

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

**LIST OF GOVERNING BODY MEMBERS
(During the Financial Year 2016-2017)**

-
- | | | |
|---|---|-----------------|
| 1 | Sri. Tomin J Thachankary IPS (ADGP)
Chairman & Managing Director
KBPS, Kakkanad – 682030. | Chairman |
| 2 | a) Sri. V.S Senthil IAS
Additional Chief Secretary to Government,
General Education Department,
Secretariat Annexe,
Thiruvananthapuram – 695 001 | Member |
| | b) Sri. A.P.M Mohammed Hanish IAS
Secretary to Government,
General Education Department,
Secretariat Annexe,
Thiruvananthapuram – 695 001 | Member |
| | c) Sri. B Srinivas IAS
Principal Secretary to Government i/c,
General Education Department,
Secretariat Annexe,
Thiruvananthapuram – 695 001 | Member |
| 3 | a) Smt. M.S Jaya IAS
Director of Public Instruction
Jagathy, Thiruvananthapuram. | Member |
| | b) Sri. K.V Mohankumar IAS
Director of Public Instruction
Jagathy, Thiruvananthapuram. | Member |
| 4 | a) Sri. M. Nandakumar IAS
Director of Collegiate Education,
VikasBhavan, Thiruvananthapuram | Member |
| | b) Sri. P.I. Sheik Pareeth IAS
Director of Collegiate Education,
VikasBhavan, Thiruvananthapuram | Member |
| 5 | Dr. J. Latha
Vice Chancellor,
Cochin University of Science & Technology,
Thrikkakara, Kochi. | Member |

6	Dr. K. Vijaya Kumar Director of Technical Education, Fort, Thiruvananthapuram	Member
7	a) Sri. A.R Suresan Director of Printing, Government Central Press, Thiruvananthapuram	Member
	b) Sri. Vijayakumar T.V Director of Printing, Government Central Press, Thiruvananthapuram	Member
8	a) Sri. S.S. Kumar Controller of Stationery, PMG Junction, Thiruvananthapuram – 695 033	Member
	b) Smt. K.G.Lalithambika Controller of Stationery i/c, PMG Junction, Thiruvananthapuram – 695 033	Member
	c) Smt. R. Sasikala Controller of Stationery, PMG Junction, Thiruvananthapuram – 695 033	Member
9	Sri. M.P. Salim Joint Secretary to Government, Finance Department, Government Secretariat, Thiruvananthapuram.	Member
10	Sri. K.S Naushad Production Manager i/c, KBPS, Kakkanad – 682 030	Member

Auditors: M/s Paulson and Co.,Chartered Accountants,
37/2830, Main Road,Deshabhimani Junction,
Kaloor,Kochi - 682017
Ph: 0484-4000869/879/889/899
Mob: - 9447614100
E-mail: Paulsonandcompany@gmail.com

Bankers:

1. Union Bank of India, Thrikkakara.
2. Principal Sub-Treasury, Thiruvananthapuram
3. State Bank of India, CEPZ.
4. State Bank of Travancore, Civil Station, Kakkanad.
5. State Bank of Travancore, Vazhakkala
6. Ernakulam District Co-operative Bank, Thrikkakara.
7. State Bank of India, M.G Road, Ernakulam

Directors Report

Dear Governing Body Members,

We are delighted to present our 42nd 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 2017, duly certified by the Auditors M/s. Paulson and Company 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 year, KBPS Distribution teams have successfully completed the distribution of Volume I and Volume II school text books. During the year 2015, Government has entrusted KBPS with the task for the purchase of papers and collateral materials for printing of Textbooks for two years vide G.O (Ms) No. 281/2015/G.Edn dated 05-11-2015. During the year the Society executed an agreement with Director of State Lotteries for the Cutting of Counterfoil, Storing of Counterfoil and Distribution of Lottery tickets to various district collection centers.

FINANCIAL HIGHLIGHTS

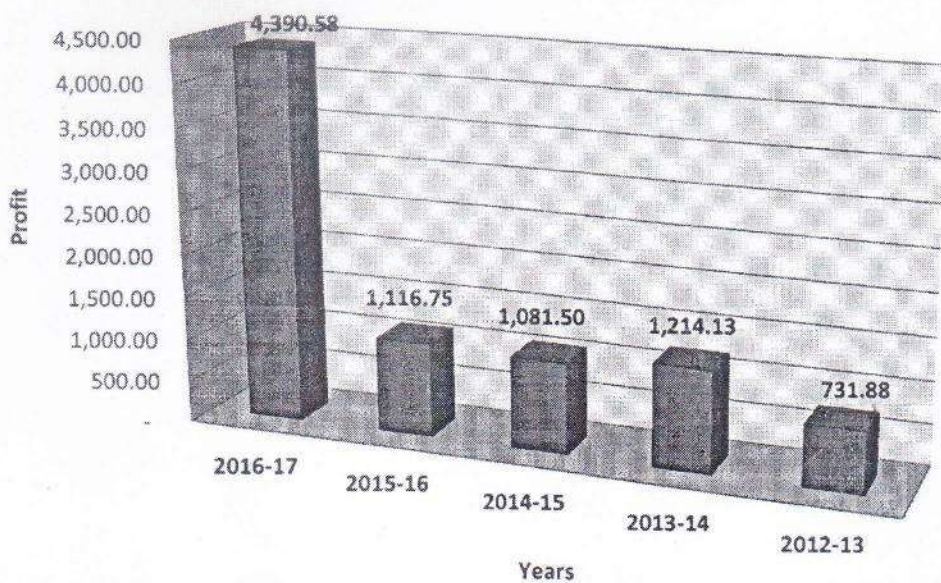
During the year, the society witnessed a growth of 68.21% in Turnover under review over the previous year. The Society earned revenue of Rs. 19,678.59 lakhs and expenditure incurred was Rs. 13,111.25 lakhs and arriving at a surplus (After Tax) of Rs. 4,390.58 lakhs. The Depreciation claimed was Rs. 249.78 lakhs. The land and building in which the society is functioning are owned by Government of Kerala.

Financial Results during last five years:

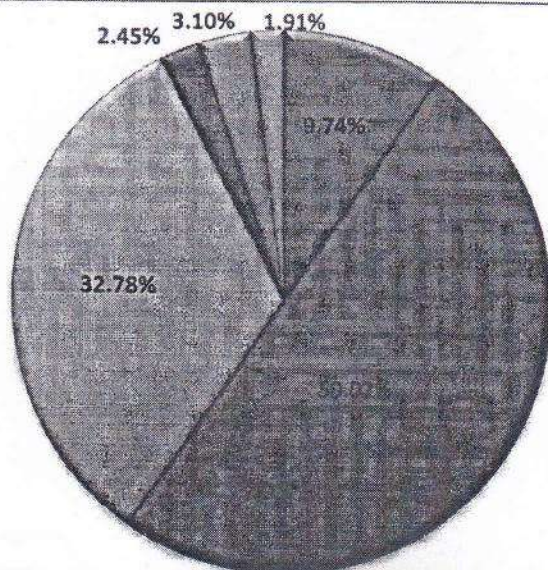
Rupees in Lakhs

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Sales & Operating Income	19,678.59	9,574.27	6,709.63	6,346.27	5,391.48
PBDIT	6,862.94	3,360.68	1,817.35	1,966.12	1,202.08
Depreciation	249.78	105.42	70.91	82.34	81.40
Interest on Government Loan and DSL	45.82	41.27	40.68	40.08	39.48
Profit before prior period items & tax	6,567.34	3,213.99	1,705.76	1,843.70	1,081.20
Less: Prior period items & others	24.14	17.46	36.47	(.76)	12.21
Less: Provision for Bad and Doubtful debts	-	936.76	-	-	-
Tax expenses	2,016.84	1,143.02	587.79	628.81	337.12
3% Employer Contribution to Pension Fund	135.79	-	-	-	-
Net Profit for the year	4,390.58	1,116.75	1,081.50	1,214.13	731.88
Profit brought forward from previous year	6,332.39	5,215.64	4,134.14	2,920.01	2,188.14
Excess carried forward to Balance Sheet	10,722.96	6,332.39	5,215.64	4,134.14	2,920.01

Net Profit/Surplus during last five years



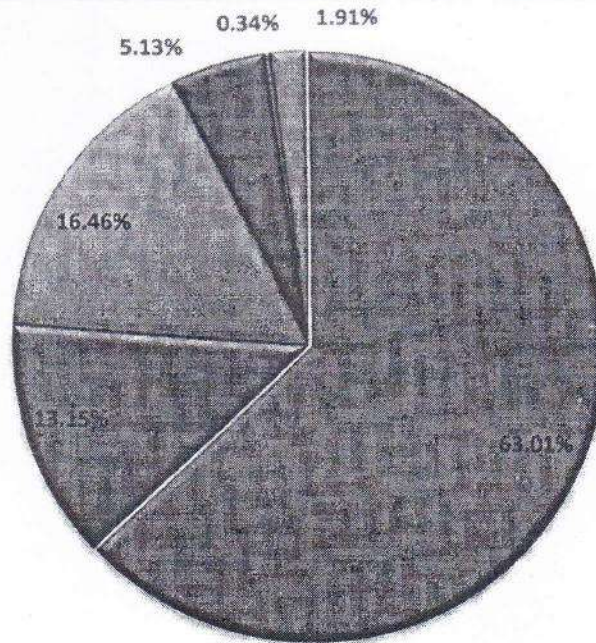
COMPONENTS OF INCOME: 2016-17	Amount (In Lakhs)
Text Book Printing	1,917.30
Commercial Works	9,843.03
Paper Purchase Charges (Text Books)	6,449.92
Distribution Charges (Text Books)	482.28
Sales of Waste Paper	610.10
Other Income	375.96
Total	19,678.59



INCOME

- Text Book Printing
- Commercial Work
- Paper Purchase Charges (Text Book)
- Distribution Charges (Text Book)
- Sale of Waste Paper
- Other Income

COMPONENTS OF EXPENDITURE: 2016-17	Amount (In Lakhs)
Materials Consumed and Variation in Stock	8,261.43
Staff Cost	1,723.78
Manufacturing Expenses	2,158.16
Administrative Expenses	672.28
Interest on Loan	45.82
Depreciation	249.78
Total	13,111.25



EXPENDITURE

- Materials Consumed and Variation in Stock
- Staff Cost
- Manufacturing Expenses
- Administrative Expenses
- Interest on Loan
- Depreciation

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 outdated and due to unskilled man powers. 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

During the year KBPS procured an Online Bar-coding & QR Code Punching System, Muller Martini Presto -II Flowline Machine, ITOTEC Single Knife Paper Cutting Machine, 3.0 Ton Diesel Forklift Truck with PRC, Road Weigh Bridge, Single Box Hydraulic Bailing Press, Ten Clamp Perfect Binding Machine and Diesel Generator/DG Set. The Society constructed the Paper Stock Godown, Storage Shed, and Car Shed during the current year.

New Assignment

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

Production attained during 2016-17

During the year 2016-17, the society has printed 502.15 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	16570.75	6,679.670
2	C-APT	5.70	428.652
3	Farm Information Bureau	18.34	250.714
4	APJ Abdul Kalaam Technological University	28.04	170.546
5	Mahatma Gandhi University	24.67	131.979
6	Directorate of Social Welfare	0.72	104.977
7	SCERT	1.85	97.851
8	Sarva Shiksha Abhiyan	2.84	77.151
9	Coconut Development Board	3.32	66.406
10	Others	190.37	565.335
Total		16846.60	8,573.281

Looking Forward

Projects for 2017-18

➤ 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

Two Manugraph Cityline Express Web Offset Machines, a Muller Martini Presto -II Flow line Machine, a Baldwin Dampening System for Harris, a Single Box Hydraulic Bailing Press, a Web Stacker for Manugraph Cityline, 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 2017-18. 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

143rd Governing Body Meeting held on 28-04-2016, 144th Governing Body Meeting held on 11-08-2016, and 145th Governing Body Meeting held on 21-11-2016.

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 :	2
No. of employees who were recruited during the year :	4
Permanent staff :	181
Others (contract) :	1
Apprentices/ Trainees :	4
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 2016-17 also. 184 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 under M/s Sunrise Hospital, Kakkanad was conducted during January 2017 for all permanent employees of KBPS and a health profile of each employee was given to them. Medical reimbursement of all permanent employees was also provided for the period 2016-17.

Auditors

M/s. Paulson & Company, 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, Directorate of Social welfare, SCERT, Sarva Shiksha Abhiyan, Farm Information Bureau, Public Relation Department, Police Department, C-APT, Election Department, Coconut Development Board, KILA, 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.



INDEPENDENT AUDITOR'S REPORT

To the General Body of Kerala Books and Publications Society

Report on the Financial Statements

We have audited the accompanying financial statements of **KERALA BOOKS AND PUBLICATIONS SOCIETY** ("the Society"), which comprise the Balance Sheet as at March 31st, 2017, and the Income and Expenditure Statement for the year then ended, and a summary of 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 Standards 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 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 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Society has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion:

Attention is invited to the following Points:

- 1. Balances of Debtors, Creditors and Advances (debit/credit) are subject to confirmation. We have been informed that the Society has sent memos requesting balance confirmations to all Sundry Debtors, Creditors and advance holders, but much of the same have not been returned back to the Society. Accordingly, the consequential effect of the above, on the financial statements, on account of non-confirmation from debtors, creditors and advance holders is not ascertainable.*
- 2. In the current year, physical verification of closing stock as on 31.03.2017 was not conducted by the Society, in the matter of paper stock, including paper purchased on behalf of Government of Kerala. Closing stock of Raw Materials, Consumables, Work In Progress and Finished Goods etc, as at 31st March, 2017 is valued and certified by the Management, on which reliance has been placed by us.*
- 3. Note No. 6(a), with regard to non provision for bad debts to the extent of Rs. 286.98 Lakhs during the year, on account of distribution charges of text books incurred by the Society for the academic year 2016-17. Accordingly, the profits of the Society for the current Year are overstated to the tune of Rs. 286.98 Lakhs. Further, the Balance of Sundry Debtors in balance Sheet is over stated to the tune of Rs. 286.98 Lakhs.*
- 4. Note No. 8, 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.*
- 5. Note No. 9 clause (d), with regard to non reversal of excess liability provision to the tune of Rs. 46.81 lakhs on account of utilization of printing paper supplied by Government of Kerala, in prior years and consequent overstatement of current liabilities and provisions in Balance Sheet to the tune of Rs. 46.81 Lakhs*





6. Note No. 24, 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.
7. Note no. 25, regarding the TDS credit accounted Rs. 36,407/-. With regard to TDS deducted and paid to Income Tax on behalf of various Government Departments. As the Government Departments has not filed their TDS returns, the chances of getting credit for the said amount are doubtful.
8. With reference (E)(2)(c) of significant accounting policies, regarding non recognition in the books of the society, the deposits of KBPS Pension Fund amounting to Rs. 5,39,84,980/-, and interest thereon of Rs. 46,66,215/-, in the context of non-constitution of the said funds, as separate entities.
9. 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.

Qualified Opinion:

In our opinion and to the best of our knowledge and according to the information and explanations given to us, except for the effects of the matters described in paragraphs 1 to 9 of the Basis for Qualified Opinion paragraph, the said financial statements give the information required, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2017;
- (b) In the case of the Income and Expenditure Statement, of the Excess of Income over Expenditure for the year ended 31st March, 2017.





Emphasis of Matter

We draw attention to following matters:

1. Note No.23. regarding maintenance of Fixed Asset register, the Fixed asset register maintained by the Society in Soft Copy mode should be further strengthened and streamlined by including sufficient details, so as to track the asset by its name, location and the reference number.
2. Note No. 28, regarding advances to staff for meeting distribution expenses of text books. These advances are made to the banks accounts of the employees, from which expenses are met by the employees. The Society may take necessary action to open Separate Bank accounts and delegate the authority to concerned staff.
3. Note No. 35, regarding the invoicing of excess quantity of text books printed to The Director of Public Instruction, the recoverability of the amount is doubtful, as the titles of text books are printed in excess of the quantities ordered.
4. Note No.37 ,the matter regarding Paper Purchase, Society is purchasing paper for printing Text Book on the behalf of the Government of Kerala, following the Stores Purchase manual and the amount is reimbursed by the Government. Hence no Value Added Tax collected on the invoices raised by the Society for paper purchase reimbursement bills, since the paper is transferred to as printed Text Books, which is exempt from VAT.
5. On evaluation of the system in place in KBPS, it is observed that KBPS has no established disaster management/ recovery and business continuity plan.

For PAULSON & COMPANY
Chartered Accountants

CA. PAULSON K. P.
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 0026205
PARTNER



Place: Kochi-682 017,

Date: 19/03/2018

KERALA BOOKS AND PUBLICATIONS SOCIETY, KAKKANAD, KOCHI - 682 030


BALANCE SHEET AS AT MARCH 31, 2017

DESCRIPTION	SCH No		March 31,2017	March 31,2016
			(Figures in Rupees)	
I SOURCES OF FUNDS:				
PERMANENT CAPITAL LOAN	I		50,00,000.00	50,00,000.00
RESERVES AND SURPLUS	II		1,08,30,54,447.08	64,39,96,577.93
LOAN FUNDS	III		16,05,15,451.53	9,59,33,784.02
Total :			1,24,85,69,898.61	74,49,30,361.95
II APPLICATIONS OF FUNDS:				
FIXED ASSETS	IV			
a) Gross block		38,68,17,155.66		
b) Less: Depreciation fund		17,44,94,999.30		
c) Net block			21,23,22,156.36	7,76,02,241.79
INVESTMENTS: (At cost,trade,unquoted)				
Shares in KBP Employees Cooperative Society			1,00,000.00	1,00,000.00
CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	V		45,04,84,767.05	16,27,72,135.80
b) Sundry debtors	VI		51,46,97,117.41	43,37,36,935.11
c) Cash and bank balances	VII		25,28,39,537.06	35,54,94,412.50
d) Interest accrued but not due on fixed deposit			73,04,500.00	1,13,97,765.56
e) Loans and advances	VIII		17,56,03,641.53	7,66,53,583.62
(A)			1,40,09,29,563.05	1,04,00,54,832.59
Less: CURRENT LIABILITIES AND PROVISIONS	IX			
a) Current liabilities			9,86,99,984.88	14,79,23,249.01
b) Provisions			26,60,81,835.92	22,49,03,463.42
(B)			36,47,81,820.80	37,28,26,712.43
NET CURRENT ASSETS	(A-B)		1,03,61,47,742.25	66,72,28,120.16
Total :			1,24,85,69,898.61	74,49,30,361.95
Significant Accounting Policies and Notes on Accounts	XIV			

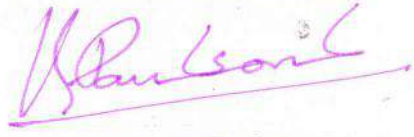
For and on behalf of the Governing Body

As per our report attached.
for Paulson and Co.
Chartered Accountants
Firm registration number :002620S


Karthick.K. IPS
Chairman & Managing Director


M.P.Salim
GB Member Finance

Shyamalavalli . C
GB Member Stationery


CA. K P Paulson
Partner, Membership No. 021855

Date: 19/03/2018
Kochi : 682030




KERALA BOOKS AND PUBLICATIONS SOCIETY, KAKKANAD, KOCHI - 682 030.			
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31,2017			
DESCRIPTION	SCH No	March 31,2017	March 31,2016
		(Figures in Rupees)	
INCOME:			
Printing charges		19,17,30,395.65	9,97,81,951.00
Printed material charges (Sub Schedule-45)		98,43,03,328.90	58,15,42,091.61
Sale of waste paper		6,10,09,742.42	5,40,99,966.35
Distribution Charge (Text Books)		4,82,27,702.00	5,77,41,955.82
Paper Purchase (Text Book)		64,49,92,106.87	13,37,28,305.90
Miscellaneous income	X	3,75,96,293.43	3,05,32,486.89
Total:		1,96,78,59,569.27	95,74,26,757.57
EXPENDITURE:			
Materials and stores consumed	XI (1)	84,32,22,699.77	28,21,19,408.66
Variation in stock	XI (2)	(1,70,79,450.23)	(2,89,03,192.73)
Manufacturing and administrative expenses	XII	45,54,22,449.29	36,81,41,923.91
Interest on Government of Kerala loans		22,16,652.00	22,16,652.00
Penal interest on Government of Kerala loans		19,70,494.51	19,10,786.59
Interest on DSL Loan (6 Crores)		3,94,521.00	-
Depreciation	IV	2,49,77,748.78	1,05,41,908.41
Total:		1,31,11,25,115.12	63,60,27,486.84
Net surplus		65,67,34,454.15	32,13,99,270.73
Less : Prior period income/ expenses	XIII	1,01,388.00	29,000.00
Less: Income Tax paid for previous year (Sub Schedule-9)		23,12,566.00	17,17,321.00
		65,43,20,500.15	31,96,52,949.73
Less : Provisions:			
(a) For Income Tax - Current Year		20,16,83,522.00	11,43,02,271.00
(b) For Bad and Doubtful debts		-	9,36,76,255.28
		45,26,36,978.15	11,16,74,423.45
Less: 3% Employer Contribution to KBPS Pension Fund		1,35,79,109.00	-
Excess of income over expenditure, for the year		43,90,57,869.15	11,16,74,423.45
Add: Excess of income over expenditure brought forward from previous year		63,32,38,172.93	52,15,63,749.48
Excess of income over expenditure transferred to Balance Sheet		1,07,22,96,042.08	63,32,38,172.93
Significant Accounting Policies and Notes on Accounts	XIV		

For and on behalf of the Governing Body

As per our report attached.
for Paulson and Co.
Chartered Accountants
Firm registration number : 002620S


Karthick K. IPS
Chairman & Managing Director


M.P. Salim
GB Member Finance


Shyamalavalli . C
GB Member Stationery

CA. K P Paulson
Partner, Membership No. 021855

Date: 19/03/2018
Kochi : 682030



KERALA BOOKS AND PUBLICATIONS SOCIETY:2016-17

SCHEDULE - I

PERMANENT CAPITAL LOAN	March 31,2017	March 31,2016
	(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 01.04.2016 to 31.03.2017 amounting to Rs. 4.05 lacs (Previous year: Rs. 3.93 lacs). The Society is yet to pay Rs. 229.85 lacs (Previous year Rs. 220.80 lacs) being interest (including penal interest) accrued on the above loan from 29.10.1984 to 31.03.2017.

SCHEDULE - II

RESERVES AND SURPLUS	March 31,2017	March 31,2016
	(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	1,07,22,96,042.08	63,32,38,172.93
Total:(B)	1,07,22,96,042.08	63,32,38,172.93
Grand Total (A)+(B)	1,08,30,54,447.08	64,39,96,577.93

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 2016-17 is Rs. 10,722.96 lacs. Out of this Rs.4,390.58 lacs belongs to the excess of Income over Expenditure for the year and Rs.6,332.38 lacs belongs to the previous year.



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

SCHEDULE - III

UNSECURED LOAN		March 31,2017	March 31,2016
		(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	51,48,909.42		49,46,609.42
	65,93,909.42		63,91,609.42
Penal interest	24,86,097.90		23,04,765.39
		90,80,007.32	86,96,374.81
b) Central Government Portion :			
Principal	94,09,008.00		94,09,008.00
Interest	2,04,51,544.18		1,95,81,211.18
	2,98,60,552.18		2,89,90,219.18
Penal interest	1,04,46,653.34		96,25,488.16
		4,03,07,205.52	3,86,15,707.34
2. For purchase of HMT machine :			
Principal	2,00,135.00		2,00,135.00
Interest	7,03,007.60		6,74,988.60
	9,03,142.60		8,75,123.60
Penal interest	3,18,497.69		2,93,661.27
		12,21,640.29	11,68,784.87
3. For purchase of Muller Martini Saddle Switcher machine:			
Principal	19,00,000.00		19,00,000.00
Interest	67,54,213.30		64,88,213.30
	86,54,213.30		83,88,213.30
Penal interest	31,13,233.96		28,75,243.09
		1,17,67,447.26	1,12,63,456.39
4. For purchase of spare parts and machinery:			
Principal	25,00,000.00		25,00,000.00
Interest	84,05,293.00		80,55,293.00
	1,09,05,293.00		1,05,55,293.00
Penal interest	38,54,336.48		35,54,440.92
		1,47,59,629.48	1,41,09,733.92
5. Interest accrued and due on Permanent capital loan:			
Interest	1,62,10,958.90		1,57,10,958.90
Penal interest	67,74,041.76		63,68,767.79
		2,29,85,000.66	2,20,79,726.69
6 From Director of State Lotteries for the purchase of Machine			
Principal	6,00,00,000.00		-
Interest	3,94,521.00		-
		6,03,94,521.00	-
Total:		16,05,15,451.53	9,59,33,784.02

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. 1.81 lacs (Previous year: Rs. 1.76 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2016 to 31.03.2017. 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. 8.21 lacs (Previous year Rs. 7.97 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2016 to 31.03.2017. 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. 5.63 lacs (Previous year Rs. 5.45 lacs) @ 2.75% for the belated remittance of principal and interest pertaining to the period from 01.04.2016 to 31.03.2017.

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 . Θ . ($\mu\omega\omega$) $\mu\theta$. 49/2017/ μ Ω 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 A/C No, 385402010001275 on 20-02-2017 . Hence the Society have provided Rs . 3.95 lacs (Previous Year Nil) as interest for the period from 20-02-2017 to 31-03-2017



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

SCHEDULE - IV: FIXED ASSETS

(Figures in Rs.)

Description	Gross block						Depreciation			Net block	
	As on 01.04.16	Addition and Deletions during the year			Rate	Up to 31.03.16	For the year	On deletions during the year	Up to 31.03.17	As on 31.03.17	As on 31.03.16
		Before 30.09.16	After	30.09.16							
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%	1,96,886.56	989.91	1,97,876.47	9,899.14
Building	1,28,07,382.63	38,37,827.59	82,07,754.22	1,20,45,581.81	-	2,48,52,964.44	10%	47,76,789.36	15,97,229.80	63,74,019.16	80,30,593.27
Plant and machinery:											
Fire fighting equipments	2,89,725.03	-	-	-	-	2,89,725.03	15%	1,69,319.68	18,060.80	1,87,380.48	1,20,405.35
Process room equipments *	2,24,305.71	-	-	-	-	2,24,305.71	15%	2,23,633.06	100.90	2,23,733.96	672.65
Composing room equipments	47,254.76	-	-	-	-	47,254.76	15%	47,037.38	32.61	47,069.99	217.38
Plant and machinery	19,29,00,629.55	1,69,56,702.00	12,09,01,881.05	13,78,58,583.05	-	33,07,59,212.60	15%	12,85,03,910.32	2,12,70,654.26	14,97,74,564.58	6,43,96,719.23
Factory equipments	14,09,794.45	-	-	-	-	14,09,794.45	15%	13,56,968.84	7,923.84	13,64,892.68	52,825.61
Gardening equipment	19,715.58	-	-	-	-	19,715.58	15%	14,343.28	803.85	15,149.13	5,372.30
Electrical installation	19,58,350.46	50,47,290.00	3,12,812.50	53,60,102.50	-	73,18,452.96	15%	17,57,263.27	8,10,717.52	25,67,980.79	2,01,087.19
Weight bridge	2,61,424.80	-	-	-	-	2,61,424.80	15%	2,59,429.94	299.23	2,59,729.17	1,994.86
Plant and machinery installed but not in use	9,02,173.74	-	-	-	-	9,02,173.74	15%	8,99,634.19	380.93	9,00,015.12	2,539.55
Air conditioner	5,05,514.92	-	1,64,942.99	1,64,942.99	-	6,70,457.91	15%	2,48,535.88	50,917.58	3,71,004.45	2,56,979.04
Telephone installation	3,56,258.50	1,700.00	-	1,700.00	-	3,57,958.50	15%	2,74,779.62	12,476.83	2,87,256.45	70,702.05
Telephone	26,900.00	11,750.00	-	11,750.00	-	38,650.00	15%	15,859.51	3,418.57	19,278.08	11,040.49
Water cooler	53,360.00	-	-	-	-	53,360.00	15%	39,841.74	2,027.74	41,869.48	11,490.52
Office and other equipments	6,46,927.71	-	-	-	-	6,46,927.71	15%	6,12,253.23	5,201.17	6,17,454.40	13,518.26
Computer and accessories	60,33,413.07	94,479.00	3,76,588.67	4,71,067.67	-	65,04,480.74	60%	55,46,099.61	4,62,052.08	60,08,151.69	34,674.48
Furniture and fixtures:											
Electrical fittings	7,75,896.80	-	-	-	-	7,75,896.80	10%	91,638.38	68,425.84	1,60,064.22	6,84,258.42
Furniture and fittings	38,82,948.21	33,036.00	3,32,325.00	3,65,361.00	-	42,48,309.21	10%	24,11,843.05	1,67,030.37	25,78,873.42	14,71,105.16
Canteen furniture	2,25,092.80	-	-	-	-	2,25,092.80	10%	1,91,830.76	3,326.20	1,95,156.96	29,935.84
Other assets :											
Library	13,147.04	1,100.00	670.00	1,770.00	-	14,917.04	10%	7,660.03	692.20	8,352.23	5,487.01
Vehicles :											
Motor vehicle	34,62,043.01	-	34,16,804.33	34,16,804.33	-	68,78,847.34	15%	18,70,554.16	4,94,983.65	23,65,537.81	15,91,488.85
Cycle	1,144.65	-	-	-	-	1,144.65	15%	1,138.67	0.90	1,139.57	5.98
Total:	22,71,19,492.31	2,59,83,884.59	13,37,13,778.76	15,96,97,663.35	-	38,68,17,155.66		14,95,17,250.52	2,49,77,748.78	17,44,94,999.30	7,76,02,241.79
Previous Year	17,97,48,147.22	1,08,22,036.69	3,65,49,308.40	4,73,71,345.09	-	22,71,19,492.31		13,89,75,342.11	1,05,41,908.41	14,95,17,250.52	4,07,72,805.11



KERALA BOOKS AND PUBLICATIONS SOCIETY:2016-17

CURRENT ASSETS, LOANS AND ADVANCES

A. CURRENT ASSETS

SCHEDULE- V

INVENTORIES	March 31,2017	March 31,2016
	(Figures in Rupees)	
(As valued, verified and certified by the Managing Director):		
a) Raw materials (Sub Schedule-43)	36,20,87,635.06	9,36,12,028.41
b) Printing materials including printing charges	5,86,40,005.86	3,72,78,051.81
c) Miscellaneous stores, spares, electrical goods and uniform cloth (Sub Schedule-42)	2,10,90,001.21	1,87,53,026.37
d) Loose tools on revaluation	14,96,986.07	16,76,386.54
e) Work-in-progress: Text books, lottery tickets etc. under printing	71,70,138.85	1,14,52,642.67
Total:	45,04,84,767.05	16,27,72,135.80

SCHEDULE - VI

SUNDRY DEBTORS	March 31,2017	March 31,2016
	(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		
Less : Provision for doubtful debts	24,88,092.92	
	3,59,081.50	
3 DPI for Text book distribution (Sub Schedule-46) (16-17,15-16,14-15,13-14,12-13 & 11-12)	21,29,011.42	62,12,468.42
4 DPI for Text book Printing	7,68,36,325.00	12,03,02,739.00
5 Animal Disease Control Project	19,21,74,302.39	5,35,41,632.39
6 Animal Husbandary Department	3,55,030.00	4,43,650.00
7 Cochin University of Science and Technology	9,916.00	-
8 Commissioner of Government Examinations	47,364.20	17,47,541.20
9 Director of Health Services	32,791.00	32,791.00
10 Director of Higher Secondary Education/ SCERT	13,83,858.90	13,83,858.90
11 Director of State Lotteries (Sub Schedule-47)	1,27,07,746.67	1,27,07,746.67
12 Transport Commissionerate	13,15,40,417.06	16,17,03,375.06
13 District Rural Development Agency	32,68,017.00	4,22,250.00
14 Farm Information Bureau (Sub Schedule-19)	5,58,274.60	7,45,097.60
15 Forestry Information Bureau	1,06,50,725.37	1,43,63,913.37
16 Hindustan Newsprint Limited	1,05,168.00	2,05,086.00
17 Institute of Land and Disaster Management	3,04,20,459.44	1,04,98,118.44
18 Kannur University	45,150.00	45,150.00
19 Kerala Institute of Local Administration	84,450.77	84,450.77
20 Kerala State Road Transport Corporation	1,75,031.75	41,19,489.75
21 Kudumbasree (Sub Schedule-48)	(34,001.15)	(70,751.15)
22 Labour Commissioner	49,65,468.20	1,12,912.20
23 Education Department	36,541.77	36,541.77
24 Mahatma Gandhi University	12,34,423.00	12,34,423.00
25 NRHM Directorate	87,95,642.80	78,36,812.80
26 Public Relations Department	7,42,549.00	7,42,549.00
27 Sree Sankaracharya University of Sanskrit	9,78,002.80	53,89,465.80
28 State Council of Education, Research and Training	1,44,300.00	4,71,426.00
29 Travancore Devaswom Board	1,21,68,792.50	33,35,908.50
30 Others (Sub Schedule-20)	5,43,375.00	9,09,668.00
Total:	51,46,97,117.41	43,37,36,935.11



KERALA BOOKS AND PUBLICATIONS SOCIETY:2016-17

SCHEDULE - VII

CASH AND BANK BALANCES	March 31,2017	March 31,2016
	(Figures in Rupees)	
i) Cash and Stamps on hand (Sub Schedule-28)	30,761.26	3,133.23
ii) Balance with Scheduled banks and treasuries		
<u>A In Savings bank accounts:</u>		
a) Union Bank of India, Thrikkakara (Sub Schedule-49)	2,41,19,318.23	3,88,46,093.96
b) State Bank of Travancore, Civil station branch	25,70,010.87	6,12,872.87
c) State Bank of India, Ernakulam	-	4,58,062.91
d) Ernakulam District Co-operative Bank	-	1,21,728.32
e) State Bank of India (CEPZ)	6,10,790.50	14,45,857.00
<u>B In Current bank accounts:</u>		
a) State Bank of Travancore, Civil station branch	1,01,24,968.99	67,47,318.00
<u>C In term deposits: (Sub Schedule-6)</u>		
a) State Bank of Travancore FD	-	6,34,88,944.00
b) Union Bank of India FD	5,22,86,517.00	17,81,82,041.00
c) State Bank of India CEPZ FD	6,22,81,900.00	6,22,81,900.00
<u>D In Treasury accounts:</u>		
a) Principal Sub-Treasury , Trivandrum	10,08,15,270.21	33,06,461.21
Total:	25,28,39,537.06	35,54,94,412.50

B. LOANS AND ADVANCES

SCHEDULE- VIII

LOANS AND ADVANCES	March 31,2017	March 31,2016
	(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)	16,65,929.42	10,27,300.00
Others (Sub Schedule-1)	96,892.07	68,590.65
	17,62,821.49	10,95,890.65
b) <u>Other advances</u>		
Postal Department	(66,93,502.00)	(66,93,502.00)
Distribution Advance (Sub Schedule-58)	(1,23,386.55)	5,95,685.50
Prepaid expenses (Sub Schedule-34)	58,17,083.43	50,05,062.80
Others (Sub Schedule-2)	2,87,483.48	7,13,971.38
	(7,12,321.64)	(3,78,782.32)
c) <u>Deposits</u>		
Kerala State Electricity Board (Sub Schedule-3)	21,06,277.00	16,28,677.00
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	1,26,480.00
	22,85,352.50	18,32,752.50
d) Income Tax Deducted at source (Sub Schedule-7)	2,65,17,865.18	1,64,45,969.18
e) KVAT Receivables	1,17,594.00	1,57,753.61
f) Advance Tax Payment	14,00,00,000.00	5,75,00,000.00
g) Deposit for Stay on Demand 2008-09	56,32,330.00	-
Total:	17,56,03,641.53	7,66,53,583.62



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

CURRENT LIABILITIES AND PROVISIONS

SCHEDULE - IX

A. CURRENT LIABILITIES

CURRENT LIABILITIES	March 31,2017		March 31,2016
	(Figures in Rupees)		
1. Sundry creditors (Subject to confirmation)			
a)Government of Kerala	87,64,963.77		
Add: Sale of waste paper during the year	39,86,452.00	1,27,51,415.77	87,64,963.77
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	1,45,850.00
Smart Graphics		11,51,851.00	2,99,450.00
Futura Automation		4,27,030.00	2,73,825.00
Delta Paper Mills Limited		-	13,00,000.00
Others (Sub Schedule-8)		(7,09,64,100.71)	43,793.50
		(6,89,33,063.71)	20,62,918.50
2 Other liabilities			
a) Creditors for expenses:			
Rent of premises (Sub Schedule-18)		2,43,08,268.04	2,36,53,143.04
Electricity charges Payable		9,87,128.00	-
Audit fee payable		1,80,000.00	90,000.00
Others (Sub Schedule-10)		36,83,806.18	31,59,701.40
		2,91,59,202.22	2,69,02,844.44
b) Dues to Government/Semi Government agencies:			
CPF contribution (Sub Schedule-11)		17,945.05	17,945.05
ESI contribution (Sub Schedule-12)		3,69,718.42	3,61,692.72
Income tax deducted at source (Sub Schedule-13)		18,34,334.22	5,65,206.00
Value Added Tax and Service Tax (Sub Schedule-14)		30,98,580.73	26,54,483.14
		53,20,578.42	35,99,326.91
c) Payable to staff:			
Dearness allowance arrears		2,83,623.72	4,25,311.31
Others (Sub Schedule-15)		2,95,848.00	7,59,488.96
		5,79,471.72	11,84,800.27
d) Others:			
Earnest money and security deposit (Sub Schedule-32)		1,64,38,793.00	85,09,695.00
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)		7,12,07,327.00	6,61,99,634.10
Others (Sub Schedule-17)		16,65,969.69	3,83,047.25
		9,10,26,718.25	7,66,12,732.91
Total: 1(a)+1(b)+1(c)+2(a)+2(b)+2(c)+2(d)		9,86,99,984.88	14,79,23,249.01



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

B. PROVISIONS

PROVISIONS	March 31,2017	March 31,2016
	(Figures in Rupees)	
1. Performance allowance payable	83,47,215.00	71,63,231.14
2. Ex-gratia payable a/c	1,45,600.00	1,52,000.00
3. Provision for Income tax	20,16,83,522.00	11,43,02,271.00
4. Provision for surrender leave salary	1,15,54,492.44	89,38,385.00
5. Provision for Doubtful Distribution Charges	-	8,16,94,116.00
6. Pay Revision Arrear Payable	1,90,39,130.00	-
7. Provision for Old and Doubtful Debts	1,19,82,139.28	1,19,82,139.28
8. Provision for Pension contribution	1,33,29,737.20	6,71,321.00
Total:	26,60,81,835.92	22,49,03,463.42

SCHEDULE - X

MISCELLANEOUS INCOME		March 31,2017	March 31,2016
		(Figures in Rupees)	
Interest received (Sub Schedule-39)		2,00,53,091.14	2,35,28,206.57
Sale of scrap (Sub Schedule-50)		28,94,953.82	20,39,136.19
Discount received		3,47,113.96	4,70,321.54
Counter Foil Cutting		27,96,956.53	-
Distribution of Lottery Tickets		25,52,847.65	-
Rent on Godown Space - Lottery		1,45,581.76	-
Divident Received		25,000.00	25,000.00
Sale of tender form		3,66,371.43	8,96,243.80
Forfeited EMD/SD (Sub Schedule-41)		31,51,990.00	2,500.00
Rent from KBPE Co-operative Society		37,776.00	37,776.00
Others			
Gain/Loss on Foreign Exchange	-		2,148.79
Guest house rent	-		300.00
Miscellaneous Income (Sub Schedule-51)	96,081.14		1,91,168.00
Penalty (Recovery) (Sub Schedule-52)	51,28,530.00		11,94,518.00
Training and visit	-		36,190.00
Reversal of excess 3% pension contribution from 2011-2015	-		21,08,978.00
		52,24,611.14	35,33,302.79
Total:		3,75,96,293.43	3,05,32,486.89



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

SCHEDULE -XI

MATERIALS AND STORES CONSUMED AND VARIATION IN STOCK

MATERIALS AND STORES CONSUMED - XI (1)	March 31,2017	March 31,2016
	(Figures in Rupees)	
A. Raw materials		
Opening stock	9,36,12,028.41	4,74,68,827.33
Add: Purchases	1,09,98,39,348.34	31,75,17,582.49
Total	1,19,34,51,376.75	36,49,86,409.82
Less: Closing stock	36,20,87,635.06	9,36,12,028.41
Consumption	83,13,63,741.69	27,13,74,381.41
B. Miscellaneous stores and spares		
Opening stock	1,82,10,130.02	1,44,92,446.61
Add: Purchases	1,29,63,850.14	1,26,38,289.94
Total	3,11,73,980.16	2,71,30,736.55
Less: Closing stock	2,03,90,371.74	1,82,10,130.02
Consumption	1,07,83,608.42	89,20,606.53
C. Tools		
Opening stock	16,76,386.54	17,96,860.40
Add: Purchases	57,427.19	1,60,744.06
Total	17,33,813.73	19,57,604.46
Less: Closing stock	14,96,986.07	16,76,386.54
Consumption	2,36,827.66	2,81,217.92
D. Electrical goods		
Opening stock	5,42,896.35	4,91,201.30
Add: Purchases	9,04,493.52	14,34,570.66
Total	14,47,389.87	19,25,771.96
Less: Closing stock	6,99,629.47	5,42,896.35
Consumption	7,47,760.40	13,82,875.61
E. Uniform cloth		
Opening stock	-	15,122.09
Add: Purchases	90,761.60	1,45,205.10
Total	90,761.60	1,60,327.19
Less: Closing stock	-	-
Consumption	90,761.60	1,60,327.19
COST OF GOODS CONSUMED (I)	84,32,22,699.77	28,21,19,408.66

VARIATION IN STOCK - XI (2)	March 31,2017	March 31,2016
	(Figures in Rupees)	
Opening stock of printed materials including printing charges	3,72,78,051.81	81,70,119.29
Opening stock of work-in-progress	1,14,52,642.67	1,16,57,382.46
Total Opening Stock	4,87,30,694.48	1,98,27,501.75
Less: Closing stock of printed materials including printing charges	5,86,40,005.86	3,72,78,051.81
Closing stock of work-in-progress	71,70,138.85	1,14,52,642.67
Total Closing Stock	6,58,10,144.71	4,87,30,694.48
VARIATION IN STOCK (II)	(1,70,79,450.23)	(2,89,03,192.73)

KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

SCHEDULE - XII

MANUFACTURING AND ADMINISTRATIVE EXPENSES	March 31,2017	March 31,2016
	(Figures in Rupees)	
1 Staff cost:		
Salaries	6,57,36,507.14	6,11,93,298.57
CPF Employer's contribution (Sub Schedule-31)	5,719.00	-
Surrender leave salary	45,24,380.44	40,22,465.00
Gratuity	39,30,703.00	39,12,014.00
Performance allowance (Sub Schedule-54)	83,51,798.86	72,04,776.14
Medical reimbursement (Sub Schedule-38)	64,00,416.00	49,21,228.14
KBPS Pension Fund	84,33,163.46	70,93,545.80
Canteen expenditure (Sub Schedule-23)	67,68,729.00	74,16,750.75
Staff welfare expenses (Sub Schedule-24)	15,31,561.20	17,52,325.00
Dearness allowance arrears	16,83,967.78	19,03,515.43
Pay arrears	1,96,87,526.41	-
Daily wages	1,96,77,216.18	1,77,87,451.08
Additional Wages	2,45,72,970.39	2,42,60,217.28
Other costs including stipend ex-gratia, bonus etc (Sub Schedule-21)	10,73,274.96	18,76,755.48
	17,23,77,933.82	14,33,44,342.67
2 Job work (Sub Schedule-55)	18,07,62,173.54	12,76,63,776.03
3 Piece work (Sub Schedule-56)	1,44,01,427.84	1,25,37,878.76
4 Carriage inwards/outwards (Sub Schedule-29)	82,35,841.70	25,02,953.70
5 Power, light and water charges (Sub Schedule-27)	1,24,16,410.00	1,16,95,784.00
6 Security charges	14,18,055.00	14,57,461.00
7 Rent on land and buildings (Sub Schedule-35)	7,02,037.00	28,67,809.00
8 Travelling expenses (Sub Schedule-59)	13,59,265.80	8,78,388.50
9 Postage , telegram and telephone charges (Sub Schedule-30)	1,84,652.84	2,20,528.48
10 Insurance (Sub Schedule-26)	6,20,856.00	3,54,958.00
11 Printing and stationery	85,570.00	1,73,973.00
12 Vehicle running and maintenance:		
a) Petrol expenses	8,82,528.76	
b) Repairs	3,72,456.00	
c) Vehicle insurance	62,374.39	
	13,17,359.15	8,96,605.53
13 Repairs and maintenance:		
a) Plant and machinery (Sub Schedule-36)	8,26,368.00	
b) Building	20,49,345.56	
c) Others (Sub Schedule-37)	61,57,835.78	
	90,33,549.34	76,56,461.22
14 Rates and taxes (Sub Schedule-40)	1,45,780.17	1,83,877.04
15 Office and Miscellaneous expenses (Sub Schedule-22)	38,07,618.35	30,16,354.94
16 Distribution Expenses (Sub Schedule-57)	4,84,22,987.15	5,26,10,748.06
17 Computer and Accessories (Consumable)	1,30,931.59	80,023.98
Total:	45,54,22,449.29	36,81,41,923.91



KERALA BOOKS AND PUBLICATIONS SOCIETY : 2016-17

SCHEDULE - XIII

PRIOR PERIOD EXPENSE / (INCOME)	March 31,2017	March 31,2016
	(Figures in Rupees)	
Prior period income	-	-
<u>Less</u>		
<u>Prior period expenses:</u>		
Others (Sub Schedule-25)	1,01,388.00	29,000.00
Total:	(1,01,388.00)	(29,000.00)



KERALA BOOKS AND PUBLICATIONS SOCIETY

SCHEDULE – XIV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2017

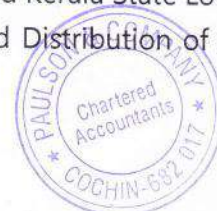
➤ **SIGNIFICANT ACCOUNTING POLICIES**

(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 purchased on behalf of the Government of Kerala, following the Stores Purchase Manual is reimbursed by 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 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 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-realisation of the administrative charges from Text Book Officer for the period from 2011-12 to 2014-15, KBPS has claimed during the current year the expenses incurred for distribution of textbooks including actual administrative charges for distribution from the Director of Public Instruction.
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 at the year-end, if any, has not been accounted for. The apportionment of sale proceeds of waste paper is ratified by Government of Kerala only up to 31-03-2006.
5. As per the agreement dated 19.09.2016 between KBPS and Kerala State Lotteries Department, the Cutting of Counterfoils, Storage of Counterfoils and Distribution of Lottery tickets was



entrusted with KBPS. Hence, during the current year KBPS claimed the income for the same at the rates as stipulated in the agreement.

6. 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 30.09.2016 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. 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 self sustainable and financial viable pension scheme implemented by the society, vide Government orders' no G.O (MS) No 66/11/H.Edn. Dated 18-05-2011, G.O. (MS) No.194/13/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 self sustainable and financial viable 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 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 Rs1,15,54,492.44 during the year as Surrender leave salary payable.

(F) Income Tax:

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) Central Excise and Service Tax:

During the current year 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) Effect of Change in foreign exchange rate:

The society has adopted Accounting Standard 11- Effects of Changes in Exchange Rates in recording transactions in foreign currencies. The expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred and the exchange differences that relate to acquisition of assets are recognized in the income and expenditure account.

(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) For Financial year 2015-16, employer's contribution to KBPS pension scheme @ 3% of profits after tax, 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) For Financial year 2016-17, employer's contribution to KBPS pension scheme @ 3% of profits after tax, is computed at Rs. 1,35,79,109/-
(f) For the Financial year 2016-17, Employers contribution @ 12% of emoluments (Basic+DA) to KBPS Pension fund is Rs. 84,33,163.46 *(Sch. no XII: Manufacturing and Administrative Expenses)*
2. The TDS credit of Rs. 4,66,626/- 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.
3. During the financial year 2016-17, an amount of Rs.39,30,703/- 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 31.03.2017 is Rs.846.67 Lakhs (Previous year Rs.804.80 Lakhs) including penal interest of Rs.269.93 Lakhs (Previous year Rs.250.22 Lakhs). *(Sch. no III: Unsecured Loans)*
5. (a) During the year, the Society has availed loan of Rs. 6 Crores 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 at Rs. 3.95 Lakhs for the financial year 2016-17. (Previous year Nil). *(Sch. no III: Unsecured Loans)*



6. (a) 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/TB 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. No Provision is maintained for the balance amount, as the Society is pursuing with the DPI for the balance amounts.
- (b) 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.
- (c) 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/-	

- (d) 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.
- (e) During the Financial Year 2016-17, the Society has written off the balance amount recoverable from TBO as listed in 6(c) 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 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. The following accounts, with regard to advance received from the text book office are not reconciled with the society's accounts as on 31-03-2017. 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	19,21,74,302.39 (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 2016-17.

During the Year 2016-17, Government accorded sanction for increase of 35% over the existing rate of printing charges of School Textbooks vide G.O (Ms). 84/2016/G.Edn Dated 20-05-2016. Hence the Society raised invoice for printing charges on the revised rate during the year 2016-17 (*Sch. no VI: Sundry Debtors & Sch. no IX: Current Liabilities and Provisions*)

9. A. Utilization of Government paper for printing of SCERT Text Books
- 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.
 - 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.
 - 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.
 - 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 at the year end from DHSE/SCERT is Rs1,27,07,746.67. 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)

10. 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)



11. 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 Rs39,760/- during the year(Previous Year Rs.51,864/-) and the balance of Rs. 6.81Lakhs (Previous Year Rs. 7.21 Lakhs) is outstanding.

12. 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/H.B dated 06.02.1982 has valued the building at Rs.1, 00, 29,112/-.
- (c) Rent due for the year 2016-17, 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&A3/1041/4094 dated 12-11-2011 and is following up its progress.(Sch no IX: Current Liabilities and Provisions)

13. Applicability of Provisions of ESI Act:

The ESI amount collected from the employees of the Society during the financial year 2016-17 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.

14. The consumption ratio of paper with that of production during the year is determined to be 60.37% (Previous year: 79.69%).
15. 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.
16. 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 2016-17.



17. During the year the society has paid advance income tax amounting to Rs. 14 Crores (Previous year 5.75 Crores), in addition to Tax Deducted at Source amounting to Rs. 2.20 Crores, (Previous year 1.20 Crores.)*(Sch. no VIII: Loans and Advances)*
18. 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, except in the case of paper stock.
19. 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.
20. 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, 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. Vide our Letter No. FA6/Service Tax/KBPS/261 Dated 20.01.2017, we requested Revenue Secretary, Ministry of Finance, New Delhi to exempt transportation and distribution of educational textbooks from Service Tax.
 - 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 22-03-2016 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.

- 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 2011-12 to 2016-17.
21. Previous year's figures have been regrouped/recast wherever necessary, to confirm to the classification of current year.
 22. As per the demand notice A5-304/15 dated 06-02-2015 issued from the Office of the Inspecting Assistant Commissioner of Commercial Taxes, Ernakulam an amount of Rs. 17,62,766/- along with interest Rs. 33,66,883/- is outstanding for the period 2001-02. As Per G.O (P) No. 82/2016/Taxes dated 16.08.2016, the society has received an exemption on Sales Tax payable on turnover relating to transfer of goods involved in execution of works contract, awarded by Government of Kerala and its agencies, for the period from 16-08-2001 to 31-03-2002. Accordingly no demand exists.
 23. 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 31.03.2017.
 24. 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.
 25. Apart from the above said TDS Receivables, Current Assets also include TDS receivable of Rs 36,407/- for the financial year 2016-17. These are TDS deducted by the various Government Departments/ Government Enterprises, which have not filed the TDS return with the Income Tax Department.
 26. During the year Government directed to fill up the gap of the printing capacity through outsourcing vide Order No. 4001/M2/2016/G.Edn Dated 04-05-2016. Hence KBPS entrusted the printing tasks with various printers and the total expense incurred for this was Rs. 2,25,03,966.14
 27. During the Financial Year 2015-16, Government entrusted KBPS to purchase papers and collateral materials for printing of Textbooks for Two years vide G.O (MS)281/2015/G.Edn.dated 05-11-2015. During the Financial Year 2016-17, Society purchased paper for Textbooks of Rs. 87,37,60,845.73 and the consumption of Rs. 64,36,59,414.87 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. 29,66,33,000.55 during the Financial Year 2016-17.



28. During the year also, the Society has entrusted the job of distribution of text books to few employees across various depots in Kerala. Advances made to them for meeting various expenses of distribution of text books, are being settled in due course.
29. 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
30. The Bank Account in State Bank of India, M G Road, Ernakulam is closed on 13.04.2016 and the balance of Rs. 4,63,363/- transferred to our State Bank of India (CSEZ) SB Account No.00000030875673013 on 13.04.2016. The Bank Account in The Ernakulam Dist. Co- operative Bank Ltd ,Kakkanad is closed on 02.05.2016 and the balance of Rs. 1,22,112.02/- transferred to our Union Bank of India SB Account No. 385402010001275 on 02.05.2016. The same was ratified in the 148th meeting of Governing Body held on 30-10-2017.
31. Vide G.O (Ms) No. 79/17/H.Edn Dated 22-03-2017, Government approved the 10th Pay revision to KBPS Employees from 01-07-2014 based on the G.O. (P) 17/16/Fin Dated 20-01-2016. In accordance with this, during the year, we have made provision for Pay revision arrear of Rs. 1,90,39,130/- for the period from 01-07-2014 to 28-02-2017 (Sch no IX: Current Liabilities and Provisions)
32. During the year, Society paid two advances of Rs. 4,28,34,885/- (90% of the Purchase Order value) to M/s Manugraph India Limited for procurement of two Cityline Express Web Offset Machine. The said machines were installed during the Financial Year 2017-18. (Sch no IX: Current Liabilities and Provisions)
33. As per Order No. GO(Rt.) No. 206/2016/TD dated 04/03/2016, by Taxes Department, Government of Kerala, the Society is entitled to an enhancement of 25% from the existing rates for printing of lottery tickets, and the rate revision is effective from 01.04.2015. The Society has given effect to this GO and has invoiced the same only in the months of June & July, 2016. The arrears of Rs.9,46,07,499/-been invoiced and accepted by the lottery department, on this account, in the Financial Year 2016-17.
34. The Government entrusted Society to purchase paper and other materials for the printing process for 2 years. Society made e-tenders, tender No. P2-1266/2015/4331 dated 10/11/2015. Out of 8 bidders M/s Sri Venkitaramana Paper mills and M/s Sri Shakthi paper mills Ltd were awarded as Lowest Eligible Tender(L1) and orders were placed. But due to inadequate quantity of materials supplied by them, the orders were cancelled .Subsequently to ensure timebound completion of text books printing, orders were placed on the Second Lowest Eligible Tender(L2), as per clause 9.50 of Stores Purchase Manual.
35. The Society, vide invoice no. 21662 dated 31.03.2017 has raised an invoice on the Director of Public Instruction, by including six titles of text books (as per details given below), which was



printed in excess, against the quantity ordered. However, the said invoices were not included in the VAT returns filed by the Society for the month of March, 2017.

Sl. No	Series	Quantity	Rate	Amount
1	KT -63 (II)Malayalam	65344	3.19	2,08,447.36
2	KT – 51 (VI)Malayalam	199030	4.37	8,69,761.10
3	KT – 307 (VI) Urudu	22841	4.77	1,08,951.57
4	KT – 29 (VI) Maths (E)	46052	3.82	1,75,918.64
5	KT – 427 (VII) Maths (M)	97535	4.16	4,05,745.60
6	KT-133 Basic Science (M) STD – V	185700	3.06	5,68,242.00
Total				23,37,066.27

36. During the financial year 2016-17, the Society has, constructed/purchased the following fixed assets/Machineries, the value of which is excess ofRs. 10, 00,000/- in value, after getting the sanction from the Governing Body.

Sl. No	Nature of Asset	Party	Amount (as per Financial Statements)	GB Approval
1	Car Shed	Sera Engineers	14,57,620.00	144 dated 11.08.2016
2	Godown under construction	Naser E K	74,71,022.54	145 dated 21.11.2016
3	Storage Shed	Sibi K P & Rahim AA	15,63,960.66	141 dated 22.12.2015
4	3.0 Ton Diesel Forklift Truck with PRC	Godrej & Boyce Manufacturing Co. Ltd.	11,30,584.42	142 dated 25.01.2016
5	Diesel Generator	M/s.Mcees Trading	65,57,514.00	142 dated 25.01.2016
6	ITOTEC Single Knife Paper Cutting Machine	Monotech Systems	1,74,33,000.00	142 dated 25.01.2016 144 dated 11.08.2016
7	Muller Martini Presto -II Flow line Machine	Muller Martini India Private LTD	2,45,91,746.95	143 dated 28.04.2016
8	Online Barcoding and QR Code Punching System	M/s. Creed Engineers Pvt. Ltd.	8,12,94,000.00	142 dated 25.01.2016



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9	Single Box Single Cyl.Hydraulic Bailing Press	Periyar Hydraulics Equipments	12,75,000.00	142 dated 25.01.2016
10	Ten Clamp Perfect Binding Machine	Electro-MechMachinery manufactures	36,54,788.00	140 dated 25.11.2015
11	Eicher Truck PRO 1110	General motor sales and services Pvt.Ltd.	15,92,206.00	140 dated 25.11.2015
12	Innova Crysta	Toyota KirloskarMotor Private Ltd.	18,24,598.33	145 dated 21.11.2016

The Society has informed the Government of Kerala, vide letter P2-3284/2017/5072 dtd. 10.10.2017, regarding the constructions/purchases of the above assets.

37. The matter regarding Paper Purchase, Society is purchasing paper for printing Text Book on the behalf of the Government of Kerala, following the Stores Purchase manual and the amount is reimbursed by the Government. Hence no Value Added Tax collected on the invoices raised by the Society for paper purchase reimbursement bills, since the paper is transferred to as printed Text Books, which is exempt from VAT.

For and on behalf of the Governing Body

**As per our report attached
For Paulson and Co.
Chartered Accountants,
Firm registration number: 002620S**

Karthick K, IPS

Chairman & Managing Director

M.P. Salim

GB Member Finance

Shyamalavalli. C

GB Member Stationery

CA. K P Paulson, LLB,FCA,DISA

Membership No. 021855,

FRN: 002620S, PARTNER

Kochi - 682030

Date:- 19/03/2018

