

**KERALA BOOKS AND PUBLICATIONS SOCIETY,
KAKKANAD P.O., KOCHI – 682030**

**LIST OF GOVERNING BODY MEMBERS
(During the Financial Year 2017-2018)**

- | | | |
|----------|---|-----------------|
| 1 | a) Sri. Karthick K IPS
Chairman & Managing Director
KBPS, Kakkanad, Kochi.
(18-11-2017 to 31-03-2018) | Chairman |
| | b) Sri. Tomin J Thachankary IPS
Chairman & Managing Director
KBPS, Kakkanad, Kochi.
(01-04-2017 to 17-11-2017) | Chairman |
| 2 | a) Sri. A. Shajahan IAS
Secretary to Government,
General Education Department,
Secretariat Annexe,
Thiruvananthapuram. | Member |
| | b) Dr. Usha Titus IAS
Secretary to Government,
General Education Department,
Secretariat Annexe,
Thiruvananthapuram. | Member |
| 3 | Sri. K.V Mohankumar IAS
Director of Public Instruction
Jagathy, Thiruvananthapuram. | Member |
| 4 | Smt. M.S Jaya IAS
Director of Collegiate Education,
Vikas Bhavan, Thiruvananthapuram. | Member |
| 5 | Dr. J. Latha
Vice Chancellor,
Cochin University of Science & Technology,
Thrikkakara, Kochi. | Member |
| 6 | a) Dr. K.P. Indiradevi
Director of Technical Education,
Fort, Thiruvananthapuram. | Member |
| | b) Dr. K. Vijaya Kumar
Director of Technical Education,
Fort, Thiruvananthapuram. | Member |

- 7 **Sri. Vijaya Kumar T.V** **Member**
Director of Printing,
Government Central Press, Thiruvananthapuram.
- 8 a) **Smt. Shyamalavalli .C** **Member**
Controller of Stationery,
PMG Junction, Thiruvananthapuram.
- b) **Smt. R. Sasikala** **Member**
Controller of Stationery,
PMG Junction, Thiruvananthapuram.
- 9 **Sri. M.P. Salim** **Member**
Additional Secretary to Government,
Finance Department,
Government Secretariat, Thiruvananthapuram.
- 10 a) **Sri. K. Asokan** **Member**
Production Manager,
KBPS, Kakkanad, Kochi.
- b) **Sri. Anil K.M** **Member**
Production Manager i/c,
KBPS, Kakkanad, Kochi.
- c) **Sri. K.R. Sudhakaran** **Member**
Production Manager i/c,
KBPS, Kakkanad, Kochi.

Auditors: M/s. P. Parikh & Associates
Chartered Accountants,
2nd Floor, Koduvathra Building,
Koduvathra Lane, Civil Lane Road
Palarivattom, Kochi – 682025
Tel:- 0484-4039000
Mobile No. 09567858357
E-mail: camathewstephen@gmail.com

Bankers:

1. Union Bank of India, Thrikkakara.
2. Principal Sub-Treasury, Thiruvananthapuram
3. State Bank of India, CEPZ.
4. State Bank of India, Thrikkakara Civil Station

Directors Report

Dear Governing Body Members,

We are delighted to present our 43rd Annual report of Kerala Books and Publications Society (KBPS) along with the audited Balance Sheet and accompanying financial statements for the year ended 31st March 2018, duly certified by the Auditors M/s. P. Parikh & Associates, Chartered Accountants, Ernakulam.

HISTORY

The Kerala Books and Publications Society Constituted by Government of Kerala to print and supply text books to School children of Kerala State started its business with interest bearing Loans received from Government of Kerala. The society does not have any share capital of its own.

During the financial year 2015-16, Government of Kerala has entrusted KBPS with the task for the purchase of papers and collateral materials for printing of Textbooks for two years for the Academic Year 2016-17 and 2017-18 vide G.O (Ms) No. 281/2015/G.Edn dated 05-11-2015. Vide G.O (Rt) No. 2577/2017/G.Edn dated 03/08/2017, the Government further entrusted KBPS with the purchase of paper and collateral materials for the printing of textbooks for the academic year 2018-19 also. KBPS Distribution teams have successfully completed the distribution of Volume I, II and III school text books for the Academic Year 2017-18. The task of Printing and Cutting of Counterfoil of Lottery tickets, Storing of the Counterfoil and Distribution of Lottery tickets to various collection centers have also successfully accomplished by the Society during the Financial Year 2017-18

FINANCIAL HIGHLIGHTS

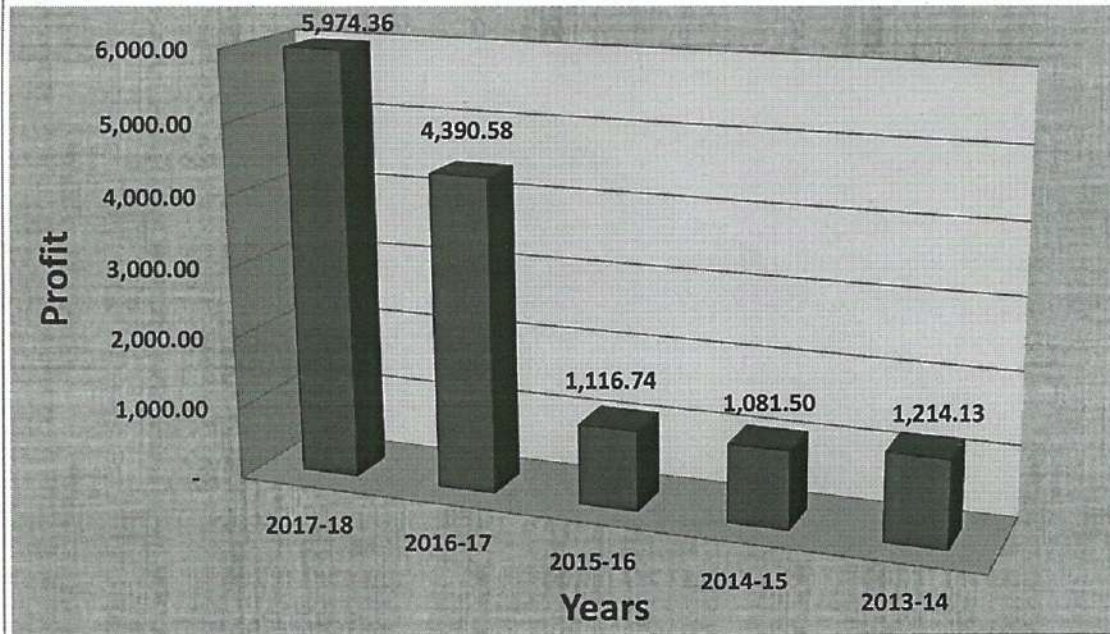
During the year, the society witnessed a growth of 50.22% in Turnover under review over the previous year. The Society earned revenue of Rs. 27,233.40 lakhs and expenditure incurred was Rs. 17,477.44 lakhs and arriving at a surplus (After Tax) of Rs. 5,974.36 lakhs. The Depreciation claimed was Rs. 513.78 lakhs.

Financial Results during last five years:

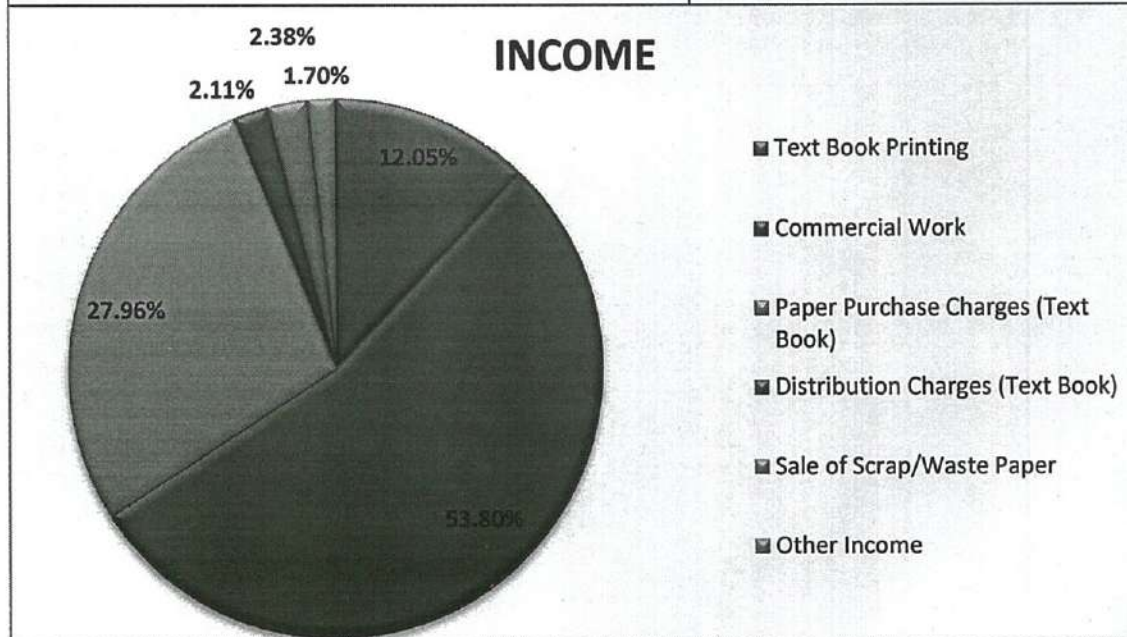
Rupees in Lakhs

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Sales & Operating Income	27,233.40	19,678.60	9,574.27	6,709.63	6,346.27
PBDIT	10,342.20	6,862.94	3,360.69	1,817.35	1,966.12
Depreciation	513.78	249.78	105.42	70.91	82.34
Interest on Government Loan and DSL	72.45	45.82	41.27	40.68	40.08
Profit before prior period items & tax	9,755.96	6,567.34	3,213.99	1,705.76	1,843.70
Less: Prior period items & others	126.66	24.14	17.46	36.47	(.76)
Less: Provision for Bad and Doubtful debts	-	-	936.76	-	-
Tax expenses	3,470.17	2,016.84	1,143.02	587.79	628.81
3% Employer Contribution to Pension Fund	184.77	135.79	-	-	-
Net Profit for the year	5,974.36	4,390.58	1,116.74	1,081.50	1,214.13
Profit brought forward from previous year	10,722.96	6,332.38	5,215.64	4,134.14	2,920.01
Excess carried forward to Balance Sheet	16,697.32	10,722.96	6,332.38	5,215.64	4,134.14

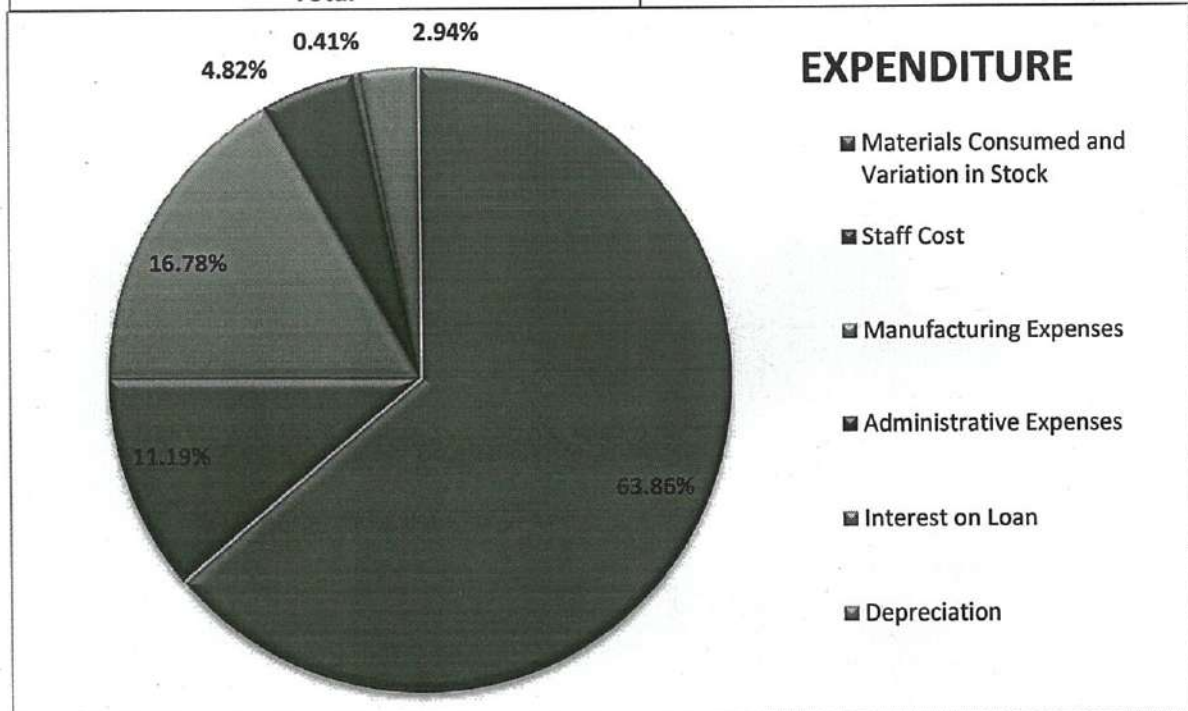
Net Profit/Surplus during last five years



COMPONENTS OF INCOME: 2017-18	Amount (In Lakhs)
Text Book Printing	3,282.12
Commercial Works	14,652.99
Paper Purchase Charges (Text Books)	7,614.13
Distribution Charges (Text Books)	575.13
Sales of Scrap/Waste Paper	647.37
Other Income	461.65
Total	27,233.40



COMPONENTS OF EXPENDITURE: 2017-18	Amount (In Lakhs)
Materials Consumed and Variation in Stock	11,160.09
Staff Cost	1,956.38
Manufacturing Expenses	2,932.45
Administrative Expenses	842.28
Interest on Loan	72.45
Depreciation	513.78
Total	17,477.44



The land and building in which the society is functioning are owned by Government of Kerala. An amount of Rs. 7.02 lakhs per year is earmarked as lease rent to be paid to Government for use of land and building. The society has requested Government to transfer the ownership of the land and building to the society and steps are being taken up at Government level to transfer the same.

Strengths

KBPS is one of the major players in the printing industry in public sector having business of printing of text books and lotteries for the state Government. It also carries out different commercial printing works. The society has ample scope for expansion & diversification in its field as well as other commercial activities. The successful distribution of textbooks to Schools Societies and distribution of Lottery tickets to various district lottery offices demonstrate the adoptability and the capability of the Society. Economies of scale are the cost advantage that KBPS obtains due to size. This is mainly because of a team of well experienced workforce, suitable machineries employed and favorable working environment in the society. The Society's high point is its capacity to take up and execute print orders of varied nature, volume and customers. The Society has made a name for the timeline execution of work orders

Weakness

The printing industry is undergoing rapid technological changes and KBPS finds it difficult to cope up with the great speed as the majority of machineries in the Society are out dated. We are facing stiff competition in the market from various printing concerns employing the state and it becomes inevitable to induct the latest and sophisticated machinery to stay in the business. The working capital of the Society is getting drained out due to non-releasing of fund in time mainly from General Education Department and various Government Departments. The ownership of Land & Building is still in the hands of Government and transfer of ownership to KBPS will be a boon to the society in future.

Opportunities

Even though electronic media replaces printing industry in every sense, the consistency shown in printed materials like text books, lotteries, booklets, Journals etc over the years and sustained performance in the past few years elevated the names of KBPS to a higher place among the public sector industries in the state. The Society has realized the scope and utilized it to the maximum and this brought the Society as a major player in the public sector printing concern in the state. Market is not a limiting factor to KBPS. There is scope for printing text books of other states and CBSE textbooks. Greater innovation can help KBPS to produce unique products and service that meet customer's needs. The Society desires to become a Printing Hub of the state to provide all the printing and process related with printing for Government of Kerala and other states through modernization.

Threats

Emergence of Information Technology in all fields will adversely affect the printing industry. Fast technological changes in the industry can make KBPS less competitive and inefficient, if the Society is not in the path of radical changes. In addition to this the implementation of tablet computers among school students will somehow adversely affect our text book production in long run. Politics can increase KBPS's risk factors, because governments can quickly change business rules that may adversely affect the business of KBPS. The taste of the Consumers of the society may changes very quickly. Hence KBPS must be very much alert for knowing the demand and taste of our customers.

New Machinery and Asset

KBPS procured two Manugraph Cityline Express Web Offset Machine, a Muller Martini Presto -II Flowline Machine and a Single Box Single Cyl Hydraulic Bailing Press during the year. The Society also installed CCTV surveillance Cameras in all major areas of KBPS.

New Assignment

The society is planning to implement ERP system which will ensure better integration of various departments.

Production attained during 2017-18

During the year 2017-18, the society has printed 764.29 lakhs text books. Society has also undertaken the following printing works:

SL. No	Commercial Production	Copies in lakhs	Value in lakhs (Rs.)
1	Kerala State Lotteries	28030.400	11,340.418
2	C-APT	8.770	642.927
3	Kudumbashree	24.910	594.317
4	Farm Information Bureau	15.730	415.173
5	Public Relations Department	96.490	220.983
6	APJ Abdul Kalam Technological University	28.816	190.374
7	Suchitwa Mission	153.370	162.771
8	Mahatma Gandhi University	31.450	157.238
9	SCERT/TBO	2.260	89.881
10	Others	396.314	585.627
Total		28788.510	14,399.709

Looking Forward

Projects for 2018-19

➤ **Procurement Strategy, Staffing , Modernization**

During the coming year the society plans to recruit employees to fill up the vacancies in technical and production wing. Fresh hands will be taken through Employment Exchange/Open Call.

➤ **Plant Expansion, Capital Projects**

A Goss WS – D598 web offset printing press, 4 Defect checking machine for Labels, an Online bar coding and Q.R code printing system to be attached with Goss WS – D598 web offset printing press and a Cityline Express web offset machine are proposed to be purchased during the period 2018-19. Alteration, overhauling and replacement of spares of core machines are also proposed to meet our targets.

Corporate Governance

❖ **Number of Governing Body Meeting held : 5**

146th Governing Body Meeting held on 03-04-2017, 147th Governing Body Meeting held on 29-05-2017, 148th Governing Body Meeting held on 30-10-2017, 149th Governing Body Meeting held on 20-12-2017, and 150th Governing Body Meeting held on 19-03-2018.

❖ **Annual General Body Meeting held : 1**

41st Annual General Body Meeting held on 29-05-2017

Personnel Management

Training need assessment is being done and competency development has to be attained through various internal and external training programmers. Personnel and labour relations were cordial throughout the year.

No. of employees who retired during the year :	12
No. of employees who were recruited during the year :	1
Permanent staff :	170
Others (contract) :	76
Apprentices/Trainees :	3
Persons demised :	0
No. of employees who resigned during the year :	1

Welfare

The Group Medical Insurance Scheme for the employees of KBPS was continued in the year 2017-18 also. 170 Employees and their insured dependents have benefited by availing medical insurance facilities. Onam was celebrated with great enthusiasm and distributed Onam gifts and Onam kit items to all eligible employees of KBPS. An executive Health check-up camp by PVS Memorial Hospital, Kaloor engaged by M/s E-Meditek (TPA) Service Ltd, Palarivattom was conducted during December 2017 for all permanent employees of KBPS and health profile of each employee was given to them. Medical reimbursement of all permanent employees was also provided for the period 2017-18.

Auditors


M/s. P. Parikh & Associates, Chartered Accountants, Ernakulam were our Statutory Auditors and M/s. S.R. Pai & Co. Chartered Accountants, Ernakulam were our Internal Auditors for the year under report.

Acknowledgement

The directors of the society wish to place on record the valuable help and guidance given to society by the Government of Kerala, especially Department of Higher Education, Department of General Education, Kerala State Lotteries, C-APT, Kudumbashree, Farm Information Bureau, Public Relations Department, Suchitwa Mission, SCERT, Universities, Bankers, Auditors, Business Associates, Customers, Trade Unions and all other well-wishers. We wish to convey their appreciation to all of the Society's employees for their enormous personal efforts as well as their collective contribution to the Society's performance.

For and on behalf of the Board of Directors


Chairman

12
22/3/19. 
34/3/19


11/4/19 KA.



2nd Floor, Koduvathara Building, Koduvathara Lane, Civil Lane Road, Palarivattom, Kochi - 682025

Ph : 0484 4039000, Mob : +91 9567858357, Email : camathewstephen@gmail.com

INDEPENDENT AUDITOR'S REPORT

To; The General Body of Kerala Books and Publications Society

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KERALA BOOKS AND PUBLICATIONS SOCIETY**, registered under Travancore – Cochin Literary, Scientific and Charitable Society registration Act, 1955, ("the Society"),(S.No.60 of 1976) which comprise the Balance Sheet as at March 31, 2018, and the Income and Expenditure Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the society, in accordance with the provisions of their Memorandum of Association and Rules and Regulations 1976 amended from time to time and Accounting Standard issued by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and to perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Society's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion:

1. *Fixed assets are unable to be traced physically with the register maintained by the society. We relayed on the accounting done by the Society with its supporting documents and previous year audited financials.*
2. *Closing stock of Raw Materials, Consumables, Work In Progress and Finished Goods as at 31st March, 2018 is valued and certified by the Management, on which reliance has been placed by us.*
3. *Provision is not made for an amount of Rs.537.22 lakhs which is accounted as distribution charges of text books for the academic year 2017-18, even though the realisably of the same is doubtful. Accordingly, the profit of the Society for the current year is overstated to the tune of said amount. Further, the Balance of Sundry Debtors in balance Sheet is over stated to the tune of Rs. 1,210.29Lakhs including the previous year figures. Note No. 6(a)*
4. *With regard to unrecognized income for text book printing charges receivable from text book office, due to non-constitution of technical committee and delay in rate revision. The effect of this item in the financial statements cannot be quantified and no managerial estimates are available in this regard. Note No 12*
5. *Even though the society has not received exemption in the matter of ESI, the concern is not maintaining any statutory requirements relating to the provisions of the Employee State Insurance Act 1948. We are unable to quantify the effect of same in regards. Note No.17*
6. *Society is not maintaining any statutory requirements relating to provident fund. We are unable to quantify the effect of same in financial statements. Note No. 24F*





7. *Non-reversal of excess liability provision booked to the tune of Rs. 46.81 lakhs on account of utilization of printing paper supplied by Government of Kerala for earlier financial years, and thus current liabilities and provisions in Balance Sheet is overstated to that effect.
Note No. 13a clause (d).*
8. *With regard to TDS credit receivable relating to earlier financial years Rs. 34,01,060/-, as the society has not claimed the same in the Income Tax returns for the respective years, the chances of recoverability of the said amounts are doubtful. Society's current assets are overstated to that effect.
Note No. 28*
9. *The society has not incorporated the finalization entries in relation to Goods and Services Tax in books of Accounts. We are unable to quantify the effect of same in financial statements. Note No.34*
10. *We are unable to quantify the effect of unaccounted loss in respect of flood occurred in 2016-17, for which a claim amount of Rs. 20,19,034/- is received from Kerala State Insurance Department in the financial year 2018-2019. Note No.30*
11. *Balances of some of the debtors and creditors are subject to confirmation. On our verification it was noticed that society has made confirmation request to all parties for which only few of them has replied.*
12. *TDS default found in the official site of TDS Centralized Processing Cell, which is yet to be reconciled.*

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements given a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of Balance sheet, of the state of affairs of the society as at 31st March 2018 and
- b) In the case of Income & Expenditure Account, of the excess of income over expenditure for the year ended as on that date.

Emphasis of Matters

- a) Service tax returns are subject to revision. *Note No.9*
- b) With reference to (J) of significant accounting policies, regarding adoption of AS-22, 'Accounting for Taxes on Income'. The society has not adopted the same during the financial year and consequently, has not provided for any deferred tax asset/liability, in the books. *Note No.(J)*





- c) Lease rent of the society is booked on the basis of valuation as on 03.09.1980
Note No. 16 b
- d) Apportionment of waste paper sale proceeds with the government and society is at the rate of 6:2, which was actually ratified only upto 2006. *Note No. 14c*
- e) Society has requested the KVAT authorities to set off the outstanding demand raised for the year 2005-06 to excess remittance for the year 2006-2011. *Note No. 24A*
- f) A demand of Rs. 43,85,175/- is made by the Central Excise, Customs and Service Tax Department vide notice issued on 23.03.2018 for the period 2014-15 against which a deposit of Rs. 3,28,888 is made by the society. *Note No. 24B.*
- g) An amount of Rs.68,45,601/- is deposited with Income Tax authorities for notices issued for various years. *Note No. 24C.*

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Other Regulatory Requirement

We further report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books and accounts have been kept by the Society so far as appears from our examinations of those books.
- c) The Balance Sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Income & Expenditure Account comply with the Accounting Standard issued by the Institute of Chartered Accountants of India.

Palarivattom

March 29, 2019



For P. PARIKH & ASSOCIATES
CHARTERED ACCOUNTANTS


C.A. MATHEW STEPHEN FCA, AAIA, CeFA
(M. No: 208137, FRN: 107564W)
PARTNER


KERALA BOOKS AND PUBLICATIONS SOCIETY, KAKKANAD, KOCHI - 682 030.
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31,2018

DESCRIPTION	SCH No	March 31,2018	March 31,2017
		(Figures in Rupees)	
INCOME:			
Printed Material Charges (Sub Schedule-45)		1,46,52,99,134.21	98,43,03,328.90
Printing charges		32,82,12,316.57	19,17,30,395.65
Distribution Charge (Text Books)		5,75,13,266.00	4,82,27,702.00
Paper Purchase (Text Book)		76,14,13,445.75	64,49,92,106.87
Sale of Scrap/Waste paper (Sub Schedule-59)		6,47,36,978.63	6,10,09,742.42
Interest received (Sub Schedule-39)		1,02,59,272.00	-
Miscellaneous Income	X	3,59,05,930.25	3,75,96,293.43
Total:		2,72,33,40,343.41	1,96,78,59,569.27
EXPENDITURE:			
Materials and stores consumed	XI (1)	1,06,35,13,816.09	84,32,22,699.77
Variation in stock	XI (2)	5,24,95,582.70	(1,70,79,450.23)
Manufacturing and administrative expenses	XII	57,31,11,414.96	45,54,22,449.29
Interest on Government of Kerala loans		22,16,652.00	22,16,652.00
Penal interest on Government of Kerala loans		20,30,202.44	19,70,494.51
Interest on DSL Loan (6 Crores)		29,98,356.00	3,94,521.00
Depreciation	IV	5,13,78,282.12	2,49,77,748.78
Total:		1,74,77,44,306.31	1,31,11,25,115.12
Net surplus		97,55,96,037.10	65,67,34,454.15
Less : Prior period income/ expenses	XIII	75,000.00	1,01,388.00
Less: Income Tax paid for previous year (Sub Schedule-9)		1,25,91,054.00	23,12,566.00
		96,29,29,983.10	65,43,20,500.15
Less : Provisions:			
(a) For Income Tax - Current Year		34,70,16,823.00	20,16,83,522.00
(b) For Bad and Doubtful debts		-	-
		61,59,13,160.10	45,26,36,978.15
Less: 3% Employer Contribution to KBPS Pension Fund		1,84,77,395.00	1,35,79,109.00
		59,74,35,765.10	43,90,57,869.15
Excess of income over expenditure, for the year			
Add: Excess of income over expenditure brought forward from previous year		1,07,22,96,042.08	63,32,38,172.93
Excess of income over expenditure transferred to Balance Sheet		1,66,97,31,807.18	1,07,22,96,042.08
Significant Accounting Policies and Notes on Accounts	XIV		

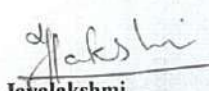
As per our report attached
for P.Parikh & Associates,
Chartered Accountants
Firm registration number :107564W

For and on behalf of the Governing Body


CA. Mathew Stephen
Partner, Membership No. 208137


Karthick K. IPS
Chairman & Managing Director


Reji John
GB Member Finance


S. Jayalakshmi
GB Member Stationery

Date: 29/03/2019
Kochi : 682030

KERALA BOOKS AND PUBLICATIONS SOCIETY:2017-18

SCHEDULE - I

PERMANENT CAPITAL LOAN	March 31,2018	March 31,2017
	(Figures in Rupees)	
From Government of Kerala	50,00,000.00	50,00,000.00
Total:	50,00,000.00	50,00,000.00

Note: A

As per G.O.(MS)289/84/H.Edn dated 29.10.1984 sanction is accorded to the Society to treat an amount of Rs. 50 lacs, out of the amount due to Government of Kerala towards the sales proceeds of waste paper, as permanent capital loan to the Society bearing interest @15% per annum repayable within a period of 15 years subject to the conditions that 2.5% penal interest will be charged for belated remittance of the principal and interest. Subsequently, Government vide G.O(Rt.) No.1639/86/H.Edn dated 20.09.1986 revised the above G.O. thereby exempting the Society from the liability for repayment of principal and reducing the rate of interest from 15% to 10% per annum. Accordingly interest has been provided @ 10% on the loan during the year also. During the year the Society has provided for penal interest @ 2.5% for the belated remittance of interest pertaining to the period from 01.04.2017 to 31.03.2018 amounting to Rs. 4.18 lacs (Previous year: Rs. 4.05 lacs). The Society is yet to pay Rs. 239.03 lacs (Previous year Rs. 229.85 lacs) being interest (including penal interest) accrued on the above loan from 29.10.1984 to 31.03.2018.

SCHEDULE - II

RESERVES AND SURPLUS	March 31,2018	March 31,2017
	(Figures in Rupees)	
Investment subsidy	3,74,405.00	3,74,405.00
Grant from Government of India	62,16,000.00	62,16,000.00
Grant from Government of Kerala	41,68,000.00	41,68,000.00
Total: (A)	1,07,58,405.00	1,07,58,405.00
CAPITAL RESERVES		
GENERAL RESERVE		
Excess of income over expenditure brought forward from Income and Expenditure account	1,66,97,31,807.18	1,07,22,96,042.08
Total: (B)	1,66,97,31,807.18	1,07,22,96,042.08
Grand Total = (A)+(B)	1,68,04,90,212.18	1,08,30,54,447.08

Note: B

The Government of Kerala has sanctioned an amount of Rs. 103.84 lacs as grant against loans availed from Government of Kerala for the import and installation of Harris printing machine. Of the above, Rs. 39.55 lacs was sanctioned vide G.O (Rt) No.2059/ 89/ H.Edn dt. 11.11.87 and Rs. 2.13 lacs vide G.O (Rt) No.62/93 / H.Edn dated 08.01.93 and Rs. 62.16 lacs was sanctioned vide G.O.No.41374 / H1/ 92/H.Edn dated 28.04.93 , which is a Central Government share as indicated by their letter No.50 (1) PF- 87- 79 from Ministry of Finance, Department of Expenditure, Plan, Finance, New Delhi dated 06.01.1988.

Note: C

Accumulated General Reserve for the year 2017-18 is Rs. 16,697.32 lacs. Out of this Rs. 5,974.36 lacs belongs to the excess of Income over Expenditure for the year and Rs. 10,722.96 lacs belongs to the previous year.



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

SCHEDULE - III

UNSECURED LOAN		March 31,2018	March 31,2017
		(Figures in Rupees)	
1. For purchase of Harris model offset printing machine			
a) State Government portion :			
Principal	14,45,000.00		14,45,000.00
Interest	53,51,209.42		51,48,909.42
	67,96,209.42		65,93,909.42
Penal interest	26,72,993.66		24,86,097.90
		94,69,203.08	90,80,007.32
b) Central Government Portion :			
Principal	94,09,008.00		94,09,008.00
Interest	2,13,21,877.18		2,04,51,544.18
	3,07,30,885.18		2,98,60,552.18
Penal interest	1,12,91,752.68		1,04,46,653.34
		4,20,22,637.86	4,03,07,205.52
2. For purchase of HMT machine :			
Principal	2,00,135.00		2,00,135.00
Interest	7,31,026.60		7,03,007.60
	9,31,161.60		9,03,142.60
Penal interest	3,44,104.63		3,18,497.69
		12,75,266.23	12,21,640.29
3. For purchase of Muller Martini Saddle Switcher machine:			
Principal	19,00,000.00		19,00,000.00
Interest	70,20,213.30		67,54,213.30
	89,20,213.30		86,54,213.30
Penal interest	33,58,539.83		31,13,233.96
		1,22,78,753.13	1,17,67,447.26
4. For purchase of spare parts and machinery:			
Principal	25,00,000.00		25,00,000.00
Interest	87,55,293.00		84,05,293.00
	1,12,55,293.00		1,09,05,293.00
Penal interest	41,63,857.04		38,54,336.48
		1,54,19,150.04	1,47,59,629.48
5. Interest accrued and due on Permanent capital loan:			
Interest	1,67,10,958.90		1,62,10,958.90
Penal interest	71,91,815.73		67,74,041.76
		2,39,02,774.63	2,29,85,000.66
6. From Director of State Lotteries for the purchase of Machine:			
Principal	-		6,00,00,000.00
Interest	33,92,877.00		3,94,521.00
		33,92,877.00	6,03,94,521.00
Total:		10,77,60,661.97	16,05,15,451.53

Notes:

C.1. In the case of Harris printing machine, the Government has originally sanctioned a loan of Rs. 306.58 lacs (net of grants) . Of the above , Rs. 110 lacs was sanctioned vide G.O. (Rt) No.1185 / 87/ H.Edn dt. 15.06.87, Rs. 91.45 lacs vide G.O. (Rt) No.1118/87/H.Edn dt. 03.10.87 & 10.11.87, Rs. 90.45 lacs vide G.O. (Rt) No.2059/ 87/ H.Edn dt. 11.11.87, Rs. 14.68 lacs vide G.O. (Rt) No.1002/ 89/ H.Edn dt.13.06.89, which is inclusive of the Central Government share of Rs. 207.20 lacs.



C.2. Vide G.O (Rt) No.62 / 93 / H.Edn dated 08.01.93. read with their letter no: 41374 / H1/ 92 / H.Edn dated 28.04.93, the State Government portion of the above loan was repayable in 5 annual installments starting from the first anniversary from the date of order at an interest of 14% per annum, besides penal interest @ 2.75 % per annum for belated repayment. During the year, the Society has provided for penal interest of Rs. 1.87 lacs (Previous year: Rs. 1.81 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2017 to 31.03.2018. The Society is yet to make a repayment of the last installment of Rs. 14.45 lacs (Previous year: Rs. 14.45 lacs) due on 08.01.98 besides interest over due.

C.3. As per the order referred in C.1. above, the Central Government share of the loan was repayable in 15 annual (quarterly equal amounts) installments from July 1988 along with interest @ 9.25% per annum, besides penal interest @ 2.75 % per annum for belated repayment. The Society has not made repayments since 01.01.98 and as at year end entire balance amounting to Rs. 94.09 lacs (Previous year Rs.94.09 lacs) is over due. During the year, the Society has provided for penal interest of Rs. 8.45 lacs (Previous year Rs. 8.21 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2017 to 31.03.2018. Though penal interest for the period from 01.07.88 to 01.07.93 amounting to Rs. 9.25 lacs has already been remitted to Government of Kerala in the earlier years, interest for the remaining period is still outstanding.

C.4. In the case of HMT printing machine , the Government has originally sanctioned a loan of Rs. 5 lacs vide G.O. (MS) No.203 / 89 /H.Edn dt. 16.10.89. Similarly for Muller Martini Saddle Stitcher machine, a loan of Rs. 47.5 lacs was sanctioned vide G.O. (MS) No.188/ 89/ H.Edn dt. 29.09.89. For the purchase of spare parts and machinery, another loan of Rs. 62.5 lacs was originally sanctioned vide Government orders G.O.(RT)No. 237 / 91 / H.Edn dt. 21.02.91 (Rs. 31.5 lacs) , G.O. (RT) No. 344 / 91 / H.Edn dt. 08.03.91 (Rs.22.5 lacs) and G.O. (RT) No.442/91/H.Edn dt. 25.03.91 (Rs. 8.5 lacs).

All the above loans were repayable in 5 annual installments starting from the date of the Government order No. G.O.(MS) No.79 / 95 /H.Edn dated 26.06.1995 along with interest @ 14 % per annum, besides penal interest @ 2.75 % per annum for belated repayment. Being so, all the above loan amounts along with interest is overdue. During the year, the Society has provided for penal interest of Rs. 5.80 lacs (Previous year Rs. 5.63 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2017 to 31.03.2018.

C.5. Kerala Government has sanctioned 6 % simple interest Loan of Rs . 6 Crores for the procurement of Machinery for printing of Lottery Tickets vide Order No . μ . ξ . ($\mu\omega\omega$) No. 49/2017/ μ μ Dated 24-01-2017. As per Order No PR .1/608/2012/DSL Dated 14-02-2017, Director of State Lotteries released/credited the said loan amount to Society in Union Bank of India , Savings Bank Account No . 385402010001275 on 20-02-2017. During the Financial Year 2017-18, the loan amount of Rs . 6,00,00,000/- recovered by Director of State Lotteries from the printing charges of lottery Tickets as per Proceedings Order No . SLTY/1114/A/2017/PR3 (Rs. 3,00,00,000/-) & SLTY/1114/2017/PR3 (Rs. 3,00,00,000/-) Dated 06.10.2017 and balance amount of printing charges of Lottery Tickets credited to our Union Bank of India Savings Bank Account on 29-01-2018. Hence during the year , the Society has provided interest of Rs . 29.98 lacs (Previous Year Rs . 3.95 lacs for 40 days from 20-02-2017 to 31-03-2017) for 304 days from 01-04-2017 to 29-01-2018 based on the proceedings No. SLTY/1114/F/2017-PR 3 dated 20-04-2018



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

(Figures in Rs.)

Description	Gross block						Depreciation			Net block	
	As on 01.04.2017	Addition and Deletions during the year		As on 31.03.2018	Rate	Up to 31.03.2017	For the year	On deletions during the year	Up to 31.03.2018	As on 31.03.2018	As on 31.03.2017
		Before 30.09.2017	After 30.09.2017								
Land and buildings:											
Land development expenditure	1,09,303.19	-	-	1,09,303.19	-	-	-	-	-	1,09,303.19	1,09,303.19
Water supply works	2,06,785.70	-	-	2,06,785.70	10%	1,97,876.47	890.92	-	1,98,767.39	8,018.31	8,909.23
Building	2,48,52,964.44	44,87,117.94	63,22,971.24	3,11,75,935.68	10%	63,74,019.16	22,55,835.76	-	86,29,854.92	2,25,46,080.76	1,84,78,945.28
Plant and machinery:											
Fire fighting equipments	2,89,725.03	-	-	2,89,725.03	15%	1,87,380.48	15,351.68	-	2,02,732.16	86,992.87	1,02,344.55
Process room equipments	2,24,305.71	-	-	2,24,305.71	15%	2,23,733.96	85.76	-	2,23,819.72	485.99	571.75
Composing room equipments	47,254.76	-	-	47,254.76	15%	47,069.99	27.72	-	47,097.71	157.05	184.77
Plant and machinery	33,07,59,212.60	5,20,007.90	12,51,88,661.07	45,59,47,873.67	15%	14,97,74,564.58	4,58,86,995.77	-	19,56,61,560.35	26,02,86,313.32	18,09,84,648.02
Factory equipments	14,09,794.45	-	-	14,09,794.45	15%	13,64,892.68	6,735.27	-	13,71,627.95	38,166.50	44,901.77
Gardening equipment	19,715.58	-	-	19,715.58	15%	15,149.13	684.97	-	15,834.10	3,881.48	4,566.45
Electrical installation	73,18,452.96	4,67,650.00	4,67,650.00	77,86,102.96	15%	25,67,980.79	7,47,644.58	-	33,15,625.37	44,70,477.59	47,50,472.17
Weigh bridge	2,61,424.80	-	-	2,61,424.80	15%	2,59,729.17	254.34	-	2,59,983.51	1,441.29	1,695.63
Plant and machinery installed but not in use	9,02,173.74	-	-	9,02,173.74	15%	9,00,015.12	323.79	-	9,00,338.91	1,834.83	2,158.62
Air conditioner	6,70,457.91	37,890.63	37,890.63	7,08,348.54	15%	2,99,453.46	58,492.46	-	3,57,945.92	3,50,402.62	3,71,004.45
Telephone installation	3,57,938.50	-	-	3,57,938.50	15%	2,87,256.45	10,605.31	-	2,97,861.76	60,096.74	70,702.05
Telephone	38,650.00	980.00	980.00	39,630.00	15%	19,278.08	2,979.29	-	22,257.37	17,372.63	19,371.92
Water cooler	53,360.00	15,312.50	15,312.50	68,672.50	15%	41,869.48	2,872.02	-	44,741.50	23,931.00	11,490.52
Office and other equipments	6,46,927.71	-	-	6,46,927.71	15%	6,17,454.40	4,421.00	-	6,21,875.40	25,052.31	29,473.31
Computer and accessories**	65,04,480.74	49,47,097.50	54,28,107.21	1,19,04,587.95	40%	60,08,151.69	13,80,355.00	11,200.00	73,77,306.69	45,27,281.26	4,96,329.05
Furniture and fixtures:											
Electrical fittings	7,75,896.80	-	-	7,75,896.80	10%	1,60,064.22	61,583.26	-	2,21,647.48	5,54,249.32	6,15,832.58
Furniture and fittings	42,48,309.21	11,15,541.90	16,08,192.29	58,56,501.50	10%	25,78,873.42	2,71,985.71	-	28,50,859.13	30,05,642.37	16,69,435.79
Canteen furniture	2,25,092.80	-	-	2,25,092.80	10%	1,95,156.96	2,993.58	-	1,98,150.54	26,942.26	29,935.84
Other assets :											
Library	14,917.04	7,505.24	10,855.24	25,772.28	10%	8,352.23	1,566.74	-	9,718.97	16,083.31	6,564.81
Vehicles :											
Motor vehicle	68,78,847.34	-	-	68,78,847.34	15%	23,65,537.81	6,76,996.43	-	30,42,534.24	38,36,313.10	45,13,309.53
Cycle	1,144.65	-	-	1,144.65	15%	1,139.57	0.76	-	1,140.33	4.32	5.08
Total	38,68,17,155.66	12,74,81,516.57	13,90,80,620.18	52,58,69,775.84		17,44,94,999.30	5,13,89,482.12	11,200.00	22,58,73,281.42	29,99,96,494.42	21,23,22,156.36
Previous Year	22,71,19,492.31	2,59,83,884.59	13,37,13,778.76	38,68,17,155.66		14,95,17,250.52	2,49,77,748.78	-	17,44,94,999.30	21,23,22,156.36	7,76,02,241.79

**As per the new amendments, the depreciation rate of Computer and Accessories restricted to 40% from 60% during the Financial Year 2017-18



KERALA BOOKS AND PUBLICATIONS SOCIETY:2017-18

CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

SCHEDULE- V

INVENTORIES	March 31,2018	March 31,2017
	(Figures in Rupees)	
(As valued, verified and certified by the Managing Director):		
a) Raw materials (Sub Schedule-43)	19,45,41,488.46	36,20,87,635.06
b) Printing materials including printing charges	40,93,863.71	5,86,40,005.86
c) Miscellaneous stores, spares, electrical goods and uniform cloth (Sub Schedule-42)	2,03,41,547.03	2,10,90,001.21
d) Loose tools on revaluation	13,96,650.76	14,96,986.07
e) Work-in-progress: Text books, lottery tickets etc. under printing	92,20,698.30	71,70,138.85
Total:	22,95,94,248.26	45,04,84,767.05

SCHEDULE - VI

SUNDRY DEBTORS	March 31,2018	March 31,2017
	(Figures in Rupees)	
(Unsecured, considered good subject to confirmation)		
1 Commissioner of Commercial Taxes	9,01,438.79	9,01,438.79
2 Kerala State Open School	24,88,092.92	
Less : Provision for doubtful debts	3,59,081.50	
3 DPI for Text book distribution (Sub Schedule-46) (17-18, 16-17 & 15-16)	12,10,29,483.00	7,68,36,325.00
4 DPI for Text book Printing	41,39,50,333.39	19,21,74,302.39
5 Animal Disease Control Project	7,91,867.00	3,55,030.00
6 Animal Husbandary Department	9,916.00	9,916.00
7 Cochin University of Science and Technology	76,687.20	47,364.20
8 Commissioner of Government Examinations	32,791.00	32,791.00
9 Director of Health Services	13,83,858.90	13,83,858.90
10 Director of Higher Secondary Education/ SCERT	1,27,07,746.67	1,27,07,746.67
11 Director of State Lotteries (Sub Schedule-47)	46,12,77,765.06	13,15,40,417.06
12 Transport Commissionerate	11,44,644.00	32,68,017.00
13 District Rural Development Agency	5,58,274.60	5,58,274.60
14 Farm Information Bureau (Sub Schedule-19)	1,19,84,921.37	1,06,50,725.37
15 Forestry Information Bureau	1,05,168.00	1,05,168.00
16 Hindustan Newsprint Limited	2,68,39,873.44	3,04,20,459.44
17 Institute of Land and Disaster Management	13,98,138.00	45,150.00
18 Kannur University	84,450.77	84,450.77
19 Kerala Institute of Local Administration	1,90,935.75	1,75,031.75
20 Kerala State Road Transport Corporation	2,36,950.85	(34,001.15)
21 Kudumbasree (Sub Schedule-48)	2,92,98,042.20	49,65,468.20
22 Labour Commissioner	4,40,039.77	36,541.77
23 Education Department	12,34,423.00	12,34,423.00
24 Mahatma Gandhi University	1,23,67,158.80	87,95,642.80
25 NRHM Directorate	7,42,549.00	7,42,549.00
26 Public Relations Department	2,27,49,293.80	9,78,002.80
27 Sree Sankaracharya University of Sanskrit	5,52,311.00	1,44,300.00
28 State Council of Education, Research and Training	25,30,293.50	1,21,68,792.50
29 Travancore Devaswom Board	-	5,43,375.00
30 Others (Sub Schedule-20)	16,80,75,066.14	2,16,96,545.13
Total:	1,29,48,23,432.42	51,46,97,117.41



KERALA BOOKS AND PUBLICATIONS SOCIETY:2017-18

SCHEDULE - VII

CASH AND BANK BALANCES	March 31,2018	March 31,2017
	(Figures in Rupees)	
i) Cash and Stamps on hand (Sub Schedule-28)	24,329.73	30,761.26
ii) Balance with Scheduled banks and treasuries		
<u>A In Savings bank accounts:</u>		
a) Union Bank of India, Thrikkakara (Sub Schedule-49)	2,60,52,250.21	2,41,19,318.23
b) State Bank of India, Thrikkakara Civil Station	11,17,820.37	25,70,010.87
c) State Bank of India (CEPZ)	49,14,050.50	6,10,790.50
<u>B In Current bank accounts:</u>		
a) State Bank of India, Thrikkakara Civil Station	48,89,109.45	1,01,24,968.99
b) Union Bank of India, Thrikkakara	4,20,895.28	-
c) Union Bank of India, Thrikkakara	3,05,060.00	-
<u>C In term deposits: (Sub Schedule-6)</u>		
a) Union Bank of India FD	20,00,00,000.00	5,22,86,517.00
b) State Bank of India CEPZ FD	-	6,22,81,900.00
<u>D In Treasury accounts:</u>		
a) Principal Sub-Treasury, Trivandrum	1,38,21,810.21	10,08,15,270.21
Total:	25,15,45,325.75	25,28,39,537.06

B. LOANS AND ADVANCES

SCHEDULE- VIII

LOANS AND ADVANCES	March 31,2018	March 31,2017
	(Figures in Rupees)	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)		
a) <u>Staff advances</u>		
Festival advance (Sub Schedule-44)	14,65,000.00	16,65,929.42
Others (Sub Schedule-1)	46,113.14	96,892.07
	15,11,113.14	17,62,821.49
b) <u>Other advances</u>		
Postal Department	(33,46,751.00)	(66,93,502.00)
Distribution Advance (Sub Schedule-57)	(3,69,075.19)	(1,23,386.55)
Prepaid expenses (Sub Schedule-34)	63,66,344.00	58,17,083.43
Creditors for Fixed Assets (Sub Schedule-62)	2,34,07,769.56	-
Creditors for Expenses (Sub Schedule-63)	65,91,683.40	-
Others (Sub Schedule-2)	2,52,584.57	2,87,483.48
	3,29,02,555.34	(7,12,321.64)
c) <u>Deposits</u>		
Kerala State Electricity Board (Sub Schedule-3)	21,98,467.00	21,06,277.00
PWD Godown deposit	45,668.00	45,668.00
Telephone Deposits - BSNL (Sub Schedule-4)	31,927.50	31,927.50
Others (Sub Schedule-5)	1,01,480.00	1,01,480.00
	23,77,542.50	22,85,352.50
d) Income Tax Deducted at source (Sub Schedule-7)	2,81,07,651.18	2,65,17,865.18
e) KVAT Receivables	1,20,512.00	1,17,594.00
f) Advance Tax Payment	28,00,00,000.00	14,00,00,000.00
g) Deposit for Stay on Demand (Sub Schedule-60)	57,08,898.00	56,32,330.00
Total:	35,07,28,272.16	17,56,03,641.53



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE - IX

A. CURRENT LIABILITIES

CURRENT LIABILITIES	March 31,2018		March 31,2017	
	(Figures in Rupees)			
1. Sundry creditors (Subject to confirmation)				
a)Government of Kerala	1,27,51,415.77			
Add: Sale of waste paper during the year	34,03,027.00	1,61,54,442.77		1,27,51,415.77
b)Rebate to DPI		75,90,595.21		75,90,595.21
Text book paper used for commercial printing		2,12,05,067.00		2,12,05,067.00
		2,87,95,662.21		2,87,95,662.21
c)Excel Graphics		-		4,52,156.00
Smart Graphics		-		11,51,851.00
Futura Automation		2.00		4,27,030.00
Others (Sub Schedule-8)		3,19,88,472.59		(7,09,64,100.71)
		3,19,88,474.59		(6,89,33,063.71)
2. Other liabilities				
a) Creditors for expenses:				
Rent of premises (Sub Schedule-18)		2,49,63,393.04		2,43,08,268.04
Electricity charges Payable		8,91,015.00		9,87,128.00
Audit fee payable		1,80,000.00		1,80,000.00
Others (Sub Schedule-10)		1,28,50,586.38		36,83,806.18
		3,88,84,994.42		2,91,59,202.22
b) Dues to Government/Semi Government agencies:				
CPF contribution (Sub Schedule-11)		17,945.05		17,945.05
ESI contribution (Sub Schedule-12)		4,16,931.41		3,69,718.42
Income tax deducted at source (Sub Schedule-13)		23,80,945.00		18,34,334.22
Value Added Tax, GST and Service Tax (Sub Schedule-14)		6,43,11,950.63		30,98,580.73
		6,71,27,772.09		53,20,578.42
c) Payable to staff:				
Dearness allowance arrears		4,50,939.57		2,83,623.72
Others (Sub Schedule-15)		29,99,554.15		2,95,848.00
		34,50,493.72		5,79,471.72
d) Others:				
Earnest money and security deposit (Sub Schedule-32)		1,28,78,626.39		1,64,38,793.00
Director of Public Instruction Gunny Bags		15,20,356.56		15,20,356.56
KBPS Employees Welfare Association		-		1,94,272.00
Advance from Customers (Sub Schedule-16)		1,53,71,330.00		7,12,07,327.00
Others (Sub Schedule-17)		24,90,850.08		16,65,969.69
		3,22,61,163.03		9,10,26,718.25
Total: 1(a)+1(b)+1(c)+2(a)+2(b)+2(c)+2(d)		21,86,63,002.83		9,86,99,984.88



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

B. PROVISIONS

PROVISIONS	March 31,2018	March 31,2017
	(Figures in Rupees)	
1. Performance allowance payable	83,31,538.00	83,47,215.00
2. Ex-gratia payable a/c	1,44,800.00	1,45,600.00
3. Provision for Income tax	34,70,16,823.00	20,16,83,522.00
4. Provision for surrender leave salary	1,08,59,073.50	1,15,54,492.44
5. Pay Revision Arrear Payable	63,58,527.29	1,90,39,130.00
6. Provision for Old and Doubtful Debts	1,19,82,139.28	1,19,82,139.28
7. Provision for Pension contribution	3,11,64,181.96	1,33,29,737.20
Total:	41,58,57,083.03	26,60,81,835.92

SCHEDULE - X

MISCELLANEOUS INCOME		March 31,2018	March 31,2017
		(Figures in Rupees)	
Interest received (Sub Schedule-39)		-	2,00,53,091.14
Sale of scrap (Sub Schedule-59)		-	28,94,953.82
Discount received		1,24,014.39	3,47,113.96
Counter Foil Cutting		1,46,38,824.25	27,96,956.53
Distribution of Lottery Tickets		1,03,08,151.04	25,52,847.65
Rent on Godown Space - Lottery		3,08,400.82	1,45,581.76
Dividend Received		25,000.00	25,000.00
Sale of tender form (Sub Schedule-61)		8,49,416.08	3,66,371.43
Forfeited EMD/SD (Sub Schedule-41)		3,310.00	31,51,990.00
Rent from KBPE Co-operative Society		37,776.00	37,776.00
Agricultural Income		77,176.00	-
Others			
Guest house rent	450.00		-
Miscellaneous Income (Sub Schedule-50)	1,42,000.44		96,081.14
Penalty (Recovery) (Sub Schedule-51)	93,90,011.23		51,28,530.00
Training and visit	1,400.00		-
		95,33,861.67	52,24,611.14
Total:		3,59,05,930.25	3,75,96,293.43



SCHEDULE -XI

MATERIALS AND STORES CONSUMED AND VARIATION IN STOCK

MATERIALS AND STORES CONSUMED - XI (1)		March 31,2018	March 31,2017
		(Figures in Rupees)	
A. Raw materials			
Opening stock	36,20,87,635.06		9,36,12,028.41
Add: Purchases	89,62,25,635.47		1,09,98,39,348.34
Less: Purchases returns	1,53,16,016.08		-
Total	1,24,29,97,254.45		1,19,34,51,376.75
Less: Closing stock	19,45,41,488.46		36,20,87,635.06
Consumption		1,04,84,55,765.99	83,13,63,741.69
B. Miscellaneous stores and spares			
Opening stock	2,03,90,371.74		1,82,10,130.02
Add: Purchases	1,34,87,001.64		1,29,63,850.14
Total	3,38,77,373.38		3,11,73,980.16
Less: Closing stock	1,96,39,657.32		2,03,90,371.74
Consumption		1,42,37,716.06	1,07,83,608.42
C. Tools			
Opening stock	14,96,986.07		16,76,386.54
Add: Purchases	86,118.43		57,427.19
Total	15,83,104.50		17,33,813.73
Less: Closing stock	13,96,650.76		14,96,986.07
Consumption		1,86,453.74	2,36,827.66
D. Electrical goods			
Opening stock	6,99,629.47		5,42,896.35
Add: Purchases	5,52,040.04		9,04,493.52
Total	12,51,669.51		14,47,389.87
Less: Closing stock	7,01,889.71		6,99,629.47
Consumption		5,49,779.80	7,47,760.40
E. Uniform cloth			
Opening stock	-		-
Add: Purchases	84,100.50		90,761.60
Total	84,100.50		90,761.60
Less: Closing stock	-		-
Consumption		84,100.50	90,761.60
COST OF GOODS CONSUMED (I)		1,06,35,13,816.09	84,32,22,699.77

VARIATION IN STOCK - XI (2)		March 31,2018	March 31,2017
		(Figures in Rupees)	
Opening stock of printed materials including printing charges		5,86,40,005.86	3,72,78,051.81
Opening stock of work-in-progress		71,70,138.85	1,14,52,642.67
Total Opening Stock		6,58,10,144.71	4,87,30,694.48
Less: Closing stock of printed materials including printing charges		40,93,863.71	5,86,40,005.86
Closing stock of work-in-progress		92,20,698.30	71,70,138.85
Total Closing Stock		1,33,14,562.01	6,58,10,144.71
VARIATION IN STOCK (II)		5,24,95,582.70	(1,70,79,450.23)



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

SCHEDULE - XII

MANUFACTURING AND ADMINISTRATIVE EXPENSES	March 31,2018	March 31,2017
	(Figures in Rupees)	
1 Staff cost:	7,60,63,269.06	6,57,36,507.14
Salaries	-	5,719.00
CPF Employer's contribution (Sub Schedule-31)	33,51,887.06	45,24,380.44
Surrender leave salary	72,94,980.00	39,30,703.00
Gratuity	83,31,538.00	83,51,798.86
Performance allowance (Sub Schedule-53)	66,12,781.80	64,00,416.00
Medical reimbursement (Sub Schedule-38)	87,32,759.87	84,33,163.46
KBPS Pension Fund	72,28,419.00	67,68,729.00
Canteen expenditure (Sub Schedule-23)	14,92,400.20	15,31,561.20
Staff welfare expenses (Sub Schedule-24)	5,54,687.63	16,83,967.78
Dearness allowance arrears	41,02,137.77	1,96,87,526.41
Pay arrears	2,93,16,435.81	1,96,77,216.18
Daily wages	4,20,07,995.05	2,45,72,970.39
Additional Wages		
Other costs including stipend ex-gratia, bonus etc (Sub Schedule-21)	5,48,922.47	10,73,274.96
	19,56,38,213.72	17,23,77,933.82
2 Job work (Sub Schedule-54)	23,40,32,572.47	18,07,62,173.54
3 Piece work (Sub Schedule-55)	1,93,05,484.87	1,44,01,427.84
4 Carriage inwards/outwards (Sub Schedule-29)	2,62,28,927.23	82,35,841.70
5 Power, light and water charges (Sub Schedule-27)	1,36,77,986.00	1,24,16,410.00
6 Security charges	16,09,485.00	14,18,055.00
7 Rent on land and buildings (Sub Schedule-35)	7,02,037.00	7,02,037.00
8 Travelling expenses (Sub Schedule-58)	11,89,875.00	13,59,265.80
9 Postage , telegram and telephone charges (Sub Schedule-30)	1,70,184.76	1,84,652.84
10 Insurance (Sub Schedule-26)	6,13,279.53	6,20,856.00
11 Printing and stationery	95,709.81	85,570.00
12 Vehicle running and maintenance:		
a) Petrol expenses	9,77,863.71	
b) Repairs	3,64,600.67	
c) Vehicle insurance	86,755.40	
	<hr/>	
	14,29,219.78	13,17,359.15
13 Repairs and maintenance:		
a) Plant and machinery (Sub Schedule-36)	6,06,133.87	
b) Building	-	
c) Others (Sub Schedule-37)	29,83,918.89	
	<hr/>	
	35,90,052.76	90,33,549.34
14 Rates and taxes (Sub Schedule-40)	1,99,226.51	1,45,780.17
15 Office and Miscellaneous expenses (Sub Schedule-22)	72,60,718.22	38,07,618.35
16 Distribution Expenses (Sub Schedule-56)	6,72,88,908.55	4,84,22,987.15
17 Computer and Accessories (Consumable)	79,533.75	1,30,931.59
Total:	57,31,11,414.96	45,54,22,449.29



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2017-18

SCHEDULE - XIII

PRIOR PERIOD EXPENSE/(INCOME)	March 31,2018	March 31,2017
	(Figures in Rupees)	
Prior period income	-	-
<u>Less</u>		
<u>Prior period expenses:</u>		
Others (Sub Schedule-25)	75,000.00	1,01,388.00
Total:	(75,000.00)	(1,01,388.00)



KERALA BOOKS AND PUBLICATIONS SOCIETY

SCHEDULE – XIV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2018

➤ **SIGNIFICANT ACCOUNTING POLICIES**

(A) Inventory:

1. Work-in-Progress and Finished goods of Inventory have been valued at lower of cost and net realizable value. Closing Stock of Raw Materials, Miscellaneous Stores and Spares etc have been valued at their last purchased price. The Closing Stock of the Paper purchased by KBPS for printing of Textbooks have been valued at their last purchased price and considered in the Financial Statements.
2. Loose Tools have been revalued at the year-end. 20% of the cost of serviceable tools at the year-end is treated as consumed.
3. The value of the printing paper received from the Government of Kerala up to the Academic Year 2015-16 is not accounted in the books of the Society, since the paper belongs to the Government. Accordingly, the value of stock of such paper and the liability towards the unused paper stock, as on the Balance sheet date is not considered in the financial statements.

(B) Revenue Recognition:

1. Printing, Printed Material Charges, Distribution Charges and Paper purchase charges for printing of Text Books by KBPS have been recognized as revenue, upon billing.
2. The Distribution Charges were claimed by KBPS from the Director of Public Instruction (DPI) is by adding 25% of the actual expenses of the Society as Administrative Charges of the concerned years, based on the analysis of expenses of the last three years with the indirect expenses incurred by KBPS in connection with distribution of Text books. However, due to continuous non-realization of Administrative Charges from Text Book Officer for the period from 2011-12 to 2014-15, KBPS has claimed the expenses incurred for distribution of textbooks including actual Administrative Charges for Distribution from the Director of Public Instruction from the period 2016-17 onwards.
3. The Paper purchased by KBPS for printing of Text Books is claimed from the Director of Public Instruction on the basis of the actual paper consumption and the expenses incurred for the procurement of Paper.
4. Sale proceeds of waste paper (apportioned in the ratio of 6:2 between the Society and the Government) and cutting waste is accounted on cash basis. Stock of waste paper as on March 31, 2018, if any, has not been accounted there of. The apportionment of sale proceeds of waste paper is ratified by Government of Kerala only up to 31-03-2006.



5. Based on the agreement between KBPS and Kerala State Lotteries Department dated 19.09.2016, the Society claimed the Income of Cutting of Counterfoils, Storage of Counterfoils and Distribution of Lottery tickets at the rates as stipulated in the Agreement.
6. The Income generated from the Sales of Counterfoil Cutting of Lottery tickets are reimbursed by the Society to Regional Deputy Director of State Lotteries, Ernakulum as and when the Income realized.
7. Bank interests are recognized on accrual basis.

(C) Fixed Assets:

1. Fixed Assets are stated at their historical cost less accumulated depreciation. The cost includes cost of acquisition and all other attributable costs of bringing the assets to the working condition for the intended use, including indirect expenses.
2. Depreciation is charged on Fixed Assets as per the rates prescribed under the Income Tax Act, 1961 and for the Fixed Assets purchased after 30.09.2017 half the rate of depreciation has been charged.

(D) Investments:

1. Investments in shares in KBPE Co-operative Society have been valued at cost, as it is unquoted.

(E) Employee Benefits:

1. The Society has covered its existing employees under LIC's Group Gratuity Cash Accumulation Scheme and as per the direction from LIC, newly joined employees are covered under LIC's New Group Gratuity Cash Accumulation Scheme from 2014 onwards. As a defined contribution plan, premium is being paid based on actuarial valuation done by LIC. Any shortfall in the fund, as on the Balance sheet date will be provided in the year itself.
2. (a) The regular employees of Society is covered under a contributory pension scheme implemented by the society, vide Government orders' no G.O (MS)No 66/2011/H.Edn. Dated 18-05-2011, G.O. (MS)No.194/2013/H.Edn. Dated 18.05.2013 and G.O. (P) No.588/2014/H.Edn Dated 23.07.2014. An amount equal to 12% of Emoluments (Basic pay + DA) of all employees who are in service will be paid by the employer towards employer's contribution to the pension scheme to be credited to the pension fund created for the purpose. Further Employers annual contribution is @ 3% of the profit earned by the society each year under the provisions of rule 10 (13) (b) of KBPS rules and regulations. This amount has to be met by the Society from its own fund. Contribution @ 5% Emoluments (Basic pay + DA) by the employees who entered into service between 01-04-2011 to 31-03-2013 and @ 10% for those who entered into service on or after 01-04-2013, (similar to 'National Pension Scheme' as admissible to Government employees) is made applicable and contribution will be made to the KBPS Pension fund.



(b)As per G.O. (P) No.588/2014/H.Edn Dated 23.07.2014, 6% of Basic Pay and DA of all employees who are in service will be remitted towards KBPS General Provident Fund.

(c)The Employer and Employee contributions towards KBPS Pension Fund and the Employee contribution towards General Provident fund are kept in separate bank accounts with Union Bank of India. Hence, not recognized in the books of the society. Consequently, interest on the same is not recognized as income of the society.

3. As per the contributory pension scheme implemented by the society, Employers annual contribution @ 3% of the profit earned by the society each year, under the provisions of rule 10 (13) (b) of KBPS rules and regulations, were provided in the books of accounts. The scheme was introduced from the financial year 2011-12 and appropriate provisions have been made, in the accounts, year to year, up to 31.03.2015. The accounting policy followed by the Society was to transfer the employer's contribution @ 3%, on profit before tax, during these years. However, the Pension Board has taken a decision at the 11th Pension Board Meeting held on 23/01/2017 to transfer 3% employer's contribution to KBPS Pension fund, on profit after tax, and hence from Financial Year 2015-16 onwards 3% Employers contribution has been calculated as Profit after Tax.
4. Surrender Leave Salary is accounted on Accrual basis. Accordingly, the society has made provision of Rs. 1,08,59,073.50 during the year as Surrender leave salary payable.

(F) Income Tax:

Income of the society is chargeable to tax and provision is created every year, on the basis of tax computation made there on.

Consequent to the amendments in the Income Tax Act, 1961, the Society's income from business activities are taxable, though it continues to have the registration as a charitable society.

(G) Service Tax:

During the Financial Year 2016-17, KBPS obtained Service Tax registration and ensured Service Tax compliance.

(H) KVAT to Goods and Service Tax

During the Financial Year 2017-18, KBPS migrated from KVAT to Goods and Service Tax and ensured the GST compliance.

(I) Provisions and Contingencies:

1. A provision is recognized when there is a present obligation as a result of past events for which it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
2. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the society.



(J) Deferred Tax Asset/Liability

The Society has not adopted Accounting Standard – 22, accounting for taxes on income/losses in the preparation of financial statements.

➤ **NOTES ON ACCOUNTS**

1. (a) During the Financial Year 2015-16, as per the Pension Board decision, the policy of the Society, in respect of the contribution to pension @ 3% of the 'Profits before Tax', was changed to 3% of 'Profits after Tax'. Accordingly, aggregate employers contribution to KBPS Pension fund, @ 3% of profits after tax, up to financial year 31.03.2015 is computed at Rs.1,05,58,397/-.
- (b) Aggregate Employers contribution to KBPS Pension Fund, @ 3% of Profits Before Tax, already provided in the books of accounts, up to Financial Year 31.03.2015 was Rs. 1,59,54,338/-.
- (c) The Employer's contribution to KBPS Pension Scheme @ 3% of Profits After Tax for the Financial Year 2015-16 is computed at Rs.32,86,963/-.
- (d) With reference to (a) and (b) above, accordingly, the society has made an excess provision of Rs. 53,95,941/- (Rs. 1,59,54,338.00 - Rs.1,05,58,397.00) up to Financial Year 31.03.2015, which was to be adjusted in the Financial Year 2015-16 Financial Statements. Accordingly, an amount of Rs. 21,08,978/- (Rs. 53,95,941.00 - Rs.32,86,963.00) is credited to the Profit and Loss Account in the Financial Year 2015-16, being reversal of excess provision of Employers contribution to Pension Fund. *(Sch. no X: Miscellaneous Income)*
- (e) With reference to (d), the Society has recovered Rs. 21,08,978.00 from the 3% Employer's contribution to KBPS Pension Scheme for the Financial Year 2016-17 (Rs.1,35,79,109.00) and transferred only Rs. 1,14,70,131.00 (Rs. 1,35,79,109.00 - Rs. 21,08,978.00) to KBPS Pension Fund Account.
- (f) For the Financial Year 2017-18, Employer's contribution to KBPS Pension Scheme @ 3% of Profit After Tax, is computed at Rs. 1,84,77,395/-

FINANCIAL YEAR	PROFIT BEFORE TAX	PROFIT AFTER TAX	ADJUSTED THE PROFIT AFTER TAX AMOUNT WITH PROFIT BEFORE TAX AMOUNT	FUNDS DEPOSITED TO KBPS PENSION FUND ACCOUNT
2011-12	15,83,718.00	-	-	15,83,718.00
2012-13	33,92,894.00	-	-	33,92,894.00
2013-14	57,02,165.00	-	-	57,02,165.00
2014-15	52,75,561.00	-	-	52,75,561.00
2015-16	-	32,86,963.00	53,95,941.00	-
2016-17	-	1,35,79,109.00	-21,08,978.00	1,14,70,131.00
2017-18	-	1,84,77,395.00	-	1,84,77,395.00

- (g) For the Financial Year 2017-18, Employers contribution @ 12% of emoluments (Basic+DA) to KBPS Pension fund is Rs. 87,32,759.87 *(Sch. no XII: Manufacturing and Administrative Expenses)*



2. The TDS credit of Rs. 5,28,347/- related to TDS in respect of interest transferred to KBPS Pension Fund and does not belong to the Society. Hence the said amount paid back to KBPS Pension Fund Account during the Financial Year 2018-19.
3. During the Financial Year 2017-18, an amount of Rs. 72,94,980/- has been accounted as expenses by the Society towards Employees' Group Gratuity Cash Accumulation Scheme of LIC. (Sch. no XII: Manufacturing and Administrative Expenses)
4. The unpaid interest arrears on the Government of Kerala Loan as on 31.03.2018 is Rs.889.14 Lakhs (Previous year Rs. 846.67 Lakhs) including penal interest of Rs. 290.23 Lakhs (Previous year Rs. 269.93 Lakhs). (Sch. no III: Unsecured Loans)
5. (a) During the Financial Year 2016-17, the Society has availed a Loan of Rs. 6,00,00,000/- from the Lottery Department of the Government of Kerala, for the purchase of a new online bar-coding and QR code printing machine, which was sanctioned by the Government of Kerala vide G.O(MS) No. 29/2014/T.D dated 17.02.2014, repayable with simple interest @ 6% p.a, subject to the condition that the Principal and Interest will be deducted from the printing charges @15%.
(b) Accordingly, the Society has provided the interest on Loan advanced by the Lottery Department Rs. 29.98 Lakhs for the Financial Year 2017-18. (Previous Year Rs. 3.95 Lakhs). (Sch. no III: Unsecured Loans)
(c) During the Financial Year 2017-18, the Loan amount of Rs. 6,00,00,000/- recovered by Director of State Lotteries from the printing charges of Lottery Tickets as per Proceedings Order No. SLTY/1114/A/2017/PR3 (Rs. 3,00,00,000/-) & SLTY/1114/2017/PR3 (Rs. 3,00,00,000/-) Dated 06.10.2017 and balance amount of printing charges of Lottery Tickets after deducting the loan amount only credited to Society's Union Bank of India Savings Bank Account on 29-01-2018.
(d) Rs. 33,92,877/- recovered as interest in the Financial Year 2018-19 by Director of State Lotteries from the printing charges of lottery Tickets as per proceedings No. SLTY/1114/F/2017-PR 3 dated 20-04-2018
6. (a) For the Academic Year 2017-18, KBPS claimed Rs. 6,37,22,293/- towards the distribution charges and out of this the Society received Rs. 1,00,00,000/- as advance vide order No. A2/728/2017/TBO Dated 09-06-2017
(b) For the Academic Year 2016-17, KBPS claimed Rs. 4,82,27,702/- towards distribution charges and out of this the Society received Rs. 1,00,00,000/- as advance vide order No. A2/786/2016/TBO dated 14-05-2016. Further, as per Order No. A2/786/2016/TBO dated 25-07-2017, the Director of Public Instruction has accorded the sanction of a further amount of Rs. 95,29,135/- towards the distribution charges for the academic year 2016-17 and has also informed that, as per the existing Government norms, the Society can claim only Distribution/Transportation charges and that the Society is not eligible to claim loading and unloading charges, sorting charges, Administration charges etc.
(c) For the Academic Year 2015-16, KBPS claimed Rs. 5,77,41,955.82 towards distribution charges and out of this the Society received Rs. 1,91,33,333/- as advance vide order No. G.O (Rt).



3226/15/G.Edn. Dated 04-08-2015. The Delivery Challans (DC), Bills and supported details provided for verification of TBO for releasing the balance amount of Rs. 3,86,08,622.82.

Academic Year	Distribution Charges Claimed	Amount Sanctioned	Balance Amount Recoverable	Order No. & Date
2017-18	Rs. 6,37,22,293/-	Rs. 1,00,00,000/-	Rs. 5,37,22,293/-	A2/728/2017/TBO dated 09-06-2017
2016-17	Rs. 4,82,27,702/-	Rs. 1,95,29,135/-	Rs. 2,86,98,567/-	A2/786/2016/TBO dated 14-05-2016 & A2/786/2016/TBO dated 25-07-2017
2015-16	Rs. 5,77,41,956/-	Rs. 1,91,33,333/-	Rs. 3,86,08,623/-	G.O (Rt). 3226/15/G.Edn dated 04-08-2015

(d) From Academic Year's 2011-12 to 2014-15, the Society had raised invoices for distribution before the Text Books Officer, including the administrative expenses, Software development charges etc. Every year, entire amount of such invoices was not sanctioned by the TBO. Following are the details of the same:

Academic Year	Distribution Charges Claimed	Amount Sanctioned	Balance Amount Recoverable	Order No. & Date
2014-15	Rs. 5,74,13,759/-	Rs. 3,84,74,386/-	Rs. 1,89,39,373/-	A2/406/14/TBO dated 25-03-2015
2013-14	Rs. 5,87,09,805/-	Rs. 3,94,04,308/-	Rs. 1,93,05,497/-	A2/2312/13/TBO dated 12-03-2014
2012-13	Rs. 5,52,34,970/-	Rs. 3,42,81,838/-	Rs. 2,09,53,132/-	A2/1084/10/TBO dated 05-10-2013
2011-12	Rs. 5,42,06,584/-	Rs. 3,17,10,470/-	Rs. 2,24,96,114/-	A2/1084/10/TBO dated 24-07-2013
	Rs.22,55,65,118/-	Rs.14,38,71,002/-	Rs. 8,16,94,116/-	

(e) During the Financial Year 2015-16, the Society had made 100% provision on the balance amount recoverable from the Text Books Officer, on account of Distribution Charges and during the Financial Year 2016-17, the Society has written off the balance amount recoverable from TBO as listed in 6(d) of Rs. 8,16,94,116/- for the Financial Years 2011-12, 2012-13, 2013-14 and 2014-15 based on the decision of 145th meeting of Governing body held on 21.11.2016.

7. As per Order No S2-5030/2008/DSL dated 14.07.2009, an amount of Rs. 1,58,19,438/- has been deducted from the arrears of printing charges towards the penalty for delay in printing of lottery tickets relating to the month of September & October 2008. As per G O (G) no 671/2013 dated 02.09.2013, an amount of Rs 59, 25,224/- was sanctioned against the amount mentioned. The said



- amount has been received vide demand draft no. 377716 dated 13-12-2013, and is accounted in the books of account vide Receipt No. 25729 dated 21-12-2013.
8. Due to non-realizing of the outstanding dues towards Sales of Waste Papers from Hindustan News Print Limited, the Society filed a writ petition in Honorable High Court of Kerala against Hindustan News Print Limited. In the Judgment of the case WP (C). No. 21755 of 2017 (T) Dated 09-10-2017, Honorable High Court of Kerala directed to settle the outstanding dues in twelve monthly installment and start making the payment from 09-11-2017 and continued on the 09th of every succeeding months.
 9. The revision of the Service Tax return (ST-3) for the period from 01-04-2017 to 30-06-2017 could not be performed by the Society due to some technical issues in the website, which was communicated to the concerned department.
 10. During the Financial Year 2017-18, the Society claimed the Income of Cutting charges of Counterfoils, Storage of Counterfoils and Distribution of Lottery tickets at the rates as per agreement dated 19-09-2016. The Society requested Directorate of State Lotteries, Thiruvananthapuram for the renewal of agreement for two years with 15% increase of the existing rate vide letter No. PL-423/2018/4349 Dated 23-10-2018.
 11. During the Financial Year 2017-18, the Society raised total invoices for Rs. 57,85,844/- towards the sale of counter foil cutting. The said amount reimbursed to Regional Deputy Director of State Lotteries, Ernakulum based on the Order No. S1/15049/2009/DSL Dated 13-06-2017 and Letter No. S1/15811/13/DSL Dated 09-10-2017.
 12. The following accounts of text book office are not reconciled with the society's accounts as on 31-03-2018. This is due to the fact that, Technical committee for settlement of accounts has not been constituted in this regard.

SL No	Particulars	Amount
1.	DIRECTOR OF PUBLIC INSTRUCTION	41,39,50,333.39 (Dr)
2.	REBATE TO DPI	75,90,595.21(Cr)

The reason for the above balance is a result of un-reconciled balances outstanding after 31-03-2006 (date of last reconciliation) and receipt of advance payments against proposed revision of rates till 31.03.2016. Since the revision of rates for text book printing with effect from 01.04.2006 to 31-03-2016 is not finalized, any income which might have arisen on account of rate revision is not recognized in the year 2017-18.

During the Financial Year 2016-17, Government accorded sanction for increase of 35% over the existing rate of printing charges of School Textbooks for the Academic Year 2016-17 vide G.O (Ms). 84/2016/G.Edn Dated 20-05-2016. During the Financial Year 2017-18, vide G.O



(Ms). 769/2018/G.Edn Dated 20-02-2018, Government further extended the same increase in the printing charges of School Textbooks for the next two Academic Years ie, 2017-18 and 2018-19. Hence the Society raised invoice for printing charges of School Textbooks on the revised rate during the Academic Year 2016-17, 2017-18 and 2018-19 (*Sch. no VI: Sundry Debtors*)

13. A. Utilization of Government paper for printing of SCERT Text Books

- a. Utilization during earlier years of 510 metric tonnes of printing paper supplied by Text Book Office (TBO) of Director of Public Instruction (DPI), Government of Kerala (Government paper), for printing of text books of Director, Higher Secondary Education/ State Council of Educational Research and Training (DHSE/SCERT) (Commercial printing) and was ratified by the Governing Body/Government.
- b. Of the above, 85.03 tons costing Rs. 36.24 Lakhs were replaced in earlier years and payment to TBO towards cost of balance paper of Rs. 129 Lakhs is pending for final approval for settlement by the Government, totaling to a liability of Rs 165.24 Lakhs.
- c. However, a liability of Rs. 212.05 Lakhs (Previous year Rs. 212.05 Lakhs) has been provided for in the accounts in earlier years as due to TBO towards cost of paper as against the actual liability of Rs 165.24 Lakhs.
- d. This excess provision of Rs. 46.81 Lakhs (Rs 212.05 Lakhs less Rs 165.24 Lakhs) is not reversed in the books of accounts during the year since the final approval for settlement by the Government is pending.

(*Sch. no IX: Current Liabilities and Provisions*)

B. Printing charges of SCERT Text Books

- a. During the year 2007-08, the Society had received a print order for 3,46,900 copies of SCERT Class XI and 3,96,900 copies of SCERT Class XII text books vide work order No. AcdA4/11307/TB/HSE/2007 from DHSE and 4,40,000 copies of NCERT class XI text books vide order no.A2/2087/06/SCERT from SCERT.
- b. Towards this, society has claimed and recognized as income Rs. 90.46 Lakhs from DHSE at the Government appropriate rates for printing text books and Rs. 239 Lakhs from SCERT during the year 2007-08.
- c. The DHSE/SCERT later informed the Society to deliver the text books to text book depots across the state and directly collects the sale proceeds from them.
- d. As per the decision taken in the HLMC meeting held on 05/11/2011, we have disposed the obsolete books of plus-one and plus-two books lying in different text book depots and realized an amount of Rs. 9,36,185/- in this regard and credited to the account of Director Higher Secondary/SCERT in the financial year 2012-13.
- e. Though the sale proceeds of the text books are being remitted to the Society by the text depots at the selling price fixed by the DHSE/SCERT, no adjustment has been done to give effect to the said rate difference in sales up to 2011-12.



- f. Invoice was raised during the Financial year 2012-13 for 2,52,862 copies of SCERT XII text books printed and distributed during the year 2008-09 to text book depots for Rs 1,09,02,085 as per the decision taken in the HLCC meeting held on 05-11-2011 and the balance outstanding as on 31-03-2018 from DHSE/SCERT is Rs. 1,27,07,746.67.

The Society has requested the Government for the settlement of the cost of the paper payable to Text book department with printing charges receivable from SCERT. (*Sch. no VI Sundry Debtors*)

14. Waste paper and Cutting waste:

- a. The Government of Kerala has determined the quantum of waste paper that may be allowed on the printing paper supplied by them, while printing the books for them on an average 6% wastage is allowed for RO 66 machine and 8% for Harris Machine vide order no. G.O 312/90/H. Edn.dated 11.12.1990.
- b. In view of representation, the Government has issued order no. G.O (Ms) 186/05/G Edn.dated 17.06.2005 allowing the Society to apportion the sale proceeds of the waste paper excluding cutting waste in the ratio 6:2. Accordingly, the Society has allocated the sale proceeds of waste paper excluding cutting waste and the amount realized from the cutting waste has been taken to revenue, as in the previous year.
- c. However, vide G.O. (Ms) No. 141/14/H.Edn. Dated 20-03-2014, the apportionment of Waste Paper Sales proceeds in the ratio of 6:2 was ratified only up to 31.03.2006 and the order is silent for the periods thereafter. (*Sch. no IX: Current Liabilities and Provisions*)

15. Refund of Special Allowance:

- (a) During the year 2008-09, the Society has paid special allowance arrears amounting to Rs. **16.15** lacks to certain categories of employees in the lower grade for the period from 01.03.1997 to 13.10.2003 without Government orders after getting an undertaking from the employees to the effect that the amount will be refunded to the society in case Government do not ratify the payment of arrears.
- (b) The matter has been taken up with the Government, but the approval has not been received yet. However, the society had recovered Rs. 1,15,996.88/- during the current year (Previous Year Rs. 39,760/-) and the balance of Rs. 5.65 Lakhs (Previous Year Rs. 6.81 Lakhs) is outstanding.

16. Lease rent:

- (a) The value of land & building in which the fixed assets of the Society has been installed has not been brought to accounts, as the government vide G.O (MS) No: 80/83/H.Edn dated 19.04.1983, ordered that the same should be treated as property on lease.
- (b) The lease rent has also been fixed by the Government @ 7% p.a from the date of commissioning of the plant. Superintendent engineer, P.W.D (B & R), Alwaye, vide his letter No: 9981/72/WB dated 03.09.1980 has valued the building at Rs.1, 00, 29,112/-.



- (c) Rent due for the Financial Year 2017-18, Rs. 7,02,037/- has been provided in the accounts on the above sum itself, since no valuation has been done after 1982.
- (d) Building tax paid Rs. 46,912/- has been deducted from the provision of rent on land and building since the Government in its Order No: G.O (MS) 151/86/PW&T dated 14.11.1986 specified that the building tax on building of PWD is to be borne by the PWD itself. The Society has requested the Government to Transfer the ownership of the Land and building vide our Letter No. P&A3/1041/1331 dated 21-03-2016 and is following up its progress. (Sch no IX: Current Liabilities and Provisions)

17. Applicability of Provisions of ESI Act:

The ESI amount collected from the employees of the Society during the Financial Year 2017-18 was remitted to a separate bank account, since the Society had filed an application for exempting the establishment from the provisions of the ESI Act. But ESI exemption not received to the Society from the period 2014-15. Hence showcause notices issued from Employees' State Insurance Corporation for the period from 2014-15.

18. The consumption ratio of paper with that of production during the Financial Year is determined to be 70.30% (Previous year: 60.37%).
19. The Society is in the process of strengthening the internal control in the area of production, stores & inventory, purchase & sales, expenditure & maintenance of accounting and other records relating to the operations of the Society.
20. Dividend from KBPE Co-Operative Society recognized on accrual basis. Accordingly, Rs. 25,000/- is recognized as dividend from KBPE Co-Operative Society during the Financial Year 2017-18.
21. During the Financial Year 2017-18 the society has paid advance income tax amounting to Rs. 28 Crores (Previous Year Rs. 14 Crores), in addition to Tax Deducted at Source as per 26AS amounting to Rs. 2.36 Crores (Previous Year Rs. 2.20 Crores.) (Sch. no VIII: Loans and Advances)
22. The physical verification of finished inventory, work-in-progress, and raw materials, loose tools have been conducted at the year end and are observed by the internal auditors.
23. In the opinion of the Governing Body, the Current assets, Loans & Advances have an approximate value, as stated in the Balance Sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amount reasonably considered necessary.
24. Contingent Liability:
- A) KVAT:- As per the demand notice A5-2623/11 dated 14.06.2011 issued from the Office of the Assistant Commissioner of Commercial Taxes, Special Circle III, Ernakulam an amount of Rs. 20,57,897/- along with interest Rs. 11,89,773/- is outstanding for the period 2005-06. The Society has requested the Government to set off the excess remittance of KVAT for the period from 2006-2011 to the KVAT demand for the period 2005-06.
- B) Service Tax:- As per Show Cause Notice No. 02/2017/ST dated 06-01-2017 issued from the Office of the Principal Commissioner, Central Excise, Customs & Service Tax, I.S Press Road,



Cochin an amount of Rs. 2,60,53,089/- was demanded on account of Service Tax and Cesses for the period from 2011-12 to 2014-15. Based on the reply Letter from KBPS No. FA6/Service tax-TDB/KBPS/715 dated 13.02.2017 and personal hearing, an Order No. COC-Excus-000-com-24-17-18 dated 23-03-2018 received from Commissioner, Office of the Commissioner, Central GST and Central Excise. By this order KBPS got exception from Service tax liability from the period 2011-12 to 2013-14. Hence the Tax liability reduced to the period 2014-15 only for an amount of Rs. 43,85,175/-. The Society remitted Rs. 3,28,888/- ie. 7.5% of the disputed amount of Rs. 43,85,175/- towards the deposit for filing appeal against the demand notice. As per Show Cause Notice No. 12/2018-ST dated 14-03-2018 issued from the Office of the Principal Commissioner, Central Tax & Central Excise, Cochin an amount of Rs. 58,48,231/- was demanded on account of Service Tax and Cesses for the period 2015-16.

C) Income Tax:-

- (i) As per Assessment Order dated 22-03-2016 under section 143(3) r.w.s 147 of the Income Tax Act 1961, an amount of Rs. 3,42,15,530/- was demanded by Deputy Commissioner of Income Tax (Exemptions), Kochi for the Assessment Year 2008-09. Based on our petition dated 25-06-2016, the assessing officer granted stay of demand till the disposal of first appeal, on payment of Rs. 51,32,330/- ie. 15% of the disputed demand of Rs. 3,42,15,530/-. Hence we remitted Rs. 51,32,330/- vide cheque No. 02065525 dated on 13-07-2016. In addition to the above amount, we remitted Rs. 5,00,000/- vide cheque No. 02089194 Dated 21.03.2017 as per the demand dated 20-03-2017 from Commissioner of Income Tax (Exemptions), Kochi. Balance demand of Rs. 2,85,83,200/- is outstanding, disputed in appeal.
(Sch No. VIII: Loans and Advance)
- (ii) As per Assessment Order dated 28-12-2018 under section 143(3) r.w.s 147 of the Income Tax Act 1961, an amount of Rs. 1,75,59,370/- was demanded by Deputy Commissioner of Income Tax (Exemptions), Kochi for the Assessment Year 2011-12. The Society filed an appeal to the Commissioner of Income-Tax (Appeals) on 05-02-2019 and remitted Rs. 11,36,703/- vide cheque No. 02129046 Dated 27-02-2019 for granting stay of demand.
- (iii) As per Assessment Order dated 26-02-2016 under section 143(3) of the Income Tax Act 1961, an amount of Rs. 64,94,500/- was demanded by Deputy Commissioner of Income Tax (Exemptions), Kochi for the Assessment Year 2013-14, pending rectifications as Rectification Petitions filed U/s 154 of the Income Tax Act 1961. Order U/s 154 of the Income Tax Act, 1961 dated 12-11-2018 received from Exemption Circle, Kochi, in which, the demanded amount of Rs. 64,94,500/- become a receivable of Rs. 1,78,330/-. The Society once again filed a rectification



petition U/s 154 of the Income Tax Act 1961 in order to get the whole refundable amount as per revised return dated 29-11-2014.

- (iv) As per Order Dated 22-02-2018 under section 154 of the Income Tax Act 1961, an amount of Rs. 3,82,840/- was demanded by Deputy Commissioner of Income Tax (Exemptions), Kochi for the Assessment Year 2015-16. Based on our petition dated 31-03-2018, the assessing officer granted stay of demand till the disposal of appeal, on payment of Rs. 76,568/- ie. 20% of the disputed demand of Rs. 3,82,840/-. Hence we remitted Rs. 76,568/- vide cheque No. 02125933 on 27-03-2018. (Sch No. VIII: Loans and Advance)

ASSESSMENT YEAR	DEMANDED AMOUNT	AMOUNT REMITTED TOWARDS DEMANDED AMOUNT	BALANCE AMOUNT OUTSTANDING
2008-09	3,42,15,530/-	56,32,330/-	2,85,83,200/-
2011-12	1,75,59,370/-	11,36,703/-	1,64,22,667/-
2013-14	64,94,500/-	-	-
2015-16	3,82,840/-	76,568/-	3,06,272/-

- D) Central Excise:- As per Show Cause Notice No. 01/2018-CE dated 02-01-2018 issued from the Office of the Principal Commissioner, Central Tax and Central Excise, I.S Press Road, Kochi an amount of Rs. 74,90,874/- was demanded on account of Excise Duty and cesses for the period from December 2012 to June 2017.
- E) Employees' State Insurance:- Since the ESI exemption not received to the Society from the period 2014-15, show cause notices for Rs. 1.49 Crores issued from Employees' State Insurance Corporation for the period from 2014-15.
- F) Employees' Provident Fund:- Notices received from Employees' Provident Fund Organization for non-compliance of provision of the Employees Provident Fund and Miscellaneous Provision Act 1952.
25. During the Financial Year 2017-18, the Society filed GSTR Tran 1 on the basis of the closing balance of the following as on 30-06-2017 and availed the Input Tax credit by filing GSTR 3B for the month of December 2017 and January 2018
- Input Tax held in Textbook Paper Stock for Rs. 1,61,19,682/-
 - Balance CENVAT credit of Rs. 27,58,145/-
 - Balance of ITC of VAT of Rs. 30,939/-

During the Financial Year 2017-18, the total Input Tax held in Text book Paper Stock as on 30-06-2017 for Rs. 1,61,19,682/- transferred to the ledger account of DPI (Text Book Paper Purchase - 2016-17).



26. A Softcopy of the detailed Fixed Asset register prepared and updated in the System and the physical verification of the Fixed Assets has been conducted by the Society on 31.03.2018.
27. The payments made to canteen committee is treated as expenses of the Society and the total expenses of the Society in this regards during the current year is Rs. 72,28,419/- (Previous Year Rs. 67,68,729/-)
28. TDS Receivable under the head Current Assets includes TDS receivable of Rs. 34,01,060/- for various Asst. Years 2007-08, 2008-09 etc., which are deposits made by Customers after filing the Income Tax return of the Society. Even though the assessments for these years are barred by limitation, steps are being taken up to get the refunds for the same, from the income Tax Department.
29. The retention amount of, some of the contract workers are still outstanding in the books of accounts during the Financial Year 2017-18.
30. During the Financial Year 2016-17, some of the Papers in the godown of the Society was damaged on account of heavy rain result in a loss of Rs. 27,43,519.91 for which claim has been lodged with Kerala State Insurance Department. During the Financial Year 2018-19, Kerala State Insurance Department has settled the claim for Rs. 20,19,034/-
31. During the Financial Year 2015-16, Government entrusted KBPS to purchase papers and collateral materials for printing of Textbooks for Two years (Academic Year 2016-17 and 2017-18) vide G.O (MS) 281/2015/G.Edn. dated 05-11-2015. Vide G.O (Rt) No. 2577/2017/G.Edn dated 03/08/2017, the Government further entrusted KBPS with the purchase of paper and collateral materials for the printing of textbooks for the Academic Year 2018-19 also. During the Financial Year 2017-18, Society purchased paper for Textbooks of Rs. 60,70,37,191.52 and the consumption of Rs. 75,97,15,613.75 accounted as expense and is also claimed as reimbursement, and included in our Income. The closing stock of the Paper purchased by KBPS for printing of Textbooks paper valued at Rs. 14,39,54,578.32 during the Financial Year 2017-18.
32. During the Financial Year also, the Society has entrusted the job of distribution of text books to few employees across various depots in Kerala. The Society has opened two Current Accounts in Union Bank of India, Thrikkakara Branch exclusively for the transactions in connection with Distribution of Textbooks and approved the same in the 150th meeting of Governing Body held on 19-03-2018. Hence during the Financial Year 2017-18 onwards the advances requested by the employees in charge of distribution deposit to the newly opened current accounts only. And the advances made to them for meeting various expenses of distribution of text books, are being settled in due course.
33. The Society has not relied on the Quantitative particulars of Stock maintained in the Tally System, as the computerization of the Stores ledger in Tally Software is not implemented in full. All valuations of stock, including Paper Stock is based on the Stores Ledger, maintained manually by the Stores Department.



34. The monthly setoff entries in Tally software against IGST, CGST and SGST liability with that of Input credit of IGST, CGST and SGST could not be completed by the Society for the period from 01-10-2017 to 31-03-2018.
35. Previous Year's figures have been regrouped/recast wherever necessary, to conform to the classification of Current Year.

**As per our report attached
For P. Parikh & Associates.
Chartered Accountants,
Firm registration number: 107564W**

For and on behalf of the Governing Body

CA. Mathew Stephen, FCA, AAIA, CeFA
M/s P. Parikh & Associates
Membership No. 208137,
FRN: 107564W, PARTNER

Karthick K, IPS

Chairman & Managing Director GB Member Finance GB Member Stationery

Reji John

S. Jayalakshmi

GB Member Stationery

Kochi:- 682030
Date:- 29/03/2019

