

THE ADMINISTRATOR OF  
**SOUTHCO UTILITY**

AUDITOR'S REPORT, BALANCE SHEET &  
ANNUAL ACCOUNTS  
**FOR THE YEAR ENDED ON 31-03-2017**

OERC FORMAT

(F)

HEAD OFFICE  
COURTPETA, BERHAMPUR-760 004  
GANJAM, ODISHA  
TEL- 0680-2214666, FAX-0680-2202261



## INDEPENDENT AUDITORS' REPORT

To  
The Administrator,  
SOUTHCO Utility,

### Report on the Financial Statements

1. We have audited the accompanying financial statements of SOUTHCO Utility ("the Utility"), which comprise of the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the period 01.04.2016 to 31.03.2017 and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Utility in accordance with the Accounting Standards issued by ICAI. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit with limited purpose for certification of accounts as per license conditions prescribed by ODISHA ELECTRICITY REGULATORY COMMISSION (OERC) and 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 auditors' 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 control relevant to the Utility'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 the effectiveness of the Utility's internal control. 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 qualified audit opinion.

*Basis for Qualified Opinion*

4. *We draw reference to the following:*

- (i) *Schedule 18(A)(d)(ii) with regard to accounting of delayed payment surcharge (DPS) & Open Access Charges and interest paid on security deposit on cash basis.*
- (ii) *The balances of trade receivables, trade payables, deposits for service connection received from consumers, loans and advances are subject to confirmation and reconciliation.*

*The effect of our observations in para 4, above on the loss for the period and the relevant assets and liabilities is not ascertainable.*





*Opinion*

5. 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 paragraph*, the financial statements give the information 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 Utility as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

*Emphasis of Matter*

1. *Attention is invited to Note no-B(a) regarding the Utility is coming into operation from 4th March-2015 as per the order of Hon'ble OERC dt.4th March,2015. Considering the order of Hon'ble OERC and the provisions of the Electricity act 2003, the Utility accounts were prepared for the FY 2015-16 & FY 2016-17 by transferring the Company's current assets and current liabilities, long term provisions, short term provisions and long term liabilities in respect of terminal liabilities of the employees, security deposit and capital contribution from the consumers. However, this consolidated account for the FY 2016-17 has been prepared by the Utility taking into account all the assets and liabilities including share capital and reserves of the erstwhile Company solely for the purpose of preparation of Aggregate Revenue Requirement for the year. Accordingly, the previous year figure also reflects the amount pertaining to consolidated accounts prepared for this purpose.*



