

NATIONAL WATER SUPPLY AND DRAINAGE BOARD



**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2023**

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.

Unaudited Financial Statements

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Unaudited Financial Statements

National Water Supply And Drainage Board

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2023

	Note	Budget 2023 Rs.	Actual 2023 Rs.	Restated 2022 Rs.
Revenue (Net of VAT)	7	66,580,892,981	61,852,288,555	35,464,465,620
Cost of Sales	8	<u>(34,716,858,475)</u>	<u>(32,843,783,000)</u>	<u>(23,144,554,365)</u>
Gross Profit		31,864,034,506	29,008,505,555	12,319,911,255
Other Operating Income and Gains	9	1,239,727,165	4,284,862,995	1,289,485,096
Administrative Expenses	10	(17,689,396,579)	(14,841,148,486)	(14,051,648,238)
Other Operating Expenses	11	<u>(850,000,000)</u>	<u>(1,338,398,898)</u>	<u>(347,081,649)</u>
Operating Profit / (Loss)		14,564,365,091	17,113,821,167	(789,333,536)
Finance Income	12	2,015,541,000	3,121,158,211	2,006,866,677
Finance Cost	13	<u>(2,964,299,201)</u>	<u>(14,948,454,251)</u>	<u>(3,917,340,209)</u>
Profit / (Loss) Before Tax		13,615,606,891	5,286,525,126	(2,699,807,068)
Income Tax	14	<u>-</u>	<u>-</u>	<u>-</u>
Profit / (Loss) for the Year		<u>13,615,606,891</u>	<u>5,286,525,126</u>	<u>(2,699,807,068)</u>

Accounting Policies and Notes from pages 7 to 29 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 And Drainage Board

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2023

	Budget 2023 Rs.	Actual 2023 Rs.	Restated 2022 Rs.
Profit / (Loss) for the Year	13,615,606,891	5,286,525,126	(2,699,807,068)
Other Comprehensive Income for the Year.			
Exchange Gain/Loss on Loan Conversion	-	1,730,809,012	(181,137,567)
Total Other Comprehensive Income for the Year.	-	1,730,809,012	(181,137,567)
Total Comprehensive Income for the Year	13,615,606,891	7,017,334,139	(2,880,944,635)

Accounting Policies & Notes from pages 7 to 29 form an integral part of these Financial Statements.

National Water Supply And Drainage Board
STATEMENT OF FINANCIAL POSITION

As at 31st December 2023

Assets	Note	Actual 2023 <u>Rs</u>	Restated 2022 <u>Rs.</u>
Non- Current Assets			
Property ,Plant & Equipment	15	409,227,568,841	279,650,028,501
Intangible Assets	16	1,925,979,889	27,831,140
Capital Work in Progress	17	482,561,943,621	584,529,397,340
Investment Property	18	319,319,640	322,819,561
Financial Assets	19	<u>434,368</u>	434,368
Total Non Current Assets		<u>894,035,246,359</u>	<u>864,530,510,910</u>
Current Assets			
Non Operating Assets	20	149,748,448	149,748,448
Inventories	21	19,075,065,611	14,362,634,874
Trade & Other Receivables	22	18,659,706,881	11,999,080,309
Deposits & Advances	23	18,742,571,261	29,349,835,341
Investments	24	13,969,122,470	13,202,089,119
Escrow Account	25	16,836,510,365	18,887,579,277
Cash & Cash Equivalents	26	<u>5,559,826,600</u>	4,089,500,617
Total Current Assets		<u>92,992,551,636</u>	<u>92,040,467,984</u>
Total Assets		<u>987,027,797,995</u>	<u>956,570,978,895</u>
Equity and Liabilities			
Equity			
Government Equity	27/28	111,684,749,118	115,301,123,678
Staff Welfare & Other Funds	29	21,665,392	23,656,876
Retained Earnings		(7,520,971,107)	(14,530,556,088)
Government Grant	30	155,526,551,042	123,523,371,754
Capital Grants	31	<u>306,202,462,123</u>	<u>307,547,893,553</u>
Total Equity		<u>565,914,456,567</u>	<u>531,865,489,773</u>
Non-Current Liabilities			
Loan Payable	32	247,152,906,252	282,368,872,833
Other Deferred Liabilities	33	<u>4,432,379,812</u>	4,435,065,261
Total Non Current Liabilities		<u>251,585,286,064</u>	<u>286,803,938,094</u>
Current Liabilities			
Non Operating Liabilities	20	51,287,805	51,287,805
Trade & Other Payables	34	65,305,058,757	69,519,289,028
Loan Capital Payable	32	74,672,171,838	52,475,160,647
Loan Interest Payable		<u>29,499,536,965</u>	15,855,813,547
Total Current Liabilities		<u>169,528,055,365</u>	<u>137,901,551,028</u>
Total Equity and Liabilities		<u>987,027,797,995</u>	<u>956,570,978,895</u>

R.M.A.S.Weerasena
Addl.G.M.(Finance)

Ruwan S. Liyanage
General Manager

The Accounting Policies and Notes to the Accounts on pages 07 to 29 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf

Nishantha Ranatunga
Chairman

W.M.S.B. Wijekoon
Vice Chairman

Colombo
on 27thFebruary 2024

National Water Supply And Drainage Board

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2023

	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 2022		185,480,387	117,548,897,076	100,263,323,220	292,054,996,873	33,115,808	(13,221,886,077)	496,863,927,288
Prior Year Adjustments								
Assets/WIP Recognized and Derecognized	36.1.1	-	-	-	-	-	108,720,438	108,720,438
Depreciation adju.for Assets Recognized and Derecognized	36.1.2	-	-	-	-	-	2,132,019,795	2,132,019,795
Financial Assets	19	-	-	-	-	-	(1,500,083)	(1,500,083)
Cash in Hand	26	-	-	-	-	-	1,500,083	1,500,083
Investments	24	-	-	-	-	-	(18,887,579,277)	(18,887,579,277)
Escrow Account	25	-	-	-	-	-	18,887,579,277	18,887,579,277
Trade & Other Payables	36.2	-	-	-	-	-	(7,735,927)	(7,735,927)
Inventories	36.2	-	-	-	-	-	7,368,976	7,368,976
Trade & Other Receivables	36.2	-	-	-	-	-	(659,277,280)	(659,277,280)
Opening Capital Balance	36.2	(185,480,387)	-	185,480,387	-	-	-	-
Capital Grants	36.2	-	-	-	23,129,503	-	(23,129,503)	-
Restated Balance as at 1 January 2022		-	117,548,897,076	100,448,803,607	292,078,126,376	33,115,808	(11,663,919,578)	498,445,023,290
Net Profit for the Year		-	-	-	-	-	(2,880,944,635)	(2,880,944,635)
Assets Recognized and Derecognized	36.1.1	-	-	-	-	-	(11,641,298)	(11,641,298)
Receipts / Transfers During the Year		-	5,974,474,678	-	15,469,062,254	-	-	21,443,536,932
Loan to Equity Conversion	36.2	-	-	14,852,320,071	-	-	-	14,852,320,071
Trade & Other Payables	36.2	-	-	-	-	-	122,170	122,170
Trade & Other Receivables	36.2	-	-	-	-	-	12,531,425	12,531,425
Inventories	36.2	-	-	-	-	-	4,541,819	4,541,819
Capital Grants	36.2	-	-	-	704,924	-	(704,924)	-
Transfers to Staff Welfare Fund		-	-	-	-	(9,458,932)	9,458,932	-
Restated balance as at 31 December 2022		-	123,523,371,754	115,301,123,678	307,547,893,554	23,656,876	(14,530,556,088)	531,865,489,774
Net Profit for the Year		-	-	-	-	-	7,017,334,139	7,017,334,139
Receipts / Transfers During the Year		-	8,614,531,477	-	1,345,431,431	(9,740,642)	-	7,259,359,405
Loans Conversion to Equity		-	-	19,772,273,249	-	-	-	19,772,273,249
Equity Conversion to Grants		-	23,388,647,810	(23,388,647,810)	-	-	-	-
Transfers to Staff Welfare Fund		-	-	-	-	7,749,157	(7,749,157)	-
Balances as at 31 December 2023		-	155,526,551,042	111,684,749,118	306,202,462,123	21,665,392	(7,520,971,107)	565,914,456,567

Accounting Policies & Notes from pages 7 to 29 form an integral part of these Financial Statements.

National Water Supply And Drainage Board

STATEMENT OF CASH FLOW

Year Ended 31 December 2023

	Note	Actual 2023 <u>Rs.</u>	Restated 2022 <u>Rs.</u>
Cash Flows from/(used in) Operating Activities			
Net Profit/(Loss) Before Tax		5,286,525,126	(2,699,807,068)
<i>Adjustments for</i>			
Interest Income	12	(3,121,158,211)	(2,006,866,677)
Profit/Loss on disposal of Fixed Assets		4,069,440	3,875,213
Depreciation	10.2	5,064,881,306	4,682,308,694
ESC Written Off			33,795,903
Retiring Gratuity Provision	33.1	1,058,795,842	241,893,010
Interest Expense	13	<u>14,948,454,251</u>	<u>3,917,340,209</u>
Operating Profit/ (Loss) before Working Capital Changes		23,241,567,755	4,172,539,285
(Increase)/Decrease in Inventories		(4,712,430,738)	(4,499,029,105)
(Increase)/Decrease in Debtors, Receivables & Deposits		3,946,637,507	(2,483,180,183)
Increase/(Decrease) in Creditors, Provisions & Deposits		<u>(4,216,915,720)</u>	<u>29,428,822,174</u>
Cash Generated from Operations		18,258,858,805	26,619,152,171
Tax Paid		-	-
Gratuity Paid	33.1	<u>(1,058,795,842)</u>	<u>(241,893,010)</u>
Net Cash from/ (Used in) Operating Activities		<u>17,200,062,963</u>	<u>26,377,259,161</u>
Cash Flows from/(used) in Investing Activities			
Investments in Fixed Assets & Work-In-Progress		(21,683,744,755)	(145,817,310,300)
Financial Assets		-	(44,671)
Sale Proceeds for Disposal Assets		3,442,549	<u>9,138,224</u>
Investment Income Received		3,121,158,211	2,006,866,677
(Investment) / Withdrawal of Investments		<u>(892,339,463)</u>	<u>(7,740,263,539)</u>
Net Cash Flows From/ (used in) Investing Activities		<u>(19,451,483,458)</u>	<u>(151,541,613,609)</u>
Cash Flows from/(used in) Financing Activities			
Government Grant during the Period		8,614,531,478	5,974,474,678
Capital Grant during the period		871,460,644	18,269,721,332
New Loans and Equity including currency conversion adjustments		24,678,244,985	119,574,514,646
Loan Repayments/Received		1,114,127,965	(10,059,071,890)
Interest Paid		(31,556,618,593)	(8,740,614,116)
Net Cash Flows From/ (used in) Financing Activities		<u>3,721,746,479</u>	<u>125,019,024,651</u>
Net Increase in Cash & Cash Equivalents		1,470,325,984	(145,329,798)
Cash & Cash Equivalents at the Beginning of the Year		4,089,500,617	4,234,830,415
Cash & Cash Equivalents at the End of the Period		<u>5,559,826,600</u>	<u>4,089,500,617</u>

The Accounting Policies and Notes on pages 7 to 29 form an integral part of the Financial Statements.

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

Unaudited Financial Statements

NATIONAL WATER SUPPLY AND DRAINAGE BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

1. CORPORATE INFORMATION

1.1 General

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 is located at Galle Road, Ratmalana, and the principal place of business is situated at the same location.

National Water Supply & Drainage Board (NWS&DB) is an institution under the purview of the Ministry of Water Supply and Estate Infrastructure Development.

1.2 Principal Activities

The principal activity of the Board is to supply treated drinking water to the community.

The objectives of the National Water Supply & Drainage Board are to develop treated drinking water throughout the country and its accessibility among the people of Sri Lanka.

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).

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for financial instruments and other financial assets and liabilities held for trading that have been measured at fair value and liabilities for defined benefit obligation are recognized as at the present value of the defined benefit obligation.

2.3 Presentation of Currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property Plant and Equipment

Property, plant, and equipment 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, NWS&DB 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.

3.1.1 Depreciation

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

Plant Property and Equipment	Rate
Building & Structures	1.67% - 2%
Plant & equipment pumping treatment	5%
Service & Bulk water meter	10%
Transmission & Distribution:	1.67%
Equipment	10%
Furniture & fittings	10%
Computers Peripherals & Mobile Phones	20% - 33.3%
Motor Vehicles	10% - 20%
Investment Property	2%
Leasehold Vehicles	14.30%

3.1.2 Capital Work In Progress

Capital expenses incurred during the year, which are not capitalized as of the reporting date are shown as capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

3.1.3 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.

3.1.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement depends on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3.1.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of comprehensive income 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.

3.1.6 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when NWS&DB can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

3.1.7 Impairment of Non-Financial Assets

The NWS&DB assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the NWS&DB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating 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 Inventories

Inventories are valued at cost or net realizable value whichever is lower after making allowance for obsolete and slow-moving items 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 realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realisable value.

Measurement of Inventories

3.2.2 Cost of Inventories

Raw Materials

Cost of purchases together with any incidental expenses.

Other Stocks

Cost is arrived at weighted average basis.

3.3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances and short-term investment, net of outstanding bank overdrafts if any.

4. LIABILITIES, PROVISIONS, AND EQUITY

4.1. Retirement Benefit Obligation

4.1.1 Retirement Benefit Obligations (LKAS 19)

a) Defined Benefit Plan – Gratuity

Provision has been made for retiring gratuity from the first year of service for all employees, in conformity with Sri Lanka Accounting Standard No. 19 (LKAS 19). The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, 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) Retirement Benefit Cost

NWS&DB operates a defined benefit pension plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. Past service costs are recognized immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds), less unrecognized past service costs, and less the fair value of plan assets out of which the obligations are to be settled.

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

Defined Contribution Plans- EPF & ETF

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Board contributes 12% and 3% of the gross emoluments of employees to EPF and ETF respectively.

4.2 Provisions

General

Provisions are recognized when NWS&DB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When NWS&DB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to provisions presented in the income statement net of any reimbursement.

4.3 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When NWS&DB receives non-monetary grants, the asset and the grant are recorded at nominal amounts and recognized in 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 treated as a government grant.

The Cabinet Paper No 20/0974/204/029-VI is to provide necessary budgetary allocations as equity contributions for the NWSDB to settle interest and other costs which will be arisen from loans facilitated by the General Treasury for the period of 15 years, and the capital portion of such loans is being recognized as equity.

5. STATEMENT OF COMPREHENSIVE INCOME

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

5.1.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the NWS&DB and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Sale of Water

Revenue from 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.

Other Income

Other income is recognized on an accrual basis.

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Rechargeable Works

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

5.1.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.2 Deferred Tax

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

6. FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Financial Asset

6.1.1 Initial Recognition and Measurement

Financial assets within the scope of 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 NWS&DB include cash and short-term investment, trade and other receivables, staff loans, and other receivables.

6.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows

6.1.2.1 Financial Assets at Fair value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired to sell or repurchase in the near term. NWS&DB did not have any financial assets at fair value through profit or loss during the years ended.

6.1.2.2 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 NWS&DB 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 NWS&DB'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 NWS&DB 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.

The financing of loans is implemented as per the Cabinet Decision number १३ ॐ/ 16/0158/719/005 where 50% of the capital and interest of the loan on urban water supply projects, 75% of the rural water supply projects and 100% of the sewerage and wastewater projects are borne by the General Treasury.

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) NWS&DB has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) NWS&DB has transferred substantially all the risks and rewards of the asset, or
 - (b) NWS&DB has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.1.2.5 Impairment of Financial Assets

The NWS&DB assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default, or delinquency, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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. NWS&DB determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs. NWS&DB's financial liabilities include trade and other payables.

Subsequent Measurement

Subsequent measurement of financial liabilities is at amortized cost.

Derecognition

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

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

	Actual	Restated
	2023	2022
	Rs.	Rs.
7. REVENUE		
Metered Sales	57,536,590,323	32,532,771,267
Bulk Sales	724,372,233	368,826,738
Bowser Supply	288,595,778	220,555,486
Income from Main Operations	7.1 <u>3,302,730,221</u>	<u>2,342,312,129</u>
	<u>61,852,288,555</u>	<u>35,464,465,620</u>
7.1 Income from Main Operations		
Income Related to New Connection and Other Main Operations	4,785,380,943	3,378,289,321
Capital Recovery Charges	598,101,986	675,254,528
Expense Related to New Connection	<u>(2,080,752,708)</u>	<u>(1,711,231,719)</u>
	<u>3,302,730,221</u>	<u>2,342,312,129</u>
8. COST OF SALES		
Personnel Cost	7,964,033,215	8,220,144,775
Pumping Cost	13,784,944,713	7,240,988,228
Chemicals	2,988,136,090	1,997,344,741
Repairs & Maintenance	3,832,180,334	2,238,794,112
Establishment Expenses	1,424,860,986	1,147,429,361
Rent, Rates, Taxes, Security & Other Expenses	2,578,676,744	2,140,613,453
Rebates	<u>270,950,919</u>	<u>159,239,696</u>
	<u>32,843,783,000</u>	<u>23,144,554,365</u>
9. OTHER OPERATING INCOME		
Other Income	9.1 <u>4,263,606,324</u>	1,274,213,626
Staff Loan Benefit	<u>21,256,671</u>	<u>15,271,470</u>
	<u>4,284,862,995</u>	<u>1,289,485,096</u>
9.1 Other Income		
Water Reclamation and Ground Water Income	533,747,896	360,993,999
Miscellaneous Income including Surcharge, Penalties etc.	<u>3,729,858,429</u>	<u>913,219,627</u>
	<u>4,263,606,324</u>	<u>1,274,213,626</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

	Actual 2023 Rs	Restated 2022 Rs.
10. ADMINISTRATIVE EXPENSES		
Repairs & Maintenance	399,823,843	330,285,852
Establishment Expenses	1,720,871,423	1,353,095,724
Rent,Rates,Taxes, Security & Other Expenses	1,013,983,391	626,521,293
Staff Cost	10.1 6,630,588,524	7,048,436,675
Depreciation	10.2 5,064,881,306	4,682,308,694
Audit Fee to National Audit Office	11,000,000	11,000,000
	<u>14,841,148,486</u>	<u>14,051,648,238</u>
10.1 Staff Cost		
Staff Cost on Loan Granted	21,256,671	15,271,470
Personnel Cost	6,609,331,853	7,033,165,205
	<u>6,630,588,524</u>	<u>7,048,436,675</u>
10.2 Depreciation		
Building and Structures	1,966,466,559	1,655,542,744
Investment Property	4,786,778	4,786,778
Plant & Machinery	5,715,815,369	4,725,589,394
Equipment's	830,170,179	544,265,735
Furniture and Fittings	58,354,564	47,241,525
Computers & Peripherals	134,623,770	92,955,512
Motor Vehicles	479,445,550	419,988,068
Total Depreciation	9,189,662,770	7,490,369,756
Less: Depn. for Grant funded Assets	(4,133,092,575)	(2,797,207,561)
Less: Depn. for Rechargeable funded Assets	(14,072,128)	(12,804,308)
Add: Amortization of Intangible Assets	22,383,240	1,950,807
Depreciation Cost	<u>5,064,881,306</u>	<u>4,682,308,694</u>
Depreciation amounting 397,942,706 has been adjusted to the year 2022		
11. OTHER OPERATING EXPENSES		
Bad & Doubtful Debts	279,603,056	5,215,319
Provision for Obsolete Stock	-	43,886,872
Retiring Gratuity	1,058,795,842	241,893,010
Economic Service Charges	-	33,795,903
Revenue Grant	-	22,290,544
	<u>1,338,398,898</u>	<u>347,081,649</u>
12. FINANCE INCOME		
Investment Income	3,121,158,211	2,006,866,677
	<u>3,121,158,211</u>	<u>2,006,866,677</u>
13. FINANCE COST		
Interest On Loans	45,200,342,011	21,426,834,484
Less: WIP charged/Capitalized Interest on Construction Projects	(30,251,887,760)	(17,509,494,275)
	<u>14,948,454,251</u>	<u>3,917,340,209</u>
14. INCOME TAX		
As per the tax computation accumulated tax loss LKR 53,825,662,374.00 in Tax return for the 2022/23 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 2023

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Gross Carrying Amounts	Restated Balance As at 01.01.2023	Additions after Adjustments	Transfers	Disposals	Balance As at 31.12.2023
Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Assets					
Land Freehold	8,557,002,181	154,563,963.91	(66,995,937)	(2,028,350)	8,642,541,858
Land Leasehold	607,050,265	-	63,401,803	-	670,452,068
Infrastructure	10,674,107,232	3,968,524,599	36,818,374	-	14,679,450,205
Building - Freehold	25,149,910,234	13,565,482,376	(38,595,427)	(2,893,000)	38,673,904,183
Structures	61,564,091,338	32,910,258,615	7,220,243	(117,774)	94,481,452,421
Plant & Equipment-Pumping & Treatment	53,185,252,461	19,661,800,896	(114,372,345)	(144,500)	72,732,536,512
Service Meter	214,327	291,000	-	-	505,327
Bulk Water Meter	912,117,008	506,711,939	(537,524)	-	1,418,291,423
Transmission & Distribution	156,939,186,160	68,381,297,879	(470,776,664)	(56,750)	224,849,650,625
Mobile Equipment's	1,531,358,729	434,586,993	(39,377,567)	(609,078)	1,925,959,077
Survey Equipment's	167,292,588	4,514,182	(2,389,797)	-	169,416,973
Laboratory Equipment's	1,020,499,670	393,837,980	10,089,722	(452,700)	1,423,974,671
Other Equipment	6,639,570,856	1,656,459,373	(1,999,338)	(2,579,543)	8,291,451,347
Furniture & Fittings-Computer	834,814,787	131,311,991	(2,447,477)	(7,268,110)	956,411,190
Computers & Periparels	1,056,006,584	441,248,709	(3,100,865)	(10,626,945)	1,483,527,483
Motor Vehicles Cars	2,784,134,417	(91,280,212)	79,119,102	(7,300,000)	2,764,673,306
Vans Busses & Jeeps	393,160,207	5,015,360	(15,059,830)	-	383,115,738
Lorries & Trucks	1,167,907,110	135,377,136	(77,501,416)	-	1,225,782,830
Tractors & Trailers	68,204,567	37,625	(37,625)	(350,000)	67,854,567
Water Bowsers, Heavy Vehicles	2,055,954,886	54,383,265	(34,611,598)	-	2,075,726,552
Motor Cycles	29,231,557	1,584,824	-	(7,531)	30,808,850
Three Wheelers	56,237,477	-	-	-	56,237,477
Total Value of Depreciable Assets	335,393,304,641	142,316,008,491	(671,154,167)	(34,434,282)	477,003,724,684

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

15.2 Depreciation	Restated Balance As at 01.01.2023 Rs.	Charge for the Period Rs.	Adjustments Rs.	Disposal Rs.	Balance As at 31.12.2023 Rs.
Depreciation					
Freehold Assets					
Land Freehold	-	-	-	-	-
Land Leasehold	-	-	-	-	-
Infrastructure	1,554,046,079	231,329,474	5,906,589	-	1,791,282,141
Building - Freehold Structures	3,266,545,693	568,925,800	25,556,284	(921,093)	3,860,106,684
Plant & Equipment	8,834,698,139	1,166,211,286	129,724,041	(14,259)	10,130,619,207
Pumping & Treatment	16,969,166,706	2,799,003,777	753,986,035	(64,062)	20,522,092,457
Service Meter	77,611	-	-	-	77,611
Bulk Water Meter	468,958,300	89,179,819	64,062	-	558,202,181
Transmission & Distribution	16,571,777,413	2,827,631,773	1,305,966,800	(7,187)	20,705,368,799
Mobile Equipment's	768,451,057	144,284,333	1,685,445	(542,168)	913,878,667
Survey Equipment's	48,066,505	15,982,703	324,249	(452,700)	63,920,757
Laboratory Equipment's	631,978,413	87,949,524	4,778,990	-	724,706,927
Other Equipment	2,265,973,660	581,953,619	503,199,390	(1,681,893)	3,349,444,776
Furniture & Fittings-					
Computer	446,660,278	58,354,564	(18,611,648)	(5,674,572)	480,728,623
Computers & Peripherals	858,271,522	134,623,770	39,160,726	(10,289,704)	1,021,766,314
Motor Vehicles Cars	1,661,427,428	273,865,531	33,503,738	(6,935,000)	1,961,861,696
Van Busses & Jeeps	256,185,708	36,323,107	23,129,098	-	315,637,913
Lorries & Trucks	485,927,899	61,411,854	10,438,070	-	557,777,822
Tractors & Trailers	36,611,167	5,306,168	2,364,900	(332,500)	43,949,735
Water Bowsers, Heavy Vehicles	589,641,773	99,550,466	53,758,641	-	742,950,880
Motor Cycles	16,631,647	2,010,001	(9,407)	(7,155)	18,625,087
Three Wheelers	12,179,144	978,422	-	-	13,157,566
	<u>55,743,276,140</u>	<u>9,184,875,993</u>	<u>2,874,926,003</u>	<u>(26,922,293)</u>	<u>67,776,155,843</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

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

15.3 Net Book Values	Actual 2023 Rs.	Restated 2022 Rs.
Land Freehold	8,642,541,858	8,557,002,181
Land Leasehold	670,452,068	607,050,265
Infrastructure	12,888,168,064	9,120,061,154
Building - Freehold Structures	34,813,797,499	21,883,364,541
Plant & Equipment-Pumping & Treatment	84,350,833,214	52,729,393,199
Service Meter	52,210,444,055	36,216,085,755
Bulk Water Meter	427,716	136,716
Transmission & Distribution	860,089,242	443,158,708
Mobile Equipment's	204,144,281,826	140,367,408,747
Survey Equipment's	1,012,080,410	762,907,672
Laboratory Equipment's	105,496,217	119,226,084
Other Equipment's	699,267,744	388,521,257
Furniture & Fittings-Computer	4,942,006,571	4,373,597,196
Computers & Peripherals	475,682,567	388,154,509
Motor Vehicles Cars	461,761,169	197,735,062
Van Busses & Jeeps	802,811,610	1,122,706,989
Lorries & Trucks	67,477,825	136,974,499
Tractors & Trailers	668,005,006	681,979,211
Water Bowsers, Heavy Vehicles	23,904,832	31,593,400
Motor Cycles	1,332,775,672	1,466,313,113
Three Wheelers	12,183,764	12,599,910
	43,079,911	44,058,334
Total Carrying Amount of Property, Plant & Equipment	409,227,568,841	279,650,028,501

15.4 Gross carrying amount of fully depreciated Property, Plant and Equipments as at 31.12.2023 Rs 3,673,802,221 (31.12.2022, Rs 330,521,913,168)

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2023

	Actual 2023 Rs.	Restated 2022 Rs.
16. INTANGIBLE ASSETS		
Computer Software	1,959,247,289	27,831,140
Accumulated Amortization	<u>(33,267,401)</u>	-
	<u>1,925,979,889</u>	<u>27,831,140</u>

During the year Rs 33,267,401 has been provided for amortization for the above software and new software amounting to 1,931,516,649 was added.

17. CAPITAL WORK IN PROGRESS		
Construction Work	37.2 474,989,516,343	576,493,295,506
Rehabilitation	37.2 <u>7,572,427,278</u>	<u>8,036,101,834</u>
	<u>482,561,943,621</u>	<u>584,529,397,340</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

	Land 2023 Rs	Building 2023 Rs	Total 2023 Rs	Total 2022 Rs
Cost				
Balance as at 31.12.2022	138,500,000	239,339,891	377,839,891	376,553,034
Depreciation				
Opening Balance	-	53,733,473	53,733,473	48,946,695
Charge for the Period	-	4,786,778	4,786,778	4,786,778
Closing Balance	-	58,520,251	58,520,251	53,733,473
Net Book Value	<u>138,500,000</u>	<u>180,819,640</u>	<u>319,319,640</u>	<u>322,819,561</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

	Actual	Restated
	2023	2022
	Rs.	Rs.
19. FINANCIAL ASSETS		
HDFC Investment for Staff Housing Loans	<u>434,368</u>	434,368
	<u>434,368</u>	<u>434,368</u>
20 NON OPERATING ASSETS AND LIABILITIES		
Non Operating Assets	<u>149,748,448</u>	149,748,448
Non Operating Liabilities	<u>(51,287,805)</u>	<u>(51,287,805)</u>
<p>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 2024.</p>		
21 INVENTORIES		
PVC Steel Pipes	37.2 13,016,788,506	9,866,926,506
Water Meter & Fitting & Brass Items	37.2 1,610,649,345	1,027,204,561
Chemical Materials	37.2 575,588,474	554,560,999
Electricals	37.2 1,156,803,181	991,516,452
Building Materials	37.2 291,255,282	325,355,005
Pump & Spare Parts	37.2 1,801,053,637	1,195,638,191
Vehicle Spare Parts	37.2 199,562,496	211,622,127
Stationary & Office Equipment's	37.2 86,004,593	82,857,870
Other Items	37.2 1,110,620,193	1,025,542,894
Stock Adjustments	37.2 <u>(200,486,745)</u>	<u>(249,425,778)</u>
	19,647,838,962	15,031,798,826
Less- Major Spares		
Property Plant and Equipment at Stores	(330,665,368)	(388,318,570)
Provision for Obsolete Stock	<u>(242,107,983)</u>	<u>(280,845,382)</u>
	<u>19,075,065,611</u>	<u>14,362,634,874</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

		Actual 2023 Rs.	Restated 2022 Rs.
22 TRADE AND OTHER RECEIVABLES			
Trade Debtors	37.2	14,614,267,136	8,309,580,399
Other Debtors	37.2	780,462,863	410,878,977
Less : Debtors Impairment		(1,787,552,803)	(1,513,035,567)
Debtors Collection Control		702,568,312	878,471,133
VAT Receivable		16,539,685	14,691,746
WHT Receivable		362,506,912	246,511,503
ESC Receivable		-	-
Advances to Staff		7,999,174	10,570,122
Loans to Employees		3,195,276,606	2,910,547,500
Dues from General Treasury		-	-
Receivable on Interest & Others		767,638,995	730,864,496
		<u>18,659,706,881</u>	<u>11,999,080,309</u>
23 DEPOSITS AND ADVANCES			
Pre Payments		1,937,000	270,946
Mobilization and Other Advances		18,320,668,036	28,948,686,972
Deposits	37.2	419,966,225	400,877,424
		<u>18,742,571,261</u>	<u>29,349,835,341</u>
24 INVESTMENTS			
Financial Assets (Including rechargeable funded investments)		13,969,122,470	13,202,089,119
		<u>13,969,122,470</u>	<u>13,202,089,119</u>
LKR 16,836,510,365 was reclassified from investments to Escrow Account in the year.			
25 ESCROW ACCOUNT			
Escrow Account		16,836,510,365	18,887,579,277
		<u>16,836,510,365</u>	<u>18,887,579,277</u>
LKR 16,836,510,365 was separately identified as Escrow account. This value was reclassified from investments.			
26 CASH AND CASH EQUIVALENTS			
Cash in Bank		5,272,461,136	3,832,751,317
Cash Imprests Head Office		3,700,000	1,525,000
Cash Imprests Regions		8,410,670	5,866,110
Cash in Transit		210,841,265	189,165,139
Bank of Ceylon Saving - II		1,538,814	1,500,083
Savings Account		62,874,715	58,692,967
		<u>5,559,826,600</u>	<u>4,089,500,617</u>
27 OPENING BALANCE OF TREASURY			
This balance was transferred to equity in restated 2022 financial statements as per the instructions received from treasury			
28. GOVERNMENT EQUITY			
Loans to Equity Conversion		97,599,284,805	101,215,659,366
Government Contribution (Bond)		14,085,464,312	14,085,464,312
		<u>111,684,749,118</u>	<u>115,301,123,678</u>

As per the Cabinet Paper No 17/0918/714/023 it was authorized to convert the loans as at 31.12.2014 of the NWS&DB to be converted as equity of the General Treasury. Accordingly the disbursements of the said loans after 01.01.2015 were also treated as equity of the General Treasury. Subsequently at the meeting held on 2020.09.29 it was directed by the State Accounts of the Treasury to treat Rs.23,388,647,810 of such converted equity to be treated as Government Grants. Accordingly the necessary approvals were obtained and the said change is made in the year 2023.

National Water Supply And Drainage Board
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

	Actual	Restated
	2023	2022
	Rs.	Rs.
29. STAFF WELFARE & OTHER FUNDS		
Opening Balance	23,656,876	33,115,808
Received/(Paid) During the Year	<u>(1,991,484)</u>	<u>(9,458,932)</u>
	<u>21,665,392</u>	<u>23,656,876</u>
30. GOVERNMENT GRANT		
Treasury Grant	<u>155,526,551,042</u>	<u>123,523,371,754</u>
	<u>155,526,551,042</u>	<u>123,523,371,754</u>
31. CAPITAL GRANTS		
Foreign Grants	37.2 303,839,764,740	305,363,655,745
Local Grants	<u>2,362,697,383</u>	<u>2,184,237,808</u>
	<u>306,202,462,123</u>	<u>307,547,893,553</u>
32. LOAN PAYABLE		
Foreign Loans	223,552,494,634	253,349,944,793
Local Loans	<u>23,600,411,618</u>	<u>29,018,928,041</u>
Long term Portion of Loan Payable	<u>247,152,906,252</u>	<u>282,368,872,833</u>
Current Portion of Loan Payable	<u>74,672,171,838</u>	<u>52,475,160,647</u>
Loan Payable	<u>321,825,078,089</u>	<u>334,844,033,481</u>
The interim 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 4,368,425,143	4,368,425,143
Customer and Employee Security Deposits	<u>63,954,669</u>	<u>66,640,117</u>
	<u>4,432,379,812</u>	<u>4,435,065,261</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	1,058,795,842	241,893,010
Less: Gratuity Payments During the Period	<u>(1,058,795,842)</u>	<u>(241,893,010)</u>
Provision for Defined Benefit Plan	<u>4,368,425,143</u>	<u>4,368,425,143</u>
34. TRADE AND OTHER PAYABLES		
Rechargeable Work - Customer Advances	37.2 3,865,646,412	8,861,379,467
Contractors Retention	15,958,853,245	18,358,832,037
Creditors Control	37.2 10,532,556,587	9,017,828,111
Other Creditors	427,733,989	400,204,587
Accrued Expenses	30,967,261,835	30,017,594,587
Deposits	2,113,436,131	1,950,040,101
VAT Payable	1,192,383,103	695,593,486
With Holding Tax	469,003	19,122
Salaries and Other Payables	<u>246,718,450</u>	<u>217,797,531</u>
	<u>65,305,058,757</u>	<u>69,519,289,028</u>

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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.

36. EVENTS AFTER THE BALANCE SHEET DATE

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 ascertained to be disclosed.

<u>Nos</u>	<u>Case No</u>	<u>Court</u>	<u>Complainant</u>	<u>The Accused</u>	<u>Amount may be (paid) or received</u>
1	M/8713	Kalutara District Court	NWS&DB	NSS Liyanage	3,052,879.23
2	7157/M/2012	Mt Lavinia District Court	NWS&DB	MP Fernando	4,777,348.87
3	7158/2012/M	Mt Lavinia District Court	NWS&DB	A Mabulage	53,328,839.04
4	7156/2012/M	Mt Lavinia District Court	NWS&DB	HV Kumaranayeka	190,335,023.30
5	M/994/22	Kilinochchi District Court	NWS&DB	L Alwis and Others	7,453,887.00
7	34383/M	Anuradhapura District Court	RKRI Ranasinghe	NWS&DB	(600,000.00)
	M/R/1207/23	Theldeniya District Court	M W J P Kumara	NWS&DB	(10,000,000.00)
8	M/9675	Galle District Court	PB Lionel	NWS&DB	(600,000.00)
9	DSC/86/23	Mahanuwara District Court	S Bandara & Others	NWS&DB	(1,100,000.00)
10	8131/19/M	Mt Lavinia District Court	NWS&DB	JM Karunarathne	21,450,000.00
11	DMR/00168/18	Colombo District Court	MF Vadooth	NWS&DB	(100,000,000.00)
	Total				<u>168,097,977.44</u>

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

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 2023. Hence, the net effect of Rs. 2,683,137,853 had been adjusted to the gross carrying amount of PPE, and Rs. 435,057,807 had been adjusted for depreciation as of 31.12.2022 as follows.

37.1.1 Gross Carrying Amounts

Cost	Balance As at 31.12.2022 Rs.	Prior Year Adjustments Rs.	Restated Balance As at 31.12.2022 Rs.
Freehold Assets			
Land Freehold	8,695,502,176	(138,499,995)	8,557,002,181
Land Leasehold	607,050,265	-	607,050,265
Infrastructure	10,658,103,494	16,003,738	10,674,107,232
Building - Freehold Structures	25,414,531,711	(264,621,477)	25,149,910,234
	61,686,219,221	(122,127,883)	61,564,091,338
Plant & Equipment Pumping & Treatment	53,159,019,053	26,233,408	53,185,252,461
Service Meter	505,327	(291,000)	214,327
Bulk Water Meter	910,351,723	1,765,285	912,117,008
Transmission & Distribution	156,995,565,131	(56,378,971)	156,939,186,160
Mobile Equipment's	1,644,106,063	(112,747,334)	1,531,358,729
Survey Equipment's	164,683,481	2,609,107	167,292,588
Laboratory	1,004,951,833	15,547,837	1,020,499,670
Other Equipment	5,952,378,958	687,191,898	6,639,570,856
Furniture & Fittings-Computer	731,796,657	103,018,130	834,814,787
Computers & Peripherals	1,069,656,302	(13,649,717)	1,056,006,584
Motor Vehicles Cars	2,663,162,657	120,971,759	2,784,134,417
Van Busses & Jeeps	398,175,566	(5,015,359)	393,160,207
Lorries & Trucks	1,303,284,246	(135,377,136)	1,167,907,110
Tractors & Trailers	68,242,191	(37,624)	68,204,567
Water Bowsers, Heavy Vehicles	2,080,588,146	(24,633,261)	2,055,954,886
Motor Cycles	29,172,583	58,974	29,231,557
Three Wheelers	56,237,477	-	56,237,477
Total Value of Depreciable Assets	335,293,284,262	100,020,379	335,393,304,641

National Water Supply And Drainage Board

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2023

37.1.2 Depreciation	Balance	Prior Year	Restated Balance
Freehold Assets	As at	Adjustments	As at
	31.12.2022		31.12.2022
	Rs.	Rs.	Rs.
Land Freehold	-	-	-
Land Leasehold	-	-	-
Infrastructure	1,559,538,754	(5,492,676)	1,554,046,079
Building - Freehold Structures	3,398,885,270	(132,339,577)	3,266,545,693
	8,966,491,907	(131,793,768)	8,834,698,139
Plant & Equipment Pumping & Treatment	17,705,589,545	(736,422,839)	16,969,166,706
Service Meter	77,611	-	77,611
Bulk Water Meter	469,482,086	(523,785)	468,958,300
Transmission & Distribution	17,853,795,813	(1,282,018,400)	16,571,777,413
Mobile Equipment's	799,472,346	(31,021,289)	768,451,057
Survey Equipment's	47,511,267	555,237	48,066,505
Laboratory	635,633,441	(3,655,028)	631,978,413
Other Equipment	2,405,750,460	(139,776,800)	2,265,973,660
Furniture & fittings-computer	446,660,278	-	446,660,278
Computers & Peripherals	887,360,733	(29,089,211)	858,271,522
Motor Vehicles Cars	1,599,769,996	61,657,432	1,661,427,428
Van Busses & Jeeps	287,133,659	(30,947,951)	256,185,708
Lorries & Trucks	544,789,208	(58,861,309)	485,927,899
Tractors & Trailers	38,765,268	(2,154,101)	36,611,167
Water Browsers, Heavy Vehicles	651,469,406	(61,827,633)	589,641,773
Motor Cycles	16,615,922	15,724	16,631,647
Three Wheelers	12,179,144	-	12,179,144
Total Value of Depreciation	<u>58,326,972,114</u>	<u>(2,583,695,973)</u>	<u>55,743,276,140</u>

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 31.12.2022 Rs.	Prior Year Adjustments Rs.	Adjustments For 2022 Rs.	Restated Balance As at 31.12.2022 Rs.
Other Operating Expenses (Note 11)				
Economic Service Charges	-	-	33,795,903	33,795,903
Income Tax (Note 14)				
Economic Service Charges	33,795,903	-	(33,795,903)	-
Intangible Assets (Note 16)				
Computer Software	27,730,640	100,500	-	27,831,140
Capital Works in Progress (Note 17)				
Rehabilitation	8,037,522,604	1,513,416	(2,934,186)	8,036,101,834
Construction Work	576,871,469,510	(378,174,004)	-	576,493,295,506
Investment Property (Note 18)				
Cost	-	328,259,620	-	328,259,620
Accumulated Depreciation	-	53,054,474	-	53,054,474
Financial Assets (Note 19)				
Bank of Ceylon Saving - II	1,500,083	(1,500,083)	-	-
Inventories (Note 21)				
PVC Steel Pipes	9,866,282,779	556,843	86,884	9,866,926,506
Water Meter & Fitting & Brass Items	1,023,697,365	-	3,507,196	1,027,204,561
Chemical Materials	554,560,999	-	-	554,560,999
Electricals	989,815,754	1,700,698	-	991,516,452
Building Materials	325,355,005	-	-	325,355,005
Pump & Spare Parts	1,189,453,847	6,184,343	-	1,195,638,191
Stationary & Office Equipment's	82,857,870	-	-	82,857,870
Other Items	1,025,634,644	-	(91,750)	1,025,542,894
Stock Adjustments	(249,392,359)	(1,072,908)	1,039,489	(249,425,778)
Trade And Other Receivable (Note 22)				
Trade Debtors	8,309,580,399	-	-	8,309,580,399
Dues from General Treasury	659,277,280	(659,277,280)	-	-
Other Debtors	398,347,552	-	12,531,425	410,878,977

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

	Balance As at 31.12.2022 Rs.	Prior Year Adjustments Rs.	Adjustments For 2022 Rs.	Restated Balance As at 31.12.2022 Rs.
Deposits & Advances (Note 23)				
Deposits	400,877,424	-	-	400,877,424
Investments (Note 24)				
Financial Assets (Including rechargeable funded investments)	32,089,668,396	(18,887,579,277)	-	13,202,089,119
Escrow Account (Note 25)				
Escrow Account	-	18,887,579,277	-	18,887,579,277
Cash & Cash Equivalents (Note 26)				
Cash In Bank	3,832,751,317	-	-	3,832,751,317
Bank of Ceylon Saving - II	-	1,500,083	-	1,500,083
Assets taken over from Government Dept. (Note 27)				
Assets taken over from Government Dept.	185,480,387	(185,480,387)	-	-
Government Equity (Note 28)				
Government Contribution (bond)	13,899,983,925	185,480,387	-	14,085,464,312
Capital Grant (Note 31)				
Foreign Grants	305,339,821,319	23,129,503	704,924	305,363,655,745
Trade And Other Payable (Note 34)				
Rechargeable Work - Customer Advances	8,862,915,143	(1,413,505)	(122,170)	8,861,379,467
Creditors Control	9,008,678,679	9,149,432	-	9,017,828,111

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	Actual 2023 Rs.	Restated 2022 Rs.
38. <u>Summarized Statement of Income</u>		
<u>Revenue</u>		
Metered and Bulk Supply	58,549,558,334	33,122,153,491
New Connection and Others	<u>3,302,730,221</u>	<u>2,342,312,129</u>
Total	<u>61,852,288,555</u>	<u>35,464,465,620</u>
<u>Cost of Sales</u>		
Personnel Cost	7,964,033,215	8,220,144,775
Pumping Cost	13,784,944,713	7,240,988,228
Chemicals	2,988,136,090	1,997,344,741
Repairs & Maintenance	3,832,180,334	2,238,794,112
Establishment Expenses	1,424,860,986	1,147,429,361
Rent, Rates, Taxes, Security & Other Expenses	2,578,676,744	2,140,613,453
Rebates	<u>270,950,919</u>	<u>159,239,696</u>
Total	<u>32,843,783,000</u>	<u>23,144,554,365</u>
Gross Profit	<u>29,008,505,555</u>	<u>12,319,911,255</u>
Other Operating Income and Gains	4,284,862,995	1,289,485,096
<u>Other Cost</u>		
Administrative Expenses	(9,776,267,180)	(9,369,339,544)
Other Operating Expenses	<u>(1,338,398,898)</u>	<u>(347,081,649)</u>
Earning before Interest, Tax, Depreciation & Amortization (EBITDA)	22,178,702,473	3,892,975,158
Depreciation	<u>(5,064,881,306)</u>	<u>(4,682,308,694)</u>
Earning before Interest & Tax (EBIT)	17,113,821,167	(789,333,536)
Finance Income	3,121,158,211	2,006,866,677
Finance Cost	<u>(14,948,454,251)</u>	<u>(3,917,340,209)</u>
Profit / (Loss) Before Tax	<u>5,286,525,126</u>	<u>(2,699,807,068)</u>
Income Tax (Economic Service Charges)	-	-
Profit / (Loss) for the Year	<u>5,286,525,126</u>	<u>(2,699,807,068)</u>