

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ELDORET WATER AND SANITATION
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2013**

*Paper laid
By Leader of
majority of
Hon. Aler Gnall
on Wednesday
11/6/2014*





ELDORET WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

30TH JUNE 2013

**ELDORET WATER AND SANITATION COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2013**

CONTENTS	PAGE
Company Information	3
Chairperson's and Directors Statements	4-6
Statement of Directors' Responsibilities	7
Report of the Independent Auditors	8
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the financial statements	13-22

COMPANY INFORMATION

The Directors who held office during the year were:-

Director's Name	Representing
Mrs. Rose Sawe Chairperson	Maendeleo ya wanawake
Mr. Reuben Tuei	Managing Director
Cllr. William Rono	Municipal council of Eldoret upto 4 th March 2013
Mrs. Millicent Okonjo	Municipal council of Eldoret
Mr. Philip Varghese	Kenya Association of Manufacturer
Mr. Stanilas Ondimu	Municipal council of Eldoret upto 4 th February 2013
Mrs. Veronica Suter	Marakwet Community upto 30 th August 2012
Prof. John Boit	Moi University
Mr. Boston Tanui	Kipkenyo Neighbourhood Community

The senior corporate management team was:

Mr. Jacob K Torutt	Commercial & Finance Manager upto 1 st December 2012 Changed to be Head of Financial services from then
Mr. Wilson Tuigong	Head of commercial Services from 1 st December 2012
Mr. Jimmy Kemboi	Head of Technical Services from 1 st December 2012

REGISTERED OFFICE: ELDOWAS BUILDING
KAMPI SOMALI ROAD
.P.O.BOX 8418-30100
ELDORET

BANKERS STANDARD CHARTERED BANK OF KENYA LTD
P.O. BOX 7-30100
ELDORET

AUDITORS: AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE
P.O. BOX 30084-00100
NAIROBI

THE CHAIRPERSON'S AND DIRECTORS' STATEMENT

Dear Shareholders

I am glad to present the Financial Statement of, Eldoret water and Sanitation Company limited (Eldowas) for the year ended 30th June 2013. Eldowas in 2012/2013 had a difficult financial year due to prolonged drought, high inflation and high cost of living. Despite these difficulties, the company achieved its mandate which is the provision of water and safe disposal of waste water in Eldoret and its environs. The water demand continued to outstrip supply hence rationing programmes were put in place. The production was a challenge in the year for water expected from the expansion in Chebara was not realized. Two digit inflation recorded in the year and high cost of living index impacted greatly on the customers paying power. The tariff applied was not approved on time for application.

The company continued to maintain the ISO 9001:2008 certificate by undertaking both internal and external audits for compliance. According to the impact report the company was rated as the best quality produced water in the country. In the year the company implemented results of customer satisfaction survey, strategic plan, and business plan. The company also started the process of implementing a new scheme of service. The company continued to achieve key performance indicators as stipulated by the service provision agreement with Lake Victoria North Water Service Board (LVNWSB). The Company also amended the Article and Memorandum of Association as per the requirement of the Regulator.

Financial Performance

Eldowas reported a turnover increase of 6% with minimal cost increase in direct and indirect costs. In the year under review the Local Government Workers Union awarded a 60% and 40% increment for low and high Paid workers. Eldowas implemented a new scheme which resulted to Salary increment of 40%. This resulted in a net loss for the year increased by 38 million. The unit cost of water sold was on cost recovery and the company could not realise the cost for the tariff approved in 2010 had been over taken by the costs. This was aggravated by the low sales due to low production. The new tariff has been applied for and the expansion of Chebara treatment works is expected to bridge the gap. Despite the tough financial position the company had a positive cashflow position. The company improved to an average collection efficiency of 90%. The interest on loans continued to be provided at 6.5% since the reduction has not been granted. However application for reduction to 2% was submitted in the year and great progress towards approval has been made. The staff cost was stable in the year and critical middle level and Senior management positions were filled. Despite all the above costs the company managed to comply with the regulatory and statutory requirements.

Service Delivery

Through the concept of area management in the year under review all Area offices operated. This has greatly assisted in the reduction of unaccounted for water (UFW). The average of the year stood at 28% as compared to 27% the previous year. The increase was due to the rationing programmes. Area management system is expected to enhance revenue collection and improve efficiency in delivery of service to the customer both in water distribution and sewerage services such as quick repairs, clearing of sewer blockages, disconnections and reconnections. The board in the year as envisaged in the strategic plan split the office of commercial/ Finance manager to create the office

ELDORET WATER AND SANITATION COMPANY LIMITED

of Head of Financial and Commercial services. The customer service section also was improved by the employment of customers service manager.

Debts

The net debts outstanding stand at Ksh 449 million compared to Ksh 398 million last year. The debt management was strengthened starting legal process to recover some debts like the IDP. The rise in the debt portfolio was due outstanding at the IDP camps, Eldoret municipal accounts and some Government Departments. There was an improvement in collection of commercial and institutions and individuals.

Capital expenditure

In the year the company incurred a capital expenditure of Ksh 35,465,969. Compared to Ksh 199 million in 2012. This comprised of the following:-

- | | |
|----------------------------------|----------------|
| • Land | Ksh. 3,375,000 |
| • Buildings, Water & Sewer works | Ksh 22,616,471 |
| • Computer and Copiers | Ksh 1,145,571 |
| • Meters, Equipment and Tools | Ksh 8,328,927 |

The capital works includes Water Trust Fund 2 million and balance of Ksh 33 Million from the company internal resources.

Vandalism and Theft of meters

This remained a major challenge in the year. Most of the manhole covers were vandalized and stolen in the town centre and peri-urban areas. Theft of meter also remained a challenge. This increased both the sewer blockages and UFW. To address this issue the company is working closely with the consumers and law enforcement agencies to protect the assets. The stolen cast iron manholes covers are replaced with concrete covers to deter the thieves the company introduced the use of plastic meters. This greatly increased our expenditure on new meters.

ICT Environment

The company in the year under review undertook to:

- Upgrade of billing system
- Development of a web site
- E-Banking and SMS service payment by M-Pesa

The acquisition of Computer hardware was enhanced and the ICT usage increased by 1% to reach 86%.

Corporate Governance and Social Responsibility

The company has for many years been contributing to the welfare of the community. The company has been in the forefront in the pro-poor initiative which takes the provision of water and disposal of waste water to informal settlements. The Company is pro-active in supporting community initiatives on Education, Health, Environment conservation and income generating activities. The company has continuously contributed to the Mayors Christmas tree fund, provision of water to Children Homes and contributions to water catchments protection. In the year under review the board approved Ksh 3 Million towards corporate social responsibility. This included contributions.

ELDORET WATER AND SANITATION COMPANY LIMITED

seed tubes. The company also supported tree planting at Kaptagat forest, Donated water Tanks, Construction of bridge at Kipkenyo, School dormitory.

The company upholds good practice of corporate governance. The chairman and all directors are non-executive. All directors except the Managing director and shareholders representative are liable to retire by rotation. The board operates through the following committees, which held the following number of meetings in the year under review:-

- Finance and Administration 4 Meetings
- Planning, Technical and operation 3 Meetings
- Audit 5 Meetings
- Consultative 20 Meetings
- Annual general Meetings 3 Meetings

The full board meetings held were 3 meetings. All directors' attendance was as per statute. The consultative meetings were due to the new guidelines by WASREB on Governance and staff recruitment which included Managing Director and CMT. The Board has also given a road Maps towards meeting the Corporate Governance guidelines.

Future Capital Plans

In spite of budgetary constraints the company undertakes to do the following:-

- Enhance water treatment capacity at Chebara
- Improve water supply to Kapsoya Treatment Works
- Additional Water distribution system
- Increase both water and Sewerage connections
- Expand the Sewerage network
- Develop new water sources
- Expand to other schemes within the county
- Improve water network within the Central business of Eldoret

The company shall fully adhere to the Company's strategic plan and Performance contract with LVNWSB.

Appreciation

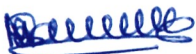
The results would not have been possible if not for the support we have received from our customers, the Employees and all our stakeholders and shareholders.

I am indebted to my fellow Board members for their invaluable insights and support. I also wish to acknowledge the senior management and staff for their valuable support and dedication in reaching these favorable results, without their individual contribution it would not be possible to mark once again another successful year of Eldoret. Finally and on behalf of the board I would like to thank the Government, Regulatory bodies for their guidance and support. Allow me to take this honorable opportunity to thank you all.

I am confident, that with your continued support, we will again steer the Company through another successful financial year.

Thank you and God bless you.

Mrs Rose Sawe



20/1/2024

Chairperson

Financial Statements

For the year ended 30th June 2013

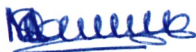
STATEMENT OF DIRECTORS RESPONSIBILITIES

The companies Act requires the Directors to prepare financial statements for each of the financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and the profit and loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose with reasonable accuracy, the financial position of the company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate Accounting policies supported by reasonable prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The Directors further accept responsibility for the maintenance of accounts records that may be relied upon in the preparations of financial statements as well as designing, implementing and maintaining internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement

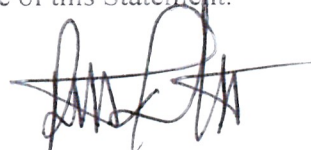
Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the twelve months from the date of this Statement.

MRS. ROSE SAWE



CHAIRMAN

Date 20/1/2014



REUBEN TWEI

MANAGING DIRECTOR

Date 20/1/2014

ELDORET WATER AND SANITATION COMPANY LIMITED

Financial Statements
For the year ended 30th June 2013

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
ELDORET WATER AND SANITATION COMPANY LIMITED**

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON ELDORET WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Eldoret Water and Sanitation Company Limited set out on pages 9 to 20, which comprise the statement of financial position as at June 30, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed 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 control relevant to the entity'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Financial Performance

The Company during the year under review recorded a loss of Kshs.106,213,536.00 which brought the cumulative retained earnings deficit to Kshs.500,345,299. The financial statements also reflects a loan liability payable to defunct Eldoret Municipal Council amounting Kshs.1,713,141,053 that has been outstanding for a long time. The financial statements have therefore been prepared on the basis which assumes continued financial support from the Government and the creditors.

2. Property, Plant and Equipment

The property, plant and equipment balance of Kshs.2,194,535,724.00 as at 30 June 2013 include buildings, water and sewer works amounting Kshs.1,966,536,109.00. However, according to the Water Act, 2002, the development and ownership of water distribution assets vests in the Lake Victoria North Water Services Board. The Company can only incur capital expenditure in relation to assets development with prior approval from the Water Services Board and thereafter put in a reimbursement claim for the expenditure incurred.

The financial statements reflects loans totalling Kshs.1,713,141,053 inherited from defunct Municipal Council of Eldoret erroneously classified under capital employed. Under these circumstances, it is not possible to confirm that the carrying values as stated in the financial statements, reflect the fair values of the property, plant and equipment as at 30 June 2013.

3. Loans Inherited from Municipal Council of Eldoret

As reported in the previous years, the agreement on lease of assets provided for an annual remittance of Kshs.10million to the National Treasury for servicing of various loans which have accumulated over years to stand at Kshs.1,803,306,372.00 as at 30 June 2013. The outstanding balance of Kshs.1,803,306,372.00 includes Kshs.90,165,319.00 which was due at the end of 30 June 2013. Although management had earlier indicated that the liability was reduced when company paid Kshs.100 million representing Government contribution towards Kipkenyo Water

Project, no documentary evidence has been provided in support of company's assertion. It is not possible to ascertain whether Company's obligations as stated in the financial statements are fairly stated.

4. Unaccounted for Water (UFW)

During the year under review, the company produced 10,834,967m³ of water, out of which 7,261,146m³ or Kshs.315,746,851.00 was billed to consumers. The balance of 3,573,821m³ or approximately 33% of the total volume represented UFW which is 8% over and above the Water Services Regulatory Board (WASREB) guidelines allowable loss of 25%. The UFW of 33% may have resulted to a loss of sales estimated at Kshs.162,728,843.00. The significant level of UFW may negatively impact on the Company's profitability and its long term sustainability.

5. Board Expenses

The Company's Board Expenses for the financial year ended 30 June 2013, amounts to Kshs.17,516,969.00, which is approximately 5% of the total expenditure, thereby exceeding the 2% threshold set by the Water Services Regulatory Board's guidelines. No justification has been provided for this irregularity.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Eldoret Water and Sanitation Company Ltd as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap.486 of Laws of Kenya.

Report on Other Legal and Regulatory Requirements

As required by the Kenya Companies Act, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit; and,
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and

- iii. The Company's statement of financial position is in agreement with the books of account.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

13 May 2013

Financial Statements
For the year ended 30th June 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30/06/2012

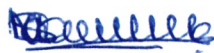
	Notes	2013 Ksh	2012 Ksh
Turnover	2	418,291,596	410,142,665
Cost of sales	3	<u>(149,508,912)</u>	<u>(139,362,047)</u>
Gross profit		268,782,683	270,780,618
Administrative & operating expenses	17	<u>(353,732,382)</u>	<u>(315,804,446)</u>
Operating profit/(Loss)	4	(84,949,699)	(45,023,828)
Finance costs	6	(21,263,837)	(26,079,030)
Profit/(Loss)		<u>(106,213,536)</u>	<u>(71,102,858)</u>

ELDORET WATER AND SANITATION COMPANY LIMITED
Financial Statements
For the year ended 30th June 2013

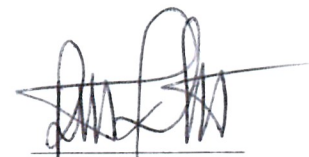
Statement of Financial Position

	Notes	2013 Ksh	2012 Ksh
CAPITAL EMPLOYED			
Share capital	5	100,000	100,000
KFW grant for sanitation project		946,537,378	975,995,081
Retained earnings		(500,345,299)	(423,589,475)
Grant National Housing		147,582,030	147,582,030
Grant water trust fund		40,068,968	40,068,968
EMC account	7	1,713,141,053	1,689,634,992
		<u>2,347,084,129</u>	<u>2,429,791,596</u>
REPRESENTED BY			
Property/plant & Equipment	8	2,194,535,724	2,244,373,815
Current assets			
Stores	9	8,841,267	8,439,761
Receivables	10	426,851,336	370,943,909
Investments- Treasury bills	11	37,000,000	37,000,000
Cash & bank balances	12	12,004,216	25,209,721
		<u>484,696,819</u>	<u>441,593,391</u>
Current liabilities			
Trade creditors & other payables	13	44,292,172	31,682,150
Customer Deposits	14	65,977,132	58,870,246
EMC current account	7	90,165,319	88,928,157
Provision for liabilities & other charge	15	131,713,814	76,695,056
		<u>332,148,436</u>	<u>256,175,609</u>
Net current assets		<u>152,548,383</u>	<u>185,417,782</u>
Total Assets		<u>2,347,084,106</u>	<u>2,429,791,597</u>

The financial statements on pages 10 to 20 were approved for issue by the board of Directors on the 20 of Jan ²⁰¹⁴ ~~2013~~ and signed on its behalf by:-



Mrs. Rose Sawe
Director



Reuben Tuei
Director

ELDORET WATER AND SANITATION COMPANY LIMITED

Financial Statements
For the year ended 30th June 2013

Statement of changes in equity

	Share Capital Kshs.	Retained Earnings Kshs.	Total Kshs.
At the start of the year 1/07/2011	100,000	(381,944,339)	(381,844,339)
Deficit for the year		(71,102,858)	(71,102,858)
Grant amortization		29,457,717	29,457,717
At the end of the year 30/06/2012	<u>100,000</u>	<u>(423,589,480)</u>	<u>(423,489,480)</u>
At the start of the year 1/07/2012	<u>100,000</u>	<u>(423,589,480)</u>	<u>(423,489,480)</u>
Deficit for the year		(106,213,536)	(106,213,536)
Grant amortization		29,457,717	29,457,717
At the end of the year 30/06/2013	<u><u>100,000</u></u>	<u><u>(500,345,299)</u></u>	<u><u>(500,245,299)</u></u>

CASH FLOW STATEMENT FOR YEAR ENDED 30/06/2013

	Notes	2013 Ksh	2012 Ksh
Operating activities			
Cash generated from operations	16	25,209,721	8,988,204
Increase/(decrease) in cash		25,209,721	8,988,204
Movement in cash			
At the start of the year		25,209,721	16,221,517
Increase/(decrease) during the year		(13,205,505)	8,988,204
At the end of the year		12,004,216	25,209,721

Financial Statements
For the year ended 30th June 2013

NOTES TO THE FINANCIAL STATEMENTS

1. **Significant Accounting Policies**

a) Basis of preparation.

The financial statements of the company have been prepared in accordance with the international accounting standards. The financial statements have been prepared on the historical cost basis.

b) Revenue recognition

Sales are recognized upon billing on monthly basis. Interest is accounted for on a receipt basis.

c) Depreciation

Land Dams Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation on assets owned by the company is computed on the straight-line basis, at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

	Rates per annum
Land	Nil
Dams, buildings, Water and sewer works	2.5%
Plant, Equipment, Furniture & Fittings	12.5%
Motor Vehicles	25%
Computer & Copiers	30%

Depreciation is charged on additions from the year following that in which the asset concerned is brought into use or purchased.

d) Stocks

Stocks are stated at the average cost.

e) Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success. At the moment specific provision of Ksh 20 Million is considered adequate against bad and doubtful debts.

(f) Capital Reserves

The capital reserve which is made of KFW, grant Water Trust Fund and National Housing Langas new sewer line has been amortised on basis of depreciation of the Sewerage project used to construct through the revenue reserves. KWT grant have been recognized through revenue.

Financial Statements
For the year ended 30th June 2013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

g) Retirement benefits cost

The company contributes to Local Authorities pensions Trust which administers the retirement benefits for the members. The scheme is funded from both the employees and the company.

The company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs 200 per employee per month.

The company's contributions to the above schemes are charged to the profit and loss account in the year to which they relate.

h) Investments

Equity investments are stated at cost less provision for any permanent diminution in value.

i) Cash and cash equivalents

For purposes of the cashflow statement, cash and cash equivalents comprise cash at bank and in hand, Bank deposits and treasury bills.

j) Dividends

No Dividends are being declared for the year under review.

Financial Statements
For the year ended 30th June 2013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2013	2012
	Ksh	Ksh
2 Analysis of turnover		
sales of water	315,746,851	314,547,137
Sewer services income	60,579,465	58,716,760
Meter rent	27,958,595	25,244,100
Interest accrued	3,909,467	3,522,769
Miscellaneous	10,097,218	8,111,899
	418,291,596	410,142,665

	2013	2012
	Ksh	Ksh
3 Cost of sales		
Staff costs*	80,337,339	61,708,991
Utilities	7,225,156	10,670,772
Security	3,402,874	3,322,713
Stationery	822,254	886,284
Chemicals	20,397,609	21,378,830
Repairs&maint-plant,build'gs,waterli	15,648,891	12,490,517
Catchment's conservation	6,065,511	9,191,710
Access roads	-	59,268
Tools	333,968	168,125
Others	15,275,310	19,484,836
	149,508,912	139,362,047

	2013	2012
	Ksh	Ksh
4 operating profit:		
The following items have been charged		
At the operating profit:		
Depreciation	85,304,061	80,059,607
Staff costs	116,974,705	89,851,010
Auditors remuneration	300,000	300,000
Directors expenses	17,516,969	15,832,338
EMC charges for use of assets	42,771,876	42,771,876

	2013	2012
	Ksh	KSH
5 Share capital		
Authorised, issued and fully paid		
5,000 shares of Ksh 20/- each	100,000	100,000

Financial Statements
For the year ended 30th June 2013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 Finance costs	2013	2012
	Ksh	Ksh
Various Govt loans to EMC for Water Dept.- kshs 84.9 million	1,046,148	1,283,043
KFW loan for Eldoret Water Phase II		
Kshs 998.5 million	20,217,690	24,795,896
	<u>21,263,837</u>	<u>26,078,940</u>

7 **Eldoret Municipal Council Account**

	2013	2012
	Ksh	Ksh
Loans		
Short term -Due within a year	90,165,319	88,928,157
Long term -Due after one year	1,713,141,053	1,689,634,992
	<u>1,803,306,372</u>	<u>1,778,563,149</u>

8 Non Current Assets

	Land Kshs.	Buildings. Water & Sewer Works Kshs.	Computers. Copiers Faxes etc Kshs.	Motor Vehicles Kshs.	Meters. Equipment, Furniture & Tools Kshs.	work in progress	Total Kshs.
COST:							
At 1st July, 2012	121,580,455	2,617,798,051	21,951,296	42,212,125	103,210,524	44,311,116	2,951,063,567
Transferred		6,433,232				(6,433,232)	-
Additions	3,375,000	14,057,210	1,145,571		8,328,927		26,906,709
Work in Progress-Water Trust fund						2,111,057	2,111,057
Work in Progress						6,448,204	6,448,204
At 30th June, 2013	<u>124,955,455</u>	<u>2,638,288,493</u>	<u>23,096,867</u>	<u>42,212,125</u>	<u>111,539,451</u>	<u>46,437,145</u>	<u>2,986,529,536</u>
DEPRECIATION:							
At 1st July, 2012		606,188,049	13,938,268	31,893,713	54,669,722		706,689,752
Disposal							
Additions		65,564,335	2,747,579	5,607,495	11,384,652		85,304,061
At 30th June, 2013		<u>671,752,384</u>	<u>16,685,847</u>	<u>37,501,208</u>	<u>66,054,374</u>	-	<u>791,993,815</u>
NET BOOK VALUE:							
At 30th June, 2013	<u>124,955,455</u>	<u>966,536,109</u>	<u>6,411,021</u>	<u>4,710,917</u>	<u>45,485,077</u>	<u>46,437,145</u>	<u>2,194,535,724</u>
At 30th June, 2012	121,580,455	2,011,610,002	8,013,028	10,318,412	48,540,802	44,311,116	2,244,373,815

ELDORET WATER AND SANITATION COMPANY LIMITED

Financial Statements

For the year ended 30th June 2013

NOTES OF THE FINANCIAL STATEMENTS (CONT'D)

9 Stores	2013 Ksh	2012 Ksh
General stores	155,575	183,437
Stationery	707,880	781,811
Electrical items	525,375	445,154
Water fittings and chemicals	7,452,437	6,972,957
Fuel	0	56,400
	8,841,267	8,439,759
10 Receivables		
	2013 Ksh	2012 Ksh
Trade receivables	449,488,252	398,044,281
Less provision for doubtful debts	(40,000,000)	(40,000,000.00)
Net Trade receivables	409,488,252	358,044,281
Add: Staff Debtors	168,511	195,281
Salary Advances staff	713,447	999,377
Salary Advances directors	55,621	714,949
Imprest Accounts	476,327	573,891
Prepaid Accounts	2,057,755	3,788,976
Vat Refunds	10,888,643	3,155,003
Utilities Deposits	1,391,100	1,053,600
other advances	1,611,682	2,418,552
Total Receivables	426,851,336	370,943,910
11 Investments	Ksh	Ksh
Treasury bills	37,000,000	37,000,000
12 Cash and bank balances	2013	2012
	Ksh	Ksh
Standard chartered Bank Kenya Ltd		
Current account	1,417,484	6,300,109
Savings account	6,622,527	11,738,702
	8,040,011	18,038,811
National Bank ltd		
Kiosks a/c		
Sewer line a/c		
Tanks a/c		
Langas Kipkaren water project	80,027	2,191,084
KCB Accounts		
Loan Repayment	1,059,649	1,034,063
Customer Deposit	1,059,649	1,034,063
Equity Bank	1,188,907	728,670
M-Pesa	575,756	2,159,367
Cash in Hand		
Petty cash	218	23,663
	12,004,216	25,209,721

Financial Statements
For the year ended 30th June 2013

NOTES OF THE FINANCIAL STATEMENTS (CONT'D)

13 Trade and other payables	2013	2012
	Ksh	Ksh
Trade	23,899,724	19,729,967
Payroll	52,676	28,492
Other provisions	20,339,772	11,923,691
	44,292,172	31,682,150

14 Customer Deposits	2013	2012
	Ksh	Ksh
	65,977,132	58,870,246

These are deposits received from customers pursuant to water supply agreements. The deposits earn interest at the rate of 3% per annum and the total is refundable at the end.

15 Provisions	2013	2012
	Ksh	Ksh
Audit fees	600,000	600,000
Gratuity		
Accrued expenses payable	130,396,226	75,167,135
Pension deductions	717,588	927,921
Vat withholding		
	131,713,814	76,695,056

Financial Statements
For the year ended 30th June 2013

NOTES OF THE FINANCIAL STATEMENTS (CONT'D)

16 Cash generated from operations

Cash generated from operations
 reconciliation of profit to cash generated from operations
Operating Activities

	2013	2012
	Ksh	Ksh
Deficit for the year		
Add: Depreciation for the year	(106,213,536)	(71,102,858)
	85,304,061	80,059,607
Bad debts provision		
Investing Activities	(20,909,476)	8,956,749
Investments-T/Bills		
Fixed assets additions	(35,465,961)	(194,040,273)
grant	-	154,273,369
Changes in working capital:	(35,465,961)	(39,766,904)
Stores	(401,531)	3,886,404
Debtors	(55,907,426)	(28,095,354)
Fixed Deposits		
Trade creditors	12,610,022	9,813,194
Customer deposits	7,106,886	7,204,293
EMC current account	24,743,223	26,079,030
Provision for liabilities & other charges	55,018,758	20,910,791
Cash generated from operations	43,169,931	39,798,358
	(13,205,505)	8,988,203

ELDORET WATER AND SANITATION COMPANY LIMITED

ELDORET WATER AND SANITATION

DETAILED COST CENTERS

17 Administrative and operating Expenses

	2013	2012
	KSHS	KSHS
EXPENDITURE 2012/2013		
STAFF COSTS	116,974,705	89,851,010
OPERATIONS		
BUSINESS TRAVEL	1,051,694	380,089
OVERNIGHT ALLOWANCE	3,684,829	3,906,602
LICENCES	755,842	1,185,969
CAR/CYCLE HIRE	3,800.00	
ELECTRICITY	723,048	1,038,518
TELEPHONE	878,258.44	947,567
POSTAGE	2,370,027	2,079,123
LEASEHIRE CHARGES	42,771,876.00	42,771,876
LVNWS FEES	16,253,098	8,553,084
WASREB FEES	3,683,456	3,421,234
WARMA		-
INTERNAL SERVICES	364,809	327,944
LAB REAGENTS	-	-
WATER & SEWERAGE	592,316	1,011,281
INSURANCE	15,528,717	15,382,050
SECURITY SERVICES	5,104,313	4,984,071
LAUNDRY SOAP	198,045	184,275
EXTERNAL LAB CHARGES		-
STATIONERY	3,289,013	3,545,132
ADVERT & PUBLIC RELATION	1,469,994	1,972,338
SUBSCRIPTIONS	238,319	149,321
DONATIONS	20,000	221,000
BANK CHARGES	813,110	664,722
AUDIT FEES	300,000.00	300,000
PROFESSIONAL FEES	1,443,748	11,096,590
FUNCTION/CELEBRATION	457,094	1,260,604
BOARD EXPENSES	17,516,969	15,832,338
OTHER OFFICE EXPENSES	2,296,895	1,922,904
UNIFORMS	1,494,688	813,564
FUEL/OIL/LUBRICANTS	9,445,376	7,281,885
CLEANING MATERIAL	1,838,502	2,025,891
HIV/AIDS PROGRAMME	205,166	75,000
CASUAL LABOUR		-
BAD DEBTS		
RENT AREA OFFICES	553,448	670,040
SPORTS	2,889,840	2,628,811
CSR ACTIVITIES	1,032,287	36,376
ISOACTIVITIES	27,600	348,189
LEGAL COSTS	1,195,959	822,186
BUILDING MAINTENANCE	1,456,438	778,357
GROUNDS MAINTENANCE	50,221	68,702
REPAIRS TO BUILDINGS	531,343	76,155
PLANT & MACHINERY MAINT		-
METER MAINTENANCE	1,206,140	1,439,290
MAINT. OFFICE EQUIP.	567,536	775,083
OFFICE FURN. REPAIRS	82,850	111,300
VEHICLE REPAIR& MAINT	5,097,789	3,451,043
REPAIR PARTS & MATERIAL	-	-
CONSERV. OF WATER RESOURCES	1,969,163	1,362,323
TOOLS	-	-
DEPRECIATION	85,304,061	80,059,607
TOTAL EXPENSES	353,732,382	315,804,446

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