

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

**LIST OF GOVERNING BODY MEMBERS  
(During the Financial Year 2018-2019)**

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- |   |   |          |
|---|---|----------|
| 1 | <b>Sri. Karthick K IPS</b><br>Chairman & Managing Director<br>KBPS, Kakkanad – 682030.  | Chairman |
| 2 | <b>Sri. A. Shajahan IAS</b><br>Secretary to Government,<br>General Education Department,<br>Secretariat Annexe,<br>Thiruvananthapuram – 695 001 | Member   |
| 3 | <b>Sri. K.V Mohankumar IAS</b><br>Director of Public Instruction<br>Jagathy, Thiruvananthapuram.  | Member   |
| 4 | a) <b>Smt. M.S Jaya IAS</b><br>Director of Collegiate Education,<br>Vikas Bhavan, Thiruvananthapuram  | Member   |
|   | b) <b>Smt. Haritha V Kumar IAS</b><br>Director of Collegiate Education,<br>Vikas Bhavan, Thiruvananthapuram                                     | Member   |
| 5 | a) <b>Dr. J. Latha</b><br>Vice Chancellor,<br>Cochin University of Science & Technology,<br>Thrikkakara, Kochi.                                 | Member   |
|   | b) <b>Prof. (Dr.) R. Sasidharan</b><br>Vice Chancellor,<br>Cochin University of Science & Technology,<br>Thrikkakara, Kochi.                    | Member   |
| 6 | <b>Dr. K.P Indiradevi</b><br>Director of Technical Education,<br>Fort, Thiruvananthapuram   | Member   |

7	<b>Sri. Muraleedharan . A</b> Director of Printing, Government Central Press, Thiruvananthapuram	<b>Member</b>
8	<b>Smt. Shyamalavalli . C</b> Controller of Stationery, PMG Junction, Thiruvananthapuram – 695 033	<b>Member</b>
9	a) <b>Sri. M.P. Salim</b> Additional Secretary to Government, Finance Department, Government Secretariat, Thiruvananthapuram.	<b>Member</b>
	b) <b>Sri. Reji John</b> Deputy Secretary to Government, Finance Department, Government Secretariat, Thiruvananthapuram.	<b>Member</b>
10	<b>Sri. K. Asokan</b> Production Manager, KBPS, Kakkanad – 682 030	<b>Member</b>

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Auditors: M/s. P. Parikh & Associates.  
 Chartered Accountants,  
 MRRA - 114 A, Moolapadam Road,  
 Engineers Colony, Vazhakala,  
 Ernakulam - 682030  
 Tel:- 0484-4039000  
 Mobile No. 09567858357  
 E-mail: [camathewstephen@gmail.com](mailto:camathewstephen@gmail.com)  
 Web : [www.pparikh.com](http://www.pparikh.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
5. Bank of Baroda, Kakkanad
6. Corporation Bank, Kakkanad

## Directors Report

Dear Governing Body Members,

We are delighted to present our 44<sup>th</sup> Annual report of Kerala Books and Publications Society (KBPS) along with the audited Balance Sheet and accompanying financial statements for the year ended 31<sup>st</sup> March 2019, 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 and G.O (Rt) No. 3283/2018/G.Edn Dated 31-08-2018, the Government further entrusted KBPS with the purchase of paper and collateral materials for the printing of textbooks for the academic year 2018-19 and 2019-20 also. KBPS Distribution teams have successfully completed the distribution of Volume I, II and III school text books for the Academic Year 2018-19. The task of Printing and Cutting of Counterfoil of Lottery tickets, Storing of the Counterfoil and Distribution of Lottery tickets to various collection centres have also successfully accomplished by the Society during the Financial Year 2018-19.

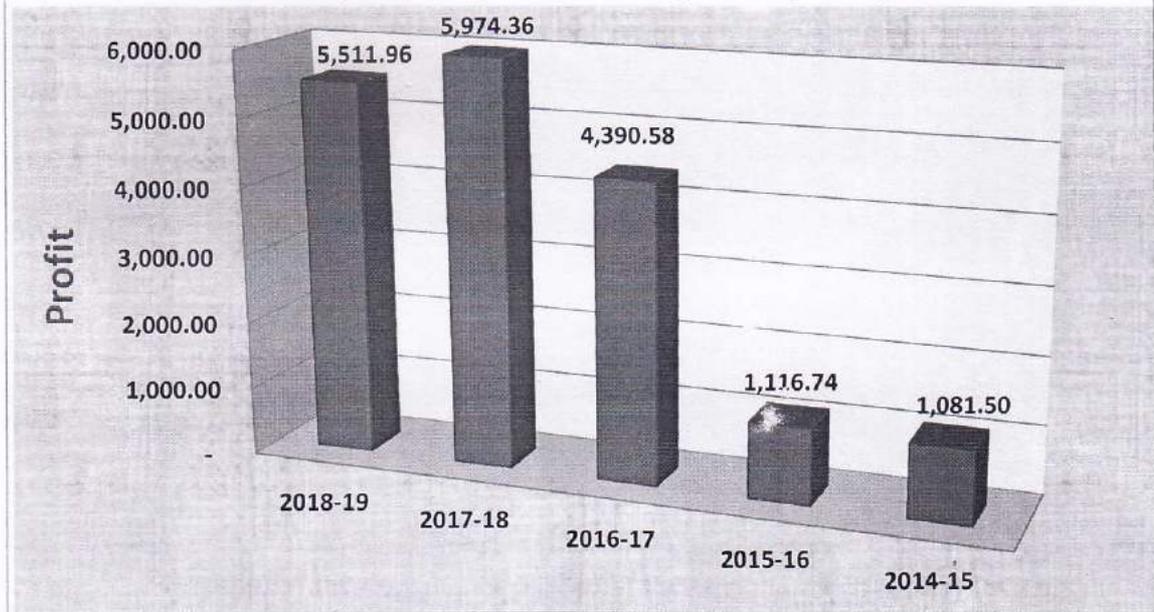
### **FINANCIAL HIGHLIGHTS**

During the year, the Turnover of the Society diminished 16.31% in Turnover under review over the previous year. The Society earned revenue of ₹22,288.02 lakhs and expenditure incurred was ₹13,557.39 lakhs and arriving at a surplus (After Tax) of ₹5,511.96 lakhs. The Depreciation claimed was ₹451.26 lakhs.

#### **Financial Results during last five years: Rupees in Lakhs**

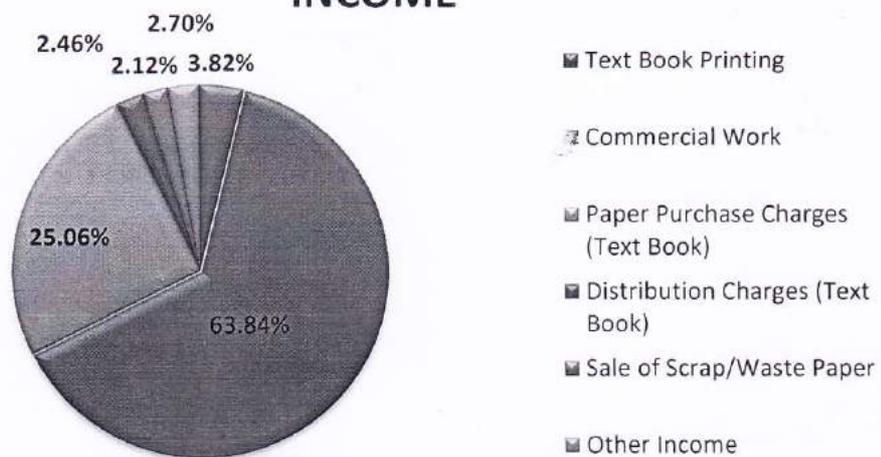
Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Sales & Operating Income	22,288.02	27,233.40	19,678.60	9,574.27	6,709.63
PBDIT	9,224.96	10,342.20	6,862.94	3,360.69	1,817.35
Depreciation	451.26	513.78	249.78	105.42	70.91
Interest on Government Loan and DSL	43.07	72.45	45.82	41.27	40.68
Profit before prior period items & tax	8,730.63	9,755.96	6,567.34	3,213.99	1,705.76
Less: Prior period items & others	10.64	126.66	24.14	17.46	36.47
Less: Provision for Bad and Doubtful debts	-	-	-	936.76	-
Tax expenses	3,208.04	3,470.17	2,016.84	1,143.02	587.79
3% Employer Contribution to Pension Fund	-	184.77	135.79	-	-
Net Profit for the year	5,511.96	5,974.36	4,390.58	1,116.74	1,081.50
Profit brought forward from previous year	16,697.32	10,722.96	6,332.38	5,215.64	4,134.14
Excess carried forward to Balance Sheet	22,209.27	16,697.32	10,722.96	6,332.38	5,215.64

### Net Profit/Surplus during last five years

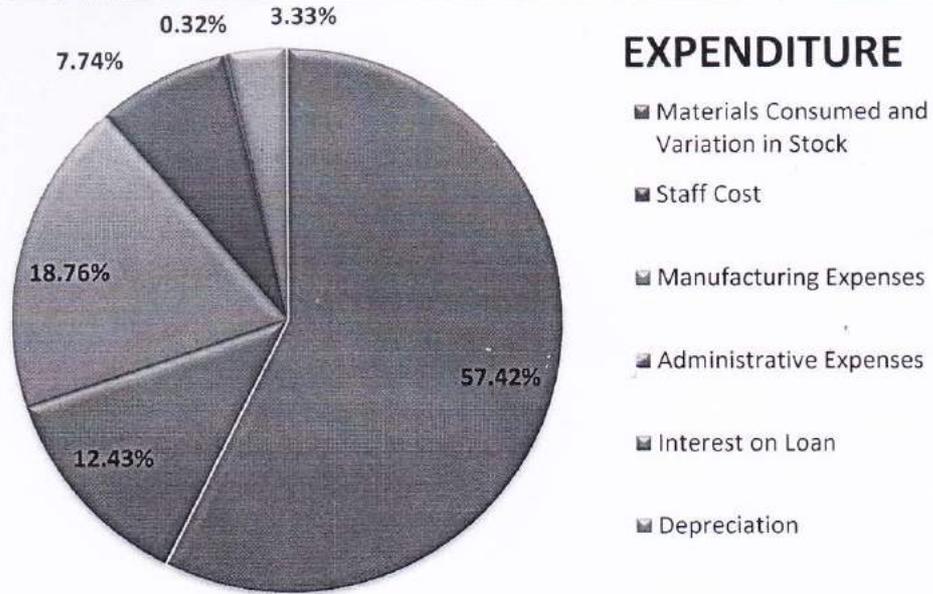


COMPONENTS OF INCOME: 2018-19	Amount (In Lakhs)
Text Book Printing	850.91
Commercial Works	14,227.72
Paper Purchase Charges (Text Books)	5,585.73
Distribution Charges (Text Books)	549.10
Sales of Scrap/Waste Paper	472.56
Other Income	602.00
<b>Total</b>	<b>22,288.02</b>

### INCOME



COMPONENTS OF EXPENDITURE: 2018-19	Amount (In Lakhs)
Materials Consumed and Variation in Stock	7,785.09
Staff Cost	1,685.42
Manufacturing Expenses	2,543.67
Administrative Expenses	1,048.88
Interest on Loan	43.07
Depreciation	451.26
<b>Total</b>	<b>13,557.39</b>



The land and building in which the society is functioning are owned by Government of Kerala. An amount of ₹. 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. There are wide scope of printing Security featured products like Cheques, Licence, ATM card, Labels, QR and Barcode etc. 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 Government 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**

During the year, KBPS procured three Box strapping machine heavy duty type during the year and the installation of Goss WS – D598 Web offset printing press machine is under final stage.

### **New Assignment**

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

### Production attained during 2018-19

During the year 2018-19, the society has printed 503.85 lakhs text books. Society has also undertaken the following printing works:

SL. No	Commercial Production	Copies in lakhs	Value in lakhs (₹)
1	Kerala State Lotteries	30728.880	12,489.300
2	C-APT	4.600	320.700
3	Public Relations Department	103.900	262.460
4	Farm Information Bureau	15.000	252.110
5	APJ Abdul Kalam Technological University	33.160	186.480
6	Kudumbasree	6.420	128.280
7	National Health Mission	7.070	128.070
8	Kerala State Literacy Mission Authority	1.350	89.970
9	Sarva Shiksha Abhiyan	1.770	61.540
10	Others	92.372	534.700
<b>Total</b>		<b>30,994.522</b>	<b>14,453.610</b>

Looking Forward .....

### Projects for 2019-20

#### ➤ 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, an Automatic Knife Grinding Machine Polymaster, an Elgi Screw Compressor EG 15-10DV, a Techkon Spectrodens NG Basic Densitometer, a Water Treatment Plant, and 3 Nos of Hydraulic Hand Pallet Truck are proposed to be purchased during the period 2019-20. Alteration, overhauling and replacement of spares of core machines are also proposed to meet our targets.

### Corporate Governance

#### ❖ Number of Governing Body Meeting held : 3

151<sup>st</sup> Governing Body Meeting held on 01-06-2018, 152<sup>nd</sup> Governing Body Meeting held on 03-10-2018, and 153<sup>rd</sup> Governing Body Meeting held on 04-01-2019.

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

42<sup>nd</sup> Annual General Body Meeting held on 01-06-2018

## 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 :	10
No. of employees who were recruited during the year :	16
Permanent staff :	186
Others (contract) :	52
Apprentices/Trainees :	3
Persons demised :	3
No. of employees who resigned during the year :	7

## Welfare

The Group Medical Insurance Scheme for the employees of KBPS was continued in the year 2018-19 also. 186 Employees and their insured dependents have benefited by availing medical insurance facilities. Due to Flood in Kerala, the Society did not celebrate Onam Festival during the period 2018-19. But Onam gifts and Onam kit items were distributed to all eligible employees of KBPS. An executive Health check-up camp by PVS Memorial Hospital, Kaloor engaged by M/s MD India Health Insurance TPA (P) Ltd, Kaloor was conducted during December 2018 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 2018-19.

## 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, Public Relations Department, Farm Information Bureau, Kudumbasree, National Health Mission, Kerala State Literacy Mission Authority, Sarva Shiksha Abhiyan, 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

Sd/-  
Chairman



## INDEPENDENT AUDITOR'S REPORT

To,

**The General Body of Kerala Books and Publications Society**

**Report on the audit of the financial statements**

### Opinion

We have audited the accompanying 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, 2019 and the Income and Expenditure Statement for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

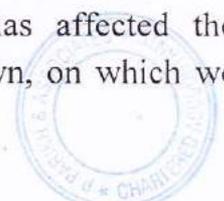
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required in the manner so required to give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Society as at March 31, 2019 its Income over Expenditure for the year ended on that date.

### Basis for qualified opinion

1. Balances of Debtors, Creditors and Advances (debit/credit) are subject to confirmation.



2. 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.
3. Provision is not made for an amount of Rs.347.94 Lakhs which is accounted as distribution charges of text books for the academic year 2018-19, 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.1,558.24 Lakhs including the previous year figures.[*Note No. 6*]
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. 11*]
5. 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. 12A clause (d)*]
6. 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.28*]
7. Claims settled against advance made to Joji Issac and Vikas K.S. in relation to distribution of books from various Hubs in districts to the concerned societies where not supported by reliable evidences, especially in the cases of Travelling Expenses by the parties and Sorting Charges under Distribution Expenses.
8. The current accounts 3854010100036352 and 3854010100036353 maintained by KBPS for meeting the distribution expenses are showing cash withdrawal of Rs. 64,15,000.00 and Rs. 68,00,000.00 respectively. This has affected the transparency of the transactions meet with the amount withdrawn, on which we are unable to comment.





## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the society has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

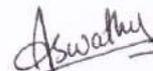
We further report that:

- a) In our opinion, proper books and accounts have been kept by the Society so far as appears from our examinations of those books.
- b) The Balance Sheet and Income & Expenditure Account dealt with by this report are in agreement with the books of account.
- c) In our opinion, the Balance Sheet and Income & Expenditure Account comply with the Accounting Standard issued by the Institute of Chartered Accountants of India.

Ernakulam

Date : 12.10.2020

For P. PARIKH & ASSOCIATES  
CHARTERED ACCOUNTANTS



C.A. ASWATHY M.S. ACA  
M. NO: 238799, FRN: 107564 W  
PARTNER

UDIN: 20238799AAAAAP3544

KERALA BOOKS AND PUBLICATIONS SOCIETY, KAKKANAD, KOCHI - 682 030				
BALANCE SHEET AS AT MARCH 31, 2019				
DESCRIPTION	SCH No		March 31,2019	March 31,2018
			(Figures in Rupees)	
<b>I SOURCES OF FUNDS:</b>				
PERMANENT CAPITAL LOAN	I		50,00,000.00	50,00,000.00
RESERVES AND SURPLUS	II		2,23,16,85,860.27	1,68,04,90,212.18
LOAN FUNDS	III		10,86,74,347.35	10,77,60,661.97
Total:			<b>2,34,53,60,207.62</b>	<b>1,79,32,50,874.15</b>
<b>II APPLICATIONS OF FUNDS:</b>				
FIXED ASSETS	IV			
a) Gross block		52,96,38,318.75		
b) Less: Depreciation Fund		27,09,99,493.58		
c) Net Block			<b>25,86,38,825.17</b>	<b>29,99,96,494.42</b>
INVESTMENTS: (At cost,trade,unquoted)				
Shares in KBP Employees Co-operative Society			<b>1,00,000.00</b>	<b>1,00,000.00</b>
CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	V		20,86,25,946.44	22,95,94,248.26
b) Sundry Debtors	VI		1,72,31,08,616.03	1,29,48,23,432.42
c) Cash and Bank balances	VII		18,32,53,013.43	25,15,45,325.75
d) Interest accrued but not due on Fixed Deposit			46,91,050.00	9,83,187.00
e) Loans and Advances	VIII		49,67,32,163.38	35,07,28,272.16
(A)			<b>2,61,64,10,789.28</b>	<b>2,12,76,74,465.59</b>
Less: CURRENT LIABILITIES AND PROVISIONS	IX			
a) Current Liabilities			15,91,98,100.19	21,86,63,002.83
b) Provisions			37,05,91,306.64	41,58,57,083.03
(B)			<b>52,97,89,406.83</b>	<b>63,45,20,085.86</b>
NET CURRENT ASSETS	(A-B)		2,08,66,21,382.45	1,49,31,54,379.73
Total:			<b>2,34,53,60,207.62</b>	<b>1,79,32,50,874.15</b>
Significant Accounting Policies and Notes on Accounts	XIV			

As per our report attached  
for P.Parikh & Associates,  
Chartered Accountants

For P. Parikh & Associates  
Firm registration number :107564W  
CHARTERED ACCOUNTANTS

C.A. ASWANI M.S. ACA  
M. NO: 23879, FRN: 107564 W  
PARTNER

P.Parikh & Associates,  
Chartered Accountants

Dr. Soorya Tharakkappan IPS  
Chairman & Managing Director

Rajesh Prakash  
GB Member Finance

S. Jayalakshmi  
GB Member Stationery

Date: 12.10.2020  
Kochi : 682030

For and on behalf of the Governing Body

KERALA BOOKS AND PUBLICATIONS SOCIETY, KAKKANAD, KOCHI - 682 030.			
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31,2019			
DESCRIPTION	SCH No	March 31,2019	March 31,2018
		(Figures in Rupees)	
<b>INCOME:</b>			
Printed Material Charges (Sub Schedule-45)		1,42,27,72,388.01	1,46,52,99,134.21
Printing Charges		8,50,90,549.00	32,82,12,316.57
Distribution Charge ( Text Books)		5,49,10,466.24	5,75,13,266.00
Paper Purchase (Text Books)		55,85,73,421.13	76,14,13,445.75
Sale of Scrap/Waste Paper (Sub Schedule-59)		4,72,55,764.00	6,47,36,978.63
Interest Received (Sub Schedule-39)		2,22,94,409.00	1,02,59,272.00
Miscellaneous Income	X	3,79,05,320.48	3,59,05,930.25
<b>Total:</b>		<b>2,22,88,02,317.86</b>	<b>2,72,33,40,343.41</b>
<b>EXPENDITURE:</b>			
Materials and Stores Consumed	XI (I)	83,27,11,770.35	1,06,35,13,816.09
Variation in Stock	XI (2)	(5,42,02,652.90)	5,24,95,582.70
Manufacturing and Administrative Expenses	XII	52,77,97,545.42	57,31,11,414.96
Interest on Government of Kerala Loans		22,16,652.00	22,16,652.00
Penal interest on Government of Kerala Loans		20,89,910.38	20,30,202.44
Interest on DSL Loan (6 Crores)		-	29,98,356.00
Depreciation	IV	4,51,26,212.16	5,13,78,282.12
<b>Total:</b>		<b>1,35,57,39,437.41</b>	<b>1,74,77,44,306.31</b>
<b>Net surplus</b>		<b>87,30,62,880.45</b>	<b>97,55,96,037.10</b>
Less : Prior period Income/Expenses	XIII	10,21,858.36	75,000.00
Less: Income Tax paid for previous year (Sub Schedule-9)		41,496.00	1,25,91,054.00
		<b>87,19,99,526.09</b>	<b>96,29,29,983.10</b>
Less : Provisions:			
(a) For Income Tax - Current Year		32,08,03,878.00	34,70,16,823.00
(b) For Bad and Doubtful debts		-	-
		<b>55,11,95,648.09</b>	<b>61,59,13,160.10</b>
Less: 3% Employer Contribution to KBPS Pension Fund		-	1,84,77,395.00
<b>Excess of Income over Expenditure, for the year</b>		<b>55,11,95,648.09</b>	<b>59,74,35,765.10</b>
Add: Excess of Income over Expenditure brought forward from Previous Year		1,66,97,31,807.18	1,07,22,96,042.08
<b>Excess of Income over Expenditure transferred to Balance Sheet</b>		<b>2,22,09,27,455.27</b>	<b>1,66,97,31,807.18</b>
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

C.A. ASWANATH AKA  
M. NO: 238799, FRN: 107564 W

P.Parikh & Associates,  
Chartered Accountants

Dr. Soorya Thankappan IPS  
Chairman & Managing Director

Rajesh Prakash  
GB Member Finance

S.Jayalakshmi  
GB Member Stationery

Date: 12.10.2020  
Kochi : 682030

**KERALA BOOKS AND PUBLICATIONS SOCIETY:2018-19**

**SCHEDULE - I**

PERMANENT CAPITAL LOAN	March 31,2019	March 31,2018
	(Figures in Rupees)	
From Government of Kerala	50,00,000.00	50,00,000.00
<b>Total:</b>	<b>50,00,000.00</b>	<b>50,00,000.00</b>

**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 01.04.2018 to 31.03.2019 amounting to Rs. 4.30 lacs (Previous year: Rs. 4.18 lacs). The Society is yet to pay Rs. 248.33 lacs (Previous year Rs. 239.03 lacs) being interest (including penal interest) accrued on the above loan from 29.10.1984 to 31.03.2019.*

**SCHEDULE - II**

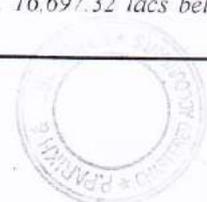
RESERVES AND SURPLUS	March 31,2019	March 31,2018
	(Figures in Rupees)	
Investment Subsidy	3,74,405.00	3,74,405.00
Grant from Government of India	62,16,000.00	62,16,000.00
Grant from Government of Kerala	41,68,000.00	41,68,000.00
<b>Total: (A)</b>	<b>1,07,58,405.00</b>	<b>1,07,58,405.00</b>
<b>CAPITAL RESERVES</b>		
<b>GENERAL RESERVE</b>		
Excess of Income over Expenditure brought forward from Income and Expenditure Account	2,22,09,27,455.27	1,66,97,31,807.18
<b>Total: (B)</b>	<b>2,22,09,27,455.27</b>	<b>1,66,97,31,807.18</b>
<b>Grand Total = (A)+(B)</b>	<b>2,23,16,85,860.27</b>	<b>1,68,04,90,212.18</b>

**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 / HI/ 92/H.Edn dated 28.04.93 , which is a Central Government share as indicated by their letter No.50 (I) 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 2018-19 is Rs. 22,209.27 lacs. Out of this Rs. 5,511.96 lacs belongs to the excess of Income over Expenditure for the year and Rs. 16,697.32 lacs belongs to the previous year.*



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

**SCHEDULE - III**

UNSECURED LOAN	March 31,2019	March 31,2018
	(Figures in Rupees)	
<b>1. For purchase of Harris model offset printing machine</b>		
a) State Government portion :		
Principal	14,45,000.00	14,45,000.00
Interest	55,53,509.42	53,51,209.42
	<u>69,98,509.42</u>	<u>67,96,209.42</u>
Penal interest	28,65,452.67	26,72,993.66
	<b>98,63,962.09</b>	<b>94,69,203.08</b>
b) Central Government Portion :		
Principal	94,09,008.00	94,09,008.00
Interest	2,21,92,210.18	2,13,21,877.18
	<u>3,16,01,218.18</u>	<u>3,07,30,885.18</u>
Penal interest	1,21,60,786.18	1,12,91,752.68
	<b>4,37,62,004.36</b>	<b>4,20,22,637.86</b>
<b>2. For purchase of HMT machine :</b>		
Principal	2,00,135.00	2,00,135.00
Interest	7,59,045.60	7,31,026.60
	<u>9,59,180.60</u>	<u>9,31,161.60</u>
Penal interest	3,70,482.10	3,44,104.63
	<b>13,29,662.70</b>	<b>12,75,266.23</b>
<b>3. For purchase of Muller Martini Saddle Switcher machine:</b>		
Principal	19,00,000.00	19,00,000.00
Interest	72,86,213.30	70,20,213.30
	<u>91,86,213.30</u>	<u>89,20,213.30</u>
Penal interest	36,11,160.70	33,58,539.83
	<b>1,27,97,374.00</b>	<b>1,22,78,753.13</b>
<b>4. For purchase of spare parts and machinery:</b>		
Principal	25,00,000.00	25,00,000.00
Interest	91,05,293.00	87,55,293.00
	<u>1,16,05,293.00</u>	<u>1,12,55,293.00</u>
Penal interest	44,83,002.60	41,63,857.04
	<b>1,60,88,295.60</b>	<b>1,54,19,150.04</b>
<b>5. Interest accrued and due on Permanent capital loan:</b>		
Interest	1,72,10,958.90	1,67,10,958.90
Penal interest	76,22,089.70	71,91,815.73
	<b>2,48,33,048.60</b>	<b>2,39,02,774.63</b>
<b>6. From Director of State Lotteries for the purchase of Machine:</b>		
Principal	-	-
Interest	-	33,92,877.00
	-	<u>33,92,877.00</u>
<b>Total:</b>	<b>10,86,74,347.35</b>	<b>10,77,60,661.97</b>

**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. 1.92 lacs (Previous year: Rs. 1.87 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2018 to 31.03.2019. 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. 8.69 lacs (Previous year Rs. 8.45 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2018 to 31.03.2019. 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 Sticher 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. 5.98 lacs (Previous year Rs. 5.80 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2018 to 31.03.2019.

C.5. Kerala Government has sanctioned 6% simple interest Loan of Rs. 6,00,00,000/- for the procurement of Machinery for printing of lottery tickets vide G.O(MS) No. 29/2014/T.D dated 17.02.2014 and (U) (MS) No. 49/2017/MS 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 subject to the condition that the Principal and Interest will be deducted from the printing charges @15%. 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. Total amount of interest accounted towards this loan was Rs. 33,92,877/- (Rs. 3,94,521/- in the FY 2016-17 and Rs. 29,98,356/- in the FY 2017-18), which was recovered by Director of State Lotteries from the printing charges of lottery Tickets in the Financial Year 2018-19 as per proceedings No. SLTY/1114/F/2017-PR 3 dated 20-04-2018



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

(Figures in Rs.)

Description	Gross Block						Depreciation			Net block	
	As on 01.04.2018	Addition and Deletions during the year			Rate	Up to 31.03.2018	For the year	On deletions during the year	Up to 31.03.2019	As on 31.03.2019	As on 31.03.2018
		Before 30.09.2018	After 30.09.2018	Total Additions							
<b>Land and buildings:</b>											
Land development expenditure	1,09,303.19	-	-	-	1,09,303.19	-	-	-	-	1,09,303.19	1,09,303.19
Water supply works	2,06,283.70	-	-	-	2,06,283.70	10%	1,98,767.39	301.83	1,99,569.22	7,216.48	8,018.31
Building	3,11,75,935.68	-	-	-	3,11,75,935.68	10%	86,29,854.92	22,54,608.08	1,08,84,463.00	2,02,91,472.68	2,25,46,080.76
<b>Plant and machinery:</b>											
Fire fighting equipments	2,89,725.03	-	-	-	2,89,725.03	15%	2,02,732.16	13,048.93	2,15,781.09	73,943.94	86,992.87
Process room equipments	2,24,305.71	-	-	-	2,24,305.71	15%	2,23,819.72	72.90	2,23,892.62	413.09	485.99
Composing room equipments	47,254.76	-	-	-	47,254.76	15%	47,097.71	23.56	47,121.27	133.49	157.05
Plant and machinery	45,59,47,873.67	96,215.00	3,46,939.25	-	45,62,88,812.92	15%	19,56,61,560.35	3,90,86,871.76	23,47,48,432.11	22,15,40,380.81	26,02,86,313.32
Factories equipments	14,09,794.45	-	-	-	14,09,794.45	15%	13,71,627.95	5,724.98	13,77,352.93	32,441.52	38,166.50
Gardening equipment	19,715.58	-	-	-	19,715.58	15%	15,834.10	582.22	16,416.32	3,299.26	3,891.48
Electrical installation	72,86,102.96	-	-	-	97,71,166.07	15%	33,15,023.37	8,19,451.37	41,34,976.74	56,36,089.33	44,70,477.59
Weigh bridge	2,61,424.80	-	-	-	2,61,424.80	15%	2,59,983.51	216.19	2,60,199.70	1,225.10	1,441.29
Plant and machinery installed but not in use	9,02,173.74	-	-	-	9,02,173.74	15%	9,00,338.91	275.22	9,00,614.13	1,559.61	1,834.83
Air conditioner	7,08,348.54	-	-	-	7,08,348.54	15%	3,57,945.92	52,860.39	4,10,506.31	2,97,842.23	3,30,402.62
Telephone installation	3,57,938.50	-	-	-	3,57,938.50	15%	2,97,861.76	9,014.51	3,06,876.27	51,082.23	60,096.74
Telephone	39,630.00	-	-	-	39,630.00	15%	22,337.37	2,605.89	24,863.26	14,766.74	17,372.63
Water cooler	68,672.50	-	-	-	68,672.50	15%	44,741.50	3,899.63	48,231.15	20,341.35	23,931.00
Office and other equipments	6,46,927.71	-	-	-	6,46,927.71	15%	6,21,875.40	3,757.85	6,25,633.25	21,294.46	25,052.31
Computer and accessories	1,19,04,587.95	34,105.00	25,206.69	-	1,19,30,294.64	40%	73,77,306.69	18,16,374.18	91,93,680.87	27,36,613.77	45,27,281.26
<b>Furniture and fixtures:</b>											
Electrical fittings	7,75,896.80	-	-	-	7,75,896.80	10%	2,21,647.48	55,424.93	2,77,072.41	4,98,824.39	5,54,240.52
Furniture and fittings	58,56,591.50	-	-	-	72,72,655.36	10%	28,50,859.13	4,16,372.53	32,67,231.68	40,05,423.68	30,05,642.37
Canteen furniture	2,25,092.80	-	-	-	2,25,092.80	10%	1,98,180.54	2,94.23	2,00,844.77	34,248.03	26,942.26
<b>Other assets :</b>											
Library**	25,772.28	680.00	680.00	-	26,452.28	40%	9,718.07	6,693.32	16,412.29	10,039.99	16,053.31
<b>Vehicles :</b>											
Motor vehicle	68,78,847.34	-	-	-	68,78,847.34	15%	30,43,534.34	5,73,446.97	36,17,981.21	32,60,866.13	38,36,313.10
Cycle	1,144.65	-	-	-	1,144.65	15%	1,140.33	0.65	1,140.98	3.67	4.32
<b>Total</b>	52,58,69,775.84	11,47,018.36	37,68,542.91	-	52,96,38,318.75		22,58,73,281.42	4,51,26,212.16	27,09,99,493.58	25,86,38,825.17	29,99,96,094.42
<b>Previous Year</b>	38,68,17,155.66	12,74,81,516.57	13,90,80,620.18	28,000.00	52,58,69,775.84		17,44,94,999.30	5,13,89,482.12	22,58,73,281.42	29,99,96,094.42	21,23,22,156.36

\*\* As per the new amendments, the depreciation rate of Library become 40% from 10% during the Financial Year 2018-19



**KERALA BOOKS AND PUBLICATIONS SOCIETY:2018-19**

**CURRENT ASSETS, LOANS AND ADVANCES**

**A. CURRENT ASSETS**

**SCHEDULE- V**

INVENTORIES	March 31,2019	March 31,2018
	(Figures in Rupees)	
(As valued, verified and certified by the Managing Director):		
a) Raw materials (Sub Schedule-43)	11,44,06,122.46	19,45,41,488.46
b) Printing materials including printing charges	5,93,31,266.55	40,93,863.71
c) Miscellaneous stores, spares, electrical goods and uniform cloth (Sub Schedule-42)	2,50,65,325.30	2,03,41,547.03
d) Loose tools on revaluation	16,37,283.77	13,96,650.76
e) Work-in-progress: Text books, lottery tickets etc. under printing	81,85,948.36	92,20,698.30
<b>Total:</b>	<b>20,86,25,946.44</b>	<b>22,95,94,248.26</b>

**SCHEDULE - VI**

SUNDRY DEBTORS	March 31,2019	March 31,2018
	(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) (18-19, 17-18, 16-17 & 15-16)	15,58,23,833.00	12,10,29,483.00
4 DPI for Text book Printing	50,92,51,748.39	41,39,50,333.39
5 DPI (Textbook Paper Purchase) (Sub Schedule-31)	26,40,67,673.07	-
6 Animal Disease Control Project	7,91,867.00	7,91,867.00
7 Animal Husbandary Department	9,916.00	9,916.00
8 Cochin University of Science and Technology	1,68,087.20	76,687.20
9 Commissioner of Government Examinations	32,791.00	32,791.00
10 Director of Health Services	13,83,858.90	13,83,858.90
11 Director of Higher Secondary Education/ SCERT	1,27,07,746.67	1,27,07,746.67
12 Director of State Lotteries (Sub Schedule-47)	60,43,16,459.06	46,12,77,765.06
13 Transport Commissionerate	9,38,644.00	11,44,644.00
14 District Rural Development Agency	5,58,274.60	5,58,274.60
15 Farm Information Bureau (Sub Schedule-19)	1,73,96,583.37	1,19,84,921.37
16 Forestry Information Bureau	10,15,353.00	1,05,168.00
17 Hindustan Newsprint Limited	1,14,90,569.44	2,68,39,873.44
18 Institute of Land and Disaster Management	45,150.00	13,98,138.00
19 Kannur University	84,450.77	84,450.77
20 Kerala Institute of Local Administration	2,22,743.75	1,90,935.75
21 Kerala State Road Transport Corporation	(16,785.15)	2,36,950.85
22 Kudumbasree (Sub Schedule-48)	1,50,71,256.20	2,92,98,042.20
23 Labour Commissioner	3,22,665.77	4,40,039.77
24 Education Department	12,34,423.00	12,34,423.00
25 Mahatma Gandhi University	1,84,770.80	1,23,67,158.80
26 NRHM Directorate	7,42,549.00	7,42,549.00
27 Public Relations Department	2,18,62,894.80	2,27,49,293.80
28 Sree Sankaracharya University of Sanskrit	1,55,420.00	5,52,311.00
29 State Council of Education, Research and Training	23,89,891.50	25,30,293.50
30 Travancore Devaswom Board	1,66,380.00	-
31 Others (Sub Schedule-20)	9,76,58,950.68	16,80,75,066.14
<b>Total:</b>	<b>1,72,31,08,616.03</b>	<b>1,29,48,23,432.42</b>



## KERALA BOOKS AND PUBLICATIONS SOCIETY:2018-19

## SCHEDULE - VII

CASH AND BANK BALANCES	March 31,2019	March 31,2018
	(Figures in Rupees)	
i) Cash and Stamps on hand (Sub Schedule-28)	36,772.85	24,329.73
ii) Balance with Scheduled banks and treasuries		
<b>A In Savings bank accounts:</b>		
a) Union Bank of India, Thrikkakara (Sub Schedule-49)	2,33,10,494.40	2,60,52,250.21
b) State Bank of India - Civil Station Br (SBT)	2,33,472.48	11,17,820.37
c) State Bank of India (CEPZ)	24,91,695.50	49,14,050.50
<b>B In Current bank accounts:</b>		
a) State Bank of India, Thrikkakara Civil Station	46,34,325.37	48,89,109.45
b) Union Bank (CA) A/c No. - 36352	12,61,255.80	4,20,895.28
c) Union Bank (CA) A/c No. - 36353	9,74,967.82	3,05,060.00
<b>C In term deposits: (Sub Schedule-6)</b>		
a) Bank of Baroda FD	5,00,00,000.00	-
b) Corporation Bank FD	5,00,00,000.00	-
c) Union Bank of India FD	5,00,00,000.00	20,00,00,000.00
<b>D In Treasury accounts:</b>		
a) Principal Sub-Treasury, Trivandrum	3,10,029.21	1,38,21,810.21
<b>Total:</b>	<b>18,32,53,013.43</b>	<b>25,15,45,325.75</b>

## B. LOANS AND ADVANCES

## SCHEDULE- VIII

LOANS AND ADVANCES	March 31,2019	March 31,2018
	(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)	11,72,750.07	14,65,000.00
Others (Sub Schedule-1)	1,67,828.36	46,113.14
	13,40,578.43	15,11,113.14
b) <u>Other advances</u>		
Postal Department	(33,46,751.00)	(33,46,751.00)
Distribution Advance (Sub Schedule-57)	3,26,195.31	(3,69,075.19)
Prepaid expenses (Sub Schedule-34)	62,87,696.92	63,66,344.00
Creditors for Fixed Assets (Sub Schedule-62)	14,40,96,437.20	2,34,07,769.56
Creditors for Expenses (Sub Schedule-63)	9,16,29,530.94	65,91,683.40
Others (Sub Schedule-2)	86,21,598.60	2,52,584.57
	24,76,14,708.27	3,29,02,555.34
c) <u>Deposits</u>		
Kerala State Electricity Board (Sub Schedule-3)	24,55,207.90	21,98,467.00
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
	26,34,282.50	23,77,542.50
d) Income Tax Deducted at source (Sub Schedule-7)	3,28,47,593.18	2,81,07,651.18
e) KVAT Receivables	1,20,512.00	1,20,512.00
f) Advance Tax Payment	20,50,00,000.00	28,00,00,000.00
g) Deposit for Stay on Demand (Sub Schedule-60)	71,74,489.00	57,08,898.00
<b>Total:</b>	<b>49,67,32,163.38</b>	<b>35,07,28,272.16</b>



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

**CURRENT LIABILITIES AND PROVISIONS**

**SCHEDULE - IX**

**A. CURRENT LIABILITIES**

CURRENT LIABILITIES	March 31,2019		March 31,2018
	(Figures in Rupees)		
<b>1. Sundry creditors (Subject to confirmation)</b>			
a)Government of Kerala	1,61,54,442.77		
Add: Sale of waste paper during the year	22,70,312.00	<b>1,84,24,754.77</b>	<b>1,61,54,442.77</b>
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
		<b>2,87,95,662.21</b>	<b>2,87,95,662.21</b>
c) M/s Vinsak India Pvt. Limited		10,32,456.00	-
Aaditiya Aswin Paper Mills Pvt. Ltd.		25,22,682.00	-
Futura Automation		-	2.00
Others (Sub Schedule-8)		1,05,85,705.40	3,19,88,472.59
		<b>1,41,40,843.40</b>	<b>3,19,88,474.59</b>
<b>2. Other liabilities</b>			
a) Creditors for expenses:			
Rent of premises (Sub Schedule-18)		2,56,18,518.04	2,49,63,393.04
Electricity charges Payable		12,60,474.00	8,91,015.00
Audit fee payable		1,80,000.00	1,80,000.00
Others (Sub Schedule-10)		(25,00,177.15)	1,28,50,586.38
		<b>2,45,58,814.89</b>	<b>3,88,84,994.42</b>
b) Dues to Government/Semi Government agencies:			
CPF contribution (Sub Schedule-11)		17,945.05	17,945.05
ESI contribution (Sub Schedule-12)		6,14,722.51	4,16,931.41
Income tax deducted at source (Sub Schedule-13)		18,67,801.00	23,80,945.00
Value Added Tax, GST and Service Tax (Sub Schedule-14)		5,80,65,967.71	6,43,11,950.63
		<b>6,05,66,436.27</b>	<b>6,71,27,772.09</b>
c) Payable to staff:			
Dearness allowance arrears		-	4,50,939.57
Others (Sub Schedule-15)		7,30,535.00	29,99,554.15
		<b>7,30,535.00</b>	<b>34,50,493.72</b>
d) Others:			
Earnest money and security deposit (Sub Schedule-32)		95,75,010.39	1,28,78,626.39
Director of Public Instruction Gunny Bags		15,20,356.56	15,20,356.56
Advance from Customers (Sub Schedule-16)		1,20,000.00	1,53,71,330.00
Others (Sub Schedule-17)		7,65,686.70	24,90,850.08
		<b>1,19,81,053.65</b>	<b>3,22,61,163.03</b>
<b>Total: 1(a)+1(b)+1(c)+2(a)+2(b)+2(c)+2(d)</b>		<b>15,91,98,100.19</b>	<b>21,86,63,002.83</b>



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

**B. PROVISIONS**

PROVISIONS	March 31,2019	March 31,2018
	(Figures in Rupees)	
1. Performance allowance payable	81,62,532.36	83,31,538.00
2. Ex-gratia payable a/c	1,48,000.00	1,44,800.00
3. Provision for Income tax	32,08,03,878.00	34,70,16,823.00
4. Provision for surrender leave salary	1,03,12,162.00	1,08,59,073.50
5. Pay Revision Arrear Payable	-	63,58,527.29
6. Provision for Old and Doubtful Debts	1,19,82,139.28	1,19,82,139.28
7. Provision for Pension contribution	1,91,82,595.00	3,11,64,181.96
<b>Total:</b>	<b>37,05,91,306.64</b>	<b>41,58,57,083.03</b>

**SCHEDULE - X**

MISCELLANEOUS INCOME		March 31,2019	March 31,2018
		(Figures in Rupees)	
Discount received		309.00	1,24,014.39
Counter Foil Cutting		1,80,08,503.16	1,46,38,824.25
Distribution of Lottery Tickets		92,13,208.47	1,03,08,151.04
Rent on Godown Space - Lottery		3,05,084.73	3,08,400.82
Dividend Received		-	25,000.00
Sale of tender form (Sub Schedule-61)		9,56,517.78	8,49,416.08
Forfeited EMD/SD (Sub Schedule-41)		15,27,000.00	3,310.00
Rent from KBPE Co-operative Society		37,776.00	37,776.00
Agricultural Income		-	77,176.00
<b>Others</b>			
Guest house rent		-	450.00
Miscellaneous Income (Sub Schedule-50)	344.00		1,42,000.44
Penalty (Recovery) (Sub Schedule-51)	58,33,233.00		93,90,011.23
Insurance Claim Received	20,19,034.00		-
Training and visit (Misc. Income)	4,310.34		1,400.00
		78,56,921.34	95,33,861.67
<b>Total:</b>		<b>3,79,05,320.48</b>	<b>3,59,05,930.25</b>



## SCHEDULE -XI

## MATERIALS AND STORES CONSUMED AND VARIATION IN STOCK

MATERIALS AND STORES CONSUMED - XI (1)		March 31,2019	March 31,2018
		(Figures in Rupees)	
<b>A. Raw materials</b>			
Opening stock	19,45,41,488.46		36,20,87,635.06
Add: Purchases	74,69,72,162.50		89,62,25,635.47
Less: Purchases returns	1,41,35,719.02		1,53,16,016.08
<b>Total</b>	<b>92,73,77,931.94</b>		<b>1,24,29,97,254.45</b>
Less: Closing stock	11,44,06,122.46		19,45,41,488.46
<b>Consumption</b>		<b>81,29,71,809.48</b>	<b>1,04,84,55,765.99</b>
<b>B. Miscellaneous stores and spares</b>			
Opening stock	1,96,39,657.32		2,03,90,371.74
Add: Purchases	2,39,22,067.12		1,34,87,001.64
Less: Purchases returns	62,908.60		-
<b>Total</b>	<b>4,34,98,815.84</b>		<b>3,38,77,373.38</b>
Less: Closing stock	2,43,89,998.62		1,96,39,657.32
<b>Consumption</b>		<b>1,91,08,817.22</b>	<b>1,42,37,716.06</b>
<b>C. Tools</b>			
Opening stock	13,96,650.76		14,96,986.07
Add: Purchases	5,00,235.50		86,118.43
<b>Total</b>	<b>18,96,886.26</b>		<b>15,83,104.50</b>
Less: Closing stock	16,37,283.77		13,96,650.76
<b>Consumption</b>		<b>2,59,602.49</b>	<b>1,86,453.74</b>
<b>D. Electrical goods</b>			
Opening stock	7,01,889.71		6,99,629.47
Add: Purchases	2,37,101.13		5,52,040.04
<b>Total</b>	<b>9,38,990.84</b>		<b>12,51,669.51</b>
Less: Closing stock	6,75,326.68		7,01,889.71
<b>Consumption</b>		<b>2,63,664.16</b>	<b>5,49,779.80</b>
<b>E. Uniform cloth</b>			
Opening stock	-		-
Add: Purchases	1,08,397.00		84,100.50
Less: Purchases returns	520.00		-
<b>Total</b>	<b>1,07,877.00</b>		<b>84,100.50</b>
Less: Closing stock	-		-
<b>Consumption</b>		<b>1,07,877.00</b>	<b>84,100.50</b>
<b>COST OF GOODS CONSUMED (I)</b>		<b>83,27,11,770.35</b>	<b>1,06,35,13,816.09</b>

VARIATION IN STOCK - XI (2)		March 31,2019	March 31,2018
		(Figures in Rupees)	
Opening stock of printed materials including printing charges		40,93,863.71	5,86,40,005.86
Opening stock of work-in-progress		92,20,698.30	71,70,138.85
<b>Total Opening Stock</b>		<b>1,33,14,562.01</b>	<b>6,58,10,144.71</b>
Less: Closing stock of printed materials including printing charges		5,93,31,266.55	40,93,863.71
Closing stock of work-in-progress		81,85,948.36	92,20,698.30
<b>Total Closing Stock</b>		<b>6,75,17,214.91</b>	<b>1,33,14,562.01</b>
<b>VARIATION IN STOCK (II)</b>		<b>(5,42,02,652.90)</b>	<b>5,24,95,582.70</b>



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

**SCHEDULE - XII**

<b>MANUFACTURING AND ADMINISTRATIVE EXPENSES</b>	<b>March 31,2019</b>	<b>March 31,2018</b>
	<b>(Figures in Rupees)</b>	
1 Staff cost:		
Salaries	7,68,30,346.07	7,60,63,269.06
Surrender leave salary	28,97,529.50	33,51,887.06
Gratuity	44,35,923.00	72,94,980.00
Performance allowance (Sub Schedule-53)	81,62,532.36	83,31,538.00
Medical reimbursement (Sub Schedule-38)	73,33,724.66	66,12,781.80
KBPS Pension Fund	-	87,32,759.87
Canteen expenditure (Sub Schedule-23)	78,54,872.89	72,28,419.00
Staff welfare expenses (Sub Schedule-24)	17,27,257.00	14,92,400.20
Dearness allowance arrears	98,211.70	5,54,687.63
Pay arrears	-	41,02,137.77
Daily wages	2,67,21,085.73	2,93,16,435.81
Additional Wages	3,20,10,979.11	4,20,07,995.05
Other costs including stipend ex-gratia, bonus etc (Sub Schedule-21)	4,69,786.84	5,48,922.47
	<b>16,85,42,248.86</b>	<b>19,56,38,213.72</b>
2 Job work (Sub Schedule-54)	20,74,99,043.76	23,40,32,572.47
3 Piece work (Sub Schedule-55)	1,02,56,093.22	1,93,05,484.87
4 Carriage inwards/outwards (Sub Schedule-29)	2,48,92,604.13	2,62,28,927.23
5 Power, light and water charges (Sub Schedule-27)	1,17,19,128.25	1,36,77,986.00
6 Security charges	30,03,770.00	16,09,485.00
7 Rent on land and buildings (Sub Schedule-35)	7,02,037.00	7,02,037.00
8 Travelling expenses (Sub Schedule-58)	8,84,286.00	11,89,875.00
9 Postage , telegram and telephone charges (Sub Schedule-30)	1,11,192.94	1,70,184.76
10 Insurance (Sub Schedule-26)	6,60,491.13	6,13,279.53
11 Printing and stationery	79,671.24	95,709.81
12 Vehicle running and maintenance:		
a) Petrol expenses	8,80,696.58	
b) Repairs	4,17,804.63	
c) Vehicle insurance	1,04,557.05	
	<b>14,03,058.26</b>	<b>14,29,219.78</b>
13 Repairs and maintenance:		
a) Plant and machinery (Sub Schedule-36)	11,84,271.64	
b) Building	2,26,743.00	
c) Others (Sub Schedule-37)	18,42,833.91	
	<b>32,53,848.55</b>	<b>35,90,052.76</b>
14 Rates and taxes (Sub Schedule-40)	1,80,723.69	1,99,226.51
15 Office and Miscellaneous expenses (Sub Schedule-22)	5,68,01,285.78	72,60,718.22
16 Distribution Expenses (Sub Schedule-56)	3,77,47,554.35	6,72,88,908.55
17 Computer and Accessories (Consumable)	60,508.26	79,533.75
<b>Total:</b>	<b>52,77,97,545.42</b>	<b>57,31,11,414.96</b>



**KERALA BOOKS AND PUBLICATIONS SOCIETY : 2018-19**

**SCHEDULE - XIII**

PRIOR PERIOD EXPENSE/(INCOME)	March 31,2019	March 31,2018
	(Figures in Rupees)	
Prior period income	-	-
<u>Less</u>		
<u>Prior period expenses:</u>		
Others (Sub Schedule-25)	10,21,858.36	75,000.00
<b>Total:</b>	<b>(10,21,858.36)</b>	<b>(75,000.00)</b>



## KERALA BOOKS AND PUBLICATIONS SOCIETY

### SCHEDULE – XIV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2019

#### ➤ 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 at the year end 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, 2019, 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, Ernakulamas 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 30.09.2018 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. 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 11<sup>th</sup> 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.

As per സ. ഉ. (ബക്ക).നം. 417/2019/ ഉ. വി.വ. Dated 24.12.2019, State Government has ordered the stoppage of the Government approved Contributory pension scheme and re-instating



E.P.F. pension scheme of Central Government. 15<sup>th</sup> meeting of Governing Body and 15<sup>th</sup> meeting of Pension Board held on 29-01-2020 approved to comply the Government Order. Hence, during the Financial Year 2018-19, the Society stopped the 3% and 12% Employer contribution to KBPS Pension scheme.

3. Surrender Leave Salary is accounted on Accrual basis. Accordingly, the society has made provision of ₹. 1,03,12,162/- 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) 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.

(I) Deferred Tax Asset/Liability

The Society has not adopted Accounting Standard – 22, accounting for future liability of taxes on income/losses due to timing difference of taxability in the preparation of financial statements.



➤ **NOTES ON ACCOUNTS**

1. (a) 3% Employer's contribution to KBPS Pension Scheme from the Financial Year 2011-12 to 2017-18 are as follows

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

The Total balance available in Pension Fund as on date is ₹.8.40crores.

- (b) Employees' Provident Fund: -Order No. KR/KCH/ENF-1(6)5148(7A)/2019/4621 Dated 25-07-2019 in Diary No. 49/2018 received from Regional PF Commissioner – II, EPFO, Kochi demanded for non-compliance of provision of the Employees Provident Fund and Miscellaneous Provision Act 1952 for the period from 09/2014 to 01/2018. The Society remitted ₹. 3,80,65,541/- (₹. 95,27,062/- and ₹. 2,85,38,479/-) towards the demanded amount of ₹. 4,76,35,309/-. Balance demand of ₹. 95,69,768/- is outstanding to EPFO.
2. The TDS credit of the year of ₹.7,05,200/- 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 2019-20.
3. During the Financial Year 2018-19, an amount of ₹. 44,35,923/- 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 31.03.2019 is ₹.932.20 Lakhs (Previous year ₹. 889.14 Lakhs) including penal interest of ₹. 311.13 Lakhs (Previous year ₹. 290.23 Lakhs). (Sch. no III: Unsecured Loans)
5. (a) During the Financial Year 2016-17, the Society has availed a Loan of ₹. 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 of ₹. 33.93 Lakhs (₹. 29.98 Lakhs for the Financial Year 2017-18 and ₹. 3.95 Lakhs for the Financial Year 2016-17). (Sch. no III: Unsecured Loans)

(c) During the Financial Year 2017-18, the Loan amount of ₹. 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 (₹. 3,00,00,000/-) & SLTY/1114/2017/PR3 (₹. 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) ₹. 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 2018-19, KBPS claimed ₹. 6,47,94,350/- towards the distribution charges and out of this the Society received ₹. 3,00,00,000/- as advance vide G.O (Rt.) No. 2046/2018/G.Edn Dated 02/06/2018 and G.O (Rt.) No. 3641/2018/G.Edn Dated 22/09/2018 (₹.1,50,00,00/- each).

(b) For the Academic Year 2017-18, KBPS claimed ₹. 6,37,22,293/- towards the distribution charges and out of this the Society received ₹.1,00,00,000/- as advance vide order No.A2/728/2017/TBO Dated 09-06-2017.

(c) For the Academic Year 2016-17, KBPS claimed ₹. 4,82,27,702/- towards distribution charges and out of this the Society received ₹. 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 ₹.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.

(d) For the Academic Year 2015-16, KBPS claimed ₹. 5,77,41,956/- towards distribution charges and out of this the Society received ₹. 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 ₹. 3,86,08,623/-

Academic Year	Distribution Charges Claimed	Amount Sanctioned	Balance Amount Recoverable	Order No. & Date
2018-19	₹. 6,47,94,350/-	₹. 3,00,00,000/-	₹. 3,47,94,350/-	G.O (Rt.) No. 2046/2018/G.Edn Dated 02/06/2018 & G.O (Rt.) No. 3641/2018/G.Edn Dated 22/09/2018



2017-18	₹. 6,37,22,293/-	₹. 1,00,00,000/-	₹. 5,37,22,293/-	A2/728/2017/TBO Dated 09-06-2017
2016-17	₹. 4,82,27,702/-	₹. 1,95,29,135/-	₹. 2,86,98,567/-	A2/786/2016/TBO dated 14-05-2016 &A2/786/2016/TBO dated 25-07-2017
2015-16	₹. 5,77,41,956/-	₹. 1,91,33,333/-	₹. 3,86,08,623/-	G.O (Rt). 3226/15/G.EdnDated 04-08-2015

(e) 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	₹. 5,74,13,759/-	₹.3,84,74,386/-	₹. 1,89,39,373/-	A2/406/14/TBO Dated 25-03-2015
2013-14	₹. 5,87,09,805/-	₹.3,94,04,308/-	₹. 1,93,05,497/-	A2/2312/13/TBO Dated 12-03-2014
2012-13	₹.5,52,34,970/-	₹. 3,42,81,838/-	₹. 2,09,53,132/-	A2/1084/10/TBO Dated 05-10-2013
2011-12	₹. 5,42,06,584/-	₹. 3,17,10,470/-	₹.2,24,96,114/-	A2/1084/10/TBO Dated 24-07-2013
	<b>₹.22,55,65,118/-</b>	<b>₹.14,38,71,002/-</b>	<b>₹.8,16,94,116/-</b>	

(f) 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(e) of ₹. 8,16,94,116/- for the Financial Years 2011-12,2012-13,2013-14 and 2014-15 based on the decision of 145<sup>th</sup> 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 ₹. 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 671/2013/TD Dated 02.09.2013, an amount of ₹. 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 09<sup>th</sup> of every succeeding months. The Society filed contempt case against Hindustan News Print Limited due to non-releasing of the last 3 month installment. In the Judgment of the Cont. Case (C) No. 1528 of 2019-S Dated 02-09-2019, Honorable High Court of Kerala grants one year time to make the payment to the Society.

9. During the Financial Year 2018-19, 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 has requested Directorate of State Lotteries, Thiruvananthapuram for the renewal of agreement with increased percentage of rate to the existing rate.
10. During the Financial Year 2018-19, the Society raised total invoices for ₹. 1,06,90,347.60 towards the sale of counter foil cutting and the said amount reimbursed to Regional Deputy Director of State Lotteries, Ernakulam.
11. The following accounts of text book office are not reconciled with the society's accounts as on 31-03-2019. This is due to the fact that, Technical committee for settlement of accounts has not been constituted in this regard.

<b>SL No</b>	<b>Particulars</b>	<b>Amount</b>
1.	DIRECTOR OF PUBLIC INSTRUCTION	50,92,51,748.39 (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 2018-19.

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. The Society has requested Government to increase the printing charges of Textbook in the Academic Year 2019-20 also (Sch. no VI: Sundry Debtors)



12. 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 ₹. 36.24 Lakhs were replaced in earlier years and payment to TBO towards cost of balance paper of ₹. 129 Lakhs is pending for final approval for settlement by the Government, totaling to a liability of ₹. 165.24 Lakhs.
- c. However, a liability of ₹. 212.05 Lakhs (Previous year ₹. 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 ₹.165.24 Lakhs.
- d. This excess provision of ₹. 46.81 Lakhs(₹. 212.05 Lakhs less ₹. 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 ₹. 90.46 Lakhs from DHSE at the Government appropriate rates for printing text books and ₹. 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 ₹.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 ₹.1,09,02,085 as per the decision taken in the HLCC meeting held on 05-11-2011 and the balance outstanding as on 31-03-2019 from DHSE/SCERT is ₹. 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)*



13. 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)*

14. Refund of Special Allowance:

- (a) During the year 2008-09, the Society has paid special allowance arrears amounting to **₹.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 ₹. 1,65,141.80/- during the current year (Previous Year ₹.1,15,996.88/-) and the balance of ₹. 4.00 Lakhs (Previous Year ₹. 5.65Lakhs) is outstanding.

15. 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 ₹.1, 00, 29,112/-.
- (c) Rent due for the Financial Year 2018-19, ₹.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 ₹.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 and is following up its progress. *(Sch no IX: Current Liabilities and Provisions)*



16. Applicability of Provisions of ESI Act:

The ESI amount collected from the employees of the Society during the Financial Year 2018-19 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. Show cause notices issued from Employees' State Insurance Corporation from 2014-15, since the ESI exemption not received. Presently even though notification for ESI Exemption for the period from 2014-15 to 2016-17 issued by Government, there is an objection filed by Employees' State Insurance Corporation against KBPS at Government, which is under the consideration of Hon. High Court of Kerala.

17. The consumption ratio of paper with that of production during the Financial Year is determined to be 87.61% (Previous year: 70.30%).

18. 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.

19. Dividend has not been declared by KBPS Co-Operative Society in their Audit report for the Financial Year 2018-19. Hence, KBPS not recognized the same on accrual basis during the Financial Year 2018-19.

20. During the Financial Year 2018-19, the society has paid advance Income Tax amounting to ₹. 20.50 Crores (Previous Year ₹. 28 Crores), in addition to Tax Deducted at Source as per 26AS amounting to ₹. 2.84 Crores (Previous Year ₹. 2.36 Crores.) (Sch. no VIII: Loans and Advances)

21. 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.

22. 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.

23. Contingent Liability:

A) KVAT:-As per the demand notice No. A5-2623/11 Dated 14.06.2011 issued from the office of the Inspecting Assistant Commissioner, Commercial Taxes, Ernakulam an amount of ₹. 20,57,897/- along with interest ₹. 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 ₹. 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 (Upto 30-06-2014). Hence the Tax liability reduced to the period 2014-15 (From 01-07-2014 onwards) only for an amount of ₹. 43,85,175/-. The Society remitted ₹. 3,28,888/- ie. 7.5% of the disputed amount of ₹. 43,85,175/- towards the deposit for filing appeal against the demand notice. As per OrderNo. 38/2019/ST dated 08-08-2019 issued from the Office of the Principal Commissioner, Central Tax & Central Excise, Cochin an amount of ₹. 58,48,231/- was demanded on account of Service Tax and Cesses for the period 2015-16. The Society remitted ₹.4,38,618/- ie. 7.5% of the disputed amount of ₹. 58,48,231/- towards the deposit for filing appeal against the demand notice. As per Show Cause Notice No. 97/2019-ST (JC) dated 20-06-2019 issued from the Office of the Principal Commissioner, Central Tax & Central Excise, Cochin an amount of ₹. 1,57,54,218/- was demanded on account of Service Tax and Cesses for the period 2016-17 to 2017-18 (Till June 2017).

- C) Central Excise:- As per Order No. 02/2019-CE-ADC Dated 28-02-2019 issued from the Office of the Principal Commissioner, Central Tax and Central Excise, I.S Press Road, Kochi an amount of ₹. 42,28,585/- was demanded on account of Excise Duty and cesses for the period from December 2012 to June 2017. The Society remitted ₹. 3,17,144/- ie. 7.5% of the disputed amount of ₹. 42,28,585/- towards the deposit for filing appeal against the demand notice.

With reference to (B) and (C), the Society opted to Sabka Vishwas-(Legacy Dispute Resolution) Scheme, 2019(SVLDRS) for getting the tax benefits to the Society and paid the amount determined as per SVLDRS and obtained final discharge certificate.

D) 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 ₹. 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 ₹. 51,32,330/- ie. 15% of the disputed demand of ₹. 3,42,15,530/-. Hence we remitted ₹. 51,32,330/- vide chequeNo. 02065525 dated on 13-07-2016. In addition to the above amount, we remitted ₹. 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 ₹. 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 ₹. 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 ₹. 11,36,703/- vide cheque No. 02129046 Dated 27-02-2019 for granting stay of demand. Further as per Order Dated 07-05-2019 under



section 154 of the Income Tax Act 1961, the demanded amount reduced to ₹. 1,62,96,290/- from ₹. 1,75,59,370/- after considering the TDS credit. (Sch No. VIII: Loans and Advance)

- (iii) As per Order Dated 22-02-2018 under section 154 of the Income Tax Act 1961, an amount of ₹. 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 ₹. 76,568/- ie. 20% of the disputed demand of ₹. 3,82,840/-. Hence we remitted ₹. 76,568/- vide cheque No. 02125933 on 27-03-2018. (Sch No. VIII: Loans and Advance)
- (iv) As per Assessment Order Dated 28-10-2019 under section 143(3) of the Income Tax Act 1961, an amount of ₹. 8,41,057/- was demanded by Assistant Commissioner of Income Tax, Exemption Circle, Kochi for the Assessment Year 2017-18. The Society has requested the department to reconsider the demanded amount happened due to the interest calculation under section 234B and 234C of the Income Tax Act 1961.
- (v) As per Intimation Dated 22-08-2019 under section 143(1) of the Income Tax Act 1961, an amount of ₹. 2,85,600/- was demanded by Deputy Commissioner of Income Tax, CPC for the Assessment Year 2018-19. The Society has requested to reconsider the demanded amount happened due to the addition of Sale of Coconut and interest calculation under section 234A, 234B and 234C of the Income Tax Act 1961.

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	1,62,96,290/-	11,36,703/-	1,51,59,587/-
2015-16	3,82,840/-	76,568/-	3,06,272/-
2017-18	8,41,057/-	-	8,41,057/-
2018-19	2,85,600/-	-	2,85,600/-

E) Employees' State Insurance:- Since the ESI exemption not received to the Society from the period 2014-15, show cause notices for ₹. 1,48,96,791/- issued from Employees' State Insurance Corporation for the period from 2014-15. Presently, even though notification for ESI Exemption for the period from 2014-15 to 2016-17 issued by Government, there is an objection filed by Employees' State Insurance Corporation against KBPS at Government.

24. 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 31.03.2019.



25. 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 ₹. 77,79,307/- (Previous Year ₹. 72,28,419/-). Excluding the Canteen Utensils amounting of Rs. 75,565.89
26. TDS Receivable under the head Current Assets includes TDS receivable of ₹. 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. Since 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. Hence Society placed this issue before 156<sup>th</sup> meeting of Governing Body held on 29-01-2020, and Governing Body approved to write off the same. The Society written off the same in the Financial Year 2019-20.
27. The retention amount of, some of the contract workers are still outstanding in the books of accounts during the Financial Year 2018-19.
28. 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 ₹. 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 ₹. 20,19,034/-. The value of damaged stock is determined on reused basis.
29. From the Academic Year 2016-17 onwards Government entrusted KBPS to purchase papers and collateral materials for printing of Textbooks vide the following Government Orders.
- G.O (MS) No. 281/2015/G.Edn. Dated 05-11-2015 (Academic Year 2016-17 and 2017-18)
  - G.O (Rt) No. 2577/2017/G.Edn Dated 03-08-2017 (Academic Year 2018-19)
  - G.O (Rt) No. 3283/2018/G.Edn Dated 31-08-2018 (Academic Year 2019-20)
- During the Financial Year 2018-19, Society purchased paper for Textbooks of ₹. 48,53,62,917.96 and the consumption of ₹. 55,76,47,466.45 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 ₹. 7,16,70,029.83 during the Financial Year 2018-19.
30. From the Academic Year 2015-16 (Volume II) onwards, 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 150<sup>th</sup> 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.
31. 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.



32. As per Work Order No. P1-3488/2019/988 dated 05.03.2019 issued to M/s. Vinsak India Pvt. Limited for Annual operating charge (Click Charges) for online barcoding and QR coding on lottery tickets at the Rate Rs. 0.039 per click + taxes (without QR code) and Rs. 0.042 per click + taxes (with QR code ) per ticket. But the lottery tickets printing is frequently interrupted due to the barcode related complaints happening from M/s. Vinsak India Pvt. Limited. The complaints in the barcode printing are adversely affecting the timely delivery of the lottery tickets as demanded by the lottery department. Hence the penalty of Rs. 2,99,160/- recovered from the party for the delay of lottery tickets by means of barcode related complaints made by M/s. Vinsak India Pvt. Limited.
33. Previous Year's figures have been regrouped/recast wherever necessary, to confirm 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**

For P. PARIKH & ASSOCIATES  
CHARTERED ACCOUNTANTS

C.A. ASADATHY M.S. ACA  
M. NO: 238799, FRN: 107564 W

**P. Parikh & Associates**  
Chartered Accountants

**Dr. Soorya Thankappan IPS**  
Chairman & Managing Director

**Rajesh Prakash**  
GB Member, Finance

**S. Jayalakshmi**  
GB Member, Station