3,392,629,256
3.	Cash & Bank Balances :		
a.	Bank & Treasury balances	1,363,503,853	1,062,496,298
b.	Cheques & Bills in transit	603,277	618,476
c.	Cash on hand	9,759,728	16,464,513
		1,373,866,858	1,079,579,287
4.	Other Current Assets :		
	Inter office & other suspense account balances	(188,364,088)	(173,602,196)
		(188,364,088)	(173,602,196)
		6,048,046,707	4,987,525,932

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KERALA WATER AUTHORITY

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

SCHEDULE - H

	CURRENT YEAR	PREVIOUS YEAR
CURRENT LIABILITIES & PROVISIONS		
1. Current Liabilities		
a. Sundry Creditors :		
i. Payment to employees	86,036,190	78,742,476
ii. For expenses	1,529,040,981	752,450,885
iii. For contractors/suppliers	19,083,876	10,456,027
b. Statutory employees deductions :		
i. General provident fund	838,096,203	742,621,673
ii. NMR PF	48,561,655	44,776,439
iii. Others	1,492,525	2,345,079
c. Sales-tax collections	10,340,934	(1,892,840)
d. Tax deducted at source	5,855,788	7,746,790
e. Other current liabilities	42,502,738	42,706,990
f. Interest accrued on loans	65,945,783	63,027,035
g. House rent deductions	(1,097,120)	(1,175,635)
	2,645,859,553	1,741,804,919
2. Control account balances	(12,631,233)	(8,543,712)
	2,633,228,320	1,733,261,207

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KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET (Contd....)

SCHEDULE - I

CURRENT YEAR

PREVIOUS YEAR

LOANS & ADVANCES

	84,199,748	102,681,836
1. Loans & advances to employees	6,869,742	7,642,777
2. Advances for expenses	235,612,264	182,727,476
3. Advances to suppliers / contractors	877,983,625	836,900,825
4. Advance to District Collectors	36,525,750	36,525,750
5. Advance to Director of Municipal Admn	39,497,200	39,497,200
6. Advance to Director of Panchayats	36,000,000	36,000,000
7. Advances to KUDP	4,306,667	
8. Revolving fund to Local Bodies	4,629,573	4,114,153
9. Advances - Others	14,831,839	12,791,067
10. Claims recoverable	25,819,317	20,894,863
11. Contribution Deposit - KSEB	24,843,977	24,405,625
12. Consumer Deposit - KSEB	2,642,789	916,762
13. Deposit with PWD	5,722,968	5,668,843
14. Deposit with others	9,845,016	9,845,016
15. Advances for capital expenditure		
	1,409,330,475	1,320,611,996
	1,409,330,475	1,320,611,996

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KERALA WATER AUTHORITY

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

SCHEDULE - J

	CURRENT YEAR	PREVIOUS YEAR
MISC EXPENDITURE NOT WRITTEN OFF	-	-

SCHEDULE - K

ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME

Balance as on last year	10,120,959,389	8,323,116,922
Add Current years excess of expenditure over income	981,015,334	1,797,842,467
	<u>11,101,974,723</u>	<u>10,120,959,389</u>

P.R Devaraj
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

V.K.Girijavallabhan
ACCOUNTS MEMBER

T.P. Mohanlal
MANAGING DIRECTOR

Place: Thiruvananthapuram
Date : 28/02/2007

KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2004

<u>SCHEDULE - L</u>	CURRENT YEAR	PREVIOUS YEAR
OPERATING INCOME - CONSUMERS		
1. Operating income - water supply	476,726,872	475,820,413
a. Domestic Consumers	416,626,006	469,714,459
b. Nondomestic Consumers	101,233,829	41,558,324
c. Industrial Consumers	<u>994,586,707</u>	<u>987,093,196</u>
2. Operating income - Sewerage	124,050	278,898
a. Domestic Consumers	6,444,443	10,330,339
b. Nondomestic Consumers	<u>6,568,493</u>	<u>10,609,237</u>
3. Income from local bodies	443,835,296	354,540,596
	<u><u>1,444,990,496</u></u>	<u><u>1,352,243,029</u></u>

SCHEDULE - M

OPERATING INCOME - OTHERS

1. Centage charges	2,800,897	577,757
2. Storage charges	51,985	35,124
3. Supervision charges	1,620,377	1,456,629
4. Miscellaneous recoveries	245,168	110,351
	<u>4,718,427</u>	<u>2,179,861</u>

SCHEDULE - N

INTEREST INCOME

1. Interest on loans & advances	1,239,589	1,425,738
2. Interest on deposits	866,839	2,418,662
	<u>2,106,428</u>	<u>3,844,400</u>

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KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT (Contd...)

SCHEDULE - O

OTHER NON-OPERATING INCOME

		CURRENT YEAR	PREVIOUS YEAR
1.	Income as recoveries	568,902,469	503,083,723
2.	Claims recoverable	11,322	12,057
3.	Miscellaneous income	35,223,806	20,830,058
		604,137,597	523,925,838
		604,137,597	523,925,838

SCHEDULE - P

OPERATING & MAINTENANCE EXPENSES

1.	Consumption of Stores, Tools & Spares	40,904,269	40,897,006
2.	Consumables	22,944,116	22,368,584
3.	Power charges	992,734,254	694,124,725
4.	Insurance	57,531	197,201
5.	Other operating expenses	8,784,066	8,533,600
6.	Repairs & Maintenance of water supply	246,308,097	217,879,633
7.	Repair & Maintenance of sewerage	15,511,653	13,870,467
8.	Vehicle maintenance	15,382,015	15,249,943
		1,342,626,001	1,013,121,159
		1,342,626,001	1,013,121,159

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KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT (Contd...)

SCHEDULE - Q

	CURRENT YEAR	PREVIOUS YEAR
OFFICE EXPENSES		
1. Rent	1,983,333	1,339,022
2. Rates & Taxes	3,620,221	6,651,844
3. Postage, Telegram, Telephone & Telex	9,136,338	8,415,867
4. Printing & Stationery	7,465,256	6,227,082
5. Exhibition & Publicity	13,835,086	12,745,975
6. Training & other expenses	1,952,325	1,657,474
7. Electricity charges	9,631,246	7,724,799
8. Other office expenses	6,037,551	5,834,124
	53,661,356	50,596,187
	53,661,356	50,596,187

SCHEDULE - R

ADMINISTRATIVE EXPENSES

1. Board meeting expenses	19,270	35,243
2. Professional fees	2,376,624	1,277,432
3. Payment to auditors	4,000,000	3,900,000
4. Bank Charges	136,854	(191,486)
5. Other administrative expenses	377,401	377,763
	6,910,149	5,398,952
	6,910,149	5,398,952

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KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT (Contd...)

SCHEDULE - S

	CURRENT YEAR	PREVIOUS YEAR
ISSUES & PROJECT EXPENSES WRITTEN OFF	-	-

SCHEDULE - T

ASSETS & LOSSES WRITTEN OFF	-	-
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SCHEDULE - U

PROVISION FOR DOUBTFUL DEBTS	-	-
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SCHEDULE - V

	CURRENT YEAR	PREVIOUS YEAR
TRANSFER OF REVENUE EXPENSES TO CWIP		
Establishment Charges (Share Debit)	273,087,603	295,999,147
Interest on loan from LIC	266,685,032	253,696,435
Interest on loan from HUDCO	65,546,432	79,933,822
	605,319,067	629,629,404

SCHEDULE - W

	CURRENT YEAR	PREVIOUS YEAR
PRIOR PERIOD ADJUSTMENTS		
PPA of Depreciation		994,766,566
PPA of Consumption		(13,095,702)
PPA of Repairs & Maintenance		141,061,358
PPA of Salaries & Wages		24,044,785
PPA of Office Expenses		234,392
PPA of Income	(1,315,000)	6,694,575
	(1,315,000)	1,153,705,974

P.R Devaraj
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

V.K.Girijavallabhan
ACCOUNTS MEMBER

T.P. Mohanlal
MANAGING DIRECTOR

Place: Thiruvananthapuram
Date: 28/02/2007

KERALA WATER AUTHORITY
NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2004

I. BALANCE SHEET

1.01 CONTRIBUTION AND GRANTS

SCHEDULE A

Current year Rs.195110 Lakhs
Previous Year Rs. 180589 Lakhs

Contribution 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. (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 and (iv) all other miscellaneous grants & contributions received from other sources (Capital).

1.02 RESERVES & SURPLUS

SCHEDULE B

Current year Rs.1517 Lakhs
Previous Year Rs.1517 Lakhs

Deposits received for the deposit works up to 31st March 1994 have been transferred to "Reserve for deposit works" as envisaged in the Accounts Manual.

1.03 SECURED LOANS

SCHEDULE C

Current Year Rs 28204 Lakhs
Previous year Rs 29062 Lakhs

The secured loan represents (i) the balance of the loan availed by the local bodies and the Kerala State Rural Development Board from LIC of India prior to the formation of the Authority and the liability for repayment was transferred to the Authority (ii) the outstanding amount of the loan from LIC of India availed by the Authority (iii) the balance of loan availed by the Authority from HUDCO and (iv) the loan availed from bank. The Government had given guarantee for the above loans and no provision has been made towards guarantee commission payable.

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UNSECURED LOANS**SCHEDULE D**

1.04

Current Year Rs 149749 Lakhs
Previous year Rs 135168 Lakhs

1.04.1

Interest has been provided on loan from Government of Kerala as simple interest, on the amount outstanding at the beginning of the year up to 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.73975 Lakhs out of which Rs.8723 Lakhs relates to the interest provided for the period 2003-04.

1.04.2

As per G.O.M.S.NO.44/93/LAD dt.25-02-1993 and G.O.M.S.No.46/93/LAD dated 04-03-1994 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 L C S projects will be treated as Accountable Advances from the Govt. of Kerala.

As there was no separate release of funds from Government 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. Similar treatment is made for the amount paid to KUDP.

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

1.05 FIXED ASSETS**SCHEDULE E**

Current Year Rs 214920 Lakhs
Previous year Rs199177 Lakhs

1.05.1

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.42183 Lakhs and (ii) The additions made by the Authority since its formation, after providing for depreciation there on.

1.05.2

The fixed assets register has been prepared upto the year 1997-98 and is being updated.

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MD

SCHEDULE G

1.06 CURRENT ASSETS

Current Year Rs 60480 Lakhs
Previous year Rs 49875 Lakhs

- 1.06.1 The stock figures stated are subject to reconciliation with individual divisions.
- 1.06.2 Closing Stock is valued on FIFO basis.
- 1.06.3 The current assets include dues from local bodies on account of (i) loans availed from LIC amounting to Rs.1761 Lakhs and (ii) Water and maintenance charges due from Local Bodies amounting to Rs.14277 Lakhs for which confirmation of balances have not been obtained.
- 1.06.4 The sundry debtor's balances have not been reconciled and no provision has been made for doubtful debts.
- 1.06.5 The reconciliation of bank balances with bank statements is in progress.
- 1.06.6 The reconciliation of inter office balances is in progress.
- 1.06.7 The inter office and suspense account balances comprise of the following:
Inter office Accounts Rs. 2004.53 Lakhs (Credit) and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 1998-99 amounting to Rs.120.89 Lakhs (Debit).

1.07 CURRENT LIABILITIES

SCHEDULE H

Current Year Rs 26332 Lakhs
Previous year Rs 17333 Lakhs

- 1.07.1 The balance shown under statutory employee's deduction of GPF and NMR-PF is net of advances given to the employees under respective heads.
- 1.07.2 The GPF and NMR-PF balance had not been reconciled with individual accounts and the same is in progress.
- 1.07.3 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% per annum, for the year 2001-02, @ 9% per annum for the year 2002-03 and @ 8% pa for the year 2003-04 on the opening balance.
- 1.07.4 The liability on account of gratuity and pension to the employees is being accounted on cash basis.

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1.07.5 Control account balance of Rs.126 Lakhs (Debit) represents accumulated balances between control accounts and the concerned WIP / Stores / Sundry debtors accounts.

1.08 **LOANS AND ADVANCES**

SCHEDULE I

Current Year Rs 14093 Lakhs
Previous year Rs 13206 Lakhs

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

1.09 **ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME**

SCHEDULE J

Current Year Rs 111020 Lakhs
Previous year Rs 101209 Lakhs

The accumulated excess of expenditure over income as on 31/03/2004 is arrived at as follows –

	Rs in Lakhs
Excess of expenditure over income as on 31/03/2003 (Excluding interest on GOK Loan)	35957
Provision for GOK loan up to 31/03/2003	65252
	101209
Excess of expenditure over income for the year 2003-04 (Excluding interest on GOK Loan)	1088
Provision for GOK loan for the year 2003-04	8723
	111020

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MD

INCOME AND EXPENDITURE ACCOUNT

2.01

INTEREST

Current Year Rs 12675 Lakhs
Previous year Rs 12073 Lakhs

This amount includes interest for LIC and HUDCO loans amounting to Rs.3322 Lakhs, Rs.8720 Lakhs provided for GOK loan and Rs.630 Lakhs for others.

2.02 DEPRECIATION

Current Year Rs 2858 Lakhs
Previous year Rs 2848 Lakhs

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.

2.03 GENERAL

- 2.03.1 In order to absorb project overheads on capital works, a transfer of revenue expenditure to capital work-in-progress @ 22% for schemes on the capital expenditure have been made.
- 2.03.2 Interest on LIC & HUDCO loan have been capitalised during the year.
- 2.03.3 Previous year figures have been re-grouped / re-classified wherever necessary.

P.R.Devaraj
FINANCE MANAGER
& CHIEF ACCOUNTS OFFICER

V.K.Girijavallabhan
ACCOUNTS MEMBER

T P Mohanlal
MANAGING DIRECTOR

Thiruvananthapuram.
28/02/2007

AUDIT REPORT ON THE ACCOUNTS OF
KERALA WATER AUTHORITY
FOR THE YEAR ENDED 31 MARCH 2004

Introduction

1. The Kerala Water Authority (Authority) was established on 1 April 1984 by an ordinance to perform all the functions of erstwhile Public Health Engineering Department of Kerala State. In 1986, Kerala Water Supply and Sewerage Act (Act) came into effect for the development and regulation of water supply and also for collection and disposal of waste water.

The audit of accounts of the Authority was entrusted to the Comptroller and Auditor General of India under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for the period upto 2008-09.

The accounts of the Authority for the year 2003-04 approved on 31 August 2006 were submitted to Audit on 13 September 2006. Preliminary audit report was issued to the Authority on 3 January 2007 and the Authority forwarded replies to the preliminary report with a revised accounts on 21 March 2007. The comments on the accounts are given in the succeeding paragraphs.

2. **Comments on Accounts.**

2.1 **Balance Sheet.**

2.1.1 **Sources of Funds -Contributions and Grants (Schedule A)-Rs.1951.10 crore**

2.1.1.1 **Net value of Assets taken over – Rs 434.53 crore.**

The net value of assets and liabilities of the erstwhile Public Health Engineering Department taken over by the Authority on 1 April 1984 arrived at Rs 435.53 crore was modified as Rs.434.53 crore in 2002-03 accounts. The valuation of assets taken over by the Kerala Water Authority was not approved by Government of Kerala eventhough such approval was necessary under Section 16 (2) of the Act.

The value of assets and liabilities of the Kerala Rural Development Board (Board) taken over on 1 August 1984 was not incorporated in the accounts. The Board informed (April 2002) the Authority, that there was no liability as per provisional statement of assets and liabilities as on 1 January 1985. The acceptance of the provisional statement of assets and liabilities was not reported to the Government by the Authority as of March 2007.

The State Government, in October 1993 ordered transfer of 8.09 hectare out of 9.71 hectare of landed property of the Authority at Palarivattom (Ernakulam District) to the Greater Cochin Development Authority (GCDA) for construction of an International Stadium in lieu of an equal area of developed land at Maradu (Ernakulam District). An amount of Rs.20 crore was payable as consideration for the difference in value of land to the Authority. Although

GCDA had taken possession of the entire land (9.71 hectare) at Palarivattom, only 6.27 hectare of land at Maradu was handed over to the Authority in exchange. The Authority had not yet obtained the remaining area of land and the compensation of Rs.20 crore. The valuation of the properties mutually transferred was not done and the title deeds were not executed. As a result, the net value of fixed assets was not correctly disclosed.

2.1.2 Reserves and Surplus (Schedule B) – Rs.15.17 crore

2.1.2.1 Reserve for deposit works – Rs 15.17 crore

The amount represents deposits received for Deposit Works upto 31 March 1994, for which no details are available.

As per the provisions of the Accounts Manual of the Authority, the amount received for execution of deposit works, was to be considered as income on completion of such works, if the assets created were not handed over to the depositors. Though the Authority assured (December 2003) that the details of completed works would be collected and necessary entries made in subsequent year's accounts, no such adjustments were made in the accounts for 2003-2004.

2.1.3 Unsecured Loans (Schedule – D) – Rs.1497.49 crore

2.1.3.1 Security Deposit – Rs.20.06 crore

This does not include Rs.0.20 crore representing Security deposits received from contractors in two Divisions (Pathanamthitta and Thiruvananthapuram). The Cash and Bank balance under "Current Assets (Schedule G)" is correspondingly understated.

2.1.3.2 Earnest money Deposit – Rs.1.43 crore

This does not include Rs.0.15 crore representing Earnest Money Deposits received at Public Health (PH) Divisions at Pathanamthitta and Thiruvananthapuram, resulting in corresponding understatement of Cash and Bank balances under Current Assets (Schedule G).

2.1.4 Application of funds

2.1.4.1 Fixed Assets (Schedule E)

Gross Block	-	Rs.1363.13 crore
Less Depreciation Reserve	-	Rs.545.04 crore
Net Block	-	Rs.818.09 crore.

The Gross Block is understated by Rs.199.48 crore representing the cost of civil works, mains, networks, roads, bridges and culverts created and put to use after 1997-98 in 91 cases (Annexure I) test checked in audit, not capitalized. The balances under 'Depreciation Reserve' and 'Net Block' are correspondingly understated by Rs.14.11 crore (Annexure II) and Rs.185.37 crore respectively.

Since the Authority was not maintaining a Fixed Assets Register, the extract of register of Assets as at 31 March 2004 was not appended to the Annual Accounts. The physical verification of Fixed assets was also not conducted since the formation of the Authority in 1984. As such, the accuracy of the balances under Fixed assets and depreciation provided could not be ensured.

2.1.5 Capital works in progress – Rs.1331.10 crore

2.1.5.1 This includes Rs.3.40 crore being the cost of sixteen schemes handed over to Local bodies before 2003-04 and not written off from capital work-in-progress. (PH Divisions, Malappuram and Shoranur).

2.1.5.2 The above balance does not include Rs.4.50 lakh being final payment due to a contractor in respect of works completed before 31 March 2004. The balance under "Current Liabilities and Provisions (Schedule H)" is correspondingly understated.

2.1.6 Current Assets (Schedule G) – Rs.604.80 crore

2.1.6.1 Inventory – Rs 65.32 crore.

The balance under Stores, tools and spares include Rs.8.04 crore representing the value of materials which were declared as obsolete stock. The Authority did not dispose of these materials so far, as the approval of Government sought for in May 2002 was not received. According to Accounts Manual, the value of obsolete / damaged materials was to be charged to Revenue Account in the same period during which their value was assessed. The requirements in the Accounts Manual was not complied with by the Authority.

2.1.6.2 The above includes Rs.0.11 crore representing the value of stores items found short during physical verification, not written off (PH Divisions – Aluva, Thiruvalla and Pathanamthitta). The excess of expenditure over income (Schedule K) is correspondingly understated.

2.1.7 Sundry Debtors – Rs.420.93 crore

2.1.7.1 Consumers – Local bodies dues – water & maintenance charges – Rs.242.77 crore.

As per the statement prepared by the Revenue Monitoring Cell (RMC) of the Authority, the arrears pending collection from Panchayats, Municipalities and Corporation as on 31 March 2004 were Rs.499.86 crore; whereas, as per the balance sheet, the corresponding figures were Rs.247.05 crore as detailed below.

Sl.No.	Local Body	(Rupees in Crore)		
		Dues as per statement of Revenue Monitoring Cell	Dues as per accounts	Difference
1.	Panchayat	220.94	109.47	111.47
2.	Municipality	168.87	74.60	94.27
3.	Corporation	110.05	62.98	47.07
	Total	499.86	247.05	252.81

The difference of Rs.252.81 crore stands unreconciled.

2.1.8 Cash and Bank Balances – Rs.137.39 crore

2.1.8.1 The Cash and Bank balances in the accounts of Head office and that in the units were not reconciled and the accumulated difference as on 31 March 2004 included under 'Other current assets - Inter office and other suspense account balances' was Rs 1.21 crore (debit).

2.1.9 Other Current Assets - Inter-office and other suspense account balances – Rs.18.84 crore (credit).

2.1.9.1 The accumulated debit balances under 'Inter office account – Materials' as on 31 March 2004 was Rs 24.48 crore. Despite the effort of the Authority to clear the suspense account utilising the service of a consultant, the debit balance has increased by Rs.2.37 crore during 2003-04.

2.1.10 Current Liabilities and Provisions - (Schedule H) – Rs.263.32 crore

2.1.10.1 Sundry creditors for expenses – Rs.152.90 crore.

As per the audited statement of accounts of Kerala state Electricity Board (KSEB) the amount payable to KSEB as on 31 March 2004 was Rs.205.98 crore. As against this, the liability as exhibited in the Annual Accounts of the Authority was only Rs.152.90 crore. This has resulted in short provision of this liability by Rs.53.08 crore, with corresponding understatement of Excess of expenditure over income.

2.1.10.2 Sales Tax Collection – Rs.1.03 crore

This does not include Rs.1.43 crore being the additional commitment due to non-issue of 'C' form towards entry tax / sales tax for purchase of materials from outside the State. The balance under excess of Accumulated Expenditure over Income (Schedule K) is correspondingly understated.

2.1.10.3 Other Current Liabilities – Rs.4.25 crore

The amount of water cess payable to Kerala State Pollution Control Board as per the rates prescribed under Water (Prevention and Control of Pollution) Cess Act 1977 for the period April 1984 to March 2004 is Rs.18.33 crore. The payment made on this account upto March 2004 is Rs.3.19 crore. Since no provision for the balance amount was made in the accounts, the above head is understated by Rs.15.14 crore with a corresponding understatement of balance under Accumulated Excess of Expenditure over Income (Schedule K).

2.1.11 Loans and Advances – (Schedule I) - Rs.140.93 crore.

2.1.11.1 Advance to suppliers/Contractors – Rs.23.56 crore

This includes Rs.0.39 crore representing advances made to Suppliers for supply of steel, cement etc. Since the materials supplied are used for various works, these amounts should have been written off to various works. This has resulted in corresponding overstatement of the balances under Fixed Assets / Capital Works in Progress.

2.2 Income and Expenditure Account

2.2.1 Operating Income – Others (Schedule – M) – Rs.0.47 crore

2.2.1.1 Centage charges – Rs.0.28 crore

The Authority decided (March 2002) to collect centage charges @ 12.5% on all deposit works executed by the Authority on behalf of local bodies and Government agencies. Scrutiny of deposit works undertaken in twelve Divisions test checked in audit during 2003-2004 revealed that even though deposit amount to the tune of Rs.13.37 crore was collected by these Divisions, the corresponding centage charges at the prescribed rate amounting to Rs.1.67 crore was not realised (Annexure III). This has resulted in understatement of income by Rs.1.67 crore with corresponding overstatement of Expenditure over Income (Schedule K).

2.2.2 Other Non-operating Income – (Schedule O) – Rs.60.41 crore

2.2.2.1 Miscellaneous Income – Rs.3.52 crore

As per provisions of Kerala Public Works Account Code (Chapter 15.4) balances of deposit unclaimed for more than three completed years should be credited to revenue as lapsed deposit. Scrutiny of Security Deposit and Earnest Money Deposit Registers of eleven Divisions test checked in audit revealed that time barred securities relating to the period upto 1999-2000 which should have been accounted as income for 2003-04 amounted to Rs.0.11 crore were kept in the Divisions without any action (Annexure - IV). This has resulted in understatement of balance under the above head with corresponding overstatement of balance under unsecured loans (Schedule D) by Rs.0.11 crore.

2.2.3 Prior Period Adjustment (Schedule W) – Rs.0.13 crore (Credit)

- 2.2.3.1** Scrutiny of Security Deposit and EMD Registers of eleven Divisions test checked in audit revealed that time barred securities which were to be accounted as income in the accounts of the Authority for the year up to 2002-03 amounted to Rs.0.36 crore were kept in the Divisions without any action (Annexure - V). The balance under the above head is therefore understated by Rs.0.36 crore with corresponding overstatement under unsecured loans (Schedule D).

2.3 Notes to Accounts

- 2.3.1** Refer item 1.04.01 of the Notes on accounts wherein it was disclosed that penal interest on loan from Government of Kerala has not been provided. The amount of penal interest not so provided as per the books of Accountant General (A & E), Kerala as at 31 March 2004 was Rs.93.50 crore.

The following facts about "Unsecured Loans (Schedule D)" balances also should have been disclosed in the "Notes".

- (a) The total of the balances under loan from Government of Kerala and advances from Government of Kerala as at 31 March 2004 as per the books of Accountant General (A & E), Kerala was Rs.589.80 crore as against Rs.587.25 crore shown in the accounts resulting in understatement of the above balance by Rs.2.55 crore.
- (b) The interest accrued on loan from Government of Kerala as at 31 March 2004 as per the books of Accountant General (A & E), Kerala was Rs.801.55 crore against Rs.739.75 crore, provided in the accounts resulting in short provision of interest by Rs.61.80 crore.

- 2.3.2** Refer to item no. 1.07.04 of the "Notes on Accounts" wherein it was stated that the liability on account of gratuity and pension payable to employees was being accounted on cash basis. This was not in conformity with the requirement of the Accounting Standard – 15 in terms of which the accruing liability on account of retirement benefits should be calculated and provided for according to actuarial valuation.

2.4 General

- 2.4.1** The value of capital assets and spares donated by United Nations International Children's Emergency Fund (UNICEF)/ Danish International Development Agency (DANIDA) since 1988-89 was not ascertained and incorporated in the accounts even after several years, despite repeated comments in this regard on Annual Accounts.
- 2.4.2** Accounts Manual framed under Regulation 65(f) of the Act required that the accounts should contain the quantitative details such as quantity of clear water produced and sold to domestic and non-domestic consumers, local bodies, industrial consumers etc. But this requirement was not complied with, despite the comments in the previous Audit Reports.

2.4.3 Section 23 of the Act envisaged that the Authority shall not, as far as possible and after taking credit of any grants, subventions or capital contributions or loans from the Government under Section 24 of the Act, carry out its operations at a loss and shall so fix and adjust its rates of taxes and charges, as to enable it to meet as far as possible, the cost of its operation, maintenance and debt service and where practicable to achieve an economic return on its fixed assets. However, the Authority had not obtained economic return on its investment on fixed assets and recovered cost of operations.

2.5 **Impact of audit comments in the Balance Sheet and Income and Expenditure Account**
The net impact of the comments given in the preceding paragraphs is that the assets and liabilities as at 31 March 2004 were understated by Rs.188.33 crore and Rs.83.69 crore respectively and excess of expenditure over income in the Income and Expenditure Account was understated by Rs.77.33 crore.

14.08.2007.
Thiruvananthapuram.

Principal Accountant General (Audit)
Kerala, Thiruvananthapuram

ANNEXURE I

DETAILS OF SCHEMES COMMISSIONED BUT INCLUDED IN IN FIXED ASSETS

(Refer to Para No. 2.1.4.1)

Sl.No.	Name of Scheme	Programme	Date of commissioning	Total expenditure incurred Rs. in lakh.
1.	WSS to Arakuzha Palakuzha	ARP/LIC	1997-98	90.51
2.	WSS to Kottakkal Parappur	ARP/LIC	-do-	167.76
3.	WSS to Elemba	ARP/LIC	-do-	44.72
4.	RWSS to Mooppainadu	ARP/LIC	-do-	48.30
5.	RWSS to Purakkad	ARP	1998-99	13.03
6.	ARWSS to Panavally	-do-	-do-	37.93
7.	ARWSS to Vathikady	-do-	-do-	155.09
8.	ARWSS to Kudayathur	-do-	-do-	85.39
9.	ARWSS to Vizhinjam	-do-	-do-	81.94
10.	ARWSS to Pathiyoor, Keerikad	-do-	-do-	119.54
11.	ARWSS to Mithurmala	-do-	-do-	59.80
12.	ARWSS to Velam	-do-	-do-	97.00
13.	ARWSS to Cheruvancherry	-do-	-do-	56.92
14.	ARWSS to Mangattidom	-do-	-do-	163.99
15.	ARWSS to Purameri	ARP/LIC	-do-	145.00
16.	ARWSS to Thiruvallur	ARP	-do-	353.00
17.	RWSS to Chakittapara	LIC	-do-	133.62
18.	ARWSS to Kilannur	-do-	-do-	80.16
19.	ARWSS to Puliyanur	-do-	-do-	26.89
20.	RWSS to Thodiyoor	-do-	-do-	67.98
21.	ARWSS to Maniyoor, Palayad	-do-	-do-	168.00
22.	ARWSS to Chelambra	-do-	-do-	67.08
23.	ARWSS to Kuttippalam, Thekkedesham	ARP	-do-	39.25
24.	WSS to Vengoor East and West	-do-	-do-	269.88
25.	RWSS to Thenmala	-do-	-do-	175.14

26.	RWSS to Chittira and adjoining villages	WB	-do-	830.93
27.	CWSS to Perumbavoor Municipality, Rayamangalam and Vengola Panchayats LIC/Urban/Plan	-do-	678.77	
28.	ARWSS to Kottamkara	ARP/LIC	-do-	233.35
29.	ARWSS to Ongallur- Vallapuzha	-do-	-do-	99.95
30.	ARWSS to Ezhuvanthuruthy & adjoining Panchayats	-do-	-do-	389.21
31.	UWSS to Ponnani	LIC/Urban/Plan	-do-	473.32
32.	Aug. of WSS to Irinjalakkuda Municipality	HUDCO/LIC	-do-	396.00
33.	UWSS to Malappuram	LIC/Urban/Plan	-do-	549.64
34.	UWSS to Manjeri	LIC/Urban/Plan	-do-	847.65
35.	ARWSS to Ambalavayal	LIC	-do-	94.31
36.	RWSS to Nenmeni	-do-	-do-	144.22
37.	Aug. of WSS to Thiruvalla and Changanassery Municipalities	LIC/HUDCO	-do-	2300.00
38.	RWSS to Mararikulam	LIC	-do-	62.90
39.	RWSS to Karumady	ARP	1999-00	24.36
40.	RWSS to Cheruthana	-do-	-do-	19.00
41.	RWSS to Pattanakad	LIC	-do-	59.18
42.	RWSS to Cherthala South	-do-	-do-	69.18
43.	ARWSS to Thamarakulam	ARP	-do-	53.23
44.	ARWSS to Chengamanadu, Nedumbassery	-do-	-do-	358.05
45.	RWSS to Kottappady	LIC	-do-	158.13

Resident Audit Officer
Kerala Water Authority

ANNEXURE - II

STATEMENT OF CALCULATION OF DEPRECIATION RELATING TO SCHEMES COMMISSIONED DURING 1997-98 TO 2003-04 BUT NOT CAPITALISED (Refer to Para No.2.1.4.1)

Year of Commissioning	Total cost incurred (Rs. in lakhs)	Depreciation @ 1.5% per annum (Rs. in lakhs)		Total (Rs. in Lakhs)
		Prior Period ie. upto 2002-03	2003 - 04	
2003-2004	69.30	-	1.04	1.04
2002-2003	1457.09	21.86	21.86	43.72
2001-2002	5120.04	153.60	76.80	230.40
2000-2001	972.12	43.75	14.58	58.33
1999-2000	<u>2480.90</u>	148.85	37.21	186.06
1998-1999	9496.88	712.27	142.45	854.72
1997-1998	351.29	31.62	5.27	36.89
Total	19947.62	1111.95	299.21	1411.16

Resident Audit Officer,
Kerala Water Authority

ANNEXURE III

Non provision/short provision of income in Trial Balance

6511-Centage charge on Deposit Works

(Refer to Para No. 2.2.1.1)

Sl. No.	Name of Division	No. of deposit works undertaken during 2003-04	Deposit Amount (Rs)	Centage charge @ 12.5% (Rs)	Figure in Trial Balance under 6511-Centage Charges (Rs)	Short provision of income (Rs)
1.	PH Division, Palakkad	70	26670000	3333750	1896	3331854
2.	PH Division, Shornur	65	25509000	3188625	Nil	3188625
3.	PH Division, Malappuram	36	10965000	1370625	1250	1368375
4.	PH Division, Aluva	11	3323600	415450	Nil	415450
5.	PH Division, Kochi	48	6349652	793707	Nil	793707
6.	PH Division, Muvattupuzha	16	8311827	1038978	Nil	1038978
7.	PH Sub Division, Muvattupuzha	10	1119595	139949	Nil	139949
8.	PH Division, Thiruvalla	-	7319503	914938	Nil	914938
9.	PH Division, Pathanamthitta	7	1272498	159062	Nil	159062
10.	WS Division, Kollam	44	35355717	4419465	Nil	4419465
11.	WS Division, Neyyattinkara	29	6943423	867928	Nil	867928
12.	WS Division, Attingal	4	560452	70057	Nil	70057
	Total	340	133700267	16712534	3146	16709388

Resident Audit Officer,
Kerala Water Authority

ANNEXURE IV

Time barred securities – Income accrued during 2003-04 but not credited
(Refer to Para No. 2.2.2.1.)

Sl.No.	Name of Division	No. of time barred securities	Amount of securities Rs.
1	WS Division, Attingal	21	211100
2	PH Division, Palakkad	29	119900
3	PH Division, Shornur	24	134316
4	PH Division, Malappuram	60	319426
5	PH Division, Aluva	3	3000
6	PH Division, Kochi	11 (security deposits only)	85300
7	PH Division, Thiruvalla	19	100800
8	PH Division, Pathanamthitta	7	35350
9	WS Division, Kollam	8	22150
10	WS Division, Neyyattinkara	10 (Security deposits only)	26050
11	PH Division, Thiruvananthapuram (Security deposits only)	14	44050
	Total	206	1101442

Resident Audit Officer,
Kerala Water Authority

ANNEXURE V

Time barred securities - Income accrued during the period prior to 2003-2004 but not credited
(Refer to Para No. 2.2.3.1.)

Sl.No.	Name of Division	No. of time barred securities	Amount of securities Rs.
1	PH Division, Palakkad	117	374548
2	PH Division, Shornur	95	350316
3	PH Division, Malappuram	141	780669
4	PH Division, Aluva	128	315897
5	PH Division, Kochi	152 (security deposits only)	575176
6	PH Division, Thiruvalla	77	448555
7	PH Division, Pathanamthitta	111	426820
8	WS Division, Kollam	40	182000
9	WS Division, Neyyattinkara (Security deposits only)	15	61075
10	PH Division, Thiruvananthapuram	40 (Security deposits only)	117450
	Total	916	3632506

**Resident Audit Officer,
Kerala Water Authority**

KERALA WATER AUTHORITY

REPLY TO THE AUDIT REPORT ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE YEAR 2003-04

1. Introduction:

No remarks.

2. Comments on Accounts:

2.1 Balance Sheet

2.1.1 Source of Funds – Contributions and Grants – Schedule A – Rs.1951.10 Crores

2.1.1.1 Net Value of Assets taken over - Rs.434.56 Crore

The Net Value of Assets and Liabilities of the erstwhile (PHED) taken over as on 01-04-1984 has been valued and sent to the Government for approval. The approval of the Government is awaited.

The assets & liabilities of KSRDB taken over by KWA was evaluated along with the net value of assets of the erstwhile PHED. KSRDB has intimated that the balance amount with them out of the loan from LIC was utilized for the repayment to LIC and no amount is due to KWA. The acceptance of the provisional statement of assets and liabilities shall be reported to government shortly.

The land of KWA at Palarivattom in Ernakulam District 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 G.O. 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 matter is pending with Government.

2.1.2 Reserve and Surplus: (Schedule B) – Rs. 15.17 Crore

2.1.2.1 Reserve for deposit works – Rs.15.17 Crore

The amount shown under Reserve for deposit works represent the amount deposited by local bodies, PWD and others for implementing W.S.Schemes, replacement of pipeline etc. The entire balance of Rs.15.17 crore in the deposit works accounts as on 31-3-94 was transferred to Reserve accounts, as those amounts should have been utilized for the works. Deposit Registers are now maintained in the division. The details of completed works will be collected and transfer entries will be made based on the details collected.

2.1.3 Unsecured Loan (Schedule – D) – Rs.1497.49 Crores

2.1.3.1 Security Deposit – Rs.20.06 Crores.

Security deposit received in the from of DD and Bank Guarantee are not entered in the cash / bank books. They are however entered in the Security Deposit register. Hence these amounts are not reflected in the General Ledger and Trial Balance. Instructions shall be issued to remit the security deposits collected into KWA account.

2.1.3.2 Earnest money Deposit – Rs.1.43 Crores.

Earnest money deposit received in the form of DD and Bank Guarantees are not entered in the cash / bank books. They are however entered in the Earnest money deposit register. Hence these amounts are not reflected in the General Ledger and Trial Balance. Instructions shall be issued to remit the security deposits collected into KWA account.

2.1.4 Application of funds

2.1.4.1 Fixed Assets (Schedule E)

Gross Block	-	Rs.1363.13 Crore
Less : Depreciation Reserve	-	Rs.545.04 Crores
Net Block	-	Rs.818.09 Crores

2.1.4.1.1 A consultant had been appointed for updating the Fixed Asset Register from 1998-99 to 2004-05. Their work is in progress. Entries for depreciation, transfer from capital work in progress to Fixed Assets

No physical verification of the fixed assets of the Authority was done, as the same would be very cumbersome and expensive. However, Office Equipments, Furniture & Fixtures, Computers etc. are physically verified from time to time.

2.1.5 Capital work-in Progress: Rs. 1331.10 crore

2.1.5.1 Details of schemes handed over is being collected with full details pertaining to the year of commissioning, cost, depreciation provided etc. On receiving the same, necessary entries will be made in the books of accounts.

2.1.5.2 KWA is not making entries for such liabilities. Entries are made in accounts only when payment is affected.

2.1.6 Current Assets (Schedule G) – Rs. 604.80 Crore

2.1.6.1 Current Assets – Inventory – Rs.65.32 Crore

The Board of KWA had decided to dispose off the dead stock by selling it to SILK (a Govt. undertaking). Approval of the Government is sought vide letter No.KWA/JB/SP/3892/2002 dt.18-5-02 for disposing the dead stock. The approval from Government is awaited.

2.1.6.2. The Accounting entries will be effected after finalizing the shortage and fixing the liabilities. For many cases the stores in charge dispute the shortage for reasons that the store ledger was not updated etc. and there is delay in finalizing the shortage. We are also taking steps to expedite such cases where shortage of stock was reported.

2.1.7 Sundry Debtors – Rs. 420.93 Crore

2.1.7.1. Consumers – Local Bodies Dues – Water & Maintenance charges – Rs.242.77 Crore.

Accounts have been prepared based on the DCB statement prepared by the Divisions. RMC is however reworking the fines and penalties local body wise and details are submitted to the Divisions for verifying the correctness. On confirming the same, necessary entries will be made in the accounts.

Moreover, it is expected that Government will be reducing the penal interest rates for settling the arrears as on 31/03/2004.

- 2.1.8. Cash and Bank Balances - Rs. 137.39 Crore
- 2.1.8.1. Action will be taken to locate the difference of Rs.1.21 Crore in the suspense accounts, which is mostly carried over from 1987-88.
- 2.1.9. Other Current Assets – Inter-office and other suspense account balances – Rs.18.84 Crore (Credit)
- A consultant had been appointed to analysis inter office materials account and clear the balance from 1998-99 to 2004-05. Their work is in progress.
- 2.1.10. Current Liabilities and Provisions - (Schedule H) – Rs.263.32 Crore
- 2.1.10.1. Sundry creditors for expenses – Rs.152.90 Crore.
- Entries are made based on the bills of KSEB received in the divisions of KWA. The statement of the same had been submitted to the Audit. Separate action being taken to reconcile the amount with KSEB accounts.
- 2.1.10.2 Sales Tax Collection – Rs.1.03 crore
- The additional commitment due to the non-issue of c-forms is being accounted on cash basis after ascertaining the liability on case to case basis.
- 2.1.10.3 Other current liabilities – Rs.4.25 Crore
- The assessment made by Kerala State Pollution Control Board was under dispute. Based on the orders of the Appellate Authority, revised returns have been submitted. Final orders on the same are awaited.
- 2.1.11 Loans and Advances – Schedule I - Rs.140.93 crore.
- 2.1.11.1 Advances to Suppliers / Contractors - Rs.23.56 crore.
- Necessary correction will be made on receiving the report from the consultant who has been appointed to analyze advances, stock and work accounts.
- 2.2 Income & Expenditure Account
- 2.2.1 Operating Income – Others – Schedule M – Rs.0.47 Crore
- 2.2.1.1 Centage Charge – Rs.0.28 Crore.
- There are different types of works like extension of pipe line, Rehabilitation of old pipes, and source maintained by KWA etc for which lower rates or nil rates of centage charges is collected considering the special nature of the work. However, KWA has already issued strict instructions to the offices to raise the centage charges and deduct the same from the deposit amount and remit to the HO.
- 2.2.2 Other non-operative income – Schedule O – Rs.60.41 Crore.
- 2.2.2.1 Miscellaneous Income Rs.3.52 Crore

The EMD/Security Deposit is retained until the work is completed, final bill settled and stipulated time of guarantee has expired. However the divisions have been instructed to study the audit observation case by case. If necessary, necessary rectification entries will be passed.

2.2.2.2 Prior Period Adjustment – Schedule W – 0.13 crores (Credit)

The EMD/Security Deposit is retained until the work is completed, final bill settled and stipulated time of guarantee has expired. However the divisions have been instructed to study the audit observation case by case. If necessary, necessary rectification entries will be passed.

2.3 Notes to accounts.

2.3.1 KWA collected details regarding the loan from Government of Kerala after the preparation of accounts. The reconciliation of the same with KWA records is in progress.

The observation of the Audit regarding the 'Notes to Accounts' is noted.

2.3.2 The gratuity and pension payments are made as per rules of the Government and the same is accounted on cash basis. This was stated in the notes to the account

2.4 General

2.4.1 Details of donated assets from UNICEF and DANIDA are being collected and the same will be incorporated in the subsequent year's account.

2.4.2 The quantitative details of water produced and sold were not furnished for want of accurate information in this regard. In the Authority held on 29/11/2003, it was decided to authorize the Managing Director to constitute a "Task Force" to ascertain the quantity of water produced sold and other related aspects. However the information is yet to be collected. Separate action is being taken to collect the same.

2.4.3 The Authority is taking steps to improve the revenue collection and also to effect more control on the expenditure. However a substantial increase in water tariff/Non Plan grant would be required to run the Authority without loss. Vide G.O dated 1-03-1993 Government had already promised 15% increase in tariff every year. But the last revision of tariff was in 1999. Proposals submitted by KWA for tariff revision from 2000 onwards are under consideration of the Government. As a result the revenue deficit of KWA has been on increase. Though specifically provided in the Act Government has not been able to fix the Non-Plan grant to mitigate this revenue deficit.

2.5 Impact of audit comments in the Balance Sheet and Income and Expenditure Accounts

No remarks.

Managing Director

Trivandrum
01/09/2007

FINANCIAL RESULTS

Income from operations for the year 2003-04 amounts to Rs. 205.59 Crores. In addition a non plan grant of Rs. 61.24 Crores was received from Government of Kerala to meet the revenue expenditure and Rs. 5.25 Crores from Government of India to meet the Operation & Maintenance of the completed Accelerated Rural Water Supply Schemes. The revenue expenditure after capitalising the share debt and interest on LIC/ HUDCO loan comes to Rs. 370.31 Crores leaving a deficit of Rs. 98.23 Crores.

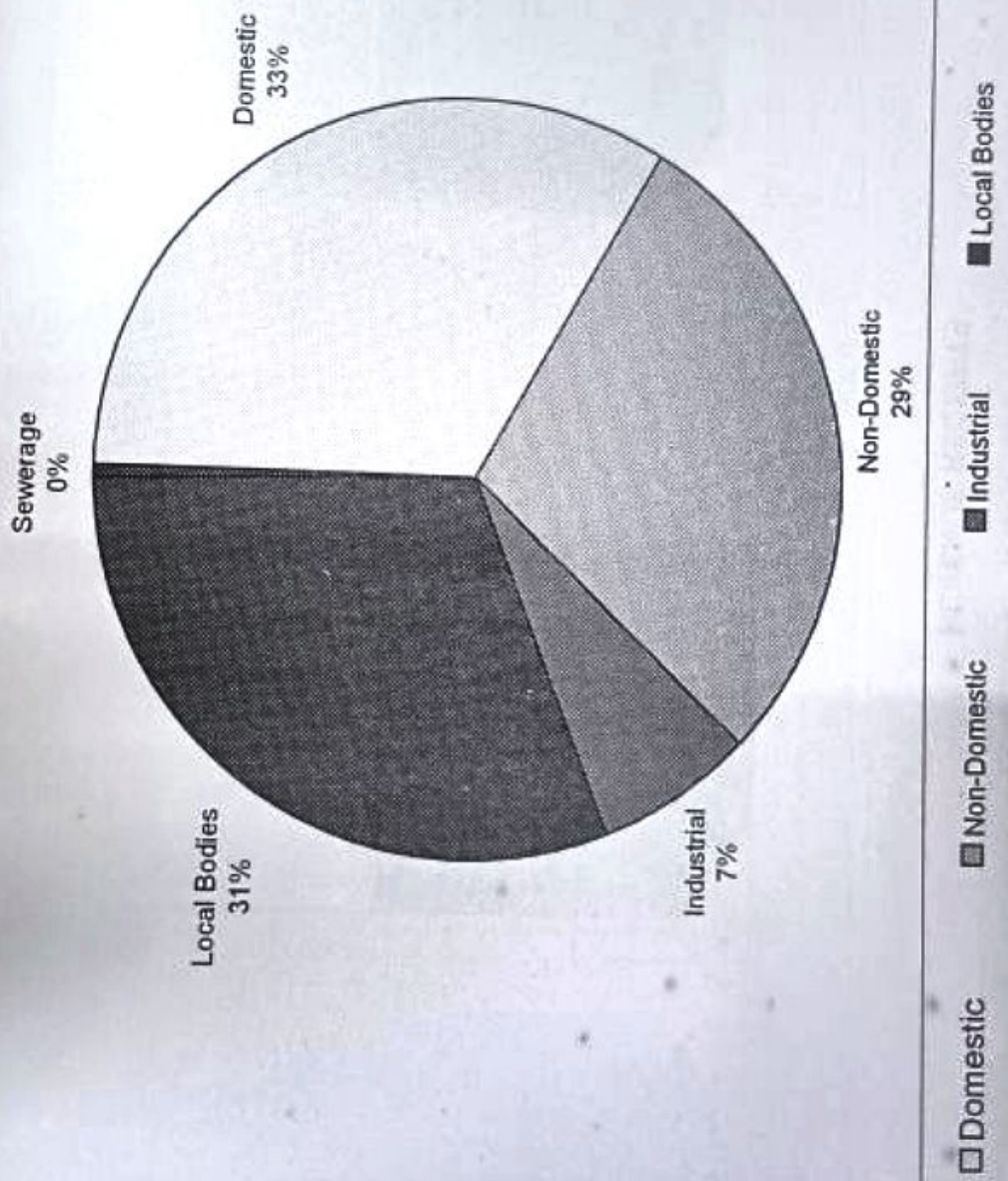
Rs in Crores

INCOME AND EXPENDITURE		
INCOME	2003-04	2002-03
Domestic	47.67	47.58
Non-Domestic	41.66	46.97
Industrial	10.12	4.16
Local Bodies	44.38	35.45
Sewerage	0.67	1.06
Other Income	61.09	53.00
	205.59	188.22
O & M Grant from GOI	5.25	2.85
Government of Kerala - Grant	61.24	61.86
	272.08	252.93
EXPENDITURE		
Operation & Maintenance	134.26	101.31
Establishment	134.30	123.33
Office Expenses	5.37	5.06
Travelling	0.89	0.85
Administrative Expenses	0.69	0.54
Interest	126.75	120.73
Depreciation	28.58	28.48
	430.84	380.30
Less : Transferred to CWIP	60.53	62.96
	370.31	317.34
DEFICIT FOR THE YEAR	98.23	64.41
Prior period adjustment	(0.13)	115.37
	98.10	179.78
SOURCE AND APPLICATION OF FUNDS		
Source of Fund	2003-04	2002-03
Capital & Reserves	1,966.27	1,821.06
Secured Loans	282.04	290.62
Unsecured loans	1,497.49	1,351.68
	3,745.80	3,463.36

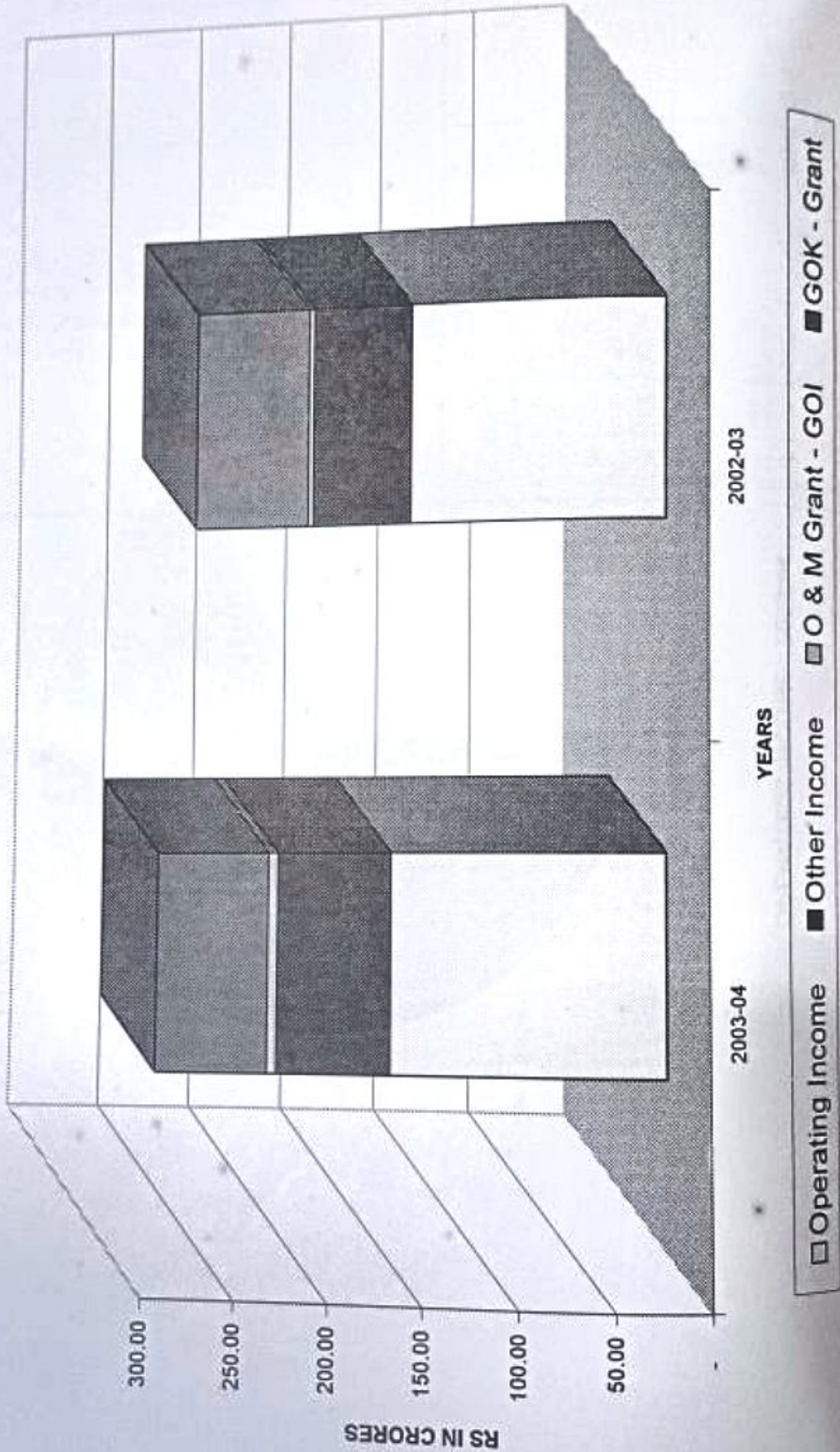
Application of funds		
Fixed Assets	2,149.19	1,991.78
Investment	4.00	2.00
Net Current Assets	341.48	325.42
Loans & Advances	140.93	132.06
Accumulated Excess of Expenditure over Income	1,110.20	1,012.10
	3,745.80	3,463.36
CAPITAL RECEIPTS		
	2003-04	2002-03
Grant from GOK	89.83	86.25
Loan from GOK	7.87	58.57
Grant from GOI	50.13	19.10
Loan from LIC of India	0.00	50.00
Loan from HUDCO	0.00	0.00
Loan from Bank	10.00	0
	157.83	213.92
CAPITAL EXPENDITURE		
	2003-04	2002-03
State Plan Schemes		
UWSS - Matching	22.87	17.00
UWSS - Others	1.27	5.05
Completion of ongoing UWSS	14.38	23.88
WSS - Medical Colleges	0.35	0.42
AUWSS - Matching	0.64	1.21
JBIC	6.89	0.14
Completion of ongoing RWSS	8.85	2.35
RWSS - Not Eligible ARP	6.68	2.74
RWSS - Matching	10.74	20.06
RWSS - Others	1.33	4.20
NC/PC - State Plan	0.02	0.25
TM - Matching	0.64	0.24
Urban - Sewerage	8.54	7.67
Other Schemes	2.24	2.93
	85.44	88.14

Centrally Sponsored Schemes		
	36.50	36.90
ARWSS	1.80	1.21
AUWSS	1.68	0.24
TM	1.13	0.43
Other Schemes		
	41.11	38.78
Outside State Plan Schemes		
	0.00	19.37
UWSS - LIC/HUDCO	0.00	8.10
RWSS - LIC	1.68	1.29
Others		
	1.68	28.76
	128.23	155.68

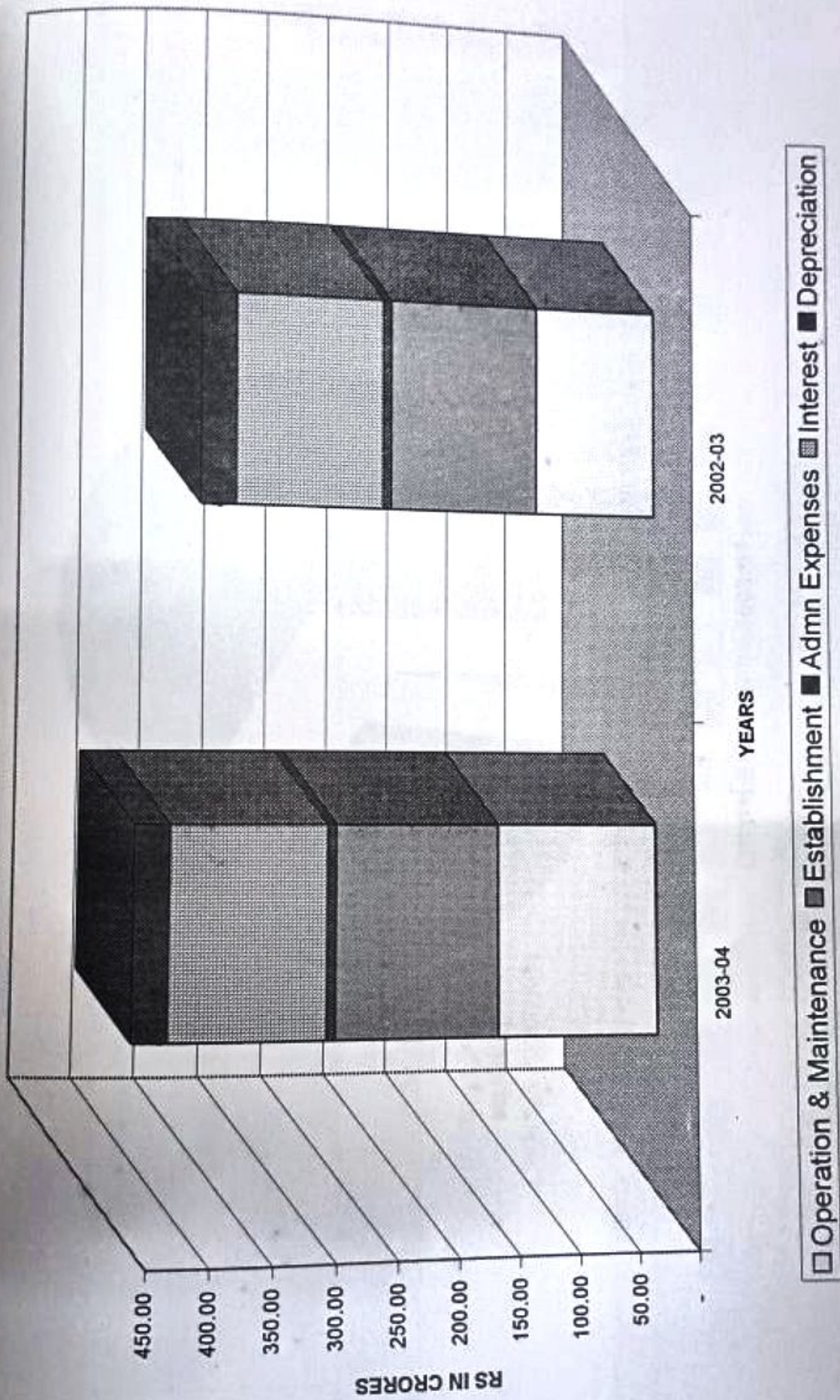
OPERATING INCOME - 2003-04



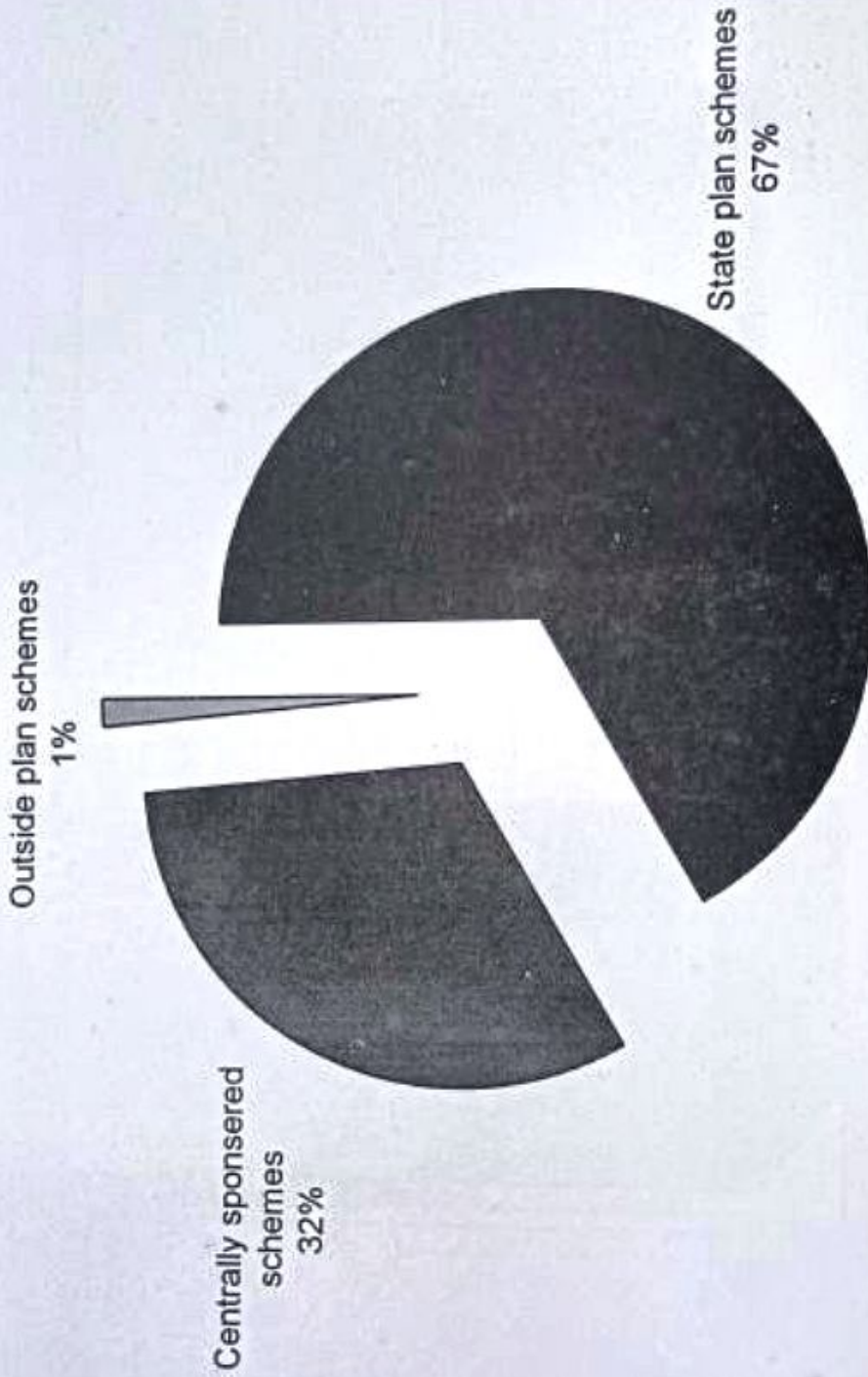
REVENUE RECEIPTS



REVENUE EXPENDITURE

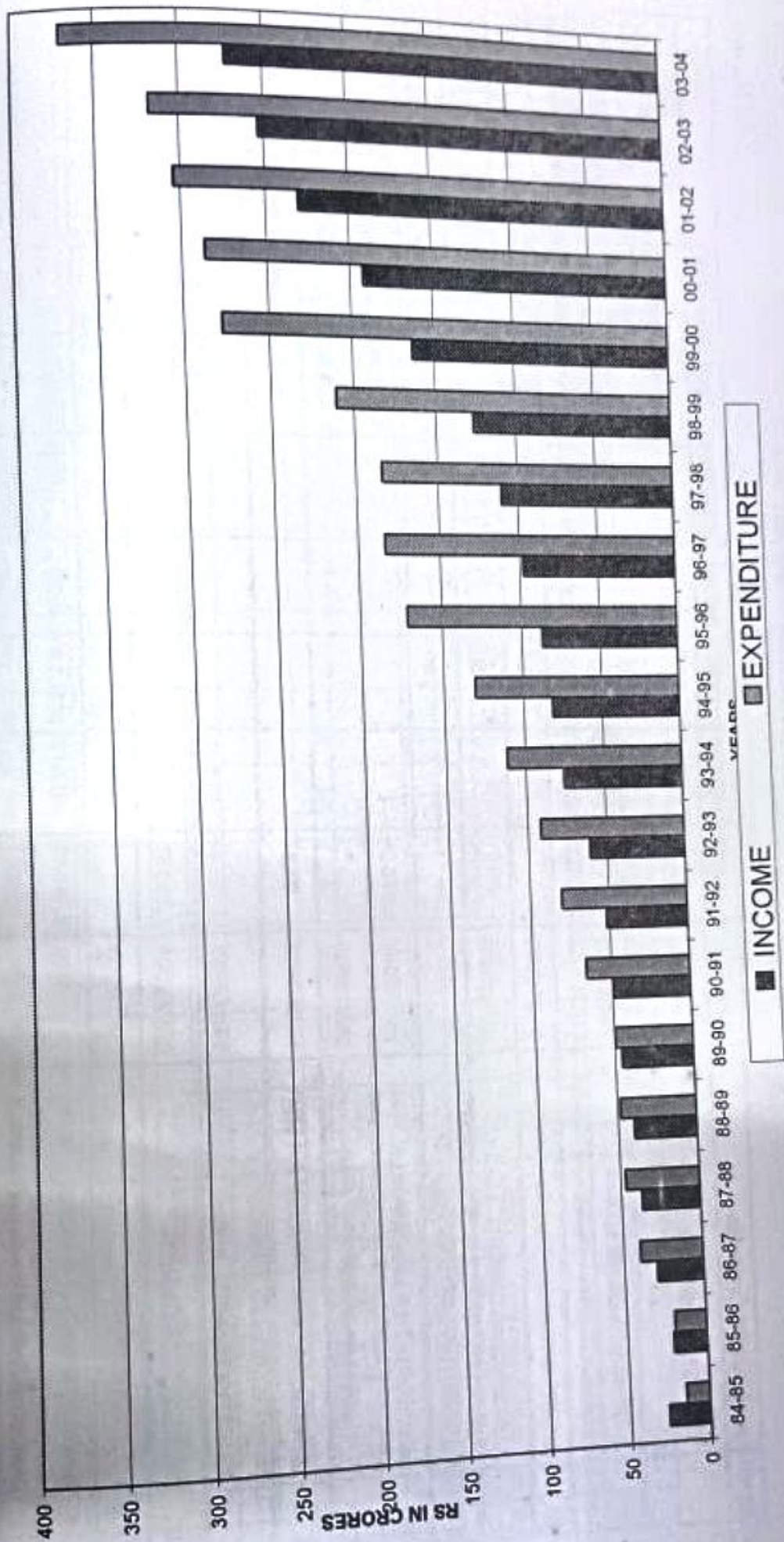


Capital Expenditure 2003-04



- State plan schemes
- Centrally sponsored schemes
- Outside plan schemes

INCOME AND EXPENDITURE 1984-85 TO 2003-04



KERALA WATER AUTHORITY
Details of Receipts from Government of India for the year 2003-04

Rs. in Lakhs

Sl No	Government Order No	Date	ARP	AUWSP	HRD	PM'SA	OTHERS	Total	Remarks	
1	W-11037/31/99/TMIII	19/01/2001	1,122.00					1,122.00	2000-01. Released through GOK during 2003-04	
2	Z-14013/2/2002-PHE 1	24/03/2003		144.50				144.50	2002-03. Released through GOK during 2003-04	
3	Q-11014/4/97-PHII	04/04/2003			1.14			1.14	PHE Training Programme.	
4	Z-16025/2/2002-CPHEEO	17/04/2003			3.00			3.00	Workshop-Manual on O & M*	
5	Z-16025/2/2002-CPHEEO				7.00			7.00	Workshop-Manual on O & M*	
6	W-11020/14/2003/ARWSP/TM1	23/07/2003	1,675.26					1,675.26	1st Release for 2003-04	
7	W-11020/14/2003/ARWSP/TM1	29/07/2003				405.91		405.91	PM's Announcement 1st Instalment	
8	W-11020/14/2003/ARWSP(M & I)/TM1	14/08/2003	24.87					24.87	Reimbursement of I & M Expenses	
9	Z-14013/2/2003-PHE 1	29/08/2003		268.21				268.21	Release for AUWSS for 2003-04	
10	W-11020/14/2003/ARWSP/TM1	02/09/2004	1,822.50					1,822.50	2nd Release for 2003-04	
11	J-11025/1/2004-NRCD	03/01/2004					75.00	75.00	Pampa Action Plan	
	Total		4,844.63	412.71	11.14	405.91		5,549.39		
	Orders received but funds not received.									
1	W-11019/1/2003-04/TM-1	14/03/2004						770.95	770.95	ACA-DRW
2	Q-11014/4/97-PHE-II	29/03/04			1.24			1.24	1.24	PHE Training Programme.
	Total		0.00	0.00	1.24	0.00		770.95	772.19	
	GRAND TOTAL		4,644.63	412.71	12.38	405.91		845.95	6,321.58	

KERALA WATER AUTHORITY
Details of Receipts from Government of Kerala for the year 2003-2004

Rs in Lakhs

Sl No	Government Order No	Date	WATER SUPPLY						SEWERAGE						Total	
			2215-01-190-99 Plan	2215-01-190-99 Non-Plan	2215-01-800-93 Plan	2215-01-800-94 Plan	2215-01-800-97 Plan	2215-01-800-98 Plan	2215-01-800-85 Plan	2215-02-190-99 Plan	2215-02-190-99 Non-Plan	2215-02-190-99 Plan	2215-02-105-96 Plan	4701-80-800-99 Non-Plan		
1	GO (Rt) No 816 / 03 / WRD	07/01/2003	594.00	612.26	10.00	21.00	7.50	80.00	172.80	100.00	5.00	100.00	68.20	100.00	10.00	1,870.76
2	GO (Rt) No 1054 / 03 / WRD	8/20/2003	594.00	612.26	10.00	21.00	7.50	80.00	172.80	100.00	5.00	100.00	68.20	100.00	10.00	1,870.76
3	GO (Rt) No 1069 / 03 / WRD	8/21/2003													126.16	126.16
4	GO (Rt) No 1087 / 03 / WRD	8/26/2003	144.50													144.50
5	GO (Rt) No 1252 / 03 / WRD	10/8/2003	500.00													500.00
6	GO (Rt) No 1253 / 03 / WRD	10/8/2003	1,122.00													1,122.00
7	GO (Rt) No 1262 / 03 / WRD	10/8/2003	24.87													24.87
8	GO (Rt) No 1363 / 03 / WRD	11/3/2003	1,168.00	1,224.52	20.00	42.00	15.00	160.00	345.60	200.00	10.00	200.00	136.40	200.00	20.00	3,741.52
9	GO (Rt) No 1388 / 03 / WRD	11/13/2003	268.21													268.21
10	GO (Rt) No 9177 / 03 / FIN	12/2/2003	31.50													31.50
11	GO (Rt) No 1474 / 03 / WRD	12/4/2003													149.00	149.00
12	GO (Rt) No 201 / 04 / WRD	2/19/2001	1,168.00	1,224.52	20.00	42.00	15.00	160.00	345.60	200.00	10.00	200.00	136.40	200.00	20.00	3,741.52
13	GO (Rt) No 271 / 04 / WRD	2/28/2004	730.00	1,224.52	12.50	26.25	9.36	100.00	216.00	125.00	6.25	125.00	136.40	125.00	12.50	2,848.78
14	GO (Rt) No 280 / 04 / WRD	3/1/2004	1,822.50													1,822.50
15	GO (Rt) No 325 / 04 / WRD	3/15/2004	230.00	612.26	6.25	13.125	4.68	50.00	108.00	62.50	3.125	62.50	68.20	62.50	6.25	1,289.39
16	GO (Rt) No 351 / 04 / WRD	3/22/2004													110.42	110.42
TOTAL			8,377.56	5,510.34	78.75	165.375	59.04	630.00	1,360.80	787.50	39.375	787.50	613.80	787.50	78.75	19,661.89

ABSTRACT	
Plan - Grant	12,285.92
Non - Plan	6,124.14
Plan - Loan	787.50
Others	464.33
TOTAL	19,661.89