

Financial Performance of Commercial Public Enterprises - 2003

1 Name & Address of the Enterprise:

National Water Supply & Drainage Board
Galle Road,
Ratmalana.

2 Mission:

Serve the nation in provision of safe water and sanitation facilities, ensuring affordable prices and environmental quality.

3 Major Activities:

- 1) Planning Design and Construction of piped water supply in urban & rural areas and sewerage schemes for major cities using local funds and donor assistance.
- 2) Operation and maintenance of piped water supply and sewerage schemes with optimum efficiency.
- 3) Facilitation for local authorities to provide water supply & sanitation facilities to rural areas and assisting state agencies, industries and private/public sector institutions in water supply & sanitation activities.

4 Brief comments on financial performance

The profit situation turned out be a loss situation since 2002 and the accumulated loss as at 31st December 2003 was Rs.1,388mn.

Increase in the revenue in the year 2003 has been only 7.84% although there was an increase in tariff of 25% domestic and 20% on the commercial sector introduced with effect from June 2002.

Despite substantial increase in the gross margins due to the tariff increase the losses had been almost the same as 2002 due to heavy overheads.

Cost of employment had increased substantially with a implementation of a new salary revision with effect from 1 October 2003.

Number of employees have gone up despite the embargo on new recruitments.

The Board has made substantial investments amounting to Rs.761.7Mn without the required approval in terms of the Finance Act No. 38 of 1971.

The Board has now been identified as a Strategic Enterprise and brought under SEMA to improve the efficiency and effectiveness and financial viability of the Enterprise.

5 Performance Trend

ABSOLUTE VALUES		2000	2001	2002	2003	2004B	
1	Total Non-Current Assets (WDV) as at end of yr.	(Rs.' Mn)	31,646	35,588	40,696	54,864	55,567
2	Total Current Assets as at end of year	(Rs.' Mn)	6,163	6,801	9,190	9,503	9,835
3	Total Equity as at end of year	(Rs.' Mn)	27,561	31,572	37,261	50,469	50,044
4	Total Non-Current Liabilities as at end of year	(Rs.' Mn)	8,950	9,208	10,778	12,113	13,283
5	Total Current Liabilities as at end of year	(Rs.' Mn)	1,299	1,609	1,847	1,787	2,075
6	Total Revenue for the year	(Rs.' Mn)	3,438	4,010	4,604	4,864	5,719
7	Gross Profit for the year	(Rs.' Mn)	509	1,129	975	1,302	1,398
8	Net Profit bef. Tax for the year	(Rs.' Mn)	221	158	(139)	(134)	(566)
9	Financial Charges for the year	(Rs.' Mn)	501	481	461	550	589
10	Total Capital Expenditure for the year	(Rs.' Mn)	4,304	4,402	6,013	4,266	7,782
11	Total Cost of Employment for the year	(Rs.' Mn)	994	1,400	1,588	1,822	2,310
12	Total Number of Employees as at end of year	(Nos.)	7,749	8,023	8,104	8,188	7,700
RATIOS							
a)	Net Profit bef. Tax to total Equity	(%)	0.80%	0.50%	-0.37%	-0.27%	-1.13%
b)	Net Profit before tax & Fin. Charges to Tot. Assets	(%)	1.91%	1.51%	0.65%	0.65%	0.04%
c)	Total Cost of Employment per employee	(Rs.' 000)	128.30	174.44	195.95	222.52	300.00

CHECK the validity of the financial statements

1 Calculation of Equity

Total Non-Current Assets (WDV) as at end of yr.	(Rs.' 000)	31,646	35,588	40,696	54,864	55,567
Total Current Assets as at end of year	(Rs.' 000)	6,163	6,801	9,190	9,503	9,835
Total Assets	(Rs.' 000)	37,809	42,389	49,886	64,368	65,402
Total Non-Current Liabilities as at end of year	(Rs.' 000)	8,950	9,208	10,778	12,113	13,283
Total Current Liabilities as at end of year	(Rs.' 000)	1,299	1,609	1,847	1,787	2,075
Total Liabilities	(Rs.' 000)	10,248	10,817	12,625	13,899	15,358
Equity (Total Assets - Total Liabilities)	(Rs.' 000)	27,561	31,572	37,261	50,469	50,044
Equity as per line 7.3 of page 1	(Rs.' 000)	27,561	31,572	37,261	50,469	50,044
DIFERENCE	(Rs.' 000)	0	-	-	0	-

2 Current Assets to Current Liabilities

(Times)	4.75	4.23	4.98	5.32	4.74
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3 Total Revenue per Employee

(Rs.' 000)	0	0	1	1	1
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4 Total Assets per Employee

(Rs.' 000)	5	5	6	8	8
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5 Total Cost of Employment per Employee

(Rs.' 000)	0	0	0	0	0
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National Water Supply & Drainage Board

1 Releases of funds from the Treasury

The Treasury has not been releasing any money to the Board for its day to day operations.

2 Performance Trend

ABSOLUTE VALUES			2000	2001	2002	2003	2004B
1	Total Non-Current Assets (WDV) as at end of yr.	(Rs.'m)	31,646	35,376	40,696	54,864	55,567
2	Total Current Assets as at end of year	(Rs.'m)	6,163	6,807	9,190	9,503	9,835
3	Total Equity as at end of year	(Rs.'m)	27,561	513	37,261	50,468	50,044
4	Total Non-Current Liabilities as at end of year	(Rs.'m)	8,950	9,213	10,778	12,113	13,283
5	Total Current Liabilities as at end of year	(Rs.'m)	1,299	1,615	1,847	1,787	2,075
6	Total Revenue for the year	(Rs.'m)	3,438	4,009	4,604	4,864	5,719
7	Gross Profit for the year	(Rs.'m)	509	1,129	975	1,301	1,397
8	Net Profit bef. Tax for the year	(Rs.'m)	221	158	(139)	(134)	(566)
9	Financial Charges for the year	(Rs.'m)	501	481	461	549	589
10	Total Capital Expenditure for the year	(Rs.'m)	4,304	4,402	6,013	4,266	7,782
11	Total Cost of Employment for the year	(Rs.'m)	994	1,399	1,588	1,474	2,310
12	Total Number of Employees as at end of year	(Nos.)	7,749	8,023	8,104	8,188	7,700
RATIOS							
a)	Net Profit bef. Tax to total Equity	(%)	0.80%	30.80%	-0.37%	-0.27%	-1.13%
b)	Net Profit before tax & Fin. Charges to Tot. Assets	(%)	1.91%	1.51%	0.65%	0.64%	0.04%
c)	Total Cost of Employment per employee	(Rs.'m)	0.13	0.17	0.20	0.18	0.30

3 Brief comments

- ◆ The performance has been deteriorating since 2002 when the profits turned out to be losses.
- ◆ Despite the increase in tariff of 25% domestic and 20% commercial, introduced with effect from June 2002, and the gross margin increased from 25% to 31%. The losses continued almost at the same level, due to heavy increases in Administration Expenditure (40%)
- ◆ Accumulated losses as at 31st December 2003 was Rs 1,134mn.

- ◆ 2004 budget anticipates 43% increase in Administration expenses and 400% increase in losses.
- ◆ During the 1st half of the year 2004 the Board has incurred a loss of Rs 716Mn which is around 300% of the Budgeted loss mainly due to a substantial salary increase effected.

37,809

37,809

42,389

42,389

49,886

49,886

64,368

64,368

65,402

65,402

