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NATIONAL AUDIT OFFICE



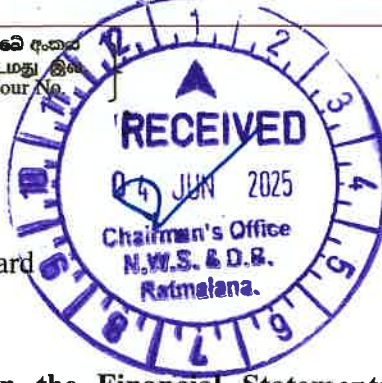
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எனது இல.
My No.

WAS/A/NWSDB/01/2024/02

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உமது இல.
Your No.

දිනය
திகதி
Date

30 May 2025



The Chairman,
National Water Supply & Drainage Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Water Supply and Drainage Board for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No 19 of 2018.

The above mentioned report is sent herewith.

G.H.D. Dharmapala
Auditor General (Actg)

②
Addl. GM (F)
2/4 PE
T. S. S. S. S. S.

Copies: 1. Secretary, Ministry of Urban Development, Construction and Housing

2. Secretary, Ministry of Finance, Planning and Economic Development

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FNA - G.M.
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30 May 2025

The Chairman

National Water Supply and Drainage Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Water Supply and Drainage Board for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No 19 of 2018.

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Water Supply and Drainage Board (NWSDB) ("Board") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income and the statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018 and Finance Act, No.38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



1.2 Basis for Qualified Opinion

1.2.1 Deviating from application of Sri Lanka Accounting Standards (LKAS/SLFRS)

- (a) Prior year adjustments had been done for the assets and depreciation in each and every year since year 2012 due to weakness in internal controls relating to the assets classification and identification of the grant. As a result the opening accumulated profits of the year 2023 and previous year profit had been changed by Rs. 3.576 million and by Rs.51.93 million respectively.
- (b) The fully depreciated fixed assets in relation to 16 categories, amounting to Rs.3,990 million were being continuously utilized by the Board, had not been reviewed annually to revise the estimated useful lifetime as per the paragraph 51 of the Sri Lanka Accounting Standard LKAS 16.
- (c) Contrary to the provisions in the Sri Lanka Accounting Standard LKAS 20, foreign grant balances aggregating to Rs.7,004 million in respect of 26 Projects and Rs.334.53 million relating to one project had remained without being amortized over 16 years and 13 years respectively in the financial statements as at 31 December 2024.
- (d) Government grant, foreign grant and local grant received for projects amounting to Rs.29,487.70 million had remained over four years without being amortized and Impact on non-amortization to the financial statements could not be ascertained in audit, since no details were submitted to the audit.
- (e) Leased hold assets valued at Rs.669.74 million had been disclosed as lease hold land under the free hold lands in notes to the financial statements without being disclosed as right of use assets as per the requirement of the para 51 of the SLFRS 16 -Leases. Further, the Board had not charge the depreciation for right to use assets during the lease period and impact on depreciation as at 31 December 2024 was unable to asses due to lack of evidence regarding the assets.

- (f) The Board had not disclosed the details of comparison of income tax expense (income) of the current year with the previous year as per the requirement of the paragraph 79,80,81 of LKAS 12.
- (g) Transactions on assets recognized and derecognized, trade and other payables, inventories and capital grants amount of Rs.216,708,371, Rs.5,561,212, Rs.67,219 and Rs.630,078 respectively had been recognized to the accumulated profit in equity statements instead of restating the income statements of the year 2023.

1.2.2 Accounting Deficiencies

- (a) As per the note No. 3.2.2 of accounting policies submitted with the financial statements, the balance of inventory at the end of the year under review is to be valued at weighted average cost method. However, audit test check revealed that the inventory balance taken from the management information system had not complied with the weighted average cost method due to abnormal price deviations between stock receiving and issuing. An amount of Rs. 171.99 million of abnormal price deviations had been deducted from the stock value as stock adjustments during the year under review. Therefore, the accuracy of balance of inventories in the financial statements could not be verified in audit.
- (b) As compared with the confirmations received from banks directly to the auditor in respect of accrued interest, an under provision of Rs.694 million had been made in financial statement in respect of one foreign funded project. Therefore, the work in progress balance had been overstated by similar amount. In addition to that, Board had made under provision of Rs.166 million in its financial statements for the accrued interest due to difference of balances confirmed by the Bank to the auditor and the Board.
- (c) As per the information received, the cost of eighty nine completed and commissioned Projects (construction and Rehabilitation) amounting to Rs.20,790 million had remained in the work-in- progress as at 31 December 2024 without being capitalized. Therefore property, plant and equipment and depreciation relevant for the year had been understated.

- (d) Fixed assets in thirty cost centers with an aggregate value of Rs.929.54 million could not be verified and physically not existed. An amount of Rs.291.87 million valued assets in Regional Support Centers could not be clearly identified as per the verification records submitted to the audit. However, provision of Rs.89 million had been made for depreciation during the year under review without taking actions as per the provisions in the financial regulations 102 to 105. Further no impairment provisions had been made in the financial statements for these non-existence assets.
- (e) Assets and liabilities amounting to Rs.149.75 million and Rs.51 million respectively are remaining since long period as non-operating assets and non-operating liabilities in the financial statements without being identifying reasons for existence. Further, an unidentified prior year balance of Rs.235 million, stock balance of Rs.22 million, bank balances of Rs.8 million and advances amount of Rs.15 million given to line ministry were included in the above mentioned balance as non-operating assets.
- (f) One building, one cab, five lands and one leased land had not been accounted and included in the fixed asset register by assessing the value of those assets.
- (g) Assets value of the Board had been understated by Rs.86.16 million due to inability to verify the existence of some lands in the annual verification. Further, difference of 521 land lots were identified between the lands recorded in asset register and land register maintained by the land section.
- (h) The amount of Rs.170.45 million valued assets was duplicated and depreciation charge during the year related to those assets was amount of Rs.4.51 million. Therefore, assets value of the Board was overstated by Rs.165.93 million and profit of the year had been understated by Rs.4.51 million.
- (i) An aggregate amount of Rs.192.18 million of Free Hold Buildings, Structures, Infrastructure, Computer & Other Equipment, Survey equipment, Mobile Equipment were not working and unserviceable. However, no impairment provision had been made in financial statements for written down value of Rs.85.08 million in relation to those assets.

- (j) Regional Service Center-Central(RSC) had not been taken action to settle land advance amount of Rs.76 million paid to Divisional Secretary even though the advances given before 5 years. RSC had not presented the information request for the audit for value of Rs.72.27 million. Assets value had been understated by Rs.3.8 million due to non-transferring of advances given for completed Projects. Further, amount of Rs. 41.15 million advances given to Divisional Secretariat had been recorded as advances given to contractor under ledger code 246 and is being remained more than 10 years without being cleared. An amount of Rs.6.9 million out of them had been remained in contractors' advance account without being capitalized.
- (k) An amount equivalent to Rs.347 million incurred as default interest due to delay in repayment of installment and interest in respect of loan obtained for four Water Supply Projects had not been accounted. Therefore, work in progress for the year under review had been understated by same amount.
- (l) Amount of Rs.290 million of trade debtors and amount of Rs.4,779 million in the debtors control account had not been considered in computation of impairment. Therefore, the accuracy of impairment can not be ascertained.
- (m) Fixed rate had been used instead of expected credit loss method to compute the impairment of sewerage and other debtors contrary to the accounting policy. According to the auditor's computation, provision for impairment of sewerage and other debtors had been understated approximately by Rs. 67.46 million.
- (n) No impairment test had been carried out to identify the impairment impact on balances aggregating to Rs.198.72 million in respect of five (05) Projects which were included in work-in-progress balance over fourteen years without any movement.
- (o) An aggregated receipt of Rs.8.47 million from interest income on investment, employee contribution for sinking fund and salary contribution to CSR fund respectively had been erroneously presented as income from Main Operations. Therefore, profit for the year under review had been overstated by that amount.

- (p) Consultancy fee received amounting to Rs.379.6 million from different projects before four years ago had been recognized as consultancy fee payable and it had not been settled or recognized as income as at 31 December 2024.
- (q) The revalued amount of Rs.5.8 million in relation to the shares invested in HDFC had been presented as short term investment in the financial position as at 31 December 2024 even the nature of the investment is long term. Therefore, current assets had been overstated by similar amount. Further, the existence of the amount of Rs.434,368 invested as HDFC investment for staff loans was unable to verify due to non availability of information. However, confirmation from Central Depository system was not received and only confirmation from company secretary was received to confirm the balance available as at 31 December 2024.
- (r) Unreconciled inter-regional current account balance amount of Rs. 35.23 million included in trade and receivable without being settled. Therefore, trade and receivable balance was overstated by same amount.
- (s) Evidences were not received for the amount of Rs.20.71 million shown as UDA project- ADB loan. Therefore, we were unable to verify the existence of this loan.
- (t) Sub loan amount of Rs.11,011.54 million obtained from the Government under loan No.3348 for Greater Colombo Waste Water Management Project had not been properly classified for users understanding as sub loan. Difference of Rs.6,568 million was observed between the balances shown in the financial statements of the Board and the balances shown in the island accounts regarding this loan. Further, loan obtained for Jaffna Killinochchi water supply Project amounting to Rs.5,626 million (loan no.3603 and 3604) had also categorized as treasury settled equity convertible loans instead of recording as sub loan even there is a sub loan agreement
- (u) The amount of Rs.26,511 million of General treasury borrowings for the water supply projects had been recorded as loan payables under the heading of treasury

settled equity convertible loans. Therefore, loan balance had been overstated by Rs.26,511 million.

- (v) Cash and cash equivalents balance had been overstated by Rs.2,352 million due to non-recording transactions made by Project on cash imprest given by the head office .
- (w) Work in progress balance and profit of the year had been overstated by Rs. 63.13 million due to that capitalizing the interest paid relevant to the completed project of GCWWMIP(Project 1) instead of charging to the income statement.
- (x) Even though the Board should made provisions for indemnity payable of Rs.1,208 million in relation to the Mathara Stage IV Project as per the requirement of the paragraph 4.15 of the conceptual framework, only disclosure had been made in the Note No.36 as contingency liability. Therefore, profit had been overstated by same amount.
- (y) Actuarial valuation loss of Rs.498.47 million in relation to the year 2023 had been adjusted in the current year comprehensive income statement. Therefore, comprehensive income for the year under review had been understated by same amount. Further, comprehensive income and receivable balance had been overstated by Rs.16.5 million due to non-consideration of gratuity paid amount in actuarial valuation.

1.2.3 Un-Reconciled Balances

- (a) An un-reconciled difference of Rs.4,648.88 million was observed between the debtor balances shown in the financial statements and Commercial operations management system. Further, amount of Rs. 4,779 million in debtors collection control account had remained without being cleared as at 31 December 2024.
- (b) An un-reconciled difference of Rs.1,264 million was observed between the value of metered sales, bulk sales, bowser supply and income from main operation shown in the VAT returns and the financial statements.

- (c) The difference Rs.385 million was observed in foreign capital grants of one foreign funded project when compared the balances shown in the financial statements of the board with the individual financial statements of the respective projects.
- (d) The difference aggregating to Rs.658 million was observed between the work- in-progress balance shown in the financial statements of the Board and the corresponding balances shown in the individual financial statements of three Foreign Funded Projects.
- (e) The difference of Rs.15,192 million was observed between the balance shown in the financial statements of the Board and the balance shown in the financial statements of the General Treasury in relation to the Capital Contribution.

1.2.4 Lack of Evidence for Audit

The evidences indicated against each item shown below had not been furnished to audit.

	Item	Amount Rs. Million	Evidences not Made Available
(a)	Other Debtors	77,995	Detailed schedules (217 and 219)
(b)	Withholding tax – 2024	30,272	Withholding tax Certificates
(c)	Rehabilitation Tax	1.75	Detailed Tax Computation, Schedules
(d)	Treasury Grant(363)	146,651	Details relevant to each Project
(e)	Capital Grants-Local Authorities (364)	1,409.92	Details relevant to each Project
(f)	Foreign Capital Grants (365)	8,611.82	Details relevant to each Project
(g)	Bank balances(52 bank accounts)	925	Bank confirmations for each balance.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's

Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Board's 2024 Annual Report

The other information comprises the information included in the Board's 2024 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work I have performed on the other information (draft annual report) that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of the other information; I am required to report that fact. As described below, I have concluded that there are such material misstatements of the other information exists.

- (a) The board had not disclosed comprehensive information in Statement of Economic Value Added as per the paragraph 1(e) of the annexure III of the Guidelines on Corporate Governance for State Owned Enterprises issued by the Department of Public Enterprises.
- (b) Board's previously loss-making income became profitable due to significant increase in water tariff in the year 2022 and 2023 and ninety-five percent of the board's total income represents from water sales. However, draft annual report mentioned that the achievement of a substantial Economic value addition in 2024 reflects the NWSDB's commitment to financial discipline, strategic investments, and sustainable operations.

- (c) In page no. 08 of the draft annual report stated that there are executive and non-executive directors as per the Board act even only non-executive directors should be there as per the Board act. However, no any details available about the identification of position of the directors in draft annual report.
- (d) The Board had disclosed its annual reports the Non-revenue water rate as 24.8, 25.32, 25.24 and 25.82 for the years 2024, 2023, 2022 and 2021 respectively. However, computation made by the auditor using production details given by the Board, Non-revenue water rate is 27, 28.25, 27.25 and 28.33 in the year 2024, 2023, 2022 and 2021 respectively. Therefore considerable gap was observed between the information provided to users and decision making purposes. The Board is able to save Rs.790 million if reduction of one percent of none revenue water.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit

evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 Except for the effect of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year final report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for paragraph 1.2.1(a), 1.2.1(b), 1.2.1(c), 1.2.1(d), 1.2.1 (e), 1.2.2(a), 1.2.2(c), 1.2.2(d), 1.2.2(e), 1.2.2(f), 1.2.2(i), 1.2.2(k), 1.2.2(l), 1.2.2(m), 1.2.2(n), 1.2.2(r), 1.2.2(y), 1.2.3(a), 1.2.3(c), 1.2.3(d), 1.2.3(e), 1.2.3(f).

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018 except for,

(a) The General Manager of the Board had been given approval to utilize head office premises to production of the teledrama without entering into an agreement at the request of the Vice Chairman and without any charge. Further, it was observed that he had act in that teledrama: Vice Chairman had not disclosed to the Board of Directors, the indirect interest regarding this contract as per the requirements of the Section 05 (04) of the National Water Supply & Drainage Board Law No.02 of 1974.

2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

	Reference	to	Description
	Laws/Direction		
(a)	Section 20 of Inland Revenue Act 24 of 2017		The board had computed income tax expenses based on the profit/loss of the year 2023/2024 instead of the profit of the assessment year 2024/2025.
(b)	Sec/2023/E/02m dated 06 April 2023 IRD circular		The board had not taken in to account of the transport, residence provided, loan concessionary rates, when calculating tax liable employment income and computing the APIT Tax for the years of 2023 and 2024. Therefore, tax liability relevant for these allowances had not been paid to the Department of Inland Revenue.

(c) Financial Regulations of
Democratic Socialist
Republic of Sri Lanka

(i) FR 104

No any action had been taken in accordance with financial regulations regarding the following losses as at 31 December 2024.

(i) Loss of Rs.3.9 million had been occurred due to billing the two connections under the incorrect code during December 2014 to September 2024 for supplying water to the Export processing Zone of Mirrijawila.

(ii) Loss of Rs.5.8 million had been occurred due to providing security service for the personal premises of the former chairman only with the approval of General Manager during August 2021 to May 2024 in contrary to circulars of the Government.

(iii) The Board had not been reported the estimated loss of Rs.13 million on vehicle accident to the Chief accounting officer, Public finance General Treasury as at 31 December 2023 even the accident was occurred in 12 April 2023 to vehicle allocated for the General Manager.

(ii) FR 571

Refundable tender deposits amounting to Rs.195.08 million had remained over two years without being released to relevant parties or credited to the income.

(d) Operational Manual for
State Owned Enterprises
of Department of Public
Enterprises dated 16
November 2021

(i) Paragraph 3.2(i) Approval for the Scheme of Recruitment and
Promotion Procedure of the Board had not been
obtained from the Department of Management
Services even by the end of April 2025.

(ii) Paragraph 3.4 The succession plan had not been developed by the
Board.

(iii) Paragraph 3.5 (i) The Board had not reimbursed the Rs.280.89
million from Line Ministry for the employees
released from December 2015 to 31 December
2024 contrary to the circular requirement.
Accordingly, the Board had released two
employees to the Line Ministry contrary to the
provisions in the operational manual as at 31
December 2024.

(ii) The amount of Rs.5.5 million had been paid as
salaries for the employee released to President
office from 2020 to 31 December 2024 without
being recovered. Further, two employees had
been released to Prime Ministers' office
without paying the salary since 22 July 2022
and 06 July 2023.

(iv) Paragraph 5.1 Sum of Rs.286.76 million had been paid as
productivity incentive in addition to the amount of
Rs.444.60 million paid as monthly productivity
allowance before the distribution of levis and

Profit to the Consolidated Fund.

Further, amount of Rs.149.03 million had been paid as bonus for the year 2024 as per the circular No.PED/03/2024 of Public Enterprise Department without paying levis to consolidated funds.

(v) Paragraph 6.2

Even though the Investment committee established in the year 2024, it had not been actively performed when making investment decision during the year under review.

(vi) Paragraph 6.8

Six vehicles valued at Rs.66.47 million released to the line ministry and one vehicle valued at Rs.39.26 million utilized by the coordinating secretary of the Minister of Health Ministry since 20 January 2023 had been handed over to the Board in September 2024. One vehicle is being used by the Line ministry contrary to the circular requirement as at 31 December 2024.

(e) Guidelines on Corporate Governance for state owned enterprises on 16 November 2021

(i) Paragraph 2.3

Strategic plan (Corporate plan) for the period of 2025-2029 had not been submitted to the Director General of Department of Public Enterprises up to April 2025.

(ii) Paragraph 4.3

Risk committee established as per the guideline had not been functioned during the year under review.

(f) Public Enterprise
Department Circular

- (i) Paragraph 1.2 of the
circular No. PED
01/2020 of 27
January 2020

Contrary to the provisions of the circular, Three vehicles by Chairman and two vehicles by Vice chairman had been utilized from the year 2022 September 2024 including or assigned vehicle.

The vehicle utilized by the Chairman had not been entered in to the Board premises as per the running charts during the year 2024 and no evidences received to verify the utilization of other vehicle, even documents stated that vehicle was procured for Chairman's usage.

- (ii) Circular No
PED/1/2025 of 25
May 2015.
Paragraph 3.2.1

Chairman and Vice Chairman of the Board utilized the unlimited fuel with the approval of the Minister instead of 145 liters per month contrary to the circular and without having approval from the Secretary to the General Treasury since January 2021 for the excess 9,652.92 liters used by the chairman and 11,853.25 liters used by the Vice chairman during the period January 2022 to August 2024.

Further, a vehicle assigned to Vice chairman had been used by the external party in the year 2022 and 2023 without informing to the General Manager and the Governing body. Vehicle had been run 13,698 kilometers during that period.

Paragraph 3.2.2

- (i) Approval had not been obtained from the Board of Directors as per the requirement of the circular for the excess use of fuel 23,313 liters valued at Rs.7.45 million by the Additional General Managers and the Deputy General Managers of the Board during the period January 2022 to July 2023 and No reimbursement had been made for the expense incurred for the excess usage up to April 2025.
 - (ii) The Board had given approval to use the Board vehicles to Additional GM, Deputy GM and Assistant GMs after the office time and holidays for personal use at concessionary rates since the year 1990 without obtaining special approval from the General Treasury. Concessionary rates had been given from Rs. 2 to Rs.15 per kilometer without a limit. Therefore, the Board had misused the Boards' fund of Rs.3.93 million spent for 12,010 fuel liters utilized for personal use of 13 employees during the period of January 2022 to July 2023. No reimbursement had been made for the expense incurred for the excess usage up to April 2025.
- (g) Department of Management Services Circular No.49 dated 24 December 2012 and cabinet decision dated 11 January 2012. Since year 2012, the Board had paid remuneration based on the Cabinet approval without entering into a collective agreements with employees.

- (h) Paragraph 1.4 of The first water bill should be issued to the Commercial Guideline consumer within 30 days of the date of new connection. However, delay of over 180 days was observed in delivering of first bill in 230 occasions as at 31 December 2024.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for;

- (a) Considerable delay was observed in returning the rejected the lime chemical quantity of 589 Tons received up to 14 December 2024 as at 30 April 2025. Contractor had not provide the details such as name of the Board, contact no, description of goods, Country of the manufacturer of the goods, suppliers name, name of the manufacturer, purchase list reference no. and date of manufacture and expiry on package as per the requirement of the paragraph 9.3 of the General condition 09 of the contract number Sup & mm/CHEU/HL-05/2022/18. Therefore, it was unable to identify the period of expiry of that chemical stocks.
- (b) Investigation had been carried out in relation to the procurement of four pumps valued at Rs.45.93 million for Kadduwa pump house under contract number P&C/M&E/Kadduwa/2016/04 and recommended to recover the cost of Rs.4.9 million incurred by the Board against the retention money of Rs.2.5million. However, performance bond had been expired and no any actions had been taken up to April 2025 to recover the balance amount of Rs.2.3 million.
- (c) Completed assets value of Rs.981.93 million relevant to the Greater Colombo water and waste Water Management Improvement Investment programme Project 01, 02 and 03 had been taken over by the same person (DGM-WC)

who was handed over the assets as Project Director during the year under review. Chief accountant or cost accountant had not been signed or sealed the assets handed over form for amount of Rs.444.46 million. Therefore, there may be conflict of interest when handing over the assets of that Project.

- (d) Four vehicles procured by the Project valued at Rs.65.78 million and one vehicle rented out by the Project even after the completion of the Hemmathagama integrated water supply Project had been used out of the Project objectives. However, Minister of Finance, Economic stabilization and National policy had been given approval to import those vehicles for only sole use of project purpose even temporarily suspended the vehicle import from 2023. Further, contrary to the sub condition 4.5.4 of the contract agreement. Project had imported used/ reconditioned vehicles from Thailand instead of Brand new condition from Japan.

Descriptive vehicle running charts had not been presented at the time of certified the rental payment of the rented vehicle. Therefore, it could not be verified that the vehicle had been used for the Project objectives. However Sabaragamuwa Regional Support Center had been rented out another vehicle for Rs.332,000 monthly rental for maintenance activities after the handing over the Project instead of using vehicle procured for the Project and Therefore, cost of Rs.4.99 million incurred for that vehicle were uneconomical.

- (e) The amount of Rs.13.5 million rental had been paid without obtaining the running charts for the period of 15 March 2021 to 15 March 2024 for the SUV vehicle rented out for of Kandy North- Pathadumbara Integrated water supply Project and that vehicle had been used by the Chairman of the Board even he has assigned vehicles. A Motor car had been rented out at Rs.110,000 per month for the usage of the consultants of the Minister of the line ministry at the request of personal secretary of the Minister and other Cab had been used for the operations of the Regional support center and no evidence was available to verify that it had used for the Project activities. Accordingly, the

amount of Rs.17.82 million spent for those vehicles were uneconomical transaction to the Project.

- (f) Objective of the construction of Sea water osmosis plant and production of drinking water had been implemented out of the 4 objectives of the Electricity supply reliability improvement Project. Project was initiated to implement with value of Rs.288 million for three islands in the Jaffna peninsula in 2016. However, only produce 85m³ out of the 150m³ corporeity . Accordingly ultimate objective of the Project had not been achieved. Non-working of one part of the plant due to improper maintenance and the service was the main reason for underutilization of the plant capacity.
- (g) Only 50 per cent of the full capacity of the treatment plant which was implemented from the year 2020 under the Kandy urban sewerage management system with the expectation of the treating waste water 14000m³ per day was utilized as at 31 December 2024. Even though the Property connections of 9,276 should be given at the end of the year 2017, only 4,000 connections had been given as at 31 December 2024 under the package 3 of the Project. Objectives of the Treatment of Waste water collection of urban areas, improvement of sanitation in urbanized areas through developing suitable methodology to dispose waste water and cleaning Kandy Lake, Meda Ela and Mahaweli River were unable to achieve due to improper implementation of the package 3. Therefore, Public has to face sanitation and environmental issues up to April 2025.
- (h) Implementation of the Anamaduwa Water Supply Project was delayed for twenty months from the signing date of May 2015 due to improper management of the controllable issues raised. Four extensions had been given after the initial completion date of February 2020. Approval for the designs of the Treatment plant given on December 2017 by the contractor had been approved with twenty one month delay on September 2021. The employer had terminated the Project on 26 May 2023 after spent Rs. 5,699 million and no connections had been given out of the planned 16,350 connections.

- (i) With respect to thirteen foreign funded projects and four local banks' funded projects, a considerable delay ranging from 200 days to 2,695 days was observed due to poor performance of the contractors, delay in land clearance, environmental and resettlement issues, delay in contract awarding, Covid 19, economic crisis etc. even after granting extensions ranging from 01 to 11 occasions. When considering the information received from the water supply project section regarding the ongoing project progress, differences were observed between the information submitted to the audit in the current year and the previous year for the same projects. Expected physical progress was not achieved for the 12 projects out of main 22 implementing projects. Further, only Rs.26,648 million or 29.28 per cent out of the allocated amount of Rs.90,989 million had been utilized during the year under review.
- (j) Contractor of the Kandy City Waste water Management Project had been requested claim of Rs.5,048 million for the package 2 – Design and construction of sewer network contract. Project formulation/Managerial and Administrative support committee under decision of Dispute Adjudication Board had been suggest for the payment of Rs.1,745.20 million for this claim. However claimable amount had been suggested by Engineer representative of the Project and project Management unit as Rs. 89.36 million and 791.12 million respectively in different occasions. Further, Project Director had changed the value to Rs.957.50 million when submitting it for General Manager Approval. Board of Directors, Officers of the Board and contractor had been come to amicable settlement as value of Rs.1,304.67 million based on recommendation of the Project Director who disregarded the value engineering amount of Rs.347.19 million as deductible amount. Amount of Rs. 339 million for time extension of COVID 19 period were included in this final payment even the Attorney General's opinion was that the contractor is unable to claim for time extension on Covid 19 . Further, Board of directors had approved this payment on the same day which the decision has come under the amicable settlement without considering the saving due to value Engineering. However, details of calculation relating to this payment had not been submitted to the external auditor to check the accuracy and it had not been considered work programme and critical path of the project when making

decision about the cost of the time extensions. However this issue had not been settled even 12 months spent.

- (k) Even though the distribution of Portable air compressor valued of Rs. 17.9 Million for the Ground Water Section under with all spare parts should be done on April 2022 as per the contract condition, approval had been given by the management for 10 weeks extension due to import restrictions and financial issue. However compressor had been supplied on 09 June 2022 without the spare parts, Diesel tank, tailor and air hoses. However, supplying the compressor without having tailor had been approved by the procurement committee on 22 December 2022 considering the request of the Contractor. However, Board was unable to utilized compressor at the end of the year under review even two and half years spent after receiving due to delay in supplying the fuel tank and non-supplying the tailor.
- (l) Implementation of the Giridara Water Supply Project was delayed 408 days up to 15 February 2019 from the date of contract agreement signed due to improper management of the controllable issues raised. Contractor had terminated the project on 13 June 2024 at the time of physical progress was 54.3 percent even 07 extensions had been given after the completion date of 15 February 2020. Board had failed to recover the balance of contract advance Rs.35,614,839 as at date of April 2025 even the 10 months has been spent from the termination.
- (m) Contract offered under contract no PR/RSC/ (NC)/ D&B/ Medirigiriya/2016/ 300 with the expectation of completion on 18 November 2019 had not been completed as at 15 July 2024 with slow progress of 13.19 even 4 years and 6 months spent from the completion date. Amount of Rs.118,375,902 is still remain without being recovered from the advance amount of Rs.185,302,630 given on 01 August 2018 due to slow progress. However, the Board had not claimed liquidity damage amount of Rs.123 million as per the contract condition no. 8.7 and the offer letter from the contractor.

- (n) Even though the Ministry Procurement committee had highlighted that the contract should not be offered to the contractors who has poor performance, the Board had offered three contracts valued at Rs.1,340 million to one contractor who had performed three contracts poorly. Further, Ministry Procurement committee had stated that payment of the contract should be paid through the Escrow accounts due to previous poor performance of the contractor. However, payment had not been made through the Escrow account as per the requirement. Even though the three contracts should be completed when August 2022, it had been continued with low progress of percentage 4.6, 6 and 1.02 as at 31 July 2024. No any actions had been taken to recover the liquidity damage charge of Rs.117 million as per the contract condition 8.7 for three contracts. Further aggregate amount of Rs.155.94 million out of amount of Rs.185.61 million advances given in July 2022 had not been recovered up to April 2025.
- (o) The board had cancelled the two bids called to procure lime chemical by stating that the Board had available adequate stock for another two months and Letter of Credit had been opened for 7.5 months requirement even the recommendation of the procurement committee received to reduce the bid price after discussion with the selected contractor due to bid prices higher than the estimated prices. However Board had called another bid within 1.5 months after the cancellation. Therefore, assessment of the material requirements was not properly done. Further, considerable price variances were observed between the engineering estimate and the bid received and also between the prices of the lowest bidder and highest bidders in relation to the most of the contracts of hydrated limes. Deviations were observed in lab reports generated from Ambathale and Central labs in testing the chemical and some rejected samples in one lab had been accepted by other lab. Therefore, it was unable to procure that material economically in some occasions.

2.3 Other Matters

(a) In line with the Sustainable Development Goal (SDG) no. 6 the Board had been developed the corporate plan to achieve the 100 per cent pipe borne water coverage by 2025. Towards the achievement of this goal, the board had been recognized 08 targets and 08 indicators. Out of these targets the board had expected to increase household pipe water coverage by 139,174, to reduce the non-revenue water up to 24.82 and to increase the usage of renewable energy up to 1.78 percent at the end of the year under review. However, only 104,383 water connections, 27 per cent of Non-revenue water and 1.14 per cent of usage of renewable energy had been achieved as at 31 December 2024.

(b) Trade debtors, new connection debtors, sewerage debtors and other debtors aggregating to Rs.4,409 million had remained over one year without being recovered. Further, amount of Rs.440 million is remaining without being recovered from School category out of them. Disconnected Trade debtors aggregating to Rs.1,995 million out of total outstanding had remained over one year without being recovered. The board had not taken action against debtor amount of Rs.922 million out of disconnected debtors as per the requirements of Board circular no.12/2015 even the 3 months had been lapsed from the disconnection.

Even though new connection debtors are to be recovered from 3 installments, Rs.27.84 million had remained more than one year without being recovered. A sum of Rs.1.8 million in respect of 06 water connections given to parliament members government quarters had remained long outstanding without being recovered as at the end of the year under review out of the above balance.

(c) Loans and advances given to former employees –non active amounting to Rs.16.9 million had remained in accounts for more than 13 years without taking proper actions to recover as at 31 December 2024. However, more than 90 percent of the above employees who have obtained loans and advances had been given retirement without recovering the due amounts.

- (d) Sum of Rs.364.71 million out of Rs. 1,710 million of contract advances given under ledger code no. 246/0 is remained more than three years without being settled. No any evidences submitted for audit about the six legal cases filed for Rs.9.8 million worth advances to identify the recoverability of those advances. Further amount of Rs.31 million advances given to four contractors cannot be recovered due to non-availability of performance bonds and no any action had been taken by the Board to settle those outstanding.
- (e) Refundable Short term deposits aggregating to Rs. 75 million deposited in external institutions had remained outstanding over three years without being recovered and amount of Rs.11,95 million out of them cannot be recovered due to non-availability of relevant document. Further, an advance given to line ministry amounting to Rs.4.37 million had remained outstanding over eleven years without being recovered. However, the recoverability of this advance is in doubt since it had not been shown in the statement of liabilities of the Line Ministry for the year under review.
- (f) Local purchase amount of Rs.1,520.67 million had remained over three months without being cleared and amount of Rs.2,760.51 million in imported stock in transit account had remained over two years without being cleared.
- (g) The Board had entered into agreement (statement of corporate intent) with the General treasury and Line ministry by setting mechanism for enhancing the operational, financial and service delivery performance of the board within the agreed period of the year 2024 to 2026. Accordingly, board had achieved only 118,274 new connections or 78 per cent from the target of 151,274 connections. Expected piped water supply coverage had been increased to 49.7 during the year under review as compared to the target of 50.2 per cent. Revenue from water sales had been increased by 34.7 per cent when target of the year 2026 is 39.4 mainly due to increase the water tariff by 100 per cent as compared to the year 2022. Revenue from water reclamation was Rs.1,145 million as compared to the target of Rs.1,288 million.
- Further, Board had achieved only 2,266 Mwh or 79 per cent from expected target of energy saving of 2,866 Mwh. Rs.61.9 million costs saving out of target cost saving of Rs.77.45 million was achieved during the year under review. However


energy savings had been reduced by 157 Mwh than base year data mentioned in the agreement.

Non-revenue water target achievement was 27 per cent against target 24.2 per cent. Achievement of bacteriological quality of water was 99.81 against the target of 100 per cent.

- (h) Obsolete, and unserviceable stocks amount of Rs.17 million and Rs.174 million respectively had remained in the accounts without being taken necessary actions to dispose as at 31 December 2024 and Age analysis had not been provided by the Board to identify the stock lagging period.
- (i) 196 of vehicles which were disposed by the Board are still registered in Department of Motor Traffic under the name of the Board and 23 vehicles registered cannot be identified. Further 28 vehicles which were not physically available are still in the ledger accounts.
- (j) The Board had not taken necessary actions to clear the stock shortage amount of Rs.54.54 million which is remain more than three years.
- (k) Inventory levels had not been established by the Board for consumables such as hydrated lime, Aluminium sulphate, bleaching powder, chlorine, poly aluminium chloride. Limitations of the MIS system is also been impacted when assessing the requirements of the consumables. Therefore, some occasion's material requirements had been assess incorrectly in decision making. Creating inventory codes had been done without proper procedure and therefore, more item codes were created for same items and it was adversely affected when ordering items.
- (l) Considerable delay was observed in implementing the recommendation in relation to two preliminary investigation report and providing information requested for the audit purpose contrary to the 7.1(a) of the National Audit Act.

- (m) Qualification in relation to the experience of the post of Additional General Manager (HR) had been amended twice in improper way within three months by reducing the experiences. Amendment made in June 2024 had been done at the request of chairman of the board without approval of the Board of Directors and requisition from human resource division.
- (n) The Board had allocated its employee for CEWAS training center by establishing new positions without obtaining the approval of the Management Services Department. Further, approval for the three positions (Sanitary assistant, blacksmith, plant technician trainee) for 11 employees had not been obtained from the Department of Management Service.
- (o) The Board had not comply with the requirements of the transfer policy established under the circular No.P0 2/2011 dated 18 February 2011 issued by the General Manager as per the observed in sample audit. Further, human resource division had not maintained proper data base for each and every employee.
- (p) According to the information submitted, there were 2,718 shortages of employees and 25 excess of employees in some positions as at 31 December 2024. However, Board had not reviewed the carder requirement need to meet the manpower of the Board. Further service of 2,543 employees had been obtained through the contract agreement with the LRDC at the end of the year under review.
- (q) Legal action had not been taken for the employee who had vacated on 24 January 2023 and breached the conditions of the contract entered in to study in foreign. Therefore, amount of Rs.10.58 million is unrecoverable as at 30 April 2025.

- (r) The board had assigned 08 employees for the vice chairman's office exceeding the approved carder of 04 employees and paid overtime also for excess employees. Therefore, human resource was not utilized effectively. Overtime had been paid for drivers exceeding the salary amount contrary to the para 2.2 of the National Budget circular number 01/2024 issued by the Secretary to the general Treasury. Further, additional personal secretary had been recruited even there was a personal secretary of the board with the approval of General Manager and paid Rs.1.14 million for her uneconomically.


G.H.D. Dharmapala
Auditor General (Actg)

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NATIONAL WATER SUPPLY AND DRAINAGE BOARD



**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2024**

AKNOWLEDGEMENT

The National Water Supply and Drainage Board established under the Act no 02 of 1974, Nationally assembled in Sri Lanka in January 1975.

The Financial Statements of the National Water Supply and Drainage Board are prepared under the sub section 77 and 78 of Part five of the Act no 02 of 1974.

The Board Act directs to apply the provisions of the Finance Act No 38 of 1971, Part three of Financial year of the Government and Public Institutions, where it states that the financial year of the Government and of every public institution shall be the period of twelve months commencing on the first day of January of each year.

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National Water Supply & Drainage Board

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2024

	Note	Budget 2024 Rs.	Actual 2024 Rs.	Restated 2023 Rs.
Revenue (Net of VAT)	7	82,441,982,000	84,026,528,363	61,852,288,555
Cost of Sales	8	(43,047,683,416)	(37,225,809,869)	(36,634,441,955)
Gross Profit		39,394,298,584	46,800,718,494	25,217,846,600
Other Operating Income and Gains	9	2,954,963,000	1,994,122,352	4,284,862,995
Administrative Expenses	10	(15,088,152,584)	(12,976,850,604)	(11,102,420,001)
Other Operating Expenses	11	(650,000,000)	(1,767,614,817)	(1,338,398,898)
Operating Profit / (Loss)		26,611,109,000	34,050,375,426	17,061,890,697
Finance Income	12	1,200,000,000	2,273,301,157	3,121,158,211
Finance Cost	13	(8,000,000,000)	(12,378,826,389)	(14,948,454,251)
Profit / (Loss) Before Tax		19,811,109,000	23,944,850,194	5,234,594,656
Income Tax	14	-	-	-
Profit / (Loss) for the Year		19,811,109,000	23,944,850,194	5,234,594,656

Accounting Policies and Notes from pages 7 to 37 form an integral part of these Financial Statements. Further, summarized version of above statement of comprehensive income is included in note no 38 of these statements.

National Water Supply & Drainage Board

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2024

	Budget	Actual	Restated
	2024	2024	2023
	Rs.	Rs.	Rs.
Profit / (Loss) for the Year	<u>19,811,109,000</u>	<u>23,944,850,194</u>	<u>5,234,594,656</u>
Other Comprehensive Income for the Year.			
Exchange Gain/Loss on Loan Conversion	-	13,271,207,251	1,730,809,012
Net Actuarial Gain/(Loss) Recognized during the Year	<u>-</u>	<u>(856,813,886)</u>	<u>-</u>
Total Other Comprehensive Income for the Year	<u>-</u>	<u>12,414,393,365</u>	<u>1,730,809,012</u>
Total Comprehensive Income for the Year	<u>19,811,109,000</u>	<u>36,359,243,559</u>	<u>6,965,403,669</u>

Accounting Policies & Notes from pages 7 to 37 form an integral part of these Financial Statements.

National Water Supply And Drainage Board
STATEMENT OF FINANCIAL POSITION
As at 31st December 2024

	Note	Actual 2024 Rs	Restated 2023 Rs.
Assets			
Non- Current Assets			
Property ,Plant & Equipment	15	445,027,609,390	412,965,758,628
Intangible Assets	16	1,691,959,746	1,925,979,889
Capital Work in Progress	17	463,465,392,280	482,552,098,188
Investment Property	18	333,954,342	319,319,640
Financial Assets	19	434,368	434,368
		<u>910,519,350,126</u>	<u>897,763,590,713</u>
Total Non Current Assets			
Current Assets			
Non Operating Assets	20	149,748,448	149,748,448
Inventories	21	19,085,070,548	19,073,053,595
Trade & Other Receivables	22	21,191,778,260	18,659,706,881
Deposits & Advances	23	16,299,224,320	18,742,571,261
Investments	24	16,911,600,951	13,969,122,470
Escrow Account	25	7,552,415	16,836,510,365
Cash & Cash Equivalents	26	21,575,673,288	5,559,826,600
		<u>95,220,648,230</u>	<u>92,990,539,621</u>
Total Current Assets		<u>1,005,739,998,356</u>	<u>990,754,130,334</u>
Total Assets			
Equity and Liabilities			
Equity			
Government Equity	28	136,091,429,064	111,684,749,118
Staff Welfare & Other Funds	29	17,304,988	21,665,392
Retained Earnings		32,602,548,980	(3,748,217,871)
Government Grant	30	165,914,054,166	155,507,443,733
Capital Grants	31	313,011,989,815	306,189,761,629
		<u>647,637,327,012</u>	<u>569,655,402,000</u>
Total Equity			
Non-Current Liabilities			
Loan Payable	32	228,145,406,601	247,152,906,252
Other Deferred Liabilities	33	5,506,487,157	4,432,379,812
		<u>233,651,893,758</u>	<u>251,585,286,064</u>
Total Non Current Liabilities			
Current Liabilities			
Non Operating Liabilities	20	51,287,805	51,287,805
Trade & Other Payables	34	50,447,718,649	65,290,445,662
Loan Capital Payable	32	58,126,984,912	74,672,171,838
Loan Interest Payable		15,824,786,221	29,499,536,965
		<u>124,450,777,587</u>	<u>169,513,442,270</u>
Total Current Liabilities		<u>1,005,739,998,356</u>	<u>990,754,130,334</u>
Total Equity and Liabilities			



R.M.A.S. Weerasena
Additional General Manager (Finance)
National Water Supply & Drainage Board
Rathmalana

R.M.A.S. WEERASENA
Additional General Manager (Finance)
National Water Supply & Drainage Board
Rathmalana


Eng. T. Barathithasan
General Manager

Eng.T.Barathithasan
General Manager
National Water Supply & Drainage Board
Rathmalana.

The Accounting Policies and Notes to the Accounts on pages 07 to 37 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


Eng. Deepthi U. Sumanasekera
Chairman

Chairman
National Water Supply & Drainage Board
Colombo **Galle Road, Rathmalana.**
on 24th February 2025


W S K Liyanagama
Director

National Water Supply And Drainage Board

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2024

	Note	Opening Capital Balance		Government Grants		Government Equity		Capital Grants		Staff Welfare & Other Funds		Accumulated Profit/Loss		Total	
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Balance as at 1 January 2023															
		-	123,523,371,754	-	115,301,123,678	-	307,547,893,554	-	23,656,876	-	(14,530,556,088)	-	531,865,489,774		
Prior Year Adjustments															
Assets/WIP Recognized and Derecognized		37.2.1	-	-	-	-	-	-	-	-	(12,680,672)	-	(12,680,672)		
Depreciation adju.for Assets Recognized and Derecognized		37.1.2.1	-	-	-	-	-	-	-	-	3,576,247,125	-	3,576,247,125		
Trade & Other Payables		37.2.4	-	-	-	-	-	-	-	-	9,051,882	-	9,051,882		
Inventories		37.2.2	-	-	-	-	-	-	-	-	(2,079,234)	-	(2,079,234)		
Capital Grants		37.2.3	-	-	-	-	(31,177,726)	-	-	-	31,177,726	-	-		
Restated Balance as at 1 January 2023															
		-	123,523,371,754	-	115,301,123,678	-	307,516,715,828	-	23,656,876	-	(10,928,839,261)	-	535,436,028,875		
Net Profit for the Year															
Assets Recognized and Derecognized		37.2.1	-	-	-	-	-	-	-	-	6,965,403,669	-	6,965,403,669		
Receipts / Transfers During the Year			-	8,614,531,477	-	-	1,345,431,431	-	(9,740,642)	-	-	-	7,259,359,405		
Loan to Equity Conversion			-	-	-	19,772,273,249	-	-	-	-	-	-	19,772,273,249		
Equity Conversion to Grants			-	23,388,647,810	-	(23,388,647,810.00)	-	-	-	-	-	-	-		
Trade & Other Payables		37.2.4	-	-	-	-	-	-	-	-	5,561,212	-	5,561,212		
Inventories		37.2.2	-	-	-	-	-	-	-	-	67,219	-	67,219		
Capital Grants		37.2.3	-	-	-	-	(630,078)	-	-	-	630,078	-	-		
Transfers to Staff Welfare Fund			-	-	-	-	-	-	7,749,157	-	(7,749,157)	-	-		
Restated balance as at 31 December 2023															
		-	155,526,551,042	-	111,684,749,118	-	306,170,654,320	-	21,665,392	-	(3,748,217,871)	-	569,655,402,000		
Net Profit for the Year															
Receipts / Transfers During the Year			-	10,387,503,124	-	-	6,841,335,495	-	(12,837,111)	-	-	-	36,359,243,559		
Loans Conversion to Equity			-	-	-	24,406,679,946	-	-	-	-	-	-	24,406,679,946		
Transfers to Staff Welfare Fund			-	-	-	-	-	-	8,476,707	-	(8,476,707)	-	-		
Balances as at 31 December 2024															
		-	165,914,054,166	-	136,091,429,064	-	313,011,989,815	-	17,304,988	-	32,602,548,981	-	647,637,327,013		

Accounting Policies & Notes from pages 7 to 37 form an integral part of these Financial Statements.

National Water Supply And Drainage Board

STATEMENT OF CASH FLOW

Year Ended 31 December 2024

	Note	Actual 2024 Rs.	Restated 2023 Rs.
Cash Flows from/(used in) Operating Activities			
Net Profit/(Loss) Before Tax		23,944,850,194	5,234,594,656
<i>Adjustments for</i>			
Interest Income	12	(2,273,301,157)	(3,121,158,211)
Profit/Loss on disposal of Fixed Assets	15.1.1	13,118,290	4,069,440
Depreciation	8/10.2	6,492,495,420	5,116,811,776
Retiring Gratuity Provision	33.1	904,717,570	1,058,795,842
Interest Expense	13	12,378,826,389	14,948,454,251
Operating Profit/ (Loss) before Working Capital Changes		41,460,706,705	23,241,567,755
(Increase)/Decrease in Inventories		(12,016,952)	(4,712,430,738)
(Increase)/Decrease in Debtors, Receivables & Deposits		(480,686,563)	3,983,394,089
Increase/(Decrease) in Creditors, Provisions & Deposits		(14,878,579,904)	(4,216,915,720)
Cash Generated from Operations		26,089,423,285	18,295,615,386
Gratuity Paid	33.1	(651,571,220)	(1,058,795,842)
Net Cash from/ (Used in) Operating Activities		25,437,852,065	17,236,819,544
Cash Flows from/(used) in Investing Activities			
Investments in Fixed Assets & Work-In-Progress		(5,602,922,402)	(8,450,022,449)
Sale Proceeds for Disposal Assets	15.1.1	600,410	3,442,549
Investment Income Received		2,665,263,283	3,084,401,629
(Investment) / Withdrawal of Investments		13,886,479,468	1,284,035,562
Net Cash Flows From/ (used in) Investing Activities		10,949,420,758	(4,078,142,709)
Cash Flows from/ (used in) Financing Activities			
Government Grant during the Period		10,406,610,433	31,984,071,978
Capital Grant during the period		12,842,104,751	2,788,716,701
Loans, Equity and currency conversions		22,219,176,175	(5,873,148,151)
Loan Repayments		(24,579,250,872)	(9,031,372,788)
Interest Paid		(41,260,066,623)	(31,556,618,593)
Net Cash Flows From/ (used in) Financing Activities		(20,371,426,135)	(11,688,350,852)
Net Increase in Cash & Cash Equivalents		16,015,846,688	1,470,325,984
Cash & Cash Equivalents at the Beginning of the Year		5,559,826,600	4,089,500,617
Cash & Cash Equivalents at the End of the Period		21,575,673,288	5,559,826,600

The Accounting Policies and Notes on pages 7 to 37 form an integral part of the Financial Statements.

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

31 DECEMBER 2024

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

Year ended 31 December 2024

1. CORPORATE INFORMATION

1.1 Domicile and legal form

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

National Water Supply & Drainage Board (NWSDB) is an institution under the purview of the Ministry of Urban Development, Construction and Housing.

1.2 Principal Activities and nature of operations

The principal activity of the Board is to supply treated drinking water to the community. The National Water Supply & Drainage Board engaged in developing infrastructures throughout the country to provide sustainable water & sanitation solutions and its accessibility among the people of Sri Lanka.

1.3 Going Concern

The Management has made an assessment of the Board's ability to continue as a going concern and is 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 statement of comprehensive income, statement of other 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) and with the requirements of the Accounting and Auditing Standards Act No. 15 of 1995. These Financial Statements, except information on Cash Flows, have been prepared following the accrual basis of accounting.

2.2 Approval of Financial Statements by Board of Directors

The Financial Statements were authorised for issue by the Board of Directors on ~~24~~ February 2025.

2.3 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 are recognized as at the present value of the defined benefit obligation.

2.4 Presentation of Currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the Board's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1 - Presentation of Financial Statements.

2.6 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates. Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Property Plant and Equipment

Property, plant, and equipment are 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, NWSDB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized 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 recognized 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.

3.1.2 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

Year ended 31 December 2024

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

Plant Property and Equipment	Rate	Useful Life
Building & Structures	1.67%-2%	50-60 Years
Plant & Equipment Pumping Treatment	5%	20 Years
Service & Bulk Water Meter	10%	10 Years
Transmission & Distribution	1.67%	60 Years
Equipment	10%	10 Years
Furniture & Fittings	10%	10 Years
Computers Peripherals & Mobile Phones	20% - 33.3%	3-5 Years
Motor Vehicles	10% - 20%	5-10 Years
Investment Property	2%	50 Years
Leasehold Vehicles	14.30%	7 Years

3.1.3 Capital Work In Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work- in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned. Capital expenses incurred, which are not capitalized as of the reporting date are shown as capital work in progress.

Borrowing costs that are directly attributable to acquisition, construction of a qualifying asset which takes a substantial period of time to get ready for its intended use, are included in the Capital work- in-progress as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs.

3.1.4 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. Such activity is disclosed to comply with the LKAS 40.

3.1.5 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.

3.1.6 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 is recognized as an intangible asset and amortized over the period of 7 years.

3.1.7 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when NWSDB 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.

3.1.8 Impairment of Non-Financial Assets

The NWSDB 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 NWSDB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit (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 Foreign Currency

Foreign Currency Transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined.

3.2.2 Inventories

Inventories are valued at cost or net realizable value whichever is lower after making allowance for obsolete items and unserviceable which are valued at a '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. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realizable value.

3.2.3 Measurement of Inventories

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 balances, call deposits, money market deposit, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows

4. LIABILITIES, PROVISIONS, AND EQUITY

4.1. Retirement Benefit Obligation(LKAS 19)

a) Retirement Benefit Cost – Retirement 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, and 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 the expected future salary increase rate of the Board.

b) Defined Contribution Plans- EPF & ETF

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the comprehensive income in the periods during which services are rendered by employees.

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 the gross emoluments of employees to EPF and ETF respectively.

4.2 Liabilities and Provisions

All material liabilities as at the reporting date have been included in the Statement of Financial Position and adequate provisions have been made for liabilities which are known to exist but the amount of which cannot be determined accurately. The expense relating to provisions presented in the income statement net of any reimbursement.

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment after one year from Statement of Financial Position date. All known liabilities have been accounted for in preparing these Financial Statements.

A provision is recognised if, as a result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

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 or deducted in reporting related expense, 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 NWSDB 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.

The Cabinet Paper No 20/0974/204/029-VI dated 2nd July 2020 is to provide necessary budgetary allocations as equity contributions for the NWSDB to settle interest and other costs which will be arisen from special loans facilitated by the General Treasury for the period of 15 years and the respective transactions are recorded accordingly.

4.4 Mechanism for regularizing the financing of Water Supply and Sewerage Projects

As per Cabinet Paper No. 16/0158/719/005 dated 26th January 2016, the Cabinet of Ministers approved the mechanism to address NWSDB's debt service capacity issues by water supply and Sewerage Project Categorization into three. Urban Water Supply (Municipal/Urban Councils), Rural Water Supply (Pradeshia Sabha areas), Sewerage & Wastewater.

NWSDB will be the primary borrower, but the Government may intervene if direct lending is unavailable. This policy ensures financial sustainability in project implementation.

Debt servicing contribution of the General Treasury based on the Project category

- | | |
|------------------------------|--|
| • Urban Water Supply | – 50% borne by Treasury, NWSDB covers 50%. |
| • Rural Water Supply | – 75% borne by Treasury, NWSDB covers 25%. |
| • Sewerage & Wastewater | – 100% borne by Treasury |
| • CKD-Related Water Projects | – 100% borne by Treasury for five years. |

4.5 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from Suppliers. Trade and other payables are stated at cost

5. Statement Comprehensive Income

For the presentation of the Income Statement, the function of the expenses method is adopted, as it represents fairly the elements of NWSDB performance. Hence such presentation method is adopted in line with the provisions of LKAS 1 - Presentation of Financial Statements

5.1.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the NWSDB 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.

5.1.2 Sale of Goods- Sale of Water

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.

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

5.1.3 Other Income

Other income is recognized on an accrual basis.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS (Contd..)

Year ended 31 December 2024

5.1.4 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). Interest income is included in finance income in the income statement.

5.1.5 Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant and Equipment and are recognised within other operating income in the Statement of Comprehensive Income.

5.1.6 Rechargeable Works

Revenue from fixed-price construction contracts is recognized on the full completion of the contract.

5.1.7 Expenditure Recognition

All expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the Statement of Comprehensive Income in arriving at the profit/(loss) for the period.

Finance costs comprise interest expense on external borrowings and payments made under Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.2 Deferred Tax

The NWSDB is having heavy deductible brought forward tax losses and other deductible expenses including interest against the tax liability. 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 SLFRS 9 are classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, 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.

The financial assets of NWSDB 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. NWSDB did not have any financial assets at fair value through profit or loss during the years ended.

6.1.2.2 Financial Assets at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The NWSDB measures financial assets at amortized cost if both of the following conditions are met. (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The NWSDB's financial assets at amortized cost include trade receivables and short-term investments.

6.1.2.3 Financial Assets at Fair Value Through Other Comprehensive Income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The NWSDB measures debt instruments at fair value through OCI if both of the following conditions are met. (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and; (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line items in the income statement.

6.1.2.4 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) NWSDB 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) NWSDB has transferred substantially all the risks and rewards of the asset, or
 - (b) NWSDB has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.1.2.5 Impairment of Financial Assets

The NWSDB 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.

6.2 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. NWSDB 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. NWSDB'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 & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

		Actual	Restated
		2024	2023
		Rs.	Rs.
7. REVENUE			
Water Sales	7.1	77,538,803,097	57,656,852,887
Water Reclamation	7.2	1,145,108,916	892,705,447
Income from Main Operations	7.3	<u>5,342,616,350</u>	<u>3,302,730,221</u>
		<u>84,026,528,363</u>	<u>61,852,288,555</u>
7.1 Water			
Metered Sales		76,438,971,045	56,865,127,465
Bulk Sales		967,555,446	691,743,432
Bowser Supply		<u>132,276,606</u>	<u>99,981,990</u>
		<u>77,538,803,097</u>	<u>57,656,852,887</u>
7.2 Water Reclamation			
Metered Sales		923,952,223	671,462,858
Service Income		23,521,180	32,628,801
Gully Unloading Income		<u>197,635,513</u>	<u>188,613,788</u>
		<u>1,145,108,916</u>	<u>892,705,447</u>
7.3 Income from Main Operations			
Income Related to New Connection		2,800,152,876	2,592,271,893
Expense Related to New Connection		(2,057,557,828)	(2,080,752,708)
Income from Late Payment Penalties		3,462,608,515	1,900,270,525
Income from Other Main Operations		345,450,169	292,838,524
Capital Recovery Charges		<u>791,962,618</u>	<u>598,101,986</u>
		<u>5,342,616,350</u>	<u>3,302,730,221</u>
8. COST OF SALES			
Personnel Cost		9,649,852,809	7,964,033,215
Pumping Cost		11,461,542,855	13,784,944,713
Chemicals		2,780,865,623	2,988,136,090
Repairs & Maintenance		3,852,630,110	3,832,180,334
Establishment Expenses		1,519,341,147	1,424,860,986
Depreciation		4,838,122,967	3,790,658,955
Rent, Rates, Taxes, Security & Other Expenses		2,825,705,776	2,578,676,744
Rebates		<u>297,748,583</u>	<u>270,950,919</u>
		<u>37,225,809,869</u>	<u>36,634,441,955</u>
9. OTHER OPERATING INCOME			
Other Income	9.1	1,960,876,924	4,263,606,324
Staff Loan Benefit		<u>33,245,428</u>	<u>21,256,671</u>
		<u>1,994,122,352</u>	<u>4,284,862,995</u>
9.1 Other Income			
Water Reclamation		349,631,267	451,429,365
Ground Water		42,082,660	82,318,531
Miscellaneous Income including Surcharge, Penalties etc.		<u>1,569,162,997</u>	<u>3,729,858,429</u>
		<u>1,960,876,924</u>	<u>4,263,606,324</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

		Actual 2024 Rs	Restated 2023 Rs.
10. ADMINISTRATIVE EXPENSES			
Repairs & Maintenance		480,584,009	399,823,843
Establishment Expenses		1,874,322,764	1,720,871,423
Rent,Rates,Taxes. Security & Other Expenses		1,204,271,285	1,013,983,391
Staff Cost	10.1	7,753,300,093	6,630,588,524
Depreciation	10.2	1,654,372,453	1,326,152,821
Audit Fee to National Audit Office		10,000,000	11,000,000
		<u>12,976,850,604</u>	<u>11,102,420,001</u>
10.1 Staff Cost			
Staff Cost on Loan Granted		33,245,428	21,256,671
Personnel Cost		<u>7,720,054,665</u>	<u>6,609,331,853</u>
		<u>7,753,300,093</u>	<u>6,630,588,524</u>
10.2 Depreciation			
Building and Structures		2,813,983,670	2,047,058,257
Investment Property		5,012,085	4,786,778
Plant & Machinery		7,838,330,425	5,690,906,938
Equipment's		1,174,182,647	825,470,926
Furniture and Fittings		77,854,594	59,128,341
Computers & Peripherals		186,386,623	134,623,770
Motor Vehicles		<u>429,459,053</u>	<u>479,618,231</u>
Total Depreciation		12,525,209,096	9,241,593,240
Less: Depn. for Grant funded Assets		(6,264,078,211)	(4,133,092,575)
Less: Depn. for Rechargeable funded Assets		(17,034,152)	(14,072,128)
Less: Depn. Adjusted for Cost Sale		(4,838,122,967)	(3,790,658,955)
Add: Amortization of Intangible Assets		<u>248,398,687</u>	<u>22,383,240</u>
Depreciation Cost		<u>1,654,372,453</u>	<u>1,326,152,821</u>
Depreciation amounting to Rs. 4,838,122,967, relating to production activities, has been classified under Cost of Sales in the statement of profit or loss and other comprehensive income (Note - 08)			
11. OTHER OPERATING EXPENSES			
Provision Impairment of Bad & Doubtful Debts		826,657,798	279,603,056
Provision for Obsolete & Unserviceable Stock		36,239,449	-
Provision for Retiring Gratuity		<u>904,717,570</u>	<u>1,058,795,842</u>
		<u>1,767,614,817</u>	<u>1,338,398,898</u>
12. FINANCE INCOME			
Investment Income		<u>2,273,301,157</u>	<u>3,121,158,211</u>
		<u>2,273,301,157</u>	<u>3,121,158,211</u>
13. FINANCE COST			
Interest On Loans		27,585,315,879	45,200,342,011
Less: WIP charged/Capitalized Interest on Construction Projects		<u>(15,206,489,489)</u>	<u>(30,251,887,760)</u>
		<u>12,378,826,389</u>	<u>14,948,454,251</u>
14. INCOME TAX			

As per the tax computation accumulated tax loss LKR 61,492,755,081.00 in Tax return for the 2023/24 tax year no tax liability was identified for the current year.

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2024

15. PROPERTY, PLANT AND EQUIPMENT

		Total 2024 Rs	Total 2023 Rs
Gross Carrying Amounts	15.1	527,492,038,070	477,217,597,815
Accumulated Depreciation	15.2	(82,464,428,680)	(64,251,839,188)
Net Book Value	15.3	<u>445,027,609,390</u>	<u>412,965,758,628</u>

15.1	Gross Carrying Amounts	Restated Balance As at 01.01.2024 Rs.	Additions after Adjustments Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.12.2024 Rs.
	Cost					
	Freehold Assets					
	Land Freehold	8,643,181,090	191,802,401	(31,046,209)	-	8,803,937,282
	Land Leasehold	670,452,068	193,690	(905,803)	-	669,739,955
	Infrastructure	14,679,563,980	1,328,072,265	13,174,752	-	16,020,810,997
	Building - Freehold	38,766,671,509	5,550,417,873	(56,470,706)	(4,569,448)	44,256,049,227
	Structures	94,489,047,521	6,421,860,598	32,102,524	(3,618,648)	100,939,391,995
	Plant & Equipment-Pumping & Treatment	72,753,300,826	6,692,456,187	(97,549,884)	(20,810,844)	79,327,396,284
	Service Meter	505,327	-	-	-	505,327
	Bulk Water Meter	1,424,723,915	228,238,056	3,229,919	(24,561)	1,656,167,330
	Transmission & Distribution	224,850,130,175	26,284,090,454	(22,790,321)	(7,228,769)	251,104,201,539
	Mobile Equipment's	1,957,700,001	177,402,193	33,382,277	(5,855,003)	2,162,629,467
	Survey Equipment's	169,416,973	8,989,999	8,398,053	(405,417)	186,399,608
	Laboratory Equipment's	1,423,974,671	191,820,796	(712,914)	(6,676,113)	1,608,406,440
	Other Equipment	8,336,577,603	2,777,186,274	67,637,585	(6,165,773)	11,175,235,689
	Furniture & Fittings-Computer	960,619,905	138,077,584	(642,128)	(5,563,290)	1,092,492,071
	Computers & Periparels	1,486,099,090	260,892,877	(13,901,429)	(39,204,494)	1,693,886,044
	Motor Vehicles Cars	2,764,673,306	66,009,562	(7,433,030)	-	2,823,249,839
	Vans Busses & Jeeps	383,115,738	4,400,000	(4,400,000)	-	383,115,738
	Lorries & Trucks	1,225,782,830	1,629,540	384,621	-	1,227,796,991
	Tractors & Trailers	67,854,567	2,400,000	(2,400,000)	-	67,854,567
	Water Bowsers, Heavy Vehicles	2,077,160,391	120,365,346	7,500,000	-	2,205,025,737
	Motor Cycles Three Wheelers	30,808,851 56,237,477	545,000 -	170,990 -	(16,375) -	31,508,466 56,237,477
	Total Value of Depreciable Assets	<u>477,217,597,815</u>	<u>50,446,850,694</u>	<u>(72,271,704)</u>	<u>(100,138,736)</u>	<u>527,492,038,070</u>

15.1.1 Profit/ Loss on disposal of Assets

	2024 Rs	2023 Rs
Sales Proceeds	600,410	3,442,549
Cost of the Asset	25,947,112	34,434,282
Accumulated Depreciation	(12,228,413)	(26,922,293)
Net Book Value	<u>13,718,700</u>	<u>7,511,989</u>
Profit/ Loss on Disposal	<u>(13,118,290)</u>	<u>(4,069,440)</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

Accumulated Depreciation					
15.2	Restated Balance As at 01.01.2024 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2024 Rs.
Depreciation					
Freehold Assets					
Land Freehold	-	-	-	-	-
Land Leasehold	-	-	-	-	-
Infrastructure	1,688,546,002	305,540,180	147,929,477	-	2,142,015,660
Building - Freehold	3,822,335,014	857,134,112	81,492,101	(2,519,792)	4,758,441,436
Structures	9,678,493,189	1,651,309,377	628,554,478	(740,368)	11,957,616,676
Plant & Equipment Pumping & Treatment	18,342,875,096	3,660,523,872	2,610,341,603	(123,500)	24,613,617,071
Service Meter	77,611	-	-	-	77,611
Bulk Water Meter	555,091,425	133,155,844	51,731,021	(25,059)	739,953,230
Transmission & Distribution	20,439,749,460	4,044,650,709	1,048,252,791	-	25,532,652,960
Mobile Equipment's	895,181,045	165,402,489	35,622,511	(518,727)	1,095,687,318
Survey Equipment's	(119,413,966)	16,682,381	188,824,371	-	86,092,786
Laboratory Equipment's	718,439,956	115,563,451	25,530,838	(174,055)	859,360,190
Other Equipment Furniture & Fittings- Computer	3,081,786,343	876,534,326	847,313,087	(1,868,962)	4,803,764,794
Computers & Peripherals	1,017,933,017	186,386,623	7,349,793	(5,076,796)	1,206,592,637
Motor Vehicles Cars	1,956,175,515	233,545,125	5,828,152	-	2,195,548,791
Van Busses & Jeeps	313,669,110	22,974,474	2,384,640	-	339,028,223
Lorries & Trucks	556,837,359	60,432,921	0	-	617,270,279
Tractors & Trailers	43,949,735	5,444,590	-	-	49,394,325
Water Bowsers, Heavy Vehicles	747,712,717	103,643,283	1,250,000	-	852,606,000
Motor Cycles	18,514,371	2,007,188	108,789	(11,963)	20,618,385
Three Wheelers	13,157,566	1,411,473	-	-	14,569,039
	<u>64,251,839,188</u>	<u>12,520,197,012</u>	<u>5,704,620,894</u>	<u>(12,228,413)</u>	<u>82,464,428,680</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

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

	Actual	Restated
15.3 Net Book Values	2024	2023
	Rs.	Rs.
Land Freehold	8,803,937,282	8,643,181,090
Land Leasehold	669,739,955	670,452,068
Infrastructure	13,878,795,337	12,991,017,978
Building - Freehold	39,497,607,791	34,944,336,494
Structures	88,981,775,319	84,810,554,332
Plant & Equipment-Pumping & Treatment	54,713,779,214	54,410,425,730
Service Meter	427,716	427,716
Bulk Water Meter	916,214,099	869,632,490
Transmission & Distribution	225,571,548,579	204,410,380,715
Mobile Equipment's	1,066,942,149	1,062,518,955
Survey Equipment's	100,306,822	288,830,940
Laboratory Equipment's	749,046,250	705,534,716
Other Equipment's	6,371,470,895	5,254,791,260
Furniture & Fittings-Computer	512,970,803	479,891,282
Computers & Peripherals	487,293,407	468,166,073
Motor Vehicles Cars	627,701,048	808,497,791
Van Busses & Jeeps	44,087,514	69,446,628
Lorries & Trucks	610,526,709	668,945,471
Tractors & Trailers	18,460,242	23,904,832
Water Bowsers, Heavy Vehicles	1,352,419,737	1,329,447,674
Motor Cycles	10,890,081	12,294,480
Three Wheelers	41,668,438	43,079,911
Total Carrying Amount of Property, Plant & Equipment	445,027,609,390	412,965,758,628

15.4 Gross carrying amount of fully depreciated Property, Plant and Equipments as at 31.12.2024 Rs. 3,990,106,999 and 31.12.2023 Rs 3,673,802,221 respectively.

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

16. INTANGIBLE ASSETS

	Actual 2024 Rs.	Restated 2023 Rs.
Cost		
Opening Balance	1,959,247,289	1,959,247,289
Additions During the Year	60,488,831	-
Accumulated Amortization	<u>327,776,375</u>	<u>(33,267,401)</u>
Net Book Value	<u>1,691,959,746</u>	<u>1,925,979,889</u>

17. CAPITAL WORK IN PROGRESS

Construction Work	37.2	454,093,151,382	474,983,681,004
Rehabilitation	37.2	<u>9,372,240,899</u>	<u>7,568,417,184</u>
		<u>463,465,392,280</u>	<u>482,552,098,188</u>

18. INVESTMENT PROPERTY

The Building constructed by the NWS&DB at Sunil Mawatha, Battaramulla currently occupied by the Ministry of Water Supply and Estate Infrastructure Development is recognized as Investment Property according to the LKAS 40 - Investment Property. Total rent income identified for the year is Rs. 21,420,000.00

	Land	Building	Other Equipment	Total 2024	Total 2023
Cost	Rs	Rs	Rs	Rs	Rs
Opening Balance	138,500,000	239,339,891	-	377,839,891	377,839,891
Additions During the Year	-	16,110,535	3,536,500	19,647,035	
Depreciation					
Opening Balance	-	58,520,499	-	58,520,499	53,733,473
Charge for the Period	-	4,894,201	117,883	5,012,085	4,786,778
Closing Balance	-	63,414,701	117,883	63,532,584	58,520,251
Net Book Value	<u>138,500,000</u>	<u>192,035,725</u>	<u>3,418,617</u>	<u>333,954,342</u>	<u>319,319,640</u>

National Water Supply & Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

	Actual 2024 Rs.	Restated 2023 Rs.
19. FINANCIAL ASSETS		
HDFC Investment for Staff Housing Loans	<u>434,368</u>	<u>434,368</u>
	<u>434,368</u>	<u>434,368</u>
20 NON OPERATING ASSETS AND LIABILITIES		
Non Operating Assets	<u>149,748,448</u>	<u>149,748,448</u>
Non Operating Liabilities	<u>(51,287,805)</u>	<u>(51,287,805)</u>

The non operating asset balance of Rs.149,748,448 and non operating liability balance of Rs.51,287,805 appear from the year 1999 and it could not be investigated due to non accessibility of the required documents. Action is in progress to write off the said balances in the year 2025.

21 INVENTORIES

PVC Steel Pipes	37.2	12,949,485,142	13,016,757,114
Water Meter & Fitting & Brass Items	37.2	1,355,072,388	1,610,982,726
Chemical Materials		435,137,843	575,588,474
Electricals		1,376,499,200	1,156,803,181
Building Materials		418,383,482	291,255,282
Pump & Spare Parts		1,783,144,159	1,801,053,637
Vehicle Spare Parts		193,480,831	199,562,496
Stationary & Office Equipment's		77,167,167	86,004,593
Other Items		1,331,771,663	1,110,620,193
Stock Adjustments	37.2	<u>(171,994,123)</u>	<u>(202,800,750)</u>
		19,748,147,753	19,645,826,946
Less- Major Spares			
Property Plant and Equipment at Stores		(384,729,774)	(330,665,368)
Provision for Obsolete Stock		<u>(278,347,431)</u>	<u>(242,107,983)</u>
		<u>19,085,070,548</u>	<u>19,073,053,595</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

	Actual 2024 Rs.	Restated 2023 Rs.
22 TRADE AND OTHER RECEIVABLES		
Trade Debtors	23,655,905,380	14,614,267,136
Other Debtors	555,333,856	780,462,863
Less : Debtors Impairment	(2,607,777,665)	(1,787,552,803)
Debtors Collection Control	(4,779,279,183)	702,568,312
VAT Receivable	23,479,808	16,539,685
WHT Receivable	476,563,876	362,506,912
Advances to Staff	7,283,890	7,999,174
Loans to Employees	3,519,822,776	3,195,276,606
Receivable on Interest & Others	375,676,869	767,638,995
Ineter regional Current Accounts	(35,231,348)	-
	<u>21,191,778,260</u>	<u>18,659,706,881</u>
23 DEPOSITS AND ADVANCES		
Pre Payments	105,000	1,937,000
Mobilization and Other Advances	15,818,253,908	18,320,668,036
Deposits	480,865,412	419,966,225
	<u>16,299,224,320</u>	<u>18,742,571,261</u>
24 INVESTMENTS		
Financial Assets (Including rechargeable funded investments)	16,911,600,951	13,969,122,470
	<u>16,911,600,951</u>	<u>13,969,122,470</u>
25 ESCROW ACCOUNT		
Escrow Account	7,552,415	16,836,510,365
	<u>7,552,415</u>	<u>16,836,510,365</u>
As per the Board Decision No. 4465(b) dated December 17, 2024, the Board has granted approval for the closure of the Escrow Account. The corresponding loan has been settled with the China Development Bank, in accordance with the amendment to the loan agreement.		
26 CASH AND CASH EQUIVALENTS		
Cash in Bank	20,964,022,151	5,272,461,136
Cash Imprests Head Office	75,000	3,700,000
Cash Imprests Regions	8,385,390	8,410,670
Cash in Transit	369,264,281	210,841,265
Bank of Ceylon Saving - II	1,575,863	1,538,814
Savings Account	232,350,603	62,874,715
	<u>21,575,673,288</u>	<u>5,559,826,600</u>
NWSDB is required to maintain a sufficient cash balance in the account to meet its debt obligations as of 31.12.2024, amounting to Rs. 13.5 billion. Additionally, the cash balance includes Rs. 4.2 billion in funds received for rechargeable works.		
27 OPENING BALANCE OF TREASURY		
This balance was transferred to equity in the restated 2022 financial statements as per the instructions received from the General Treasury.		
28. GOVERMENT EQUITY		
Loans to Equity Conversion	122,005,964,751	97,599,284,805
Government Contribution (Bond)	14,085,464,312	14,085,464,312
	<u>136,091,429,064</u>	<u>111,684,749,118</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

		Actual 2024 Rs.	Restated 2023 Rs.
29. STAFF WELFARE & OTHER FUNDS			
Opening Balance		21,665,392	23,656,876
Received/(Paid) During the Year		(4,360,404)	(1,991,484)
		<u>17,304,988</u>	<u>21,665,392</u>
30. GOVERNMENT GRANT			
Treasury Grant	37.2	165,914,054,166	155,507,443,733
		<u>165,914,054,166</u>	<u>155,507,443,733</u>
31. CAPITAL GRANTS			
Foreign Grants	37.2	310,413,323,947	303,827,064,246
Local Grants		2,598,665,868	2,362,697,383
		<u>313,011,989,815</u>	<u>306,189,761,629</u>
32. LOAN PAYABLE			
Foreign Loans	32.1	203,244,488,124	223,552,494,634
Local Loans	32.1	24,900,918,477	23,600,411,618
Long term Portion of Loan Payable	32.1	228,145,406,601	247,152,906,252
Current Portion of Loan Payable	32.1	58,126,984,912	74,672,171,838
Loan Payable		<u>286,272,391,512</u>	<u>321,825,078,089</u>
The interim debt policy of GOSL is to introduce a standstill of servicing external public debts, for an interim period pending an orderly and consensual restructuring of those obligations in a manner consistent with an economic adjustment program supported by the IMF. Hence, the portion of such loans which are paid by the GOSL is remained outstanding until such period.			
33. OTHER DEFERRED LIABILITIES			
Provision for Defined Benefit Plan	33.1	5,478,385,379	4,368,425,143
Customer and Employee Security Deposits		28,101,778	63,954,669
		<u>5,506,487,157</u>	<u>4,432,379,812</u>
33.1 Movement of Retiring Gratuity Provision			
Balance at the Beginning of the Period		4,368,425,143	4,368,425,143
Add Provision for the Period		1,761,531,456	1,058,795,842
Less: Gratuity Payments During the Period		(651,571,220)	(1,058,795,842)
Provision for Defined Benefit Plan		<u>5,478,385,379</u>	<u>4,368,425,143</u>
Actuarial loss of Rs. 856,813,886 arose due to the actuarial valuation has incorporated to the provision.			
34. TRADE AND OTHER PAYABLES			
Rechargeable Work - Customer Advances	37.2	3,953,750,130	3,871,277,348
Contractors Retention		14,664,004,197	15,958,853,245
Creditors Control	37.2	8,764,774,551	10,512,312,557
Other Creditors		207,571,444	427,733,989
Accrued Expenses		19,300,742,184	30,967,261,835
Deposits		2,354,083,255	2,113,436,131
VAT Payable		896,631,529	1,192,383,103
With Holding Tax		746,868	469,003
Salaries and Other Payables		<u>305,414,493</u>	<u>246,718,450</u>
		<u>50,447,718,649</u>	<u>65,290,445,662</u>

National Water Supply & Drainage Board NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

32.1 Loan Details

Rs.

Description	Balance As At 31.12.2024	Balance As At 31.12.2023
32.1.1 Bank Loans-NSB	28,010,000,000	30,670,000,000
32.1.2 Local bank Fully Funded Project Loans	44,472,990,659	47,950,535,131
32.1.3 Foreign bank Funded Project Loans	140,924,864,767	164,367,241,280
32.1.4 Counter Part Funded Project Loans- (Local Portion)	35,342,332,291	38,951,444,390
32.1.5 Treasury Settled Equity Convertible Loans	37,522,203,796	39,885,857,288
	286,272,391,512	321,825,078,089

According to the prevailing agreements with the General Treasury net loan liability of the National Water Supply And Drainage Board is Rs. 96.9 billion.

32.1.1 Bank Loans-NSB

Rs.

Bank / Lending Institution	Working Capital	Treasury Liability %	Interest Rate	Balance As At 31.12.2024	Balance As At 31.12.2023
NSB I	Finance by Treasury	100%	AWPLR + 2.25% p.a.	13,125,000,000	14,375,000,000
NSB II	Finance by Treasury	100%	AWPLR + 2.25% p.a.	13,125,000,000	14,375,000,000
NSB II	Finance by Treasury	100%	AWPLR + 2.25% p.a.	1,760,000,000	1,920,000,000
				28,010,000,000	30,670,000,000

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

32.1.2 Local bank Fully Funded Project Loans

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2024	Balance As At 31.12.2023
NDB	Matara Stage IV Water Supply Project	25%	75%	AWPLR + 2.25%	12,477,219,578	13,611,512,267
BOC	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	715,979,074	931,240,466
BOC	Colombo City Water Supply Improvement Project - Phase I	100%	-	AWPLR + 2.25%	2,386,429,002	2,386,429,002
BOC	Madirigiriya WSP	100%	-	AWPLR + 2.25%	1,167,339,907	1,167,339,907
BOC	Implementation of 22 WSP	100%	-	AWPLR + 2.25%	2,146,050,471	2,146,050,471
BOC	Package III	100%	-	AWPLR + 2.25%	5,991,693,543	5,991,693,543
NSB	Benthota WSP	100%	-	AWPLR + 2.25%	426,366,649	520,427,777
NDB	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	1,582,421,626	1,898,905,941
DFCC	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	1,638,927,519	1,966,713,025
CB	Ruhunupura WSS	100%	-	AWPLR + 2.25%	556,765,373	685,885,373
BOC	Town East of Colombo District Water Supply Project - Package I	100%	-	AWPLR + 2.25%	3,678,126,908	3,678,126,908
HNB	Laggala New Town WSP	100%	-	AWPLR + 2.25%	1,182,426,944	1,345,911,284
PEOPLES BANK	Laggala New Town WSP	100%	-	AWPLR + 2.25%	1,836,601,062	1,647,600,113
NDB	Wilgamuwa WSP	100%	-	AWPLR + 2.25%	1,230,813,597	1,397,677,674
BOC	Avissawella & Kosgama Intergra WSP	100%	-	AWPLR + 2.25%	635,228,303	894,434,159
BOC	Town East of Colombo PACKAGE II	100%	-	AWPLR + 2.25%	2,594,038,643	2,594,038,643
DFCC	Galagedra / Mawathagama WSP	100%	-	AWPLR + 2.25%	2,019,980,946	2,330,747,248
BOC	Uragasmanhandiya WSP, Gonainuwala WSP, Weligama WSP	100%	-	AWPLR + 2.25%	124,730,305	250,528,535
PEOPLES BANK	Uragasmanhandiya WSP, Gonainuwala WSP, Weligama WSP	100%	-	AWPLR + 2.25%	225,764,854	244,824,087
PEOPLES BANK	Ettampitiya WSP	25%	75%	AWPLR + 2.25%	1,403,488,413	1,617,192,873
BOC	Greater Ratnapura WSP	25%	75%	AWPLR + 2.25%	334,627,490	484,201,601
PEOPLES BANK	Giridara WSP	25%	75%	AWPLR + 2.10%	97,257,321	138,341,101
	UDA Project - ADB Loan				20,713,132	20,713,132
					44,472,990,659	47,950,535,131

National Water Supply & Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2024

32.1.3 Foreign bank Funded Project Loans

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2024	Balance As At 31.12.2023
Exim Bank of India	Polgahawela, Pothuhara and Alawwa Integrated Water Supply Project	25%	75%	Libor + 1.75%	18,062,923,785	19,994,529,528
China Development Bank Coporation	Gampaha, Attanagalla & Minuwangoda Integrated Water Supply Scheme	25%	75%	Libor + 2.95%	35,200,456,284	49,341,418,380
Exim Bank of India	Aluthgama, Mathugama and Agalawatta Integrated Water Supply Project	25%	75%	Libor + 1.75%	27,199,702,774	29,069,674,924
China Development Bank Coporation	Thambuttegama Water Supply Project	-	100%	Libor + 2.95%	12,043,801,051	11,717,600,957
China Development Bank Coporation	Katana Water Supply Project	25%	75%	Libor + 2.95%	13,604,722,750	13,286,805,434
12Mn ING BANK N.V.	Hemmathagama WSP	25%	75%	Euribor + 1.95%	1,146,778,672	20,643,534,160
70Mn ING BANK N.V.	Hemmathagama WSP	25%	75%	Euribor + 0.90%	20,977,305,673	5,385,078,044
Unicredit Bank Astria	Orugodawatta WSP	50%	50%	Euribor + 1.00%	12,689,173,779	14,928,599,853
					140,924,864,767	164,367,241,280

National Water Supply & Drainage Board
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32.1.4 Counter Part Funded Project Loans- (Local Portion)

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2024	Balance As At 31.12.2023
BOC	Polgahawela, Pothuhera and Alawwa Integrated Water Supply Project	100%	-	AWPLR + 2.25% p.a.	1,765,520,304	2,172,948,066
BOC	Gampaha, Attanagalla & Minuwangoda Integrated Water Supply Scheme	100%	-	AWPLR + 2.25% p.a.	4,911,541,579	4,911,541,579
BOC	Aluthgama, Mathugama and Agalawatta Integrated Water Supply Project	100%	-	AWPLR + 2.25% p.a.	4,154,795,294	5,193,494,118
HNB	Kelani Right Bank Water Supply Project - Stage II	100%	-	AWPLR + 2.25% p.a.	4,454,969,697	5,091,393,947
BOC	Kelani Right Bank Water Supply Project - Stage II	100%	-	AWPLR + 2.25% p.a.	5,041,776,229	5,041,776,229
HNB	Greater Matala Water Supply Project	100%	-	AWPLR + 2.25% p.a.	2,336,190,117	2,695,603,987
BOC	Thambuttagama Water Supply Project	100%	-	AWPLR + 2.25% p.a.	2,915,965,019	2,915,965,019
BOC	Katana Water Supply Project	100%	-	AWPLR + 2.25% p.a.	1,262,679,153	1,485,504,886
People's Bank	Orugodawatta WSP	100%	-	AWPLR + 2.25% p.a.	975,677,508	1,084,086,126
People's Bank	Conterparty Finance for Several projects		100%	AWPLR + 2.25% p.a.	7,523,217,391	8,359,130,435
					35,342,332,291	38,951,444,390

National Water Supply And Drainage Board
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32.1.5 Treasury Settled Equity Convertible Project Loans

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2024	Balance As At 31.12.2023
ADB	ADB Fifth		100%		904,570,300	904,570,300
ADB	Jaffna kilinochchi		100%		1,761,201,252	1,661,403,275
ADB	Greater Colombo Waste Water Managment		100%		6,047,374,532	6,047,374,532
ADB	Anuradapura North		100%		-	6,689,570,939
ADB	Greater Colombo Waste Water Managment 11		100%		2,729,494,398	2,729,494,398
ADB	Anuradapura North 11		100%		81,386,611	81,386,611
ADB	Greater Colombo Waste Water Managment		100%		11,011,544,566	8,716,766,604
ADB	Waste Water Managment Project (ADB IV)		100%		72,499,829	72,499,829
ADB	Jaffna kilinochchi WSP		100%		5,625,673,720	3,695,615,923
AFD	AFD Loan Contribution PRO2		100%		9,288,458,587	9,287,174,876
					37,522,203,796	39,885,857,288

National Water Supply & Drainage Board
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35. 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.

35.1 Details of Board Members and Payments

No	Name	Designation	Period of the Position	Gross Payments in 2024	Gross Payments in 2023	Previous Employment in NWSDB
1	Eng. Deepthi U Sumanasekara	Chairman	From 21.10.2024 to date	293,548	-	Retired as GM of NWSDB on 31.08.2019
2	Mr. Nishantha Ranatunga	Chairman	16.01.2020 to 27.09.2024	1,037,074	1,230,614	No
3	Mr. Sanjeeva Wijekoon	Vice Chairman	15.06.2022 to 28.09.2024	992,074	1,154,091	No
4	Dr. V T S K Siriwardana	Board Member	12.03.2021 to Dec 2024	189,280	221,420	No
5	Mr. K S M de Silva	Board Member	From 23.01.2024 to date	316,935	-	No
6	Mrs. K A S Maheshika	Board Member	From 17.10.2022 to date	344,400	334,250	No
7	Dr. (Eng.) W Illangasinghe	Board Member	2023.10.04 to 2024.09.26	242,295	75,000	Retired as GM of NWSDB on 21.09.2023
8	Mr. Mohamed Cader	Board Member	2023.10.04 to 2024.09.26	222,330	77,600	No
9	Prof. (Eng.) G G T Chaminda	Board Member	From 04.11.2024 - to date	37,500	-	No
10	Mr. W S K Liyanagama	Board Member	04.11.2024 - to date	25,000	-	No
11	Eng. R M Senarath Upali	Board Member	From 04.11.2024 -to date	26,358	-	Retired as CE of NWSDB on 20.10.2017
12	Mr. D M R Dissanayake	Board Member	From 20.11.2024 - to date	51,344	-	No
13	Eng. N M M Marikkar	Observer	From 13.12.2022 - to date	225,895	210,395	No

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35.2 Key Management Personnel

No.	Name	Designation	Gross Benefits during Employment Period		Gross Post Employee Benefits		Gross Total Employment and Post Employment Benefits	
			2024	2023	2024	2023	2024	2023
1	Eng. IMWK Ilangasinghe	Addl. General Manager	-	855,611	-	-	-	855,611
		GENERAL MANAGER	-	3,182,265	-	6,426,594	-	9,608,859
2	Eng. RS Liyanage	Addl. General Manager	-	4,891,391	-	-	-	4,891,391
		GENERAL MANAGER	2,212,805	476,967	5,426,496	-	7,639,301	476,967
3	Eng. T Barathithasan	Addl. General Manager	2,972,539	2,653,152	-	-	2,972,539	2,653,152
		GENERAL MANAGER	3,329,858	-	-	-	3,329,858	-
4	Eng. MKDIH Meegoda	Addl. General Manager	-	4,190,360	-	5,695,170	-	9,885,530
5	Eng. CCHS Fernando	Addl. General Manager	-	5,181,463	5,876,016	-	5,876,016	5,181,463
6	Eng. GV Wijeratna	Addl. General Manager	-	414,810	-	5,527,665	-	5,942,475
7	Eng. DNDS Gunathilaka	Addl. General Manager	6,087,034	2,746,461	-	-	6,087,034	2,746,461
8	Eng. N Suthesan	Addl. General Manager	6,082,535	2,733,313	-	-	6,082,535	2,733,313
9	Eng. MTM Razil	Addl. General Manager	5,628,851	-	-	-	5,628,851	-
10	Eng. WGCL Weeraseka	Addl. General Manager	6,102,324	2,679,927	-	-	6,102,324	2,679,927
11	Eng. JL Seekkuge	Addl. General Manager	4,552,434	2,881,249	6,108,116	-	10,660,550	2,881,249
12	Eng. NHDP Dharmapala	Addl. General Manager	2,990,100	2,699,903	5,319,972	-	8,310,072	2,699,903
13	Mr. RMAS Weerasena	Addl. General Manager (Finance)	6,015,066	4,800,974	-	-	6,015,066	4,800,974
Total			45,973,546	40,387,845	22,730,600	17,649,429	68,704,146	58,037,274

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

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36. CONTINGENT LIABILITIES

All the material events after the balance sheet date have been considered and appropriate adjustments and disclosures have been made to the financial statement, where necessary. Followings are existing court cases,

Nos	Case No	Date of Initial Filing	Court	Outside Party or Employee (Current/ Previous)	Current Status	Possible Outcome (Amount Payable)
1	DMR/5834/19	15/11/2019	District court Colombo	Outside party	Trial	(5,000,000)
2	M/994/22	24/11/2022	District court Killinochchi	Employee	Calling	7,453,887
3	34383/M	02/09/2020	District court Anuradhapura	Outside party	Trial	(600,000)
4	M/R/1207/23	30/10/2023	District court Theldeniya	Employee	Trial	(10,000,000)
5	M/9675	01/02/2017	District court Galle	Outside Party	Trial	(600,000)
6	8131/19/M	13/12/2018	District court Mount Lavina	Employee	Trial	21,450,000
7	486/24	24/10/2024	Appeal Court	Employee	Support	(10,818,935)
Total						(27,018,935)

36.1 Indemnity liability of Rs.1,208 million recommended by the Committee appointed by the Mathara District Secretary to decide the indemnity for the farmers affected inundation due to the construction of Nilwala salinity barrier from 2019 to 2022 will be forwarded to the Cabinet of Ministers approval after obtaining the approval from the Board of Directors. This is not considered as a liability of NWSDB.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

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37. PRIOR YEAR ADJUSTMENTS

- 37.1** NWSDB assets were revalued by obtaining the service of the Department of Valuation in which NWSDB involves an immense assets base. Accordingly, the revalued amount of assets was taken to the books in the year 2010 and those values have been continuing as deemed the cost of PPE at present to which some adjustments were required retrospectively. Further, under the Assets Management System (AMS) implementation, some asset categorizations were amended in 2024. Hence, the net effect of Rs. 213,873,131 had been adjusted to the gross carrying amount of PPE, and Rs.3,524,316,407 had been adjusted for depreciation as of 31.12.2024 as follows.

37.1.1 Gross Carrying Amounts of PPE

Cost	Balance As at 31.12.2023 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2023 Rs.
Freehold Assets			
Land Freehold	8,642,541,858	639,232	8,643,181,090
Land Leasehold	670,452,068	-	670,452,068
Infrastructure	14,679,450,205	113,776	14,679,563,980
Building - Freehold	38,673,904,183	92,767,326	38,766,671,509
Structures	94,481,452,421	7,595,100	94,489,047,521
Plant & Equipment Pumping & Treatment	72,732,536,512	20,764,314	72,753,300,826
Service Meter	505,327	-	505,327
Bulk Water Meter	1,418,291,423	6,432,492	1,424,723,915
Transmission & Distribution	224,849,650,625	479,550	224,850,130,175
Mobile Equipment's	1,925,959,077	31,740,924	1,957,700,001
Survey Equipment's	169,416,973	-	169,416,973
Laboratory	1,423,974,671	-	1,423,974,671
Other Equipment	8,291,451,347	45,126,256	8,336,577,603
Furniture & Fittings-Computer	956,411,190	4,208,715	960,619,905
Computers & Peripherals	1,483,527,483	2,571,608	1,486,099,090
Motor Vehicles Cars	2,764,673,306	-	2,764,673,306
Van Busses & Jeeps	383,115,738	-	383,115,738
Lorries & Trucks	1,225,782,830	-	1,225,782,830
Tractors & Trailers	67,854,567	-	67,854,567
Water Bowsers, Heavy Vehicles	2,075,726,552	1,433,839	2,077,160,391
Motor Cycles	30,808,850	1	30,808,851
Three Wheelers	56,237,477	-	56,237,477
Total Value of Depreciable Assets	477,003,724,684	213,873,131	477,217,597,815

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2024

37.1.2 Accumulated Depreciation	Balance As at 31.12.2023 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2023 Rs.
Land Freehold	-	-	-
Land Leasehold	-	-	-
Infrastructure	1,791,282,141	(102,736,139)	1,688,546,002
Building - Freehold	3,860,106,684	(37,771,670)	3,822,335,014
Structures	10,130,619,207	(452,126,018)	9,678,493,189
Plant & Equipment Pumping & Treatment	20,522,092,457	(2,179,217,361)	18,342,875,096
Service Meter	77,611	-	77,611
Bulk Water Meter	558,202,181	(3,110,756)	555,091,425
Transmission & Distribution	20,705,368,799	(265,619,339)	20,439,749,460
Mobile Equipment's	913,878,667	(18,697,622)	895,181,045
Survey Equipment's	63,920,757	(183,334,723)	(119,413,966)
Laboratory	724,706,927	(6,266,971)	718,439,956
Other Equipment	3,349,444,776	(267,658,433)	3,081,786,343
Furniture & fittings-computer	480,728,623	-	480,728,623
Computers & Peripherals	1,021,766,314	(3,833,296)	1,017,933,017
Motor Vehicles Cars	1,961,861,696	(5,686,181)	1,956,175,515
Van Busses & Jeeps	315,637,913	(1,968,803)	313,669,110
Lorries & Trucks	557,777,822	(940,464)	556,837,359
Tractors & Trailers	43,949,735	-	43,949,735
Water Bowsers, Heavy Vehicles	742,950,880	4,761,836	747,712,717
Motor Cycles	18,625,087	(110,715)	18,514,371
Three Wheelers	13,157,566	-	13,157,566
Total Value of Depreciation	67,776,155,843	(3,524,316,655)	64,251,839,188

37.1.2.1 Prior Year Adjustments

Depreciation adjustments for assets recognised Prior Years	(3,576,247,125)
Depreciation adjustments for assets recognised last year (Restated)	51,930,470
	<u>(3,524,316,655)</u>

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

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37.2 In addition to the prior year adjustments for Property Plant & Equipment's, the following items also have been adjusted retrospectively.

		Balance As at 31.12.2023 Rs.	Prior Year Adjustments Rs.	Adjustments For 2023 Rs.	Restated Balance As at 31.12.2023 Rs.
37.2.1 Assets/Capital Works in Progress (Note 37.1/17)					
Rehabilitation	17	7,572,427,278	(3,475,123)	(534,971)	7,568,417,184
Construction Work	17	474,989,516,343	(28,087,410)	22,252,072	474,983,681,004
Assets recognised and derecognised	37.1	477,003,724,684	18,881,861	194,991,270	477,217,597,815
37.2.2 Inventories (Note 21)					
PVC Steel Pipes		13,016,788,506	(98,611)	67,219	13,016,757,114
Water Meter & Fitting & Brass Items		1,610,649,345	333,382	-	1,610,982,726
Stock Adjustments		(200,486,745)	(2,314,005)	-	(202,800,750)
37.2.3 GRANTS					
Treasury Grant	30	155,526,551,042	(19,107,309)		155,507,443,733
Foreign Grants	31	303,839,764,740	(12,070,417)	(630,078)	303,827,064,246
37.2.4 Trade And Other Payable (Note 34)					
Advances		3,865,646,412	9,697,765	(4,066,829)	3,871,277,348
Creditors Control		10,532,556,587	(18,749,647)	(1,494,383)	10,512,312,557

National Water Supply & Drainage Board

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	Actual 2024 Rs.	Restated 2023 Rs.
38. <u>Summarized Statement of Income</u>		
<u>Revenue</u>		
Metered, Bulk Supply and Water Reclamation	78,683,912,013	58,549,558,334
New Connection and Others	5,342,616,350	3,302,730,221
Total	84,026,528,363	61,852,288,555
<u>Cost of Sales</u>		
Personnel Cost	9,649,852,809	7,964,033,215
Pumping Cost	11,461,542,855	13,784,944,713
Chemicals	2,780,865,623	2,988,136,090
Repairs & Maintenance	3,852,630,110	3,832,180,334
Establishment Expenses	1,519,341,147	1,424,860,986
Depreciation	4,838,122,967	3,790,658,955
Rent, Rates, Taxes, Security & Other Expenses	2,825,705,776	2,578,676,744
Rebates	297,748,583	270,950,919
Total	37,225,809,869	36,634,441,955
Gross Profit	46,800,718,494	25,217,846,600
Other Operating Income and Gains	1,994,122,352	4,284,862,995
<u>Other Cost</u>		
Administrative Expenses	(11,322,478,151)	(9,776,267,180)
Other Operating Expenses	(1,767,614,817)	(1,338,398,898)
Earning before Interest, Tax, Depreciation & Amortization (EBITDA)	40,791,269,533	22,201,085,713
Depreciation	(6,740,894,107)	(5,139,195,016)
Earning before Interest & Tax (EBIT)	34,050,375,426	17,061,890,697
Finance Income	2,273,301,157	3,121,158,211
Finance Cost	(12,378,826,389)	(14,948,454,251)
Profit / (Loss) Before Tax	23,944,850,194	5,234,594,656
Income Tax (Economic Service Charges)	-	-
Profit / (Loss) for the Year	23,944,850,194	5,234,594,656