

KERALA WATER AUTHORITY



ANNUAL ACCOUNTS 2005 - 06

HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 033

SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL
OF INDIA ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE

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**SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL
OF INDIA ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE
YEAR ENDED 31 MARCH 2006**

1. We have audited the attached Balance Sheet of Kerala Water Authority as at 31 March 2006 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 2013-14. These financial statements include the accounts of 59 units. These financial statements are the responsibility of the Authority's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. This Separate Audit Report contains the comments of the Comptroller 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:

A. Balance Sheet.

1. Source of funds

1.1 Contributions and Grants (Schedule A).

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

1.1.1 The value of assets and liabilities of the Kerala State Rural Development 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 provisional statements of assets and liabilities has not been reported to the Govt. by the Authority so far (September 2009).

1.1.2 Govt. of Kerala, in October 1993, ordered transfer of 8.09 hectare out of 9.71 hectare of landed property of the Authority at Palarivattam to the Greater Cochin Development Authority (GCDA) for construction of an International Stadium in lieu of an equal area of developed land at Maradu (both in Ernakulam District). An amount of Rs.20crore was also 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.20crore. 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.

Despite these being commented in the earlier reports these were not rectified by the Authority.

1.2 Reserves and Surplus (Schedule B) - Rs.15.17crore.

In the annual accounts for 2005-06 and also for earlier years, a sum of Rs.15.17crore is shown under Reserves and Surplus being reserve for deposit works. The amount represents deposits received from Local Bodies, PWD and others for implementing Water Supply Schemes, replacement of pipelines etc. This balance in the deposit works accounts as on 31.03.1994 (Rs.15.17crore) was transferred to Revenue Accounts. However, the details of completed works were not ascertainable for want of the prescribed registers in RA 27 for deposit works. Hence, the accuracy of the amount transferred to Reserves and Surplus could not be verified.

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.

Though the Authority assured (November 2008), 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 2005-06.

1.3 Application of funds.

1.3.1 Fixed Assets (Schedule. E).

Gross Block	-	Rs.1365.37crore
Less Depreciation	-	Rs. 600.91crore
Net Block	-	Rs. 764.46crore

- (i) The Authority was not maintaining a Fixed Asset Register as at 31 March 2006. The physical verification of Fixed Assets was also not conducted since the formation of the Authority in 1984.
- (ii) The Gross Block is understated by Rs.280.10crore with corresponding overstatement in works-in-progress 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 125 cases (Annexure 2) noticed in Audit. The understatement in Gross Block has resulted in understatement of balances under Depreciation Reserve by Rs.22.32crore (Annexure 3).

1.4 Current Assets (Schedule. G).

1.4.1 Inventory - Rs.59.08crore.

The balance under Stores, Tools and Spares is overstated by Rs.8.04crore due to inclusion of value of materials which were declared as obsolete stock. According to the 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 requirement in the Accounts Manual was not complied with by the Authority.

1.4.2 Cash and Bank balance (Schedule. G) - Rs.184.29crore.

The Cash and Bank balances in the accounts of the Head Office and that in the units were not reconciled and the accumulated difference as on 31 March 2006 included under "Other Current assets – Inter office and other Suspense account balances" was Rs.1.20crore (debit).

1.5 Current liabilities and provisions (Schedule. H).

1.5.1 Other current liabilities – Rs.4.76crore.

The amount of water cess payable by the Authority to the Kerala State Pollution Control Board (KSPCB) as per the rates prescribed under the Water (Prevention and Control of Pollution) Cess Act, 1977 for the period from 4/84 to 12/05 as assessed by the Board was Rs.20.50crore. As Rs.3.19crore was already paid by 3/06, the net payable was Rs.17.31crore (Annexure 4). Since no provision for the balance amount was made in the accounts, the above head is understated by Rs.17.31crore with corresponding understatement of Accumulated Excess of Expenditure over income (Schedule K).

B. Income and Expenditure Account.

2 Other Non-operating Income (Schedule. O).

2.1 Income as recoveries – Rs.125.38crore.

The amount represents fines and penalties due from Consumers (Local Bodies). Accounting of this amount as non-operative income is not correct due to the following :

- (i) As per the significant accounting policies quoted in the Accounts Manual, "Penalties and fines shall normally be considered as income as and when collected except specified situations".
- (ii) The decision to settle the pending dues under one time settlement for Rs.250crore was already accepted in the meeting of the Finance Minister dated 24 December 2005.
- (iii) The Government Order dated 23.06.2006 issued by the Local Self Government Department does not mention about levy of fines and penalties.

Thus treating fines and penalties as income for the year 2005-06 has resulted in overstatement of income by Rs.125.38crore.

2.2 Miscellaneous Income – Rs.3.92crore.

As per provisions of Kerala Public Works Account Code (Chapter 15.4) deposits unclaimed for more than three completed years should be credited to revenue as lapsed deposit. Security Deposit and Earnest Money Deposit Registers of 8 divisions test checked in audit revealed that time barred securities relating to the period 2001-02 which should have been accounted as income for 2005-06 amounting to Rs.0.32crore were kept in the Divisions without any action (Annexure 5). This has resulted in understatement of Miscellaneous Income with corresponding overstatement of Secured Loans (Schedule. D) by Rs.0.32crore.

2.3 Interest on Government of Kerala Loans – Rs.89.06crore.

The amount does not include interest of R.1.63crore on Government of Kerala loan (Rs.89.04crore) released during 2005-06 for the implementation of JBIC assisted Kerala Water Supply Project (Annexure 6). This has resulted in understatement of Interest and corresponding understatement of excess of expenditure over income.

C.

2.4 Notes on Accounts for the year ended 31 March 2006.

- 2.4.1 Refer item 1.03 of the notes wherein it was disclosed that the guarantee commission payable to State Government has not been provided. The guarantee commission payable not so provided as on 31.03.2006 is Rs.23.42crore. This also should have been disclosed in the notes.

2.4.2 The total of the balances under loan from Government of Kerala as at 31 March 2006 as per the books of Accountant General(A&E) Kerala was Rs.692.35crore as against Rs.689.79crore (Schedule. D) shown in the accounts which needs reconciliation.

2.4.3 The interest accrued on loan from Government of Kerala as at 31 March 2006 as per the books of the Accountant General(A&E) Kerala was Rs.650.51crore against Rs.916.88crore (Schedule. D) provided in the accounts which needs reconciliation.

2.4.4 As per Note 1.07.4, the liability on account of gratuity and pension to the employees was accounted on cash basis. But as per Accounting Standards 15, which is mandatory with effect from 01 April 1995, liability towards gratuity should be provided on accrual basis based on actuarial valuation.

D. General.

2.5 The value of capital assets and spares donated by the United Nation International Children's Emergency Fund (UNICEF) and Danish International Development Agency (DANIDA) since 1988-89 was not ascertained and incorporated in the accounts even after several years.

2.6 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 comments in previous Audit Reports.

E. Grants-in-aid

The details regarding Grants-in-aid received and utilised by the Authority during 2005-06 are furnished below:

1. Government of India (Plan) - Rs.51.20crore for implementation of Centrally Sponsored Water Supply Schemes
2. Government of India(Non Plan) - Rs.9.26crore for O&M.
3. Government of Kerala (Plan) - Rs.80.94crore for implementation of various Water Supply Schemes.
4. Government of Kerala(Non Plan) - Rs.80crore to meet the revenue expenditure.

F. Management Letter: Deficiencies which have not been included in the Audit Report have been brought to the 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 2006 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/-

Thiruvananthapuram

Principal Accountant General (Civil & Commercial Audit)

18-11-2009

Kerala, Thiruvananthapuram.

ANNEXURE I

1. Adequacy of Internal Audit System.

1. 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 existing in the Authority is inadequate due to the following.

- (i) Budgetary control over expenditure was weak as the allotment of funds and expenditure did not match with the budget provisions.
- (ii) No proper system existed to ensure that periodical reconciliation of cash account balance with that of Bank/Treasury accounts was done by all units of the Authority without fail, resulting in accumulation of arrears.
- (iii) The system existing for the verification of stores and stock in the Authority was inadequate as shortage of stores could not be detected in time which resulted in delay in fixing responsibility of shortage of stores by 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) Absence of a system to ensure proper maintenance of basic records for demands of water charges (Consumer Personal Ledger etc.) led to short demand of water charges from consumers resulting in un-quantified loss of revenue.

3. System of Physical Verification of Fixed Assets.

No System of Physical Verification of Fixed Assets 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 1.3.1)

Sl. 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-	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
46.	ARWSS to Rajakkadu and Rajamani	ARP	-do-	220.40
47.	ARWSS to Edakkad	-do-	-do-	89.24
48.	ARWSS to Chembode	-do-	-do-	62.85
49.	RWSS to Aruvikkara	LIC	-do-	60.59
50.	ARWSS to Poomangalam	ARWSP	-do-	68.22
51.	CWSS to Vadakkancheri-2 nd stage	LIC	-do-	12.53
52.	ARWSS to Kallur-Vadakkummurry	ARP/LIC	-do-	30.97
53.	UWSS to Nedumangadu	LIC/Urban/Plan	-do-	764.34
54.	RWSS to Purappuzha	ARP/LIC	-do-	169.26
55.	RWSS to Vazhikkadavu	-do-	-do-	67.56
56.	ARWSS to Muttil	-do-	-do-	101.40
57.	UWSS to Sultan Bathery & Noolpuzha	-do-	-do-	92.41
58.	WSS to Mallappally	ARP	2000-01	108.98
59.	WSS to Anicadu	ARP/LIC	-do-	145.49
60.	WSS to Pulpally, Mullankolly	-do-	-do-	267.65
61.	Aug. WSS to Kottayam	HUDCO	-do-	450.00
62.	WSS to Pallichal, Nemom and Balaramapuram	ARP	2001-02	156.19
63.	WSS to Kulathummal	-do-	-do-	38.25
64.	WSS to Enadimangalam	ARP/LIC	-do-	330.30
65.	WSS to Thumpamon	LIC-R	-do-	71.27
66.	WSS to Kavalam, Pulinkunnu and Neelamperoor	ARP	-do-	299.55
67.	WSS to Marayoor	-do-	-do-	134.23
68.	WSS to Vandiperiyar	LIC-R	-do-	121.98

69.	WSS to Thakarapallimedu	Plan	-do-	21.73
70.	WSS to Velloorkunnam	ARP	-do-	100.26
71.	WSS to Muvattupuzha	LIC/HUDCO	-do-	411.99
72.	WSS to Amballoor and adjoining villages	ARP/Plan	-do-	500.50
73.	WSS to Marady	LIC-R	-do-	203.52
74.	WSS to Pothundy	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, Kooroppada, 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, Thrikkariyor	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 adjoining Panchayaths	ARP/LIC/SP	-do-	388.00
103.	WSS to Kozhijampara & adjoining Villages	Technology Mission	-do-	581.93

104.	WSS to Vernom, Nallurnadu, Perunallur	PMGY	-do-	76.80
105.	W.S. Schemes in Ranni	NCPC	2005-06	36.20
106.	WSS to Neerethikavu	RGNDWM	-do-	30.99
107.	WSS to Ezhipura murappu	SCP	-do-	23.12
108.	RWSS to Puramattom	ARP/SCP	-do-	19.86
109.	W.S Schemes to Devikulangara Kuzhrapuram and Thuravoor	NCPC	-do-	101.34
110.	W.S. Schemes to Thekkekara Chettikulangara and Bharanikavu	NCPC	-do-	47.47
111.	ARWSS to Kidangoor	ARP/PMGY	-do-	256.30
112.	W.S. Schemes to Annamanada and Kodakara Panchayath.	NCPC	-do-	100.35
113.	ARWSS to Porathissery and Madayikonam	ARP	-do-	163.38
114.	W.S.S. to Chakkumkoodam, Thrissur	ORWSS	-do-	14.00
115.	W.S.S. to Areacode, Mambad and Pandikkad in Malappuram	NCPC	-do-	87.39
116.	W.S.S. to Peruvayal, Chelannur and Kadalundy	NCPC	-do-	28.17
117.	W.S.S. to Koodathalummal IHDP Colony	SCP	2005-06	16.37
118.	W.S.S to Cherumala and Thonichira SC Colony & Velliyoramala IHDP Colony	SCP	-do-	33.76
119.	Mini W.S.S to Penakkalam, Petta, Avilora North, Kurukkankunnu	MWSS	-do-	52.40
120.	W.S.S to Pattampoyil	ARWSS/SC ST (SCP)	-do-	11.64
121.	W.S.S. to Kumbalachola	MWSS	-do-	11.59
122.	Mini W.S.S. to Kiliyanthara, Vellarivayal and Munnanimatta	MWSS	-do-	20.39
123.	Mini W.S.S to Narangathattu, Kalikkayam, Perikkad, Blathur, Theyyampady, Maniyattupara	MWSS	-do-	41.94
124.	W.S.S to Varam, Iriveri, Anjarakandy Muzhappilangad, Pinarayi	NCPC	-do-	182.54
125.	W.S.S to Enmakaje, Neerchal, Adhur, Munnad, Thekkil, Kalnad, Kuttikkol and Parappa	NCPC	-do-	45.42
	TOTAL			28010.00

Sd/-

**RESIDENT AUDIT OFFICER
KERALAWATERAUTHORITY**

ANNEXURE – III

STATEMENT OF CALCULATION OF DEPRECIATION RELATING TO SCHEMES COMMISSIONED DURING 1997-98 TO 2004-05 BUT NOT CAPITALISED (Refer to Para 1.3.1)

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 2004-05	2005 - 06	
2005-06	1324.62	0	19.87	19.87
2004-05	6737.76	101.06	101.06	202.12
2003-04	69.30	2.08	1.04	3.12
2002-03	1457.09	65.57	21.86	87.43
2001-02	5120.04	307.20	76.80	384.00
2000-01	972.12	72.91	14.58	87.49
1999-00	2480.90	223.28	37.21	260.49
1998-99	9496.88	997.17	142.45	1139.62
1997-98	351.29	42.15	5.27	47.42
Total	28010.00	1811.42	420.14	2231.56

Sd/-

Resident Audit Officer,
Kerala Water Authority

ANNEXURE IV

**WATER CESS ASSESSMENT TO KERALA WATER AUTHORITY
FOR 4/84 TO 12/05
(AVERAGE CONSUMPTION: 413198 MI/YEAR)
(Refer to Para 1.5.1)**

PERIOD		Amount of Cess (Rs.)
From	To	
4/84	3/85	4131980
4/85	3/86	4131980
4/86	3/87	4131980
4/87	3/88	4131980
4/88	3/89	4131980
4/89	3/90	4131980
4/90	3/91	4131980
4/91	25.01.92	3376672
26.01.92	31.03.92	2265924
4/92	3/93	12395940
4/93	3/94	12395940
4/94	3/95	12395940
4/95	3/96	12395940
4/96	3/97	12395940
4/97	3/98	12395940
4/98	3/99	12395940
4/99	3/00	12395940
4/00	3/01	12395940
4/01	3/02	12395940
4/02	3/03	12395940
4/03	3/04	12395940
4/04	3/05	12395940
4/05	12/05	9296955
TOTAL		205010631
Cess Amount remitted		31948479
Balance		173062152

Sd/-
**RESIDENT AUDIT OFFICER
KERALA WATER AUTHORITY**

ANNEXURE - V

**TIME BARRED SECURITIES – INCOME ACCRUED DURING 2005-06
BUT NOT CREDITED
(Refer to Para 2.2)**

Sl. No.	Name of Division	Amount of Securities (Rs.)
1.	P.H. Division, Thiruvananthapuram	3,88,324
2.	Sewerage Maintenance Division, Pattoor, Thiruvananthapuram	1,93,800
3.	Water Supply Division, Attingal	1,92,808
4.	Water Supply Division, Adoor	3,98,880
5.	P.H. Division, Thiruvalla	8,57,837
6.	P.H. Division, Kochi	2,82,004
7.	P.H. Division, Nattika	1,20,916
8.	P.H. Division, Vadakara	7,46,775
	TOTAL	31,81,344

Sd/-
**RESIDENT AUDIT OFFICER
KERALA WATER AUTHORITY**

ANNEXURE - VI

Interest on loan released to JBIC Project

(Refer to Para 2.3)

Sl.No.	Amount released during 2005-06 (Rs. in lakh)	Date	Interest @ 13.5% (Rs. in lakh)
1	544	15.06.2005	58.35
2	860	19.12.2005	32.76
3	7500	06.03.2006	72.12
Total	8904		163.23

Sd/-
RESIDENT AUDIT OFFICER
KERALA WATER AUTHORITY

KERALA WATER AUTHORITY

BALANCE SHEET AS AT 31st MARCH, 2006

SOURCES OF FUNDS	SCH REF	CURRENT YEAR Rs	PREVIOUS YEAR Rs
1. Kerala Water Authority Fund	A	21,251,135,988	20,035,816,860
a. Contributions & Grants	B	151,723,814	151,723,814
b. Reserves & Surplus			
2. Kerala Water Authority Loan Fund	C	2,913,014,050	2,657,854,594
a. Secured Loans	D	18,567,263,135	16,257,147,162
b. Unsecured Loans			
TOTAL		<u>42,883,136,987</u>	<u>39,102,542,430</u>
APPLICATION OF FUNDS			
1. Fixed Assets	E		
Gross Block		13,653,720,103	13,641,688,304
Less: Depreciation Reserve		6,009,076,672	5,733,601,743
Net Block		7,644,643,431	7,908,086,561
Capital Work in Progress		18,823,153,828	15,679,959,493
		26,467,797,259	23,588,046,054
2. Investments	F	100,000,000	60,000,000
3. Net Current Assets			
a. Current Assets	G	9,047,268,885	7,028,657,255
b. Current Liabilities	H	5,643,808,579	3,964,309,214
		3,403,460,306	3,064,348,041
4. Loans & Advances	I	389,713,267	365,481,761
5. Miscellaneous Expenditure not Written-off	J	-	-
6. Accumulated Excess of Expenditure over Income	K	12,522,166,155	12,024,666,574
TOTAL		<u>42,883,136,987</u>	<u>39,102,542,430</u>

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

Sd/-
V.S.Pradeep
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

Sd/-
Susan Jacob
ACCOUNTS MEMBER (I/C)
& MANAGING DIRECTOR

Place: Thiruvananthapuram
Date :12./08/2009

KERALA WATER AUTHORITY

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

	SCH REF	CURRENT YEAR	PREVIOUS YEAR
		Rs	Rs
INCOME			
1. Operating Income			
a. Consumers	L	1,493,728,271	1,520,608,855
b. Others	M	9,704,656	13,696,414
		<u>1,503,432,927</u>	<u>1,534,305,269</u>
2. Grants & Subventions - GOK		800,000,000	762,115,000
3. O&M Grant from GOI		92,560,000	59,190,000
4. Interest Income	N	5,373,687	5,681,144
5. Other Non-Operative Income	O	1,293,116,142	910,803,789
TOTAL INCOME		<u><u>3,694,482,756</u></u>	<u><u>3,272,095,202</u></u>
EXPENDITURE			
1. Operating & Maintenance Expences	P	1,900,985,827	1,651,900,861
2. Payment & Provision to employees		1,577,929,271	1,493,052,958
3. Office expenses	Q	54,204,333	52,854,697
4. Travelling & Conveyance Expenses		10,279,672	10,435,294
5. Administrative Expenses	R	8,102,778	7,355,506
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		310,733,652	333,016,490
b. GOK Loans		890,644,000	880,719,000
c. PF loans		81,035,174	70,932,628
		<u>1,282,412,826</u>	<u>1,284,668,118</u>
10. Depreciation	E	275,474,929	279,331,860
TOTAL EXPENDITURE		<u><u>5,109,389,636</u></u>	<u><u>4,779,599,294</u></u>
11. Transferred to Capital Work-In-Progress	V	695,826,345	700,566,900
		4,413,563,291	4,079,032,394
		719,080,535	806,937,192
Excess of Expenditure over Income		<u>(221,580,954)</u>	<u>115,754,659</u>
12. Prior Period Adjustments	W	497,499,581	922,691,851
Excess of Expenditure over Income after prior period adjustments		<u><u>497,499,581</u></u>	<u><u>922,691,851</u></u>

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

Sd/-
V.S.Pradeep
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

Sd/-
Susan Jacob
ACCOUNTS MEMBER (I/C)
& MANAGING DIRECTOR

Place: Thiruvananthapuram
Date : 12/08/2009

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2006

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	13,365,729,096	12,556,285,096
3. Contribution & Grants from Government of India	4,155,959,144	3,643,931,144
4. Donated capital assets	1,801,696	1,801,696
5. Capital contribution from other sources	425,301,942	416,454,814
	22,294,119,613	20,963,800,485
6. Less : Amount released to District Collectors from GOI grant for implementation of SC/ST WSS	1,042,983,625	927,983,625
	21,251,135,988	20,035,816,860

SCHEDULE - B

RESERVES & SURPLUS

Reserve for deposit works

	151,723,814	151,723,814
	151,723,814	151,723,814

SCHEDULE - C

SECURED LOANS

1. Loan from LIC of India	1,998,211,767	2,103,339,149
2. Loan from HUDCO	341,919,699	424,515,445
3. Bank Loan	572,882,584	130,000,000
	2,913,014,050	2,657,854,594

SCHEDULE - D

UNSECURED LOANS

1. a. Loan from Govt of Kerala	6,897,901,362	5,937,501,362
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
b. Interest accrued on GOK Loan	6,785,878,412	5,825,478,412
3. Deposit from local bodies	9,168,831,006	8,278,187,006
4. Security Deposit	223,968,560	206,920,865
5. Earnest Money Deposit	277,344,674	209,508,850
6. Water & Sewerage Connection Deposits	15,921,022	15,363,433
7. Deposit work-water supply & sewerage	18,219,475	15,907,186
8. Other deposits	1,744,233,442	1,488,243,773
	332,866,544	217,537,637
	18,567,263,135	16,257,147,162

Sd/-
FM & CAO

Sd/-
AM & MD

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

KERALA WATER AUTHORITY
SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2006

SCHEDULE - E

DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	BALANCE AS ON 01/04/2005	ADDITIONS DURING YEAR	DELETIONS	AS ON 31/03/2006	BALANCE AS ON 10/04/2005	DEPRECIATION FOR THE YEAR	DEPRECIATION PRIOR PERIOD	DEP UPTO 31/03/2006	AS ON 31/03/2006	PREVIOUS YEAR
FREE HOLD LAND	943781969			943781969					943781969	943781969
LEASE HOLD LAND	75238384			75238384					75238384	75238384
LAND DEVELOPMENT EXPENDITURE	3081145944	13623		308127967	1263786403	64836745		1328623146	1752656419	1817356541
CIVIL WORKS	566383026	-120570		566262456	200260082	9756669		210019751	346242705	366122944
BUILDINGS	913237746	7500		913245296	584643316	31242064		615885400	297359896	326594430
PLANT AND MACHINERY	774764923			774764923	3485442247	155343989		3654786226	4092852997	4252206986
MAINS AND NETWORKS	133067708	1070081		133067708	71582244	3079217		74661461	58405247	61485464
ROADS BRIDGES AND CULVERTS	56606431			57676512	48900008	1057030		49667038	7719474	7705423
VEHICLES	134577863	1094115		145518978	68987443	6156195		75143938	7037340	66600420
FURNITURE, FIXTURES & OFFICE EQUIPMENTS										
TOTAL	13641688304	12031799		13653720103	5733601743	275474829		6009076672	7544643431	7908066661

	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
GROSS BLOCK OF FIXED ASSETS	13653720103	13641688304
LESS : ACC. DEPRECIATION	6009076672	5733601743
NET VALUE OF FIXED ASSETS	7644643431	7908066661
ADD : C. W.I.P. A/C CODE 11	18823153828	15673959493
TOTAL	26467797259	23658046054

Sd/-
AM & MD

Sd/-
FM & CAO

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

SCHEDULE - F

INVESTMENTS

CURRENT YEAR PREVIOUS YEAR

Investment for Pension / PF	100,000,000	60,000,000
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SCHEDULE - G

CURRENT ASSETS

1. Inventory:		
a. Stores, Tools & Spares	531,661,349	565,052,534
b. Consumables	58,620,400	58,865,965
c. Others	470,343	470,342
	590,752,092	624,388,841
2. Sundry Debtors :		
a. Consumers		
i. Local bodies dues - water & maintenance charges	4,833,004,575	3,527,983,385
ii. Domestic, Non-domestic & Industrial dues	1,940,320,584	1,711,110,636
b. LIC Loan repayment due from Local Bodies	176,143,755	176,143,755
c. Others	4,124,365	4,124,365
	6,953,593,279	5,419,362,141
3. Cash & Bank Balances :		
a. Bank & Treasury balances	1,839,317,112	1,203,164,632
b. Cheques & Bills in transit	3,263	603,277
c. Cash on hand	3,535,696	3,974,951
	1,842,856,071	1,207,742,860
4. Other Current Assets :		
Inter office & other suspense account balances	(339,932,557)	(222,836,587)
	9,047,268,885	7,028,657,255
	9,047,268,885	7,028,657,255

Sd/-
 FM & CAO

Sd/-
 AM & 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 :		
i. Payment to employees	101,088,965	95,595,416
ii. For expenses	4,304,657,398	2,892,814,008
iii. For contractors/suppliers	9,823,715	21,742,331
b. Statutory employees deductions :		
i. General provident fund	1,087,210,436	960,471,217
ii. NMR PF	51,550,102	52,468,462
iii. Others	3,296,308	192,567
c. Sales-tax collections	10,120,777	11,690,862
d. Tax deducted at source	5,096,763	7,085,202
e. Other current liabilities	47,623,836	48,326,224
f. Interest accrued on loans	63,227,343	64,278,251
	5,683,695,643	4,154,664,540
2. Control account balances	(39,887,064)	(190,355,326)
	5,643,808,579	3,964,309,214

SCHEDULE - I

LOANS & ADVANCES

1. Loans & advances to employees	50,696,243	67,027,817
2. Advances for expenses	8,692,981	6,823,198
3. Advances to suppliers / contractors	218,936,672	187,412,076
4. Revolving fund to Local Bodies	2,109,552	3,164,552
5. Advances - Others	7,114,821	6,963,914
6. Claims recoverable	17,954,177	16,315,378
7. Contribution Deposit - KSEB	29,719,598	26,915,763
8. Consumer Deposit - KSEB	27,610,909	27,050,153
9. Deposit with PWD	11,361,881	8,305,939
10. Deposit with others	5,671,417	5,657,955
11. Advances for capital expenditure	9,845,016	9,845,016
	389,713,267	365,481,761

Sd/-
FM & CAO

Sd/-
AM & MD

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	12,024,666,574	11,101,974,723
Add Current years excess of expenditure over income	497,499,581	922,691,851
	12,522,166,155	12,024,666,574

Sd/-

V.S.Pradeep
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

Sd/-

Susan Jacob
ACCOUNTS MEMBER (I/C)
& MANAGING DIRECTOR

Place: Thiruvananthapuram

Date : 12./08/2009

KERALA WATER AUTHORITY

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006

SCHEDULE - L

CURRENT YEAR PREVIOUS YEAR

OPERATING INCOME - CONSUMERS

1.	Operating income - water supply		
	a. Domestic Consumers	528,843,702	522,538,832
	b. Nondomestic Consumers	513,365,044	536,444,981
	c. Industrial Consumers	70,512,264	54,568,712
		1,112,721,010	1,113,552,525
2.	Operating income - Sewerage		
	a. Domestic Consumers	1,601,855	2,152,575
	b. Nondomestic Consumers	6,000,587	6,469,098
		7,602,442	8,621,673
3.	Income from local bodies	373,404,819	398,434,657
		1,493,728,271	1,520,608,855

SCHEDULE - M

OPERATING INCOME - OTHERS

1.	Centage charges	8,563,120	12,311,590
2.	Storage charges	54,640	57,909
3.	Supervision charges	761,959	1,015,647
4.	Miscellaneous recoveries	324,937	311,268
		9,704,656	13,696,414

SCHEDULE - N

INTEREST INCOME

1.	Interest on loans & advances	2,795,806	2,455,306
2.	Interest on deposits	2,577,881	3,225,838
		5,373,687	5,681,144

Sd/-

FM&CAO

Sd/-

AM & MD

KERALA WATER AUTHORITY

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

SCHEDULE - Q

OTHER NON-OPERATING INCOME

	CURRENT YEAR	PREVIOUS YEAR
1. Income as recoveries	1,253,765,281	860,924,817
2. Claims recoverable	169,303	8,155,916
3. Miscellaneous income	39,181,558	41,723,056
	1,293,116,142	910,803,789

SCHEDULE - P

OPERATING & MAINTENANCE EXPENSES

1. Consumption of Stores, Tools & Spares	67,864,179	59,786,368
2. Consumables	32,616,506	27,502,541
3. Power charges	1,437,022,504	1,253,774,265
4. Insurance	245,776	287,804
5. Other operating expenses	12,582,126	11,075,055
6. Repairs & Maintenance of water supply	316,589,174	266,246,966
7. Repair & Maintenance of sewerage	14,951,160	16,420,946
8. Vehicle maintenance	19,114,402	16,806,916
	1,900,985,827	1,651,900,861

SCHEDULE - Q

OFFICE EXPENSES

1. Rent	1,506,246	1,297,574
2. Rates & Taxes	1,558,331	3,894,249
3. Postage, Telegram, Telephone & Telex	10,834,420	10,282,885
4. Printing & Stationery	8,148,162	8,735,339
5. Exhibition & Publicity	9,807,738	10,636,318
6. Training & other expenses	1,752,181	1,403,384
7. Electricity charges	13,197,218	8,509,110
8. Other office expenses	7,400,037	8,095,838
	54,204,333	52,854,697

SCHEDULE - R

ADMINISTRATIVE EXPENSES

1. Board meeting expenses	10,979	39,778
2. Professional fees	1,774,810	2,944,861
3. Payment to auditors	5,018,870	4,007,609
4. Bank Charges	691,332	128,919
5. Other administrative expenses	606,787	234,339
	8,102,778	7,355,506

Sd/-
FM&CAO

Sd/-
AM & 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	-	-
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SCHEDULE - V

TRANSFER OF REVENUE EXPENSES TO CWIP

Establishment Charges (Share Debit)	385,092,693	367,550,410
Interest on loan from FIs & Banks	310,733,652	333,016,490
	695,826,345	700,566,900

SCHEDULE - W

PRIOR PERIOD ADJUSTMENTS

PPA of Depreciation		3,888,286
PPA of Interest on HUDCO	3,004,254	
PPA of Repairs & Maintenance (Power)	253,000,000	111,866,373
PPA of Salaries & Wages		
PPA of Office Expenses	5,149,776	
PPA of Income	(482,734,984)	
	(221,580,954)	115,754,659

Sd/-

Sd/-

V.S.Pradeep
FINANCE MANAGER
AND CHIEF ACCOUNTS OFFICER

Susan Jacob
ACCOUNTS MEMBER (I/C)
& MANAGING DIRECTOR

Place: Thiruvananthapuram

Date : 12./08/2009

KERALA WATER AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

I. BALANCE SHEET

1.01 CONTRIBUTION AND GRANTS

SCHEDULE A

Current year Rs. 212511 Lakhs
Previous year Rs. 200358 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 29130 Lakhs
Previous year Rs 26579 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. Guarantee Commission due for the year is Rs. 1.89 Crores

Sd/-
FM & CAO

Sd/-
AM/MD

1.04 UNSECURED LOANS

SCHEDULE D

Current Year Rs 185673 Lakhs
Previous year Rs 162571 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 91688 Lakhs out of which Rs.8906 Lakhs relates to the interest provided for the period 2005-06.
- 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 LCS 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 264678 Lakhs
Previous year Rs 235880 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.

Sd/-
FM & CAO

Sd/-
AM/MD

1.06 CURRENT ASSETS

SCHEDULE G

Current Year Rs 90473 Lakhs
Previous year Rs 70287 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.48330 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. 5829.61 Lakhs (Credit) and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 2004-05 amounting to Rs.2430.28 Lakhs (Debit).

1.07 CURRENT LIABILITIES

SCHEDULE H

Current Year Rs 56438 Lakhs
Previous year Rs 39643 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 to 2005-06 on the opening balance.
- 1.07.4 The liability on account of gratuity and pension to the employees is being accounted on cash basis.

Sd/-
FM & CAO

Sd/-
AM / MD

1.07.5 Control account balance of Rs.398.87 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 3897 Lakhs
Previous year Rs 3655 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 K

Current Year Rs 125222 Lakhs
Previous year Rs 120247 Lakhs

The accumulated excess of expenditure over income as on 31/03/2006 is arrived at as follows-

	Rs in Lakhs
Excess of expenditure over income as on 31/03/2005 (Excluding interest on GOK Loan)	37465
Provision for GOK loan up to 31/03/2005	82782
	<hr style="width: 100%;"/>
	120247
Excess of expenditure over income for the year 2005-06 (Excluding interest on GOK Loan Including PPA)	(-) 3931
Provision for GOK loan for the year 2005-06	8906
	<hr style="width: 100%;"/>
	125222
	<hr style="width: 100%;"/>

Sd/-
FM & CAO

Sd/-
AM / MD

II INCOME AND EXPENDITURE ACCOUNT

2.01 INTEREST

Current Year Rs 12824 Lakhs
Previous year Rs 12847 Lakhs

This amount includes interest for LIC, HUDCO and Bank loans amounting to Rs.3107 Lakhs, Rs.8906 Lakhs provided for GOK loan and Rs.810 Lakhs for others.

2.02 DEPRECIATION

Current Year Rs 2755 Lakhs
Previous year Rs 2793 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 as per the Kerala Water Authority (Depreciation Reserve and its Utilisation) Rules 1992.

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 is made @ 5 % to 22 % for schemes on the capital expenditure, as compared to 22 % during the previous year.
- 2.03.2 Interest on LIC, HUDCO and Bank loan have been capitalised during the year.
- 2.03.3 Previous year figures have been re-grouped / re-classified wherever necessary.

Sd/-
V.S.Pradeep
FINANCE MANAGER
& CHIEF ACCOUNTS OFFICER

Sd/-
Susan Jacob
ACCOUNTS MEMBER (I/C) &
MANAGING DIRECTOR

Thiruvananthapuram,
12/08/2009

KERALA WATER AUTHORITY

REPLY TO SEPARATE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 2006

INTRODUCTION

COMMENTS ON ACCOUNTS

A BALANCE SHEET

1. Source of funds

1.1 Contributions and Grants (Schedule A)

1.1.1 Net Value of Assets taken over - Rs.434.53 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.

1.1.1 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.

1.1.2 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.

1.2. Reserve and Surplus: (Schedule B) - 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.

1.3 Application of Funds

1.3.1 Fixed Assets (Schedule E)

- (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.

1.4 Current Assets (Schedule G)

1.4.1 Inventory – Rs. 59.08 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. 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.

1.4.2 Cash and Bank balances (Schedule G) – Rs. 184.29 Crore

Action will be taken to locate the difference of Rs.1.20 Crore in the interoffice & other suspense accounts, which is mostly carried over from 1987-88.

1.5 Current liabilities and provisions (Schedule. H)

1.5.1 Other current liabilities – Rs. 4.76 Crore

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

INCOME AND EXPENDITURE ACCOUNT

B Other Non-Operative Income – (Schedule O)

2.1 Income as recoveries – Rs. 125.38 Crore

Though the decision was taken and one time settlement was fixed as Rs.250 Crores against the total dues, which includes interest as on 31/03/2008, the effect for the same is not given in accounts as the same is under scrutiny in the LSG department of GOK.

2.2 Miscellaneous Income – Rs. 3.92 Crore

Divisions have been strictly instructed to credit the same in the bank of KWA. When the same is done, it will automatically reflect in the accounts.

2.3 Interest on Government of Kerala Loans – Rs. 89.06 Crore

KWA has requested the conversion of GOK loan for JBIC into grant. The same is under active consideration of the Government. Moreover, In the budget speech for the year 2008-09, Hon'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 interest on GOK Loan.

C.

2.4 Notes on Accounts for the year ended 31 March 2006

2.4.1 Audit Comment is noted Necessary disclosure will be made in the next years account.

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

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

2.4.4 Due to practical difficulties, actuarial valuation was not undertaken. However appropriate action towards actuarial valuation will be initiated to comply with Accounting Standards.

D. GENERAL

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

2.6 The quantitative details of water produced and sold were not furnished for want of accurate information in this regard. Efforts are on to accurately ascertain the quantity of water produced and other related aspects.

E. GRANTS-IN-AID

No comments

Sd/-

Managing Director

ANNEXURE I

1. Adequacy of Internal Audit System

1. 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

2. (1) 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
- (2) Necessary directions have already been given to all accounts rendering units to effect periodical reconciliation of cash balances with bank/treasury records.
- (3) 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.
- (4) 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.
- (5) 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 difference 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 2005-06 amounts to Rs. 280.19 Crores. In addition a non plan grant of Rs. 80.00 Crores was received from Government of Kerala to meet the revenue expenditure and Rs. 9.26 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.441.35 Crores leaving a deficit of Rs.49.75 Crores.

Rs in Crores

INCOME AND EXPENDITURE		
INCOME	2005-06	2004-05
Domestic	52.88	52.25
Non-Domestic	51.34	53.64
Industrial	7.05	5.46
Local Bodies	37.34	39.84
Sewerage	0.76	0.86
Other Income	130.82	93.02
	280.19	245.07
O & M Grant from GOI	9.26	5.92
Government of Kerala - Grant	80.00	76.21
	369.44	327.20
EXPENDITURE		
Operation & Maintenance	190.09	165.19
Establishment	157.79	149.31
Office Expenses	5.42	5.28
Travelling	1.03	1.04
Administrative Expenses	0.81	0.74
Interest	128.24	128.47
Depreciation	27.55	27.93
	510.93	477.96
Less : Transferred to CWIP	69.58	70.06
	441.35	407.90
DEFICIT FOR THE YEAR	71.91	80.70
Prior period adjustment	(22.16)	11.57
	49.75	92.27

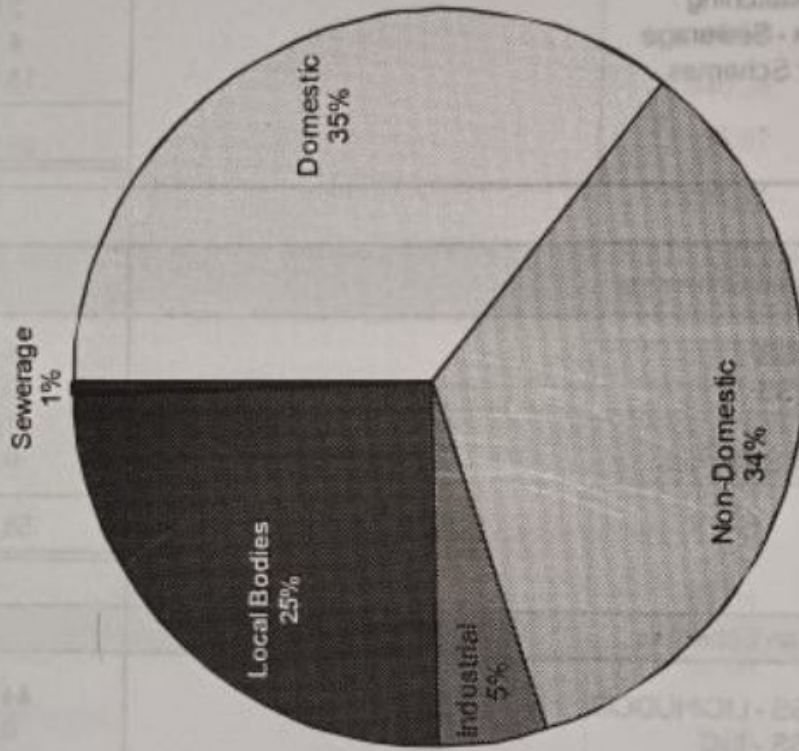
SOURCE AND APPLICATION OF FUNDS		
Source of Fund	2005-06	2004-05
Capital & Reserves	2140.27	2,018.75
Secured Loans	291.3	265.78
Unsecured loans	1856.73	1,625.72
	4,288.30	3,910.25
Application of funds		
Fixed Assets	2646.77	2,358.80
Investment	10.00	6.00
Net Current Assets	340.34	306.43
Loans & Advances	38.97	36.55
Accumulated Excess of Expenditure over Income	1252.22	1,202.47
	4,288.30	3,910.25

CAPITAL RECEIPTS	2005-06	2004-05
Grant from GOK	71.45	89.76
Loan from GOK	96.04	6.50
Grant from GOI	59.96	50.42
Loan from LIC of India	0.00	0.00
Loan from HUDCO	0.00	0.00
Loan from Bank	44.31	3.00
	271.76	149.68

CAPITAL EXPENDITURE		
	2005-06	2004-05
State Plan Schemes		
UWSS - Matching	15.00	15.00
UWSS - Others	2.97	1.60
Completion of ongoing UWSS	10.53	11.61
WSS - Medical Collages	0.21	0.23
AUWSS - Matching	1.08	0.03
JBIC	14.14	19.06
Completion of ongoing RWSS	5.19	3.28
RWSS - Not Eligible ARP	6.52	13.08
RWSS - Matching	11.35	4.00
RWSS - Others	2.87	1.76
NC/PC - State Plan	0.37	0.00
TM - Matching	2.01	2.07
Urban - Sewerage	4.16	4.87
Other Schemes	18.66	2.44
	95.06	79.01

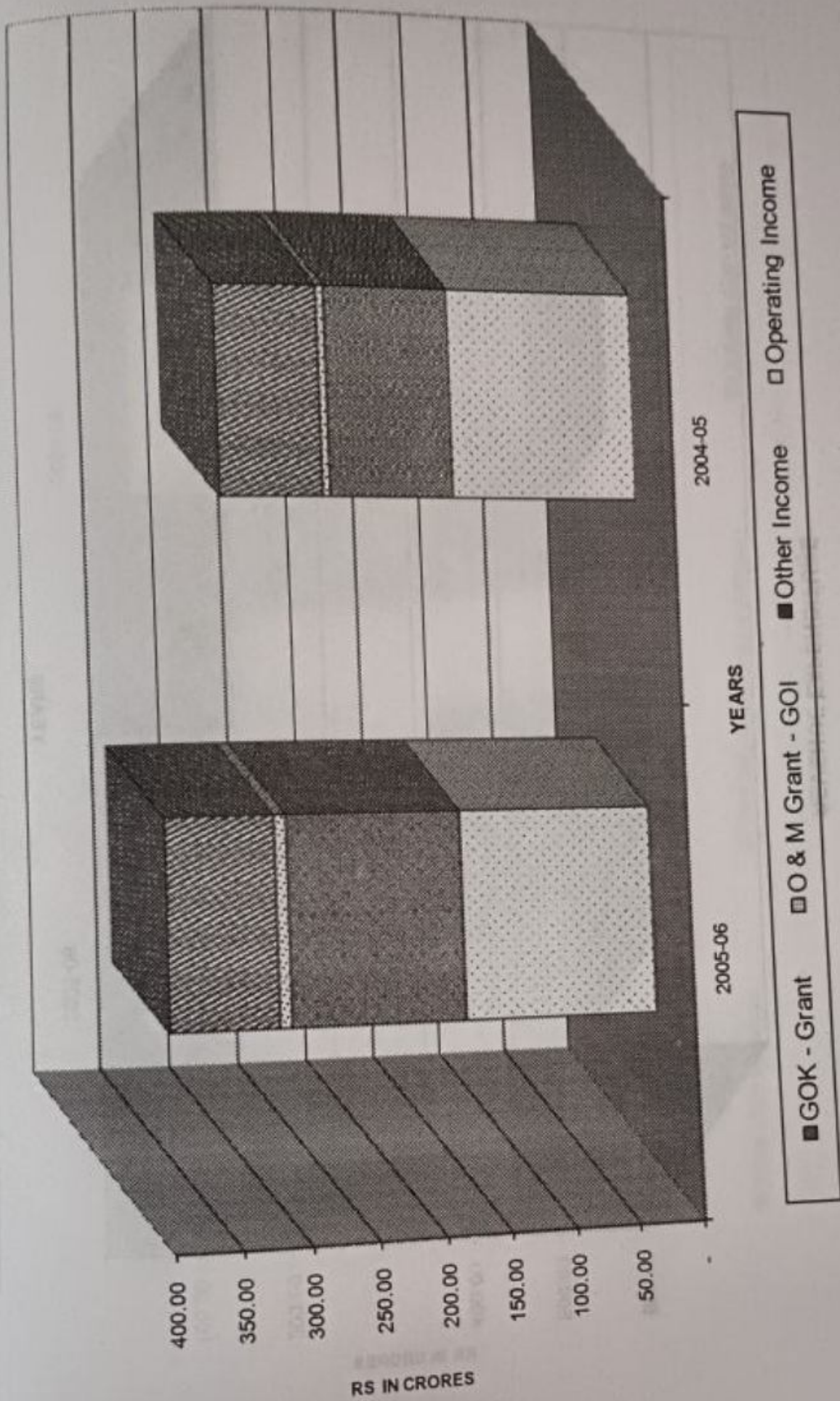
Centrally Sponsored Schemes		
ARWSS	54.72	39.87
AUWSS	0.72	1.14
TM	1.92	0.75
Other Schemes	0.77	1.68
	58.14	43.44
Outside State Plan Schemes		
UWSS - LIC/HUDCO	44.31	16.95
RWSS - LIC	0.00	14.62
Others	1.39	2.74
	45.70	34.31
	198.90	156.76

OPERATING INCOME - 2005-06

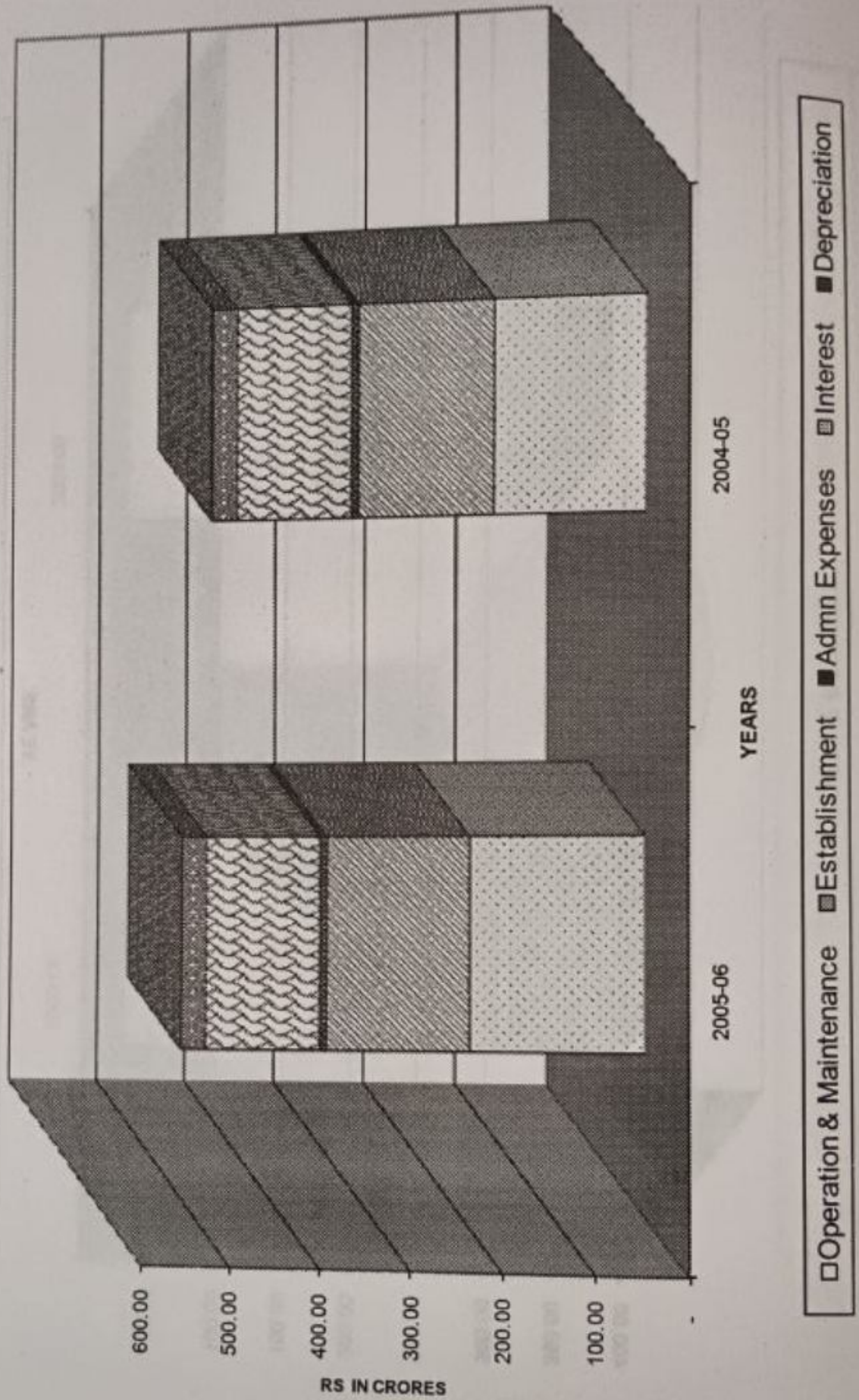


- Domestic
- ▤ Non-Domestic
- Industrial
- Local Bodies
- Sewerage

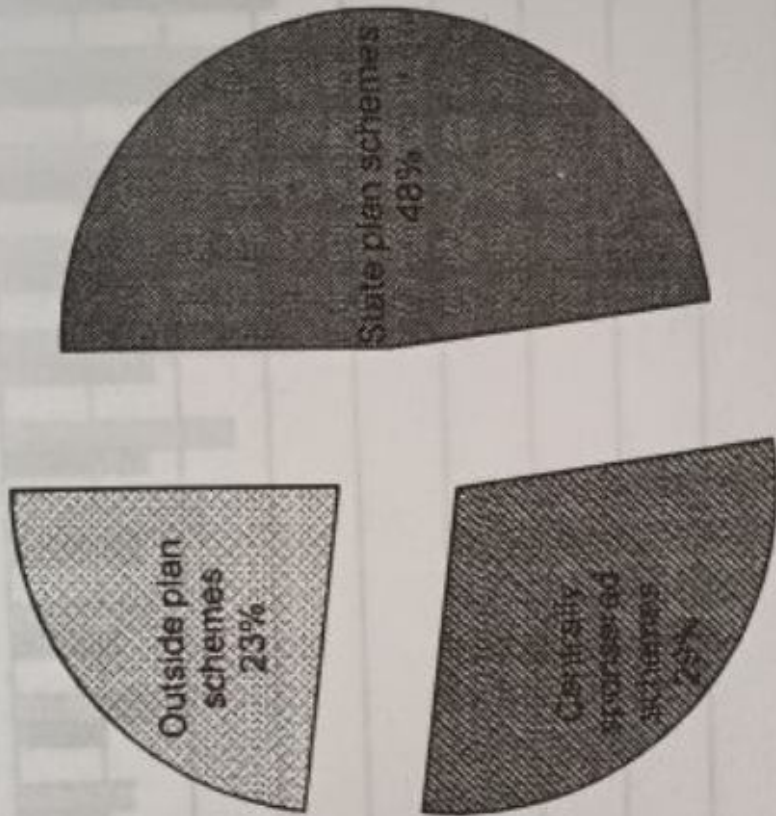
REVENUE RECEIPTS



REVENUE EXPENDITURE



Capital Expenditure 2005-06



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

INCOME AND EXPENDITURE 1984-85 TO 2005-06

