

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

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**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2021**



National Water Supply and Drainage Board
 STATEMENT OF COMPREHENSIVE INCOME
 For the year ended 31 December 2024

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National Water Supply And Drainage Board

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

		Budget 2021 Rs.	Actual 2021 Rs.	Restated 2020 Rs.
Revenue (Net of VAT)	7	33,126,589,400	28,935,444,532	27,761,775,794
Cost of Sales	8	(20,462,063,409)	(19,162,945,539)	(16,754,645,376)
Gross Profit		12,664,525,991	9,772,498,993	11,007,130,418
Other Operating Income and Gains	9	1,852,428,600	1,796,124,476	1,482,081,558
Administrative Expenses	10	(14,698,127,591)	(13,657,858,647)	(12,035,048,008)
Other Operating Expenses	11	(700,000,000)	(997,912,577)	(839,273,459)
Operating Profit / (Loss)		(881,173,000)	(3,087,147,754)	(385,109,491)
Finance Income	12	500,000,000	842,533,384	1,571,188,666
Finance Cost	13	(258,841,000)	(752,071,879)	(543,298,051)
Profit / (Loss) Before Tax		(640,014,000)	(2,996,686,249)	642,781,124
Income Tax (Economic Service Charges)	14	-	(138,860,749)	(133,867,482)
Profit / (Loss) for the Year		(640,014,000)	(3,135,546,998)	508,913,642

Accounting Policies & Notes from pages 8 to 26 form an integral part of these Financial Statements.



National Water Supply And Drainage Board

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Budget 2021 Rs.	Actual 2021 Rs.	Restated 2020 Rs.
Profit / (Loss) for the Year	(640,014,000)	(3,135,546,998)	508,913,642
Other Comprehensive Income for the Year.			
Net Actuarial Gain/(Loss) Recognized during the Year	-	(223,219,689)	-
Total Comprehensive Income for the Year	<u>(640,014,000)</u>	<u>(3,358,766,687)</u>	<u>508,913,642</u>

Accounting Policies & Notes from pages 8 to 26 form an integral part of these Financial Statements.



National Water Supply And Drainage Board
STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2021

		Actual 2021 Rs	Restated 2020 Rs.
Assets			
Non- Current Assets			
Property ,Plant & Equipment	Notes 15	263,568,177,495	251,992,187,547
Intangible Assets	16	20,429,157	14,122,453
Capital Work in Progress	17	443,737,128,772	373,462,655,570
Financial assets	18	1,889,780	1,853,507
Total Non Current Assets		707,327,625,205	625,470,819,078
Current Assets			
Non Operating Assets		149,748,448	149,681,812
Inventories	19	9,830,918,912	8,382,106,647
Trade & Other Receivables	20	10,709,918,219	11,136,884,898
Deposits & Advances	21	28,866,235,652	28,708,013,898
Investments	22	24,349,404,858	23,598,991,188
Cash & Cash Equivalents	23	4,233,330,332	1,834,937,637
Total Current Assets		78,139,556,420	73,810,616,080
Total Assets		785,467,181,625	699,281,435,158
Equity and Liabilities			
Equity			
Assets taken over from Government Dept.	24	185,480,387	185,480,387
Government Equity	25	100,263,323,220	88,531,428,611
Staff Welfare & Other Funds	26	33,115,808	20,608,827
Retained Earnings		(12,387,333,301)	(9,016,059,633)
Government Grant	27	117,548,897,076	109,812,274,767
Capital Grants	28	292,056,546,906	267,289,006,096
Total Equity		497,700,030,097	456,822,739,054
Non-Current Liabilities			
Loan Payable	29	227,420,934,401	198,175,771,364
Other Deferred Liabilities	30	4,414,833,084	4,019,409,604
Total Non Current Liabilities		231,835,767,485	202,195,180,969
Current Liabilities			
Non Operating Liabilities		71,927,749	71,927,749
Trade & Other Payables	31	40,111,024,288	33,724,877,505
Loan Capital Payable	29	12,578,838,828	2,920,569,236
Loan Interest Payable		3,169,593,179	3,546,140,644
Total Current Liabilities		55,931,384,044	40,263,515,135
Total Equity and Liabilities		785,467,181,625	699,281,435,158

R.M.A.S. Weerasena

R.M.A.S. WEERASENA
 Additional General Manager (Finance)

Addl.G.M.(Finance)

Thilina S. Wijetunga
 General Manager

Thilina S. Wijetunge
 General Manager
 National Water Supply & Drainage Board
 Rajmalana

The Accounting policies on pages 08 to 14 and Notes on pages 15 to 26 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf

Nishantha Ranatunga
 Chairman
 Colombo
 on 25 February 2022

Nimal R. Ranawaka
 Vice Chairman

Nimal R. Ranawaka
 Attorney - at - Law
 Vice Chairman

National Water Supply & Drainage Board

Nishantha Ranatunga
 Chairman
 National Water Supply & Drainage Board



National Water Supply And Drainage Board
STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Note	Government Departments	Govt Grants	Government Equity	Capital Grants	Staff Welfare & Other Funds	Accumulated Profit/Loss	Total
Balance as at 1 January 2020	185,480,387	105,903,930,027	85,106,439,687	241,308,488,604	29,411,874	(9,432,518,036)	423,101,232,544
Prior Year Adjustments							
34.1.1 Assets Recognised and Derecognised	-	-	-	-	-	(6,273,542)	(6,273,542)
34.1.2 Depreciation adju. for Assets Recognised and Rerecognised	-	-	-	-	-	16,059,814	16,059,814
34.2 Inventories	-	-	-	-	-	(12,114,655)	(12,114,655)
34.2 Trade & Other Receivables	-	-	-	-	-	(1,243,209)	(1,243,209)
34.2 Deposits	-	-	-	-	-	(300,000)	(300,000)
34.2 Capital Grants	-	-	-	(4,800,000)	-	4,800,000	-
Restated Balance as at 1 January 2020	185,480,387	105,903,930,027	85,106,439,687	241,303,688,604	29,411,874	(9,431,589,628)	423,097,360,952
Net Profit for the Year	-	-	-	-	-	508,913,642	508,913,642
Assets Recognised and Derecognised	-	-	-	-	-	4,886,674	4,886,674
Receipts / Transfers During the Year	-	3,908,344,739	-	25,985,317,491	-	-	29,893,662,231
Loan to Equity Conversion	-	-	3,424,988,924	-	-	-	3,424,988,924
Trade & Other Payables	-	-	-	-	-	19,653,330	19,653,330
Inventories	-	-	-	-	-	1,520,861	1,520,861
Trade & Other Receivables	-	-	-	-	-	(128,247,558)	(128,247,558)
Transfers to Staff Welfare Fund	-	-	-	-	(8,803,047)	8,803,047	-
Restated balance as at 31 December 2020	185,480,387	109,812,274,767	88,531,428,611	267,289,006,096	20,608,827	(9,016,059,633)	456,822,739,054
Net profit for the year	-	-	-	-	-	(3,358,766,687)	(3,358,766,687)
Receipts / Transfers during the Year	-	7,736,622,310	-	24,767,540,811	-	-	32,504,163,120
Loans Conversion to Equity	-	-	11,731,894,610	-	-	-	11,731,894,610
Transfers to Staff Welfare Fund	-	-	-	-	12,506,981	(12,506,981)	-
Balances as at 31 December 2021	185,480,387	117,548,897,076	100,263,323,220	292,056,546,906	33,115,808	(12,387,333,301)	497,700,030,097

Accounting Policies & Notes from pages 8 to 26 form an integral part of these Financial Statements.



National Water Supply And Drainage Board

STATEMENT OF CASH FLOW

Year ended 31 December 2021

For the year ended	Notes	Actual 2021 <u>Rs.</u>	Restated 2020 <u>Rs.</u>
Cash Flows from/(used) in Operating Activities			
Net Profit/(Loss) before Tax		(2,996,686,249)	642,781,124
<i>Adjustments for</i>			
Interest Income	12	(842,533,384)	(1,571,188,666)
Profit/Loss on disposal of Fixed Assets		21,504,234	30,886,759
Depreciation	10.2	4,970,880,560	4,721,091,062
Retiring Gratuity Provision	30.1	710,138,294	485,960,193
Interest Expense	13	<u>752,071,879</u>	<u>543,298,051</u>
Operating Profit before Working Capital Changes		2,615,375,333	4,852,828,522
(Increase)/Decrease in Inventories		(1,448,812,265)	348,800,327
(Increase)/Decrease in Debtors, Receivables & Deposits		129,817,540	7,630,505,289
Increase/(Decrease) in Creditors, Provisions & Deposits		<u>6,417,129,197</u>	<u>(5,557,663,406)</u>
Cash Generated from Operations		7,713,509,806	7,274,470,733
Tax Paid		-	(33,795,903)
Gratuity Paid	30.1	<u>(568,916,918)</u>	<u>(485,960,193)</u>
Net Cash from Operating Activities		<u>7,144,592,889</u>	<u>6,754,714,637</u>
Cash Flows from/(used) in Investing Activities			
Investments in Fixed Assets & Work-In-Progress		(80,964,032,084)	(82,840,865,257)
Financial Assets		(36,273)	196,703
Sale Proceeds for Disposal Assets		5,772,078	39,740,056
Investment Income Received		842,533,384	1,571,188,666
(Investment) / Withdrawal of Investments		<u>(750,413,670)</u>	<u>4,137,385,474</u>
Net Cash Flows used in Investing Activities		<u>(80,866,176,564)</u>	<u>(77,092,354,359)</u>
Cash Flows from/(used in) Financing Activities			
Government Grant during the Period		7,736,622,310	3,908,344,739
Capital Grant during the period		27,180,224,843	28,164,456,217
New Loans and Equity		63,526,231,118	67,517,911,260
Loan Repayments		(12,890,903,881)	(14,347,558,260)
Interest Paid		<u>(9,432,198,020)</u>	<u>(16,982,307,363)</u>
Net Cash Flows used in Financing Activities		76,119,976,371	68,260,846,593
Net Increase in Cash & Cash Equivalents		2,398,392,695	(2,076,793,130)
Cash & Cash Equivalents at the Beginning of the Year		<u>1,834,937,637</u>	<u>3,911,730,765</u>
Cash & Cash Equivalents at the End of the Period		<u>4,233,330,332</u>	<u>1,834,937,637</u>

The accounting policies and notes on pages 8 to 26 form an integral part of the financial statements.



National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

GENERAL INFORMATION

General

National Water Supply & Drainage Board is a statutory body created by the Parliament under the National Water Supply & Drainage Board Law No. 44 of 1974. The Board is responsible for the provision of water supply and sewerage services to the population of Sri Lanka.

National Water Supply & Drainage Board (NWSDB) is an institution with the primary objective of providing water supply and sewerage services to the population of Sri Lanka.

Principal activities

The principal activity of the Board is to provide water supply and sewerage services to the population.

The activities of the National Water Supply & Drainage Board are to provide water supply and sewerage services to the population of Sri Lanka and to manage the water resources of Sri Lanka.

Going Concern

The Management has made an assessment of the Board's ability to continue as a going concern and has concluded that the Board is able to continue as a going concern for the foreseeable future. The Management is not aware of any material uncertainties that may cast significant doubt on the Board's ability to continue as a going concern. The Board does not intend to discontinue or to restructure its operations in the future. Therefore, the Financial Statements are prepared on the going concern basis.

BASES OF PREPARATION

Statement of compliance

The financial statements comply with the financial statements provisions of the Companies Act No. 7 of 2007. The financial statements also comply with the provisions of the Companies (Accounting) Regulations No. 1 of 2007. The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka (ICA Sri Lanka).

State of Management

The financial statements have been prepared on the historical cost basis except for the investment property which is measured at fair value and the derivative financial instrument which is measured at fair value and the derivative financial instrument which is measured at fair value.

Recognition of liabilities

The financial statements are presented in the currency of Sri Lanka.

SUMMARY OF SIGNIFICANT EVENTS

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis over the estimated useful life of the property, plant and equipment. The useful life of property, plant and equipment is determined based on the expected pattern of consumption of the economic benefits derived from the property, plant and equipment. The useful life of property, plant and equipment is determined based on the expected pattern of consumption of the economic benefits derived from the property, plant and equipment. The useful life of property, plant and equipment is determined based on the expected pattern of consumption of the economic benefits derived from the property, plant and equipment.

NATIONAL WATER SUPPLY AND DRAINAGE BOARD
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. 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 Water Supply.

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.

1.3 Going Concern

The Management have made an assessment of the Board's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Board's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Board. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2. BASIS OF PREPARATION

2.1 Statements of compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

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.

2.3 Presentation of currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the Board's functional and presentation currency.

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 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.

3.1.3 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 the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3.1.4 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. Acquisition of computer software are recognized as intangible assets and amortized over the period of 7 years.

3.1.5 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.



3.1.6 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 'weighted average cost' 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). The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, It is considered the interest rates of Sri Lanka Government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future salary increase rate of the Board.

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.

Retirement benefit obligation is measured through the service of an actuarial valuer in every three years interval and maintains such liability over the period of three years in line with the salary revision. Hence, the gratuity liability occurred for the next two consecutive years are treated as expense immediately after the actuarial liability is identified in the first year.

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 recognized 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 recognized 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 recognized 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 recognized 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.

As per the Cabinet Paper No 20/0974/204/029-VI is to provide necessary budgetary allocations as equity contribution for the NWSDB to settle interest and other costs which will be arisen from loans facilitated by General Treasury for the period of 15 years. Further, capital portion of such loans are being recognized as equity and interest component will be recognized as revenue grant in compliance with LKAS.

5. INCOME STATEMENT

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



5.1.1 Revenue Recognition

Revenue is recognized 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 recognized 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 recognized 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 recognized 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 full completion 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

The NWSDB is having massive deductible tax losses and other deductible expenses including interest against the tax liability. Hence, it is unlikely that arising of tax liability in foreseeable future period therefore, NWSDB does not adjust differed tax in Financial Statement.

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 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 to transaction costs.



National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

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 to sell or repurchase in the near term. NWS&DB did not have any financial assets at fair value through profit or loss during the years ended.

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 financing of loans is implemented as per the Cabinet Decision number १३०/ 16/0158/719/005 where the 50% of the capital and interest of the loan on urban water supply projects, 75% of the rural water supply projects and 100% of the sewerage and waste water projects are borne by the Treasury.

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 a positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, 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 as a finance cost in the income statement in finance cost.

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 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 recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized.

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.



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 are 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.

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, recognized 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.

1.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS/SLFRS are classified as financial liabilities at fair value through profit or loss, at amortized 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 recognized initially at fair value and, in the case of loans and borrowings, carried at amortized 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 amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

	Actual	Restated
	2021	2020
	Rs.	Rs.
7. REVENUE		
Metered Sales	25,258,459,667	25,218,395,326
Bulk Sales	302,786,383	309,583,406
Bowser Supply	174,226,590	80,113,424
Income from Main Operations	7.1 <u>3,199,971,893</u>	<u>2,153,683,639</u>
	<u>28,935,444,532</u>	<u>27,761,775,794</u>
7.1 Income from Main Operations		
Income related to New Connection and Other Main Operations	4,097,909,691	2,850,936,522
Capital Recovery Charges	1,058,843,764	706,609,881
Expense related to New Connection	<u>(1,956,781,562)</u>	<u>(1,403,862,765)</u>
	<u>3,199,971,893</u>	<u>2,153,683,639</u>
8. COST OF SALES		
Personnel Cost	8,265,455,789	6,995,067,804
Pumping Cost	4,751,630,799	4,615,722,138
Chemicals	1,242,760,106	1,065,876,772
Repairs & Maintenance	2,204,735,725	1,817,938,416
Establishment Expenses	819,171,330	676,380,644
Rent, Rates, Taxes, Security & Other Expenses	1,772,169,781	1,487,318,903
Rebates	<u>107,022,009</u>	<u>96,340,699</u>
	<u>19,162,945,539</u>	<u>16,754,645,376</u>
9. OTHER OPERATING INCOME		
Other Income	9.1 1,768,137,060	1,468,557,203
* Staff Loan Benefit	<u>27,987,416</u>	<u>13,524,354</u>
	<u>1,796,124,476</u>	<u>1,482,081,558</u>
9.1 Other Income		
Sewerage and Ground Water Income	389,053,519	348,766,415
Miscellaneous Income including Surcharge, Penalties etc.	<u>1,379,083,541</u>	<u>1,119,790,788</u>
	<u>1,768,137,060</u>	<u>1,468,557,203</u>



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

	Actual 2021 Rs	Restated 2020 Rs.
10. ADMINISTRATIVE EXPENSES		
Repairs & Maintenance	243,593,490	217,803,115
Establishment Expenses	897,881,429	744,179,117
Rent,Rates,Taxes, Security & Other Expenses	633,122,909	605,098,526
Staff Cost	10.1 6,902,380,259	5,736,876,187
Depreciation	10.2 4,970,880,560	4,721,091,062
Audit Fee Department of Auditor General	10,000,000	10,000,000
	<u>13,657,858,647</u>	<u>12,035,048,008</u>
10.1 Staff Cost		
Staff Cost on Loan Granted	27,987,416	13,524,354
Personnel Cost	6,874,392,843	5,723,351,833
	<u>6,902,380,259</u>	<u>5,736,876,187</u>
10.2 Depreciation		
Building and structure	1,616,406,486	1,557,184,971
Plant & Machinery	4,739,139,990	4,498,239,994
Equipments	512,992,293	434,054,026
Furniture and Fittings	51,410,565	44,157,624
Computers & Periparels	111,414,242	106,911,165
Motor Vehicles	358,507,720	274,428,131
Total Depreciation	7,389,871,297	6,914,975,913
Less: Deprn. for Grant funded Assets	(2,411,900,057)	(2,202,508,903)
Less: Deprn. for Rechargeable funded Assets	(9,041,487)	(9,569,738)
Add: Amortization of leased Assets	-	15,949,142
Add: Amortization of Intangible Assets	1,950,807	2,244,648
Depreciation Cost	<u>4,970,880,560</u>	<u>4,721,091,062</u>
Depreciation amounting 20,081,608 has been adjusted to the year 2020		
11. OTHER OPERATING EXPENSES		
Bad & Doubtful Debts	87,833,212	233,007,208
Provision for Obsolete Stock	92,426,248	-
Retiring Gratuity	710,138,294	485,960,193
Revenue Grant	107,514,823	120,306,058
	<u>997,912,577</u>	<u>839,273,459</u>
12. FINANCE INCOME		
Investment Income	842,533,384	1,571,188,666
	<u>842,533,384</u>	<u>1,571,188,666</u>
13. FINANCE COST		
Interest On Loans	9,055,650,555	12,449,809,359
Less: Capitalised Interest on Construction Projects	(8,303,578,676)	(11,906,511,308)
	<u>752,071,879</u>	<u>543,298,051</u>
14. INCOME TAX		
Economic Service Charges	138,860,749	133,867,482
	<u>138,860,749</u>	<u>133,867,482</u>

ESC Paid in 2019 & 2018 are recognised as expense in 2021 & 2020 respectively.



National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Gross Carrying Amounts	Restated Balance As at 01.01.2021 Rs.	Additions after Adjustments Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.12.2021 Rs.
Cost					
Freehold Assets					
Land Freehold	8,690,701,194	1,736,151	(2,738,529)	-	8,689,698,816
Land Leasehold	599,500,254	-	700,000	-	600,200,254
Infrastructure	9,506,383,424	(72,607,438)	454,060,418	-	9,887,836,404
Building - Freehold	19,552,776,472	2,872,261,864	1,499,744,620	(34,548,191)	23,890,234,765
Structures	59,845,898,666	1,055,029,798	(1,623,727,463)	-	59,277,201,001
Plant & Equipment-Pumping Treatme	47,907,978,613	4,181,844,702	(939,701,356)	-	51,150,121,959
Service Meter	3,698,907	90,910	(2,487,912)	-	1,301,905
Bulk Water Meter	671,812,651	28,369,499	73,954,384	-	774,136,535
Transmission & Distribution	135,049,364,481	10,875,155,944	145,209,945	-	146,069,730,369
Mobile Equipments	1,312,832,020	60,526,701	179,072,437	-	1,552,431,157
Survey Equipments	100,013,530	37,093,623	8,930,526	-	146,037,679
Laboratory Equipments	941,709,863	34,579,555	(10,510,706)	-	965,778,712
Other Equipment	3,651,532,182	(11,747,918)	44,059,778	-	3,683,844,042
Furniture & fittings-computer	672,093,233	88,548,963	(113,593,355)	-	647,048,841
Computers & Periparels	822,397,959	99,907,273	4,262,140	-	926,567,373
Motor vehicles cars	999,664,718	(243,058,517)	921,697,045	(700,000)	1,677,603,247
Van busses & jeeps	414,841,354	88,244,998	(127,612,759)	(2,400,000)	373,073,593
Lorries & Trucks	1,963,849,283	220,568,857	(835,892,610)	(1,703,261)	1,346,822,270
Tractors & Trailers	55,570,191	-	1,320,000	-	56,890,191
Water Bowsers, Heavy veh:	1,709,634,338	57,485,577	(48,083,132)	-	1,719,036,783
Motor Cycles	27,605,559	(216,575)	(720,595)	(202,021)	26,466,368
Three Weelers	45,970,519	-	406,514	-	46,377,033
Total Value of Depreciable Assets	294,545,829,412	19,373,813,968	(371,650,610)	(39,553,473)	313,508,439,297



National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
 Year ended 31 December 2021

15.2 Depreciation	Restated Balance As at 01.01.2021 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2021 Rs.
Depreciation					
Freehold Assets					
Land Freehold	-	-	-	-	-
Land Leasehold	-	-	-	-	-
Infrastructure	1,150,443,109	193,102,290	(0)	-	1,343,545,399
Building - Freehold	2,322,618,242	429,179,679	0	(9,194,741)	2,742,603,179
Structures	7,154,394,195	994,124,518	(0)	-	8,148,518,713
Plant & eq: Pumping Treatme	12,934,449,945	2,376,942,037	(0)	-	15,311,391,982
Service Meter	3,309,458	12,642	(2,553,034)	-	769,065
Bulk Water Meter	367,800,363	61,772,392	2,553,034	-	432,125,789
Transmission & Dist:	12,993,100,793	2,300,412,919	0	-	15,293,513,712
Mobile Equipments	469,161,116	122,309,016	6,875	-	591,477,007
Survey Equipments	22,927,408	8,599,841	-	-	31,527,249
Laboratory Equipments	485,192,959	71,369,485	(0)	-	556,562,444
Other Equipment	1,621,607,565	310,713,952	11,058	-	1,932,332,575
Furniture & Fittings-Compute	384,703,404	51,410,565	(9,892,506)	-	426,221,462
Computers & Periparels	664,836,570	111,414,242	9,869,625	-	786,120,438
Motor Vehicles Cars	373,729,993	161,075,988	22,117,170	-	556,923,152
Van Busses & Jeeps	294,995,986	35,351,929	(9,686,849)	(1,603,030)	319,058,036
Lorries & Trucks	785,285,182	71,019,368	(3,424,034)	(1,307,786)	851,572,730
Tractors & Trailers	30,240,380	3,931,116	-	-	34,171,496
Water Bowsers, Heavy veh:	477,528,556	81,259,694	(0)	-	558,788,250
Motor Cycles	13,616,882	1,754,291	24,462	(171,604)	15,224,032
Three Wheelers	3,699,757	4,115,333	-	-	7,815,090
	<u>42,553,641,865</u>	<u>7,389,871,297</u>	<u>9,025,801</u>	<u>(12,277,161)</u>	<u>49,940,261,802</u>



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

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

15.3 Net Book Values	2021	2020
	Rs.	Rs.
At Cost		
Land Freehold	8,689,698,816	8,690,701,194
Land Leasehold	600,200,254	599,500,254
Infrastructure	8,544,291,005	8,355,940,315
Building - Freehold	21,147,631,586	17,230,158,231
Structures	51,128,682,288	52,691,504,470
Plant & Equipment-Pumping Treatment	35,838,729,977	34,973,528,668
Service Meter	532,840	389,450
Bulk Water Meter	342,010,746	304,012,288
Transmission & Distribution	130,776,216,657	122,056,263,687
Mobile Equipments	960,954,150	843,670,903
Survey Equipments	114,510,430	77,086,122
Laboratory Equipments	409,216,268	456,516,904
Other Equipments	1,751,511,468	2,029,924,617
Furniture & fittings-computer	220,827,379	287,389,829
Computers & Periparels	140,446,935	157,561,389
Motor vehicles Cars	1,120,680,095	625,934,725
Van Busses & Jeeps	54,015,557	119,845,368
Lorries & Trucks	495,249,538	1,178,564,101
Tractors & Trailers	22,718,695	25,329,811
Water Bowsers, Heavy veh:	1,160,248,533	1,232,105,782
Motor Cycles	11,242,336	13,988,677
Three Wheelers	38,561,943	42,270,762
Total Carrying Amount of Property, Plant & Equipment	<u>263,568,177,496</u>	<u>251,992,187,547</u>



National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

	Actual	Restated
	2021	2020
	Rs.	Rs.
16. INTANGIBLE ASSETS		
Computer Software	<u>20,429,157</u>	<u>14,122,453</u>
	<u>20,429,157</u>	<u>14,122,453</u>
<p>During the year Rs 3,286,735 has been provided for amortization for above software and new software amounting to 8,667,181 was added .</p>		
17. CAPITAL WORK IN PROGRESS		
Construction Work	435,882,107,400	366,959,156,027
Rehabilitation	<u>7,855,021,373</u>	<u>6,503,499,543</u>
	<u>443,737,128,772</u>	<u>373,462,655,570</u>
18. FINANCIAL ASSETS		
HDFC Investment for Staff Housing Loans	434,368	441,068
Bank of Ceylon Saving - II	<u>1,455,412</u>	<u>1,412,440</u>
	<u>1,889,780</u>	<u>1,853,507</u>
19. INVENTORIES		
PVC Steel Pipe	34.2 6,309,746,897	5,034,648,952
Water Meter & Fitting & Brass Items	652,421,298	745,219,930
Chemical Material	34.2 266,035,627	330,636,834
Electricals	34.2 766,970,906	727,923,643
Building Material	62,798,913	70,345,208
Pump & Spare Parts	34.2 1,138,476,173	1,248,510,037
Vehicle Spare Parts	97,758,030	308,596,261
Stationary & Office Equipment	96,557,311	76,141,325
Other Items	34.2 917,466,285	555,826,008
Stock Adjustments	<u>155,974,054</u>	<u>35,732,252</u>
	<u>10,464,205,491</u>	<u>9,133,580,448</u>
Less- Major Spares		
Property Plant and Equipment at Stores	(396,328,070)	(606,941,540)
Provision for Obsolete Stock	<u>(236,958,510)</u>	<u>(144,532,262)</u>
	<u>9,830,918,912</u>	<u>8,382,106,647</u>

Rs 546,969,384 worth of inventories have been received for Water for All projects was recorded as at 31.12.2021.

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

		Actual 2021 Rs.	Restated 2020 Rs.
20. TRADE AND OTHER RECEIVABLES			
Trade Debtors	34.2	7,494,937,600	7,958,524,363
Other Debtors		459,708,385	359,403,706
Less : Debtors Impairment		(1,516,901,595)	(1,466,952,481)
Debtors Collection Control	34.2	735,918,131	421,699,404
VAT Receivable		3,019,434	11,888,233
WHT Receivable		246,511,483	247,129,963
ESC Receivable		33,795,903	172,656,652
Advances to Staff		14,169,556	19,984,791
Loans To Employees		2,509,912,053	2,704,816,354
Dues from General Treasury		659,277,280	659,277,280
Receivable on Interest & Others		69,569,989	48,456,634
		<u>10,709,918,219</u>	<u>11,136,884,898</u>
21. DEPOSITS AND ADVANCES			
Pre Payments		2,387,651	956,151
Mobilization and Other Advances		28,469,734,734	28,412,896,392
Deposits	34.2	394,113,267	294,161,356
		<u>28,866,235,652</u>	<u>28,708,013,898</u>
22. INVESTMENTS			
Held to Maturity (Including rechargeable funded investments)		24,349,404,858	23,598,991,188
		<u>24,349,404,858</u>	<u>23,598,991,188</u>
23. CASH AND CASH EQUIVALENTS			
Cash In Bank *		4,013,569,719	1,575,845,777
Cash Imprest Head Office		2,225,000	4,107,362
Cash Imprests Regions		6,394,030	6,272,935
Cash In Transit		155,495,984	166,479,620
Savings Account		55,645,599	82,231,943
		<u>4,233,330,332</u>	<u>1,834,937,637</u>
* Rs 2,343,418,124 was remaining in cash in bank for bill payment of Water for All projects and Debt Repayments.			
24. ASSETS TAKEN OVER FROM GOVERNMENT			
Assets Taken Over from Government Dept.		185,480,387	185,480,387
		<u>185,480,387</u>	<u>185,480,387</u>
25. GOVERNMENT EQUITY			
Equity Loan Conversion		86,363,339,295	74,631,444,685
Government Contribution (bond)		13,899,983,925	13,899,983,925
		<u>100,263,323,220</u>	<u>88,531,428,611</u>

Policy decision has been taken by government of Sri Lanka to convert foreign funded loans and interest payable thereon as at 31.12.2014 to government equity.



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

		Actual 2021 Rs.	Restated 2020 Rs.
26. STAFF WELFARE & OTHER FUNDS			
* Opening Balance		20,608,827	29,411,874
Received/(Paid) during the year		<u>12,506,981</u>	<u>(8,803,047)</u>
		<u>33,115,808</u>	<u>20,608,827</u>
27. GOVERNMENT GRANT			
Tresuary Grant		<u>117,548,897,076</u>	<u>109,812,274,767</u>
		<u>117,548,897,076</u>	<u>109,812,274,767</u>
28. CAPITAL GRANTS			
Foreign Grants	34.2	290,279,249,382	265,544,944,453
Local Grants		<u>1,777,297,524</u>	<u>1,744,061,642</u>
		<u>292,056,546,906</u>	<u>267,289,006,096</u>
29. LOAN PAYABLE			
Foreign Loans		195,618,735,427	163,342,347,199
Local Loans		<u>31,802,198,974</u>	<u>34,833,424,166</u>
Long term Portion of Loan Payable		<u>227,420,934,401</u>	<u>198,175,771,364</u>
Current Portion Loan Payable		<u>12,578,838,828</u>	<u>2,920,569,236</u>
Loan Payable		<u>239,999,773,229</u>	<u>201,096,340,601</u>
Further, General Treasury has signed LKR 196.35 Bn worth of loan for 10 projects of the Board as at 31.12.2021 and some of which includes to grant balance of the accounts as of the date.			
30. OTHER DEFERRED LIABILITIES			
Provision for Defined Benefit Plan	30.1	4,368,425,143	4,003,984,078
Customer and Employee Security Deposits		<u>46,407,941</u>	<u>15,425,526</u>
		<u>4,414,833,084</u>	<u>4,019,409,604</u>
30.1 Movement of Retiring Gratuity Provision			
Balance at the Beginning of the Period		4,003,984,078	4,003,984,078
Add Provision for the Period and Current Service & Interest Cost Adjustment		933,357,983	485,960,193
Less: Gratuity Payments during the Period		<u>(568,916,918)</u>	<u>(485,960,193)</u>
Provision for defined benefit plan		<u>4,368,425,143</u>	<u>4,003,984,078</u>
Actuarial Assumptions are ; Mortality: A 1967/70 Mortality Table was used, Disability : Standard, Normal Retirement Age : 62 years, Rate of Discount : 11.60% p.a., Salary Escalation Rate : 2% p.a. and 20% once in 3 years with next increment on 2024, Staff turnover Rates : 1% p.a. across the board up to age 54 .			
31. TRADE AND OTHER PAYABLES			
Rechargeable Work - Customer Advances	34.2	9,724,152,467	9,285,082,967
Contractors Retention		17,334,616,810	15,016,366,516
Creditors Control	34.2	2,771,618,480	2,108,187,891
Other Creditors		351,925,188	339,170,471
Accrued expenses	34.2	9,172,705,908	6,314,247,943
Deposits		315,536,883	283,501,586
VAT Payable		220,602,860	200,605,713
With Holding Tax		129,122	141,677
Salaries and Other Payables		<u>219,736,570</u>	<u>177,572,741</u>
		<u>40,111,024,288</u>	<u>33,724,877,505</u>



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

32. RELATED PARTY TRANSACTIONS

Transactions with State and State Controlled Entities

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

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

34. PRIOR YEAR ADJUSTMENTS

- 34.1 NWSDB assets were revalued by obtaining the service of Department of Valuation which involves immense assets base. Revalued amount of assets were taken to the books in the year 2010 and those values have been continuing as deem cost of PPE at present to which some adjustments were required retrospectively. Further, under implementation of the Assets Management System (AMS), some of assets categorizations were ammended durring the year 2021. Hence, net effect of Rs. 1,386,868 had been adjusted to the gross carrying amount of PPE and Rs. 4,021,795 had been adjusted for depreciation as at 31.12.2020 as follows.

34.1.1 Gross Carrying Amounts

Cost	Balance As at 31.12.2020 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2020 Rs.
Freehold Assets			
Land Freehold	8,692,307,065	(1,605,871)	8,690,701,194
Land Leasehold	599,500,254	-	599,500,254
Infrastructure	9,088,507,657	417,875,768	9,506,383,424
Building - Freehold	19,301,164,859	251,611,613	19,552,776,472
Structures	59,921,379,719	(75,481,053)	59,845,898,666
Plant & eq: Pumping Treatment	48,612,342,019	(704,363,407)	47,907,978,613
Service Meter	3,789,817	(90,910)	3,698,907
Bulk Water Meter	665,892,353	5,920,298	671,812,651
Transmission & Dist:	135,098,945,324	(49,580,843)	135,049,364,481
Mobile Equipments	1,248,278,546	64,553,473	1,312,832,020
Survey Equipments	99,731,530	282,000	100,013,530
Laboratory	944,303,825	(2,593,962)	941,709,863
Other Equipment	3,521,344,357	130,187,825	3,651,532,182
Furniture & Fittings-Computer	697,253,114	(25,159,881)	672,093,233
Computers & Periparels	835,304,508	(12,906,549)	822,397,959
Motor Vehicles Cars	711,066,309	288,598,410	999,664,718
Van Busses & Jeeps	503,086,352	(88,244,998)	414,841,354
Lorries & Trucks	2,173,473,141	(209,623,857)	1,963,849,283
Tractors & Trailers	55,570,191	-	55,570,191
Water Bowsers, Heavy veh:	1,700,834,338	8,800,000	1,709,634,338
Motor Cycles	27,170,484	435,075	27,605,559
Three Weeellers	45,970,519	-	45,970,519
Total Value of Depreciable Assets	294,547,216,280	(1,386,868)	294,545,829,412



National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

34.1.2 Depreciation	Balance	Prior Year	Restated Balance
Freehold Assets	As at	Adjustments	As at
	31.12.2020		31.12.2020
	Rs.	Rs.	Rs.
Land Freehold	-	-	-
Land Leasehold	-	-	-
Infrastructure	1,137,308,141	13,134,968	1,150,443,109
Building - Freehold	2,296,632,162	25,986,079	2,322,618,242
Structures	7,173,131,092	(18,736,897)	7,154,394,195
Plant & eq: Pumping Treatment	12,970,537,339	(36,087,394)	12,934,449,945
Service Meter	3,309,458	-	3,309,458
Bulk Water Meter	366,647,551	1,152,812	367,800,363
Transmission & Dist:	12,999,114,528	(6,013,734)	12,993,100,793
Mobile Equipments	450,616,514	18,544,603	469,161,116
Survey Equipments	22,648,228	279,180	22,927,408
Laboratory	486,984,590	(1,791,631)	485,192,959
Other Equipment	1,604,277,373	17,330,192	1,621,607,565
Furniture & fittings-computer	389,826,225	(5,122,821)	384,703,404
Computers & Periparels	677,865,440	(13,028,870)	664,836,570
Motor Vehicles Cars	177,656,629	196,073,364	373,729,993
Van Busses & Jeeps	435,685,995	(140,690,008)	294,995,986
Lorries & Trucks	825,894,414	(40,609,231)	785,285,182
Tractors & Trailers	52,398,339	(22,157,958)	30,240,380
Water Bowsers, Heavy veh:	462,168,738	15,359,818	477,528,556
Motor Cycles	13,217,557	399,325	13,616,882
Three Wheelers	3,699,757	-	3,699,757
Total Value of Depreciation	<u>42,549,620,070</u>	<u>4,021,795</u>	<u>42,553,641,865</u>



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

	Balance As at 31.12.2020 Rs.	Prior Year Adjustments Rs.	Adjustments For 2020 Rs.	Restated Balance As at 31.12.2020 Rs.
Inventories (Note 19)				
PVC Steel Pipe	5,032,247,170		2,401,782	5,034,648,952
Chemical Material	328,604,834	2,032,000		330,636,834
Electricals	735,849,788	(7,926,145)		727,923,643
Pump & Spare Parts	1,249,805,822	(2,035,456)	739,671	1,248,510,037
Other Items	561,631,653	(4,185,053)	(1,620,592)	555,826,008
Trade And Other Receivable (Note 20)				
Trade Debtors	8,030,015,131	(1,243,209)	(70,247,558)	7,958,524,363
Debtors Collection Control	479,699,404	-	(58,000,000)	421,699,404
Deposits & Advances (Note 21)				
Deposits	294,461,356	(300,000)		294,161,356
Capital Grant (Note 28)				
Foreign Grants	265,549,744,453	(4,800,000)		265,544,944,453
Trade And Other Payable (Note 31)				
Rechargeable Work - Customer Advance	9,285,334,967		(252,000)	9,285,082,967
Creditors Control	2,127,054,981	-	(18,867,090)	2,108,187,891
Accrued Expenses	6,314,782,183	-	(534,240)	6,314,247,943

