

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED
31 DECEMBER 2025**

Unaudited Financial Statements 2025



AKNOWLEDGEMENT

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

The Financial Statements of the National Water Supply and Drainage Board are prepared as per section 61 (3) of the Public Financial Management Act No.44 of 2024 and also 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.

Unaudited Financial Statements 2024

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Unaudited Financial Statements 2025



National Water Supply & Drainage Board

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2025

	Note	Budget 2025 Rs.	Actual 2025 Rs.	Restated 2024 Rs.
Revenue (Net of VAT)	7	86,384,534,984	84,518,905,683	84,026,528,363
Cost of Sales	8	(42,955,800,722)	(32,552,562,395)	(37,225,809,869)
Gross Profit		43,428,734,262	51,966,343,288	46,800,718,494
Other Operating Income and Gains	9	1,300,550,669	1,808,215,808	1,994,122,352
Administrative Expenses	10	(17,346,714,858)	(13,321,825,414)	(13,089,072,755)
Other Operating Expenses	11	(650,000,000)	(1,416,702,606)	(1,767,614,817)
Operating Profit / (Loss)		26,732,570,073	39,036,031,076	33,938,153,275
Finance Income	12	1,980,901,000	3,057,762,686	2,273,301,157
Finance Cost	13	(11,619,924,104)	(10,489,698,055)	(12,378,826,389)
Profit / (Loss) Before Tax		17,093,546,969	31,604,095,707	23,832,628,042
Income Tax	14	-	-	-
Profit / (Loss) for the Year		17,093,546,969	31,604,095,707	23,832,628,042

Accounting Policies and Notes from pages 7 to 39 form an integral part of these Financial Statements.

Further, summarized version of above statement of comprehensive income is included in note no 37 of these statements.

National Water Supply & Drainage Board**STATEMENT OF OTHER COMPREHENSIVE INCOME**

Year Ended 31 December 2025

	Budget	Actual	Restated
	2025	2025	2024
	Rs.	Rs.	Rs.
Profit / (Loss) for the Year	17,093,546,969	31,604,095,707	23,832,628,042
Other Comprehensive Income for the Year.			
Exchange Gain/Loss on Loan Conversion	31.1.6	-	(10,728,441,887)
Fair Value Gain/Loss on Investment	19	-	1,128,000
Net Actuarial Gain/(Loss) Recognized during the Year	-	-	(856,813,886)
Total Other Comprehensive Income for the Year.	-	(10,727,313,887)	12,416,433,365
Total Comprehensive Income for the Year	17,093,546,969	20,876,781,820	36,249,061,407

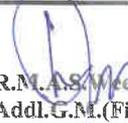
Accounting Policies & Notes from pages 7 to 39 form an integral part of these Financial Statements.

National Water Supply & Drainage Board

STATEMENT OF FINANCIAL POSITION

As at 31st December 2025

		Actual 2025 Rs	Restated 2024 Rs.
Assets	Note		
Non- Current Assets			
Property ,Plant & Equipment	15	487,490,942,830	443,824,240,271
Intangible Assets	16	266,660,781	1,996,828,059
Capital Work in Progress	17	444,880,473,540	463,089,677,575
Investment Property	18	-	333,954,342
Financial Assets	19	7,394,368	6,266,368
Total Non Current Assets		932,585,471,520	909,250,966,615
Current Assets			
Non Operating Assets	20	149,748,448	149,748,448
Inventories	21	19,754,610,074	19,350,993,182
Trade & Other Receivables	22	19,436,827,543	21,201,606,791
Deposits & Advances	23	10,847,634,800	16,273,081,054
Investments	24	33,142,208,546	16,905,768,952
Escrow Account	25	-	7,552,415
Cash & Cash Equivalents	26	49,067,393,454	21,575,673,288
Total Current Assets		132,398,422,865	95,464,424,130
Total Assets		1,064,983,894,384	1,004,715,390,746
Equity and Liabilities			
Equity			
Government Equity	27	178,844,649,192	136,660,104,672
Staff Welfare & Other Accounts	28	16,198,553	17,304,988
Retained Earnings		59,349,387,538	39,230,258,036
Government Grant	29	180,086,842,456	165,894,244,478
Capital Grants	30	316,157,620,616	304,610,203,230
Total Equity		734,454,698,356	646,412,115,404
Non-Current Liabilities			
Loan Payable	31	242,060,885,234	228,145,406,601
Other Deferred Liabilities	32	5,531,574,219	5,506,487,157
Total Non Current Liabilities		247,532,459,453	233,651,893,758
Current Liabilities			
Non Operating Liabilities	20	51,287,805	51,287,805
Trade & Other Payables	33	51,882,325,769	50,648,322,647
Loan Capital Payable	31	41,771,486,631	58,126,984,912
Loan Interest Payable		9,291,636,370	15,824,786,221
Total Current Liabilities		82,996,736,575	124,651,381,584
Total Equity and Liabilities		1,064,983,894,384	1,004,715,390,746


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


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

The Accounting Policies and Notes to the Accounts on pages 07 to 39 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. A.M.P.T. Bandara
 Chairman
 National Water Supply & Drainage Board
 Colombo
 on 25th February 2026
 Galle Road, Ratmalana.


Eng. R.M. Upali Senarath
 Director

National Water Supply & Drainage Board

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2025

	Note	Opening Capital Balance Rs.	Government Grants Rs.	Government Equity Rs.	Capital Grants Rs.	Staff Welfare & Other Funds Rs.	Accumulated Profit/Loss Rs.	Total Rs.
Balance as at 1 January 2024		-	155,526,551,042	111,684,749,118	306,170,654,320	21,665,392	(3,748,217,871)	569,655,402,000
Prior Year Adjustments								
Assets/WIP Recognized and Derecognized	36.2.2	-	-	-	-	-	(397,549,853)	(397,549,853)
Depreciation adju.for Assets Recognized and Derecognized	36.1.2.1/36.2.9	-	-	-	-	-	(852,201,316)	(852,201,316)
Financial Assets	36.2.6	-	-	-	-	-	3,792,000	3,792,000
Trade & Other Payables	36.2.5	-	-	-	-	-	(238,026,493)	(238,026,493)
Inventories	36.2.3	-	-	-	-	-	262,055,131	262,055,131
Trade & Other Receivables	36.2.7	-	-	-	-	-	4,238,408	4,238,408
Deposits amd Advances	36.2.8	-	-	-	-	-	(1,023,129)	(1,023,129)
Opening Capital Balance	36.2.1	-	-	568,675,608	-	-	(568,675,608)	-
Capital Grants	36.2.4	-	-	-	(8,032,948,034)	-	8,032,948,034	-
Restated Balance as at 1 January 2024		-	155,526,551,042	112,253,424,726	298,137,706,286	21,665,392	2,497,339,301	568,436,686,746
Net Profit for the Year		-	-	-	-	-	36,249,061,388	36,249,061,388
Assets Recognized and Derecognized	36.2.2	-	-	-	-	-	87,757,830	87,757,830
Financial Assets	36.2.6	-	-	-	-	-	(5,831,999)	(5,831,999)
Receipts / Transfers During the Year		-	10,387,503,124	-	6,841,335,495	(12,837,111)	-	17,216,001,508
Loan to Equity Conversion	36.2	-	-	24,406,679,946	-	-	-	24,406,679,946
Trade & Other Payables	36.2.5	-	-	-	-	-	37,422,495	37,422,495
Inventories	36.2.3	-	-	-	-	-	3,867,503	3,867,503
Trade & Other Receivables	36.2.7	-	-	-	-	-	5,590,124	5,590,124
Deposits amd Advances	36.2.8	-	-	-	-	-	(25,120,137)	(25,120,137)
Capital Grants	36.2.4	-	-	-	(388,648,239)	-	388,648,239	-
Transfers to Staff Welfare Fund		-	-	-	-	8,476,707	(8,476,707)	-
Restated balance as at 31 December 2024		-	165,914,054,166	136,660,104,672	304,590,393,542	17,304,988	39,230,258,036	646,412,115,404
Net Profit for the Year		-	-	-	-	-	20,876,781,820	20,876,781,820
Receipts / Transfers During the Year		-	14,172,788,290	-	11,567,227,074	(8,758,753)	-	25,731,256,611
Loans Conversion to Equity		-	-	42,184,544,521	-	-	-	42,184,544,521
Transfers to Staff Welfare Fund		-	-	-	-	7,652,319	(7,652,319)	-
Transfer to Consolidated Fund		-	-	-	-	-	(750,000,000)	(750,000,000)
Balances as at 31 December 2025		-	180,086,842,456	178,844,649,192	316,157,620,616	16,198,553	59,349,387,538	734,454,698,356

Accounting Policies & Notes from pages 7 to 39 form an integral part of these Financial Statements.

National Water Supply & Drainage Board

STATEMENT OF CASH FLOW

Year Ended 31 December 2025

	Note	Actual 2025 Rs.	Restated 2024 Rs.
Cash Flows from/(used in) Operating Activities			
Net Profit/(Loss) Before Tax		31,604,095,707	23,832,628,042
<i>Adjustments for</i>			
Interest Income	12	(3,057,762,686)	(2,273,301,157)
Profit/Loss on disposal of Fixed Assets	15.1.1	44,396,367	13,118,290
Depreciation	8/10.2	6,603,476,498	6,604,717,571
Retiring Gratuity Provision	32.1	695,695,800	904,717,570
Interest Expense	13	10,489,698,055	12,378,826,389
Operating Profit/ (Loss) before Working Capital Changes		46,379,599,741	41,460,706,705
(Increase)/Decrease in Inventories		(403,616,892)	(12,016,951)
(Increase)/Decrease in Debtors, Receivables & Deposits		7,143,658,620	(455,566,427)
Increase/(Decrease) in Creditors, Provisions & Deposits		(19,490,909,815)	(14,903,700,041)
Cash Generated from Operations		33,628,731,653	26,089,423,285
Gratuity Paid	32.1	(695,695,800)	(651,571,220)
Net Cash from/ (Used in) Operating Activities		32,933,035,854	25,437,852,065
Cash Flows from/(used) in Investing Activities			
Investments in Fixed Assets & Work-In-Progress		(30,561,896,678)	(10,332,257,681)
Sale Proceeds for Disposal Assets	15.1.1	5,514,975	600,410
Investment Income Received		3,104,329,568	2,665,263,283
(Investment) / Withdrawal of Investments		(16,228,887,178)	13,886,479,468
Net Cash Flows From/ (used in) Investing Activities		(43,680,939,314)	6,220,085,479
Cash Flows from/ (used in) Financing Activities			
Government Grant during the Period		14,192,597,978	10,386,800,745
Capital Grant during the period		18,502,310,623	13,105,974,401
Loans,Equity and currency conversions		59,418,408,703	26,704,451,493
Loan Repayments		(34,947,601,033)	(24,579,250,872)
Interest Paid		(18,926,092,645)	(41,260,066,623)
Net Cash Flows From/ (used in) Financing Activities		38,239,623,626	(15,642,090,856)
Net Increase in Cash & Cash Equivalents		27,491,720,166	16,015,846,688
Cash & Cash Equivalents at the Beginning of the Year		21,575,673,288	5,559,826,600
Cash & Cash Equivalents at the End of the Period		49,067,393,454	21,575,673,288

The Accounting Policies and Notes on pages 7 to 39 form an integral part of the Financial Statements.

Unaudited Financial Statements 2025

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

31 DECEMBER 2025

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 Act 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 Housing, Construction and Water Supply.

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 February 2026.

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 on-going 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.

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

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 fulfilment 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 asset's 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

Measurement of 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.

3.3. 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 instalments. When loans or similar assistance are provided by

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS (Contd...)

Year ended 31 December 2025

governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable 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.

Project Category	Basis Of Debt Servicing Contribution by Treasury
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 COMPRENSIVE 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.

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; (i) 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 De recognition

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.

De recognition

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

National Water Supply & Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

		Actual 2025 Rs.	Restated 2024 Rs.
7. REVENUE			
Water Sales	7.1	77,399,850,915	77,538,803,097
Water Reclamation	7.2	1,260,103,363	1,145,108,916
Income from Main Operations	7.3	5,858,951,404	5,342,616,350
		84,518,905,683	84,026,528,363
7.1 Water			
Metered Sales		76,340,345,139	76,438,971,045
Bulk Sales		930,381,641	967,555,446
Bowser Supply		129,124,135	132,276,606
		77,399,850,915	77,538,803,097
7.2 Water Reclamation			
Metered Sales		1,015,619,519	923,952,223
Service Income		1,973,490	23,521,180
Gully Unloading Income		242,510,354	197,635,513
		1,260,103,363	1,145,108,916
7.3 Income from Main Operations			
Income Related to New Connection		3,021,694,004	2,800,152,876
Expense Related to New Connection		(1,853,344,806)	(2,057,557,828)
Income from Late Payment Penalties		3,389,400,196	3,462,608,515
Income from Other Main Operations		495,371,135	345,450,169
Capital Recovery Charges		805,830,875	791,962,618
		5,858,951,404	5,342,616,350
8. COST OF SALES			
Personnel Cost		9,773,296,724	9,649,852,809
Pumping Cost		7,189,115,264	11,461,542,855
Chemicals		2,193,314,971	2,780,865,623
Repairs & Maintenance		3,667,516,858	3,852,630,110
Establishment Expenses		1,470,829,785	1,519,341,147
Depreciation		4,851,616,628	4,838,122,967
Rent, Rates, Taxes, Security & Other Expenses		3,077,557,534	2,825,705,776
Rebates		329,314,632	297,748,583
		32,552,562,395	37,225,809,869
9. OTHER OPERATING INCOME			
Other Income	9.1	1,746,632,778	1,960,876,924
Staff Loan Benefit		61,583,029	33,245,428
		1,808,215,808	1,994,122,352
9.1 Other Income			
Water Reclamation		406,755,097	349,631,267
Ground Water		37,438,820	42,082,660
Miscellaneous Income including Surcharge, Penalties etc.		1,302,438,862	1,569,162,997
		1,746,632,778	1,960,876,924

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

	Actual 2025 Rs	Restated 2024 Rs.
10. ADMINISTRATIVE EXPENSES		
Repairs & Maintenance	512,934,432	480,584,009
Establishment Expenses	1,693,266,657	1,874,322,764
Rent,Rates,Taxes, Security & Other Expenses	1,439,984,290	1,204,271,285
Staff Cost	10.1 7,913,780,164	7,753,300,093
Depreciation	10.2 1,751,859,871	1,766,594,604
Audit Fee to National Audit Office	10,000,000	10,000,000
	13,321,825,414	13,089,072,755
10.1 Staff Cost		
Cost on Loan Granted	61,583,029	33,245,428
Personnel Cost	7,852,197,135	7,720,054,665
	7,913,780,164	7,753,300,093
10.2 Depreciation		
Building and Structures	2,818,067,261	2,821,218,233
Investment Property	-	5,012,085
Plant & Machinery	8,545,678,738	8,065,600,219
Equipment's	1,474,616,043	1,303,134,317
Furniture and Fittings	88,527,554	79,510,111
Computers & Peripherals	213,548,368	186,386,623
Motor Vehicles	426,690,523	425,641,706
Total Depreciation	13,567,128,488	12,881,491,209
Less: Deprn. for Grant funded Assets	(7,183,882,528)	(6,264,078,211)
Deprn. for Rechargeable funded Assets	(27,677,572)	(17,034,152)
Deprn. Related to the Cost Sale	(4,851,616,628)	(4,838,122,967)
Add: Amortization of Intangible Assets	247,908,111	4,338,725
	1,751,859,871	1,766,594,604
11. OTHER OPERATING EXPENSES		
Provision Impairment of Bad & Doubtful Debts	633,901,630	826,657,798
Provision for Obsolete & Unserviceable Stock	87,105,176	36,239,449
Provision for Retiring Gratuity	695,695,800	904,717,570
	1,416,702,606	1,767,614,817
12. FINANCE INCOME		
Investment Income	3,057,762,686	2,273,301,157
	3,057,762,686	2,273,301,157
13. FINANCE COST		
Interest On Loans	12,392,942,794	27,585,315,879
Less: WIP charged/Capitalized Interest on Construction Projec	(1,903,244,739)	(15,206,489,489)
	10,489,698,055	12,378,826,389
14. INCOME TAX		

As per the tax computation for the year of assessment 2024/25, the NWSDB has accumulated tax losses amounting to LKR 44,843,219,049. Accordingly, no income tax liability has been recognized for the current financial year.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

		2025 Rs	2024 Rs
Freehold Assets - Carrying Amounts	15.1	586,664,792,836	527,557,960,733
Freehold Assets -Accumulated Depreciation	15.2	(99,173,850,006)	(83,733,720,461)
Freehold Assets -Net Book Values	15.3	487,490,942,830	443,824,240,271

15.1 Freehold Assets - Carrying Amounts

	Restated Balance	Additions after	Transfers	Disposals	Balance
	As at	Adjustments			As at
	01.01.2025				31.12.2025
	Rs.	Rs.	Rs.	Rs.	Rs.
Land Freehold	8,803,937,275	114,715,240	138,359,534	-	9,057,012,049
Land Leasehold	669,739,954	1	(9,050,001)	-	660,689,954
Infrastructure	16,022,445,131	2,118,709,673	72,139,741	(663,675)	18,212,630,870
Building - Freehold	44,260,704,271	963,533,068	164,368,845	(4,468,392)	45,384,137,793
Structures	100,942,320,027	2,458,544,135	(85,399,913)	(39,329,549)	103,276,134,700
Plant & Equipment-Pumping & Treatment	79,363,976,397	2,723,405,360	(1,227,828)	(69,323,533)	82,016,830,396
Service Meter	505,327	-	(300,000)	-	205,327
Bulk Water Meter	1,658,722,369	2,268,509,262	2,817,890	(12,382,072)	3,917,667,449
Transmission & Distribution	251,098,290,389	45,108,679,466	1,260,914,475	(215,176)	297,467,669,154
Mobile Equipment's	2,163,635,945	102,487,034	5,443,889	(6,709,119)	2,264,857,749
Survey Equipment's	186,469,616	85,000	0	(171,000)	186,383,616
Laboratory Equipment's	1,610,339,634	90,290,115	(2,964,694)	(3,410,965)	1,694,254,090
Other Equipment	11,198,168,900	1,513,450,982	(6,600,711)	(3,664,341)	12,701,354,830
Furniture & Fittings-Computer	1,097,071,315	83,859,174	15,331,952	(4,024,076)	1,192,238,365
Computers & Peripherals	1,695,310,785	128,632,963	(4,089,952)	(8,136,247)	1,811,717,550
Motor Vehicles Cars	2,827,114,842	24,760,000	14,573,922	(800,000)	2,865,648,764
Vans Busses & Jeeps	386,115,738	4,000,000	-	(300,000)	389,815,738
Lorries & Trucks	1,216,758,991	11,038,000	(46,733,000)	-	1,181,063,990
Tractors & Trailers	67,854,567	-	-	-	67,854,567
Water Browsers, Heavy Vehicles	2,200,751,267	9,785,470	20,095,530	-	2,230,632,267
Motor Cycles	31,490,515	2,848,149	(425,001)	(68,598)	33,845,065
Three Wheelers	56,237,477	-	(4,088,922)	-	52,148,555
Total Value of Depreciable Assets	527,557,960,733	57,727,333,090	1,533,165,755	(153,666,741)	586,664,792,836

15.1.1 Profit/ Loss on disposal of Assets

During the year, the Board disposed of certain items of property, plant and equipment, generating sales proceeds of RS. 5,514,975 (2024: Rs. 600,410). These disposals resulted in a loss on disposal of Rs. 44,396,367 (2024: Rs. 13,118,290).

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

15.2 Freehold Assets -Accumulated Depreciation

	Restated Balance As at 01.01.2025 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2025 Rs.
Infrastructure	2,211,275,145	349,845,820	118,380,283	-	2,679,501,248
Building - Freehold	4,772,361,358	830,402,680	164,180,128	(356,250)	5,766,587,916
Structures	11,947,500,121	1,637,818,761	147,725,972	(1,835,018)	13,731,209,836
Plant & Equipment Pumpi	24,774,909,732	3,963,115,753	46,495,053	(5,532,850)	28,778,987,688
Service Meter	77,611	-	(300,000)	-	(222,389)
Bulk Water Meter	774,403,903	243,995,261	647,487,633	-	1,665,886,797
Transmission & Distributi	26,264,284,050	4,338,567,724	727,507,999	(1,981,827)	31,328,377,946
Mobile Equipment's	1,131,061,226	174,551,797	(25,861,832)	(578,975)	1,279,172,216
Survey Equipment's	86,092,786	17,313,472	0	(159,885)	103,246,373
Laboratory Equipment's	861,717,085	127,725,377	(79,233)	(2,346,004)	987,017,226
Other Equipment	5,047,006,053	1,155,025,397	23,670,355	(522,591)	6,225,179,213
Furniture & Fittings-Comp	579,521,268	88,527,554	19,794,138	(2,744,494)	685,098,466
Computers & Peripherals	1,221,859,291	213,548,368	(6,414,656)	(10,157,129)	1,418,835,875
Motor Vehicles Cars	2,201,412,168	231,076,307	538,088	(760,000)	2,432,266,563
Van Busses & Jeeps	339,520,488	17,980,879	2,395,250	(122,265)	359,774,353
Lorries & Trucks	609,932,004	59,812,247	(122,807)	(195,938)	669,425,507
Tractors & Trailers	49,394,325	3,459,332	-	-	52,853,657
Water Bowsers, Heavy Ve	826,957,259	111,326,974	32,266,849	(320,625)	970,230,458
Motor Cycles	19,821,899	1,815,520	764,441	(14,809)	22,387,050
Three Wheelers	14,612,689	1,219,263	2,202,057	-	18,034,008
	83,733,720,461	13,567,128,488	1,900,629,717	(27,628,660)	99,173,850,006

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

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

15.3 Freehold Assets -Net Book Values

	Actual 2025 Rs.	Restated 2024 Rs.
Land Freehold	9,057,012,049	8,803,937,275
Land Leasehold	660,689,954	669,739,954
Infrastructure	15,533,129,622	13,811,169,987
Building - Freehold Structures	39,617,549,877	39,488,342,913
Plant & Equipment-Pumping & Treatment	89,544,924,864	88,994,819,906
Service Meter	53,237,842,709	54,589,066,665
Bulk Water Meter	427,716	427,716
Transmission & Distribution	2,251,780,652	884,318,466
Mobile Equipment's	266,139,291,208	224,834,006,339
Survey Equipment's	985,685,533	1,032,574,719
Laboratory Equipment's	83,137,243	100,376,830
Other Equipment's	707,236,863	748,622,549
Furniture & Fittings-Computer	6,476,175,617	6,151,162,847
Computers & Peripherals	507,139,898	517,550,047
Motor Vehicles Cars	392,881,675	473,451,494
Van Busses & Jeeps	433,382,202	625,702,674
Lorries & Trucks	30,041,385	46,595,249
Tractors & Trailers	511,638,482	606,826,986
Water Bowsers, Heavy Vehicles	15,000,910	18,460,242
Motor Cycles	1,260,401,809	1,373,794,007
Three Wheelers	11,458,015	11,668,616
Total Carrying Amount of Property, Plant & Equipment	34,114,547	41,624,788
	487,490,942,830	443,824,240,271

Property, Plant and Equipment with a gross carrying amount of LKR 5,902,700,461.28 (2024: LKR 3,990,106,999) have been fully depreciated but remain in active use by the Company as at the reporting date.

15.3.1 Impact of Ditwa Cyclone on Property, Plant and Equipment

During the latter part of November 2025, the Ditwa Cyclone affected several RSC offices/regions of the National Water Supply and Drainage Board, including RSC (Central), Kandy South, Kandy North, Kurunegala, Polonnaruwa, RSC (Uva), Bandarawela, and RSC (Western Central) which caused damage to Property, Plant and Equipment. As at the reporting date, committees have been appointed to assess the financial impact of the cyclone. The assessment is ongoing, and the damage or loss cannot be reliably measured due to limited information available at the reporting date. Accordingly, no adjustments have been made in the financial statements for the year ended 31 December 2025. Any required adjustments will be recognized in the financial statements for the year 2026 upon completion of the assessment.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

16. INTANGIBLE ASSETS

	Opening Balance	Additions during the year	Transfers during the year	Balance as at 31.12.2025	Restated Balance as at 31.12.2024
	Rs.	Rs.	Rs.	Rs.	Rs.
Carrying Amounts	2,019,736,120	763,889	(1,346,304,239)	674,195,770	2,019,736,120
Accumulated Amortization	22,908,061	278,668,272	165,958,657	467,534,990	22,908,061
	1,996,828,059	(277,904,383)	(1,180,345,582)	206,660,781	1,996,828,059

17. CAPITAL WORK IN PROGRESS

Construction Work		36.2.2	434,034,274,813	454,101,246,789
Rehabilitation		36.2.2	10,846,198,727	8,988,430,786
			444,880,473,540	463,089,677,575

18. INVESTMENT PROPERTY

The building located at Sunil Mawatha, Battaramulla, which was previously leased to the Ministry of Water Supply and Estate Infrastructure Development and accounted for as Investment Property under LKAS 40, has been reclassified to Property, Plant and Equipment during the year following commencement of owner-occupation by the NWS&DB.

19. FINANCIAL ASSETS

	Rs.	Rs.
Investment in HDFC Shares (Number of Shares - 120,000)	434,368	434,368
Fair Value Adjustments		
Opening Balance	5,832,000	3,792,000
Gain/ (Loss) for the Year	1,128,000	2,040,000
Closing Balance	6,960,000	5,832,000
	7,394,368	6,266,368

20. NON OPERATING ASSETS AND LIABILITIES

Non Operating Assets	149,748,448	149,748,448
Non Operating Liabilities	(51,287,805)	(51,287,805)

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, action is in progress to write off the said balances.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

		Actual	Restated
		2025	2024
		Rs.	Rs.
21 INVENTORIES			
PVC & Steel Pipes	36.2.3	13,521,984,906	12,956,026,469
Water Meter & Fitting & Brass Items		1,122,800,804	1,355,072,388
Chemical Materials		457,167,383	435,137,843
Electricals		1,610,568,796	1,376,499,200
Building Materials		304,127,918	418,383,482
Pump & Spare Parts		1,739,284,426	1,783,144,159
Vehicle Spare Parts		194,811,627	193,480,831
Stationary & Office Equipment's		84,266,114	77,167,167
Other Items		1,369,644,333	1,331,771,663
Stock Adjustments	36.2.3	99,380,157	87,387,185
		20,504,036,466	20,014,070,387
Less- Major Spares			
Property Plant and Equipment at Stores		(383,973,784)	(384,729,774)
Provision for Obsolete Stock		(365,452,607)	(278,347,431)
		19,754,610,074	19,350,993,182

21.1 Impact of Ditwa Cyclone on Inventories

During the latter part of November 2025, the Ditwa Cyclone affected several stores locations of the National Water Supply and Drainage Board, including Mewathura, Giriulla, Polgahawela, Gallalla, Badulla, Diyathalawa, Walimada, Mahiyanganaya, Divithotawela, RSC (Uva) Construction Stores, and RSC (Western Central Construction Stores which caused damage to Inventories. As at the reporting date, committees have been appointed to assess the financial impact of the cyclone. The assessment is ongoing, and the damage or loss cannot be reliably measured due to limited information available at the reporting date. Accordingly, no adjustments have been made in the financial statements for the year ended 31 December 2025. Any required adjustments will be recognized in the financial statements for the year 2026 upon completion of the assessment.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

		Actual 2025 Rs.	Restated 2024 Rs.
22 TRADE AND OTHER RECEIVABLES			
Trade Debtors	36.2.7	22,417,741,031	23,661,495,504
Other Debtors	36.2.7	503,409,076	556,772,316
Less : Debtors Impairment		(3,241,677,116)	(2,607,777,665)
Debtors Collection Control	36.2.7	(5,309,797,751)	(4,776,479,235)
VAT Receivable		22,365,345	23,479,808
WHT Receivable		679,041,149	476,563,876
Advances to Staff		6,332,632	7,283,890
Loans to Employees		4,030,303,191	3,519,822,776
Receivable on Interest & Others		329,109,987	375,676,869
Ineter regional CA		-	(35,231,348)
		19,436,827,543	21,201,606,791

23 DEPOSITS AND ADVANCES

Pre Payments		45,000	105,000
Mobilization and Other Advances	36.2.8	10,276,660,915	15,793,133,771
Deposits	36.2.8	570,928,885	479,842,283
		10,847,634,800	16,273,081,054

24 INVESTMENTS

Financial Assets (Including rechargeable project funded investments	36.2.6	33,142,208,546	16,905,768,952
		33,142,208,546	16,905,768,952

Fair value gains arising from HDFC Investment, which were previously classified under Investments, have been reclassified and are now disclosed under Note 19 - Financial Assets.

25 ESCROW ACCOUNT

Following Board and Cabinet Decision No. 4465(b) dated 17 December 2024, the Escrow Account maintained with respect to the China Development Bank loan facility was closed during the year. The balance of USD 51,209,296.00 (LKR 15,519,629,253.16) as at 20 December 2024 was utilized to settle the corresponding loan in accordance with the amended loan agreement for reallocation of funds. Accordingly, no Escrow Account balance is reflected as at 31 December 2025.

26 CASH AND CASH EQUIVALENTS

Cash at Bank		43,786,311,633	20,964,022,151
Cash Imprests Head Office		7,250,000	75,000
Cash Imprests Regions		9,754,790	8,385,390
Cash in Transit		632,470,876	369,264,281
Bank of Ceylon Saving - II		1,612,184	1,575,863
Saving Accounts		4,629,993,971	232,350,603
		49,067,393,454	21,575,673,288

NWSDB is required to maintain adequate cash reserves to meet debt obligations maturing within twelve months from the reporting date. As at 31 December 2025, such obligations amount to Rs. 20 billion.

27 GOVERNMENT EQUITY

Loans to Equity Conversion	36.2.1	164,759,184,880	122,574,640,359
Government Contribution (Bond)		14,085,464,312	14,085,464,312
		178,844,649,192	136,660,104,672

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

		Actual 2025 Rs.	Restated 2024 Rs.
28. STAFF WELFARE & OTHER ACCOUNTS			
Opening Balance		17,304,988	21,665,392
Received/(Paid) During the Year		(1,106,434)	(4,360,404)
		16,198,553	17,304,988
29. GOVERNMENT GRANT			
Treasury Grant	36.2.4.1	180,086,842,456	165,894,244,478
		180,086,842,456	165,894,244,478
30. CAPITAL GRANTS			
Foreign Grants	36.2.4.2	313,602,522,123	302,011,537,362
Local Grants		2,555,098,493	2,598,665,868
		316,157,620,616	304,610,203,230
31. LOAN PAYABLE			
Foreign Loans		224,435,806,677	203,244,488,124
Local Loans		17,565,078,557	24,900,918,477
Long term Portion of Loan Payable		242,000,885,234	228,145,406,601
Current Portion of Loan Payable		41,771,486,631	58,126,984,912
	31.1	283,772,371,865	286,272,391,512
32. OTHER DEFERRED LIABILITIES			
Provision for Defined Benefit Plan	32.1	5,478,385,379	5,478,385,379
Customer and Employee Security Deposits		53,188,840	28,101,778
		5,531,574,219	5,506,487,157
32.1 Movement of Retiring Gratuity Provision			
Balance at the Beginning of the Period		5,478,385,379	4,368,425,143
Add Provision for the Period		695,695,800	1,761,531,456
Less: Gratuity Payments During the Period		(695,695,800)	(651,571,220)
Provision for Defined Benefit Plan		5,478,385,379	5,478,385,379
33. TRADE AND OTHER PAYABLES			
Rechargeable Work - Customer Advances	36.2.5	4,659,497,429	3,999,427,446
Contractors Retention		11,197,757,721	14,664,004,197
Creditors Control	36.2.5	6,603,809,348	8,754,932,580
Other Creditors		247,624,461	207,571,444
Accrued Expenses		5,078,491,902	19,300,742,184
Refundable and Security Deposits		2,359,220,378	2,354,083,255
VAT Payable		705,961,490	896,631,529
With Holding Tax		444,046	746,868
Salaries and Other Payables	36.2.5	1,029,518,994	470,183,144
		31,882,325,769	50,648,322,647

The board has recognized a provision of Rs. 750 million payable dividends to the consolidated Fund. This amount is classified under Other Payables. Further, Rs. 200 million was paid to the consolidated fund as dividends for the year 2023 declared by the annual performance review meeting held in the year 2025.

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

31.1 Loan Details

Rs.

No.	Description	Balance As At 31.12.2025	Balance As At 31.12.2024
31.1.1	Bank Loans-NSB	25,350,000,000	28,010,000,000
31.1.2	Local bank Fully Funded Project Loans	36,998,565,076	44,472,990,658
31.1.3	Foreign bank Funded Project Loans	151,102,217,186	140,924,864,767
31.1.4	Counter Part Funded Project Loans- (Local Portion)	31,234,727,195	35,342,332,291
31.1.5	Treasury Settled Equity Convertible Loans	39,086,862,408	37,522,203,796
		283,772,371,865	286,272,391,512

31.1.1 Bank Loans-National Savings Bank

Rs.

Bank	Financed	NWSDB Liability %	Interest Rate	Balance As At 31.12.2025	Balance As At 31.12.2024
NSB I	Financed by Treasury	100%	AWPLR + 2.25% p.a.	11,875,000,000	13,125,000,000
NSB II	Financed by Treasury	100%	AWPLR + 2.25% p.a.	11,875,000,000	13,125,000,000
NSB II	Financed by Treasury	100%	AWPLR + 2.25% p.a.	1,600,000,000	1,760,000,000
				25,350,000,000	28,010,000,000

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

31.1.2 Local bank Fully Funded Project Loans

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2025	Balance As At 31.12.2024
PEOPLES BANK	Laggala New Town WSP	100%	-	AWPLR + 2.25%	1,826,746,131	1,836,601,062
PEOPLES BANK	Uragasmanhandiya , Gonainuwala , Weligama WSP	100%	-	AWPLR + 2.25%	137,280,988	232,519,084
PEOPLES BANK	Ettampitiya WSP	25%	75%	AWPLR + 2.25%	1,189,783,953	1,403,488,413
PEOPLES BANK	Giridara WSP	25%	75%	AWPLR + 2.10%	56,194,782	97,257,321
NSB	Benthota WSP	100%	-	AWPLR + 2.25%	331,618,504	426,366,649
NDB	Matara Stage IV WSP	25%	75%	AWPLR + 2.25%	11,342,926,890	12,477,219,578
NDB	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	1,265,937,311	1,582,421,626
NDB	Wilgamuwa WSP	100%	-	AWPLR + 2.25%	1,042,832,163	1,230,813,597
HNB	Laggala New Town WSP	100%	-	AWPLR + 2.25%	1,018,942,604	1,182,426,944
DFCC	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	1,311,142,014	1,638,927,518
DFCC	Galagedra / Mawathagama WSP	100%	-	AWPLR + 2.25%	1,709,214,647	2,019,980,946
CB	Ruhunupura WSS	100%	-	AWPLR + 2.25%	427,645,373	556,765,373
BOC	Ampara Distribution Network WSP	100%	-	AWPLR + 2.25%	572,471,479	715,979,074
BOC	Colombo City Water Supply Improvement Project - Phase I	100%	-	AWPLR + 2.25%	-	2,386,429,002
BOC	Madirigiriya WSP	100%	-	AWPLR + 2.25%	1,089,517,247	1,167,339,907
BOC	Implementation of 22 WSP	100%	-	AWPLR + 2.25%	1,932,222,693	2,146,050,471
BOC	Package III	100%	-	AWPLR + 2.25%	5,377,562,382	5,991,693,543
BOC	Town East of Colombo District WSP - Package I	100%	-	AWPLR + 2.25%	3,355,001,908	3,678,126,908
BOC	Avissawella & Kosgama Intergra WSP	100%	-	AWPLR + 2.25%	462,424,399	635,228,303
BOC	Town East of Colombo PACKAGE II	100%	-	AWPLR + 2.25%	2,292,603,163	2,594,038,643
BOC	Greater Ratnapura WSP	25%	75%	AWPLR + 2.25%	201,672,725	334,627,490
BOC	Uragasmanhandiya , Gonainuwala , Weligama WSP	100%	-	AWPLR + 2.25%	34,110,588	117,976,075
	UDA Project - ADB Loan				20,713,132	20,713,132
					36,998,565,076	44,472,990,659

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

31.1.3 Foreign bank Funded Project Loans

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2025	Balance As At 31.12.2024
Exim Bank of India	Polgahawela, Pothuhera and Alawwa Integrated WSP	25%	75%	Libor + 1.75%	19,451,298,269	18,062,923,785
China Development Bank Coporation	Gampaha, Attanagalla & Minuwangoda Integrated Water Supply Scheme	25%	75%	Libor + 2.95%	34,589,744,758	35,200,456,282
Exim Bank of India	Aluthgama, Mathugama and Agalawatta Integrated WSP	25%	75%	Libor + 1.75%	29,439,265,732	27,199,702,774
China Development Bank Coporation	Thambuttegama WSP	-	100%	Libor + 2.95%	11,834,846,615	12,043,801,051
China Development Bank Coporation	Katana WSP	25%	75%	Libor + 2.95%	14,374,932,501	13,604,722,750
12Mn ING BANK N.V.	Hemmathagama WSP	25%	75%	Euribor + 1.95%	19,909,538,254	15,715,910,203
70Mn ING BANK N.V.	Hemmathagama WSP	25%	75%	Euribor + 0.90%	6,408,174,143	6,408,174,143
Unicredit Bank Astria	Orugodawatta WSP	50%	50%	Euribor + 1.00%	15,094,416,914	12,689,173,779
					151,102,217,186	140,924,864,767

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

31.1.4 Counter Part Funded Project Loans- (Local Portion)

Rs.

Bank / Lending Institution	Project Name	NWSDB Liability %	Treasury Liability %	Interest Rate	Balance As At 31.12.2025	Balance As At 31.12.2024
BOC	Polgahawela, Pothuhera and Alawwa Integrated WSP	100%	-	AWPLR + 2.25% p.a.	1,493,901,795	1,765,520,304
BOC	Gampaha, Attanagalla & Minuwangoda Integrated WSP	100%	-	AWPLR + 2.25% p.a.	4,638,678,158	4,911,541,579
BOC	Aluthgama, Mathugama and Agalawatta Integrated WSP	100%	-	AWPLR + 2.25% p.a.	3,895,120,588	4,154,795,294
BOC	Kelani Right Bank WSP - Stage II	100%	-	AWPLR + 2.25% p.a.	4,840,105,180	5,041,776,229
BOC	Thambuttegama WSP	100%	-	AWPLR + 2.25% p.a.	2,770,166,768	2,915,965,019
BOC	Katana WSP	100%	-	AWPLR + 2.25% p.a.	1,114,128,664	1,262,679,153
HNB	Kelani Right Bank WSP- Stage II	100%	-	AWPLR + 2.25% p.a.	3,818,545,447	4,454,969,697
HNB	Greater Matale WSP	100%	-	AWPLR + 2.25% p.a.	1,976,776,247	2,336,190,117
People's Bank	Orugodawatta WSP	100%	-	AWPLR + 2.25% p.a.	-	975,677,508
People's Bank	Conterparty Finance for Several projects		100%	AWPLR + 2.25% p.a.	6,687,304,348	7,523,217,391
					31,234,727,195	35,342,332,291

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

31.1.5 Treasury Signed Equity Convertible Project Loans

Rs.

Bank / Lending Institution	Project Name	Treasury Liability %	Balance As At 31.12.2025	Balance As At 31.12.2024
ADB	ADB Fifth - Project	100%	904,570,300	904,570,300
ADB	Jaffna kilinochchi - Project	100%	1,761,201,252	1,761,201,252
ADB	Greater Colombo W W M- Project	100%	6,047,374,532	6,047,374,532
ADB	Greater Colombo W W M 11 - Project	100%	2,729,494,398	2,729,494,399
ADB	Anuradapura North 11 - Project	100%	81,386,611	81,386,611
ADB	Greater Colombo W W M - Project	100%	11,024,563,784	11,011,544,566
ADB	Waste W M Project (ADB IV)	100%	72,499,829	72,499,829
ADB	Jaffna kilinochchi WSP	100%	7,177,313,115	5,625,673,720
AFD	AFD Loan Contribution PRO2 - Project	100%	9,288,458,587	9,288,458,587
			39,086,862,408	37,522,203,796

31.1.6 Exchange Gain/ Loss - Foreign bank Funded Project Loans

Currency	Currency of the Loan	Exchange Rate Difference 31.12.2025	Total Exchange Gain/ (Loss)	
			31.12.2025	31.12.2024
Euro	Hemmathagama WSP	58.94	(4,193,628,051)	3,904,527,859
	Orugodawatta WSP	58.94	(2,405,243,136)	2,239,426,074
USD	Polgahawela, PAIWSS	16.82	(599,660,917)	1,931,605,743
	Gampaha, AMIWSS	2.89	(1,475,503,036)	2,372,292,133
	Aluthgama, MIWSS	16.82	(853,045,095)	1,745,202,584
	Katana WSP	16.82	(770,209,751)	1,283,594,578
	Retention - Aluthgama, MIWSS	16.82	(45,493,276)	(205,441,719)
	Retention - Polgahawela, PAIWSS	16.82	(429,447,506)	
	Retention/ Advance -Gampaha, Attanagalla & Minuwangoda Integrated Water Supply Scheme	16.82	43,788,881	
			(10,728,441,887)	13,271,207,251

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

34 RELATED PARTY TRANSACTIONS

Transactions with State and State Controlled Entities

The NWS&DB identifies individuals and entities as "related parties" where their connection may influence, or appear to influence, the Board's activities. This includes Board Directors, General Manager, Additional General Manager, and Key Management Personnel, as well as individuals who can influence decisions, approve contracts, or direct operations. Related parties also include those with close family members who may benefit from NWS&DB transactions, and those with ownership, directorship, or voting power in entities that transact with the NWS&DB. All related party transactions are conducted at arm's length.

34.1 Details of Board Members and Payments

Rs.

No	Name	Designation	Period Of The Position	Gross Payment In 2025	Gross Payment In 2024	Previous Employment In NWSDB
1	Eng. D.U Sumanasekara	Chairman	03.10.2024 to 31.05.2025	500,000	293,548	Retired as GM of NWSDB on 31.08.2019
2	Eng. A.M.P.C.T Bandara	Chairman	From 02.06.2025 to date	729,363	-	No
3	Mr. K.S.M de Silva	Board Member	From 12.01.2024 to date	316,935	375,000	No
4	Mrs. K.A.S Maheshika	Board Member	From 10.17.2022 to date	340,550	333,700	No
5	Eng.(Prof.) Tushara Char	Board Member	From 04.11.2024 to date	37,500	265,680	No
6	Mr. W.S.K Liyanagama	Board Member	2024.11.20 to 2025 September	25,000	75,000	No
7	Mr. B.A.T Rodrigo	Board Member	From 29.10.2025 to date	-	50,000	No
8	Mr. D.M.R Dissanayake	Board Member	2024.11.04 to 2025 September	51,344	312,836	No
9	Eng. R.M Upali Senarath	Board Member	From 07.11.2024 to date	26,358	227,716	Retired as CE of NWSDB on 20.10.2017
10	Dr. Chandanee Withana	Board Member	From 10.03.2025 to date	-	112,500	No
11	Mr. R.A.S Ranawaka	Observer	From 02.09.2025 to date	-	62,500	No
12	Eng. N.M.M Mariikkar	Observer	2022.12.13 to 2025 January	226,840	25,945	No
Total				2,253,890	2,134,425	

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

34.2 Key Management Personnel & Payments

Rs.

No	Name	Designation	Gross Benefits During Employment Period		Gross Post Employee Benefits	Gross Total Employment And Post Employment Benefits	
			2025	2024	2025	2025	2024
1	Eng. T. Barathithasan	General Manager	7,964,879	3,953,468	-	7,964,879	3,953,468
2	Eng. N. Suthesan	Addl. General Manager	5,742,010	6,082,535	6,607,508	12,349,518	6,082,535
3	Eng. W.G.C.L Weerasekara	Addl. General Manager	5,276,053	6,102,324	6,407,280	11,683,333	6,102,324
4	Mr. R.M.A.S Weerasena	Addl. General Manager	7,025,424	6,015,066	-	7,025,424	6,015,066
5	Eng.H.M.P.N Herath	Addl. General Manager	1,326,329	-	-	1,326,329	-
6	Eng. H.K.P.K Jinadasa	Addl. General Manager	1,430,384	-	-	1,430,384	-
7	Eng. S. L. Mohan	Addl. General Manager	1,578,999	-	-	1,578,999	-
8	Eng. D.V. Medawatte	Addl. General Manager	1,564,319	-	-	1,564,319	-
9	Eng. K. Pratheepan	Addl. General Manager	927,567	-	-	927,567	-
10	Eng. (Mrs.) S. Jayasingha	Addl. General Manager	910,865	-	-	910,865	-
11	Mr. M.A.S.S.K Chandrasiri	Addl. General Manager	854,014	-	-	854,014	-
12	Eng. K.G N.S. Kumara	Addl.General Manager	541,276		5,258,543	5,799,818	
			27,177,241	18,199,925	18,273,330	45,450,571	18,199,925

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

34.3 Related Party Transaction Declaration - Key Manage Board of Directors

Related party transaction declarations were obtained from all Board of Directors for the year ended 31 December 2025. The disclosures received are summarized in the following table:

No.	Name	Designation	Potential link to NWSDB								
			Close Family Members				Related Entities			Transactions/ Guarantees	
			Spouse	Children	Parents	Siblings	Entities Name	Ownership %	Nature of Involvement	Type	Value (LKR)
1	Eng. A M P C T Bandara	Chairman	No	No	No	No	No	No	No	No	No
2	Mr. B A T Rodrigo	Board Member	No	No	No	No	No	No	No	No	No
3	Eng.(Prof.) T Chaminda	Board Member	No	No	No	No	No	No	No	No	No
4	Eng.(Dr.) I.M.S. Bandara	Board Member	No	No	No	No	No	No	No	No	No
5	Mr. D.M.R Dissanayake	Board Member	No	No	No	No	No	No	No	No	No
6	Mr. S De Silve	Board Member	No	No	No	No	No	No	No	No	No
7	Ms. K.A.A. Maheshika	Board Member	No	No	No	No	No	No	No	No	No
8	Mr. R.M.S. Upali	Board Member	No	No	No	No	No	No	No	No	No
9	Mr. R.A.S Ranawaka	Observer	No	No	No	No	No	No	No	No	No

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

34.4 Related Party Transaction Declaration - Key Management Person

Related party transaction declarations were obtained from all Key Management Personnel for the year ended 31 December 2025. The disclosures received are summarized in the following table:

No.	Name	Designation	Potential link to NWSDB								
			Close Family Members				Related Entities			Transactions/ Guarantees	
			Spouse	Children	Parents	Siblings	Entities Name	Ownership %	Nature of Involvement	Type	Value (LKR)
1	Eng. T Barathithasan	General Manager	No	No	No	No	No	No	No	No	No
2	Eng. R M A S Weerasena	Addl GM(Finance)	No	No	No	No	No	No	No	No	No
3	Eng. (Mrs) S Jayasinghe	Addl GM(CAM)	No	No	No	No	No	No	No	No	No
4	Eng. H K P K Jinadasa	Addl GM(Water Reclamation)	No	No	No	No	No	No	No	No	No
5	Eng. H N P N Herath	Addl GM (E & S)	No	No	No	No	No	No	No	No	No
6	Eng. S L Mohan	Addl GM(Wetern)	No	No	No	No	No	No	No	No	No
7	Eng. D V Medawatta	Addl GM(WSP)	No	No	No	No	No	No	No	No	No
8	Eng. K Pratheepan	Addl GM(Centra/NW/ Saba)	No	No	No	No	No	No	No	No	No
9	Mr. MASSK Chandrasiri	Addl GM(H R M)	No	No	No	No	No	No	No	No	No
10	Eng. Lalith Wijesinghe	Addl GM(N/NC)-Covering	No	No	No	No	No	No	No	No	No
11	Eng. N R S Wickramasinghe	Addl GM(P & P)	No	No	No	No	No	No	No	No	No
12	Eng. E M K Ekanayaka	Addl GM(CS)	No	No	No	No	No	No	No	No	No

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

35 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,

RS.

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	34383/M	02/09/2020	District court Anurdhapura	Outside party	Trial	(600,000)
3	M/R/1207/23	30/10/2023	District court Theldeniya	Employee	Trial	(10,000,000)
4	M/9675	01/02/2017	District court Galle	Outside Party	Trial	(600,000)
5	486/24	24/10/2024	Appeal Court	Employee	Support	(10,818,935)
Total						(27,018,935)

Legal Cases – Recovery of Defrauded Amounts

- 35.1** NWSDB has obtained favourable District Court Judgments in three fraud-related cases for recovery of amounts totaling LKR 248.44 Mn (LKR 190.34 Mn, LKR 53.33 Mn, LKR 4.78 Mn). In Case No. 7156/M/2012 (LKR 190.34 Mn) the accused has expired and recovery is uncertain. In Case No. 7158/M/2012 (LKR 53.33 Mn) recovery is pending as the accused is currently imprisoned for another case. In Case No. 7157/M/2012 (LKR 4.78 Mn) the accused has agreed to settle the amount and recovery is in progress.
- 35.2** 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

Year Ended 31 December 2025

36 PRIOR YEAR ADJUSTMENTS

36.1 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. 65,922,662 had been adjusted to the gross carrying amount of PPE, and Rs.1,269,291,781 had been adjusted for depreciation as of 31.12.2025 as follows.

36.1.1 Gross Carrying Amounts of PPE

Cost	Balance As at 31.12.2024 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2024 Rs.
Freehold Assets			
Land Freehold	8,803,937,282	(7)	8,803,937,275
Land Leasehold	669,739,955	(1)	669,739,954
Infrastructure	16,020,810,997	1,634,134	16,022,445,131
Building - Freehold	44,256,049,227	4,655,044	44,260,704,271
Structures	100,939,391,995	2,928,032	100,942,320,027
Plant & Equipment Pumping & Treatment	79,327,396,284	36,580,113	79,363,976,397
Service Meter	505,327	-	505,327
Bulk Water Meter	1,656,167,330	2,555,039	1,658,722,369
Transmission & Distribution	251,104,201,539	(5,911,150)	251,098,290,389
Mobile Equipment	2,162,629,467	1,006,478	2,163,635,945
Survey Equipment	186,399,608	70,008	186,469,616
Laboratory Equipment	1,608,406,440	1,933,194	1,610,339,634
Other Equipment	11,175,235,689	22,933,211	11,198,168,900
Furniture & Fittings-Computer	1,092,492,071	4,579,244	1,097,071,315
Computers & Peripherals	1,693,886,044	1,424,741	1,695,310,785
Motor Vehicles Cars	2,823,249,839	3,865,003	2,827,114,842
Van Busses & Jeeps	383,115,738	3,000,000	386,115,738
Lorries & Trucks	1,227,796,991	(11,038,000)	1,216,758,991
Tractors & Trailers	67,854,567	-	67,854,567
Water Bowsers, Heavy Vehicles	2,205,025,737	(4,274,470)	2,200,751,267
Motor Cycles	31,508,466	(17,951)	31,490,515
Three Wheelers	56,237,477	-	56,237,477
Total Value of Depreciable Assets	527,492,038,070	65,922,662	527,557,960,733

36.1.1.1 Prior Year Adjustments

Assets recognized/ derecognized recognised Prior Years	(16,275,789)
Depreciation adjustments for assets recognised last year (Restated)	82,198,452
	65,922,662

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

36.1.2 Accumulated Depreciation

	Balance As at 31.12.2024 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2024 Rs.
Infrastructure	2,142,015,660	69,259,485	2,211,275,145
Building - Freehold	4,758,441,436	13,919,922	4,772,361,358
Structures	11,957,616,676	(10,116,555)	11,947,500,121
Plant & Equipment Pumping & Treatment	24,613,617,071	161,292,662	24,774,909,732
Service Meter	77,611	-	77,611
Bulk Water Meter	739,953,230	34,450,673	774,403,903
Transmission & Distribution	25,532,652,960	731,631,090	26,264,284,050
Mobile Equipment's	1,095,687,318	35,373,908	1,131,061,226
Survey Equipment's	86,092,786	-	86,092,786
Laboratory	859,360,190	2,356,896	861,717,085
Other Equipment	4,803,764,794	243,241,259	5,047,006,053
Furniture & fittings-computer	579,521,268	-	579,521,268
Computers & Peripherals	1,206,592,637	15,266,654	1,221,859,291
Motor Vehicles Cars	2,195,548,791	5,863,376	2,201,412,168
Van Busses & Jeeps	339,028,223	492,265	339,520,488
Lorries & Trucks	617,270,279	(7,338,275)	609,932,004
Tractors & Trailers	49,394,325	-	49,394,325
Water Browsers, Heavy Vehicles	852,606,000	(25,648,741)	826,957,259
Motor Cycles	20,618,385	(796,486)	19,821,899
Three Wheelers	14,569,039	43,650	14,612,689
Total Value of Depreciation	82,464,428,680	1,269,291,781	83,733,720,461

36.1.2.1 Prior Year Adjustments

Depreciation adjustments for assets recognised Prior Years	913,009,668
Depreciation adjustments for assets recognised last year (Restated)	356,282,113
	1,269,291,781

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

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

	Balance As at 31.12.2024 Rs.	Prior Year Adjustments Rs.	Adjustments For 2024 Rs.	Restated Balance As at 31.12.2024 Rs.
36.2.1 GOVERNMENT EQUITY (Note 27)				
Loans to Equity Conversion	122,005,964,751	568,675,608	-	122,574,640,359
36.2.2 Assets/Capital Works in Progress (Note 17)				
Rehabilitation	9,372,240,899	(389,369,472)	5,559,359	8,988,430,786
Construction Work	454,093,151,382	8,095,408	-	454,101,246,789
Assets Recognized Derecognized	527,492,038,070	(16,275,789)	82,198,471	527,557,960,752
36.2.3 Inventories (Note 21)				
PVC Steel Pipes	12,949,485,142	3,375,246	3,166,081	12,956,026,469
Stock Adjustments	(171,994,123)	258,679,885	701,423	87,387,185
36.2.4 GRANTS				
36.2.4.1 Treasury Grant (Note 29)	165,914,054,166	(16,925,162)	(2,884,526)	165,894,244,478
36.2.4.2 Foreign Grants (Note 30)	310,413,323,947	(8,016,022,872)	(385,763,712)	302,011,537,362
36.2.5 Trade And Other Payable (Note 33)				
Rechargeable Work - Customer Advances	3,953,750,130	44,932,300	745,017	3,999,427,446
Creditors Control	8,764,774,551	(6,905,807)	(2,936,163)	8,754,932,580
Salaries and Other Payables	305,414,493	200,000,000	(35,231,349)	470,183,144
36.2.6 INVESTMENTS (Note 24)				
Financial Assets (Including rechargeable funded investments)	16,911,600,951	(3,792,000)	(2,040,000)	16,905,768,952
36.2.7 Trade And Other Receivable (Note 22)				
Trade Debtors	23,655,905,380	-	5,590,124	23,661,495,504
Other Debtors	555,333,856	1,438,460	-	556,772,316
Debtors Collection Control	(4,779,279,183)	2,799,948	-	(4,776,479,235)
36.2.8 Deposits & Advances (Note 23)				
Deposits	480,865,412	(1,023,129)	-	479,842,283
Mobilization and Other Advances	15,818,253,908	-	(25,120,137)	15,793,133,771
36.2.9 INTANGIBLE ASSETS (Note 16)				
Accumulated Amortization	327,776,375	(60,808,352)	(244,059,962)	22,908,061

National Water Supply & Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2025

	Actual 2025 Rs.	Restated 2024 Rs.
37. Summarized Statement of Income		
Revenue		
Metered, Bulk Supply and Water Reclamation	78,659,954,278	78,683,912,013
New Connection and Others	5,858,951,404	5,342,616,350
Total	84,518,905,683	84,026,528,363
Cost of Sales		
Personnel Cost	9,773,296,724	9,649,852,809
Pumping Cost	7,189,115,264	11,461,542,855
Chemicals	2,193,314,971	2,780,865,623
Repairs & Maintenance	3,667,516,858	3,852,630,110
Establishment Expenses	1,470,829,785	1,519,341,147
Depreciation	4,851,616,628	4,838,122,967
Rent, Rates, Taxes, Security & Other Expenses	3,077,557,534	2,825,705,776
Rebates	329,314,632	297,748,583
Total	32,552,562,395	37,225,809,869
Gross Profit	51,966,343,288	46,800,718,494
Other Operating Income and Gains	1,808,215,807	1,994,122,352
Other Cost		
Administrative Expenses	(11,569,965,543)	(11,322,478,151)
Other Operating Expenses	(1,416,702,606)	(1,767,614,817)
Earning before Interest, Tax, Depreciation & Amortization (EBITDA)	45,887,415,685	40,547,209,571
Depreciation	(6,851,384,609)	(6,609,056,296)
Earning before Interest & Tax (EBIT)	39,036,031,076	33,938,153,275
Finance Income	3,057,762,686	2,273,301,157
Finance Cost	(10,489,698,055)	(12,378,826,389)
Profit / (Loss) Before Tax	31,604,095,707	23,832,628,042
Income Tax (Economic Service Charges)	-	-
Profit / (Loss) for the Year	31,604,095,707	23,832,628,042