

KERALA WATER AUTHORITY



ANNUAL ACCOUNTS 2004 - 05

HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 003

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AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 2005

We have audited the attached Balance Sheet of Kerala Water Authority (Authority) as at 31 March 2005 and the Income and Expenditure Account for the year ended on that date under Section 19(3) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 29 (3) & (4) of the Kerala Water Supply and Sewerage Act, 1986. The audit has been entrusted for the period upto 2008-09. These financial statements include the accounts of 59 units. These financial statements are on these financial statements based on our audit.

2. This Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with best accounting practices, accounting standards disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc, if any, are reported through Inspection Reports/CAG's Audit Report separately.
3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
4. Based on our audit, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) The Balance Sheet and Income & Expenditure Account dealt with by this report have been drawn up in the format approved by the State Government under Section 29(1) of the Kerala Water Supply and Sewerage Act 1986.
 - (iii) In our opinion, proper books of accounts and other relevant records have been maintained by the Kerala Water Authority as required under Section 29 (1) of the Kerala Water Supply and Sewerage Act 1986 in so far as it appears from our examination of such books.
 - (iv) We further report that significant audit observations on financial statements under different heads are given below:-

A Balance Sheet.

1 Sources of Funds -Contributions and Grants – Rs.2003.58 crore (Schedule A)

1.1 Net value of Assets taken over – Rs 434.53 crore.

- (i) 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 as Rs 435.53 crore was modified to Rs.434.53 crore in the accounts of 2002-03. The valuation of assets taken over by the Kerala Water Authority was not approved by the Government of Kerala (Government) even though such approval was necessary under Section 16 (2) of the Act.

(ii) 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 has not been reported to the Government by the Authority so far.

(iii) The State Government, in October 1993 ordered transfer of 8.09 hectare out of 9.71 hectare of the 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.

1.1.2 Reserves and Surplus – Rs15.17 crore (Schedule B)

1.1.2.1 Reserve for deposit works – Rs 15.17 crore

This represents the amounts received for deposit works upto 31 March 1994, for which the details of completion of works and account adjustment entries are not available in spite of the assurance given to audit in July 2007 in this regard. Accuracy of the balance cited therefore could not be verified.

1.1.3 Unsecured Loans– Rs.1625.71 crore (Schedule – D)

1.1.3.1 Security Deposit – Rs.20.95 crore

This does not include Rs.0.08 crore representing security deposit received from contractors. The Cash and Bank balance under "Current Assets" (Schedule G) is correspondingly understated (Public Health Division, Thiruvananthapuram).

1.1.3.2 Earnest Money Deposit (EMD) – Rs.1.54 crore

This does not include Rs.0.009 crore representing EMD received from contractors. As a result, the Cash and Bank balance under Current Assets (Schedule G) is correspondingly understated (Public Health Division, Thiruvananthapuram).

1.1.4 Application of funds

1.1.4.1 Fixed Assets - Rs.790.81 crore(Schedule E)

Gross Block	-	Rs.1364.17 crore
Less Depreciation Reserve	-	Rs.573.36 crore
Net Block	-	Rs.790.81 crore.

(i) The Authority was not maintaining a Fixed Assets Register and the extract of register of Assets as at 31 March 2005 was not appended to the Annual Accounts. The physical verification of fixed assets has not been conducted since the formation of the Authority in 1984.

(ii) The Gross Block is understated by Rs.266.85 crore due to non capitalisation of the cost of civil works, mains, networks, roads, bridges and culverts created and put to use since 1997-98 in 104 cases (Annexure II) noticed in audit. The

balances under "Depreciation Reserve" and "Net Block" are correspondingly understated by Rs.18.11 crore (Annexure III) and Rs.248.74 crore respectively.

1.1.5 Current Assets – Rs. 702.87 crore (Schedule G)

1.1.5.1 Inventory – Rs 62.44 crore.

This include Rs.8.04 crore representing the value of Stores, Tools and Spares which were declared as obsolete stock for which the approval of the Government was sought for in May 2002 for disposal. The requirement in the Accounts Manual to charge the value of obsolete / damaged materials to Revenue Account in the same period during which their value was assessed, was not complied with by the Authority. The balance under "Excess of Expenditure over Income" is correspondingly understated.

1.1.5.2 Stores, Tools and Spares - Rs 56.51 crore

This includes Rs.0.085 crore representing the value of store items found short during physical verification, which were not written off. Consequently, the excess of expenditure over income (Schedule K) is correspondingly understated (Public Health Divisions, Aluva and Alappuzha).

1.1.6 Sundry Debtors – Rs.541.94 crore

1.1.6.1 Consumers (a) (i) – Local bodies dues – water & maintenance charges – Rs.352.80 crore.

The amount of the arrears pending collection from Panchayats, Municipalities and Corporation as on 31 March 2005 as per the statement prepared by the Revenue Monitoring Cell (RMC) of the Authority was Rs.377.17 crore whereas, as per the balance sheet, the corresponding figure was Rs.354.22 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	185.89	163.88	(-) 22.01
2.	Municipality	108.67	104.43	(-) 4.24
3.	Corporation	82.61	85.91	(+) 3.30
	Total	377.17	354.22	(-) 22.95

The difference of Rs.22.95 crore has not been reconciled as of date.

1.1.7 Cash and Bank Balances – Rs.120.77 crore

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 2005 under the head 'Other current assets - Inter office and other suspense account balances' was Rs. 1.12 crore (debit)

1.1.7.1 Bank & Treasury balance – Rs.120.32 crore

This does not include the cheques for Rs.0.46 crore received and entered in the work Deposit Registers/Cheque Memo Registers, in 4 divisions, but not entered in the Cash Books resulting in corresponding understatement of Unsecured Loans (Schedule D) (Public Health Divisions – Perumbavoor, Shoranur, Kottayam & Alappuzha).

1.1.8 Other Current Assets - Inter-office and other suspense account balances – Rs.22.28 crore (credit)

The accumulated debit balances under the head 'Inter office account – Materials' as on 31 March 2005 was Rs. 24.34 crore. Despite the assurance of the Authority to clear the suspense account utilising the service of a consultant, the debit balance has been reduced only by Rs.0.14 crore during the year.

1.1.9 Current Liabilities and Provisions – Rs.396.43 crore (Schedule H)

1.1.9.1 Sundry creditors for expenses – Rs.289.28 crore.

As per the audited statement of accounts of Kerala State Electricity Board (KSEB), the amount payable by the Authority to KSEB as on 31 March 2005 was Rs.333.28 crore. As against this, the liability exhibited in the Annual Accounts of the Authority was only Rs.289.28 crore. This has resulted in short provision of this liability by Rs.44.00 crore with corresponding understatement of excess of expenditure over income.

1.1.10 Other Current Liabilities - Rs.4.83 crore

The amount of water cess payable to Kerala State Pollution Control Board (KSPCB) as per the rates prescribed under Water (Prevention and Control of Pollution) Cess Act 1977 for the period from April 1984 to March 2005 was Rs.19.57 crore, whereas the payment made on this account upto March 2005 was Rs.3.29 crore. Since no provision for the balance amount was made in the accounts, the above head is understated by Rs.16.28 crore with a corresponding understatement of the balance under Accumulated Excess of Expenditure over income (Schedule K).

B Income and Expenditure Account

2 Operating Income – Others Rs.1.37 crore (Schedule M)

2.1 Centage Charges – Rs.1.23 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 other public sector undertakings. Scrutiny of deposit works undertaken in twelve Divisions test checked in audit during 2004-05, revealed that even though deposit amount to the tune of Rs.17.52 crore was collected by these divisions, the corresponding centage charges at the prescribed rate amounting to Rs.2.18 crore was not realised (Annexure IV). This has resulted in understatement of income by Rs.2.18 crore with corresponding overstatement of expenditure over income (Schedule K)

2.2 Other Non-operating income – Rs.91.08 crore (Schedule O) - Miscellaneous Income – Rs.4.17 crore

As per provisions of Kerala Public Works Account Code (Chapter 15.4), the 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 twelve divisions revealed that the time barred securities of Rs.0.52 crore relating to the period upto 2000-01 which should have been accounted as income for 2004-05 were kept in these divisions without any action (Annexure V). This has resulted in understatement of the balance under the above head with corresponding overstatement of the balance under Unsecured Loans (Schedule D) by Rs.0.52 crore.

C 2.3 Notes on Accounts for the year ended 31 March 2005

2.3.1 The Note No.1.04.1 of the Notes on Accounts disclosed that the penal interest on loan from the Government has not been provided. The amount of penal interest not so provided as per books of the Accountant General (A&E), Kerala as at 31 March 2005 was Rs.109.72 crore.

2.3.2 The total of the balances under the head loans and advances from the Government as at 31 March 2005 as per the books of the Accountant General (A&E) Kerala was Rs.596.30 crore as against Rs.593.75 crore (Schedule D) shown in the accounts, resulting in understatement of the above balance by Rs.2.55 crore.

2.3.3 The interest accrued on loan from the Government as at 31 March 2005 as per the books of the Accountant General (A&E) Kerala was Rs.895.49 crore as against Rs.827.82 crore provided in the accounts (Schedule D) resulting in short provision of interest by Rs.67.67 crore.

2.3.4 As per Note 1.07.4, the liability on account of gratuity and pension to the employees is being accounted on cash basis. But as per Accounting Standards - 15 which is mandatory with effect from 1 April 1995 onwards, liability towards gratuity should be provided on accrual basis based on actuarial valuation.

General

D
2.4 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 a lapse several years.
2.5 Accounts Manual framed under Regulation 65(f) of the Act stipulates 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 no action has been taken by the Authority despite being pointed out in the previous Audit Reports.

2.6 Section 23 of the Act envisages 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. The Authority however had not even recovered the cost of its operations.

2.7 Impact of audit comments in the Balance Sheet and Income and Expenditure Account

The net impact of the comments given in the preceding paragraph is that the assets and liabilities as at 31 March 2005 were understated by Rs.240.70 crore and Rs.77.96 crore respectively and excess of expenditure over income in the Income and Expenditure account was understated by Rs.67.89 crore.

E **Management letter:** Deficiencies which have not been included in the Audit Report have been brought to notice of the Authority through a management letter issued separately for remedial/ corrective action.

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

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure I to this Audit Report give a true and fair view in conformity with accounting principles generally accepted in India.

(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 2005 and

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

For and on behalf of the C & AG of India

Sd/-

Principal Accountant General (Audit)

Kerala, Thiruvananthapuram

Thiruvananthapuram.

25/09/2008

ANNEXURE I

1. **Adequacy of Internal Audit System**
Internal Audit is conducted by the Internal Audit Wing under the control of Member (Accounts). The Internal Audit coverage is not adequate and needs to be strengthened considering the size and nature of the Authority.
2. **Adequacy of Internal Control System**
The Internal Control System of the Authority is adequate and commensurate with the size and nature of the Authority, subject to the following
 - (i) Budgetary control system was generally weak as the allotment of funds and expenditure did not match budget provisions.
 - (ii) No proper system existed to ensure that periodical reconciliation of cash account balances with that of bank/treasury accounts was done by all units of the Authority, without fail resulting in accumulation of arrears.
 - (iii) The system existed for verification of Stores and Stock in the Authority was inadequate as shortage of stores could not be detected in time, which resulted in fixing of responsibility of shortage of stores only after several years.
 - (iv) Follow-up action for realisation of value of stores from the officials responsible for the loss was also inadequate resulting in non-realisation of value of materials found short in many cases.
 - (v) Procedure followed by the Authority for interdivisional transfer of stores was not in conformity with that prescribed in the Accounts Manual of the Authority resulting in omission in accounting of value of stores in several cases by the divisions to which they were transferred. Despite periodical inspection by the Internal Audit Wing of the Authority, the standard of maintenance of basic accounting records of stores in the units was not satisfactory.
 - (vi) Absence of a system to monitor proper maintenance of basic records for demands of water charges (viz Consumer Personal Ledger etc) led to short demand of water charges from consumers resulting in unquantified loss of revenue.
3. **System of Physical Verification of Fixed Assets**
No system of physical verification of fixed asset is existing other than office equipments, furniture and fixtures, computers etc.
4. **System of Physical Verification of Inventory**
Annual physical verification of stock is not done. However, the two stock verification sub divisions of Kerala Water Authority are carrying out periodical physical verification of inventory
5. **Regularity in payment of statutory dues**
The Authority is regular in depositing undisputed statutory dues with appropriate authorities.

Sd/-
Resident Audit Officer
Kerala Water Authority

ANNEXURE - II

**DETAILS OF SCHEMES COMMISSIONED BUT INCLUDED IN
CAPITAL WORKS IN PROGRESS
(Refer to Para 1.1.4.1 (ii))**

No	Name of Scheme	Programme	Year 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 Elamba	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 Pts.	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 & adj.Pts.	-do-	-do-	389.21
31.	UWSS to Ponnani	LIC/Urban/Plan	-do-	473.32
32.	Aug. of WSS to Irinjalakkuda Muni.	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-	
36.	RWSS to Nenmeni	-do-	-do-	94.31
37.	Aug. of WSS to Thiruvalla and Changanassery Municipalities	LIC/HUDCO	-do-	144.22
38.	RWSS to Mararikulam	LIC	-do-	2300.00
39.	RWSS to Karumady	ARP	1999-00	62.90
40.	RWSS to Cheruthana	-do-	-do-	24.36
41.	RWSS to Pattanakad	LIC	-do-	19.00
42.	RWSS to Cherthala South	-do-	-do-	59.18
43.	ARWSS to Thamarakulam	ARP	-do-	69.18
44.	ARWSS to Chengamanadu, Nedumbassery	-do-	-do-	53.23
45.	RWSS to Kottappady	LIC	-do-	358.05
46.	ARWSS to Rajakkadu and Rajamani	ARP	-do-	158.13
47.	ARWSS to Edakkad	-do-	-do-	220.40
48.	ARWSS to Chembode	-do-	-do-	89.24
49.	RWSS to Aruvikkara	LIC	-do-	62.85
50.	ARWSS to Poomangalam	ARWSP	-do-	60.59
51.	CWSS to Vadakkancheri-2 nd stage	LIC	-do-	68.22
52.	ARWSS to Kallur-Vadakkummurry	ARP/LIC	-do-	12.53
53.	UWSS to Nedumangadu	LIC/Urban/Plan	-do-	30.97
54.	RWSS to Purappuzha	ARP/LIC	-do-	764.34
55.	RWSS to Vazhikkadavu	-do-	-do-	169.26
56.	ARWSS to Muttil	-do-	-do-	67.56
57.	UWSS to Sultan Bathery & Noolpuzha	-do-	-do-	101.40
58.	WSS to Mallappally	ARP	2000-01	92.41
59.	WSS to Anicadu	ARP/LIC	-do-	108.98
60.	WSS to Pulpally, Mullankolly	-do-	-do-	145.49
61.	Aug. WSS to Kottayam	HUDCO	-do-	267.65
62.	WSS to Pallichal, Nemom and Balaramapuram			450.00
63.	WSS to Kulathummal	ARP	2001-02	156.19
64.	WSS to Enadimangalam	-do-	-do-	38.25
65.	WSS to Thumpamon	ARP/LIC	-do-	330.30
66.	WSS to Kavalam, Pulinkunnu and Neelamperoor	LIC-R	-do-	71.27
67.	WSS to Marayoor	ARP	-do-	299.55
68.	WSS to Vandiperiyar	-do-	-do-	134.23
69.	WSS to Thakarapallimedu	LIC-R	-do-	121.98
70.	WSS to Velloorkunnam	Plan	-do-	21.73
71.	WSS to Muvattupuzha	ARP	-do-	100.26
72.	WSS to Amballoor and adjoining villages	LIC/HUDCO	-do-	411.99
73.	WSS to Marady	ARP/Plan	-do-	500.50
74.	WSS to Pothundy	LIC-R	-do-	203.52
		ARP/Plan	-do-	59.83

75.	WSS to Paradoor	-do-	-do-	153.55
76.	WSS to Peruvallur	-do-	-do-	125.39
77.	WSS to Edachery	ARP	-do-	121.22
78.	WSS to Vemom-Nalloomadu	ARP/LIC	-do-	556.73
79.	WSS to Manjeshwaram	LIC-U	-do-	140.74
80.	WSS to Pallickal	ARP/LIC	-do-	73.34
81.	WSS to Karavaram, Alamcode	-do-	-do-	118.33
82.	RWSS to Nellanadu	-do-	-do-	132.95
83.	RWSS to Kalakode	-do-	-do-	53.19
84.	Aug. WSS in N.Paravoor	LIC/HUDCO	-do-	445.00
85.	WSS in Piravom	-do-	-do-	750.00
86.	WSS to Paravoor (Alappuzha)	-do-	2002-03	72.97
87.	RWSS to Muttam	-do-	-do-	435.28
88.	RWSS to Edarikode-Thennala	ARP/LIC	-do-	84.75
89.	WSS to Arattupuzha	LIC	-do-	52.22
90.	WSS to Koothattukulam	-do-	-do-	811.87
91.	RWSS to Cheppad	LIC	2003-04	69.30
92.	UWSS to Varkala	LIC/HUDCO	2004-05	828.38
93.	UWSS to Chengannur	LIC	-do-	346.06
94.	UWSS to Cherukole, Naranganam	ARP/SP	-do-	222.77
95.	WSS to Ayarkunnam, Koor oppada, Pampady	ARP/LIC/SP	-do-	533.39
96.	UWSS to Koothattukulam	LIC/HUDCO	-do-	771.72
97.	WSS to Kothukulangara South	ARP/SP	-do-	397.49
98.	WSS to Assamanoor portion of Mulavoor Assamanoor Eranallor, Thrikkariy or	ARP	-do-	384.06
99.	Augmentation of UWSS to Chalakkudy	LIC/HUDCO	-do-	914.00
100.	UWSS to Chavakkad , Kunnamkulam & Guruvayur	LIC	-do-	724.63
101.	UWSS to Shornur	LIC/Plan	-do-	568.53
102.	WSS to Kollamkod adj .Pts	ARP/LIC/SP	-do-	388.00
103.	WSS to Kozhijampara & adj. Villages	Technology Mission	-do-	581.93
104.	WSS to Vemom, Nallurnadu, Perunallur	PMGY	-do-	76.80
	Total			26685.38

Sd/-
Resident Audit Officer
Kerala Water Authority

ANNEXURE – III

STATEMENT OF CALCULATION OF DEPRECIATION RELATING TO SCHEMES COMMISSIONED DURING 1997-98 TO 2004-05 BUT NOT CAPITALISED

(Refer to Para No. 1.1.4.1 (ii))

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 2003-04	2004 - 05	
2004-05	6737.38	0	101.06	101.06
2003-04	69.30	1.04	1.04	2.08
2002-03	1457.09	43.72	21.86	65.58
2001-02	5120.04	230.40	76.80	307.2
2000-01	972.12	58.33	14.58	72.91
1999-00	2480.90	186.06	37.21	223.27
1998-99	9496.88	854.72	142.45	997.17
1997-98	351.29	36.89	5.27	42.16
Total	26685.00	1411.16	400.27	1811.43

Sd/-

**Resident Audit Officer,
Kerala Water Authority**

ANNEXURE IV

**NON-PROVISION / SHORT PROVISION OF INCOME IN TRIAL BALANCE
6511 – CENTAGE CHARGE ON DEPOSIT WORKS
(Refer to Para 2.1)**

Sl No	Name of Division	No. of deposit works undertaken during 2004-05	Amount of Deposit received (Rs)	Centage Charges collectable @ 12.5% of deposit amount (Rs)	Figures in Trial balance under Head of account 6511 Centage charges (Rs)	Short provision of income (Rs)
1	PH Division, Aluva	11	3,63,15,000	45,39,375	35	45,39,340
2	WS Division, Kochi	-	41,78,057	5,22,257	118	5,22,139
3	PH Division Perumbavoor	23	22,99,510	2,87,439	-	2,87,439
4	PH Division, Irinjakkuda	39	1,17,51,860	14,68,983	-	14,68,983
5	PH Division, Shomnur	-	1,14,76,000	14,34,500	-	14,34,500
6	PH Division, Edappal	24	16,92,000	2,11,500	13,305	1,98,195
7	PH Division, Kozhikode	15	89,23,435	11,15,429	-	11,15,429
8	PH Division, Kannur	19	12,67,084	1,58,386	1987	1,56,399
9	PH Division, Aluppuzha	25	1,67,70,610	20,96,326	-	20,96,326
10	PH Division, Kottayam	5	1,13,07,237	14,13,405	58,627	13,54,778
11	PH Division, Kollam	18	35,16,598	4,39,575	-	4,39,575
12	PH Division, Trivandrum	6	6,56,71,987	82,08,998	604	82,08,394
	Total		17,51,69,378	2,18,96,173	74,676	2,18,21,497

Sd/-

**Resident Audit Officer
Kerala Water Authority**

ANNEXURE V

TIME BARRED SECURITIES - INCOME ACCRUED UPTO MARCH 2005 BUT NOT CREDITED (Refer to Para No. 2.2)

Sl.No.	Name of the Division	No. of time barred securities	Amount (Rs.)
1.	P.H. Division, Aluva	105	3,13,885
2.	Water Supply Division, Kochi	69	2,68,807
3.	P.H. Division, Perumbavoor	114	8,00,100
4.	P.H. Division, Irinjalakkuda	68	2,20,802
5.	P.H. Division, Shornur	109	3,51,994
6.	P.H. Division, Edappal	72	3,24,343
7.	P.H. Division, Kozhikode	-	9,19,815
8.	P.H. Division, Alappuzha	25	2,52,200
9.	P.H. Division, Kottayam	41	3,19,390
10.	P.H. Division, Kollam	102	4,67,375
11.	P.H. Division, Kannur	189	7,53,455
12.	P.H. Division, Thiruvananthapuram	23	2,07,300
		Total	51,99,466

Sd/-

Resident Audit Officer,
Kerala Water Authority

KERALA WATER AUTHORITY

BALANCE SHEET AS AT 31st MARCH, 2005

SOURCES OF FUNDS	SCH REF	CURRENT YEAR	PREVIOUS YEAR
		Rs	Rs
1. Kerala Water Authority Fund			
a. Contributions & Grants	A	20,035,816,860	18,633,061,153
b. Reserves & Surplus	B	151,723,814	151,723,814
2. Kerala Water Authority Loan Fund			
a. Secured Loans	C	2,657,854,594	2,820,411,485
b. Unsecured Loans	D	16,257,147,162	14,862,882,780
TOTAL		39,102,542,430	36,468,079,232
APPLICATION OF FUNDS			
1. Fixed Assets	E		
Gross Block		13,641,688,304	13,631,335,690
Less: Depreciation Reserve		5,733,601,743	5,450,381,597
Net Block		7,908,086,561	8,180,954,093
Capital Work in Progress		15,679,959,493	13,311,008,129
		23,588,046,054	21,491,962,222
2. Investments	F	60,000,000	40,000,000
3. Net Current Assets			
a. Current Assets	G	7,028,657,255	6,048,046,707
b. Current Liabilities	H	3,964,309,214	2,633,228,320
		3,064,348,041	3,414,818,387
4. Loans & Advances	I	365,481,761	419,323,900
5. Miscellaneous Expenditure not Written-off	J	12,024,666,574	11,101,974,723
6. Accumulated Excess of Expenditure over Income	K	12,024,666,574	11,101,974,723
TOTAL		39,102,542,430	36,468,079,232

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

Sd/-

P.R.Devaraj
FINANCE MANAGER
& CHIEF ACCOUNTS OFFICER

Sd/-

V.K.Girijavallabhan
ACCOUNTS MEMBER

Sd/-

C.Suresh Babu
TECHNICAL MEMBER
I/C MANAGING DIRECTOR

Place: Thiruvananthapuram
Date : 17/12/2007

KERALA WATER AUTHORITY

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	SCH REF	CURRENT YEAR	PREVIOUS YEAR
		Rs.	Rs.
INCOME			
1. Operating Income	L	1,520,608,855	1,444,990,496
a. Consumers	M	13,696,414	4,718,427
b. Others		<u>1,534,305,269</u>	<u>1,449,708,923</u>
2. Grants & Subventions - GOK		762,115,000	612,414,000
3. O&M Grant from GOI		59,190,000	52,466,400
4. Interest Income	N	5,681,144	2,106,428
5. Other Non-Operative Income	O	910,803,789	604,137,597
		<u>3,272,095,202</u>	<u>2,720,833,348</u>
TOTAL INCOME			
EXPENDITURE			
1. Operating & Maintenance Expenses	P	1,651,900,861	1,342,626,001
2. Payment & Provision to employees		1,493,052,958	1,343,036,934
3. Office expenses	Q	52,854,697	53,661,356
4. Travelling & Conveyance Expenses		10,435,294	8,892,112
5. Administrative Expenses	R	7,355,506	6,910,149
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		333,016,490	332,231,464
b. GOK Loans		880,719,000	872,294,000
c. PF loans		<u>70,932,628</u>	<u>62,991,849</u>
		1,284,668,118	1,267,517,313
10. Depreciation	E	279,331,860	285,838,884
		<u>4,779,599,294</u>	<u>4,308,482,749</u>
11. Transferred to Capital Work-In-Progress	V	700,566,900	605,319,067
		4,079,032,394	3,703,163,682
Excess of Expenditure over Income		806,937,192	982,330,334
12. Prior Period Adjustments	W	115,754,659	(1,315,000)
Excess of Expenditure over Income after prior period adjustments		<u>922,691,851</u>	<u>981,015,334</u>

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

Sd/-
P.R.Devaraj
FINANCE MANAGER
& CHIEF ACCOUNTS OFFICER

Sd/-
V.K.Girijavallabhan
ACCOUNTS MEMBER

Sd/-
C.Suresh Babu
TECHNICAL MEMBER
I/C MANAGING DIRECTOR

Place: Thiruvananthapuram
Date: 17/12/2007

KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2005

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	12,556,285,096	11,646,069,096
3. Contribution & Grants from Government of India	3,643,931,144	3,127,271,272
4. Donated capital assets	1,801,696	1,801,696
5. Capital contribution from other sources	416,454,814	390,574,979
	<u>20,963,800,485</u>	<u>19,511,044,778</u>
6. Less : GOI grant for implementation of SC/ST WSS	927,983,625	877,983,625
	<u>20,035,816,860</u>	<u>18,633,061,153</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	2,103,339,149	2,210,296,085
2. Loan from HUDCO	424,515,445	510,115,400
3. Bank Loan	130,000,000	100,000,000
	<u>2,657,854,594</u>	<u>2,820,411,485</u>

SCHEDULE - D

UNSECURED LOANS

1. a. Loan from Govt of Kerala	5,937,501,362	5,872,501,362
Less : Amount released to :		
a. Urban L.C.S Schemes	36,525,750	36,525,750
b. Rural L.C.S Schemes	39,497,200	39,497,200
c. Kerala Urban Development Project	36,000,000	36,000,000
	<u>5,825,478,412</u>	<u>5,760,478,412</u>
b. Interest accrued on GOK Loan	8,278,187,006	7,397,468,006
3. Deposit from local bodies	206,920,865	164,110,483
4. Security Deposit	209,508,850	200,630,564
5. Earnest Money Deposit	15,363,433	14,272,243
6. Water & Sewerage Connection Deposits	15,907,186	11,487,807
7. Deposit work-water supply & sewerage	1,488,243,773	1,127,397,657
8. Other deposits	217,537,637	187,037,608
	<u>16,257,147,162</u>	<u>14,862,882,780</u>

Sd/-
FM & CAO

Sd/-
AM

Sd/-
TM (I/C) MD

SCHEDULE FORMING PART OF BALANCE SHEET (Contd....)
KERALA WATER AUTHORITY
 SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2005

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
	BALANCE AS ON 01/04/2004	ADDITIONS DURING YEAR	DELETIONS	AS ON 31/03/2005	BALANCE AS ON 01/04/2004	DEPRECIATION FOR THE YEAR	DEPRECIATION PRIOR PERIOD	DEP UPTO 31/03/2005	AS ON 31/03/2005	PREVIOUS YEAR
FREE HOLD LAND	943419458	362511		943781969					943781969	943419458
LEASE HOLD LAND										
LAND DEVELOPMENT EXPENDITURE										
CIVIL WORKS	75238384	63841		75238384	1197885797	65392337	508269	1263786403	75238384	75238384
BUILDINGS	3081082103			3081145944	190404183	9802948	52951	2002600082	1817359541	1883196306
PLANT AND MACHINERY	556383026			556383026	552293405	32038104	311807	584643316	356122944	365978843
MAINS AND NETWORKS	913237746			913237746	3331447674	161707871	2286702	3495442247	328594430	360944341
ROADS BRIDGES AND CULVERTS	7747649233			7747649233	68461732	3099574	20938	71582244	61485464	63957023
VEHICLES	132418755	648953		133067708	47341322	1513386	45300	489000008	7706423	8838809
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	56180131	426300		56606431	62547484	5777640	662319	68987443	65590420	63179370
TOTAL	125726854	8851009		134577863	5450381597	279331860	3888286	5733601743	-7908086561	8180954093
	13631335690	10352614		13641088304						

	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
GROSS BLOCK OF FIXED ASSETS	13641688304	13631335690
LESS : ACC. DEPRECIATION	5733601743	5450381597
NET VALUE OF FIXED ASSETS	7908086561	8180954093
ADD : C.W.I.P AC CODE 11	15679959493	13311008129
TOTAL	23588046054	21491962222

Sd/-
FM & CAO

Sd/-
AM

Sd/-
TM (FC) MD

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

SCHEDULE - F

INVESTMENTS

Investment for Pension / PF

CURRENT YEAR PREVIOUS YEAR

60,000,000 40,000,000

SCHEDULE - G

CURRENT ASSETS

1. Inventory :

- a. Stores, Tools & Spares
- b. Consumables
- c. Others

	565,052,534	592,945,132
	58,865,965	59,817,087
	470,342	470,342
	624,388,841	653,232,561

2. Sundry Debtors :

- a. Consumers
 - i. Local bodies dues - water & maintenance charges
 - ii. Domestic, Non-domestic & Industrial dues
- b. LIC Loan repayment due from Local Bodies
- c. Others

	3,527,983,385	2,427,729,350
	1,711,110,636	1,601,241,643
	176,143,755	176,143,755
	4,124,365	4,196,628
	5,419,362,141	4,209,311,376

3. Cash & Bank Balances :

- a. Bank & Treasury balances
- b. Cheques & Bills in transit
- c. Cash on hand

	1,203,164,632	1,363,503,853
	603,277	603,277
	3,974,951	9,759,728
	1,207,742,860	1,373,866,858

4. Other Current Assets :

Inter office & other suspense account balances

	(222,836,587)	(188,364,088)
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	7,028,657,255	6,048,046,707
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Sd/-

FM & CAO

Sd/-

AM

Sd/-

TM (I/C) MD

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 :	95,595,416	86,036,190
i. Payment to employees	2,892,814,008	1,529,040,981
ii. For expenses	21,742,331	19,083,876
iii. For contractors/suppliers		
b. Statutory employees deductions :	960,471,217	838,096,203
i. General provident fund	52,468,462	48,561,655
ii. NMR PF	1,252,681	1,492,525
iii. Others	11,690,862	10,340,934
c. Sales-tax collections	7,085,202	5,855,788
d. Tax deducted at source	48,326,224	42,502,738
e. Other current liabilities	64,278,251	65,945,783
f. Interest accrued on loans	(1,060,114)	(1,097,120)
g. House rent deductions		
	4,154,664,540	2,645,859,553
	(190,355,326)	(12,631,233)
2. Control account balances	3,964,309,214	2,633,228,320

SCHEDULE - I

LOANS & ADVANCES

1. Loans & advances to employees	67,027,817	84,199,748
2. Advances for expenses	6,823,198	6,869,742
3. Advances to suppliers / contractors	187,412,076	235,612,264
4. Revolving fund to Local Bodies	3,164,552	4,306,667
5. Advances - Others	6,963,914	4,629,573
6. Claims recoverable	16,315,378	14,831,839
7. Contribution Deposit - KSEB	26,915,763	25,819,317
8. Consumer Deposit - KSEB	27,050,153	24,843,977
9. Deposit with PWD	8,305,939	2,642,789
10. Deposit with others	5,657,955	5,722,968
11. Advances for capital expenditure	9,845,016	9,845,016
	365,481,761	419,323,900

Sd/-
 FM & CAO

Sd/-
 AM

Sd/-
 TM (I/C) MD

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

SCHEDULE - J

MISC EXPENDITURE NOT WRITTEN OFF

	CURRENT YEAR	PREVIOUS YEAR
--	--------------	---------------

	-	-
--	---	---

SCHEDULE - K

ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME

Balance as on last year	11,101,974,723	10,120,959,389
Add Current years excess of expenditure over income	922,691,851	981,015,334
	<hr/>	<hr/>
	12,024,666,574	11,101,974,723

Sd/-

P.R Devaraj
 FINANCE MANAGER
 AND CHIEF ACCOUNTS OFFICER

Sd/-

V.K.Girijavallabhan
 ACCOUNTS MEMBER

Sd/-

C.Suresh Babu
 TECHNICAL MEMBER
 I/C MANAGING DIRECTOR

Place: Thiruvananthapuram

Date : 17/12/2007

KERALA WATER AUTHORITY
SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 31st MARCH 2005

SCHEDULE - L

OPERATING INCOME - CONSUMERS

	CURRENT YEAR	PREVIOUS YEAR
1. Operating income - water supply		
a. Domestic Consumers	522,538,832	476,726,872
b. Nondomestic Consumers	536,444,981	416,626,006
c. Industrial Consumers	54,568,712	101,233,829
	1,113,552,525	994,586,707
2. Operating income - Sewerage		
a. Domestic Consumers	2,152,575	124,050
b. Nondomestic Consumers	6,469,098	6,444,443
	8,621,673	6,568,493
3. Income from local bodies	398,434,657	443,835,296
	1,520,608,855	1,444,990,496

SCHEDULE - M

OPERATING INCOME - OTHERS

1. Centage charges	12,311,590	2,800,897
2. Storage charges	57,909	51,985
3. Supervision charges	1,015,647	1,620,377
4. Miscellaneous recoveries	311,268	245,168
	13,696,414	4,718,427

SCHEDULE - N

INTEREST INCOME

1. Interest on loans & advances	2,455,306	1,239,589
2. Interest on deposits	3,225,838	866,839
	5,681,144	2,106,428

Sd/-
FM&CAO

Sd/-
AM

Sd/-
TM (I/C) MD

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	860,924,817	568,902,469
2. Claims recoverable	8,155,916	11,322
3. Miscellaneous income	41,723,056	35,223,806
	910,803,789	604,137,597

SCHEDULE - P

OPERATING & MAINTENANCE EXPENSES

1. Consumption of Stores, Tools & Spares	59,786,368	40,904,269
2. Consumables	27,502,541	22,944,116
3. Power charges	1,253,774,265	992,734,254
4. Insurance	287,804	57,531
5. Other operating expenses	11,075,055	8,784,066
6. Repairs & Maintenance of water supply	266,246,966	246,308,097
7. Repair & Maintenance of sewerage	16,420,946	15,511,653
8. Vehicle maintenance	16,806,916	15,382,015
	1,651,900,861	1,342,626,001

SCHEDULE - Q

OFFICE EXPENSES

1. Rent	1,297,574	1,983,333
2. Rates & Taxes	3,894,249	3,620,221
3. Postage, Telegram, Telephone & Telex	10,282,885	9,136,338
4. Printing & Stationery	8,735,339	7,465,256
5. Exhibition & Publicity	10,636,318	13,835,086
6. Training & other expenses	1,403,384	1,952,325
7. Electricity charges	8,509,110	9,631,246
8. Other office expenses	8,095,838	6,037,551
	52,854,697	53,661,356

SCHEDULE - R

ADMINISTRATIVE EXPENSES

1. Board meeting expenses	39,778	19,270
2. Professional fees	2,944,861	2,376,624
3. Payment to auditors	4,007,609	4,000,000
4. Bank Charges	128,919	136,854
5. Other administrative expenses	234,339	377,401
	7,355,506	6,910,149

Sd/-
FM & CAO

Sd/-
AM

Sd/-
TM (I/C) MD

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

SCHEDULE - U

PROVISION FOR DOUBTFUL DEBTS

SCHEDULE - V

TRANSFER OF REVENUE EXPENSES TO CWIP

Establishment Charges (Share Debit)	367,550,410	273,087,603
Interest on loan from FIs & Banks	333,016,490	332,231,464
	700,566,900	605,319,067

SCHEDULE - W

PRIOR PERIOD ADJUSTMENTS

PPA of Depreciation	3,888,286	
PPA of Consumption		
PPA of Repairs & Maintenance (Power)	111,866,373	
PPA of Salaries & Wages		
PPA of Office Expenses		
PPA of Income		(1,315,000)
	115,754,659	(1,315,000)

Sd/-

Sd/-

Sd/-

P.R. Devaraj
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

V.K. Girijavallabhan
ACCOUNTS MEMBER

C. Suresh Babu
TECHNICAL MEMBER
I/C MANAGING DIRECTOR

Place: Thiruvananthapuram

Date: 17/12/2007

KERALA WATER AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

I. BALANCE SHEET

1.01 CONTRIBUTION AND GRANTS

SCHEDULE A

Current year Rs. 200358 Lakhs
Previous year Rs. 186331 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).

Amount released to District collectors for the implementation of WSS to SC / ST habitations from the Government of India Grant is shown as a deduction in the schedule.

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 26579Lakhs
Previous year Rs 28204 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 banks. The Government had given guarantee for the above loans and no provision has been made towards guarantee commission payable.

Sd/-

FM & CAO

Sd/-

AM

Sd/-

TM (I/C) MD

1.04 UNSECURED LOANS

SCHEDULE D

Current Year Rs 162571 Lakhs

Previous year Rs 148629 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 82782 Lakhs out of which Rs.8807 Lakhs relates to the interest provided for the period 2004-05.

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 is shown as a deduction in the schedule.

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

1.05 FIXED ASSETS

SCHEDULE E

Current Year Rs 235880 Lakhs

Previous year Rs 214920 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.

1.06 CURRENT ASSETS

SCHEDULE G

Current Year Rs 70287 Lakhs

Previous year Rs 60480 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.

Sd/-
FM & CAO

Sd/-
AM

Sd/-
TM (I/C) MD

- 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.35280 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. 2339.87 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.111.87 Lakhs (Debit).

1.07 CURRENT LIABILITIES

SCHEDULE H

Current Year Rs 39643 Lakhs
Previous year Rs 26332 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 years 2003-04 & 2004-05 on the opening balance.
- 1.07.4 The liability on account of gratuity and pension to the employees is being accounted on cash basis.
- 1.07.5 Control account balance of Rs.1903.55 Lakhs (Debit) represents accumulated balances between control accounts and the concerned WIP / Stores / Sundry debtors accounts.

Sd/-

FM & CAO

Sd/-

AM

Sd/-

TM (I/C) MD

1.08 LOANS AND ADVANCES

SCHEDULE I

Current Year Rs 3655 Lakhs
 Previous year Rs 4193 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 120247 Lakhs
 Previous year Rs 111020 Lakhs

The accumulated excess of expenditure over income as on 31/03/2005 is arrived at as follows-

Rs in Lakhs

Excess of expenditure over income as on 31/03/2004 (Excluding interest on GOK Loan)

37045

Provision for GOK loan up to 31/03/2004

73975

111020

Excess of expenditure over income for the year 2004-05 (Excluding interest on GOK Loan)

420

Provision for GOK loan for the year 2004-05

8807

120247

II INCOME AND EXPENDITURE ACCOUNT

2.01 INTEREST

Current Year Rs 12847 Lakhs
 Previous year Rs 12675 Lakhs

This amount includes interest for LIC, HUDCO and Bank loans amounting to Rs.3330 Lakhs, Rs.8807 Lakhs provided for GOK loan and Rs.709 Lakhs for others.

Sd/-
 FM & CAO (I) MT

Sd/-
 AM

Sd/-
 TM (I/C) MD

2.02 DEPRECIATION

Current Year Rs 2793 Lakhs
Previous year Rs 2858 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.

Sd/-

P.R.Devaraj
FINANCE MANAGER
& CHIEF ACCOUNTS OFFICER

Sd/-

V.K.Girijavallabhan
ACCOUNTS MEMBER

Sd/-

C.Suresh Babu
TECHNICAL MEMBER
I/C MANAGING DIRECTOR

Thiruvananthapuram.
17/12/2007

KERALA WATER AUTHORITY

REPLY TO THE AUDIT REPORT ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE YEAR 2004-05

A Balance Sheet

1. Sources of Funds – Contributions and Grants-Rs. 2003.58 crore (Schedule A)

1.1 Net Value of Assets taken over - Rs.434.53 Crore

- (i) 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.
- (ii) 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.
- (iii) 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.

1.1.2. Reserve and Surplus: (Schedule B) - Rs. 15.17 crore

1.1.2.1. 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.

1.1.3. Unsecured Loan (Schedule – D)-Rs. 1625.71 crore

1.1.3.1. Security Deposit – Rs.20.95 Crores.

Security deposit received in the form of DD and Bank Guarantee are not entered in the cash / bank books. This is however entered in the Security Deposit register. Hence these amounts will not be reflected in the General Ledger and Trial Balance

1.1.3.2. Earnest Money Deposit (EMD) – Rs.1.54 crore

EMD received in the form of DD and Bank Guarantee are not entered in the cash / bank books. This is however entered in the Security Deposit register. Hence these amounts will not be reflected in the General Ledger and Trial Balance

1.1.4 Application of funds

1.1.4.1 Fixed Assets (Schedule E) – Rs. 790.81 crore

- (i). 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 will be made subsequently.

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.

- (ii). A consultant has 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 etc. will be passed based on the consultant's report. The depreciation calculated in the Annexure is on the cost of the scheme as a whole and not as prescribed in the rules. Hence entries can be passed only after the receipt of the consultant's report.

1.1.5 Current Assets (Schedule G) – Rs. 702.87 crore

1.1.5.1 Inventory – Rs.62.44 Crores

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. Govt. vide letter No. 18593/C3/04/WRD dt. 8-7-04 directed that all the items to be disposed off, may be classified and grouped on the basis of the material with which it is made of and the condition of the article and value has to be assessed accordingly. Govt. directed to formulate a fair and transparent mode of disposal as per rules and relevant provisions of departmental code for disposal of the articles so as to realize the maximum value of disposed items commensurate with the assessed value and category. Action is taken to collect the details of items of dead stock from the divisions. Necessary entries will be made after assessing the value.

1.1.5.2 Stores, Tools and Spares – Rs. 56.51 crore.

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.

1.1.6. Sundry Debtors – Rs. 541.94 crore

1.1.6.1. Consumers (a) (i) – Local Bodies Dues – Water & Maintenance charges – Rs.352.80 Crores.

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.

1.1.7. Cash and Bank Balances – Rs. 120.77 crore

Action will be taken to locate the difference of Rs.1.12 Crore in the suspense accounts, which is mostly carried over from 1987-88.

1.1.7.1. Bank & Treasury balance – Rs. 120.32 crore.

The audit comment has been given to the concerned division for verifying and rectifying the same if found necessary.

1.1.8. Other Current Assets – Inter – office and other suspense account balances – Rs. 22.28 crore (credit).

A consultant had been appointed to analyse inter office materials account and clear the balance from 1998-99 to 2004-05. Their work is in progress.

1.1.9. Current Liabilities and Provisions (Schedule H) – Rs. 396.43 crore

1.1.9.1. Sundry creditors for expenses – Rs.289.28 Crores.

Entries are made based on the information available in the divisions of KWA. The statement of the same was submitted to the Audit. Verification with KSEB records is not possible while preparing the accounts.

1.1.10. Other current liabilities – Rs.4.83 Crores

Accounting of water cess due to Kerala State Pollution Control Board.

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.

Water cess is accounted on cash basis. The demand raised by PCB is under dispute. Hence no provision is made in accounts

B Income & Expenditure Account

2 Operating Income – Others Rs. 1.37 crore (Schedule M).

2.1 Centage Charges – Rs. 1.23 crore.

Audit comment is noted. KWA has already issued circulars to the offices to raise the centage charges and deduct the same from the deposit amount and remit to the HO. Centage charges are presently accounted on cash basis.

2.2 Other Non-operating income- Rs. 91.08 crore (Schedule O) – Miscellaneous Income – Rs. 4.17 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.

C.2.3 Notes on Accounts for the year ended 31 March 2005

2.3.1 Penal interest has not been provided in the accounts.

In the budget speech for the year 2008-09, Hona'ble Finance Minister of Kerala has announced the write off of interest accrued up to 31/03/2007 and convert the GOK loan up to 31/3 /2007 as on interest free fund. Hence no provision is made for the penal interest on GOK loan and the same is disclosed as Notes on Accounts in para 1.04.1.

2.3.2. Loan from Government of Kerala & Accountable advances from Government of Kerala – Rs.593.75 Crores.

The details will be collected from the AG's office and reconciled with KWA accounts

2.3.3. Interest accrued on Government of Kerala Loan.

Along with the reconciliation of loan accounts, the interest portion will also be reconciled.

2.3.4. 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.

D. General

- 2.4. Details of donated assets from UNICEF and DANIDA are being collected and the same will be incorporated in the subsequent year's account.
- 2.5. The quantitative details of water produced and sold were not furnished for want of accurate information Director to constitute a "Task Force" to ascertain the quantity of water produced, sold and other related aspects.
- 2.6. The Authority is taking steps to improve the revenue collection and also to affect more control on the expenditure. However a substantial increase in water tariff would be required to run the Authority without loss. Revision in Water Charges requires the approval of the Government.
- 2.7. No comments.

**Sd/-
Managing Director**

Annexure I

1. Adequacy of Internal Audit System

The present Internal Audit Wing in Kerala Water Authority is functioning satisfactorily. However action will be taken to strengthen the unit.

2. Adequacy of Internal Control System.

- (i) The allotment of fund is made based on the budget prepared and approved by the authority. If more fund is required for a scheme than the budget allotment, necessary fund is allotted after obtaining Managing directors approval and the same is included in the revised budget proposal of the next year's budget and got approved by the Government.
- (ii) Necessary directions have already been given to all accounts rendering units to effect periodical reconciliation of cash balances with bank/treasury records.
- (iii) The physical verification of stocks cannot be done in every year in all the division, as it is very expensive and cumbersome process. However the two stock verification sub divisions of Kerala Water Authority are carrying out periodical physical verification of inventory and differences if any are reported for further action.
- (iv) When a loss of stock is reported necessary action is initiated to crystallize the liability. This is a time consuming process. Based on the observation of the audit, concerned sections are instructed to speed up the process.
- (v) The inter divisional transfer of stores were done as per the revised procedure introduced by the Kerala Water Authority to avoid delay. The reconciliation of inter office material account was done up to 1997-'98. The reconciliation of subsequent years is in progress.
- (vi) Action is being taken to computerize the billing and collection of water charge in all revenue collection centers.

3. System of Physical Verification of 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.

4. System of Physical Verification of Inventory

The physical verification of stock cannot be done in every year in all the divisions, as it is very expensive and cumbersome process. However, the two stock verification sub divisions of KWA are carrying out periodical physical verification of inventory and differences if any, are reported for further action.

5. Regularity in payment of statutory dues.

No comments.

Sd/-

Managing Director

FINANCIAL RESULTS

Income from operations for the year 2004-05 amounts to Rs. 245.07 Crores. In addition a non plan grant of Rs. 76.21 Crores was received from Government of Kerala to meet the revenue expenditure and Rs. 5.92 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 debit and interest on LIC/HUDCO loan comes to Rs.407.90 Crores leaving a deficit of Rs.92.27Crores.

Rs in Crores

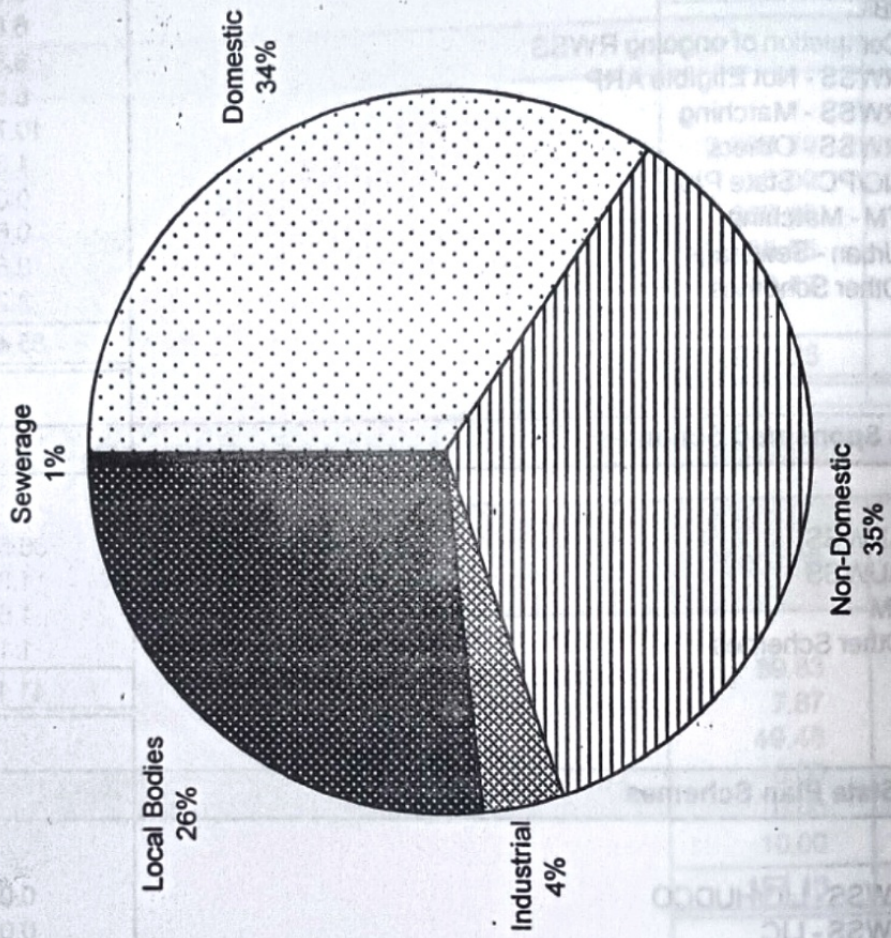
INCOME AND EXPENDITURE		
INCOME	2004-05	2003-04
Domestic	52.25	47.67
Non-Domestic	53.64	41.66
Industrial	5.46	10.12
Local Bodies	39.84	44.38
Sewerage	0.86	0.67
Other Income	93.02	61.09
	245.07	205.59
O & M Grant from GOI	5.92	5.25
Government of Kerala - Grant	76.21	61.24
	327.20	272.08
EXPENDITURE		
Operation & Maintenance	165.19	134.26
Establishment	149.31	134.30
Office Expenses	5.28	5.37
Travelling	1.04	0.89
Administrative Expenses	0.74	0.69
Interest	128.47	126.75
Depreciation	27.93	28.58
	477.96	430.84
Less : Transferred to CWIP	70.06	60.53
	407.90	370.31
DEFICIT FOR THE YEAR	80.70	98.23
Prior period adjustment	11.57	(0.13)
	92.27	98.10

SOURCE AND APPLICATION OF FUNDS		
Source of Fund	2004-05	2003-04
Capital & Reserves	2,018.75	1,878.48
Secured Loans	265.78	282.04
Unsecured loans	1,625.72	1,486.29
	3,910.25	3,646.81
Application of funds		
Fixed Assets	2,358.80	2,149.20
Investment	6.00	4.00
Net Current Assets	306.43	341.48
Loans & Advances	36.55	41.93
Accumulated Excess of Expenditure over Income	1,202.47	1,110.20
	3,910.25	3,646.81

CAPITAL RECEIPTS	2004-05	2003-04
Grant from GOK	89.83	86.25
Loan from GOK	7.87	58.57
Grant from GOI	49.46	19.10
Loan from LIC of India	0.00	50.00
Loan from HUDCO	0.00	0.00
Loan from Bank	10.00	0
	157.16	213.92

CAPITAL EXPENDITURE		2004-05	2003-04
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 Collages		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			
ARWSS		36.50	36.90
AUWSS		1.80	1.21
TM		1.68	0.24
Other Schemes		1.13	0.43
		41.11	38.78
Outside State Plan Schemes			
UWSS - LIC/HUDCO		0.00	19.37
RWSS - LIC		0.00	8.10
Others		1.68	1.29
		1.68	28.76
		128.23	155.68

OPERATING INCOME - 2004-05



■ Sewerage

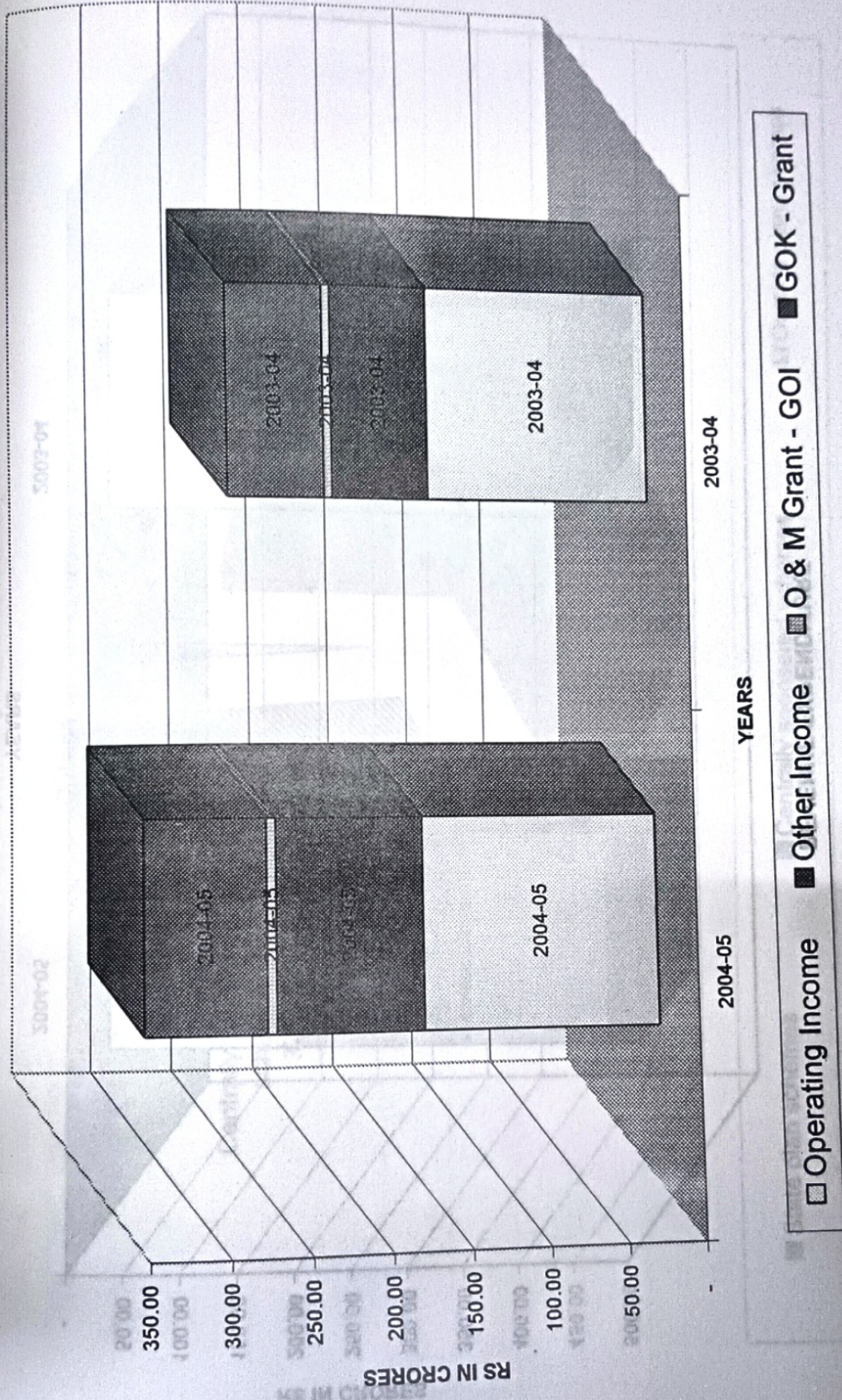
■ Local Bodies

■ Industrial

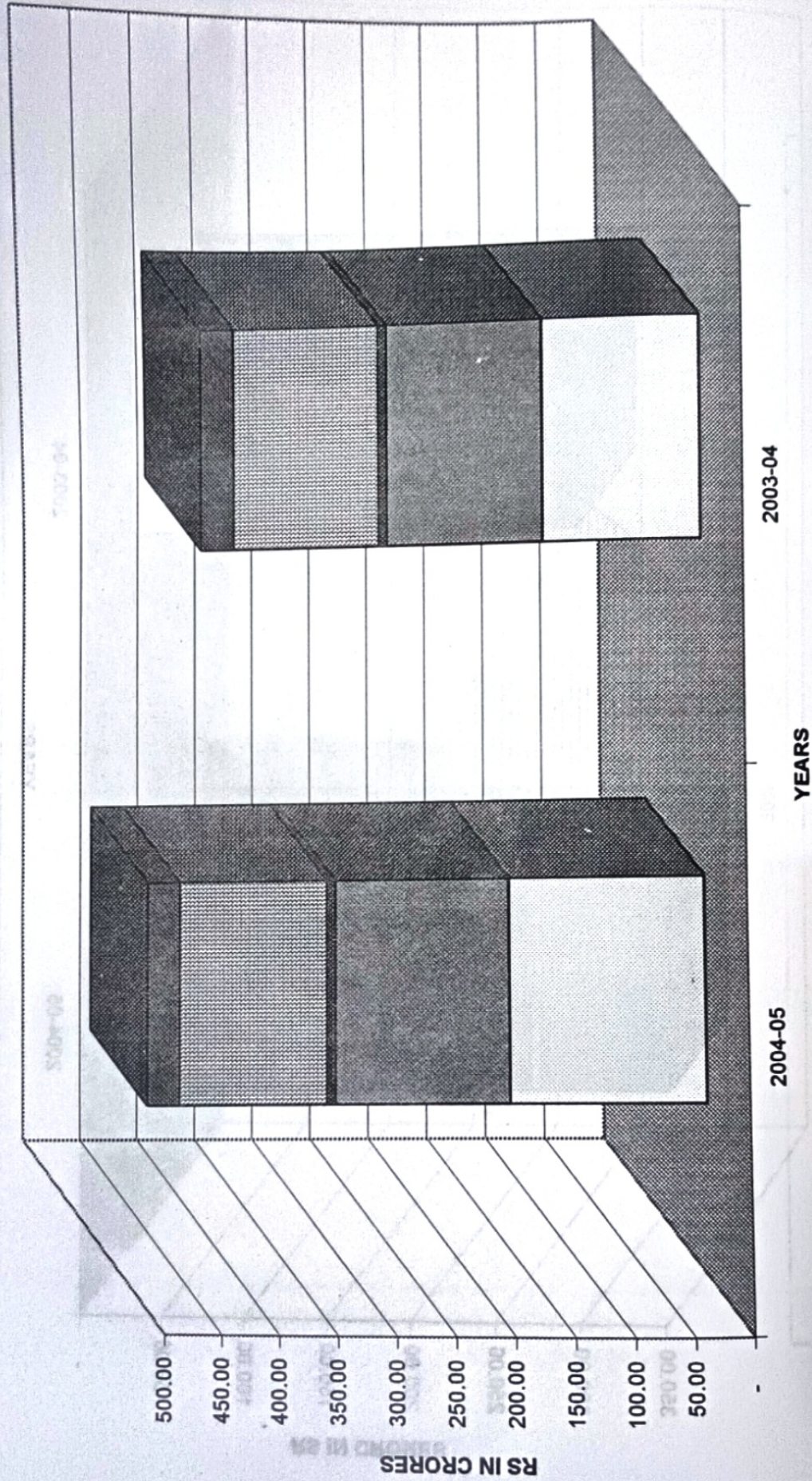
■ Non-Domestic

■ Domestic

REVENUE RECEIPTS

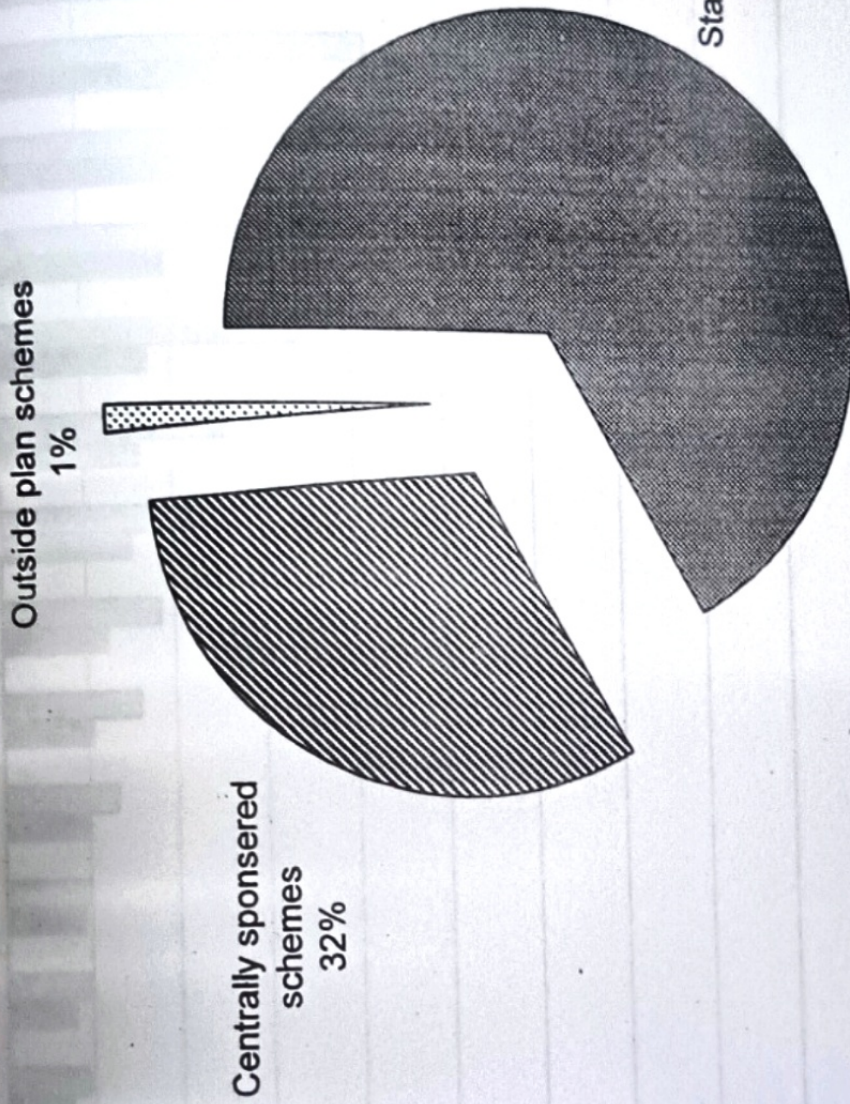


REVENUE EXPENDITURE



Operation & Maintenance
 Establishment
 Admn Expenses
 Interest
 Depreciation

Capital Expenditure 2004-05



■ State plan schemes

▨ Centrally sponsored schemes

▩ Outside plan schemes

INCOME AND EXPENDITURE 1984-85 TO 2004-05

