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## NATIONAL WATER SUPPLY AND DRAINAGE BOARD

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOW

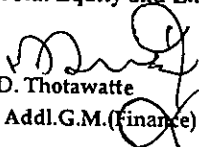
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

National Water Supply And Drainage Board  
STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2014

		2014 <u>Rs.</u>	2013 <u>Rs.</u> (Restated)
<b>Assets</b>			
<b>Non- Current Assets</b>			
Property ,Plant & Equipment	Notes 15	109,865,635,167	107,458,091,203
Intangible Assets	16	52,964,022	102,025,883
Capital Work in Progress	17	149,059,338,602	121,418,014,631
Other Financial assets	18	<u>22,810,677</u>	<u>31,008,001</u>
<b>Total Non Current Assets</b>		<u>259,000,748,468</u>	<u>229,009,139,718</u>
<b>Current Assets</b>			
<b>Non Operating Assets</b>			
Inventories	19	117,895,068	117,895,068
Trade & Other Receivables	20	5,623,798,032	3,876,757,449
Deposits & Advances	21	5,544,274,105	5,388,788,826
Investments	22	9,530,557,311	4,286,653,401
Cash & Cash Equivalents	23	<u>244,262,510</u>	<u>340,970,189</u>
<b>Total Current Assets</b>		<u>23,817,305,676</u>	<u>15,890,941,691</u>
<b>Total Assets</b>		<u>282,818,054,144</u>	<u>244,900,081,409</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Assets taken over from Government Dept.	24	185,480,387	185,480,387
Staff Welfare Fund	25	15,239,298	15,101,490
Retained Earnings		(10,814,258,221)	(12,240,036,367)
Government Grant	26	88,161,757,133	81,069,995,266
Capital Grants	27	<u>151,974,122,319</u>	<u>129,350,331,843</u>
<b>Total Equity</b>		<u>229,522,340,916</u>	<u>198,380,872,619</u>
<b>Non-Current Liabilities</b>			
Loan Payable	28	37,715,434,998	32,146,717,058
Other Deferred Liabilities	29	<u>2,194,044,137</u>	<u>2,152,117,268</u>
<b>Total Non Current Liabilities</b>		<u>39,909,479,134</u>	<u>34,298,834,326</u>
<b>Current Liabilities</b>			
Trade & Other Payables	30	6,961,191,773	5,246,171,344
Loan Capital Payable		3,440,617,294	4,470,617,294
Loan Interest Payable		2,912,497,278	2,431,658,078
Non Operating Liabilities		<u>71,927,749</u>	<u>71,927,749</u>
<b>Total Current Liabilities</b>		<u>13,386,234,094</u>	<u>12,220,374,464</u>
<b>Total Equity and Liabilities</b>		<u>282,818,054,144</u>	<u>244,900,081,409</u>

  
D. Thotawatte  
Addl.G.M.(Finance)

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

  
K. A. Ansar  
Chairman

  
B.W.R. Balasuriya  
General Manager

Accounting Policies & Notes from pages 7 to 28 form an integral part of these Financial Statements.  
Colombo

# National Water Supply And Drainage Board

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	Budget 2014 Rs.	Actual 2014 Rs.	Actual 2013 Rs. (Restated)
Revenue	7	18,733,888,000	18,710,049,680	17,216,624,417
Cost of Sales	8	(10,993,514,984)	(11,325,829,471)	(10,156,774,994)
<b>Gross Profit</b>		<b>7,740,373,016</b>	<b>7,384,220,209</b>	<b>7,059,849,424</b>
Other operating income and gains	9	2,475,745,000	1,390,066,559	1,195,405,502
Administrative Expenses	10	(6,311,835,016)	(5,985,331,888)	(5,832,372,763)
Other Operating Expenses	11	(490,000,000)	(334,370,432)	(559,425,320)
<b>Operating Profit / (Loss)</b>		<b>3,414,283,000</b>	<b>2,454,584,449</b>	<b>1,863,456,843</b>
Finance Income	12	145,000,000	213,239,303	225,687,464
Finance Cost	13	(1,237,834,000)	(1,242,530,161)	(1,039,762,873)
<b>Profit / (Loss) before tax</b>		<b>2,321,449,000</b>	<b>1,425,293,591</b>	<b>1,049,381,435</b>
Provision for Income Taxation	14	(60,000,000)	(53,113,301)	(47,466,069)
<b>Profit / (Loss) for the Year</b>		<b>2,261,449,000</b>	<b>1,372,180,290</b>	<b>1,001,915,366</b>
<b>Other Comprehensive Income for the Year</b>				
Revaluation surplus		-	53,710,538	-
<b>Total Comprehensive Income for the Year</b>		<b>2,261,449,000</b>	<b>1,425,890,828</b>	<b>1,001,915,366</b>

Accounting Policies & Notes from pages 7 to 28 form an integral part of these Financial Statements.

National Water Supply And Drainage Board  
**STATEMENT OF CHANGES IN EQUITY**  
Year ended 31 December 2014

	Note	Assets from Government Departments Rs.	Govt Grants Rs.	Capital grants Rs.	Staff Welfare Fund Rs.	Accumulated Profit/Loss Rs.	Total Rs.
Balance as at 1 January 2013		185,480,387	77,931,820,155	116,361,732,845	14,415,579	(13,466,806,100)	181,026,642,866
<i>Prior Year correction -</i>							
Assets recognised and derecognised	34.1					256,835,393	256,835,393
Depreciation adju. for assets recognised and derecognised	34.1					(30,084,394)	(30,084,394)
Reversal of depreciation for the year 2013	34.1					945,040	945,040
Rehabilitation & Construction works	34.2					(7,412,230)	(7,412,230)
Grant amortization	34.2					74,750	74,750
<b>Restated balance as at 1 January 2013</b>		<b>185,480,387</b>	<b>77,931,820,155</b>	<b>116,361,732,845</b>	<b>14,415,579</b>	<b>(13,246,447,541)</b>	<b>181,247,001,425</b>
Net profit for the year		-	-	-	-	1,001,915,366	1,001,915,366
Receipts / Transfers during the year		-	3,138,175,111	12,988,598,998	-	-	16,126,774,109
Transfers to Staff welfare fund		-	-	-	685,911	(685,911)	-
Correction of Ambatale creditors control	34.2					12,046,391	12,046,391
Correction of stock verification	34.2					(51,136,985)	(51,136,985)
Depreciation adju. for assets recognised and derecognised	34.1					43,683,984	43,683,984
Grant amortization	34.2					588,330	588,330
<b>Restated balance as at 31 December 2013</b>		<b>185,480,387</b>	<b>81,069,995,266</b>	<b>129,350,331,843</b>	<b>15,101,490</b>	<b>(12,240,036,367)</b>	<b>198,380,872,619</b>
Net profit for the year		-	-	-	-	1,425,890,828	1,425,890,828
Opening balance Adjustment - 9233/536/1 RCNo.-2678		-	-	-	-	25,126	25,126
Receipts / Transfers during the year		-	7,091,761,866	22,623,790,477	-	-	29,715,552,343
Transfers to Staff welfare fund		-	-	-	137,808	(137,808)	-
<b>Balances as at 31 December 2014</b>		<b>185,480,387</b>	<b>88,161,757,133</b>	<b>151,974,122,319</b>	<b>15,239,298</b>	<b>(10,814,258,221)</b>	<b>229,522,340,916</b>

Accounting Policies & Notes from pages 7 to 28 form an integral part of these Financial Statements.

# National Water Supply And Drainage Board

## STATEMENT OF CASH FLOW

Year ended 31 December 2014

For the year ended	Notes	2014 Rs.	2013 Rs.
<b>Cash Flows from/(used) in Operating Activities</b>			
Net Profit/(Loss) before Tax		1,425,293,591	1,049,381,435
<i>Adjustments for</i>			
Interest Income	12	(213,239,303)	(225,687,464)
Profit on disposal of Fixed Assets		(3,922,353)	(14,647)
Depreciation	10.2	2,730,436,009	2,587,035,099
Amortization of Intangible Assets	10.2	293,841	-
Grant amortization against depreciation	10.2	(699,693,512)	(590,253,350)
Retiring gratuity provision	29.1	227,136,696	241,659,234
Opening balance Adjustments		25,126.00	-
Interest Expense	13	1,242,530,161	1,039,762,873
Operating Profit before Working Capital Changes		4,708,860,256	4,101,883,179
(Increase)/Decrease in Inventories		(1,747,040,583)	(607,663,128)
(Increase)/Decrease in Debtors, Receivables & Deposits		(5,402,599,585)	(1,264,090,309)
Increase/(Decrease) in Creditors & Provisions		1,756,947,297	335,176,667
Cash Generated from Operations		(683,832,614)	2,565,306,409
Tax Paid	14	(53,113,301)	(47,466,069)
Gratuity Paid	11	(227,136,696)	(241,659,234)
Net Cash from Operating Activities		(964,082,611)	2,276,181,106
<b>Cash Flows from/(used) in Investing Activities</b>			
Investments in Fixed Assets & Work-In-Progress		(31,619,414,419)	(21,594,999,438)
Withdrawal of other financial assets		8,197,324	6,810,864
Sale proceeds for disposal assets		7,995,275	51,000
Investment Income Received		216,449,698	240,834,475
(Investment) / Withdrawal of Investments		96,707,679	(328,628,877)
Net Cash Flows used in Investing Activities		(31,290,064,442)	(21,675,931,977)
<b>Cash Flows from/(used in) Financing Activities</b>			
Government Grant during the Period		7,768,323,405	5,147,344,801
Capital Grant during the period		23,177,800,979	13,530,554,067
New Loans		5,569,216,314	4,213,780,952
Loan Repayments		(1,030,498,375)	(200,741,478)
Interest Paid		(1,871,942,868)	(1,376,381,658)
VAT payments through treasury funds		(482,110,508)	(1,909,195,386)
		33,130,788,947	19,405,361,298
Net Increase in Cash & Cash Equivalents		876,641,893	5,610,428
Cash & Cash Equivalents at the beginning of the year		1,879,876,757	1,874,266,329
Cash & Cash Equivalents at the end of the period		2,756,518,649	1,879,876,757

The accounting policies and notes on Pages 6 through 28 Form an integral part of the financial statements.

**NATIONAL WATER SUPPLY AND DRAINAGE BOARD  
NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

## **CORPORATE INFORMATION**

### **1.1 General**

National Water Supply & Drainage Board is a statutory board enacted by the Parliament under the National Water Supply & Drainage Board Law No. 2 of 1974. The registered office of the Board is located at Galle Road, Ratmalana, and the principal place of business is situated at the same location.

National Water Supply & Drainage Board (NWS&DB) is an institution under the purview of Ministry of Urban Development and Water Supply & Drainage

### **1.2 Principal activities**

The principal activity of the Board is to produce and sell treated drinking water to the community.

The objectives of the National Water Supply & Drainage Board are to develop treated drinking water throughout the country and it's accessibility among the people of Sri Lanka.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of Compliance**

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka.

For all periods up to and including the year ended 31<sup>st</sup> December 2011, the NWS&DB prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLAS). From the financial year ending 31<sup>st</sup> December 2012 onward Financial Statements are being prepared in accordance with the new Sri Lanka Accounting Standards (SLFRS/LKAS).

### **2.2 Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis except for financial instruments and other financial assets and liabilities held for trading that have been measured at fair value and liabilities for defined benefit obligation is recognized as at the present value of the defined benefit obligation.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Property Plant and Equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, NWS&DB recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, it's cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

**3.1.1 Depreciation**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant Property and Equipment	Rate
Building & Structures	1.67% - 2%
Plant & equipment pumping treatment	5%
Service & Bulk water meter	10%
Transmission & Distribution:	1.67%
Equipments	10%
Furniture & fittings	10%
Computers Peripherals & Mobile Phones	20% - 33.3%
Motor Vehicles	10% - 20%
Lease hold Vehicles	14.3%

**3.1.2 Investment Property**

When the use of a property changes from owner-occupied to another party is classified as Investment Property and the Investment Property is measured at cost less accumulated depreciation.

**3.1.3 Capital Work In Progress**

Capital expenses incurred during the year, which are not capitalized as at the reporting date are shown as capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

**3.1.4 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

**3.1.5 Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

**3.1.6 Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when NWS&DB can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development



Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

### 3.1.7 Impairment of Non-Financial Assets

The NWS&DB assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the NWS&DB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

### 3.2.1 Inventories

Inventories are valued at cost or net realizable value whichever is lower after making due allowance for obsolete and slow moving items which are valued at 'First In First Out' basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### Measurement of inventories

### 3.2.2 Cost of Inventories

#### Raw Materials

Cost of purchases together with any incidental expenses.

#### Other Stocks

Cost is arrived at weighted average basis.

### 3.3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances and short term investment, net of outstanding bank overdrafts if any

## 4. LIABILITIES, PROVISIONS AND EQUITY

### 4.1. Retirement Benefit Obligation

#### 4.1.1 Retirement Benefit Obligations (LKAS 19)

##### a) Defined Benefit Plan – Gratuity

Provision has been made for retiring gratuity from the first year of service for all employees, in conformity with Sri Lanka Accounting Standard No. 19 (LKAS 19).

**b) Retirement Benefit Cost**

NWSDB operates a defined benefit pension plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognized as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognized immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognized past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the NWSDB, nor can they be paid directly to the NWSDB. The value of any defined benefit asset recognized is restricted to the sum of any unrecognized past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

**c) Defined Contribution Plans- EPF & ETF**

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Board contributes 12% and 3% of gross emoluments of employees to EPF and ETF respectively.

**4.2 Provisions**

**General**

Provisions are recognised when NWS&DB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When NWS&DB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

**4.3 Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When NWS&DB receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

**5. INCOME STATEMENT**

For the purpose of presentation of the Income Statement, the function of expenses method is adopted, as it represents fairly the elements of NWS&DB performance.

**5.1.1 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the NWS&DB and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognized.

**Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

**Sale of Water**

Revenue from sale of water is recognised according to the number of consumed unit within 30 days of time by the consumer, when the meters are read and when bills are processed within the system.

**Other Income**

Other income is recognised on an accrual basis.

**Interest income**

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

**Rechargeable Works**

Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by the work done of the contract.

**5.1.2 Expenses**

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

**5.2 Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **6. FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT**

### **6.1 Financial asset**

#### **6.1.1 Initial recognition and measurement**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The financial assets of NWS&DB include cash and short term investment, trade and other receivables, staff loans and other receivables.

#### **6.1.2 Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows

##### **6.1.2.1 Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. NWS&DB did not have any financial assets at fair value through profit or loss during the years ended 31 December 2014 and 2013.

##### **6.1.2.2 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance cost.

#### 6.1.2.3 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the NWS&DB has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised as finance cost in the income statement in finance cost. NWS&DB did not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

#### 6.1.2.4 Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognized. NWS&DB did not have any available-for-sale financial investments during the years ended 31 December 2014 and 2013.

#### 6.1.2.5 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when,

- i) The rights to receive cash flows from the asset have expired
- ii) NWS&DB has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) NWS&DB has transferred substantially all the risks and rewards of the asset, or
  - (b) NWS&DB has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### 6.1.2.6 Impairment of financial assets

The NWS&DB assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### 6.1.2.7 Financial assets carried at amortized cost

For financial assets carried at amortized cost, the NWS&DB first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the NWS&DB determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The NWS&DB performed specific impairment for each debtor categories during the year 2014

## 6.2 Financial Liabilities

### Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. NWS&DB determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. NWS&DB's financial liabilities include trade and other payables.

### Subsequent measurement

Subsequent measurement of financial liabilities is at amortised cost.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

	2014	2013
	Rs.	Rs.
<b>7. REVENUE</b>		
Metered Sales	17,190,548,690	15,943,128,990
Bulk Sales	186,952,902	160,163,490
Bowser Supply	69,515,149	57,223,248
Income from main operations	7.1 <u>1,263,032,939</u>	<u>1,056,108,689</u>
	<u>18,710,049,680</u>	<u>17,216,624,417</u>
<b>7.1 Income from main operations</b>		
Income related to New connection	1,261,020,050	1,170,271,387
Expense related to New connection	(895,759,712)	(869,312,576)
Income related to other main operations	<u>897,772,600</u>	<u>755,149,878</u>
	<u>1,263,032,939</u>	<u>1,056,108,689</u>
<b>8. COST OF SALES</b>		
Personnel Cost	4,631,740,022	4,245,514,239
Pumping Cost	3,801,834,059	3,356,523,999
Chemicals	630,582,551	579,044,942
Repairs & Maintenance	955,992,424	825,725,856
Establishment Expenses	430,648,961	385,168,186
Rent, Rates, Taxes, Security & Other Expenses	734,500,154	623,159,830
Rebates	<u>140,531,301</u>	<u>141,637,941</u>
	<u>11,325,829,471</u>	<u>10,156,774,994</u>
<b>9. OTHER OPERATING INCOME</b>		
Capital Recovery Charges	616,231,430	545,105,713
Other Income	9.1 <u>726,471,076</u>	<u>610,708,626</u>
Staff loan benefit	<u>47,364,054</u>	<u>39,591,163</u>
	<u>1,390,066,559</u>	<u>1,195,405,502</u>
<b>9.1 Other Income</b>		
Income related to other operations	784,443,122	664,017,926
Expenses related to other operations	<u>(57,972,046)</u>	<u>(53,309,300)</u>
	<u>726,471,076</u>	<u>610,708,626</u>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

	2014 Rs.	2013 Rs.
<b>10. ADMINISTRATIVE EXPENSES</b>		
Repairs & Maintenance	153,728,144	160,576,714
Establishment Expenses	524,384,794	505,176,409
Rent, Rates, Taxes, Security & Other Expenses	241,181,755	255,334,016
Staff Cost	10.1 3,035,000,857	2,914,503,874
Depriciation	10.2 2,031,036,338	1,996,781,749
	<u>5,985,331,888</u>	<u>5,832,372,763</u>
<b>10.1 Staff cost</b>		
Staff Cost	47,364,054	39,591,163
Personnel Cost	2,987,636,803	2,874,912,711
	<u>3,035,000,857</u>	<u>2,914,503,874</u>
<b>10.2 Depreciation</b>		
Building and structure	677,626,798	635,374,490
Plant & Machinery	776,691,309	741,971,331
Equipments	1,030,041,202	968,676,110
Furniture and Fittings	27,845,827	25,820,730
Computers & Periparels	56,320,228	48,532,479
Motor Vehicles	161,910,646	166,659,961
	<u>2,730,436,009</u>	<u>2,587,035,099</u>
Less: Depn. for Grant funded Assets	(699,105,182)	(590,253,350)
Less: Depn. for Rechargeable funded Assets	(588,330)	-
Add: Amortization of Intangible Assets	293,841	-
	<u>2,031,036,338</u>	<u>1,996,781,749</u>
<b>11. OTHER OPERATING EXPENSES</b>		
Bad & Doubtful Debts	83,294,669	320,141,327
Provision for Irrecoverable Staff Loans	3,616,235	1,864,720
Provision for Obsolete Stock	20,322,832	(4,239,961)
Retiring Gratuity	227,136,696	241,659,234
	<u>334,370,432</u>	<u>559,425,320</u>
<b>12. FINANCE INCOME</b>		
Investment Income	213,239,303	225,687,464
	<u>213,239,303</u>	<u>225,687,464</u>
<b>13. FINANCE COST</b>		
Interest On Loans	2,352,782,069	1,983,547,681
Less: Capitalised Interest on Construction Projects	(1,110,251,908)	(943,784,808)
	<u>1,242,530,161</u>	<u>1,039,762,873</u>
<b>14. TAXATION</b>		
Economic Service Charge	53,113,301	47,466,069
	<u>53,113,301</u>	<u>47,466,069</u>



National Water Supply And Drainage Board  
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Gross Carrying Amounts	Restated Balance	Additions	Transfers	Disposals	Balance
	As at				As at
	01.01.2014				31.12.2014
Cost	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold Assets</b>					
Land Freehold	7,445,523,235	145,942,336	75,727,507	-	7,515,738,064
Land Leasehold	587,058,964	-	-	-	587,058,964
Infrastructure	3,807,457,985	67,817,062	1,185,609	-	3,874,089,439
Building - Freehold	7,556,362,645	160,575,408	6,719,000	-	7,710,219,053
Structures	26,651,538,326	1,862,740,127	158,996,164	-	28,355,282,289
Plant & eq: pumping treatment	16,001,105,693	183,260,625	368,333,691	-	15,816,032,627
Service meter	5,421,254	-	-	-	5,421,254
Bulk water meter	180,842,212	2,309,458	64,000	-	183,087,670
Transmission & Dist:	51,019,856,599	3,133,261,452	318,979,590	-	53,834,138,461
Mobile Eq:	279,502,048	51,598,073	5,106,663	-	325,993,458
Survey Eq:	8,509,287	12,496,945	-	-	21,006,232
Laboratory	310,539,832	37,502,911	3,487,415	-	344,555,328
Other Equipment	1,133,641,330	35,749,466	1,745,085	-	1,167,645,710
Furniture & fittings-computer	265,208,879	64,612,212	7,907,610	315,000	321,598,481
Computers & Periparels	272,573,804	54,795,075	1,318,424	-	326,050,455
Motor vehicles cars 34.2	110,117,155	15,758,286	1,306,500	475,000	124,093,940
Van busses & jeeps	353,736,563	13,921,600	975,000	2,200,000	364,483,163
Lorries & trucks	1,107,888,255	214,990,708	42,463,111	4,550,000	1,275,865,852
Tractors & trailers	66,803,460	-	7,000,000	400,000	59,403,460
Water bowsers, Heavy veh:	680,754,771	52,048,307	1,581,398	900,000	730,321,679
Motor cycles	16,641,345	88,421	273,444	45,000	16,411,322
Three Weelers	1,338,240	-	-	-	1,338,240
Lease hold Vehicles	22,671,376	-	-	-	22,671,376
<b>Total Value of Depreciable As:</b>	<b>117,885,093,258</b>	<b>6,109,468,471</b>	<b>1,003,170,211</b>	<b>8,885,000</b>	<b>122,982,506,517</b>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

15.2 Depreciation	Restated Balance As at 01.01.2014 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2014 Rs.
<b>Depreciation</b>					
<b>Freehold Assets</b>					
Land Freehold	-	-	-	-	-
Land Leasehold	-	-	-	-	-
Infrastructure	301,289,599	76,341,692	-	-	377,631,290
Building - Freehold	640,043,547	151,575,190	-	-	791,618,737
Structures	1,900,776,964	449,709,917	5,796,109	-	2,344,690,771
Plant & eq: pumping treatment	2,777,400,335	758,210,587	7,170,940	-	3,528,439,982
Service meter	1,234,914	536,704	-	-	1,771,618
Bulk water meter	56,052,443	17,944,018	-	-	73,996,461
Transmission & Dist:	3,180,807,094	852,082,185	22,787,585	-	4,010,101,694
Mobile Eq:	78,502,656	27,402,601	-	-	105,905,257
Survey Eq:	1,369,271	894,801	-	-	2,264,072
Laboratory	131,393,171	31,436,222	-	-	162,829,393
Other Equipment	280,568,734	118,225,393	-	-	398,794,127
Furniture & fittings-computer	128,558,967	27,845,827	-	190,119	156,214,675
Computers & Periparels	153,228,470	56,320,228	-	-	209,548,698
Motor vehicles cars	96,709,570	15,717,526	-	451,702	111,975,393
Van busses & jeeps	290,391,694	48,114,263	-	2,092,090	336,413,867
Lorries & trucks	230,676,381	54,342,718	-	1,512,875	283,506,225
Tractors & trailers	37,599,624	6,290,912	-	266,000	43,624,536
Water bowsers, Heavy veh:	120,126,986	32,670,249	-	256,500	152,540,735
Motor cycles	5,308,427	1,565,261	-	42,793	6,830,895
Three Wheelers	333,653	129,809	-	-	463,462
Lease hold Vehicles	14,629,556	3,079,906	-	-	17,709,462
	<b>10,427,002,054</b>	<b>2,730,436,009</b>	<b>35,754,634</b>	<b>4,812,079</b>	<b>13,116,871,351</b>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

**15. PROPERTY, PLANT AND EQUIPMENT (Contd...)**

15.3 Net Book Values	2014 Rs.	2013 Rs.
<b>At Cost</b>		
Land Freehold	7,515,738,064	7,445,523,235
Land Leasehold	587,058,964	587,058,964
Infrastructure	3,496,458,149	3,506,168,387
Building - Freehold	6,918,600,316	6,916,319,098
Structures	26,010,591,517	24,750,761,362
Plant & Eq: pumping treatment	12,287,592,645	13,223,705,358
Service meter	3,649,636	4,186,340
Bulk water meter	109,091,209	124,789,769
Transmission & Dist:	49,824,036,767	47,839,049,505
Mobile Eq:	220,088,201	200,999,392
Survey Eq:	18,742,160	7,140,015
Laboratory	181,725,935	179,146,661
Other Equipment	768,851,584	853,072,597
Furniture & fittings-computer	165,383,805	136,649,911
Computers & Periparels	116,501,756	119,345,334
Motor vehicles cars	12,118,547	13,407,585
Van busses & jeeps	28,069,296	63,344,869
Lorries & trucks	992,359,627	877,211,874
Tractors & trailers	15,778,924	29,203,836
Water bowsers, Heavy veh:	577,780,945	560,627,786
Motor cycles	9,580,427	11,332,919
Three Wheelers	874,778	1,004,587
Lease hold Vehicles	4,961,914	8,041,820
<b>Total Carrying Amount of Property, Plant &amp; Equipment</b>	<b>109,865,635,167</b>	<b>107,458,091,203</b>

National Water Supply And Drainage Board  
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

**15. PROPERTY, PLANT AND EQUIPMENT**

**15.4 Investment Property**

The Building constructed by the Board at Sunil Mawatha, Battaramulla currently occupied by the Ministry of Water Supply & Drainage is recognized as Investment Property according to the LKAS 40 - Investment Property.

This Investment Property is included under the Property, Plant & Equipment

	<b>Land</b>	<b>Building</b>	<b>Total</b>
<b>Cost</b>			
Balance as at 01.01.2014	138,500,000	211,605,945	350,105,945
Additions	-	-	-
Disposals	-	-	-
Balance as at 31.12.2014	<u>138,500,000</u>	<u>211,605,945</u>	<u>350,105,945</u>
<b>Depreciation</b>			
Balance as at 01.01.2014	-	10,227,621	10,227,621
Charge for the Period	-	4,232,119	4,232,119
Balance as at 31.12.2014	-	<u>14,459,740</u>	<u>14,459,740</u>
<b>Net Book Value</b>	<u><b>138,500,000</b></u>	<u><b>197,146,205</b></u>	<u><b>335,646,205</b></u>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

	2014	2013
	Rs.	Rs.
<b>16. INTANGIBLE ASSETS</b>		
Indian IT Solution Software	102,025,883	153,038,825
Soft Ware SAP 7000	263,250	-
Soft Ware - Sewerage	2,056,886	-
Amortisation	<u>(51,381,997)</u>	<u>(51,012,942)</u>
	<u>52,964,022</u>	<u>102,025,883</u>
<b>17. CAPITAL WORK IN PROGRESS</b>		
Construction Work	127,855,775,365	98,135,944,290
Rehabilitation	<u>21,203,563,236</u>	<u>23,282,070,341</u>
	<u>149,059,338,602</u>	<u>121,418,014,631</u>
<b>18. OTHER FINANCIAL ASSETS</b>		
HDFC Investment for Staff Housing Loans	21,691,344	29,932,486
Bank of Ceylon Saving - II	<u>1,119,333</u>	<u>1,075,515</u>
	<u>22,810,677</u>	<u>31,008,001</u>
<b>19. INVENTORIES</b>		
PVC Steel Pipe	2,669,416,046	2,243,322,508
Water Meter & Fitting & Brass Items	700,971,396	290,257,873
Chemical Material	106,028,250	109,323,685
Electricals	399,525,157	275,817,998
Building Material	31,748,687	24,202,573
Pump & Spare Parts	781,103,254	576,807,727
Vehicle Spare Parts	83,172,286	130,750,561
Stationary & Office Equipment	41,252,984	35,011,100
Other Items	487,159,103	427,216,619
Stock in Transit	645,606,587	360,610,544
Stock Adjustments	3,994,431	(283,694)
Property Plant and Equipment at Stores	34.2 (273,432,521)	(563,855,248)
Provision for Obsolete Stock	<u>(52,747,628)</u>	<u>(32,424,796)</u>
	<u>5,623,798,032</u>	<u>3,876,757,449</u>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

	2014 Rs.	2013 Rs.
<b>20. TRADE AND OTHER RECEIVABLES</b>		
Trade Debtors	4,013,821,617	3,838,854,731
Other Debtors	282,195,544	272,108,436
Less : Debtors Impairment (Collective) (1,067,358,668)		(996,113,340)
Less : Debtors Impairment (Specific) (50,201,782)	(1,117,560,450)	(51,084,939)
Debtors Collection Control	414,324,843	553,014,331
VAT Receivable	6,652,511	16,120,916
WHT Receivable	28,452,205	20,609,164
Advances to Staff	24,376,293	24,768,881
Loans To Employees	1,878,673,515	1,693,962,224
Receivable on Interest & Others	<u>13,338,027</u>	<u>16,548,423</u>
	<u>5,544,274,105</u>	<u>5,388,788,826</u>
<b>21. DEPOSITS AND ADVANCES</b>		
Rechargeable Project Work	37,525,499	37,610,168
Pre Payments	25,000	550,000
Advances	9,417,218,575	4,176,010,605
Deposits	<u>75,788,238</u>	<u>72,482,629</u>
	<u>9,530,557,311</u>	<u>4,286,653,401</u>
<b>22. INVESTMENTS</b>		
Held to Maturity	<u>244,262,510</u>	<u>340,970,189</u>
	<u>244,262,510</u>	<u>340,970,189</u>
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash In Bank	612,293,709	559,293,751
Cash Imprest Head Office	3,189,348	2,411,399
Cash Imprests Regions	4,246,706	1,980,633
Cash In Transit	336,341,611	101,197,995
Call Deposits	1,628,058,432	1,075,046,090
Savings Account	<u>172,388,843</u>	<u>139,946,890</u>
	<u>2,756,518,649</u>	<u>1,879,876,757</u>
<b>24. ASSETS TAKEN OVER FROM GOVERNMENT</b>		
Assets taken over from Government Dept.	<u>185,480,387</u>	<u>185,480,387</u>
	<u>185,480,387</u>	<u>185,480,387</u>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

	2014 Rs.	2013 Rs.
<b>25. STAFF WELFARE FUND</b>		
Opening Balance	15,101,490	14,415,579
Received during the year	<u>137,808</u>	<u>685,911</u>
	<u>15,239,298</u>	<u>15,101,490</u>
<b>26. GOVERNMENT GRANT</b>		
Tresuary Grant	<u>88,161,757,133</u>	<u>81,069,995,266</u>
	<u>88,161,757,133</u>	<u>81,069,995,266</u>
<b>27. CAPITAL GRANTS</b>		
Foreign Grants	151,416,090,457	128,841,159,332
Local Grants	<u>558,031,863</u>	<u>509,172,511</u>
	<u>151,974,122,319</u>	<u>129,350,331,843</u>
<b>28. LOAN PAYABLE</b>		
Foreign Loans through Treasury	36,397,895,995	32,116,788,047
Local Loans	<u>1,317,539,003</u>	<u>29,929,012</u>
	<u>37,715,434,998</u>	<u>32,146,717,058</u>
<b>29. OTHER DEFERRED LIABILITIES</b>		
Provision for defined benefit plan	2,096,769,746	2,096,769,746
Customer and Employee Security Deposits	<u>97,274,390</u>	<u>55,347,521</u>
	<u>2,194,044,137</u>	<u>2,152,117,268</u>
<b>29.1 Movement of Retiring Gratuity Provision</b>		
Balance at the Beginning of the Period	2,096,769,746	2,096,769,746
Add Provision for the Period	227,136,696	241,659,234
Less: Gratuity Payments during the Period	<u>(227,136,696)</u>	<u>(241,659,234)</u>
	<u>2,096,769,746</u>	<u>2,096,769,746</u>
<b>30. TRADE AND OTHER PAYABLES</b>		
Rechargeable Work - Customer Advances	2,386,334,108	1,756,768,079
Contractors Retention	2,525,408,496	1,894,039,445
Lease Hold Creditors	164,547	5,923,133
Less: Interest in Suspense	(2,297)	(447,963)
Creditors Control	1,158,282,524	629,942,385
Other Creditors	71,026,920	58,666,367
Accrued Expenses	294,900,920	296,267,247
Deposits	106,405,671	96,280,841
VAT Payable	282,340,601	375,175,632
With Holding Tax	205,867	729,623
Salaries and Other Payables	<u>136,124,416</u>	<u>132,826,555</u>
	<u>6,961,191,773</u>	<u>5,246,171,344</u>

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

**31. DEFERRED TAXATION**

Deferred Tax Assets, Liabilities and Income Tax relates to the followings

	Balance Sheet		Income Statement	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Liability</b>				
Capital Allowances	8,129,594,181	6,704,854,243	1,424,739,938	205,017,196
Intangible assets	14,829,925	28,567,247	(13,737,322)	(14,283,624)
Effect of rate change	-	-	-	-
	<u>8,144,424,106</u>	<u>6,733,421,490</u>	<u>1,411,002,615</u>	<u>190,733,572</u>
<b>Deferred Tax Assets</b>				
Defined Benefit Plans	-	-	-	28,192,630
Debtors Impairment	278,911,735	189,186,739	89,724,996	-
Revaluation Deficit	-	-	-	217,514,121
Effect of rate change	-	-	-	-
	<u>278,911,735</u>	<u>189,186,739</u>		
<b>Deferred income tax charge/(reversal)</b>			<u>1,500,727,612</u>	<u>436,440,323</u>
<b>Net Deferred Tax Liability/ (Asset)</b>	<u>7,865,512,371</u>	<u>6,544,234,751</u>		

The existence of unused tax losses is strong evidence that future taxable profit may not be available. NWSDB has a cumulative tax loss of Rs.58,107,763,338 as at 31/12/2014. Therefore paying Income Tax by NWSDB is very unlikely, resulting in not recognising a net deferred tax asset /liability.



**National Water Supply And Drainage Board**  
**NOTES TO THE FINANCIAL STATEMENTS**

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Year ended 31 December 2014

**32. RELATED PARTY TRANSACTIONS**

**Transactions with State and State Controlled Entities**

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State: as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows:

**Key Management Compensation**

National Water Supply and Drainage Board's key management personnel include the Board of Directors, Minister and the Secretary to the Ministry of Water Supply & Drainage.

	2014	2013
	Rs.	Rs.
Short term employment benefits	780,000	1,005,395

**33. EVENTS AFTER THE BALANCE SHEET DATE**

All the material events after the balance sheet date have been considered and appropriate adjustment and disclosures have been made in to the financial statement, where necessary.

National Water Supply And Drainage Board  
**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2014

**34. PRIOR YEAR ADJUSTMENTS**

**34.1** Board assets were revalued as at 31.12.2007 by obtaining the service of Department of Valuation. Revalued amount of assets were taken to the books during the year 2010 and those values are continuing as deemed cost of PPE at present. There were some duplications and omissions occurred in 2010 due to the immensity of the assets base and have been rectified as prior year adjustments with retrospective effect. Accordingly net effect of Rs. 256.8 million had been adjusted for carrying amount of PPE and Rs.13.5 million (Depreciation amount to Rs. 0.945 Mn related to year 2013 has been included under administration expenses) had been adjusted for depreciation as at 31.12.2013 as follows.

**34.1.1 Gross Carrying Amounts**

Cost	Balance	Prior Year	Restated Balance
	As at 31.12.2013	Adjustments	As at 31.12.2013
Freehold Assets	Rs.	Rs.	Rs.
Land Freehold	7,445,414,443	108,792	7,445,523,235
Land Leasehold	587,058,964	-	587,058,964
Infrastructure	3,807,457,985	-	3,807,457,985
Building - Freehold	7,561,037,645	(4,675,000)	7,556,362,645
Structures	26,629,892,922	21,645,404	26,651,538,326
Plant & eq: pumping treatment	15,983,345,501	17,760,192	16,001,105,693
Service meter	5,421,254	-	5,421,254
Bulk water meter	180,842,212	-	180,842,212
Transmission & Dist:	50,792,435,594	227,421,005	51,019,856,599
Mobile Eq:	279,502,048	-	279,502,048
Survey Eq:	8,509,287	-	8,509,287
Laboratory	310,539,832	-	310,539,832
Other Equipment	1,133,641,330	-	1,133,641,330
Furniture & fittings-computer	265,208,879	-	265,208,879
Computers & Peripherals	272,573,804	-	272,573,804
Motor vehicles cars <b>34.2</b>	110,342,155	(225,000)	110,117,155
Van busses & jeeps	353,736,563	-	353,736,563
Lorries & trucks	1,113,088,255	(5,200,000)	1,107,888,255
Tractors & trailers	66,803,460	-	66,803,460
Water bowsers, Heavy veh:	680,754,771	-	680,754,771
Motor cycles	16,641,345	-	16,641,345
Three Wheelers	1,338,240	-	1,338,240
Lease hold Vehicles	22,671,376	-	22,671,376
<b>Total Value of Depreciable Asset</b>	<b>117,628,257,865</b>	<b>256,835,393</b>	<b>117,885,093,258</b>

# National Water Supply And Drainage Board

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

### 34.1.2 Depreciation

Freehold Assets	Balance As at 31.12.2013 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2013 Rs.
Land Freehold	-	-	-
Land Leasehold	-	-	-
Infrastructure	301,289,599	-	301,289,599
Building - Freehold	640,604,547	(561,000)	640,043,547
Structures	1,898,608,095	2,168,869	1,900,776,964
Plant & eq: pumping treatment	2,781,256,469	(3,856,134)	2,777,400,335
Service meter	1,234,914	-	1,234,914
Bulk water meter	56,052,443	-	56,052,443
Transmission & Dist:	3,158,019,509	22,787,585	3,180,807,094
Mobile Eq:	78,502,656	-	78,502,656
Survey Eq:	1,369,271	-	1,369,271
Laboratory	131,393,171	-	131,393,171
Other Equipment	280,568,734	-	280,568,734
Furniture & fittings-computer	128,558,967	-	128,558,967
Computers & Periparels	153,228,470	-	153,228,470
Motor vehicles cars	129,366,480	(32,656,910)	96,709,570
Van busses & jeeps	290,391,694	-	290,391,694
Lorries & trucks	232,158,381	(1,482,000)	230,676,381
Tractors & trailers	37,599,624	-	37,599,624
Water bowsers, Heavy veh:	120,126,986	-	120,126,986
Motor cycles	5,308,427	-	5,308,427
Three Wheelers	333,653	-	333,653
Lease hold Vehicles	14,629,556	-	14,629,556
<b>Total Value of Depreciation</b>	<b>10,440,601,645</b>	<b>(13,599,591)</b>	<b>10,427,002,054</b>

# National Water Supply And Drainage Board

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

34.2 In addition to the prior year adjustments for Property Plant & Equipments, the following items also have been adjusted retrospectively.

	Balance As at 31.12.2013 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2013 Rs.
<b>Capital Work In Progress</b>			
Construction Work	98,139,089,879	(3,145,590)	98,135,944,290
Rehabilitation	<u>23,286,336,981</u>	<u>(4,266,640)</u>	<u>23,282,070,341</u>
	<u>121,425,426,860</u>	<u>(7,412,230)</u>	<u>121,418,014,631</u>
<b>Inventories</b>			
PVC Steel Pipe	2,294,459,493	(51,136,985)	2,243,322,508
Property Plant and Equipment at Store	690,885,204	(127,029,956)	563,855,248
<b>Capital Grants</b>			
Foreign Grants	128,841,234,082	(74,750)	128,841,159,332
Local Grants	<u>509,760,841</u>	<u>(588,330)</u>	<u>509,172,511</u>
	<u>129,350,994,923</u>	<u>(663,080)</u>	<u>129,350,331,843</u>
<b>Trade and other payables</b>			
Creditors Control	641,988,776	(12,046,391)	629,942,385
<b>Property Plant &amp; Equipment</b>			
Motor vehicles	237,372,111	(127,029,956)	110,342,155