

# KERALA WATER AUTHORITY



## ANNUAL ACCOUNTS 2008 - 2009

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HEAD OFFICE : JALA BHAVAN, THIRUVANANTHAPURAM - 695 033

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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 2009.**

We have audited the attached Balance Sheet of Kerala Water Authority (KWA) as at 31 March 2009 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. These financial statements include the individual 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.

1. 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.
2. 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 as to 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.
3. 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, system of maintenance of books of accounts and other relevant records as required under Section (29) (1) of Kerala Water Supply and Sewerage Act 1986, were wanting in many respects, in so far as it appeared from our examination of such books.
- (iv) We further report the following significant audit observations on financial statements under different heads.

## **A. Balance Sheet**

### **1.1 Reserves and Surplus (Schedule B) - ₹ 79.06 crore.**

This represents the value of fixed assets created out of deposits work collected up to 31<sup>st</sup> March 2005 (Note No. 1.02). Even though depreciation on these assets were provided for (Note No. 2.02), the amount of reserve equal to depreciation provided for has not been systematically written back to Income and Expenditure Account to nullify the impact of depreciation provision on assets acquired on free of cost.

### **1.2 Unsecured Loans & Deposits (Schedule D) - ₹ 1595.74 crore**

#### **1.2.i. Loan From Govt. of Kerala ₹1041.18 crore**

This was understated by ₹ 839.13 crore due to conversion of interest bearing State Government Loan into 'interest free fund from Government of Kerala' on the basis of budget proposal. The conversion was not authorised by any specific orders of the Government in this regard. As a result the balance under unsecured Loans was understated by ₹ 839.13 crore with respective overstatement of contributions and grants.

#### **1.2.ii Interest accrued on GOK Loan ₹ 119.49 crore**

This was understated by ₹1004.81 crore due to interest written back during 2006-07 on the basis of the Budget Speech 2008-09 of the Finance Minister, which was not sanctioned by any subsequent Government order. As a result the balance under Interest accrued on GOK Loan was understated by ₹ 1004.81 crore

with respective understatement of accumulated excess of expenditure over income.

### **1.2.iii Deposit work - water supply & sewerage ₹284.91 crore**

Whenever money is received for deposit work, the whole amount received (including centage charge, supervision charge and special deposit etc.) is credited to deposit work account instead of crediting to the respective heads of account as stipulated in the Accounts Manual Vol. III, Chapter V. When work is completed, adjustment entry for transfer of deposit to deposit reserve account and then to the income account is not seen made. As a result the credit balance in the deposit account remains unadjusted. Therefore the accumulated balance under deposit accounts is overstated with corresponding understatement of income. In the absence of proper records for quantifying the deposit works completed, audit is not in a position to quantify overstatement of deposit account and understatement of income.

## **2. Application of Funds**

### **2.1 Fixed Assets (Schedule E) - ₹ 4244.86 crore**

2.1.i. As stated under Notes 1.05.2, Fixed Asset Registers were not updated up to 31 March 2009. Physical verification of fixed assets was also not carried out as on 31 March 2009. Audit checks also disclosed that cost of pipe lines and connected fixtures got dismantled during road works carried out by other agencies such as State Public Works Department (PWD), Kerala State Transport Project (KSTP) etc., was not being systematically written off.

### **2.1.ii Capital Work in Progress(CWIP) - ₹ 2773.24 crore**

#### **2.1.ii.a. Interest pending Capitalization ₹ 207.03 crore**

This represents interest expenses transferred to CWIP pertaining to various years pending allocation including a very old balance of ₹ 121.46 crore (pending from 1998 onwards) and ₹ 85.57 crore (for the period from 2005 to 2009). The last adjustment was made during 2004-05, but without adjusting ₹121.46 crore. In the absence of proper records for quantifying the works completed and respective share debits, audit is not in a position to quantify overstatement of CWIP and understatement of Fixed Assets.

### **2.1.ii.b Revenue Expenditure Transferred Pending Allocation ₹ 242.28 crore**

This represents share debit expenses transferred to CWIP pertaining to various years pending allocation including a very old balance of ₹ 192.19 crore (pending from 1998 onwards) and ₹ 54.36 crore (for the period from 2005 to 2009). The last adjustment was made during 2004-05 but without adjusting ₹ 192.19 crore. In the absence of proper records for quantifying the works completed and respective share debits, audit is not in a position to quantify overstatement of CWIP and understatement of Fixed Assets.

### **2.2. Net Current Assets (Schedule G) – ₹ 726.25 crore**

#### **2.2.i. Inventory- ₹ 81.55 crore**

- i. Closing inventory was not physically verified and certified as on 31 March 2009. The balances appearing in the accounts represented the book balances which were not reconciled with the balances in Priced Stores Ledgers (PSL). Test check in audit disclosed that PSL were not properly maintained in majority of the Divisions checked.
- ii. It was stated in the Notes 1.06.2 that closing stock was valued on 'LIFO' basis. Audit checks disclosed that no such uniform method of valuation was followed by any of the Divisions in the absence of fool proof system of pricing and maintenance of stores records. The most of the time on 'LIFO' basis.
- iii. The value of inventory of stores, tools and spares as appearing in the accounts (₹ 75.28 crore) was net of negative balances against different items of materials in the different Divisions. It was observed that the negative balances resulted out of (a) non-transfer of value of opening stock held at the time of formation of each KWA Division Store from HO Accounts (b) erroneous accounting of stores transactions and (c) omissions in accounting of receipts, issues or both.
- iv. No value adjustments have been carried out in respect of shortages/excesses detected during physical verification conducted in, certain Divisions from time to time. Provisions for obsolescence have not also

been created against several items reported as obsolete in the different physical verification reports.

In the absence of proper stores accounts as well as stores control systems, stock values appearing in the accounts cannot be considered as representative of the cost/realisable value of the actual quantities of stock of different materials in the different Divisions.

## **2.2.ii. Cash and Bank Balances ₹ 234.74 crore**

### **2.2.ii.a Bank & Treasury balances - ₹ 234.20 crore**

2.2.ii.a1 The above amount is overstated by ₹ 3.37 crore due to the non-adjustment of duplicate debit, totalling mistake, old unadjusted balances etc., in current account (SBT-Main) as pointed out and adjusted by bank. These differences have not been reconciled and adjusted.

#### **2.2.ii.a2 General - Bank balances/Treasury balances**

- Majority of Bank balances/Treasury balances were not reconciled with Bank/Treasury account statements as on 31 March 2009 and wherever reconciliation was carried out, adjustment entries to wipe off the differences located have not been properly carried out.
- In certain Account Rendering Units (ARUs) even the pass book/copies of the pass book were not kept/produced before audit for verification and the only records kept were the Cheque Memo Register.
- Bank balances in the operative account of Divisions inspected by the audit except in PH Division, Kasargod, were reconciled, keeping unidentified differences pertaining to prior periods and calculation errors.
- In the Bank reconciliation Statement of PH Division, Thiruvananthapuram (Operative) as on 31-3-2009, the Bank Account balance as per cheque issue register is reconciled with the balance as per bank statement, keeping the difference of ₹43,02,240 which is not reconciled.

2.1.

The closing balance as on 31-3-2009 of Head Works Division, Aruvikkara included an amount of ₹ 10,45,360 as Old Deposit Account. No details in respect of this account are available in the Division.

Out of 8 units visited by the audit, none of the units other than PH Division, Kasargod, had reconciled the non-operative account.

**2.2.ii. b Cash on Hand ₹ 0.54crore**

2.2

This includes ₹ 3,60,896 being the balance in imprest account (₹ 3,60,896.64) out of which ₹ 1,08,443 pertains to the Division 'KWAC'. The audit could not ensure the physical presence of this ARU and the stated cash balances. The inclusion of this figure in accounts has resulted in overstatement of cash on hand by ₹ 0.01crore.

2.2

**2.2.ii.c Other Current Assets (₹ 89.03 crore)**

This head carries an incorrect credit balance of ₹ 86.93 crore for which the reasons are not analysed.

**2.2.iii Current Liabilities and Provisions ₹ 255.67 crore**

**2.2.iii a Sundry Creditors-For Contractors / Suppliers — ₹ 13.96 crore**

This Accounting Head carries an incorrect debit balance of ₹13.96 crore due to the non-adjustments of supplies made against advances given to suppliers.

**2.2.iii.b Control Account balances ₹9.46 crore**

This includes three balances (Collections, Capital expenditure-M and Capital expenditure-O) aggregating to ₹ 9,45,76,822.23. As this head is used as intermediary head, which should have been nullified through appropriate adjusting/transfer entries, the inclusion of this unadjusted head has resulted in overstatement of Current Liabilities & Provisions by ₹ 9.46 crore.

**2.3 Loans and Advances (Schedule I) — ₹140.21 crore**

**2.3.i. Advance to suppliers/contractors ₹ 105.90 crore.**

2.3.i.a This includes an unadjusted very old balance of ₹ 0.87 crore (Advances

to Sundry Creditors) which is outstanding for more than 7 years without any transaction. As the Authority is not having any details and no claim was seen raised against this balance this should have been written off from the accounts. The inclusion of this has resulted in overstatement of Loans and Advances by ₹ 0.87 crore.

- 2.3.i.b According to the Accounts Manual framed under Regulation 65(F) (para 3, Chapter IV of Vol. II - Materials Account) of the Act, issue of materials to the contractors shall be accounted in the Cash Book under the head 'Advances to Contractors' in the payment side and under the relevant head of Inventory in the receipt side. On scrutiny of records of ARUs selected by audit, it is seen that the contractors account is not debited for the issue of materials whereas it is credited for the recovery of the cost of materials. This resulted in the credit balance of ₹ 14.56 crore under this head. Moreover, issue of material was not seen accounted under the relevant head Inventory. As a result of this wrong accounting of advance to contractors, Loans and Advances was understated by ₹ 14.56 crore and corresponding overstatement of Inventory.
- 2.3.i.c. This included ₹ 30,34,935 (Thiruvalla- ₹ 19,30,854 + Kochi- ₹ 11,04,081) being the advance payment to suppliers. At the time of advance payment to suppliers, it was accounted in the Cash Book and the respective Ledger account. But at the time of final settlement of bills, no entry was made in the Cash Book or in respective Ledger account. As a result, 'Advance to Suppliers' (A/c code 1662) was overstated by ₹ 30,34,935 and corresponding understatement of Inventory.
- 2.3.i.d Systematic adjustments of advances paid to suppliers/contractors were not being carried out at unit level. The account balances under advances were also not supported by party-wise details of suppliers/contractors. Position of pending supplies/services as on 31 March 2009 in respect of Divisions selectively test checked also revealed that, adjustments were not systematically made under this account, even though the supplies have been made or services rendered already. The extent of overstatement was, however, not ascertainable, in the absence of relevant records.



**B. INCOME AND EXPENDITURE ACCOUNT.**

**1. Income**

**2. Expenditure**

**2.1 Prior Period Adjustments (Schedule W) - ₹ 1.84 crore.**

No provision has been made in the accounts towards Guarantee Commission payable to Government of Kerala up to 2007-08 in respect of guarantees given for the loans obtained from LIC of India and HUDCO, as disclosed in the Notes 1.03 amounting to ₹ 26.76 crore. Guarantee commission of ₹ 1.44 crore for the year 2008-09, was paid on 25-3-2009. Government had ordered (October 2004) that guarantee commission, payable shall not be waived under any circumstances as per specific stipulation under Section 5 of Kerala ceiling on Government Guarantee Act, 2003. Requests made by the Authority for waiver of guarantee commission were also turned down by Government. Non provision of guarantee commission tantamount to understatement of excess of expenditure over income by ₹ 26.76 crore for previous years, with corresponding understatement of current liabilities.

**C. General**

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 till date.
2. The Authority was not maintaining a Fixed Asset Register. Moreover, the physical verification of fixed assets was also not conducted since the formation of the Authority. So the accuracy of the balance under fixed assets including depreciation provided could not be ensured.

**Impact on revision of accounts and comments**

On revision of accounts at the instance of Audit, there was a net decrease in Assets and also Liabilities by ₹ 0.75 crore and the excess of expenditure over income for the year was increased by ₹ 8.48 crore for the year 2008-09.

Further, as a result of the comments on the revised accounts for the year 2008-09, the excess of expenditure over income for the year amounting to ₹ 247.75 crore, will increase by ₹ 26.76 crore.

### **Grants - in-aid**

Out of Grants-in-aid of ₹ 693.59 crore received during the year 2008-09 and opening minus balance of ₹ 7.57 crore (excluding- ₹ 8.95 crore for SC/ST, ₹ 12.91 crore for World Bank Jalanidhi, and ₹ 17.00 crore for TRP ) the Authority utilised an amount of ₹ 668.63 crore, leaving a balance of ₹ 17.39 crore as on 31 March 2009.

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, in general.

However, in our opinion the said financial statements read together with the Notes on Accounts can be considered as giving a true and fair view of the State of affairs, conforming to accounting principles and standards generally accepted in India, in view of the significant matters stated above and other matters mentioned in Annexure 1 to this Audit Report.

- (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 2009 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**

**Principal Accountant General (General and Social Sector Audit)  
Kerala, Thiruvananthapuram**

Thiruvananthapuram

0.09.2013

## Annexure I

### **1 Adequacy of Internal Audit System**

Internal Audit of KWA is conducted by the Internal Audit Wing. The Internal Audit needed to be strengthened a lot by increasing its coverage and improving the quality.

### **2 Adequacy of Internal Control System.**

The Internal Control System of the Authority is also inadequate and not commensurate with the size and nature of the Authority, for the following reasons:

- i. Proper budgetary control systems were not in existence as a systematic comparison of actuals with budgetted figures was not included, followed by analyzing variations and initiating corrective action.
- ii. The balance in Cash / Bank book were not systematically verified and not regularly certified by most of the Divisions. Bank reconciliation was also not being systematically carried out, by majority of field officers. Wherever balances were reconciled differences located during reconciliation were also not being systematically adjusted. The unidentified differences pertaining to past periods remained to be reconciled, pending which further reconciliation was carried out keeping such differences, unchanged.
- iii. Inventory Management and Control Systems remained inefficient as pointed out earlier. Transactions related to stores materials are not being accounted properly. Omissions were noticed in the accounting of receipts, issues and pricing of materials. Priced Stores Ledgers were not either maintained or kept upto date. In the absence of parallel records of Stores transactions, the stock account maintained by custodians of the stock are not being subjected to effective counter-checks to detect errors, omissions or manipulations. Physical verification of stock is also not being carried out on regular basis, and even when verification was conducted, necessary adjustments are not being carried out in the stock records to bring to book the differences noticed and to bring to record the liabilities for shortages.

- iv. Non / poor maintenance of Financial Ledgers is also noticed in majority of Account Rendering Units. Journal Entries and supporting vouchers were also not easily forthcoming for audit-checks. Subsidiary Ledgers for receivables and payables are also not being maintained by Field Units in the absence of which the correctness of the account balances and status of recovery potential/liability were not auditable. Many of the account balances in Trial balances of Division/Sub divisions were subjected to correction/revision at Head Office without proposing journal entries and without recording the reasons for the corrections/revisions made. The revisions made are not being incorporated in the books of accounts of the affected Division/sub-division even after finalisation of accounts and therefore the opening balances of control accounts in the trial balances of the units are often at variance with balances in HO Trial Balances.
- v. The records related to revenue in field Division are also not being maintained properly. Many of the Divisions/Sub-divisions were accounting revenue not on the basis of actuals but on estimates, which was found to be quite arbitrary in a few cases. Extent of revenue doubtful of realisation was also not being assessed and systematically provided for.

### **3. Physical Verification of Fixed Assets**

The physical verification of fixed assets is not being conducted in regular interval, and the Fixed Asset Register remained to be updated from 31 .03.05 onwards.

### **4. Regularity in payment of statutory dues**

The Authority is generally regular in depositing undisputed statutory dues with appropriate authorities.

**Resident Audit Officer  
Kerala Water Authority**

# KERALA WATER AUTHORITY

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>SOURCES OF FUNDS</b>			
1 Kerala Water Authority Fund			
a. Contributions & Grants	A	34,71,54,67,149	32,64,84,36,578
b. Reserves & Surplus	B	79,05,53,234	79,05,53,234
2 Kerala Water Authority Loan Fund			
a. Secured Loans	C	5,17,53,64,938	2,93,53,03,328
b. Unsecured Loans & Deposits	D	15,95,74,05,512	10,17,07,84,004
<b>Total</b>		<b>56,63,87,90,833</b>	<b>46,54,50,77,142</b>
<b>APPLICATION OF FUNDS</b>			
1 Fixed Assets	E		
Gross Block		23,26,51,97,476	23,24,96,87,738
Less: Depreciation Reserve		8,54,89,71,038	8,02,42,28,174
Net Block		14,71,62,26,438	15,22,54,59,564
Capital Work in Progress		27,73,23,97,672	19,25,26,84,441
		42,44,86,24,110	34,47,81,44,005
2 Investments	F	27,08,07,446	21,00,64,168
3 Net Current Assets			
a. Current Assets	G	7,26,24,49,597	8,89,93,25,991
b. Current Liabilities	H	2,55,67,40,629	4,11,24,83,477
		4,70,57,08,968	4,78,68,42,514
4. Loans & Advances	I	1,40,21,40,200	1,73,60,49,561
5 Miscellaneous Expenditure to the extent not Written-off	J	-	-
6 Accumulated Excess of Expenditure over Income	K	7,81,15,10,109	5,33,39,76,804
<b>Total</b>		<b>56,63,87,90,833</b>	<b>46,54,50,77,142</b>

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

V.S.Pradeep  
Finance Manager & Chief Accounts Officer

T.C. Subran  
Technical Member

Ashok Kumar Singh IAS  
Managing Director

Place: Thiruvananthapuram  
Date 12/07/2013

# KERALA WATER AUTHORITY

## INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

	Schedule Reference	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>INCOME</b>			
1	Operating Income		
	a. Consumers	L      2,10,12,08,286	1,48,44,78,753
	b. Others	M      11,56,03,873	64,85,183
		2,21,68,12,159	1,49,09,63,936
2	Grants & Subventions - Government of Kerala	1,07,20,60,000	99,46,00,000
3	O&M Grant from Government of India	15,49,95,000	12,43,95,000
4	Interest Income	N      5,24,30,287	5,65,87,817
5	Other Non-Operative Income	O      51,62,24,477	86,55,11,141
6	Debtors/creditors written off	S      -	30,17,97,957
	<b>Total Income</b>	4,01,25,21,923	3,83,38,55,851
<b>EXPENDITURE</b>			
1	Operating & Maintenance Expenses	P      1,95,09,88,346	1,87,56,54,954
2	Payment & Provision to Employees	2,94,32,64,253	2,42,68,71,120
3	Office expenses	Q      9,55,01,304	6,05,86,753
4	Travelling & Conveyance Expenses	1,97,04,085	1,37,11,843
5	Administrative Expenses	R      2,30,26,883	1,21,09,866
6	Assets and losses written off	T      -	-
7	Provision for Doubtful Debts	U      -	-
8	Interest on		
	a. Secured Loans	27,10,94,379	27,85,67,082
	b. Government of Kerala Loans	95,29,92,000	25,62,42,000
	c. GPF	11,41,20,928	9,74,44,585
		1,33,82,07,307	63,22,53,667
9	Depreciation	E      52,47,42,864	53,10,26,879
	<b>Total Expenditure</b>	6,89,54,35,042	5,55,22,15,082
10	Transferred to Capital Work-In-Progress	V      42,37,29,343	57,19,29,047
		6,47,17,05,699	4,98,02,86,035
	Excess of Expenditure over Income	2,45,91,83,776	1,14,64,30,184
11	Prior Period Adjustments	W      1,83,49,439	1,22,28,03,600
	Excess of Expenditure over Income after prior period adjustments	2,47,75,33,215	2,36,92,33,784

Schedules L to W and Notes 1.09 to 2.05 form an integral part of this Income & Expenditure Account

V.S.Pradeep  
Finance Manager & Chief Accounts Officer

T.C. Subran  
Technical Member

Ashok Kumar Singh IAS  
Managing Director

Place: Thiruvananthapuram  
Date 12/07/2013

**KERALA WATER AUTHORITY**  
**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2009**

CURRENT YEAR  
(Amount in ₹)

PREVIOUS YEAR  
(Amount in ₹)

**SCHEDULE - A**

**CONTRIBUTIONS & GRANTS**

1	Net value of Assets taken over	4,34,53,27,735	4,34,53,27,735
2	Contribution & Grants from Government of Kerala	16,26,34,31,215	15,11,44,66,990
3	Interest free fund from GOK	8,39,13,01,362	8,39,13,01,362
	Less : Amount released to :		
	a. Urban L.C.S Schemes	3,65,25,750	3,65,25,750
	b. Rural L.C.S Schemes	3,94,97,200	3,94,97,200
	c. Kerala Urban Development Project	3,60,00,000	3,60,00,000
		8,27,92,78,412	8,27,92,78,412
4	Contribution & Grants from Government of India	6,71,33,76,668	5,63,09,71,668
	Less : Amount released to District Collectors from Government of India grant for implementation of SC/ST WSS	1,31,24,77,625	1,16,24,77,625
		5,40,08,99,043	4,46,84,94,043
5	Donated capital assets	18,14,530	18,14,530
6	Capital contribution from other sources	42,47,16,214	43,90,54,866
		34,71,54,67,149	32,64,84,36,575

**SCHEDULE - B**

**RESERVES & SURPLUS**

Reserve for deposit works	79,05,53,234	79,05,53,234
	79,05,53,234	79,05,53,234

**SCHEDULE - C**

**SECURED LOANS**

1	Loan from LIC of India	1,62,41,98,785	1,74,87,18,715
2	Loan from HUDCO	17,96,647	17,07,19,699
3	Bank Loan	3,54,93,69,506	1,01,58,64,914
		5,17,53,64,938	2,93,53,03,328

**SCHEDULE - D**

**UNSECURED LOANS & DEPOSITS**

1	Loan from Govt of Kerala	10,41,18,00,000	6,62,18,00,000
2	Interest accrued on GOK Loan	1,19,48,84,000	25,62,42,000
3	Deposit from local bodies	9,24,70,906	8,20,85,514
4	Security Deposit	80,18,37,082	52,21,39,371
5	Earnest Money Deposit	1,99,78,626	1,53,44,628
6	Water & Sewerage Connection Deposits	2,97,42,211	2,41,00,547
7	Deposit work-Water Supply & Sewerage	2,84,90,68,111	2,20,64,91,306
8	Other deposits	55,76,24,576	44,25,80,639
		15,95,74,05,512	10,17,07,84,004

Finance Manager & Chief Accounts Officer

Technical Member

Managing Director

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31-03-2009 (Contd....)

**KERALA WATER AUTHORITY**

SCHEDULE OF FIXED ASSETS AS AT 31<sup>st</sup> MARCH 2009

DESCRIPTION	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK	
	BALANCE AS ON 01/04/2008	ADDITIONS DURING THE YEAR	DELE TIONS	AS ON 31-03-2009	BALANCE AS ON 01/04/2008	DEPRECIATION UPTO 31-03-2009	DEPRECIATION CURRENT YEAR	PREVIOUS YEAR	
	FREE HOLD LAND	1,09,16,00,481			1,09,16,00,481			1,09,16,00,481	1,08,16,00,481
LEASE HOLD LAND	7,46,92,895			7,46,92,895			7,46,92,895	7,46,92,895	
LAND DEVELOPMENT EXPENDITURE	6,81,71,65,176	25,79,121		6,81,97,44,297	1,94,98,86,410	15,42,59,953	4,71,55,97,934	4,86,72,78,766	
CIVIL WORKS	98,07,65,198	2,87,033		98,10,52,231	28,04,81,627	1,78,62,490	68,27,08,114	70,02,63,571	
BUILDINGS	1,94,14,43,130	32,561		1,94,14,75,691	1,01,40,92,983	8,25,84,977	84,47,97,731	82,73,58,147	
PLANT AND MACHINERY	11,87,67,79,093			11,87,67,79,093	4,53,55,12,207	25,46,27,469	7,08,66,39,417	7,34,42,66,868	
MAINS AND NETWORKS	23,74,45,864	15,72,823		23,74,45,864	10,06,09,931	57,71,587	13,10,64,346	13,88,35,933	
ROADS BRIDGES AND CULVERTS	6,49,49,656	1,10,38,200		6,65,22,479	5,43,27,006	9,63,034	1,12,32,439	1,08,23,650	
VEHICLES	16,49,46,245			17,58,84,445	8,93,18,010	86,73,354	7,78,93,081	7,55,28,235	
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	23,24,96,87,738	1,55,06,738		23,26,51,97,476	8,02,42,28,174	52,47,42,864	14,71,62,28,438	15,22,54,58,984	
<b>Total</b>									

	CURRENT YEAR (₹.)	PREVIOUS YEAR (₹.)
GROSS BLOCK OF FIXED ASSETS	23,26,51,97,476	23,24,96,87,738
LESS : ACCUMULATED DEPRECIATION	8,54,89,71,038	8,02,42,28,174
NET VALUE OF FIXED ASSETS	14,71,62,26,438	15,22,54,58,984
ADD : CAPITAL WORK-IN-PROGRESS (ACCOUNT CODE 11)	27,73,23,97,672	19,25,26,84,441
<b>Total</b>	<b>42,44,86,24,110</b>	<b>34,47,81,44,005</b>

Finance Manager & Chief Accounts Officer

Technical Member

Managing Director



**KERALA WATER AUTHORITY**

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

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - F</u></b>		
<b><u>INVESTMENTS</u></b>		
Investment for Pension / PF	27,08,07,446	21,00,84,188
<b><u>SCHEDULE - G</u></b>		
<b><u>CURRENT ASSETS</u></b>		
1 Inventory :		
a. Stores, Tools & Spares	75,27,95,302	76,47,42,557
b. Consumables	6,26,56,387	6,32,46,197
c. Others	-	-
	81,54,51,689	82,79,88,754
2 Sundry Debtors :		
a. Consumers		
i. Local bodies dues - water & maintenance charges	2,55,41,37,859	2,50,00,07,599
ii. Domestic, Non-domestic & Industrial dues	2,25,54,90,416	2,07,25,70,030
b. LIC Loan repayment due from Local Bodies	17,61,43,755	17,61,43,755
c. Others	41,24,365	41,24,365
	4,98,98,96,395	4,75,28,45,749
3 Cash & Bank Balances :		
a. Bank & Treasury balances	2,34,20,00,386	3,68,46,53,007
b. Cheques & Bills in transit	-	-
c. Cash on hand	54,12,492	77,06,327
	2,34,74,12,878	3,69,23,59,334
4 Other Current Assets :		
Inter office & other suspense account balances	(89,03,11,365)	(37,38,67,846)
	7,26,24,49,597	8,89,93,25,991

Finance Manager & Chief Accounts Officer

Technical Member

Managing Director

## KERALA WATER AUTHORITY

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

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>1 Current Liabilities</b>		
a. Sundry Creditors :		
i. Payment to employees	18,40,52,344	15,82,76,743
ii. For expenses	53,83,69,628	2,50,00,00,360
iii. For contractors/suppliers	(13,96,15,572)	(7,73,80,283)
b. Statutory employees deductions :		
i. General provident fund	1,63,63,36,342	1,37,61,20,635
ii. NMR PF	5,35,73,657	5,03,90,796
iii. Others	19,14,450	35,17,285
c. Sales-tax collections	1,21,95,782	2,01,85,102
d. Tax deducted at source	3,30,48,893	73,37,771
e. Other current liabilities	10,50,55,848	7,53,38,039
f. Interest accrued on loans	3,72,32,435	4,08,41,177
	<u>2,46,21,63,807</u>	<u>4,15,46,27,625</u>
2 Control account balances	9,45,76,822	(4,21,44,148)
	<u>2,55,67,40,629</u>	<u>4,11,24,83,477</u>

**SCHEDULE - I**

<b>LOANS &amp; ADVANCES</b>		
1 Loans & advances to employees	1,93,12,200	2,81,59,003
2 Advances for expenses	51,66,320	1,07,69,233
3 Advances to suppliers / contractors	1,05,90,15,626	1,36,67,84,151
4 Revolving fund to Local Bodies	19,44,413	19,44,413
5 Advances - Others	96,88,665	94,65,879
6 Claims recoverable	20,53,08,109	20,65,77,645
7 Claims recoverable	63,22,482	57,21,862
7 Contribution Deposit - KSEB	2,73,51,256	2,66,88,512
8 Consumer Deposit - KSEB	6,12,69,380	7,32,16,956
9 Deposit with PWD	45,08,121	44,68,279
10 Deposit with others	22,53,628	22,53,628
11 Advances for capital expenditure	<u>1,40,21,40,200</u>	<u>1,73,60,49,581</u>

Finance Manager &amp; Chief Accounts Officer

Technical Member

Managing Director

**KERALA WATER AUTHORITY**

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

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>SCHEDULE - J</b>		
<b>MISC EXPENDITURE NOT WRITTEN OFF</b>		
Miscellaneous Expenses to the extent not written off	-	
<b>SCHEDULE - K</b>		
<b>ACCUMULATED EXCESS OF EXPENDITURE OVER INCOME</b>		
Balance as on the begning of the year	5,33,39,76,894	2,96,47,43,110
Add : Current years excess of expenditure over income	2,47,75,33,215	2,36,92,33,784
	<b>7,81,15,10,109</b>	<b>5,33,39,76,894</b>

V.S.Pradeep  
Finance Manager & Chief Accounts Officer

T.C.Subran  
Technical Member

Ashok Kumar Singh IAS  
Managing Director

Place: Thiruvananthapuram  
Date: 12/07/2013

# KERALA WATER AUTHORITY

## SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT AS AT 31<sup>st</sup> MARCH, 2009

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>SCHEDULE - L</b>		
<b>OPERATING INCOME - CONSUMERS</b>		
1	Operating income - water supply	
	a. Domestic Consumers	56,22,05,165
	b. Nondomestic Consumers	48,22,07,471
	c. Industrial Consumers	4,52,39,301
	1,44,93,88,333	1,08,96,51,937
2	Operating income - Sewerage	
	a. Domestic Consumers	17,02,800
	b. Nondomestic Consumers	71,38,225
	1,10,83,845	88,41,025
3	Income from local bodies	38,59,85,791
	2,10,12,08,286	1,48,44,78,753
<b>SCHEDULE - M</b>		
<b>OPERATING INCOME - OTHERS</b>		
1	Centage charges	53,94,199
2	Storage charges	94,895
3	Supervision charges	7,94,124
4	Miscellaneous recoveries	2,01,965
	11,56,03,873	64,85,183
<b>SCHEDULE - N</b>		
<b>INTEREST INCOME</b>		
1	Interest on loans & advances	34,41,957
2	Interest on deposits	5,31,45,860
	29,84,405	5,65,87,817

Finance Manager & Chief Accounts Officer

Technical Member

Managing Director

# KERALA WATER AUTHORITY

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

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b>SCHEDULE - Q</b>		
<b>OTHER NON-OPERATING INCOME</b>		
	46,67,76,323	83,00,63,118
1 Income as recoveries	1,54,463	59,258
2 Claims recoverable	4,92,93,691	3,53,88,764
3 Miscellaneous income	51,62,24,477	86,55,11,141

<b>SCHEDULE - P</b>		
<b>OPERATING &amp; MAINTENANCE EXPENSES</b>		
	5,61,56,155	4,40,45,341
1 Consumption of Stores, Tools & Spares	3,75,41,478	4,05,13,898
2 Consumables	1,44,00,02,691	1,38,38,42,048
3 Power charges	7,30,350	6,22,580
4 Insurance	1,45,57,480	1,12,36,340
5 Other operating expenses	33,79,97,330	35,83,16,485
6 Repairs & Maintenance of water supply	4,12,76,569	1,61,66,508
7 Repair & Maintenance of sewerage	2,27,26,293	2,09,11,754
8 Vehicle maintenance	1,95,09,88,346	1,87,56,54,954

<b>SCHEDULE - Q</b>		
<b>OFFICE EXPENSES</b>		
	18,80,900	16,44,957
1 Rent	18,20,653	33,23,681
2 Rates & Taxes	1,05,55,959	1,07,68,856
3 Postage, Telegram, Telephone & Telex	1,01,23,407	84,78,888
4 Printing & Stationery	1,37,47,528	93,05,715
5 Exhibition & Publicity	30,34,134	16,58,342
6 Training & other expenses	4,36,40,673	1,70,67,943
7 Electricity charges	1,06,98,050	83,38,371
8 Other office expenses	9,55,01,304	6,05,86,753

<b>SCHEDULE - R</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
	74,070	45,438
1 Board meeting expenses	1,36,25,577	53,23,914
2 Professional fees	54,83,344	50,00,000
3 Payment to auditors	7,46,332	5,44,455
4 Bank Charges	30,97,560	11,96,059
5 Other administrative expenses	2,30,26,883	1,21,09,866

Finance Manager & Chief Accounts Officer

Technical Member

Managing Director

**KERALA WATER AUTHORITY**

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

	CURRENT YEAR (Amount in ₹)	PREVIOUS YEAR (Amount in ₹)
<b><u>SCHEDULE - S</u></b>		
<b>WRITE OFFs</b>		
Local Bodies dues written off	-	4,20,65,63,576
Power charges payable written off	-	(4,50,83,61,533)
	-	<b>(30,17,97,957)</b>
<b><u>SCHEDULE - T</u></b>		
<b>ASSETS WRITTEN OFF</b>		
	-	-
	-	-
<b><u>SCHEDULE - U</u></b>		
<b>PROVISION FOR BAD &amp; DOUBTFUL DEBTS</b>		
	-	-
<b><u>SCHEDULE - V</u></b>		
<b>TRANSFER OF REVENUE EXPENSES TO CWIP</b>		
Establishment Charges (Share Debit)	32,04,00,092	48,32,20,215
Interest on loan from Financial Institutions	10,33,29,251	8,87,08,832
	<b>42,37,29,343</b>	<b>57,19,29,047</b>
<b><u>SCHEDULE - W</u></b>		
<b>PRIOR PERIOD ADJUSTMENTS</b>		
PPA of Depreciation	-	1,36,96,42,148
PPA of Interest on HUDCO	-	-
PPA of Repairs & Maintenance (Power)	-	(16,33,06,705)
PPA of share debit	-	1,43,80,877
PPA of Salaries & Wages	-	-
PPA of Interst on GOK Loan	2,05,30,113	66,40,391
PPA of Office Expenses	-	45,048
PPA of Inland Travel Expenses	-	(41,81,992)
PPA of Audit fees	-	-
PPA GOK Interest wavier	(21,80,674)	(4,16,167)
PPA of Income	<b>1,83,49,439</b>	<b>1,22,28,03,600</b>

V.S.Pradeep  
Finance Manager & Chief Accounts Officer

T.C.Subran  
Technical Member

Ashok Kumar Singh IAS  
Managing Director

Place: Thiruvananthapuram  
Date: 12/07/2013

# KERALA WATER AUTHORITY

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

### I. BALANCE SHEET

#### 1.01 CONTRIBUTION AND GRANTS - SCHEDULE: A

Current year	₹ 347155 Lakh
Previous year	₹ 326484 Lakh

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 Water Supply Schemes to Scheduled Caste/Scheduled Tribes 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	₹ 7906 Lakh
Previous Year	₹ 7906 Lakh

1.02.1 Works completed for the deposit received up to 31<sup>st</sup> March 2005 have been transferred to 'Reserve for deposit works' as envisaged in the Accounts Manual.

#### 1.03 SECURED LOANS - SCHEDULE: C

Current Year	₹ 51754 Lakh
Previous year	₹ 29353 Lakh

The secured loan represents (i) the balance of the loan availed by local bodies as well as the Kerala State Rural Development Board from LIC of India prior to the formation of the Kerala Water Authority (KWA) and the liability for repayment was transferred to KWA (ii) the outstanding amount of the loan from LIC of India availed by KWA (iii) the balance of loan availed by the Authority from HUDCO and (iv) the loan availed from banks including the balance outstanding for the loan taken for settling OTS with KSEB. The Government had given guarantee for the LIC/HUDCO loans and no provision has been made towards guarantee commission payable.

1.3.01 The security for the loan is mainly given as a charge by way of hypothecation of all KWA's movables (save as except book debts) including movable machinery, machinery spares, tools and accessories present and future pertaining to the projects for which loan is taken subject to the prior charges created and or to be created in favor of the borrowers bank for working capital facilities over the borrower raw materials, semi finished and finished goods consumable stores book debts and such other movables as may be agreed to by the bank. The Government of Kerala guarantees loan taken from LIC/HUDCO. The repayments of bank loans are covered by Escrow facility on the revenue receipts.

**1.04 UNSECURED LOANS - SCHEDULE: D**

Current Year	₹159574 Lakh
Previous year	₹101708 Lakh

1.04.1 As per the budget speech for the year 2008-09, government had announced the write off of the interest accrued and due on GOK loans up to 31/03/2007 and to convert the loan as on 31/03/2007 to interest free fund. Hence, KWA had written off ₹1004.81 crore of interest on GOK loan and converted the loan of ₹839.13 Crore as an interest free fund during 2006-07. This interest free fund is grouped along with contribution and grant from Government.

KWA has requested GOK to convert the amount released for JBIC assisted schemes into interest free fund. As the above is under consideration, interest on GOK loan, amounting to ₹93.86 Crores for the year 2008-09 has been provided.

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

**1.05 FIXED ASSETS - SCHEDULE: E**

Current Year	₹424486 Lakh
Previous year	₹344781 Lakh

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 ₹42183 Lakh 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 updated up to the year 2004-05. Action is in progress to update the same for the financial year up to 2011-2012.

1.05.3 The fixed assets of the Authority have been shown in the books of accounts at historical cost.



**1.06 CURRENT ASSETS - SCHEDULE: G**

Current Year  
Previous year

₹72624 Lakh  
₹88993 Lakh

- 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 Vide 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. It was reckoned that the dues would come to ₹250.00 Crores. Hence, the dues were reckoned as ₹250.00 Crores in the accounts during the last year.
- 1.06.4 The current assets include dues from local bodies on account of (i) loans availed from LIC amounting to ₹1761.00 Lakhs and (ii) Water and maintenance charges due from Local Bodies amounting to ₹25541.00 Lakhs as stated above.
- 1.06.5 The sundry debtor's balances have not been reconciled and no provision has been made for doubtful debts.
- 1.06.6 The reconciliation of bank balances with bank statements is in progress.
- 1.06.7 The reconciliation of inter office balances is in progress.
- 1.06.8 The inter office and suspense account balances comprise of the following:  
Inter office Accounts ₹8903.11 Lakhs (Credit) and Cash and bank suspense accounts including accumulated difference in receipts and payment statement for the years 1984-85 to 2008-09 amounting to ₹43.29 Lakhs (Debit).

**1.07 CURRENT LIABILITIES - SCHEDULE: H**

Current Year  
Previous Year

₹25567 Lakh  
₹41125 Lakh

- 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 2008-09 on the opening balance.

1.07.4 The liability because of gratuity and pension to the employees is being accounted on cash basis.

1.07.5 Control account balance of ₹945.77 Lakh (Credit) represents accumulated balances between control accounts and the concerned WIP /Stores/Sundry debtor's accounts. The amount of ₹945.77 Lakh (Credit) is the net balance of the control account - collections ₹6.79 Lakh (Debit), control account capital expenditure (Materials) ₹471.80 Lakh (Debit), and balance under control account capital expenditure Others ₹1424.36 Lakh (Credit)

1.07.6 Vide GO(MS) No 45/08/WRD dated 26/09/2008, it was decided to settle the power charge arrears of KWA up to 31/03/2008 as ₹250.00 Crores for 'one time settlement' of arrears. Hence, the power arrears as on 31/03/2008 were reckoned as ₹250.00 Crores during the previous year.

#### 1.08 LOANS AND ADVANCES - SCHEDULE: I

Current Year	₹14021 Lakh
Previous year	₹17360 Lakh

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	₹78115 Lakh
Previous Year	₹53340 Lakh

The accumulated excess of expenditure over income as on 31/03/2009 is arrived at as follows -

	₹in Lakh
Excess of expenditure over Income as on 31/03/2008 -	53340.00
Excess of expenditure over income for the financial year 2008-09	24775.00
Excess of expenditure over income As on 31/03/2009 -	78115.00

## II INCOME AND EXPENDITURE ACCOUNT

### 2.01 INTEREST

Current Year	₹13382 Lakh
Previous year	₹ 6323 Lakh

This amount includes interest for LIC, HUDCO, and Bank loans amounting to ₹2711.00 Lakhs.

## 2.02 DEPRECIATION - SCHEDULE: E

Current Year	₹5247 Lakh
Previous year	₹5310 Lakh

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 Utilization) Rules 1992.

## 2.03 PRIOR PERIOD ADJUSTMENT:

Current Year	₹183 Lakh
Previous Year	₹12228 Lakh

Prior period adjustment for the year 2008-09 mainly comprises of the amount remitted towards sales tax Amnesty scheme ₹201.10 Lakh.

Prior period adjustment for the year 2007-08 mainly comprises of prior period depreciation and share debit as detailed below. The consultant appointed for updating the Fixed Asset Register from 1998-99 to 2004-05 submitted their report. Entries for transfer from capital work in progress to Fixed Assets were made up to 2004-05 and prior period depreciation amounting to ₹136.96 Crore was provided. The consultant had analyzed the accounts heads like Sundry Creditors, Control Account Materials, advances to suppliers etc and suggested necessary entries for their transfer to Capital Work-in Progress and the share-debit amounting to Rs.16.33 Crores. The same was provided in accounts under prior period adjustment.

## 2.04 DEBTORS / CREDITORS WRITTEN OFF

Current Year	₹NIL
Previous Year	₹3018 Lakh

Vide G.O (Rt) No.816/09/LSGD, dated, Thiruvananthapuram, 30.03.2009, it was decided to have a onetime settlement of dues as on 31/03/2008 to KWA from Urban and Rural Local Governments of the State. It was reckoned that the dues would come to ₹250.00 Crores. Hence, the excess receivables shown against Local bodies amounting to ₹420.65 Crores was written off during the last year.

Vide GO(MS) No 45/08/WRD dated 26/09/2008, it was decided to settle the power charge arrears of KWA up to 31/03/2008 as Rs.250 Crores under 'one time settlement' of arrears. Hence, the balance of dues of power arrears payable amounting to ₹450.84 Crores was written off during the last year.

2.05. □ **GENERAL**

- 2.05.1 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.
- 2.05.2 Interests on Bank loan have been capitalized during the year. As the schemes undertaken with LIC/HUDCO loan has been commissioned or taken up under new funding, the interest on LIC/HUDCO loan paid during 2008-09 has not been capitalized.
- 2.05.3 Previous year figures have been re-grouped/re-classified wherever necessary.
- 2.05.4 Accounts have been prepared as per the accounting policies specified in the Accounts Manuel.
- 2.05.5 Leave encashment of the employees have been accounted on cash basis.
- 2.05.6 Investment for pension / PF Rs. 27.08 crore include an amount of Rs. 4.00 crore for which cheques were issued to the District Treasury on 31.03.2009 to open Fixed Deposits. The District Treasury opened and issued the F.D. receipts on 04.04.2009 after getting the proceeds of the cheque from Bank.

V.S.Pradeep  
[FINANCE MANAGER  
& CHIEF ACCOUNTS OFFICER]

Subran.T  
[TECHNICAL MEMBER]

Ashok Kumar Sigh IAS  
[MANAGING DIRECTOR]

Thiruvananthapuram.  
12/07/2013

# 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 ON 31-03-2009

### COMMENTS ON ACCOUNTS

#### A. Balance Sheet as at 31<sup>st</sup> March 2009

##### 1.1 Reserves and Surplus ₹ 79.06 Crore

Necessary corrections would be made in the accounts of the subsequent years based on the report furnished by the consultant appointed for updating the fixed asset register of Kerala Water Authority from 2005-06 to 2011-12.

##### 1.2 Unsecured Loans & Deposits (Schedule -D) ₹ 1595.74 Crore

##### 1.2.i Loan from Government of Kerala ₹1041.18 Crore.

The conversion was based on the budget speech of the Hon'ble Finance Minister for the financial year 2008-09. It is understood that the Government Order on the same is being processed by the Government. KWA also has made a formal request for the same to the Government.

##### 1.2.ii Interest accrued on GoK Loan ₹ 119.49 Crore

Kindly refer to the reply stated above (1.2.i). Vide the budget speech the interest portion was also to be written off. The Government Order on the same is expected at the earliest.

##### 1.2.iii Deposit Work Water Supply & Sewerages ₹ 284.91 Crore.

The observation of the audit team is noted. Kerala Water Authority had appointed a consultant for updating the fixed asset register of the authority and the consultant had submitted its report up to 31-03-2005. The entries up to 31-03-2005 have been incorporated in the books of account for the FY 2007-2008. The work for updating the fixed asset register of the authority for the year 2005-2006 to 2011-12 has been started by the consultant. The amount lying under

deposit works will be corrected as and when the report of the consultant is received and incorporated. Instructions have been given to all the field offices to strictly follow the procedure as laid down in the accounts manual of the authority regarding the treatment of Deposit Works.

## **2 Application of Funds**

### **2.1 Fixed Assets (Schedule E) ₹ 4244.86 Crore.**

#### **2.1.ii Capital Work in Progress (CWIP) ₹ 2773.24 Crore**

##### **2.1.ii.a Interest pending capitalization '207.03 Crore.**

Audit observation noted. The total amount of ₹121.46 Crore have been nullified on 31-03-2005 while incorporating the entries suggested by the consultant appointed for updating fixed asset register of the authority up to 31-03-2005.

##### **2.1.ii.b Revenue Expenditure Transferred pending allocation ₹ 242.28 Crore**

Audit observation noted. The total amount of ₹192.19 Crore have been nullified on 31-03-2005 while incorporating the entries suggested by the consultant appointed for updating fixed asset register of the authority up to 31-03-2005. From 2005-06, entries will be passed on receiving the consultant's report.

### **2.2 Net Current Assets Schedule G ₹ 726.25 Crore**

#### **2.2.i Inventory ₹ 81.55 Crore**

- i. The volume of stock of materials laying in different divisions of Kerala Water Authority is very huge and annual physical verification of all the stores is cumbersome and expensive. Hence physical verification at the end of every year is not carried out regularly. But physical verification is being undertaken by stock verification team during their field inspection and action is being taken for rectifying any surplus/shortages reported. Directions have already been issued to the concerned officers to reconcile the PSL and rectify the errors if any.
- ii. The method of stock valuation instructed is FIFO Method. In the light of the audit observation, directions are issued to the division offices to follow FIFO Method uniformly for stock valuation.

- iii. The consultant appointed for updating the Fixed Asset and Analysis of asset related items had submitted the division wise breakup of stock as on 31/03/2005. This balance will be transferred to the Division and the stock position will be updated in the forth coming year's accounts. The consultant have been appointed for updating the fixed asset register and analysis of asset related items for a further period from 2005-06 to 2011-12. As soon as the work is completed, the accounts will reflect the correct balance of stock.
- iv. As stated above, KWA will account for the discrepancy on crystallizing the actual deficiency/excess. KWA has initiated action to find all the items to be disposed off, then they will be classified and grouped on the basis of the material, the condition of the article and value has to be assessed. A fair and transparent mode of disposal as per rules and relevant provisions of departmental code for disposal of the articles is being charted out so as to realize the maximum value of disposed items commensurate with the assessed value and category.

#### **2.2.ii Cash and Bank Balances ₹ 234.74 Crore**

##### **2.2.ii.a Bank and Treasury Balances ₹ 234.20 Crore**

2.2.ii.a.1 These represent the adjustment entries made by the bank in the bank account since 2005. Most of these entries are supported by the consolidated corresponding reverses entries by the bank, however will not affect the balance as per the CMR. Many of the reversal entries made by the bank are a consolidated figure and its rectification in the CMR could not be completed as the reconciliation requires the active support of the Bank. As a part of the effort of the reconciliation of the SBT Main Account, few of the corrective entries have been made during the FY 2012-13 and will reflect in the books of accounts for the years 2010-11 onwards (Please refer reply furnished by KWA towards AE No.22 of SAP-II (Thematic Audit) dated 15-05-2013. Action is in progress to reconcile the balance.

##### **2.2.ii.a.2 General - Bank Balances/Treasury Balances.**

- Strict instructions were already given to the field offices to reconcile the bank/treasury accounts periodically and pass necessary correction entries.

- Necessary instructions have been given to the field offices for collecting the pass sheet copies regularly and to preserve the same for future reference including audit by AG.
- Strict instructions were already given to reconcile the bank/treasury accounts periodically and pass necessary correction entries.
- Out of the total unreconciled amount of ₹ 43.02 Lakh, an amount of ₹ 25.42 Lakh is interest earned and is taken into accounts on 07-09-2011 and is reflected in the accounts for the year 2011-12. Action is in progress to trace out the balance. Necessary instructions have also been given to the field offices to complete the reconciliation at the earliest and to pass necessary correction entries in the books.
- There is a deposit Account in Aruvikkara which is an old account. The passbook of the same is being collected from the bank for further necessary action. Based on the audit observation, the same have been kept under "Suspense Account" till the same is reconciled.
- Strict instructions were already given to the all the field offices to reconcile the non operative account periodically and pass necessary correction entries.

#### **2.2.ii.b Cash on Hand ₹ 0.54 Crore**

This is the imprest balance and not cash balance. The balance was kept at the head office while introducing the TB system in the field office level. On consolidation, this amount is automatically got adjusted. It may also be noted that this is a running account and hence the balance on consolidation keeps changing.

#### **2.2.ii.c Other Current Assets ₹ 89.03 Crore**

Cash suspense was there in the accounts in the previous years. The same has been rectified while the consultant analysis the accounts and as of date the suspense is there only in two offices. The same will got rectified as soon as the report of the consultant appointed for updating the fixed asset register of the authority for the period from 01-04-2005 to 31-03-2012 is received and entries are passed.



### **2.2.iii Current Liabilities and Provisions ₹ 255.67 Crore**

#### **2.2.iii.a Sundry Creditors – For Contractors/Suppliers ₹13.96 Crore**

The updation of the Fixed Assets Register and analysis of asset related items including stock of materials of the Authority up to 31-03-2005 is done by the consultant appointed for the same. The entries as suggested by the consultant have been incorporated in the accounts for the year 2007-08. The Authority has appointed a consultant for updating the Fixed Asset and Analysis of asset related items from the FY 2005-06 to 2011-12. When their report is obtained, the account will be rectified.

#### **2.2.iii.b Control Account Balances ₹ 9.46 Crore**

The updation of the Fixed Assets Register and analysis of asset related items up to 31-03-2005 is done by the consultant appointed for the same. The entries as suggested by the consultant have been incorporated in the accounts for the year 2007-08. The Authority has appointed a consultant for updating the items from the FY 2005-06 to 2011-12. When their report is obtained, the account will be rectified.

### **2.3 Loans and Advances (Schedule I) – ₹ 140.21 Crore**

#### **2.3.1 Advances to Suppliers/Contractors ₹ 105.90 Crore.**

2.3.i.a, 2.3.i.b, 2.3.i.c & 2.3.i.d Based on the report received from the consultants appointed for updating the fixed assets register, and analysis of asset related items of the Authority, the assets created up to 31.03.2005 were capitalized by considering relevant accounts including issue of materials to contractors, recovery of the balance materials, adjusting the advances to creditors, etc. The consultant have been appointed for updating the Fixed Assets register and analysis of asset related items of Water Authority for the period from 1-4-05 to 31-03-2012. The deviations pointed out by the audit will be rectified as soon as the work is completed, the accounts will reflect the correct balance of advances to creditors.

**B INCOME AND EXPENDITURE ACCOUNT**

**1 INCOME**

**2 EXPENDITURE**

**2.1 Prior Period Adjustments (Schedule W) NIL**

2.1.i The Government of Kerala has been requested to waive off the guarantee commission. The fact is also disclosed in the notes to account (Refer Note No.1.03)

**C General**

- 1 Details of donated assets from UNICEF and DANIDA are being collected and the same will be incorporated in the subsequent year's account.
- 2 Fixed Asset Register is maintained through a software and up dated till 31-05 2005. Updating the Fixed Asset Register till 31-03-12 is in progress as the Authority has appointed a Consultant for the updating of the Fixed Asset Register from 01-04-2005 to 31-03-2012.
- 3 The Authority have appointed consultant for updation of Fixed Assets Register from 2005-06 to 2011-12. Fixed Assets register updation is done by systematically analyzing the work in progress and assets related items such as issue of materials to contractors, recovery of the balance materials, adjusting the advances to creditors, etc. Once the report is finalized by the consultant including the correction entries, the deviations pointed out by the audit will be rectified.

**Impact of the comments**

No comment of the Authority is warranted.

**Grant-in-aid.**

No comment of the Authority is warranted.

Managing Director

## Reply to Annexure - I

### 1. Adequacy of internal audit system.

The present internal audit wing in Kerala Water Authority is functioning satisfactorily. However action will be taken to strengthen the unit.

### 2. Adequacy of internal control system.

i. Allotment of funds is made on the basis of the budget prepared and approved by the authority. If more funds are required for a scheme than the budget allotment, necessary funds are allotted after obtaining the sanction of the Managing Director. The funds allotted over and above the budget provision would then be included in the revised budget for the relevant year while preparing the budget for the next year which is approved by the board.

ii. Necessary directions have already been issued to all the Account Rendering Units to effect periodical reconciliation of cash balances with bank/treasury records.

iii. The volume of stock of materials laying in different divisions of Kerala Water Authority is very huge and annual physical verification of all the stores is cumbersome and expensive. However, periodical physical verification is being undertaken by stock verification sub divisions of Kerala Water Authority during their field inspection and differences if any are reported for further action.

When a shortage/loss of stock is reported action is initiated to crystalize the liability. This is a time consuming process. Based on the observation of the audit, concerned divisions are instructed to speed up the process. The inter-divisional transfers of stores are done as per the revised procedure introduced by the Kerala Water Authority to avoid delay. The reconciliation of the inter office materials account is in progress. Moreover the consultant appointed for analyzing the fixed assets and related items of the authority will rectify the inter office transfer of materials on finalization of their work up to 31-03-2012.

iv. The divisions have been instructed to keep the financial ledgers, subsidiary ledgers, journal entries and supporting vouchers up to date. Instructions have been issued to the divisions to incorporate the corrections/revisions made by

the head office, in their books of accounts so that there will not be any difference in the opening balance of the unit trial balance with balance in the head office trial balance. Head office section has been instructed not to make any corrections in the account balances of the divisions/sub divisions without proposing journal entries and recording reasons for corrections.

- v. Action is being taken to computerize the billing and collection of water charge in all the revenue collection centers.

**3. Physical Verification of fixed Assets**

- No physical verification of the fixed assets was done, as the same would be cumbersome and expensive. However office equipments, furniture and fixtures, computers etc are physically verified from time to time. Updating the Fixed Asset Register till 31-03-12 is in progress as the Authority has appointed a Consultant for the updating of the Fixed Asset Register from 01-04-2005 to 31-03-2012.

**4. Regularity in payment of statutory dues.**

- No comments.

Managing Director

## FINANCIAL RESULTS

Income from operations for the year 2008-09 amounts to Rs. 278.54 Crore. In addition a non plan grant of Rs. 107.20 Crore was received from Government of Kerala to meet the revenue expenditure and Rs. 15.49 Crore 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. 647.15 Crore leaving a deficit of Rs. 247.75 Crore.

Rs in Crores

<b>INCOME AND EXPENDITURE</b>		
INCOME	2008-09	2007-08
Domestic	77.11	56.22
Non-Domestic	58.97	48.22
Industrial	8.85	4.52
Local Bodies	64.07	38.60
Sewerage	1.11	0.88
Other Income	68.43	123.04
	278.54	271.48
O & M Grant from GOI	15.49	12.44
Government of Kerala - Grant	107.20	99.46
	401.23	383.38
<b>EXPENDITURE</b>		
Operation & Maintenance	195.09	187.57
Establishment	294.32	242.69
Office Expenses	9.55	6.06
Travelling	1.97	1.37
Administrative Expenses	2.30	1.21
Interest	133.82	63.22
Depreciation	52.47	53.10
	689.52	555.22
Less : Transferred to CWIP	42.37	57.19
<b>DEFICIT FOR THE YEAR</b>	647.15	498.03
Prior period adjustment	245.92	114.65
	1.83	122.28
	247.75	236.93

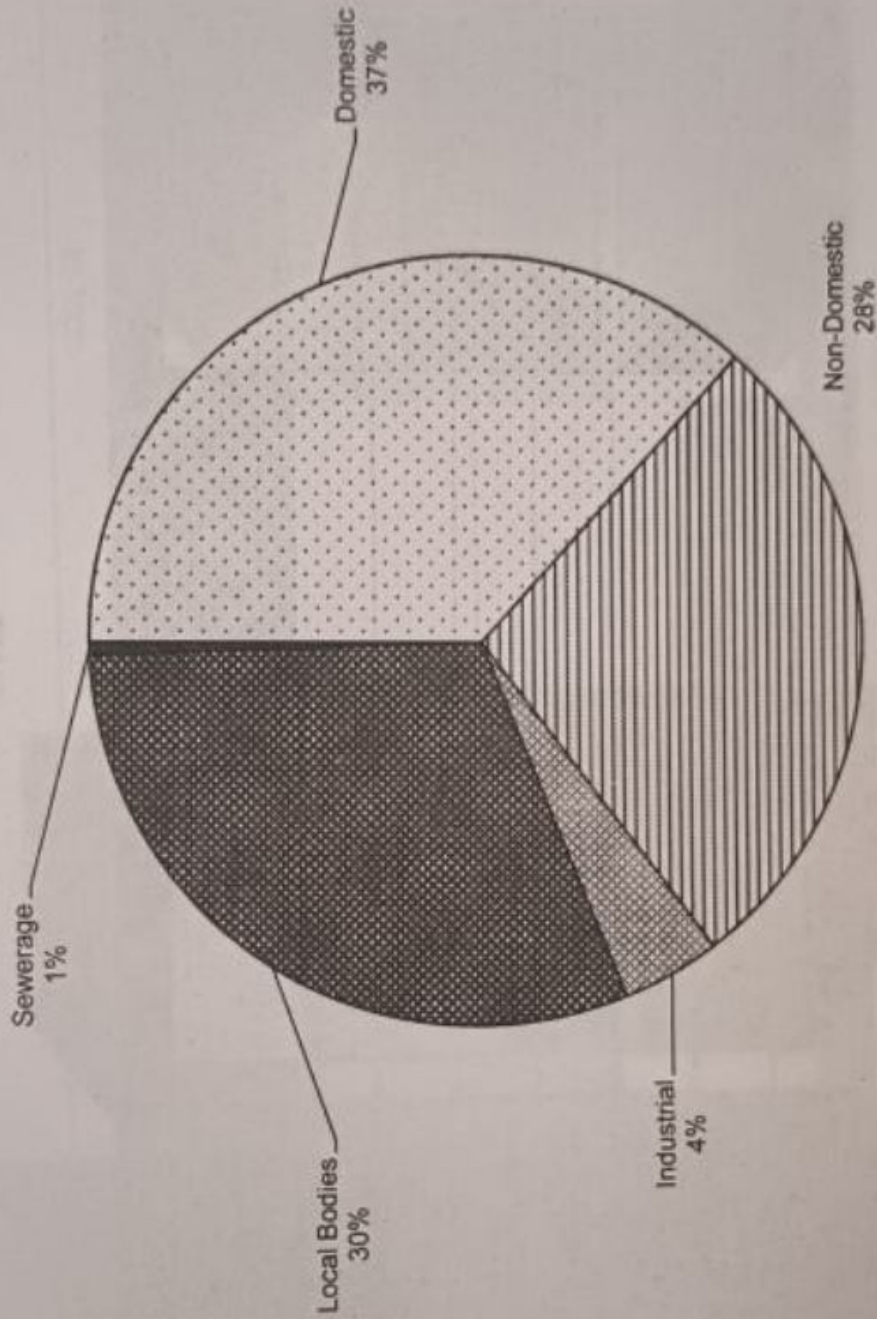
## SOURCE AND APPLICATION OF FUNDS

Source of Fund	2008-09	2007-08
Capital & Reserves	3,550.61	3,343.90
Secured Loans	517.53	293.53
Unsecured loans	1,595.74	1,017.08
	5,663.88	4,654.51
<b>Application of funds</b>		
Fixed Assets	4,244.86	3,447.82
Investment	27.08	21.01
Net Current Assets	470.57	478.68
Loans & Advances	140.21	173.60
Accumulated Excess of Expenditure over Income	781.16	533.40
	5,663.88	4,654.51

CAPITAL RECEIPTS	2008-09	2007-08
Grant from GOK	114.89	68.98
Loan from GOK	379.00	662.18
Grant from GOI	108.24	77.80
Loan from LIC of India	0.00	0.00
Loan from HUDCO	0.00	0.00
Loan from Bank	253.36	28.36
	855.49	837.32

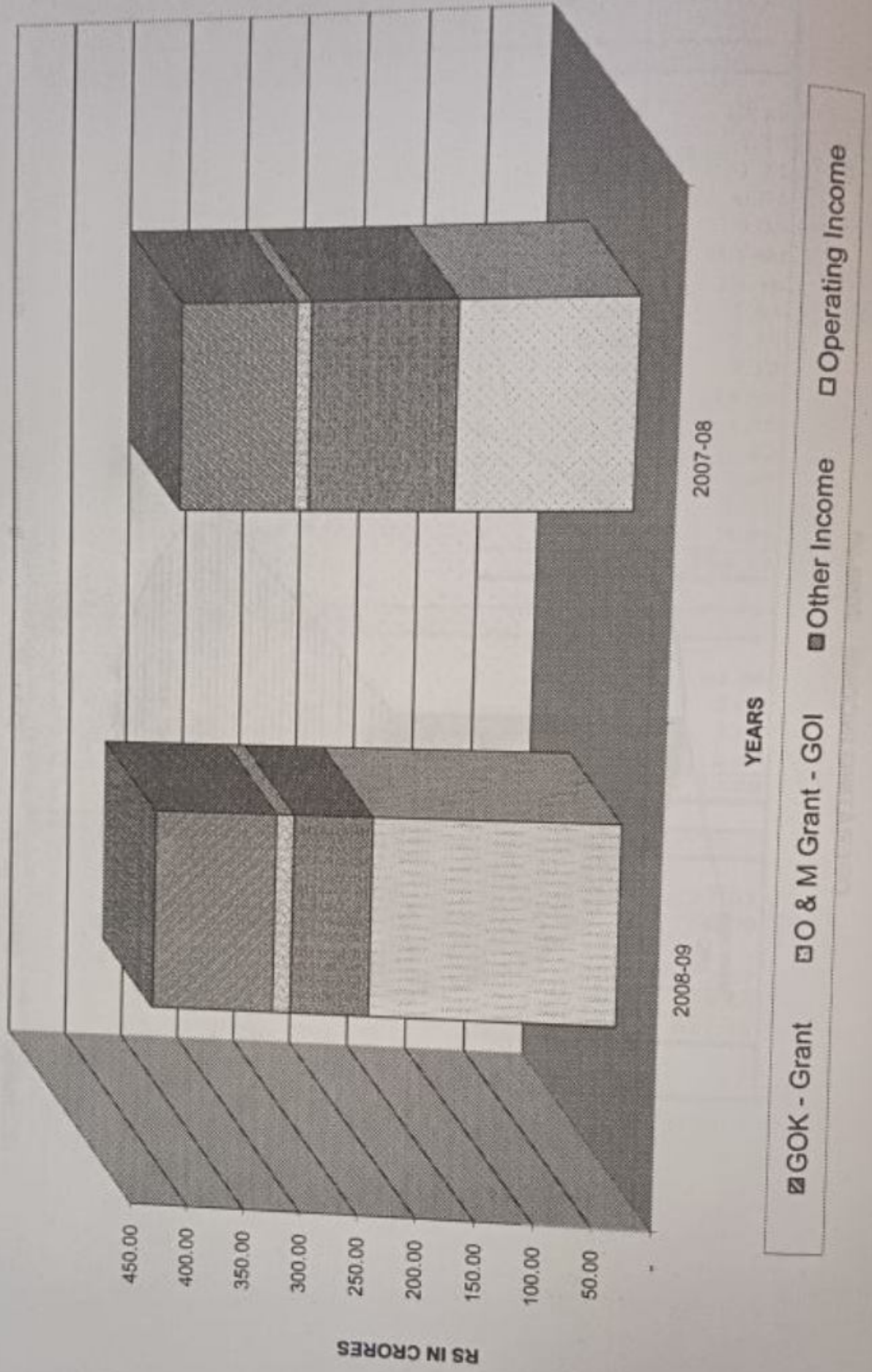
<b>CAPITAL EXPENDITURE</b>	<b>2008-09</b>	<b>2007-08</b>
<b>State Plan Schemes</b>		
UWSS - Matching	0.00	12.52
UWSS - Others	1.30	1.13
Completion of ongoing UWSS	2.06	1.71
WSS - Medical Collages		0.01
AUWSS - Matching	5.60	6.08
JBIC	495.37	481.80
NABARD	35.72	12.46
Completion of ongoing RWSS	2.99	1.81
RWSS - Not Eligible ARP	2.82	5.74
RWSS - Matching	8.91	2.12
RWSS-TEAP	30.05	14.65
RWSS - Others		1.76
NC/PC - State Plan		0.82
TM - Matching	4.48	5.49
Urban - Sewerage	1.56	2.38
Other Schemes	4.37	4.84
	<b>595.23</b>	<b>555.32</b>
<b>Centrally Sponsored Schemes</b>		
ARWSS	72.44	62.56
AUWSS	-	2.09
TM	12.21	6.62
Other Schemes	0.83	2.25
	<b>85.48</b>	<b>73.52</b>
<b>Outside State Plan Schemes</b>		
UWSS - LIC/HUDCO	10.14	27.01
RWSS - LIC		0.00
TRP WSS	26.18	
Others	1.93	1.57
	<b>38.25</b>	<b>28.58</b>
	<b>718.96</b>	<b>657.42</b>

**OPERATING INCOME - 2008-09**

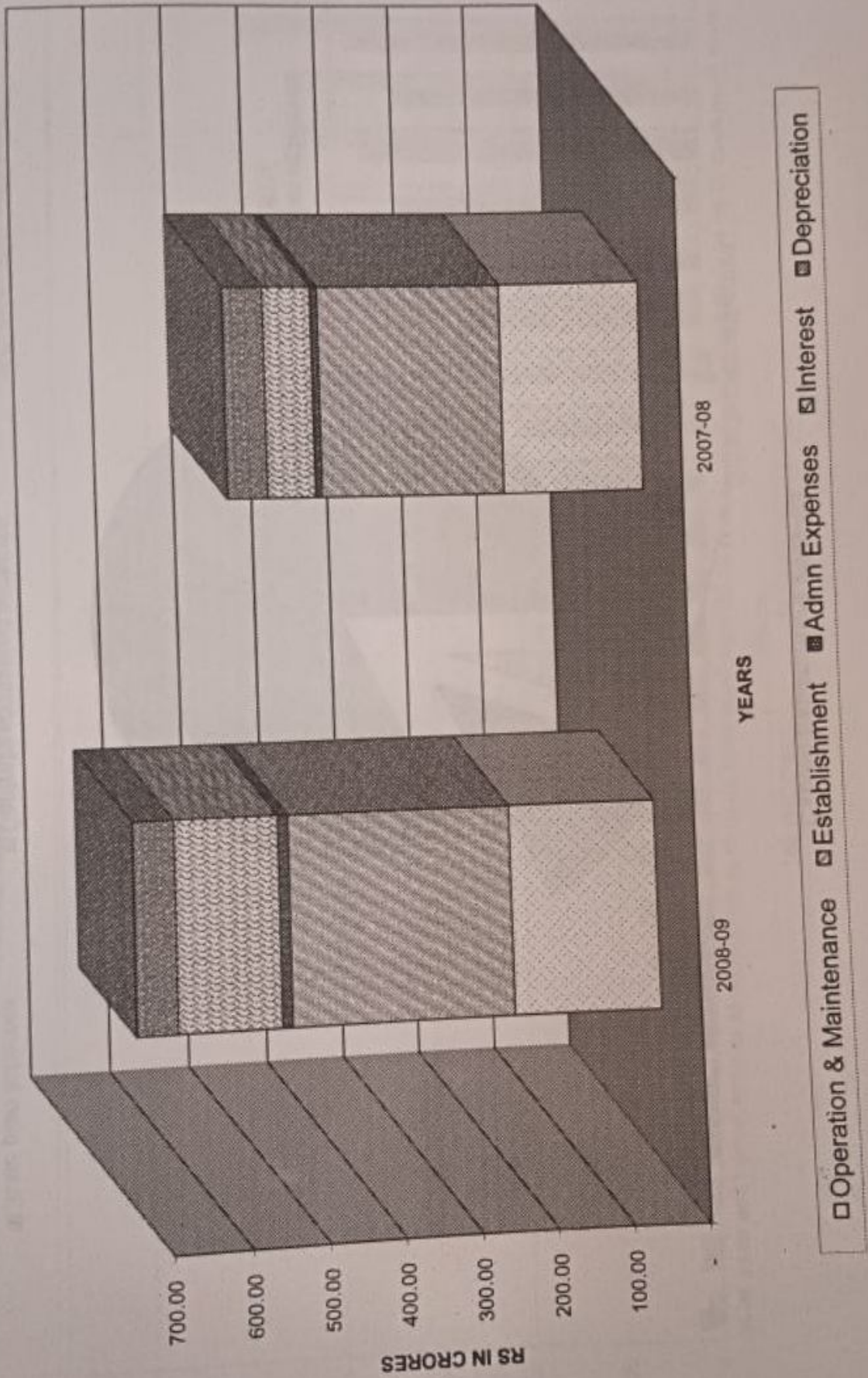




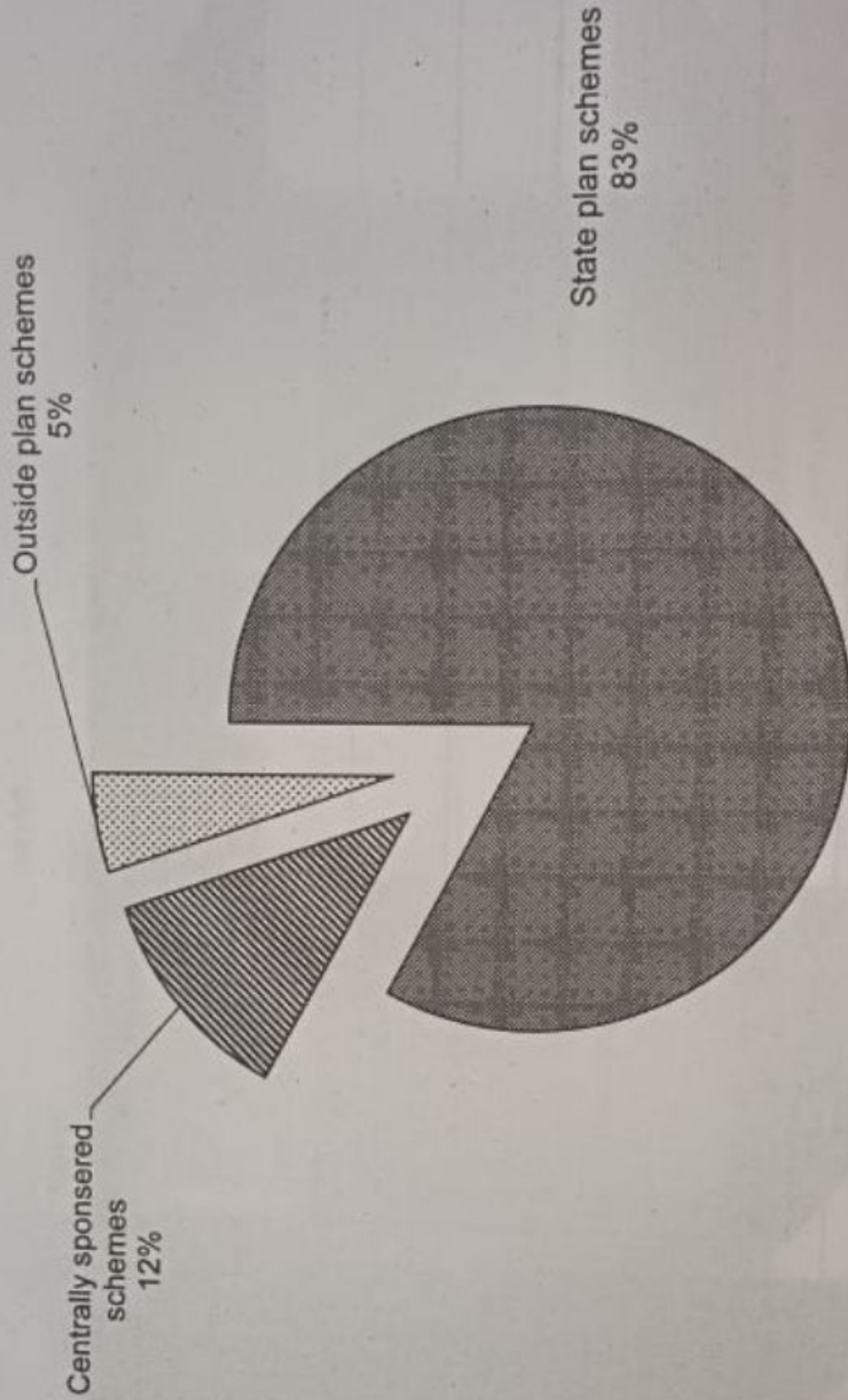
# REVENUE RECEIPTS



# REVENUE EXPENDITURE



Capital Expenditure 2008-09



- State plan schemes
- ▨ Centrally sponsored schemes
- ▩ Outside plan schemes

### INCOME AND EXPENDITURE 1984-85 TO 2008-09

