

NATIONAL WATER SUPPLY & DRAINAGE BOARD
Income Statement for the year ended 31st December 2011

For the year ended	Notes	Budget 2011 Rs.	Actual 2011 Rs.	Actual 2010 Rs.
Sale of Water	3	11,976,739,000	11,616,045,254	10,744,059,534
Less : Direct Operating Expenses	4	<u>(7,508,081,505)</u>	<u>(7,470,490,082)</u>	<u>(7,061,727,544)</u>
Operating Profit on Sale of Water		4,468,657,495	4,145,555,172	3,682,331,990
Other Operating Income	5	2,485,000,000	2,081,716,017	1,566,297,797
Administration Overheads	6	(2,726,975,495)	(2,447,412,103)	(2,564,857,342)
Depreciation	7	(1,850,000,000)	(1,769,054,208)	(3,258,762,679)
Other Operating Expenses	7	<u>(366,711,000)</u>	<u>(249,979,834)</u>	<u>(268,745,918)</u>
Profit/(Loss) from Operating Activities		2,009,971,000	1,760,825,044	(843,736,151)
Revaluation Deficit	7	-	(474,261,491)	(3,684,342,399)
Finance Cost	8	(2,100,000,000)	(943,355,146)	(1,419,459,214)
Non-Operating Income	9	<u>100,000,000</u>	<u>131,257,102</u>	<u>97,644,018</u>
Profit/(Loss) from Ordinary Activities before Tax		9,971,000	474,465,508	(5,849,893,746)
Taxation- Economic Service Charge	10	<u>(34,003,000)</u>	<u>(53,055,544)</u>	<u>(105,273,966)</u>
Net Profit / (Loss) for the year		<u><u>(24,032,000)</u></u>	<u><u>421,409,965</u></u>	<u><u>(5,955,167,712)</u></u>

The accounting policies and notes on Pages 06 to 12 form an integral part of the financial statements.

Colombo
09th April 2012

NATIONAL WATER SUPPLY & DRAINAGE BOARD

Balance Sheet as at 31st December 2011

As at 31st December		2011	2010
		<u>Rs.</u>	<u>Rs.</u>
ASSETS			
Non- Current Assets			
Property ,Plant & Equipment, Net - At cost	A	84,271,474,289	73,665,875,928
Capital Work in Progress	11	93,973,706,724	75,479,132,299
Investments	13	47,021,257	65,483,233
		<u>178,292,202,270</u>	<u>149,210,491,460</u>
Current Assets			
Non Operating Assets	12	129,519,607	186,528,287
Inventories	14	3,553,283,938	3,282,670,013
Trade & Other Receivables	15	4,630,585,929	4,163,963,700
Deposits & Advances	16	4,463,442,277	5,577,524,742
Investments	17	987,410,125	612,324,887
Cash & Cash Equivalents	18	715,081,472	1,160,749,233
		<u>14,479,323,348</u>	<u>14,983,760,862</u>
Total Assets		<u>192,771,525,619</u>	<u>164,194,252,322</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Assets taken over from Government Dept.		185,480,387	185,480,387
Government Grant		69,440,023,265	62,617,514,691
Capital Grants	19	94,202,911,393	78,619,983,625
Capital Recovery Fund	20	3,041,083,387	2,532,250,115
Staff Welfare Fund		13,935,577	13,468,272
Accumulated Profit/(Loss)		<u>(16,171,869,528)</u>	<u>(15,587,624,913)</u>
		<u>150,711,564,480</u>	<u>128,381,072,178</u>
Non-Current Liabilities			
Loan Payable	21	27,838,903,108	23,070,625,176
Other Deferred Liabilities	22	3,634,950,342	3,404,692,303
		<u>31,473,853,450</u>	<u>26,475,317,479</u>
Current Liabilities			
Creditors	23	3,489,384,662	2,344,883,758
Loan Capital Payable	24	2,687,799,521	2,362,323,996
Loan Interest Payable		2,464,625,111	3,157,126,784
Non Operating Liabilities	12	133,008,868	161,145,829
Other Payables	25	1,811,289,525	1,312,382,299
		<u>10,586,107,688</u>	<u>9,337,862,666</u>
Total Equity and Liabilities		<u>192,771,525,619</u>	<u>164,194,252,322</u>

The Board of Directors is responsible for the preparation and presentation of these financial statements.

K. Hettiarachchi
Chairman

K. L. L. Premanath
General Manager

D. Thotawatte
DGM (Finance)

The accounting policies and notes on Pages 06 to 12 form an integral part of the financial statements.

09th April 2012

NATIONAL WATER SUPPLY & DRAINAGE BOARD

Cash Flow Statement for the year ended 31st December 2011

For the year ended	Notes	2011 <u>Rs.</u>	2010 <u>Rs.</u>
Cash Flows from/(used) in Operating Activities			
Net Profit/(Loss) before Tax		474,465,508	(5,849,893,746)
<i>Adjustments for</i>			
Interest Income		(131,257,102)	(97,644,018)
Profit/loss on disposal of Fixed Assets		544,650	(2,867,528)
Depreciation	7	1,769,054,208	3,258,762,679
Revaluation Loss		474,261,491	3,684,342,399
Retiring gratuity provision		216,756,879	220,195,945
Prior Year Adjustments		(496,354,003)	-
Interest Expense	8	<u>943,355,146</u>	<u>1,419,459,214</u>
Operating Profit before Working Capital Changes		<u>3,250,826,778</u>	<u>2,632,354,945</u>
(Increase)/Decrease in Inventories		(270,613,925)	23,295,029
(Increase)/Decrease in Debtors, Rece'bles & Deposits		705,799,680	(706,620,578)
Increase/(Decrease) in Creditors & Provisions		<u>1,809,701,459</u>	<u>738,484,038</u>
Cash Generated from Operations		5,495,713,992	2,687,513,434
Tax Paid	10	(53,055,544)	(105,273,966)
Disallowed VAT paid to Inland Revenue		-	(1,365,488,646)
Gratuity Paid	22.1	<u>(180,929,130)</u>	<u>(151,173,991)</u>
Net Cash from Operating Activities		<u>5,261,729,319</u>	<u>1,065,576,831</u>
Cash Flows from/(used in) Investing Activities			
Investments in Fixed Assets		(30,830,027,600)	(19,739,047,979)
Sale proceeds for disposal assets		4,214,950	3,025,100
Investment Income		129,926,338	101,597,240
(Investment) / Withdrawal of Investments		<u>(356,623,263)</u>	<u>(297,217,034)</u>
Net Cash Flows used in Investing Activities		<u>(31,052,509,575)</u>	<u>(19,931,642,674)</u>
Cash Flows from/(used in) Financing Activities			
Government Grant during the Period	- Net	6,822,508,574	5,537,178,665
Capital Grant during the period	- Net	15,582,927,768	11,430,082,462
New Loans		5,758,818,754	3,891,224,155
Loan Repayments		(665,065,296)	(850,585,445)
Loan Interest Paid		<u>(2,154,077,304)</u>	<u>(605,952,057)</u>
		<u>25,345,112,495</u>	<u>19,401,947,780</u>
Net Increase in Cash & Cash Equivalents		(445,667,761)	535,881,937
Cash & Cash Equivalents at the beginning of the year		<u>1,160,749,233</u>	<u>624,867,296</u>
Cash & Cash Equivalents at the end of the period		<u><u>715,081,472</u></u>	<u><u>1,160,749,233</u></u>

The accounting policies and notes on Pages 06 to 12 form an integral part of the financial statements.

09th April 2012

NOTES

	31.12.2011	31.12.2010
	Rs.	Rs.
3. Sale of Water		
Metered Sales	11,648,548,237	10,747,447,037
Bulk Sales	168,950,497	149,369,059
Bowser Supply	45,237,145	40,610,465
Less: Rebates	<u>(246,690,626)</u>	<u>(193,367,026)</u>
	<u>11,616,045,254</u>	<u>10,744,059,534</u>
4. Direct Operating Expenses		
Personnel Cost	3,345,000,435	3,346,857,362
Pumping Cost	2,417,486,303	2,103,576,701
Chemicals	426,959,662	412,960,647
Repairs & Maintenance	581,807,386	560,276,883
Establishment Expenses	272,493,532	248,970,965
Rent,Rates,Taxes, Security & Other Expenses	<u>426,742,765</u>	<u>389,084,987</u>
	<u>7,470,490,082</u>	<u>7,061,727,544</u>
5. Other Operating Income		
Capital Recovery Charges	508,833,271	381,631,564
New Connection Income (Net)	390,089,351	360,228,281
Fees & Other Charges	1,233,429,466	878,780,128
Revenue Grants	<u>(50,636,071)</u>	<u>(54,342,175)</u>
	<u>2,081,716,017</u>	<u>1,566,297,797</u>
6. Administration Overheads		
Personnel Cost	1,814,396,068	1,895,652,327
Repairs & Maintenance	96,361,017	111,424,296
Establishment Expenses	339,040,146	347,104,027
Rent,Rates,Taxes, Security & Other Expenses	<u>197,614,872</u>	<u>210,676,692</u>
	<u>2,447,412,103</u>	<u>2,564,857,342</u>
7. Other Operating Expenses		
<u>Depreciation</u>		
Infrastructures	60,399,041	87,329,948
Buildings	128,812,736	268,162,740
Water Supply Scheme Structures	397,004,478	929,680,335
Plant & Machinery - Pumping & Treatment	527,238,142	699,773,601
Service/Bulk Meters	10,736,646	14,251,366
Plant & Equipment - Distribution & Transmission	574,977,544	848,923,368
Mobile Equipment	15,799,274	19,052,905
Survey Equipment	106,320	161,712
Laboratory & Other Equipment	23,333,793	93,529,359
Furniture Fittings & Office Equipments	93,942,075	53,974,161
Passenger Cars	15,812,996	36,511,634
Vans, Buses & Jeeps	51,610,043	151,026,099
Lorries & Trucks	83,736,850	186,973,548
Tractors & Trailors	8,972,146	21,574,186
Water Bowsers & Heavy Vehicles	48,639,431	80,136,831

Motor Cycles	2,486,942	2,439,264
Lease Vehicles	<u>3,242,007</u>	<u>3,242,007</u>
	2,046,850,464	3,496,743,064
Amortisation of Leasehold Land	<u>-</u>	<u>-</u>
Total Depreciation	2,046,850,464	3,496,743,064
Less: Depn. for Grant funded Assets	<u>277,796,256</u>	<u>237,980,385</u>
Depreciation	1,769,054,208	3,258,762,679
Revaluation Deficit	474,261,491	3,684,342,399
	2,243,315,699	6,943,105,078
Bad & Doubtful Debts	46,813,190	23,264,041
Provision for Irrecoverable Staff Loans	3,076,610	1,762,215
Over Provision for Obsolete Stock	(16,666,846)	23,523,717
Retiring Gratuity	<u>216,756,879</u>	<u>220,195,945</u>
Other Operating Expenses	249,979,834	268,745,918
	<u>2,493,295,533</u>	<u>7,211,850,996</u>

Revaluation deficit of Rs. 474,261,490.91 was charged to current period income & expenditure account due to the errors found in relation to the assets revaluation as at 31st December 2007.

8. Finance Cost

Loan Description

IDA 1700	24,369,977	41,470,868
IDA 1041	10,853,963	18,655,249
French - Trinco	1,236,028	1,852,722
French - Negombo 1	302,923	605,395
French - Negombo 11	456,896	788,796
Negambo Augmentation	62,216,917	67,132,267
French - Kurunegela	839,396	1,243,077
French - Badulla	981,729	1,472,192
French - Ambatale	14,845,424	22,320,384
ADB 817	31,747,587	54,028,148
ODA	223,928	493,103
ADB 1235	42,830,871	69,847,266
ADB 1575	83,437,544	116,547,681
USAID	490,095	559,845
ODA Matara-Nilambe	17,831,730	30,091,044
OEFC SLP 19	16,981,390	25,861,801
OEFC SLP 37	47,244,269	78,197,411
OEFC SLP 49	115,921,668	188,786,981
OEFC SLP 55	269,728,170	377,919,027
OEFC SLP 71	61,760,176	72,053,539
OEFC SLP 66	5,688,979	7,278,652
Kalmunai	742,297	1,141,068
KFW Nawalapitiya/Ampara/Koggala	31,821,060	39,133,806
EDCF - Greter Galle Korean 1	30,103,734	42,247,791
EDCF - Greter Galle Korean 11	21,130,460	28,173,946
ADB 1757	2,938,399	4,011,148
ADB 1993	153,867,098	175,613,522
Nuwara Eliya - Danida	31,205,052	36,587,450
Kandy South - Danida	82,994,863	88,386,216
Greater Trincomalee	30,346,180	26,361,144
Ambalangoda/Weligama/Kataragama	8,623,045	11,497,394
Ambatale Remote Loan	6,508,244	9,009,724
Ambatale Refurbishment	4,827,655	7,567,323

Towns North of Colombo	32,002,986	15,555,224
Greater Colombo Rehabilitation	29,977,218	10,370,867
Kirindi Oya	13,211,198	9,318,928
Greater kandy Stage 11 SLP -90	27,851,915	17,838,246
Kalani Right Bank	162,950,795	121,939,394
Kalugaga Stage 11	18,654,955	3,979,568
Local loans	5,428,613	6,538,980
Colombo North	3,803,625	5,338,420
SLP 98 Eastern Provi.WS	352,420	-
French - Anuradapura	21,597,220	29,752,767
Interest Adjustments for Previous Year SFD 1/130	(69,353,062)	-
	<u>1,461,575,631</u>	<u>1,867,568,375</u>
Less: Capitalised Interest on Construction Projects		
Kalugaga Stage 11	(18,654,955)	(3,979,568)
ADB 1993	(153,867,098)	(175,613,522)
Greater Trincomalee	(30,346,180)	(26,361,144)
Towns North of Colombo	(32,002,986)	(15,555,224)
Greater Colombo Rehabilitation	(29,977,218)	(10,370,867)
SLP 98 Eastern Provi.WS	(352,420)	(9,318,928)
Greater kandy Stage 11 SLP -90	(27,851,915)	(17,838,246)
Kalani Right Bank	(162,950,795)	(121,939,394)
Negambo Augmentation	(62,216,917)	(67,132,267)
	<u>943,355,146</u>	<u>1,419,459,214</u>
9. Other Non-Operating Income		
Investment Income	<u>131,257,102</u>	<u>97,644,018</u>
10. Taxation		
Economic Service Charge	53,055,544	105,273,966
	<u>53,055,544</u>	<u>105,273,966</u>
11. Capital Work in Progress		
Construction Work	67,352,725,056	50,180,850,647
Rehabilitation	26,620,981,669	25,298,281,653
	<u>93,973,706,724</u>	<u>75,479,132,299</u>
12. Non Operating Assets	<u>129,519,607</u>	186,528,287
Non Operating Liabilities	<u>(133,008,868)</u>	<u>(161,145,829)</u>
	<u>(3,489,261)</u>	<u>25,382,458</u>
Note: Non operating balances consists of aggregate of balances which are outstanding for a long period		
of time. The assignment to reconcile these balances have been awarded to an Accountancy firm in January 2004, and report has been submitted. This report was reviewed by the Audit and Management Committee and direct to carry out further reconciliation by the employees with an incentive scheme. Accordingly Rs.55,799,238 had been cleared during the year against the brought forward profit/ loss being the payments made to line Ministry as reimbursement of expenditure.		
13. Long term Investments		
HDFC Investment for Staff Housing Loans	46,028,408	64,541,010
Bank of Ceylon Saving - II	992,849	942,223
	<u>47,021,257</u>	<u>65,483,233</u>
14. Inventories		
Stock at Main stores	208,394,049	179,426,440
Stock at Sites Stores	3,293,775,161	3,067,082,627
Goods In Transit	102,912,445	72,629,229
Stock Adjustments	(2,967,515)	29,028,765
	<u>3,602,114,140</u>	<u>3,348,167,061</u>
Provision for Obsolete Stock	<u>(48,830,202)</u>	<u>(65,497,048)</u>
Total Inventories at Cost	<u>3,553,283,938</u>	<u>3,282,670,013</u>

15. Trade & Other Receivables		
Advance to Staff - Travelling	1,388,633	1,443,290
Advance to Staff - Salaries	1,692,934	3,009,915
HDFC Receivable	22,770	24,270
Festival Advances	10,817,854	10,749,904
Loans to Employees-Distress	1,471,025,983	1,361,943,018
Loans to Employees-Vehicle	9,495,652	14,838,288
Loans to Employees-Special Advance	65,584	81,184
Loans to Employees-Tsunami	32,995	91,730
Special Incentive Advances	21,642,972	25,049,581
VAT Recievable	15,278,618	1,445,442
WHT Receivable	1,602,711	1,310,065
Trade Debtors-Water	2,961,050,085	
CMC Debtors	28,519,949	
Sewerage Debtors	79,928,376	
Other Debtors	61,944,479	
	<u>3,131,442,890</u>	
Less : Provision for Bad Debts	<u>(479,544,933)</u>	2,651,897,957
Debtors Collection Control	422,575,444	231,404,538
Suspense Debtors	72,992	72,992
Receivable on Interest & Others	5,755,482	4,424,718
Installment Debtors - New Connection	78,195,013	60,975,040
Installment Debtors - N/C (Low Income)	93,433	687,315
Inter-regional Current Accounts	(61,071,098)	0
	<u>4,630,585,929</u>	<u>4,163,963,700</u>
16. Deposits and Advancess		
Rechargeable Project Work	397,277,886	406,295,088
Advance to Suppliers	33,288,654	35,328,829
Advance to Contractors	219,257,640	73,057,383
Cash Advances Head Office	1,365,539	1,554,586
Cash Advances Regions	855,247	1,201,163
Other Advances	4,378,829	6,450,000
Advance to Contractors (Local Contract)	1,034,908,276	1,590,238,105
Advance to Contractors (Special Projects)	2,530,897,202	3,226,366,168
Pre Payments	-	870,000
Special Dollar Account	133,722,027	133,722,027
Other Short Term Deposits	93,871,428	91,286,467
Employees Security Deposits	906,619	2,117,714
Electricity Deposits	12,686,664	9,008,446
Telephone Deposits	26,267	28,767
	<u>4,463,442,277</u>	<u>5,577,524,742</u>
17. Short Term Investments		
Treasury Bills	892,090,141	357,413,810
Fixed Deposits	-	68,500,000
Savings account with Peoples' Bank-Ratmalana	59,428	57,142
Savings account with Bank of Ceylon- Ratmalana	56,104	53,908
Savings account with Bank of Ceylon- Dehiwela	16,337,524	15,683,082
Savings account with Bank of Ceylon-Dehiwela	78,866,928	170,616,944
	<u>987,410,125</u>	<u>612,324,887</u>
18. Cash & Cash Equivalentents		
Main Current Accounts	308,976,840	856,970,717
New Connection Accounts	76,230,383	46,427,141
Main Collection Account	272,095,652	226,116,259
Internal Cash Transfer Account	8,668,950	3,301,488
Cash Imprest Head Office	234,507	1,290,678
Sub Collection Accounts	(745,135)	13,354,270
Cash Imprests Regions	282,756	248,425

Cash In Transit	40,858,146	6,010,768
Cash Balance at the End	706,602,099	1,153,719,747
Adjust:		
New Connection Control Account	3,579,292	2,360,436
Water Bill Collection Control Account	4,900,081	4,669,051
Cash & Cash Equivalents	<u>715,081,472</u>	<u>1,160,749,233</u>
19. Capital Grants		
Foreign Grants	93,727,432,909	78,149,764,416
Local Grants	475,478,484	470,219,209
	<u>94,202,911,393</u>	<u>78,619,983,625</u>
20. Capital Recovery Fund		
Balance at the Beginning of the Year	2,532,250,115	2,150,618,551
Amount Appropriated During the Year	508,833,271	381,631,564
	<u>3,041,083,387</u>	<u>2,532,250,115</u>
21. Loan Payable		
Foreign Loans through Treasury	27,220,408,823	22,451,615,595
Local Loans	123,758,710	124,274,006
Interest Payable	494,735,575	494,735,575
	<u>27,838,903,108</u>	<u>23,070,625,176</u>
22. Other Deferred Liabilities		
Retiring Gratuity Provision	2,438,804,935	2,402,977,185
Customer and Employee Security Deposits	1,196,145,407	1,001,715,117
	<u>3,634,950,342</u>	<u>3,404,692,303</u>
22.1 Movement of Retiring Gratuity Provision		
Balance at the Beginning of the Period	2,402,977,185	2,333,955,232
Add Provision for the Period	216,756,879	220,195,945
	2,619,734,065	2,554,151,177
Less: Gratuity Payments during the Period	<u>(180,929,130)</u>	<u>(151,173,991)</u>
	2,438,804,935	2,402,977,185
23. Creditors		
Rechargeable Work - Customer Advances	1,671,061,410	1,264,869,393
Contractors Retention	1,801,794,737	1,060,004,822
Lease Hold Creditors	21,717,989	
Less: Interest in Suspense	<u>(5,189,474)</u>	20,009,542
	<u>3,489,384,662</u>	<u>2,344,883,758</u>
24. Loan Capital Payable in 2011		
IDA 1041	85,058,364	141,065,865
French - Trinco	10,322,237	20,556,464
French - Negombo 1	2,529,975	5,037,467
French - Negombo 11	4,490,036	4,490,036
French - Kurunegela	3,097,060	3,097,060
French - Badulla	4,080,480	4,080,480
French - Ambatale	49,479,984	49,479,984
ADB 817	93,581,744	131,404,027
IDA 1700	109,242,288	96,646,476
OECE - SLP 19	80,498,688	54,943,550
Kalmunai (Australia)	2,522,312	2,522,312
USAID	6,974,972	6,974,972
A.D.B (1235)	107,571,661	89,688,575
S.L.P 37	217,215,038	217,215,035
UDA - ADB 111 1575	198,660,820	132,440,547
OECE - SLP 49	331,176,309	220,772,759
OECE - SLP 66	33,473,280	33,473,280
Greater Galle 1	81,245,753	81,245,753

Greater Galle 11	29,347,860	14,673,930
Kandy - Danida	137,361,601	68,680,800
Nuwara Eliya - Danida	52,008,420	26,004,210
UNIHA	14,371,742	7,185,871
ODA Hill Country-SLP 71	51,466,814	3,732,138
ADB 1757	6,996,189	6,996,189
OECF S.L.P 55	728,995,055	728,995,055
Matara/Nilambe (ODA)	74,298,878	49,532,586
Ambatale Remote Loan	24,939,249	24,939,249
Ambatale Refurshment Loan	21,722,729	21,722,729
Colombo North WSP	10,009,539	6,673,026
French Anuradapura	50,714,946	43,708,070
KFW Project Ampara	64,345,499	64,345,499
	<u>2,687,799,521</u>	<u>2,362,323,996</u>

25 Other Payables

Creditors Control	171,478,098	125,883,574
VAT Payable	53,310,175	41,814,353
Security Deposit	2,860,190	2,108,742
Other Creditors	35,149,669	41,687,764
Refundable Tender Deposit	60,794,156	29,382,854
Salary Payables	129,989,375	112,258,613
With Holding Tax	-	1,420,225
VAT Payable to Inland Revenue	745,920,769	761,037,716
With Holding CIGF	580,936	172,716
With Holding VAT	1,100,125	16,983,344
Accrued Expenses	607,300,228	176,826,595
Provision for Cash Losses	1,075,000	1,075,000
Other Payables	1,730,805	1,730,805
	<u>1,811,289,525</u>	<u>1,312,382,299</u>

26. Directors Interests in Contracts

No director of the Board has a direct or indirect interest in the contracts of the board.

27. Comparative Information

Prior years figures have been restated where necessary to confirm to the current year's presentation.

28. Directors Responsibility

The Directors take responsibility for the preparation and presentation of Financial Statements.

29. Adjustment to the brought forward loss

Rs.55,799,238 and Rs. 440,554,765 had been adjusted to the brought forward loss being the expenditure reimbursement to line ministry during the period of 1996 -2003 and recorded them as advances and salaryarrears applicable for the period of 1st January 2009 to 31st October 2009 respectively.