
Water Authority

OPERATING ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2014

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REVIEW OF THE YEAR 2013-14

ACTIVITIES

- Metered fresh water consumption increased by 0.9% to 637 million cubic metres

FINANCIAL PERFORMANCE

- Revenue increased by 6.2%
- Expenditure increased by 4.5%
- The deficit decreased from \$1,007.7 million in 2012-13 to \$930.9 million in 2013-14
- Return on Average Net Fixed Assets slightly improved to -1.9%

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OPERATING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 \$M	2013 \$M
Revenue	2	7,630.6	7,187.8
Expenditure	3	<u>8,561.5</u>	<u>8,195.5</u>
Deficit before taxation		(930.9)	(1,007.7)
Taxation	1(e) & (f) and 4	<u>-</u>	<u>-</u>
Deficit after taxation	1(j)	<u><u>(930.9)</u></u>	<u><u>(1,007.7)</u></u>

FINANCIAL PERFORMANCE MEASURES

Average net fixed assets (ANFA)	1(i) and 5	50,086.9	46,941.6
Actual return		(930.9)	(1,007.7)
Target return		1,703.0	1,596.0
Actual return as % of ANFA	1(h)	(1.9%)	(2.1%)
Target return as % of ANFA		3.4%	3.4%

The annexed notes form part of these accounts.

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BALANCE SHEET AS AT 31 MARCH 2014

	Note	2014 \$M	2013 \$M
Net assets employed			
Fixed assets	1(b) & (c) and 5	51,869.3	48,304.5
Current assets	1(d) and 6	2,427.4	2,307.9
Current liabilities	7	(2,243.2)	(2,123.9)
Net current assets		184.2	184.0
		<hr/>	<hr/>
		<u>52,053.5</u>	<u>48,488.5</u>
Financed by			
Public capital account	1(j) and 8	<u>52,053.5</u>	<u>48,488.5</u>

The annexed notes form part of these accounts.

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NOTES ON THE ACCOUNTS

1. Accounting Policies

- (a) Basis of Accounting
The accounts have been prepared on the historical cost basis of accounting modified to include notional receipts and payments.
- (b) Fixed Assets
- (i) No cost is included for land which is occupied by installations or sterilised by catchment areas except that, where it has been resumed, the cost of resumption has been included in the capital cost of the project concerned.
 - (ii) For capital projects, the costs include the actual direct expenditure and staff costs for design, planning and supervision during the construction period.
 - (iii) All other fixed assets are stated at cost less accumulated depreciation except assets under construction which are stated at cost.
- (c) Depreciation
- (i) Depreciation is provided on a straight-line basis calculated to write off the cost of assets less residual value over their estimated useful lives. The annual rates of depreciation used are :-

Tunnels, dams, resumption and afforestation, etc.	1%
Civil engineering works	2%
Water mains - fresh	2%
- salt	5%
Mechanical/electrical works, plant and machinery	4%-14.29%
Meters	8.33%
Computer hardware, software and system	10%
Motor vehicles	10%-20%
 - (ii) No depreciation is provided on assets under construction.
- (d) Stocks
Stocks are stated at the lower of cost and net realisable value, using the weighted average cost method to the extent that it is material.
- (e) Taxation
Notional profits tax is provided, where necessary, based on the expected taxable surplus for the year, using the tax rates prevailing at the balance sheet date, and any adjustments to tax payable in respect of previous years. No provision for notional profits tax has been made in the accounts as the Authority has no taxable surplus for the year.
- (f) Deferred Tax
Deferred tax is recognised, where appropriate, for all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the temporary differences can be utilised. No provision for deferred tax in respect of all material temporary differences has been made in the accounts as the Authority has no taxable surplus against which the temporary differences can be utilised.

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NOTES ON THE ACCOUNTS

- (g) Employee Benefits | Employee benefits including salaries, gratuities, pensions, housing benefits and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by employees.
- (h) Actual Return on ANFA | This is calculated as a percentage of surplus/deficit after taxation to average net fixed assets (ANFA).
- (i) Average Net Fixed Assets | The average net fixed assets (ANFA) represents the simple average of the opening and closing value of total fixed assets less aggregate depreciation.
- (j) Deficit | Since the Water Authority does not have a separate legal identity, its financial resources form part of the General Revenue. All deficits are deemed to be financed by the General Revenue and adjusted to the Public Capital Account of the Authority.

2. Revenue

	2014	<i>2013</i>
	\$M	<i>\$M</i>
Chargeable supplies	2,555.8	2,527.2
Contribution from rates	2,236.4	1,680.4
Contribution from Government on concessions	1,734.2	1,880.6
Contribution from Government on free allowance to consumers	918.7	912.4
Supplies to Government establishments	159.0	156.2
Fees, licences and reimbursable works	22.7	25.1
Interest from deposits	3.8	5.9
	<u>7,630.6</u>	<u>7,187.8</u>

The contribution from Government on concessions is to cover the shortfall in contribution from rates resulting from the concession of rates granted during the years.

3. Expenditure

	2014	<i>2013</i>
	\$M	<i>\$M</i>
Staff costs	1,528.7	1,486.0
Operating and administration expenses	1,747.9	1,698.3
Purchase cost of Dongjiang water	3,802.2	3,594.5
Depreciation	1,482.7	1,416.7
	<u>8,561.5</u>	<u>8,195.5</u>

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NOTES ON THE ACCOUNTS

4. Taxation

	2014 \$M	<i>2013</i> <i>\$M</i>
Notional profits tax charge for the year	<u>0.0</u>	<u>0.0</u>
Deferred tax assets/(liabilities) not recognized in respect of :-		
Unused tax loss	<u>26,969.9</u>	<u>24,626.6</u>
Material temporary difference arising from depreciation allowances	<u>(18,415.3)</u>	<u>(16,998.6)</u>

5. Fixed Assets

	Buildings, Filters, Mains, etc.	Plant and Machinery	Computer Hardware, Software & System	Salt Water Flushing	Plover Cove	High Island	Meters	Motor Vehicles	Assets Under Con- struction	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cost										
At 1 April 2013	45,021.7	279.8	339.8	8,907.1	702.0	1,661.2	421.3	76.0	8,306.6	65,715.5
Additions	-	7.5	1.4	-	-	-	52.5	12.6	4,988.2	5,062.2
Transfers	2,525.7	63.3	2.9	1,181.1	-	-	-	-	(3,773.0)	-
Disposals/Write off	(58.5)	(1.1)	(0.6)	(30.0)	-	-	(37.3)	(5.0)	-	(132.5)
At 31 March 2014	47,488.9	349.5	343.5	10,058.2	702.0	1,661.2	436.5	83.6	9,521.8	70,645.2

Aggregate Depreciation

At 1 April 2013	12,178.8	127.1	244.8	3,176.8	411.4	1,042.0	193.8	36.3	-	17,411.0
Charge for the year	973.4	25.9	31.2	370.4	9.3	29.1	35.5	7.9	-	1,482.7
Written back on										
Disposals/Write off	(44.6)	(0.7)	(0.6)	(30.0)	-	-	(37.3)	(4.6)	-	(117.8)
At 31 March 2014	13,107.6	152.3	275.4	3,517.2	420.7	1,071.1	192.0	39.6	-	18,775.9

Net Book Value

At 31 March 2014	34,381.3	197.2	68.1	6,541.0	281.3	590.1	244.5	44.0	9,521.8	51,869.3
<i>At 31 March 2013</i>	<i>32,842.9</i>	<i>152.7</i>	<i>95.0</i>	<i>5,730.3</i>	<i>290.6</i>	<i>619.2</i>	<i>227.5</i>	<i>39.7</i>	<i>8,306.6</i>	<i>48,304.5</i>

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NOTES ON THE ACCOUNTS

6. Current Assets

	2014 \$M	<i>2013</i> \$M
Stocks	106.2	<i>105.3</i>
Debtors	479.8	<i>520.9</i>
Current account with Treasury	1,841.4	<i>1,681.7</i>
	<u>2,427.4</u>	<u><i>2,307.9</i></u>

7. Current Liabilities

	2014 \$M	<i>2013</i> \$M
Consumers' and contractors' deposits	1,870.6	<i>1,774.1</i>
Creditors	372.6	<i>349.8</i>
	<u>2,243.2</u>	<u><i>2,123.9</i></u>

8. Public Capital Account

The Public Capital Account represents Government's investment in this utility.

	2014 \$M	<i>2013</i> \$M
Balance as at 1 April	48,488.5	<i>45,758.5</i>
Deficit for the year	(930.9)	<i>(1,007.7)</i>
Additional cash investment by the Government	4,495.9	<i>3,737.7</i>
Balance as at 31 March	<u>52,053.5</u>	<u><i>48,488.5</i></u>

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NOTES ON THE ACCOUNTS

9. Capital Commitments

As at 31 March 2014, the Authority had capital commitments, so far as not provided for in the Operating Accounts, as follows:

	2014 \$M	<i>2013</i> <i>\$M</i>
Contracted for	10,654.5	<i>11,708.1</i>
Authorised but not contracted for	<u>6,735.9</u>	<u><i>3,076.6</i></u>
	<u>17,390.4</u>	<u><i>14,784.7</i></u>