

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOW

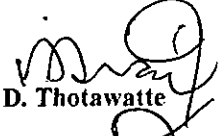
NOTES TO THE FINANCIAL STATEMENTS

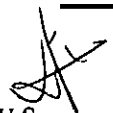
31 DECEMBER 2016

National Water Supply And Drainage Board
STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2016

		2016 <u>Rs.</u>	2015 <u>Rs.</u> (Restated)
Assets			
Non- Current Assets	Notes		
Property ,Plant & Equipment	15	162,279,272,064	140,105,846,568
Intangible Assets	16	7,310,270	1,619,633
Capital Work in Progress	17	158,896,165,209	149,412,953,802
Financial assets	18	<u>11,023,063</u>	<u>16,487,237</u>
Total Non Current Assets		<u>321,193,770,607</u>	<u>289,536,907,241</u>
Current Assets			
Inventories	19	6,686,377,835	6,406,277,320
Trade & Other Receivables	20	6,659,799,411	6,034,674,947
Deposits & Advances	21	26,898,950,740	13,088,996,146
Investments	22	10,265,721,944	12,844,829,029
Cash & Cash Equivalents	23	<u>12,097,670,911</u>	<u>3,876,918,395</u>
Total Current Assets		<u>62,608,520,842</u>	<u>42,251,695,838</u>
Total Assets		<u>383,802,291,451</u>	<u>331,788,603,080</u>
Equity and Liabilities			
Equity			
Assets taken over from Government Dept.	24	185,480,387	185,480,387
Government Equity	25	68,810,126,839	63,736,423,921
Staff Welfare Fund	26	17,228,139	16,506,484
Retained Earnings		(9,462,770,056)	(11,847,217,278)
Government Grant	27	92,750,876,538	90,627,548,649
Capital Grants	28	<u>181,792,825,672</u>	<u>165,736,880,359</u>
Total Equity		<u>334,093,767,519</u>	<u>308,455,622,521</u>
Non-Current Liabilities			
Loan Payable	29	35,102,370,290	9,412,094,521
Other Deferred Liabilities	30	<u>4,125,023,486</u>	<u>4,489,088,098</u>
Total Non Current Liabilities		<u>39,227,393,776</u>	<u>13,901,182,619</u>
Current Liabilities			
Trade & Other Payables	31	9,855,307,852	9,431,797,940
Loan Capital Payable (Note 29)		<u>625,822,304</u>	-
Total Current Liabilities		<u>10,481,130,156</u>	<u>9,431,797,940</u>
Total Equity and Liabilities		<u>383,802,291,451</u>	<u>331,788,603,080</u>


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


D.U.Sumanasekara
General Manager

The Accounting policies on pages 08 to 15 and Notes on pages 16 to 30 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


K. A. Ansar
Chairman


M.S.Rajabdeen
Vice chairman

Colombo
Amended on September 2017

National Water Supply And Drainage Board

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

		Budget 2016 Rs.	Actual 2016 Rs.	Actual 2015 Rs. (Restated)
Revenue	7	22,004,495,400	23,584,727,487	20,252,452,471
Cost of Sales	8	<u>(15,650,612,706)</u>	<u>(13,485,727,343)</u>	<u>(12,314,954,106)</u>
Gross Profit		6,353,882,694	10,099,000,145	7,937,498,365
Other operating income and gains	9	1,187,864,600	1,477,546,705	1,073,728,427
Administrative Expenses	10	(10,893,276,294)	(9,139,288,219)	(8,505,524,577)
Other Operating Expenses	11	<u>(590,000,000)</u>	<u>(680,664,041)</u>	<u>(540,121,046)</u>
Operating Profit / (Loss)		(3,941,529,000)	1,756,594,590	(34,418,831)
Finance Income	12	750,000,000	1,236,278,724	1,186,883,970
Finance Cost	13	<u>(6,837,000)</u>	<u>(3,281,535)</u>	<u>(2,866,777)</u>
Profit / (Loss) before tax		(3,198,366,000)	2,989,591,779	1,149,598,362
Provision for Income Taxation	14	<u>(60,000,000)</u>	<u>(63,287,387)</u>	<u>(53,881,978)</u>
Profit / (Loss) for the Year		<u>(3,258,366,000)</u>	<u>2,926,304,392</u>	<u>1,095,716,384</u>

Accounting Policies & Notes from pages 8 to 30 form an integral part of these Financial Statements.

National Water Supply And Drainage Board

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Budget 2016 Rs.	Actual 2016 Rs.	Actual 2015 Rs.
Profit / (Loss) for the Year	<u>(3,258,366,000)</u>	<u>2,926,304,392</u>	<u>1,095,716,384</u>
Other Comprehensive Income for the Year.			
Actuarial Loss on Defined Benefit Obligation.	<u>-</u>	<u>-</u>	<u>(1,979,658,769)</u>
Impairment loss on treasury bond	<u>-</u>	<u>(541,135,514)</u>	<u>-</u>
	<u>(3,258,366,000)</u>	<u>(541,135,514)</u>	<u>(1,979,658,769)</u>
Total Comprehensive Income for the Year	<u>(3,258,366,000)</u>	<u>2,385,168,878</u>	<u>(883,942,385)</u>

Accounting Policies & Notes from pages 8 to 30 form an integral part of these Financial Statements.

National Water Supply And Drainage Board
STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

Note	Government Departments		Govt Grants	Government Equity	Capital grants	Staff Welfare Fund		Accumulated Profit/Loss	Total
	Rs.	Rs.				Rs.	Rs.		
Balance as at 1 January 2015	185,480,387	88,161,757,133			151,974,122,319	15,239,298	(10,806,208,171)	229,530,390,966	
<i>Prior Year correction -</i>									
Assets recognised and derecognised	35.1						(176,470,304)	(176,470,304)	
Depreciation adju. for assets recognised and derecognised	35.1						107,225,254	107,225,254	
Derecognized long outstanding advances	35.2						(542,671)	(542,671)	
Rehabilitation & Construction works	35.2						(244,531,351)	(244,531,351)	
Derecognized foreign grant	35.2						219,422,130	219,422,130	
Derecognized local grant	35.2						813,209	813,209	
Correction of inventories and opening balances	35.2						1,544,484	1,544,484	
Derecognized advances	35.2						(6,838)	(6,838)	
Correction of bank balance	35.2						(733,339)	(733,339)	
Correction of VAT payable & Audit fee	35.2						(664,603)	(664,603)	
Correction of held to maturity	35.2						6,251,776	6,251,776	
Correction of amortization of intangible assets	35.2						(31,898,284)	(31,898,284)	
Restated balance as at 1 January 2015	185,480,387	88,161,757,133			151,974,122,319	15,239,298	(10,925,798,708)	229,410,800,429	
Net profit for the year							(883,942,385)	(883,942,385)	
Derecognized inventories							893,690	893,690	
Depreciation adju. for assets recognised and derecognised	35.2						(37,102,690)	(37,102,690)	
Receipts / Transfers during the year			3,355,961,700		12,872,587,856			16,228,549,555	
Loan to Equity conversion				49,836,439,996				49,836,439,996	
Government contribution through bond				13,899,983,925				13,899,983,925	
Transfers to Staff welfare fund						1,267,186	(1,267,186)		
Restated balance as at 31 December 2015	185,480,387	91,517,718,832		63,736,423,921	164,846,710,175	16,506,484	(11,847,217,278)	308,455,622,521	
Net profit for the year							2,385,168,878	2,385,168,878	
Receipts / Transfers during the year			2,216,825,457					2,216,825,457	
Loan to Equity conversion				5,073,702,918				21,036,150,663	
Transfers to Staff welfare fund						721,655	(721,655)		
Balances as at 31 December 2016	185,480,387	93,734,544,290		68,810,126,839	180,809,157,920	17,228,139	(9,462,770,056)	334,093,767,519	

Accounting Policies & Notes from pages 8 to 30 form an integral part of these Financial Statements.

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National Water Supply And Drainage Board

STATEMENT OF CASH FLOW

Year ended 31 December 2016

For the year ended	Notes	2016 Rs.	2015 Rs.
Cash Flows from/(used) in Operating Activities			
Net Profit/(Loss) before Tax		2,989,591,779	1,083,926,097
<i>Adjustments for</i>			
Interest Income	12	(1,236,278,724)	(1,186,119,227)
Profit on disposal of Fixed Assets		(13,600,051)	-
Depreciation	10.2	2,724,963,394	2,237,159,613
Retiring gratuity provision	29.1	394,618,174	391,422,596
Opening balance Adjustments			(733,339)
Interest Expense	13	<u>3,281,535</u>	<u>1,736,845</u>
Operating Profit before Working Capital Changes		4,862,576,106	2,527,392,585
(Increase)/Decrease in Inventories		(280,100,515)	(779,307,827)
(Increase)/Decrease in Debtors, Rece'bles & Deposits		(14,799,143,670)	(3,664,857,013)
Increase/(Decrease) in Creditors & Provisions		<u>423,509,912</u>	<u>2,351,534,289</u>
Cash Generated from Operations		(9,793,158,167)	434,762,033
Tax Paid		(63,287,387)	(39,677,127)
Gratuity Paid	11	<u>(394,618,174)</u>	<u>(391,422,596)</u>
Net Cash from Operating Activities		<u>(10,251,063,729)</u>	<u>3,662,309</u>
Cash Flows from/(used) in Investing Activities			
Investments in Fixed Assets & Work-In-Progress		(33,718,679,086)	(33,652,546,584)
Financial assets		5,464,174	6,323,440
Sale proceeds for disposal assets		27,083,204	-
Investment Income Received		1,236,278,724	1,186,119,227
(Investment) / Withdrawal of Investments		<u>2,037,971,571</u>	<u>(4,950,000,000)</u>
Net Cash Flows used in Investing Activities		<u>(30,411,881,414)</u>	<u>(37,410,103,918)</u>
Cash Flows from/(used in) Financing Activities			
Government Grant during the Period		2,123,327,889	2,709,730,350
Capital Grant during the period		17,040,060,639	14,518,201,341
New Loans		31,391,418,876	15,180,696,992
Loan Repayments		(896,230)	(498,375)
Interest Paid		(1,670,213,515)	(137,722,880)
Sales proceeds of treasury bond		-	6,256,433,925
		<u>48,883,697,659</u>	<u>38,526,841,354</u>
Net Increase in Cash & Cash Equivalents		8,220,752,516	1,120,399,745
Cash & Cash Equivalents at the beginning of the year		<u>3,876,918,395</u>	<u>2,756,518,649</u>
Cash & Cash Equivalents at the end of the period		<u><u>12,097,670,911</u></u>	<u><u>3,876,918,395</u></u>

The accounting policies and notes on Pages 8 through 30 Form an integral part of the financial statements.

NATIONAL WATER SUPPLY AND DRAINAGE BOARD
NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 City Planning and 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 its 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 31st December 2011, the NWS&DB prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLAS). From the financial year ending 31st 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, its 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 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.

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 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 2015 and 2016.

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.

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.

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.

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 2016

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 2016

	2016 Rs.	2015 Rs.
7. REVENUE		
Metered Sales	20,991,185,049	18,102,363,486
Bulk Sales	238,030,488	204,211,966
Bowser Supply	88,515,542	66,967,315
Income from main operations	7.1 <u>2,266,996,408</u>	<u>1,878,909,704</u>
	<u>23,584,727,487</u>	<u>20,252,452,471</u>
7.1 Income from main operations		
Income related to New connection and other main operations	2,628,868,117	2,185,668,708
Capital Recovery Charges	766,302,051	668,431,101
Expense related to New connection	<u>(1,128,173,760)</u>	<u>(975,190,105)</u>
	<u>2,266,996,408</u>	<u>1,878,909,704</u>
8. COST OF SALES		
Personnel Cost	6,215,488,662	5,824,762,465
Pumping Cost	3,833,788,962	3,511,913,535
Chemicals	692,354,529	601,539,437
Repairs & Maintenance	1,270,587,139	1,046,395,799
Establishment Expenses	473,717,459	432,157,560
Rent, Rates, Taxes, Security & Other Expenses	908,910,549	782,394,641
Rebates	<u>90,880,043</u>	<u>115,790,669</u>
	<u>13,485,727,343</u>	<u>12,314,954,106</u>
9. OTHER OPERATING INCOME		
Other Income	9.1 <u>1,428,167,676</u>	1,037,111,108
Staff loan benefit	<u>49,379,029</u>	<u>36,617,319</u>
	<u>1,477,546,705</u>	<u>1,073,728,427</u>
9.1 Other Income		
Sewerage and ground water income	280,748,461	183,051,005
Surcharge, penalties etc.	<u>1,147,419,215</u>	<u>854,060,103</u>
	<u>1,428,167,676</u>	<u>1,037,111,108</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

	2016 Rs.	2015 Rs.
10. ADMINISTRATIVE EXPENSES		
Repairs & Maintenance	218,910,020	179,200,602
Establishment Expenses	635,852,111	586,981,952
Rent,Rates,Taxes, Security & Other Expenses	359,067,735	257,943,106
Staff Cost	10.1 5,197,383,263	5,310,276,758
Depreciation	10.2 2,724,963,394	2,168,158,639
Audit Fee-AGDSL including continuous audit	<u>3,111,696</u>	<u>2,963,520</u>
	<u>9,139,288,219</u>	<u>8,505,524,577</u>
10.1 Staff cost		
Staff Cost on Loan Granted	49,379,029	36,617,319
Personnel Cost	<u>5,148,004,234</u>	<u>5,273,659,439</u>
	<u>5,197,383,263</u>	<u>5,310,276,758</u>
10.2 Depreciation		
Building and structure	948,013,836	747,962,228
Plant & Machinery	1,193,507,435	862,995,349
Equipments	1,333,925,122	1,110,831,372
Furniture and Fittings	39,508,591	30,624,548
Computers & Periparels	53,439,105	69,851,973
Motor Vehicles	<u>147,096,922</u>	<u>105,593,861</u>
	3,715,491,011	2,927,859,332
Less: Depn. for Grant funded Assets	(999,478,284)	(773,396,579)
Less: Depn. for Rechargable funded Assets	(7,292,317)	(2,547,097)
Add: Amortization of leased Assets (Restated)	15,949,142	15,949,142
Add: Amortization of Intangible Assets	<u>293,841</u>	<u>293,841</u>
	<u>2,724,963,394</u>	<u>2,168,158,639</u>
11. OTHER OPERATING EXPENSES		
Bād & Doubtful Debts	125,257,676	90,254,064
Provision for Irrecoverable Staff Loans	2,472,380	2,537,470
Provision for Obsolete Stock	22,459,422	(20,344,015)
Retiring Gratuity	394,618,174	391,422,596
Revenue grant	<u>135,856,389</u>	<u>76,250,931</u>
	<u>680,664,041</u>	<u>540,121,046</u>
12. FINANCE INCOME		
Investment Income	<u>1,236,278,724</u>	<u>1,186,883,970</u>
	<u>1,236,278,724</u>	<u>1,186,119,227</u>
13. FINANCE COST		
Interest On Loans	35.2 1,670,213,515	138,852,812
Less: Capitalised Interest on Construction Projects	<u>(1,666,931,980)</u>	<u>(135,986,035)</u>
	<u>3,281,535</u>	<u>2,866,777</u>
14. TAXATION		
Economic Service Charge	<u>63,287,387</u>	<u>53,881,978</u>
	<u>63,287,387</u>	<u>53,881,978</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Gross Carrying Amounts	Restated Balance As at 01.01.2016	Additions after Adjustments	Transfers	Disposals	Balance As at 31.12.2016
Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Land Freehold	8,324,520,628	150,961,687	(117,172,310)		8,358,310,005
Land Leasehold	589,990,351	1,670,000	(2,120,000)		589,540,351
Infrastructure	5,303,935,498	577,519,147	(167,475,138)		5,713,979,507
Building - Freehold	9,760,298,657	1,706,956,830	(360,690,029)		11,106,565,457
Structures	37,879,021,763	5,447,871,038	(120,441,426)		43,206,451,374
Plant & eq: pumping treatment	23,788,288,249	4,282,530,893	176,142,379		28,246,961,522
Service meter	18,724,254	3,143,323	(2,428,000)		19,439,577
Bulk water meter	454,760,093	64,436,369	(18,336)		519,178,126
Transmission & Distribution	63,698,398,498	13,010,221,768	486,987		76,709,107,252
Mobile Equipments	374,525,729	93,370,382	(17,225,703)		450,670,409
Survey Equipments	25,412,931	7,172,900	150,000		32,735,831
Laboratory Equipments	497,385,727	93,728,864	(5,416,991)		585,697,600
Other Equipment	1,438,299,686	663,625,285	(41,149,818)		2,060,775,152
Furniture & fittings-computer	390,055,029	132,057,040	(48,509,686)		473,602,383
Computers & Periparels	406,714,922	67,591,739	(41,386,182)		432,920,480
Motor vehicles cars	166,230,177	78,522,257	(79,618,250)	(8,290,000)	156,844,184
Van busses & jeeps	425,946,018	223,737,869	(107,262,405)	(8,265,000)	534,156,481
Lorries & trucks	1,482,559,727	702,014,158	(194,551,075)	(10,975,000)	1,979,047,810
Tractors & trailers	84,076,211	13,396,535	(7,296,535)	(1,100,000)	89,076,211
Water bowsers, Heavy vch:	903,527,677	350,670,713	(120,535,258)	(7,500,000)	1,126,163,133
Motor cycles	22,481,868	3,332,298	(1,284,300)	(1,102,715)	23,427,152
Three Weelers	1,787,620	3,000,000	-	-	4,787,620
Lease hold Vehicles	28,975,000	-	-	-	28,975,000
Total Value of Depreciable Assets	156,065,916,314	27,677,531,094	(1,257,802,077)	(37,232,715)	182,448,412,617

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15.2 Depreciation	Restated Balance As at 01.01.2016 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2016 Rs.
Depreciation					
Freehold Assets					
Land Freehold					-
Land Leasehold					-
Infrastructure	454,847,936	100,337,495	20,755,596		575,941,027
Building - Freehold	954,535,660	200,071,834	796,112		1,155,403,606
Structures	2,816,345,600	647,604,507	222,947,939		3,686,898,046
Plant & eq: pumping treatment	4,320,315,641	1,145,707,010	204,588,291		5,670,610,943
Service meter	2,527,821	1,824,867	9,956,728		14,309,417
Bulk water meter	97,063,120	45,975,557	-		143,038,676
Transmission & Dist:	4,928,273,611	1,075,001,244	50,165,491		6,053,440,346
Mobile Equipments	137,747,282	36,482,438	208,173		174,437,893
Survey Equipments	4,574,440	2,728,685	54,379		7,357,504
Laboratory Equipments	200,218,868	52,711,497	12,664,449		265,594,813
Other Equipment	516,604,703	167,001,259	1,069,611		684,675,572
Furniture & fittings-computer	186,338,752	39,508,591	(4,380,412)		221,466,931
Computers & Periparels	279,400,671	53,439,105	1,913,778		334,753,554
Motor vehicles cars	117,203,770	11,164,124	20,526,429	(7,857,020)	141,037,303
Van busses & jeeps	341,159,567	8,539,906	(271,700)	(6,664,250)	342,763,523
Lorries & trucks	343,001,382	68,061,023	(3,145,611)	(5,226,187)	402,690,607
Tractors & trailers	49,628,401	8,030,352	1,133,133	(940,500)	57,851,386
Water bowsers, Heavy veh:	179,479,841	45,598,522	(1,156,451)	(2,140,073)	221,781,839
Motor cycles	8,286,605	1,823,712	62,421	(921,532)	9,251,206
Three Wheelers	611,434	173,399	-	-	784,833
Lease hold Vehicles	21,904,640	3,705,886	(20,559,000)	-	5,051,526
	<u>15,960,069,746</u>	<u>3,715,491,011</u>	<u>517,329,356</u>	<u>(23,749,562)</u>	<u>20,169,140,551</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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

15.3 Net Book Values	2016	2015
	Rs.	Rs.
At Cost		
Land Freehold	8,358,310,005	8,324,520,628
Land Leasehold	589,540,351	589,990,351
Infrastructure	5,138,038,479	4,849,087,562
Building - Freehold	9,951,161,851	8,805,762,997
Structures	39,519,553,329	35,062,676,163
Plant & Eq: pumping treatment	22,576,350,580	19,467,972,608
Service meter	5,130,160	16,196,433
Bulk water meter	376,139,450	357,696,973
Transmission & Distribution	70,655,666,906	58,770,124,887
Mobile Equipments	276,232,515	236,778,447
Survey Equipments	25,378,327	20,838,492
Laboratory Equipments	320,102,787	297,166,859
Other Equipments	1,376,099,581	921,694,983
Furniture & fittings-computer	252,135,452	203,716,277
Computers & Periparels	98,166,925	127,314,251
Motor vehicles cars	15,806,882	49,026,407
Van busses & jeeps	191,392,958	84,786,450
Lorries & trucks	1,576,357,201	1,139,558,344
Tractors & trailers	31,224,825	34,447,810
Water bowsers, Heavy veh:	904,381,293	724,047,836
Motor cycles	14,175,945	14,195,263
Three Wheelers	4,002,787	1,176,186
Lease hold Vehicles	23,923,474	7,070,360
Total Carrying Amount of Property, Plant & Equipment	<u>162,279,272,064</u>	<u>140,105,846,568</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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 City Planning and Water Supply is recognized as Investment Property according to the LKAS 40 - Investment Property.

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

	Land	Building	Total
Cost			
Balance as at 31.12.2016	138,500,000	238,053,034	376,553,034
Depreciation			
Balance as at 01.01.2016	-	19,727,050	19,727,050
Charge for the Period	-	4,761,061	4,761,061
Balance as at 31.12.2016	-	24,488,110	24,488,110
Net Book Value	138,500,000	213,564,924	352,064,924

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

		2016 Rs.	2015 Rs.
16. INTANGIBLE ASSETS			
Computer Software		<u>7,310,270</u>	<u>1,619,633</u>
		<u>7,310,270</u>	<u>1,619,633</u>
During the year Rs 1,335,127 has been provided for amortization for above software.			
17. CAPITAL WORK IN PROGRESS			
Construction Work	35.2	155,229,972,659	144,212,075,854
Rehabilitation	35.2	<u>3,666,192,550</u>	<u>5,200,877,948</u>
		<u>158,896,165,209</u>	<u>149,412,953,802</u>
18. FINANCIAL ASSETS			
HDFC Investment for Staff Housing Loans		9,810,535	15,322,302
Bank of Ceylon Saving - II		<u>1,212,528</u>	<u>1,164,935</u>
		<u>11,023,063</u>	<u>16,487,237</u>
19. INVENTORIES			
PVC Steel Pipe		<u>3,793,823,910</u>	3,392,095,366
Water Meter & Fitting & Brass Items		568,961,667	743,331,981
Chemical Material		122,602,755	117,617,218
Electricals		477,733,511	382,799,033
Building Material		31,037,997	49,937,381
Pump & Spare Parts		934,006,921	903,040,106
Vehicle Spare Parts		108,321,976	83,096,233
Stationary & Office Equipment		44,572,040	44,692,449
Other Items		507,209,517	420,441,774
Stock in Transit	35.2	443,569,646	560,028,604
Stock Adjustments		<u>2,555,749</u>	<u>2,651,389</u>
		7,034,395,689	6,699,731,535
Less- Major spares			
Property Plant and Equipment at Stores		(293,154,819)	(261,050,602)
Provision for Obsolete Stock		<u>(54,863,035)</u>	<u>(32,403,613)</u>
		<u>6,686,377,835</u>	<u>6,406,277,320</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

		2016 Rs.	2015 Rs.
20. TRADE AND OTHER RECEIVABLES			
Trade Debtors		4,607,789,723	3,895,171,826
Other Debtors		302,907,898	345,086,098
Less : Debtors Impairment		(1,322,209,166)	(1,197,441,625)
Debtors Collection Control		591,158,421	453,509,342
VAT Receivable		331,450,527	378,901,522
WHT Receivable		46,931,199	34,144,822
Advances to Staff	35.2	15,624,539	32,660,720
Loans To Employees		1,713,412,289	1,788,580,352
Receivable on Interest & Others		<u>372,733,981</u>	<u>304,061,890</u>
		<u>6,659,799,411</u>	<u>6,034,674,947</u>
21. DEPOSITS AND ADVANCES			
Rechargeable Project Work		114,010	90,578
Pre Payments		4,539,500	1,253,500
Mobilization and Other Advances	35.2	26,659,765,475	13,005,663,835
Deposits		<u>234,531,755</u>	<u>81,988,233</u>
		<u>26,898,950,740</u>	<u>13,088,996,146</u>
22. INVESTMENTS			
Available for Sale-Treasury Bond	7,643,550,000		
Less-Provision for Impairment	<u>(834,864,839)</u>	6,808,685,161	7,643,550,000
Held to Maturity	35.2	<u>3,457,036,783</u>	<u>5,201,279,029</u>
		<u>10,265,721,944</u>	<u>12,844,829,029</u>
23. CASH AND CASH EQUIVALENTS			
Cash In Bank	35.2	1,869,822,259	2,316,830,961
Cash Received for a Capital Project		6,529,848,750	-
Cash Imprest Head Office		2,363,785	1,290,751
Cash Imprests Regions		3,850,690	3,473,591
Cash In Transit		344,259,084	294,470,231
Call Deposits		3,108,519,601	968,700,192
Savings Account		<u>239,006,742</u>	<u>292,152,669</u>
		<u>12,097,670,911</u>	<u>3,876,918,395</u>
24. ASSETS TAKEN OVER FROM GOVERNMENT			
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>
25. Government Equity			
Equity loan conversion		54,910,142,914	49,836,439,996
Government contribution (bond)		<u>13,899,983,925</u>	<u>13,899,983,925</u>
		<u>68,810,126,839</u>	<u>63,736,423,921</u>

Policy decision has been taken by government of Sri Lanka to transfer current year foreign funded loan receipts to NWSDB to equity.

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

		2016 Rs.	2015 Rs.
26. STAFF WELFARE FUND			
Opening Balance		16,506,484	15,239,298
Received during the year		<u>721,655</u>	<u>1,267,186</u>
		<u>17,228,139</u>	<u>16,506,484</u>
27. GOVERNMENT GRANT			
Tresuary Grant		<u>92,750,876,538</u>	<u>90,627,548,649</u>
		<u>92,750,876,538</u>	<u>90,627,548,649</u>
28. CAPITAL GRANTS			
Foreign Grants	35.2	180,809,157,920	164,846,710,175
Local Grants	35.2	<u>983,667,752</u>	<u>890,170,183</u>
		<u>181,792,825,672</u>	<u>165,736,880,359</u>
29. LOAN PAYABLE			
Foreign Loans through Treasury		15,335,301,002	-
Local Loans		<u>20,392,891,592</u>	<u>9,412,094,521</u>
		<u>35,728,192,594</u>	<u>9,412,094,521</u>
Current portion loan payable		<u>625,822,304</u>	
Long term portion of loan payable		<u>35,102,370,290</u>	
30. OTHER DEFERRED LIABILITIES			
Provision for defined benefit plan	29.1	4,076,428,515	4,076,428,515
Customer and Employee Security Deposits		48,594,971	118,930,258
Treasury Bond discount received in advance		-	<u>293,729,325</u>
		<u>4,125,023,486</u>	<u>4,489,088,098</u>
30.1 Movement of Retiring Gratuity Provision			
Balance at the Beginning of the Period		4,076,428,515	2,096,769,746
Add Provision for the Period		394,618,174	2,371,081,365
Less: Gratuity Payments during the Period		<u>(394,618,174)</u>	<u>(391,422,596)</u>
		<u>4,076,428,515</u>	<u>4,076,428,515</u>
31. TRADE AND OTHER PAYABLES			
Rechargeable Work - Customer Advances		4,039,297,939	3,013,472,388
Contractors Retention		3,666,057,746	3,497,975,058
Lease Hold Creditors		26,164,355	33,822,215
Less: Interest in Suspense		(4,382,302)	(8,413,409)
Creditors Control		1,247,126,354	1,418,387,592
Other Creditors		101,480,705	94,752,654
Accrued expenses		504,823,198	861,687,410
Deposits		72,954,077	101,391,187
VAT Payable	35.2	-	216,903,937
With Holding Tax		54,667	2,972,264
Salaries and Other Payables		184,565,497	183,662,792
Interest Payable on Lease	35.2	-	1,129,932
Audit fee AGDSL	35.2	<u>17,165,616</u>	<u>14,053,920</u>
		<u>9,855,307,852</u>	<u>9,431,797,940</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

32. DEFERRED TAXATION

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

	Balance Sheet		Income Statement	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital Allowances	8,303,259,328	10,232,612,468	2,724,963,394	2,103,018,287
Intangible assets	293,841	453,497	(1,335,127)	(14,376,428)
	<u>8,303,553,169</u>	<u>10,233,065,965</u>	<u>2,723,628,267</u>	<u>2,088,641,859</u>
Deferred Tax Assets				
Debtors Impairment	124,767,541	298,860,427	12,476,754	19,948,692
	<u>124,767,541</u>	<u>298,860,427</u>		
Deferred income tax charge/(reversal)			<u>2,736,105,021</u>	<u>2,108,590,551</u>
Net Deferred Tax Liability/ (Asset)	<u>8,178,785,629</u>	<u>9,934,205,538</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 72,526,471,421 as at 31/12/2016. 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

Year ended 31 December 2016

33. 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.

34. 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.

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NOTES TO THE FINANCIAL STATEMENTS

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35. PRIOR YEAR ADJUSTMENTS

35.1 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. 176.5 million had been adjusted for carrying amount of PPE and Rs.107.2 million had been adjusted for depreciation as at 31.12.2015 as follows. In addition to this Rs 37 million depreciation have been adjusted in year 2015.

35.1.1 Gross Carrying Amounts

Cost	Balance	Prior Year	Restated Balance
	As at 31.12.2015	Adjustments	As at 31.12.2015
Freehold Assets	Rs.	Rs.	Rs.
Land Freehold	8,324,867,378	(346,750)	8,324,520,628
Land Leasehold	589,990,351		589,990,351
Infrastructure	5,347,435,498	(43,500,000)	5,303,935,498
Building - Freehold	9,765,531,157	(5,232,500)	9,760,298,657
Structures	38,146,967,263	(267,945,500)	37,879,021,763
Plant & eq: pumping treatment	23,788,294,540	(6,290)	23,788,288,249
Service meter	18,724,254	-	18,724,254
Bulk water meter	454,760,093	-	454,760,093
Transmission & Dist:	63,698,398,498	-	63,698,398,498
Mobile Eq:	374,570,868	(45,139)	374,525,729
Survey Eq:	25,412,931	-	25,412,931
Laboratory	498,235,285	(849,558)	497,385,727
Other Equipment	1,438,581,332	(281,646)	1,438,299,686
Furniture & fittings-computer	390,769,462	(714,433)	390,055,029
Computers & Peripherals	408,043,848	(1,328,926)	406,714,922
Motor vehicles cars	157,608,566	8,621,611	166,230,177
Van busses & jeeps	371,276,016	54,670,002	425,946,018
Lorries & trucks	1,404,858,756	77,700,970	1,482,559,727
Tractors & trailers	83,051,746	1,024,465	84,076,211
Water bowsers, Heavy veh:	905,242,049	(1,714,371)	903,527,677
Motor cycles	19,004,107	3,477,761	22,481,868
Three Wheelers	1,787,620	-	1,787,620
Lease hold Vehicles	28,975,000	-	28,975,000
Total Value of Depreciable Asset	156,242,386,618	(176,470,304)	156,065,916,314

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

35.1.2 Depreciation	Balance As at 31.12.2015 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2015 Rs.
Freehold Assets			
Land Freehold	-		-
Land Leasehold	-		-
Infrastructure	462,397,136	(7,549,200)	454,847,936
Building - Freehold Structures	954,587,326 2,851,654,410	(51,666) (35,308,810)	954,535,660 2,816,345,600
Plant & eq: pumping treatment	4,367,517,700	(47,202,059)	4,320,315,641
Service meter	2,527,821	-	2,527,821
Bulk water meter	97,063,120	-	97,063,120
Transmission & Dist:	4,928,273,611	-	4,928,273,611
Mobile Eq:	137,747,282	-	137,747,282
Survey Eq:	4,574,440	-	4,574,440
Laboratory	200,704,459	(485,591)	200,218,868
Other Equipment	521,549,659	(4,944,956)	516,604,703
Furniture & fittings-computer	188,233,944	(1,895,192)	186,338,752
Computers & Periparels	279,400,671	-	279,400,671
Motor vehicles cars	118,159,199	(955,429)	117,203,770
Van busses & jeeps	342,924,667	(1,765,100)	341,159,567
Lorries & trucks	339,008,784	3,992,598	343,001,382
Tractors & trailers	50,150,782	(522,381)	49,628,401
Water bowsers, Heavy veh:	190,036,214	(10,556,373)	179,479,841
Motor cycles	8,267,700	18,905	8,286,605
Three Wheelers	611,434	-	611,434
Lease hold Vehicles	21,904,640	-	21,904,640
Total Value of Depreciation	<u>16,067,294,999</u>	<u>(107,225,254)</u>	<u>15,960,069,746</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
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35.2 In addition to the prior year adjustments for Property Plant & Equipments, the following items also have been adjusted retrospectively.

	Balance As at 31.12.2015 Rs.	Prior Year Adjustments Rs.	Adjustment For 2015	Restated Balance As at 31.12.2015 Rs.
Capital Work In Progress (Note 17)				
Construction Work	144,446,281,802	(234,205,948)		144,212,075,854
Rehabilitation	<u>5,211,203,351</u>	<u>(10,325,403)</u>		<u>5,200,877,948</u>
	<u>149,657,485,153</u>	<u>(244,531,351)</u>		<u>149,412,953,802</u>
Inventories (Note 19)				
Stock in transit	557,590,430	2,438,174		560,028,604
Trade and other receivable (Note 20)				
Advances to Staff	33,203,391	(542,671)		32,660,720
Deposit and advance (Note 21)				
Mobilization and Other Advances	13,005,670,673	(6,838)		13,005,663,835
Cash and Cash Equivalents (Note 23)				
Cash In Bank	2,317,564,300	(733,339)		2,316,830,961
Capital grant (Note 28)				
Foreign Grants	165,066,132,305	(219,422,130)		164,846,710,175
Local Grants	<u>890,983,392</u>	<u>(813,209)</u>		<u>890,170,183</u>
	<u>165,957,115,697</u>	<u>(220,235,338)</u>		<u>165,736,880,359</u>
Trade and other payable (Note 31)				
VAT Payable	227,329,734	(10,425,797)		216,903,937
Audit fee-AGDSL from 2010 to 2014	<u>2,963,520</u>	<u>11,090,400</u>		<u>14,053,920</u>
	<u>-- 230,293,254</u>	<u>664,603</u>		<u>230,957,857</u>
Interest payable	-	1,129,932		1,129,932
Held to Maturity (Note 22)	5,194,262,510	6,251,776	764,743	5,201,279,029
Amortization of intangible assets (Note 10.2)	47,847,426		(31,898,284)	15,949,142

Non operating assets and liabilities

During the year long outstanding balances reconciliation programme was carried out, all non operating balances and some of long outstanding balances have been transferred to separate account to further reconciliation in future. Net effect of which have been adjusted to debtors to reflect the fair presentation and prior year has been adjusted with respect to non operating balances.

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NOTES TO THE FINANCIAL STATEMENTS

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36. As at 31.12.2016 board has committed following loans .

	Rs.
Local Bank Funded Project Loans	50,436,605,168
Foreign Funded Project Loans	<u>52,304,746,571</u>
Total	<u>102,741,351,739</u>