
Waterworks

OPERATING ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2024

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REVIEW OF THE YEAR 2023-24

ACTIVITIES

- Metered fresh water consumption decreased by 1.8%.

FINANCIAL PERFORMANCE

- Revenue increased by 0.9%.
- Expenditure increased by 6.1%.
- Deficit increased from \$2,413.4 million in 2022-23 to \$3,042.2 million in 2023-24.
- Return on Average Net Fixed Assets decreased from -3.2% in 2022-23 to -3.8% in 2023-24.

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OPERATING ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 \$M	2023 \$M
Revenue	2	9,330.7	9,245.5
Expenditure	3	<u>12,372.9</u>	<u>11,658.9</u>
Deficit	1(h)	<u>(3,042.2)</u>	<u>(2,413.4)</u>

FINANCIAL PERFORMANCE MEASURES

Average net fixed assets (ANFA)	1(g) and 4	79,162.9	75,014.2
Actual return		(3,042.2)	(2,413.4)
Target return		1,187.4	1,125.2
Actual return as % of ANFA	1(f)	(3.8%)	(3.2%)
Target return as % of ANFA		1.5%	1.5%

The annexed notes form part of these accounts.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	2024 \$M	2023 \$M
Net assets employed			
Fixed assets	1(b), 1(c) and 4	80,533.1	77,792.6
Current assets	1(d) and 5	3,027.4	2,843.6
Current liabilities	6	(2,940.7)	(2,890.6)
Net current assets/(liabilities)		<u>86.7</u>	<u>(47.0)</u>
		<u>80,619.8</u>	<u>77,745.6</u>
Financed by			
Public capital account	1(h) and 7	<u>80,619.8</u>	<u>77,745.6</u>

The annexed notes form part of these accounts.

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NOTES TO 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	<p>(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.</p> <p>(ii) For capital projects, the costs include the actual direct expenditure and staff costs for design, planning and supervision during the construction period.</p> <p>(iii) All other fixed assets are stated at cost less accumulated depreciation except assets under construction which are stated at cost.</p>																
(c) Depreciation	<p>(i) Depreciation is provided on a straight-line basis to amortise the cost of fixed assets less residual value over their estimated useful lives. The annual rates of depreciation used are:</p> <table><tr><td>Tunnels, dams, resumption and afforestation, etc.</td><td>1%</td></tr><tr><td>Civil engineering works</td><td>2%</td></tr><tr><td>Water mains – fresh</td><td>2%</td></tr><tr><td>– salt</td><td>5%</td></tr><tr><td>Mechanical/electrical works, plant and machinery</td><td>4%-20%</td></tr><tr><td>Meters</td><td>8.33%</td></tr><tr><td>Computer hardware, software and system</td><td>10%-33.33%</td></tr><tr><td>Motor vehicles</td><td>10%-20%</td></tr></table> <p>(ii) No depreciation is provided on assets under construction.</p>	Tunnels, dams, resumption and afforestation, etc.	1%	Civil engineering works	2%	Water mains – fresh	2%	– salt	5%	Mechanical/electrical works, plant and machinery	4%-20%	Meters	8.33%	Computer hardware, software and system	10%-33.33%	Motor vehicles	10%-20%
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Meters	8.33%																
Computer hardware, software and system	10%-33.33%																
Motor vehicles	10%-20%																
(d) Stocks in Hand	Stocks in hand are valued at cost using the weighted average cost method to the extent that it is material.																
(e) 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.																
(f) Actual Return on ANFA	This is calculated as a percentage of surplus/deficit to average net fixed assets (ANFA).																
(g) 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 accumulated depreciation.																
(h) 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 utility.																

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NOTES TO THE ACCOUNTS

2. Revenue	2024	2023
	\$M	\$M
Chargeable supplies	2,418.2	2,110.8
Contribution from rates	4,231.3	2,864.7
Government contribution on concessions*	1,140.0	2,938.9
Government contribution on free allowance to consumers [#]	1,233.2	1,084.1
Supplies to Government establishments	176.6	169.8
Fees, licences and reimbursable works	19.9	26.6
Interest from deposits	111.5	50.6
	<u>9,330.7</u>	<u>9,245.5</u>
<p>* The Government contribution on concessions comprises two parts:</p> <p>(i) Government contribution on concession of rates of \$2,285.4M in 2022-23 and \$907.2M in 2023-24 to cover the shortfall in contribution from rates resulting from the concession of rates granted during the years; and</p> <p>(ii) Government contribution on concession of water charges of \$653.5M in 2022-23 and \$232.8M in 2023-24 to cover the shortfall in chargeable supplies resulting from concession of water charges for water consumption for non-domestic purposes from 1 April 2022 to 31 July 2023.</p> <p>[#] The calculation of Government contribution on free allowance to consumers is based on the fresh water net unit production cost of \$11.4 and \$12.9 for the years 2022-23 and 2023-24 respectively, which has included a target return on ANFA of \$1.4 and \$1.5 per unit for the respective years, multiplied by the quantity of metered fresh water consumption within the free allowance quantity.</p>		
3. Expenditure	2024	2023
	\$M	\$M
Staff costs**	2,031.8	1,973.1
Operating and administration expenses**	2,836.3	2,454.1
Dongjiang water purchase cost	5,049.0	4,965.3
Depreciation	2,455.8	2,266.4
	<u>12,372.9</u>	<u>11,658.9</u>
<p>** The expenditure relating to Job Creation Scheme funded under the Anti-epidemic Fund have been excluded.</p>		

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NOTES TO THE ACCOUNTS

4. Fixed Assets

	Buildings, Filters, Mains, etc. \$M	Plant and Machinery \$M	Computer Hardware, Software & System \$M	Salt Water Flushing \$M	Plover Cove \$M	High Island \$M	Meters \$M	Motor Vehicles \$M	Recycled Water Supply \$M	Assets Under Construction \$M	Total \$M
Cost											
At 1 April 2023	77,378.2	242.2	525.2	16,590.4	702.0	1,661.2	443.2	113.2	-	15,736.9	113,392.5
Additions	-	3.1	6.8	-	-	-	-	4.3	-	5,183.3	5,197.5
Transfers	8,220.2	5.2	19.7	234.6	-	-	-	22.3	627.7	(9,129.7)	-
Disposals	(1.0)	(8.5)	-	(0.3)	-	-	(19.1)	(11.8)	-	-	(40.7)
At 31 March 2024	85,597.4	242.0	551.7	16,824.7	702.0	1,661.2	424.1	128.0	627.7	11,790.5	118,549.3
Accumulated Depreciation											
At 1 April 2023	24,751.0	168.5	412.9	8,005.3	504.4	1,331.1	359.8	66.9	-	-	35,599.9
Charge for the year	1,743.8	11.5	21.2	594.4	9.3	28.3	24.1	11.8	11.4	-	2,455.8
Written back on disposals	(0.8)	(7.6)	-	(0.3)	-	-	(19.1)	(11.7)	-	-	(39.5)
At 31 March 2024	26,494.0	172.4	434.1	8,599.4	513.7	1,359.4	364.8	67.0	11.4	-	38,016.2
Net Book Value											
At 31 March 2024	59,103.4	69.6	117.6	8,225.3	188.3	301.8	59.3	61.0	616.3	11,790.5	80,533.1
<i>At 31 March 2023</i>	<i>52,627.2</i>	<i>73.7</i>	<i>112.3</i>	<i>8,585.1</i>	<i>197.6</i>	<i>330.1</i>	<i>83.4</i>	<i>46.3</i>	<i>-</i>	<i>15,736.9</i>	<i>77,792.6</i>

The capital expenditure relating to the relocation of fresh water and salt water service reservoirs and water treatment works into caverns have been excluded.

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NOTES TO THE ACCOUNTS

5. Current Assets

	2024 \$M	<i>2023</i> <i>\$M</i>
Stocks in Hand	180.8	156.5
Debtors	432.7	297.6
Current Account with the Treasury	<u>2,413.9</u>	<u>2,389.5</u>
	<u>3,027.4</u>	<u>2,843.6</u>

6. Current Liabilities

	2024 \$M	<i>2023</i> <i>\$M</i>
Consumers' and contractors' deposits	2,403.9	2,379.5
Creditors	<u>536.8</u>	<u>511.1</u>
	<u>2,940.7</u>	<u>2,890.6</u>

7. Public Capital Account

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

	2024 \$M	<i>2023</i> <i>\$M</i>
Balance as at 1 April	77,745.6	72,291.4
Deficit for the year	(3,042.2)	(2,413.4)
Additional cash investment by the Government	<u>5,916.4</u>	<u>7,867.6</u>
Balance as at 31 March	<u>80,619.8</u>	<u>77,745.6</u>

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NOTES TO THE ACCOUNTS

8. Commitments

Outstanding commitments as at 31 March 2024 and 31 March 2023 not provided for in the operating accounts were as follows:

	2024 \$M	<i>2023</i> <i>\$M</i>
(i) Capital works projects, property, plant and equipment and capital subvention	24,689.4	26,061.5
(ii) Non-recurrent expenditure	-	-
(iii) Investments	-	-
(iv) Loans and non-recurrent grants	-	-
	<u>24,689.4</u>	<u>26,061.5</u>