

# KERALA WATER AUTHORITY



## ANNUAL ACCOUNTS 2006 - 07

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HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 033

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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 YEAR ENDED 31 MARCH 2007.**

We have audited the attached Balance Sheet of Kerala Water Authority as at 31 March 2007 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 60 units. These financial statements are the responsibility of the Kerala Water Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller 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 the following significant audit observations on financial statements under different heads.

**A. BALANCE SHEET AS AT 31 MARCH 2007.**

**1. Sources of funds-**

**1.1. Contributions and Grants (Schedule A) - Rs.3094.69crore**

**1.1.1 Net value of Assets taken over- Rs.434.53crore.**

(i) 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.435.53 crore. 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.

(ii) 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 the 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 the 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.

**1.1.2 Amount released to District Collectors from Government of India Grant, for the implementation of SC/ST Water Supply Schemes - Rs.110.55 Crore.**

Funds actually released to 14 District Collectors as per the records of the Authority under the above head from 1995-96 to 2006-07 amounted to Rs. 109,21,29,800/- (Rs.109.21crore). Thus, there was an overstatement of Rs. 1,33,53,825 (Rs.1.34crore) under Advances to District Collectors and resultant understatement of the same amount under Contributions and Grants.

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

**1.2.1** This amount represents deposit for works, received up to 31 March 1994.

As per the provisions of the Accounts Manual of the Authority, the amount received for execution of deposit works, were to be considered as income on completion of such works, if the assets created were not handed over to the depositors.

Though, the Authority assured (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 2006-07 also.

**Unsecured Loans ( Schedule D) - Rs.306.39crore.**

**Loan from Government of Kerala - Rs .NIL**

As per item 1.04.1 of the Notes on Accounts, State Government loan of Rs.839.13crore has been converted as "Interest free fund from Government of Kerala" on the basis of a Budget proposal. The conversion was unauthorized since there was no specific orders of Government in this regard. The balance under "Unsecured loan (Schedule D)" was therefore understated by Rs.839.13crore with corresponding overstatement of "Contributions and Grants" (Schedule A)

The Government of Kerala (GoK) loan amount of Rs.839.13crore as per the accounts, was transferred to "Contributions & Grants" and loan account was shown as Nil. However, loan from GoK shown in the books of Accountant General (A&E) was Rs.839.60crore. Thus, there is a discrepancy of Rs.471akh, which has not been reconciled.

**Interest accrued on Government loan - Nil**

This is understated by Rs.1004.81 crore, due to the writing back, of accumulated interest on Government loan on the basis of Budget Speech 2008-09 of the Finance Minister. However, the Government Orders to this effect have not been issued so far (09 November 2010) and hence the writing back, of accumulated interest was not in order. This has resulted in overstatement of excess of income over expenditure to the same extent.

**1.3.2 Deposit work - Water Supply and sewerage -Rs 206.21 crore**

The expenditure incurred on deposit works for Govt departments during May 2002 to March 2007 were not debited to the account head 2778 which showed a credit balance of Rs.1.13 crore in Sewerage Division, Pattoor, Thiruvananthapuram, resulting in overstatement of liability on deposit works. Since, the work register was not maintained, the extent of work remaining to be executed was not accurately ascertainable.

**1.4 Current liabilities and Provisions (Schedule H) - Rs.700.44crore.**

**1.4.1 Sundry Creditors - Rs.575.79 crore**

**(i) Sundry Creditors for Payment to employees - Rs,10.34crore**

As per Note 1.07.4, the liability on account of gratuity and pension to the employees was being accounted for on cash basis. But as per Accounting Standards 15, which was mandatory with effect from 01 April 1995, liability towards gratuity should be provided on accrual basis based on actuarial valuation. The DCRG benefits in respect of some employees who retired from service before 31 March 2007 were not provided in the accounts. Few instances found on test check of the Divisions amounted to Rs.0.74crore (Annexure II).

(ii) **Sundry Creditors for Contractors/Suppliers - (-)Rs.0.76 crore.**

The balance under above head was understated by Rs.0.13crore due to non-provision of the liability in respect of the third and final bill on the construction of one million litres reservoir and pump house at Perumanoor under DFID scheme, amounting to Rs.0.13crore paid to the contractor Shri.T.I.Korath on 21 April 2007 in compliance with the judgment of the Honourable High Court of Kerala on 20 September 2006 (WP(C)No. 1557/2006). The balance under "Fixed Assets" (Schedule E) was correspondingly understated.

2. **Application of Funds**

2.1 **Fixed Assets (Schedule E)**

Gross Block	-	Rs.1366.88crore
Less Depreciation	-	Rs.627.18crore
Net Block	-	Rs.739.70crore

The Authority was not maintaining a Fixed Assets Register. The extract of Register of Fixed Assets as at 31 March 2007 was not appended to the Annual Accounts. The physical verification of fixed assets was also not conducted since the formation of the Authority in 1984. As such, the accuracy of the balance under fixed assets including depreciation provided could not be ensured.

2.2 **Capital Works in Progress - Rs.2153.91crore.**

The cost of civil works, mains, networks, roads, bridges and culverts created and put to use after the year 1997-98 was not capitalized under the respective items of Fixed Assets. This had resulted in understatement of the value of fixed assets and provision for depreciation.

Although, the Authority had stated (November 2008) that action was being taken to update the Fixed Assets Register, the updation was not completed prior to the finalization of accounts for incorporation of their value under Fixed Assets. In the reply, it was stated (March 2010) that the consultants had submitted their final report (December 2009) on the updation of fixed asset register for the financial years 1998-99 to 2004-05 and submitted the journal entries to be incorporated by each Division as well as consolidated journal entry to be incorporated by the Head Office. As stated to Audit, no major works were completed and commissioned during 2006-07, eventhough as per the details available with Audit, schemes valuing Rs 13.25crore (Annexure III) were commissioned during 2005-06, the details of which were not readily available. The assets have not been capitalised, as in many cases, the revised estimates have not been approved so far.

In 125 cases checked in audit, the understatement of value of fixed assets was Rs.280.10crore (Annexure III) and the understatement of the Depreciation Reserve was Rs 26.52crore (Annexure IV).

**Current Assets (Schedule G) - Rs.1004.29crore**

**Inventory - Rs 52.47crore**

2.3  
2.3.1

(i) This includes Rs.8.04crore representing the value of Stores, Tools and Spares declared as obsolete stock. The Authority decided (May 2002) to dispose off the obsolete stock by selling the stock to M/s.SILK, a Govt. of Kerala undertaking. However, this has not been done as the approval of Govt., sought for during May 2002 has not been received yet. 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.

(ii) The Bin Card and PSL of PH Division, Thodupuzha showed physical stock of cement of 35 bags valued at Rs.5880/- only. But in the Trial Balance prepared by the Head Office, the stock of cement shown was Rs.60,40,186/-. This resulted in overstatement of inventory by Rs.0.60crore.

2.3.2 **Current Assets (Schedule G) - Rs. 1004.29crore.**  
**Sundry Debtors - Rs. 833.03crore.**

(a) **Domestic, non- domestic and industrial dues- Rs 196.32crore.**  
Dues from Domestic, non-domestic and industrial consumers was overstated to the extent of Rs.0.87crore due to the erroneous inclusion of the dues settled in one time settlement in June 2000 and October 2006 in respect of M/s. Mascot Hotel (Consumer No.PGB 430/N and 100/N), under Water Works Central Sub Division, Thiruvananthapuram.

(b) **Others - Rs.0.41crore.**

This was understated to the extent of Rs.0.28crore representing the amount receivable from PWD towards the expenditure incurred in excess of the deposit amount in respect of the deposit works in connection with the widening of the Karamana- Killippalam road not accounted. (Sewerage Division, Pattoor, Thiruvananthapuram).

2.3.3 **Cash and Bank Balances - Rs.146.88crore.**

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 2007 included under 'Other current assets - Inter Office and other Suspense account balances' was Rs. 1.23crore (A/c code 999A).

2.3.4 **Bank and treasury Balances -Rs. 146.11 crore.**

The bank and treasury balance was overstated by Rs. 0.26crore due to the inclusion of the

amount as treasury Balance (A/c Head 1514), against which the confirmation received from the District Treasury, Kannur was for 'Nil' balance.

**2.3.5 Statutory Employees Deductions (Schedule H) - General Provident Fund - Rs.116.63crore.**

The Personal Ledger Account of the Provident Fund Accounts was prepared only up to the year 2005-06. Even though, credit cards up to this period were issued to the staff, the Authority did not have the amount of the accumulated balance of GPF as per individual credit cards for the year 2005-06. The calculation sheet of each subscriber was issued to the respective Divisions upto March 2006 for correcting the mistakes, if any. But this has not been finalised yet.

As such, the correctness of the balance of found position under the account could not be ascertained in audit.

The interest on GPF was accounted on actual basis only up to 1998-99 and interest at various rates were provided on the opening balance of the remaining accounting years from 1999-2000 onwards. Hence, the provision of interest on fund balance did not reflect the actual position.

**2.3.6 Liability on account of events occurring after the Balance Sheet date not provided for-**

The non provision of liabilities in compliance with Accounting Standards-4 (AS-4) on Contingencies and Events occurring after the Balance Sheet date is as follows-

- (i) The liability of Rs.0.27crore in respect of the land acquisition compensation payable as per the decision of the Sub-Court, Manjeri before the finalisation of accounts in respect of cases filed before 31 March 2007 under PH Division, Malappuram and payments made subsequently Rs.0.27crore as detailed below:

Sl. No.	Suit No.	Amount(Rs)
1.	LAR 9/95	5,44,850
2.	LAR 15/97	1,04,673
3.	LAR 16/97	40,851
4.	LAR 74/88	74,445
5.	LAR 20/2002	56,423
6.	LAR 19/2002	56,960
7.	LAR 16/2001	34,061
8.	LAR 78/2001	15,02,837
9.	LAR 4/2005	2,51,628
	<b>TOTAL</b>	<b>26,66,728</b>

- (ii) The Authority decided vide Resolution No.6279 in its meeting held on 27 February 2003 to apportion the loss estimated in 11 works (out of 21 works) by enquiry tribunal appointed vide GO (Rt) No. 7386/93/LAD dated 04 December 1993 (Resolution No. 6168 dated 31 August 2002) in respect of the execution of World Bank Aided Projects under Kollam Circle and some other ARWSS in a fixed ratio. The liability apportioned to KWA on the ground of its



"Management failure" not provided for was Rs.0.47crore (22.50 % x 210.46 lakh ie., the estimated loss ).

**2.3.7 Control Account Balances - (-) Rs.5.71 crore.**

The Control Account Balances represent the debit balance in the Control Account - 9212 - Rs.5.51crore and 9219 - Rs.0.20crore which should have been nullified through appropriate adjusting/transfer entries. This 'control account- Capital expenditure' also have not been appropriately analysed. The Current liabilities were understated to that extent.

**2.3.8 Advances to Suppliers/Contractors - Rs.188.36 crore.**

(i) Advances to Suppliers/Contractors was overstated to the extent of Rs.0.17crore due to non adjustment of the supplies effected by M/s. Malabar Cements Ltd and M/s.Steel Complex, Feroke from 5 June 2006 to 16 March 2007 in respect of seven Supply Orders Nos.D3-1489/02. The balance under Inventory Current Assets (Schedule G) is correspondingly understated.

(ii) The difference between the consolidated Trial Balance of Head Office and Divisions in respect of Loans and Advances showed overstatement of Rs.0.025crore and understatement of Rs.0.52crore (Annexure V).

**B. INCOME AND EXPENDITURE ACCOUNT**

**1. Income**

**1.1 Interest Income (Schedule N) - Rs.4.33crore.**

1.1.1 Interest Income was understated to the extent of Rs.0.41crore due to the non-provision of the interest income accrued but not due in respect of the investment in Treasury Fixed Deposits for Pension / PF and the consequent understatement of Current Assets to that extent.

1.1.2 The Interest income for the year 2006-07 was overstated and the excess of expenditure over income was understated to the extent of Rs.0.89crore (Rs.1,29,91,667 - Rs.41,39,452) due to the accounting of prior period interest income to this extent. The error or omission to recognize the interest income in previous periods should have been shown as a Prior period adjustment.

**1.2 Other Non-Operative Income (Schedule O) - Rs. 85.89crore**

**1.2.1 Income as recoveries - Rs. 81.70crore**

The amount includes Rs.81.70crore towards "Income as recoveries" (fine and penalties from consumers) for the year 2006-07. In accordance with Govt. Order dated 23 June 2006, the Authority decided to recalculate the water charges excluding fine with effect from 2004-05. Accordingly, the arrears of water charges excluding fine as on 31 March 2008 was Rs.560.47crore. As per minutes of the meeting held by Honourable Finance Minister on 24 December 2005, one time settlement of water dues to the Authority from the Urban and Rural Local Self Government Department of the State was fixed as Rs.250crore. Thus, treating

fine and penalties as income for the year 2006-07 resulted in overstatement of income by Rs.81.70crore.

2 **Expenditure**

2.1 **Administrative Expenses (Schedule R) - Rs. 0.76 crore.**

This did not include Rs.25.17 crore being Guarantee Commission payable to Government of Kerala as on 31 March 2007. The excess of expenditure over income was therefore understated by Rs. 81.70 crore (Rs. 23.42 crore relating to prior period and Rs.1.75 crore for the current year) with a corresponding understatement of liabilities.

2.2 **Interest on Government of Kerala Loans - Rs. 85.72 crore.**

The amount does not include interest on Government of Kerala loan of Rs.89.04crore during 2005-06 for the implementation of JBIC Assisted Kerala Water Supply Project. Similarly, no interest has been provided on loan of Rs.144.84crore availed of during 2006-07. Till 2004-05, the funds released for the Project were grants under "2215-01-190-99(Plan)". During 2005-06, the funds were released as loan under "6215-01-190-98(Plan)".

Non-reckoning of interest had resulted in understatement of prior period interest and excess of expenditure over income by Rs.1.63crore and Interest on Government of Kerala loan for the year by Rs. 12.02crore.

3 **Depreciation**

3.1 Short provision for depreciation for 2006-07 in respect of the works completed and commissioned from 1997-98 to 2005-06 was Rs.4.20crore (Annexure IV).

C **Notes on the Accounts for the Year ended 31 March 2007.**

4 Refer to item 1.07.06 of the 'Notes on accounts' wherein the decision to have an One Time Settlement (OTS) on the dues by Kerala Water Authority to Kerala State Electricity Board (KSEB) as on 31.03.2008 and necessary entries to that effect would be made in 2007-08 Accounts. As per the terms of the OTS, dues amounting to Rs. 1102.36crore (31.03.2008) was settled (21.04.2009) at Rs.250crore. This monetary impact also should have been disclosed in compliance with AS4 relating to 'Contingencies and Events occurring after Balance Sheet date'.

5 In item 2.03.04 of the 'Notes on accounts', the decision about the OTS of the dues as on 31.03.2008 to Kerala Water Authority from Urban and Rural Local Governments of the State and effecting entries for the same in 2007- 08 accounts are disclosed. As per the terms of OTS, dues amounting to Rs.609crore as at 31.03.2008 was revised to Rs.353.82crore payable in five instalments from the year 2009-10. The facts also should have been disclosed in the notes, as required in AS4 relating to 'Contingencies and Events occurring after Balance Sheet date'.

6 **Contingent Liabilities not provided for, not disclosed in the Notes on the Accounts.**

The disclosure requirements with respect to AS- 29 on 'Provisions, Contingent Liabilities and Contingent Assets' has not been complied with. Few instances are as given below-

- 6.1 The liability in respect of the claim of the contractor (Shri P.T. Chacko) of the work - 'Augmentation of WSS to Chengannoor Distribution System' (amounting to Rs.0.36crore based on the Arbitration Award on 31 March 2008 remitted on 17 February 2009 (Rs.0.40crore) and filed by the Superintending Engineer before the Hon'ble High Court
- 6.2 The OP No. 3080 of 2003-N filed by the petitioner, Smt Devaki Kochuraman claiming Rs.0.083crore was pending before the Hon'ble High Court of Kerala.
- 6.3 The liability in connection with the land acquisition for ARWSS to Puliyanoor- Meenachil Akalakkunnam villages in 1990s amounting to Rs.0.45crore on account of the excess compensation claimed and decreed with interest in LAA No 1063 of 2000 filed before the Sub Court, Pala and EP No 52/09 filed, pending before the Court. (PH Division, Kottayam).
- 6.4 The contingent liability of Rs.0.18 crore in respect of the claim of the petitioner Shri E.J. Skaria (Contractor) on the OS No 485 of 1994 & EP dated 19 November 2008 in Sub Court, Kottayam.
- 6.5 Claims amounting to Rs.0.84crore in seven suits were pending in various courts pertaining to PH Division, Thodupuzha.
- 6.6 The contingent liability amounting to Rs.0.54crore in respect of the following appeals lying before Hon'ble High Court of Kerala on land acquisition cases under PH Division, Malappuram have not been disclosed in the notes to accounts-

Sl.No.	Suit No.	Decree amount in lower court (Rs.)
1.	LAR131/00	1,17,768
2.	LAR 130/00	10,178
3.	LAR 1/02	1,38,412
4.	LAR 2/02	70,376
5.	LAR 3/02	1,89,236
6.	LAR 22/02	2,93,334
7.	LAR 21/02	4,71,452
8.	OS 96/01	38,49,923
9.	LAR 4/2005	2,29,267
	TOTAL	53,69,946

#### D General

- 7.1 The value of capital assets and spares donated by the United Nations 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.

- 7.2 The Accounts Manual framed under Regulation 65(F) of the Act required that the accounts should contain details such as quantity of clear water produced and sold to domestic and non-domestic consumers, local bodies, individual consumers etc.

However, this requirement was not complied with, as the Authority did not have the accurate information on the quantitative details of water produced and sold.

**E. Grants-in-aid**

The details regarding Grants-in-aid received and utilised by the Authority during 2006-07 are furnished below:

1. Government of India (Plan) - Rs.68.24crore for implementation of Centrally Sponsored Water Supply Schemes (including Rs.9.21crore received for Swajaldhara Scheme and Rs.1.29crore received for CCDU for which Kerala Water Authority was only an intermediary. As such it is not the grant of Kerala Water Authority).
2. Government of India (Non Plan) - Rs. 9.32 crore for O & M
3. Government of Kerala (Plan) - Rs.80.98crore for implementation of various Water Supply Schemes.
4. Government of Kerala (Non Plan) - Rs. 88.60 crore to meet the revenue expenditure.

Project wise details of Grants-in-aid are given in Annexure VI.

Out of Grants-in-aid of Rs.236.64 crore received during the year 2006-07 (excluding - opening minus balance of Rs.8.92crore, Rs.9.21crore for Swajaldhara Scheme and Rs.1.29crore for CCDU), (Rs.15.91crore was received in March 2007, the organization could utilize an amount of Rs. 234.25 crore leaving a minus balance of Rs. 6.53 crore as unutilised grant on March 2007).

- F. 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 of 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 2007 and

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

**G Impact of the comments.**

As a result of the comments on the accounts for the year 2006-07, the expenditure over income for the year amounting to Rs. 115.43 crore, will increase by Rs. 124.31 crore and the accumulated expenditure over income of Rs. 2964.47 crore in the balance sheet, after adjusting prior period items (Rs. 1006.31 crore) will increase by Rs. 1130.62 crore.

For and on behalf of the C & AG of India

Sd/-

**Principal Accountant General (C & CA)**

**Kerala, Thiruvananthapuram**

Thiruvananthapuram

26.11.2010

## 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 which resulting in accumulation of arrears.
  - (iii) The system existed for verification of Stores and Stock in the Authority was inadequate. 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 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

### DCRG and Pension Benefits (Refer to Para 1.4.1 (i))

Divisions	Name of the Employee	Date of Retirement	Date of payment	Amount (Rs.)
PH Division, Kottayam	Shri. T. Balachandran (Assistant Engineer)	30.06.2005	1/1/2010	2,20,844
PH Division Kochi	Shri. A.Abdul Azeez	31/03/2005	5/12/2007	4,44,044
PH Division Thodupuzha	Smt. T.P. Rosakutty		20/04/2007	2,26,809
	Shri. U.M. Assaniss Rawther		16/05/2007	2,13,148
	Shri. K.D. Abraham		25/08/2008	3,52,948
PH Division, Malappuram	Smt. P.K. Sathi Sukanya		22/06/2007	1,12,533
	Shri. Govindan P.		01/05/2007	3,27,681
	Shri. B. Raju		02/05/2007	1,88,995
PH Division Kannur	Smt. Lalitha K.K.		20/11/2007 & 29/09/2008	2,68,911
	Smt. P. Shylaja		16/07/2007 & 29/09/2008	2,65,872
	Smt. Jayasree N.K.		17/06/2008	1,24,851
	Smt. Sarada Chandiyar		29/09/2008	1,05,813
	Smt. Lalitha V.V.		29/09/2008	1,13,687
	Shri. K.V. Damodaran		20/06/2007	1,37,843
	Shri. K.V. Pavithran		16/07/2007	4,02,368
	Smt. P. Shylaja		16/07/2007 & 30/06/2008	4,10,119 & 3,49,243
	Smt. Renuka P.V.		07/08/2007	3,84,092
	PH Division, Palakkad	Total (13 Employees)		07/08/2007
			<b>TOTAL</b>	<b>74,42,711</b>

Sd/-  
RESIDENT AUDIT OFFICER  
KERALA WATER AUTHORITY

**ANNEXURE III**  
**DETAILS OF SCHEMES COMMISSIONED BUT INCLUDED IN**  
**CAPITAL WORKS IN PROGRESS**  
**(Refer to Para 2.2)**

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 Chakittappara	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 Vadakkancherry 2nd 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 Muttill	-do-	-do-	101.40
57.	UWSS to Sultanbathery & 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 Thakarappallimedu	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 Edacherry	ARP	-do-	121.22
78.	WSS to Vemom-Nallooradu	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 Eranalloor Thrikariyoor	ARP	-do-	384.06
99.	Augmentation of UWSS to Chalakkudy	LIC/ HUDCO	-do-	914.00
100.	UWSS to Chavakkad, Kunnamkulam & Guruvayoor	LIC	-do-	724.63
101.	UWSS to Shornur	LIC/Plan	-do-	568.5
102.	WSS to Kollamkod adj. Pts	ARP/LIC SP	-do-	388.00
103.	WSS to Kozhinjampara & Adj. Villages	Technology Mission	-do-	581.93
104.	WSS to Vemom, Nallurnadu, Perunallur	PMGY	-do-	76.80
105.	WS 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 Pt.	NCPC	-do-	100.35
113.	ARWSS to Porathisery and Madayikonam	ARP	-do-	163.38
114.	WSS to Chakkumkoodam, Thrissur	ORWSS	-do-	14.00
115.	WSS to Areacode, Mambad and Pandikkad in Malappuram	NCPC	-do-	87.39
116.	WSS to Peruvayal, Chelannur and Kadalundy	NCPC	-do-	28.17
117.	WSS to Koodathalummil IHDP Colony	SCP	2005-06	16.37
118.	WSS to Cherumala and Thonichira SC Colony and Velliyoramala IHDP Colony	SCP	-do-	33.76
119.	Mini WSS to Pennakkalam, Petta Avilora North, Kurukkankunnu	MWSS	-do-	52.40
120.	WSS to Pattampoyil	ARWSS/SC ST (SCP)	-do-	11.64

121	W.S.S. to Kumbalachola	MWSS	-do-	
122.	Mini W.S.S. to Kiliyanthara, Vellarivayal and Munnanimatta	MWSS	-do-	11.59 20.39
123.	Mini WSS to Narangathattu, Kalikkayam Perikkad, Blathur, Theyyampady, Maniyattupara	MWSS	-do-	
124.	W.S.S. to Varam, Iriveri, Anjarakandy Muzhappilangad, Pinarayi	NCPC	-do-	41.94 182.54
125.	WSS to Enmakaje, Neerchal, Adhur, Munnad Thekkil, Kalnad, Kuttikol and Parappa	NCPC	-do-	45.42
<b>TOTAL</b>				<b>28010.00</b>

Sd/-

**RESIDENT AUDIT OFFICER  
KERALA WATER AUTHORITY**

ANNEXURE IV

STATEMENT OF CALCULATION OF DEPRECIATION RELATING TO  
SCHEMES COMMISSIONED DURING 1997-98 TO 2005-06  
BUT NOT CAPITALISED  
(Refer to para 2.2. & 3.1)

Year of Commissioning	Total cost incurred (Rs. in lakh)	Depreciation @ 1.50% per annum (Rs. in lakh)		Total (Rs. in lakh)
		Prior Period ie upto 2005-06	2006-07	
2005-06	1324.62	19.87	19.87	39.74
2004-05	6737.76	202.12	101.06	303.18
2003-04	69.30	3.12	1.04	4.16
2002-03	1457.09	87.43	21.86	109.29
2001-02	5120.04	384.00	76.80	460.80
2000-01	972.12	87.49	14.58	102.07
1999-00	2480.90	260.49	37.21	297.70
1998-99	9496.88	1139.62	142.45	1282.07
1997-98	351.29	47.42	5.27	52.69
<b>Total</b>	<b>28010.00</b>	<b>2231.56</b>	<b>420.14</b>	<b>2651.70</b>

Sd/-  
RESIDENT AUDIT OFFICER  
KERALA WATER AUTHORITY

**ANNEXURE V**

**DIFFERENCE IN THE HEAD OFFICE CONSOLIDATED TRIAL BALANCE WITH DIVISION TRIAL BALANCE**

(Refer to Para 2.3.8 (ii))

Name of Division	1611	1615	1625	1626	1639	1641	1661	1662
W.S. Division, Neyyattinkara	6382	4745	(-)5821	(-)173		102305	(-)251443	(-)4913744
P.H. Division, Kollam	(-) 80							
P.H. Division, Thodupuzha (Cons)	(-)20015	443	(-)1852	(-)300			392583	
P.H. Division, Malappuram (Cons)								
P.H. Division, Alappuzha								
P.H. Division, Thiruvalla			(-)29673	(-)7068	(-)112360			
P.H. Division, Kochi (Consolidated)			(-)112933					
Sewerage Divn, Patoor								
<b>Total</b>	(-)13713	5188	(-)150279	(-)7541	(-)112360	102305	141140	(-)4913744
<b>Gross Total</b>								
			(-)5197637	(+)2486633				

Sd/-  
RESIDENT AUDIT OFFICER  
KERALA WATER AUTHORITY

**ANNEXURE VI**  
**GRANTS-IN-AID**

**PROJECT WISE DETAILS OF RECEIPT AND UTILISATION OF GRANTS-IN-AID DURING THE YEAR 2006-07**  
**(Refer to Para E)**

Sl. No.	Name of the project for which Grants received or General Grants	Amount of Grant brought forward from previous year	Amount of Grant received during the year	Total Grant received	Amount utilised during year	Amount unutilised as on 31.03.07 carried forward to next year	Remarks 1. Target date of the project 2. Audit Comment on delay etc.
1.	ARWSS	** (8.92)	** 63.94	55.02	63.13	(8.11)	NIL
2.	Technology Mission	-	3.11	3.11	1.53	1.58	NIL
3.	Public Health Engineering Training	-	0.01	0.01	0.01	-	NIL
	Total Government of India Grant*	(8.92)	67.06	58.14	64.67	(6.53)	NIL
4.	Government of Kerala (Plan)	-	80.98	80.98	80.98	-	NIL
5.	Government of Kerala (Non Plan)	-	88.60	88.60	88.60	(6.53)	NIL
	<b>Grand Total</b>	<b>(8.92)</b>	<b>236.64</b>	<b>227.72</b>	<b>234.25</b>	<b>(6.53)</b>	<b>NIL</b>
	* Note : Following amounts taken in accounts, not included in the Government of India grant shown above						
	i) Rs. 9.21 crore received for Swajaldhara Scheme						
	ii) Rs. 1.29 crore (received for communication and capacity Development Unit.						
	** Rs. 1.78 crore (Rs. 1.55 crore + Rs. 0.23 crore) being the last year's expenditure received as grant during the year.						

Sd/-

**RESIDENT AUDIT OFFICER**  
**KERALA WATER AUTHORITY**

# KERALA WATER AUTHORITY

BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2007

SOURCES OF FUNDS	SCH-REF	CURRENT YEAR Rs	PREVIOUS YEAR Rs
1. Kerala Water Authority Fund			
a. Contributions & Grants	A	30,946,895,915	21,251,135,988
b. Reserves & Surplus	B	151,723,814	151,723,814
2. Kerala Water Authority Loan Fund			
a. Secured Loans	C	2,978,747,736	2,913,014,050
b. Unsecured Loans	D	3,063,931,256	18,567,263,135
<b>TOTAL</b>		<b>37,141,298,721</b>	<b>42,883,136,987</b>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets	E		
Gross Block		13,668,836,559	13,653,720,103
Less: Depreciation Reserve		6,271,756,020	6,009,076,672
Net Block		7,397,080,539	7,644,643,431
Capital Work in Progress		21,539,067,950	18,823,153,828
2. Investments		28,936,148,489	26,467,797,259
3. Net Current Assets	F	152,991,667	100,000,000
a. Current Assets	G	10,042,896,093	9,047,268,885
b. Current Liabilities	H	7,004,404,211	5,643,808,579
		3,038,491,882	3,403,460,306
4. Loans & Advances	I	2,048,923,573	389,713,267
5. Miscellaneous Expenditure not Written-off	J	-	-
6. Accumulated Excess of Expenditure over Income	K	2,964,743,110	12,522,166,155
<b>TOTAL</b>		<b>37,141,298,721</b>	<b>42,883,136,987</b>

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/-  
S.Sunil Raj  
ACCOUNTS MEMBER

Sd/-  
Susan Jacob  
MANAGING DIRECTOR

Place: Thiruvananthapuram  
Date :02 /08/2010



# KERALA WATER AUTHORITY

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

INCOME	SCH-REF	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
1. Operating Income	L	1,383,908,153	1,493,728,271
a. Consumers	M	15,901,370	9,704,656
b. Others		1,399,809,523	1,503,432,927
2. Grants & Subventions - GOK		886,000,000	800,000,000
3. O&M Grant from GOI		93,240,000	92,560,000
4. Interest Income	N	43,312,735	5,373,687
5. Other Non-Operative Income	O	858,850,706	1,293,116,142
<b>TOTAL INCOME</b>		<b>3,281,212,964</b>	<b>3,694,482,756</b>
<b>EXPENDITURE</b>			
1. Operating & Maintenance Expenses	P	1,846,791,709	1,900,985,827
2. Payment & Provision to employees		1,610,310,330	1,577,929,271
3. Office expenses	Q	52,380,501	54,204,333
4. Travelling & Conveyance Expenses		10,352,678	10,279,672
5. Administrative Expenses	R	7,611,720	8,102,778
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		420,958,421	310,733,652
b. GOK Loans		857,172,000	890,644,000
c. PF loans		91,100,843	81,035,174
10. Depreciation	E	1,369,231,264	1,282,412,826
		262,679,348	275,474,929
<b>TOTAL EXPENDITURE</b>		<b>5,159,357,550</b>	<b>5,109,389,636</b>
11. Transferred to Capital Work-In-Progress	V	723,815,385	695,826,345
		4,435,542,165	4,413,563,291
		1,154,329,201	719,080,535
<b>Excess of Expenditure over Income</b>		<b>(10,711,752,246)</b>	<b>(221,580,954)</b>
12. Prior Period Adjustments	W	(9,557,423,045)	497,499,581
<b>Excess of Expenditure over Income after prior period adjustments</b>		<b>(9,557,423,045)</b>	<b>497,499,581</b>

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/-  
S.Sunil Raj  
ACCOUNTS MEMBER

Sd/-  
Susan Jacob  
MANAGING DIRECTOR

Place: Thiruvananthapuram  
Date :02 /08/2010

**KERALA WATER AUTHORITY**  
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2007

**SCHEDULE - A**

	CURRENT YEAR	PREVIOUS YEAR
<b>CONTRIBUTIONS &amp; GRANTS</b>		
1. Net value of Assets taken over	4,345,327,735	4,345,327,735
2. Contribution & Grants from Government of Kerala	14,175,529,096	13,365,729,096
3. Interest free fund from GOK	8,391,301,362	
Less : Amount released to :		
a. Urban L.C.S Schemes	36,525,750	
b. Rural L.C.S Schemes	39,497,200	
c. Kerala Urban Development Project	36,000,000	
	8,279,278,412	
4. Contribution & Grants from Government of India	4,838,370,320	4,155,959,144
Less : Amount released to District Collectors from grant for implementation of SC/ST WSS	1,105,483,625	1,042,983,625
	3,732,886,695	3,112,975,519
5. Donated capital assets	1,801,695	1,801,696
6. Capital contribution from other sources	412,072,282	425,301,942
	<b>30,946,895,915</b>	<b>21,251,135,988</b>

**SCHEDULE - B**

**RESERVES & SURPLUS**

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

Sd/-  
FM & CAO

Sd/-  
AM

Sd/-  
MD

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

CURRENT YEAR      PREVIOUS YEAR

**SCHEDULE - C**

**SECURED LOANS**

1.	Loan from LIC of India	1,873,238,641		1,998,211,767
2.	Loan from HUDCO	256,319,699		341,919,699
3.	Bank Loan	849,189,396		572,882,584
		<b>2,978,747,736</b>		<b>2,913,014,050</b>

**SCHEDULE - D**

**UNSECURED LOANS**

1.	a. Loan from Govt of Kerala			6,897,901,362
	Less : Amount released to :			
	a. Urban L.C.S Schemes			36,525,750
	b. Rural L.C.S Schemes			39,497,200
	c. Kerala Urban Development Project			36,000,000
				<b>6,785,878,412</b>
	b. Interest accrued on GOK Loan			9,168,831,006
3.	Deposit from local bodies	230,504,512		223,968,560
4.	Security Deposit	325,409,608		277,344,674
5.	Earnest Money Deposit	15,817,518		15,921,022
6.	Water & Sewerage Connection Deposits	21,013,554		18,219,475
7.	Deposit work-water supply & sewerage	2,062,113,873		1,744,233,442
8.	Other deposits	409,072,191		332,866,544
		<b>3,063,931,256</b>		<b>18,567,263,135</b>

Sd/-  
FM & CAO

Sd/-  
AM

Sd/-  
MD

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

# KERALA WATER AUTHORITY

SCHEDULE OF FIXED ASSETS AS AT 31<sup>st</sup> MARCH 2007

DESCRIPTION	GROSS BLOCK		DEPRECIATION BLOCK			NET BLOCK		
	BALANCE AS ON 01/04/2006	ADDITIONS DURING YEAR	AS ON 31/03/2007	BALANCE AS ON 01/04/2006	DEPRECIATION FOR THE YEAR	DEP UPTO 31/03/2007	AS ON 31/03/2007	PREVIOUS YEAR
FREE HOLD LAND	943781969	3618306	947400275				947400275	943781969
LEASE HOLD LAND								
LAND DEVELOPMENT EXPENDITURE	75238384		75238384				75238384	75238384
CIVIL WORKS	3081279567		3081279567	1328623148	58279634	1386902782	1694376785	1752656419
BUILDINGS	556262456		556262456	210019751	9707929	219727680	336534776	346242705
PLANT AND MACHINERY	913245296		913245296	615885400	28692262	644577662	268667634	297359896
MAINS AND NETWORKS	7747649233		7747649233	3654786236	155704619	3810490855	3937158378	4092862997
ROADS BRIDGES AND CULVERTS	133067708		133067708	74661461	3071129	77732590	55335118	58406247
VEHICLES	57676512	453000	58129512	49957038	785457	50742495	7387017	7719474
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	145518978	11045150	156564128	75143638	6438318	81581956	74982172	70375340
TOTAL	13653720103	15116456	13668836559	6009076672	262679348	6271756020	7397080539	7644643431

	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
GROSS BLOCK OF FIXED ASSETS	13668836559	13653720103
LESS : ACC.DEPRECIATION	6271756020	6009076672
NET VALUE OF FIXED ASSETS	7397080539	7644643431
ADD : C.W.I.P A/C CODE 11	21539067950	18823153828
TOTAL	28936148489	26467797259

Sd/-  
FM & CAO

Sd/-  
AM

Sd/-  
AMD

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

**SCHEDULE - F**  
**INVESTMENTS**

	CURRENT YEAR	PREVIOUS YEAR
Investment in Treasury FD for Pension / PF	152,991,667	100,000,000

**SCHEDULE - G**  
**CURRENT ASSETS**

1. Inventory :		
a. Stores, Tools & Spares	463,023,390	531,661,349
b. Consumables	61,185,916	58,620,400
c. Others	470,343	470,343
	<b>524,679,649</b>	<b>590,752,092</b>
2. Sundry Debtors :		
a. Consumers		
i. Local bodies dues - water & maintenance charges	6,186,833,807	4,833,004,575
ii. Domestic, Non-domestic & Industrial dues	1,963,203,334	1,940,320,584
b. LIC Loan repayment due from Local Bodies	176,143,755	176,143,755
c. Others	4,124,365	4,124,365
	<b>8,330,305,261</b>	<b>6,953,593,279</b>
3. Cash & Bank Balances :		
a. Bank & Treasury balances	1,461,125,193	1,839,317,112
b. Cheques & Bills in transit	3,263	3,263
c. Cash on hand	7,651,609	3,535,696
	<b>1,468,780,065</b>	<b>1,842,856,071</b>
4. Other Current Assets :		
Inter office & other suspense account balances	(280,868,882)	(339,932,557)
	<b>10,042,896,093</b>	<b>9,047,268,885</b>
	<b>10,042,896,093</b>	<b>9,047,268,885</b>

Sd/-  
 FM & CAO

Sd/-  
 AM

Sd/-  
 MD

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

**SCHEDULE - H**

	CURRENT YEAR	PREVIOUS YEAR
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
1. Current Liabilities		
a. Sundry Creditors :		
i. Payment to employees	103,409,996	101,088,965
ii. For expenses	5,662,060,998	4,304,657,398
iii. For contractors/suppliers	(7,596,917)	9,823,715
b. Statutory employees deductions :		
i. General provident fund	1,166,302,639	1,087,210,436
ii. NMR PF	51,754,688	51,550,102
iii. Others	2,674,101	3,296,308
c. Sales-tax collections	2,524,354	10,120,777
d. Tax deducted at source	4,613,700	5,096,763
e. Other current liabilities	31,306,479	47,623,836
f. Interest accrued on loans	44,462,350	63,227,343
	<b>7,061,512,388</b>	<b>5,683,695,643</b>
2. Control account balances	(57,108,177)	(39,887,064)
	<b>7,004,404,211</b>	<b>5,643,808,579</b>

**SCHEDULE - I**

**LOANS & ADVANCES**

1. Loans & advances to employees	38,319,639	50,696,243
2. Advances for expenses	8,937,117	8,692,981
3. Advances to suppliers / contractors	1,883,643,636	218,936,672
4. Revolving fund to Local Bodies	2,109,552	2,109,552
5. Advances - Others	7,959,572	7,114,821
6. Claims recoverable	19,443,330	17,954,177
7. Contribution Deposit - KSEB	31,250,551	29,719,598
8. Consumer Deposit - KSEB	28,748,310	27,610,909
9. Deposit with PWD	14,214,827	11,361,881
10. Deposit with others	4,452,023	5,671,417
11. Advances for capital expenditure	9,845,016	9,845,016
	<b>2,048,923,573</b>	<b>389,713,267</b>

Sd/-  
FM & CAO

Sd/-  
AM

Sd/-  
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	12,522,166,155	12,024,666,574
Add Current years excess of expenditure over income	(9,557,423,045)	497,499,581
	2,964,743,110	12,522,166,155

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

Sd/-  
**S.Sunil Raj**  
 ACCOUNTS MEMBER

Sd/-  
**Susan Jacob**  
 MANAGING DIRECTOR

Place: Thiruvananthapuram  
 Date :02 /08/2010

**KERALA WATER AUTHORITY**  
**SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31st MARCH 2007**

**SCHEDULE - L**

**OPERATING INCOME - CONSUMERS**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
1. Operating income - water supply		
a. Domestic Consumers	523,645,354	528,843,702
b. Nondomestic Consumers	439,470,465	513,365,044
c. Industrial Consumers	53,993,737	70,512,264
	<b>1,017,109,556</b>	<b>1,112,721,010</b>
2. Operating income - Sewerage		
a. Domestic Consumers	1,222,018	1,601,855
b. Nondomestic Consumers	6,686,957	6,000,587
	<b>7,908,975</b>	<b>7,602,442</b>
3. Income from local bodies	358,889,622	373,404,819
	<b>1,383,908,153</b>	<b>1,493,728,271</b>

**SCHEDULE - M**

**OPERATING INCOME - OTHERS**

1. Centage charges	14,293,727	8,563,120
2. Storage charges	396,456	54,640
3. Supervision charges	833,625	761,959
4. Miscellaneous recoveries	377,562	324,937
	<b>15,901,370</b>	<b>9,704,656</b>

**SCHEDULE - N**

**INTEREST INCOME**

1. Interest on loans & advances	3,137,278	2,795,806
2. Interest on deposits	40,175,457	2,577,881
	<b>43,312,735</b>	<b>5,373,687</b>

Sd/-  
FM&CAO

Sd/-  
AM

Sd/-  
MD



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

**SCHEDULE - O**

**OTHER NON-OPERATING INCOME**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
1. Income as recoveries	817,033,970	1,253,765,281
2. Claims recoverable	1,016,541	169,303
3. Miscellaneous income	40,800,195	39,181,558
	<b>858,850,706</b>	<b>1,293,116,142</b>

**SCHEDULE - P**

**OPERATING & MAINTENANCE EXPENSES**

1. Consumption of Stores, Tools & Spares	61,962,626	67,864,179
2. Consumables	31,736,376	32,616,506
3. Power charges	1,380,000,000	1,437,022,504
4. Insurance	356,279	245,776
5. Other operating expenses	10,744,189	12,582,126
6. Repairs & Maintenance of water supply	322,127,731	316,589,174
7. Repair & Maintenance of sewerage	19,171,833	14,951,160
8. Vehicle maintenance	20,692,675	19,114,402
	<b>1,846,791,709</b>	<b>1,900,985,827</b>

**SCHEDULE - Q**

**OFFICE EXPENSES**

1. Rent	1,729,661	1,506,246
2. Rates & Taxes	1,131,434	1,558,331
3. Postage, Telegram, Telephone & Telex	10,431,361	10,834,420
4. Printing & Stationery	9,202,866	8,148,162
5. Exhibition & Publicity	6,681,881	9,807,738
6. Training & other expenses	2,233,635	1,752,181
7. Electricity charges	12,943,839	13,197,218
8. Other office expenses	8,025,824	7,400,037
	<b>52,380,501</b>	<b>54,204,333</b>

**SCHEDULE - R**

**ADMINISTRATIVE EXPENSES**

1. Board meeting expenses	44,274	10,979
2. Professional fees	1,480,388	1,774,810
3. Payment to auditors	4,948,517	5,018,870
4. Bank Charges	281,840	691,332
5. Other administrative expenses	856,701	606,787
	<b>7,611,720</b>	<b>8,102,778</b>

Sd/-  
FM&CAO

Sd/-  
AM

Sd/-  
MD

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

CURRENT YEAR  
Rs                      PREVIOUS YEAR  
Rs

**SCHEDULE - S**

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)	302,856,964	385,092,693
Interest on loan from FIs & Banks	420,958,421	310,733,652
	723,815,385	695,826,345
	723,815,385	695,826,345

**SCHEDULE - W**

**PRIOR PERIOD ADJUSTMENTS**

PPA of Depreciation		
PPA of Interest on HUDCO		3,004,254
PPA of Repairs & Maintenance (Power)		253,000,000
PPA of Salaries & Wages		
PPA of Interest on GOK Loan	22,076,000	
PPA of Office Expenses		5,149,776
PPA GOK Interest wavier	(10,048,079,006)	
PPA of Income	(685,749,240)	(482,734,984)
	(10,711,752,246)	(221,580,954)
	(10,711,752,246)	(221,580,954)

Sd/-

V.S.Pradeep  
 FINANCE MANAGER  
 AND CHIEF ACCOUNTS OFFICER

Sd/-

S.Sunil Raj  
 ACCOUNTS MEMBER

Sd/-

Susan Jacob  
 MANAGING DIRECTOR

Place: Thiruvananthapuram  
 Date : 02 /08/2010

# KERALA WATER AUTHORITY

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007

## BALANCE SHEET

### 1.01 CONTRIBUTION AND GRANTS

#### SCHEDULE -A

Current year Rs.309469 Lakhs

Previous year Rs. 212511 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 (iv) all other miscellaneous grants & contributions received from other sources (Capital) and (v) Interest free fund from GOK being the conversion of GOK loan.

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.

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.

### 1.02 RESERVES & SURPLUS

#### SCHEDULE -B

Current year Rs.1517 Lakhs

Previous Year Rs.1517 Lakhs

Deposits received for the deposit works up to 31<sup>st</sup> 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 29787 Lakhs

Previous year Rs 29130 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.

## 1.04 UNSECURED LOANS

### SCHEDULE D

Current Year Rs 30639 Lakhs

Previous year Rs 185673 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.

In the budget speech for the year 2008-09, government proposed to implement a comprehensive restructuring package for the Kerala Water Authority during the silver jubilee year of KWA. In this circumstances the government had written off the interest on loans drawn by the Kerala Water Authority to the tune of Rs. 1006 crore and convert the loan amount of RS. 839.60 Crore as an interest free fund.

Hence the total interest accrued and due to GOK for Rs. 1004.81 Crore has been written off during the year and the loan amounting to Rs.839.13 Crore has been converted to interest free fund.

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

## 1.05 FIXED ASSETS

### SCHEDULE E

Current Year Rs 289361 Lakhs

Previous year Rs 264678 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 100429 Lakhs

Previous year Rs 90473 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.61868 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. 2931.79 Lakhs (Credit) and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 2006-07 amounting to Rs.123.10 Lakhs (Debit).

1.07 **CURRENT LIABILITIES**

**SCHEDULE H**

Current Year Rs 70044 Lakhs

Previous year Rs 56438 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 2006-07 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.571.08 Lakhs (Debit) represents accumulated balances between control accounts and the concerned WIP / Stores / Sundry debtors accounts.

1.07.6 As per the Government Order Numbered G.O (MS) No. 45/08/WRD, dated, Thiruvananthapuram, 26.09.2008, it was decided to have a one - time settlement of dues as on 31/03/2008 by Kerala Water Authority to Kerala State Electricity Board. Hence, entries for the same will be made in 2007-08 accounts.

1.08 **LOANS AND ADVANCES**

**SCHEDULE I**

Current Year Rs 20490 Lakhs

Previous year Rs 3897 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 29647 Lakhs

Previous year Rs 125222 Lakhs

The accumulated excess of expenditure over income as on 31/03/2007 is arrived at as follows -

	Rs in Lakhs
Excess of expenditure over income as on 31/03/2006	125222
Excess of expenditure over income for the year 2006-07	11543
	<hr/>
Provision of Interest on GOK loan Up to 31/03/2007, written off	136765
	<hr/>
Prior Period Interest on GOK Loan	100481
	<hr/>
Prior Period adjustments on Water Charges of LSG	36284
	<hr/>
Excess of expenditure over income as on 31/03/2007	221
	<hr/>
	36505
	<hr/>
	6858
	<hr/>
	<u>29647</u>

## II INCOME AND EXPENDITURE ACCOUNT

### 2.01 INTEREST

Current Year Rs 13692 Lakh

Previous year Rs 12824 Lakhs

This amount includes interest for LIC, HUDCO and Bank loans amounting to Rs.4209 Lakhs, Rs.8572 Lakhs provided for GOK loan and Rs.911 Lakhs for others.

### 2.02 DEPRECIATION

Current Year Rs 2627 Lakhs

Previous year Rs 2755 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 % on the capital expenditure of schemes and on deposit works @ 12.5%.

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.

2.03.4 As per the Government Order Numbered G.O (Rt) No. 816/09/LSGD, dated, Thiruvananthapuram, 30.03.2008, it was decided to have a one - time settlement of dues as on 31/03/2008 to KWA from Urban and Rural Local Governments of the State. Hence, entries for the same will be made in 2007-08 accounts.

Sd/-  
V.S. Pradeep  
FINANCE MANAGER

Sd/-  
S. Sunil Raj  
ACCOUNTS MEMBER

Sd/-  
Susan Jacob  
MANAGING DIRECTOR  
& CHIEF ACCOUNTS OFFICER

Thiruvananthapuram  
02/08/2010

# KERALA WATER AUTHORITY

## REPLY TO THE SEPARATE AUDIT REPORT OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF KERALA WATER AUTHORITY FOR THE YEAR ENDED 31 MARCH 07

### INTRODUCTION

### COMMENTS ON ACCOUNTS

#### A. Balance Sheet as at 31 March 2007

##### 1. Sources of Funds

##### 1.1 Contributions and Grants- (Schedule A)-Rs. 3094.69 crore

##### 1.1.1. 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 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 Amount released to District Collectors from Government of India Grant, for the implementation of SC/ST Water Supply Schemes – Rs. 110.55 crore
- Funds given to district collectors for purposes other than for SC/ST WSS is also given under the head while preparing accounts. This pertains to transaction during



the years 1998-99 to 2003-04. Amount given for GOI schemes and others will be bifurcated in the accounts for the year 2007-08.

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

**1.2.1.** 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 Unsecured Loans (Schedule D) – Rs. 306.39 crore**

**1.3.1 Loan from Govt. of Kerala – Rs. NIL**

(i). KWA had requested the Govt. to issue necessary orders for writing off the interest on loans and converting the loan amount as interest free fund. As directed by Govt, vide letter dated 9-4-2010, KWA has submitted proposal for inclusion in the first batch of supplementary demand for Grants by providing a token provision in the grant-in-aid head for correcting the outstanding loan as grant. Hence, it is only a matter of procedural delay.

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

(iii) KWA had requested the Govt. to issue necessary orders for writing off the interest on loans and converting the loan amount as interest free fund. As directed by Govt, vide letter dated 9-4-2010, KWA has submitted proposal for inclusion in the first batch of supplementary demand for Grants by providing a token provision in the grant-in-aid head for correcting the outstanding loan as grant. Hence, it is only a matter of procedural delay.

### **1.3.2 Deposit work Water Supply and Sewerage – Rs. 206.21 crore.**

The expenditure incurred on deposit work of Government department is accounted through WIP account as per the Accounts Manual of KWA. When the work is completed and if not handed over to the concerned department, the amount of deposit is transferred to capital Reserve account. Analysis of this account up to 2004-05 has been completed and necessary entries have been made in the accounts for the year 2007-08. Action has been initiated for the analysis of the account from 2005-06.

### **1.4 Current liabilities and Provisions (Schedule H) – Rs. 700.44 crore.**

#### **1.4.1 Sundry Creditors – Rs. 575.79 crore**

##### **(i) Sundry Creditors for payment to employees – Rs. 10.34 crore**

Due to practical difficulties, actuarial valuation was not undertaken. As mentioned in the notes to account the same is accounted on Cash Basis.

Amount payable to pensioners who retired on or before 31/03/2007 will be clear only when the DCRG of these pensioners is finalized. Hence, no provision is made in accounts.

##### **(ii) Sundry Creditors for Contractors /Suppliers – (Rs. 0.76 crore)**

Based on the judgment, bills are prepared and passed for payment, only after which the amount will be finalized. Hence the same was not accounted based on the judgment alone.

## **2. Application of Funds**

### **2.1 Fixed Assets (Schedule E)**

The consultant appointed for updating the Fixed Asset Register has submitted the final report. Asset register up to 31/03/2005 is available. Work for updating the same is in progress.

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.

Entries for depreciation, transfer from capital work in progress to Fixed Assets up to 31/03/2005 has been made in the accounts of 2007-08 based on the consultant's report.

**2.2 Capital Works in Progress— Rs. 2153.91 crore.**

The consultant appointed for updating the Fixed Asset Register from 1998-99 to 2004-05 has submitted their final report. Entries for depreciation, transfer from capital work in progress to Fixed Assets etc. are passed in 2007-08 accounts 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, the depreciation worked by the audit has not been incorporated in the accounts. Action has been taken to update the FA register from 2005-06.

Schemes commissioned up to 2004-05 (Rs. 266.85 crore) has been transferred from capital work in progress to fixed assets and depreciation provided in the accounts of 2007-08 based on the consultants report.

**2.3 Current Assets (Schedule G) – Rs. 1004.29 crore**

**2.3.1 Inventory – Rs. 52.47 crore**

- (i). 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.
- (ii). The stock related accounts are analyzed by the consultant up to 2004-05. Necessary entries on this basis have been passed in the 2007-08 accounts. Action has been

taken to analyse the account from 2005-06. Rectification, if necessary will be incorporated in the subsequent years account.

**2.3.2 Current Assets (Schedule G) – Rs. 1004.29 crore.**

**Sundry Debtors – Rs. 833.03 crore.**

**(a) Domestic, non-domestic and industrial dues – Rs. 196.32 crore.**

Even though M/s Muscot Hotel has gone in for a one-time settlement, the procedure for incorporating the same in accounts as a settlement is delayed for want of Authority decision. As of date, the payment by M/s Muscot Hotel is only treated as a part remittance of dues.

**(b) Others –Rs. 0.41 crore**

PWD has not responded to the repeated reminders from KWA. Hence, as the dues has not been accepted by PWD, the same was not incorporated into accounts.

**2.3.3. Cash and Bank Balances – Rs. 146.88 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.

**2.3.4. Bank and treasury Balances – Rs. 146.11 crore**

It is found that the division under reference had undertaken certain deposit works for the Panchayaths under Peoples-Plan (Janakeeyaasoothranam 2000 onwards). The amount received from the Panchayath towards these works was kept in a separate PD account with treasury. The releases of funds were based on the progress of the work. However owing to some reasons the funds standing to the credit of the previously mentioned PD account had been recovered by them and transferred to the Head of Account 2515-00-911 vide Government instruction. However, the Finance department

has issued instructions that the previously mentioned recovery is not applicable to KWA and the same will be re-transferred to KWA. Action has been initiated to get the fund re-transferred to KWA's account.

**2.3.5. Statutory Employees Deductions (Schedule H) –General Provident Fund – Rs. 116.63 crore**

Credit Card has been prepared up to the year 2005-06 for only 6602 employees. Credit Card updation of the balance 2898 employees is in progress. The difference in interest will be updated as soon as the Credit Card is fully updated.

**2.3.6. Liability on account of events occurring after the Balance Sheet date not provided for:**

(I & II) The audit observation is noted. KWA does not have a mechanism for accounting all contingent liabilities occurring in divisions and sub-divisions. The same will be reflected in accounts when bills / vouchers are passed for payment.

**2.3.7. Control Account Balances-(-) Rs. 5.71 crore.**

Necessary action will be taken to clear the difference.

**2.3.8. Advances to Suppliers / Contractors – Rs. 188.36 crore**

(i). The same will be analyzed and rectified in the next years accounts.

(ii) The difference is due to non-incorporation of the corrections made by the Head Office during the course of finalization of accounts and instruction has already been issued to the concerned divisions to incorporate the same.

**B. Income and Expenditure Account**

**1 Income**

**1.1 Interest Income (Schedule N) – Rs. 4.33 crore**

1.1.1 We have incorporated the same in the books of accounts for the year 2007-08, which is now finalized.

1.1.2 There was some error in accounting the interest income of treasury deposit. However, this will not affect the total excess of income over expenditure.

**1.2 Other Non-Operative Income (Schedule O) – Rs. 85.89 crore**

**1.2.1 Income as recoveries – Rs. 81.70 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.

Necessary entries will be passed in the accounts for the year 2007-08.

**2 Expenditure**

**2.1 Administrative Expenses (Schedule R) – Rs. 0.76 crore**

Necessary disclosure will be made in the next years account.

**2.2 Interest on Government of Kerala Loans – Rs. 85.72 crore**

Necessary entries have passed in the accounts and the accounts of 2006-07 has been revised providing interest on loan up to 2006-07. This fact has already been intimated to audit in the reply to draft comments. Hence there is no relevance for this comment .

**3. Depreciation**

3.1. A consultant has been appointed for updating the Fixed Asset Register from 1998-99 to 2004-05. They have submitted their final report. Entries for depreciation, transfer from capital work in progress to Fixed Assets etc. has been passed based on the

consultant's report in 2007-08 accounts. Action has been taken for updation of fixed asset register from 2005-06.

The depreciation calculated in the Annexure is on the cost of the scheme as a whole and not as prescribed in the rules. Hence, the depreciation worked out by the audit has not been incorporated in the accounts.

#### **Notes on the Accounts for the year ended 31<sup>st</sup> March 2007**

C Audit observation is noted.

4. Audit observation is noted.

5. **Contingent Liabilities not provided for, not disclosed in the Notes to Accounts.**

6.

6.1 to 6.6 The audit observation is noted. KWA does not have a mechanism for accounting all contingent liabilities occurring in divisions and sub-divisions. The same will be reflected in accounts when bills / vouchers are passed for payment.

#### **D General**

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

7.2 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

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

- (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) 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 upto 1997-98. The reconciliation of subsequent years is in progress.
- (6) 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**

3. 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**

4. 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

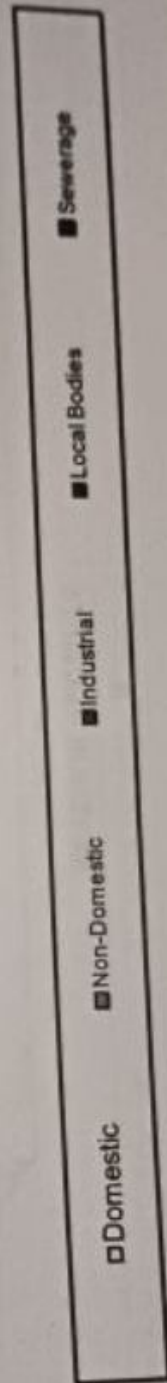
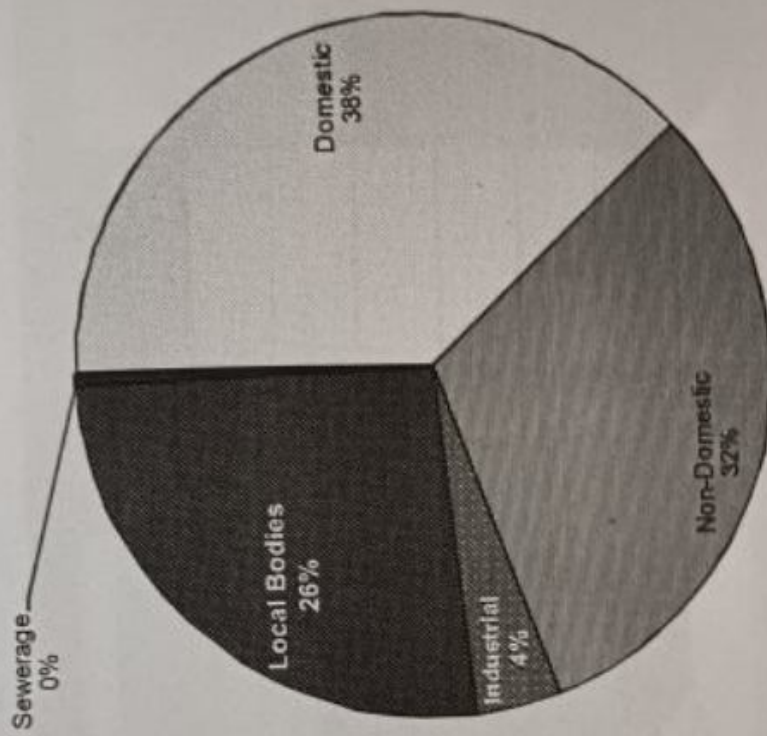
Income from operations for the year 2006-07 amounts to Rs. 230.20 Crores. In addition a non plan grant of Rs. 88.60 Crores was received from Government of Kerala to meet the revenue expenditure and Rs. 9.32 Crores from Government of India to meet the Operation & Maintenance of the completed Accelerated Rural Water Supply Schemes. The revenue expenditure after capitalising the share debit and interest on LIC/HUDCO loan comes to Rs.443.55 Crores leaving a deficit of Rs.115.43 Crores.

INCOME AND EXPENDITURE	Rs. in Crores	
	2006-07	2005-06
<b>INCOME</b>		
Domestic	52.36	52.88
Non-Domestic	43.95	51.34
Industrial	5.40	7.05
Local Bodies	35.89	37.34
Sewerage	0.79	0.76
Other Income	91.81	130.82
	230.20	280.19
O & M Grant from GOI	9.32	9.26
Government of Kerala - Grant	88.60	80.00
	328.12	369.45
<b>EXPENDITURE</b>		
Operation & Maintenance	184.68	190.09
Establishment	161.03	157.79
Office Expenses	5.24	5.42
Travelling	1.03	1.03
Administrative Expenses	0.76	0.81
Interest	136.92	128.24
Depreciation	26.27	27.55
	515.93	510.93
Less : Transferred to CWIP	72.38	69.58
	443.55	441.35
<b>DEFICIT FOR THE YEAR</b>	115.43	71.90
Prior period adjustment	(1,071.17)	(22.16)
	(955.74)	49.74

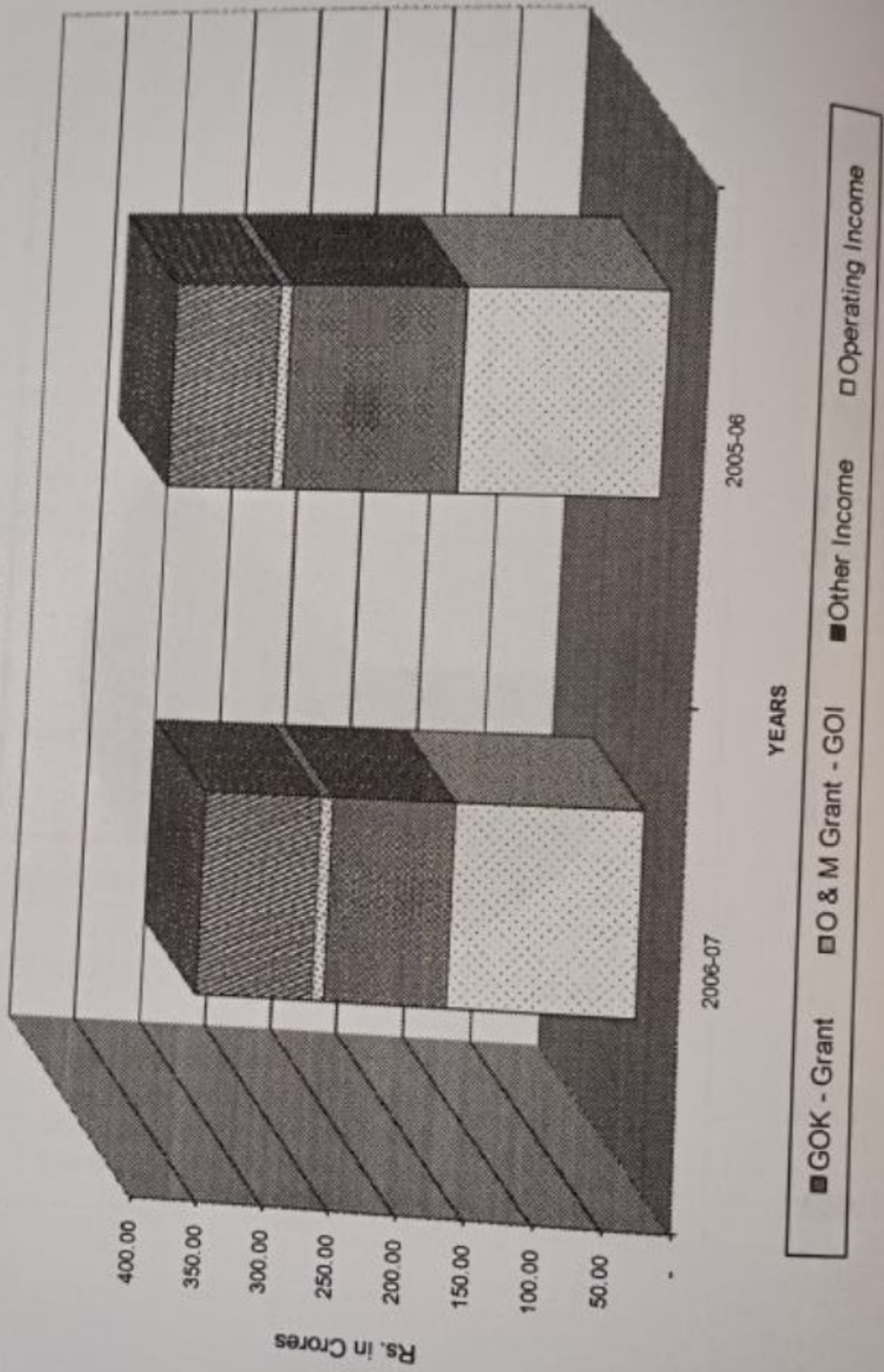
SOURCE AND APPLICATION OF FUNDS		
Source of Fund	2006-07	2005-06
Capital & Reserves	3,109.86	2,140.27
Secured Loans	297.87	291.30
Unsecured loans	306.39	1,856.73
	<b>3,714.12</b>	<b>4,288.30</b>
APPLICATION OF FUNDS		
Fixed Assets	2,893.61	2,646.77
Investment	15.30	10.00
Net Current Assets	303.85	340.34
Loans & Advances	204.89	38.97
	296.47	1,252.22
Accumulated Excess of Expenditure over Income	3,714.12	4,288.30
CAPITAL RECEIPTS		
	2006-07	2005-06
Grant from GOK	85.79	71.45
Loan from GOK	149.34	96.04
Grant from GOI	63.45	59.96
Loan from LIC of India	0.00	0.00
Loan from HUDCO	0.00	0.00
Loan from Bank	30.46	44.31
	<b>329.04</b>	<b>271.76</b>
CAPITAL EXPENDITURE		
	2006-07	2005-06
State Plan Schemes		
UWSS - Matching	15.00	15.00
UWSS - Others	2.00	2.97
Completion of ongoing UWSS	6.88	10.53

WSS - Medical Colleges	0.02	0.21
AUWSS - Matching	3.00	1.08
JBIC	184.57	14.14
NABARD	15.44	0.00
Completion of ongoing RWSS	6.61	5.19
RWSS - Not Eligible ARP	5.50	6.52
RWSS - Matching	7.54	11.35
RWSS-TEAP	4.81	0.00
RWSS - Others	2.94	2.87
NC/PC - State Plan	0.05	0.37
TM - Matching	4.89	2.01
Urban - Sewerage	7.13	4.16
Other Schemes	8.23	18.66
	<b>274.61</b>	<b>95.06</b>
<b>Centrally Sponsored Schemes</b>		
ARWSS	47.80	54.72
AUWSS	7.06	0.72
TM	5.06	1.92
Other Schemes	11.52	0.77
	<b>71.44</b>	<b>58.13</b>
<b>Outside State Plan Schemes</b>		
UWSS - LIC/HUDCO	30.45	44.31
RWSS - LIC	0.00	0.00
Others	1.90	1.39
	<b>32.35</b>	<b>45.70</b>
<b>Total Capital Expenditure</b>	<b>378.40</b>	<b>198.89</b>

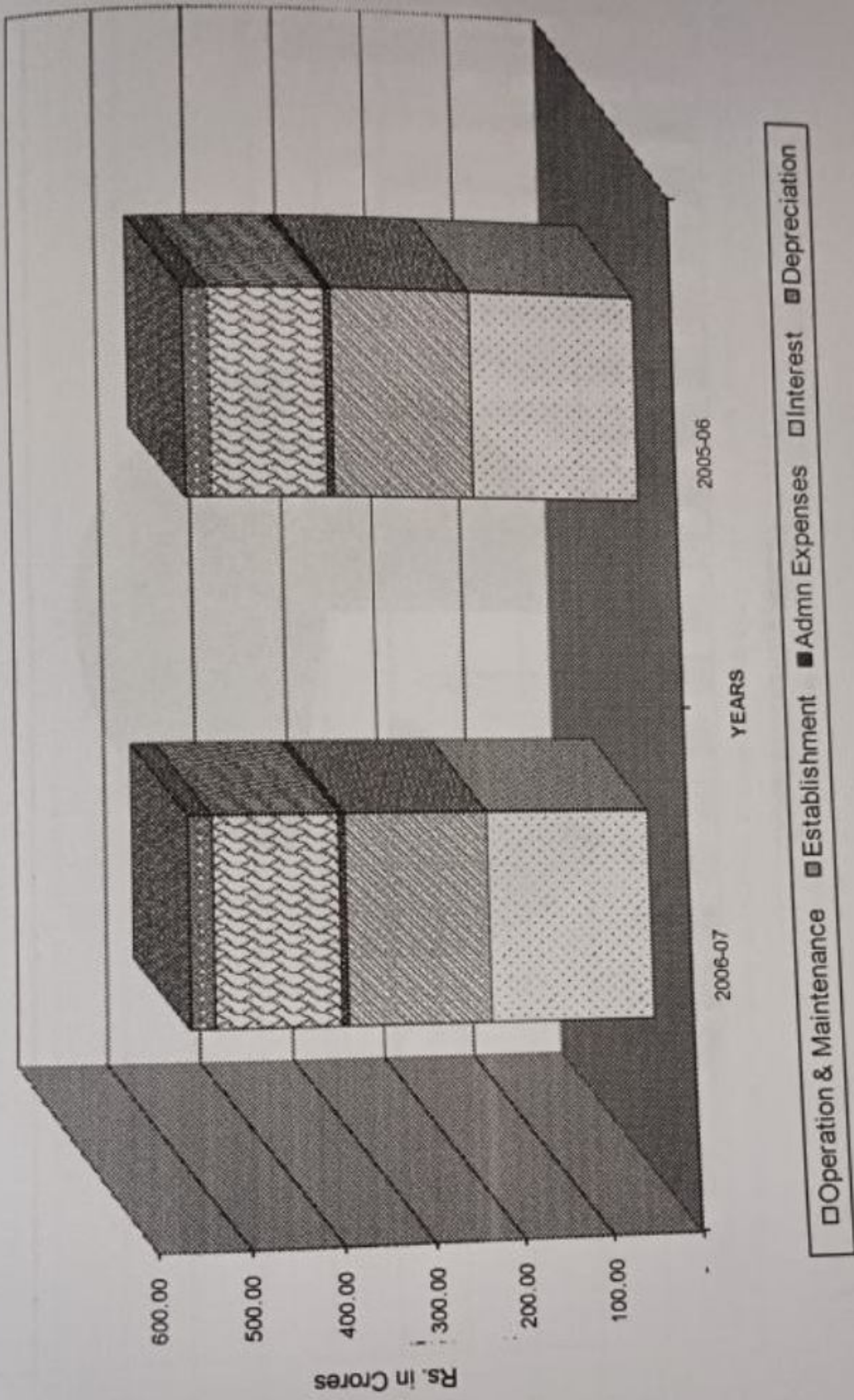
OPERATING INCOME - 2006-07



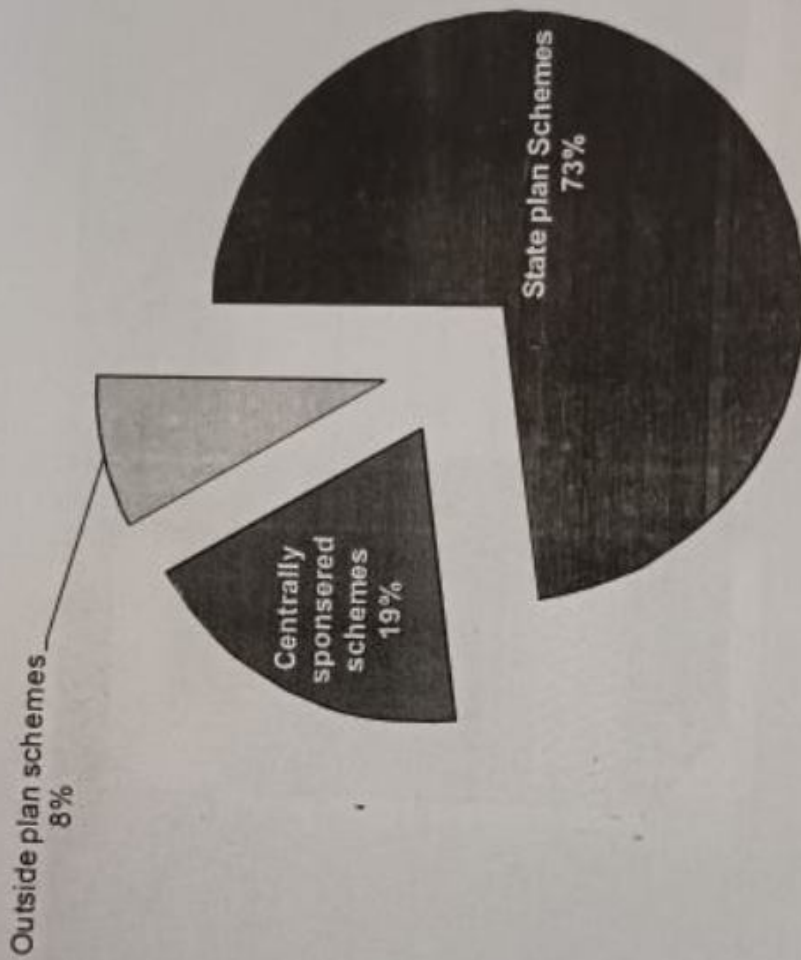
# REVENUE RECEIPTS



# REVENUE EXPENDITURE



Capital Expenditure 2006-07



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



INCOME AND EXPENDITURE 1984-85 TO 2006-07

