

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

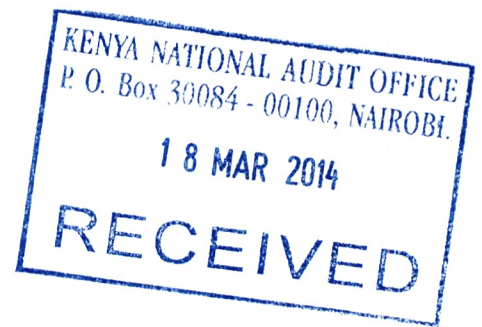
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KILIFI-MARIAKANI WATER AND SEWERAGE
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2013**



**KILIFI – MARIAKANI WATER AND SEWERAGE
COMPANY LIMITED**

***ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 30 JUNE 2013***

VISION STATEMENT

Our vision is to be the best water, sewerage and sanitation services provider in Kenya.

MISSION STATEMENT

Our mission is to provide safe and adequate Water and ensure high standards of sewerage and sanitation services to every customer, efficiently and effectively to enhance economic growth in Kilifi, Kaloleni, Ganze, and Rabai districts.

CORE VALUES

We are guided by the following core values:

- ‡ Customer Focus
- ‡ Corporate Social Responsibility
- ‡ Integrity
- ‡ Team work
- ‡ Efficiency and Effectiveness
- ‡ Communication



**KILIFI – MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013**

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**KILIFI – MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013**

Corporate Information

1. REGISTERED OFFICES

Head Office

Kilifi – Mariakani Water & Sewerage Company Ltd
P.O. Box 275-80108 - KILIFI
Along Mombasa – Malindi Road
LR No. 5054/115, Kilifi.
Tel. Nos. 041-522508
Fax 041-522507
Email: info@kimawasco.com

2. BANKERS

Kenya Commercial Bank Limited
P.O. Box 528
KILIFI
Tel No: 041- 22093
Fax: 041-22233

3. AUDITORS

Auditor General
Kenya National Audit Office
Anniversary Towers
P.O. Box 30084 - 00100
NAIROBI

4. COMPANY SECRETARY

Gunga Mwinga & Company Advocates
Moi Avenue
Behind Express House
Opposite Jahazi Hotel
P.O. Box 2541-80100
MOMBASA

List of directors who served during the year ended 30 June 2013

Name	Designation
Henry Kazungu Lughanje	Chairman
Charity Mapenzi	Member
Zena Salim	Member
Ibrahim Jilao	Member
Smith Muteti	Member
Lucy Mwangumba	Member
Leboo Ole Morintat	Member
Isaac Malanga Kavuu	Member
Isaac Kaggia	Member

List of Management Team during the period ended 30th June, 2013

Name	Designation
Engineer Mwamuye Makupe	Managing Director
Engineer Samuel N. Kombe	Technical Services Manager
CPA George C. Barua	Finance Manager
CPA Jayne Koki	Commercial & Business Dev. Manager
Alfred D. Janji	Internal Auditor



**KILIFI – MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013**

Directors Report on the Financial Statement for the Year ended 30 June 2013

The directors submit their report together with the financial statements for the year ended 30th June 2013, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya. The address of the registered office is set out on page 1.

Principal activity

The principal activity of the company is the provision of water services.

Results of operations

The net loss for the period under review is **Kshs 26,186,989** and has been transferred to retained earnings.

Directors

The directors who held office during the period to the date of this report are as listed on page 2.

Auditors

The company is audited by the office of the Auditor General of Kenya.

DIRECTOR

**Eng. Mwamuye Makupe
MANAGING DIRECTOR**



**KILIFI – MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013**

Statement of Directors Responsibilities

Financial Statement for the year ended 30 June 2013

The Companies Act requires the directors to prepare financial statements for each 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 of its profit or 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. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the board of directors on (Date) and signed on its behalf by:

DIRECTOR

**Eng. Mwamuye Makupe
MANAGING DIRECTOR**

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kilifi-Mariakani Water and Sewerage Company Limited set out on pages 6 to 20, which comprise the statement of financial position as at 30 June, 2013 and the statement of comprehensive income, statement of changes in equity and reserves 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 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. 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 materials 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) Property, Plant and Equipment

As previously reported, included in the property, plant and equipment figure of Kshs.42,255,704 as at 30 June 2013 (2011/2012: Kshs.42,787,509) is an amount of Kshs.34,256,900 representing leased assets from Coast Water Services Board in accordance with Clause 3 and 4 and schedule F and G of the unsigned Service Provision Agreement (SPA). The company does not have titles for these properties. I am therefore unable to verify the ownership and valuation of these properties and buildings nor was there a professional valuation report in support of the value attached to them.

2) Trade and Other Receivables

The trade and other receivables balance as at 30 June 2013 includes trade debtors of Kshs.112,105,665 and other debtors balance of Kshs.17,356,100 that have not been supported with analyses and documentation. Under the circumstances trade and other receivables balance could not be confirmed.

3) Trade and Other Payables

As similarly reported in the previous year, the trade and other payables balance of Kshs.121,425,968 as at 30 June 2013 (2011/2012: Kshs.117,927,246) include amounts of Kshs.65,851,197 and Kshs.31,741,633 representing water bills and lease fees, respectively. These, however, differ with the amount of Kshs.261,718,923 reflected in the Coast Water Services Board records as owed by the Company at the same date by an unreconciled and unexplained difference of Kshs.164,126,093. Consequently, the accuracy and completeness of the trade and other payables balance of Kshs.121,425,968 as at 30 June 2013 could not be confirmed.

4) Share Capital

As previously reported, the Company is registered as a limited company with an authorized share capital of Kshs.5,000,000. According to the Memorandum and Articles of Association, share capital worth Kshs.100,000 had been fully subscribed and issued as at 30 June 2013 by the Kilifi County Government. Available information and documentation however indicates that as at 30 June 2013, the County Government had not paid for the shareholding. Under the circumstances, share capital figure of Kshs.100,000 as reflected in these financial statements has not been confirmed as correct.

5) Long Term Liabilities

As previously reported, the long term liabilities balance of Kshs.18,335,502 as at 30 June 2013 (2011/2012 Kshs.18,335,502) as disclosed in note 18 to the financial statements, relate to invoices for supply of water from Coast Water Services Board which dates back to 30 June 2009 and was rescheduled for payment on 23 January 2013. However, no documentary evidence was availed to support the balance. Consequently, it was not possible to verify the completeness and valuation of long Term Liabilities of Kshs.18,335,502 as reported in these financial statements as at 30 June, 2013.

6) Unaccounted for Water

During the year under review, the Company produced 8,452,630 cubic meters (m³) of water out of which 3,614,123 cubic meters (m³) or about 42.75% of water was billed to the customers. The balance of 4,838,507 cubic meters (m³), approximately 57.2% of the water produced represents unaccounted for water (UFW) which is 32.2% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board Guidelines. The UFW of 57.2% may have resulted to loss of water sales estimated at Kshs.472,182,736. The significant level of UFW may negatively impact on the Company's profitability and long term sustainability.

7) Personnel Costs

The personnel costs balance increased from Kshs.103,667,016 as at 30 June 2012 to Kshs.115,817,686 as at 30 June 2013, an increase of 12,150,670 or about 11.7% . The Company management has not provided justification for the substantial increase in personnel costs.

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 Company 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 both the Water Act, 2002 and the Companies Act, Cap 486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenya Companies Act, I report based on the 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;
- 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 and statement of comprehensive income are in agreement with the books of account.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 March 2014



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 Kshs.	2012 Kshs
INCOME			
Income from Principal Activity	2	352,696,914	341,371,202
Miscellaneous Income	3	<u>27,420,572</u>	22,289,853
TOTAL		<u>380,117,486</u>	<u>363,661,055</u>
EXPENDITURE			
Personnel Costs	4	115,817,686	103,667,016
Operational Costs	5	206,801,203	179,609,400
Administrative Costs	6	71,872,334	71,306,844
Board of Directors Expenses	7	6,261,700	9,368,131
Bank Charges	8	2,509,297	1,104,148
Depreciation Expenses	9	2,462,255	2,666,241
Audit Fees Provision		580,000	500,000
TOTAL		<u>406,304,475</u>	<u>368,221,780</u>
Net profit / (Loss) for the year		<u>(26,186,989)</u>	<u>(4,560,725)</u>



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Notes	2013 Kshs.	2012 Kshs
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	42,255,749	42,787,509
		42,255,749	42,787,509
CURRENT ASSETS			
Trade and Other Receivables	10	129,357,033	149,507,586
Prepayments & Rent Deposits	11	588,491	84,990
Cash and Bank Balances	12	5,367,425	8,483,240
		135,312,949	158,075,816
CURRENT LIABILITIES			
Trade and Other Payables	13	121,425,968	117,927,246
Overdraft	14	8,143.00	614,503
		13,878,838.00	39,534,067
NET CURRENT ASSETS		121,434,111	118,541,749
NET ASSETS		56,134,587	82,321,576
FINANCED BY:			
Share Capital	15	100,000	100,000
Retained Earnings	16	(12,353,536)	13,833,453
Capital Reserves	17	50,052,621	50,052,621
Long term Liabilities	18	18,335,502	18,335,502
CAPITAL EMPLOYED		56,134,587	82,321,576

The financial statements on pages 6 to 19 were approved for issue by the board of directors on 30th SEPTEMBER 2013 and were signed on its



Managing Director



Director



KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs.	Kshs
Cash flows from operating activities		
Loss before tax	(26,186,989)	(4,560,725)
Add back:		
Depreciation	2,462,255	2,666,241
Total from Operating Activities	(23,724,734)	(1,894,484)
Working capital Changes		
Decrease in Trade & Other Recievables	20150553	(17,233,923)
Prepayments & Rent Deposits	(503,501)	0
Increase in Trade and Other Payables	3,498,722	22,999,199
Cash generated from operations	(578,960)	3,870,792
Net cash generated from operating activities	(578,960)	3,870,792
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,930,495)	(5,806,981)
Net cash used in investing activities	(1,930,495)	(5,806,981)
Net (decrease)increase in cash and cash equivalents	(2,509,455)	(1,936,189)
Cash and cash equilent at the start of the year	7,868,737	9,804,926
Cash and cash equivalent at the end of the year	5,359,282	7,868,737
Reconciliation		
Cash at the end of the period	5,367,425	8,483,240
Less: Overdraft	(8,143)	(614,503)
Cash and cash equivalent at the end of the year	5,359,282	7,868,737



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Share Capital	Retained Earnings	Capital Reserves	Long Term Liabilities	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
As at 1st July 2011	100,000	18,394,178	50,052,621	18,335,502	86,882,301
Net Loss for the year		(4,560,725)			(4,560,725)
Prior year adjustment		-	357,572		357,572
At 30th June 2012	100,000	13,833,453	50,052,621	18,335,502	82,321,576
As at 1st July 2012	100,000	13,833,453	50,052,621	18,335,502	82,321,576
Net Loss for the year		(26,186,989)			(26,186,989)
At 30th June 2013	100,000	(12,353,536)	50,052,621	18,335,502	56,134,587



KILIFI – MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013

Notes to the Financial Statements:

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Basis for preparation

The financial statements have been prepared in accordance with and in compliance with the International Financial Reporting Standards (IFRS), with an exception of the application of International Accounting Standards (IAS 12), Income Taxes.

The financial statements are prepared under the historical cost convention except for certain property, plant and equipment which are on lease from Coast Water Services Board. These assets are stated at their estimated Service Provision Agreement (SPA) agreed values.

b. Revenue recognition

Sales are recognized upon supply of water and incidental services.

c. Property, plant and equipment

All property, plant and equipment acquired by the company are stated at cost less depreciation. Land, property and equipment leased to the company by the Coast Water Services Board are held in trust and are not depreciated.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset to their residual values over their estimated useful life. The annual rates used are:

- | | |
|----------------------------------|-------|
| • Motor vehicles and motor bikes | 25% |
| • Property, Plant and Equipment | 12.5% |
| • Computers and Accessories | 30% |
| • Water Infrastructure | 20% |
| • Furniture and Fittings | 12.5% |



**KILIFI – MARIAKANI WATER & SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2013**

Notes (Continued)

d. Leased property, plant and equipment

The company operates on leased land, property and equipment from Coast Water Services Board. The capitalized values are as estimated in the Service Provision Agreement.

e. Trade Receivables.

Trade receivables are stated at anticipated realizable value. An estimate is made for doubtful receivable based on a review of all outstanding amounts at the year end.

f. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at all banks.

g. Financial risk management objectives and policies.

The company's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable level of risks.

h. Critical accounting estimates and judgements

The leased property, plant and equipment are valued at their estimated SPA values. This valuation has yet to be certified by a licensed valuer.



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2**

Notes to the Accounts(continued)

	2013	2012
	Kshs.	Kshs
2 Income from Principal Activity		
Sale of Water		
Mariakani	172,991,293	154,637,643
Kilifi	133,853,291	137,171,202
Mtwapa	37,238,710	34,505,072
Baricho	8,613,620	15,057,285
	<u>352,696,914</u>	<u>341,371,202</u>
3 Miscellenous Income		
Miscellenious Revenue	10,350,337	5,495,900
New connection charges	4,872,824	5,590,902
Re-connection charges	2,380,909	1,313,412
Government Subsidy on ministry staff	8,208,926	8,390,919
Interest Income	176	-
Water Bowser	1,607,400	1,498,720
Total	<u>27,420,572</u>	<u>22,289,853</u>



KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2013
Notes to the accounts (Continued)

4 Personnel Costs	2013	2012
	Kshs.	Kshs
Casuals wages	12,316,283	8,274,742
Field Allowance	2,560,930	2,107,122
Salaries and wages	86,139,385	78,628,033
Staff medical	3,687,132	689,642
Staff Training	81,000	4,209,547
Staff welfare expenses	1,813,490	5,317,813
Staff leave allowance	1,705,144	1,356,995
NSSF	258,600	205,600
Gratuity Expense	557,000	940,734
Company Pension	6,698,722	1,936,788
	115,817,686	103,667,016
5 Operational Costs		
Cost of water	172,142,460	119,217,921
Repairs & Maintenance		
Buildings	259,857	1,368,799
Computers	202,854	130,887
Furniture & Equipment	809,500	47,379
Motor cycles	257,433	1,184,505
Motor vehicles	2,008,246	3,930,340
Generator	26,100	338,111
O & M Field allowances	7,071,676	15,226,654
Water Infrastructure service	24,023,077	38,164,804
	206,801,203	179,609,400



KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2013
Notes to the accounts (Continued)

	2,013	2,012
6 Administrative costs	Kshs.	Kshs
Computer Stationary & Acces	1,519,000	915,506
Conference meetings	710,955	99,960
Electricity	1,022,050	1,464,455
Entertainment	144,690	690,950
Hire of transport & Equip	2,415,600	3,257,791
Insurance	856,386	606,776
Licences	16,400	19,300
Donations	288,600	695,420
Motor vehicles Fuel	7,062,060	6,859,397
Office cleaning	112,316	135,715
Office Expenses	478,450	1,216,223
Office rent & rates	1,244,650	905,260
Print & Stationary	740,909	905,128
Publicity expenses	407,296	898,108
Security expenses	5,104,313	3,763,492
Tel, postage & Internet	3,473,272	4,861,106
Transport expenses	607,504	912,175
Travelling & accomodation	3,760,984	4,350,179
Disconnection expenses	1,117,150	237,425
Commercial Expenses - operations	1,194,000	1,766,666
Lease fees	31,741,633	30,724,408
Regulatory fees	4,105,709	3,413,712
Subscriptions&Newspapers	480,838	295,470
Fines , Penalties& legal fees	1,805,625	220,000
Provision for bad debts for the year	1,461,944	2,092,222
	71,872,334	71,306,844



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

Notes to the accounts (Continued)

	2013	2012
	Kshs.	Kshs
7 Board of Directors expenses		
Workshop & seminars	231,800	1,392,640
Travel & accomodation	39,600	1,306,480
Committee Allowances	4,308,800	5,563,297
AGM expenses	961,500	-
Chairman Honorarium	720,000	1,105,714
	6,261,700	9,368,131
8 Bank Charges		
Bank charges	2,509,297	1,104,148
	2,509,297	1,104,148



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2012**

Notes to the accounts (continued)

9 Property, Plant and Equipment

	Land		Buildings		Motor Vehicles		Computers and Accessories		Furniture and Fittings		Plant and Equipment		Water Infrastructure		Total		
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		
Cost or valuation																	
As at 1 July 2011	2,745,000		29,821,900		8,561,290		2,159,616		2,008,528		1,110,676		1,543,027		47,950,037		
Additions during the year	-		-		2,869,891		161,500		913,190		1,400,000		462,400		5,806,981		
As at 30 June 2012	2,745,000		29,821,900		11,431,181		2,321,116		2,921,718		2,510,676		2,005,427		53,757,018		
Depreciation																	
As at 1 July 2011	-		-		5,006,230		1,500,996		736,630		503,922		555,490		8,303,268		
Charge for the year	-		-		1,606,238		246,036		273,136		250,844		289,987		2,666,241		
As at 30 June 2012					6,612,468		1,747,032		1,009,766		754,766		845,477		10,969,509		
NBV as at 1 July 2011	2,745,000		29,821,900		3,555,060		658,620		1,271,898		606,754		1,234,421		39,646,769		
NBV as at 30 June 2012	2,745,000		29,821,900		4,818,713		574,084		1,911,952		1,755,910		1,159,950		42,787,509		

KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013
Notes to the accounts (continued)
Property, Plant and Equipment

	Land		Buildings		Motor Vehicles		Computers and Accessories		Furniture and Fittings		Plant and Equipment		Water Infrastructure		Total		
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		
Cost or valuation																	
As at 1 July 2012	2,745,000		29,821,900		11,431,181		2,321,116		2,921,718		2,510,676		2,005,427		53,757,018		
Additions during the year			-		-		195,200		143,195				1,592,100		1,930,495		
As at 30 June 2013	2,745,000		29,821,900		11,431,181		2,516,316		3,064,913		2,510,676		3,597,527		55,687,513		
Depreciation																	
As at 1 July 2012	-		-		6,612,468		1,747,032		1,009,766		754,766		845,477		10,969,509		
Charge for the year	-		-		1,204,678		230,785		256,893		219,489		550,410		2,462,255		
As at 30 June 2013					7,817,146		1,977,817		1,266,659		974,255		1,395,887		13,431,764		
NBV as at 1 July 2012	2,745,000		29,821,900		4,818,713		574,084		1,911,952		1,755,910		1,159,950		42,787,509		
NBV as at 30 June 2013	2,745,000		29,821,900		3,614,035		538,499		1,798,254		1,536,421		2,201,640		42,255,749		



KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED
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Notes to the accounts (continued)

	2013	2012
	Kshs.	Kshs
10 Trade and Other Receivables		
Trade debtors	112,105,665	147,302,029
Less provision for bad debts	(1,461,944)	(16,203,222)
Share Capital receivable	100,000	100,000
Staff Debtors	1,257,212	952,679
Other debtors	17,356,100	17,356,100
Total	129,357,033	149,507,586
11 Prepayments & Rent deposits	588,491	84,990
12 Cash and bank		
Cash in hand	9,000	1,426,687
Cash in Bank	5,358,425	7,056,553
Total	5,367,425	8,483,240
13 Trade and other payables		
Trade Creditors	6,685,300	7,490,430
Other Liabilities	1,421,064	608,668
Long term customer deposit	12,766,637	12,726,637
CWSB	65,851,197	62,463,391
CWSB Lease fees	31,741,633	30,724,408
WASREB Levy	1,880,137	3,413,712
Audit fees Provision	1,080,000	500,000
Total	121,425,968	117,927,246



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
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30TH JUNE, 2013**

Notes to the accounts (continued)

	2013 Kshs.	2012 Kshs
14 Bank overdraft		
Cash at bank	8,143	614,503
Total	8143	614,503
15 Share capital		
Authorized Share Capital 5,000 shares of shs.1,000each.		
Issued share capital 100 shares of Kshs 1000	100,000	100,000
16 Retained earnings		
As at 1st July 2012	13,833,453.00	18,394,178
Net Loss for the year	(26,186,989)	(4,560,725)
Total as at 30 June 2013	(12,353,536)	13,833,453
17 Capital Reserves		
Land	2,745,000	2,745,000
Buildings	29,821,90	29,821,900
Motor Vehicles	1,690,00	1,690,000
Sub-Total	34,256,90	34,256,900
Management Salary at Formation	521,875	521,875
Being Payroll deductions on Ex-NWC	411,423	411,423
Being Ex-NWC payroll on Formation	418,332	418,332
Being management Salaries -July 2006	521,875	521,875
Being Statutory deductions -Aug 2006	411,423	411,423
Transfer on Reconciliation	178,786	178,786
Sub-Total	2,463,714	2,463,714
Adjustment for Cost water Bills	13,332,007	13,332,007
TOTAL	50,052,621	50,052,621



**KILIFI-MARIAKANI WATER AND SEWERAGE COMPANY LIMITED
ANNUAL REPORT AND ACCCOUNTS FOR THE YEAR ENDED
30TH JUNE, 2013**

Notes to the accounts (continued)

18 Long term liabilities

The long term liabilities relate to CWSB invoices for supply of water and which have been rescheduled for payment after the next financial year have been classified as long term liabilities

19 Lease Fees

A lease fee is levied by Coast Water Services Board for the use of Land, property and Equipment leased to the company. The rate is 9% of the water sale. The water regulatory levy is payable to Water Regulatory Board at a rate of 1% of water sale.

20 Currency

These accounts are presented in Kenya Shillings (Kshs)