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REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
LAKE VICTORIA NORTH WATER
SERVICES BOARD FOR THE 18
MONTHS PERIOD ENDED 30 JUNE 2006

KENYA NATIONAL AUDIT OFFICE
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REGISTRY HEADQUARTERS
NAIROBI



LAKE VICTORIA NORTH WATER SERVICES BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR EIGHTEEN MONTHS ENDING

30 JUNE 2006

Core business

- (a) Managing and developing water supply and sanitation assets;*
- (b) Entering into service provision agreements with WSPs and monitoring their performance;*
- (c) Supporting communities in the Board's area of responsibility, in the provision of water and sanitation.*

Vision

To be the leading WSB in Kenya in the provision of adequate and quality water and sanitation services”

Mission

To provide quality and affordable water and sanitation services through effective management of resources and in turn promote socio-economic progress in the region”.

Core Values

- (a) The Board will endeavor to provide services that meet the expectations of its customers.*
- (b) The Board will pursue good governance, conduct its affairs in a transparent and accountable manner; and seek stakeholder participation in decision making process.*
- (c) The Board will at all times endeavor to appoint, reward and engage staff on merit basis.*
- (d) The Board will be an equal opportunity employer and will be sensitive to gender parity.*
- (e) The Board will seek to have an organization built on teamwork and high level of discipline.*
- (f) The Board will be committed to continuous learning*
- (g) The Board will remain a committed advocate of sustainable environment in all its dealings.*

Overview of Service area

Lake Victoria North Water Services Board serves eight administrative districts in Western Province and five districts in parts of the Rift Valley Province. This brings the total number of specific districts within the area of the Board's mandate to thirteen. These are: Bungoma, Busia, Butere/Mumias, Kakamega, Lugari, Mt. Elgon, Nandi North, Teso, Trans Nzoia, Uasin Gishu, West Pokot, Markwet and Vihiga. The total coverage of the districts in the area of the Board's mandate is 24,420 sq. kms, with an estimated population of 6,474,730 (1999 National Population Census).

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COMPANY DETAILS/INFORMATION

Incorporation/Establishment

Lake Victoria North Water Services Board is a state corporation established under the Water Act 2002 and gazetted vide notice No. 1717 and is domiciled in Kenya.

Principal Place of Business

Kenfinco Complex
Kakamega-Kisumu Road
P.O Box 673 – 50100

KAKAMEGA

Tel: 254- 56-30795
Fax: 254-056-31506

E-mail: info@lvnwsb.co.ke
Website: www.lvnwsb.co.ke

Bankers

Kenya Commercial Bank
Kakamega Branch
P.O Box 152 – 50100

KAKAMEGA

Auditors

The Controller and Auditor General
Kenya National Audit Office
Anniversary Towers
P.O Box 30084

NAIROBI

BOARD OF DIRECTORS

Mr. Joseph Murunga (Chairman)

Mr. Nelson Otido

Mr. Augustine C. Loile

Mr. Boaz O. Ojiambo

Mr. Eng. Robert Gakubia

Mr. Erick Balliat

Mr. Martin Ogola

Mr. Joel Too

Mr. Wilberforce Wambulwa (Mr. Gilbert Nandwa)

Mr. G. Kwena

Mr. Martin Epusi

Management Team

During the financial year the senior management team comprised of the following staff:-

| | |
|----------------------|------------------------------------|
| Eng. Diru Magomere - | Chief Executive Officer |
| Eng. David Kimingi | Technical Manager |
| Mr. Bonface Wanyonyi | Finance and Administration Manager |
| Eng. Nancy Ogal - | Water Services Provider Manager |
| Eng. Claude Busieney | Asset Development Manager |
| Rachel Makokha | Community Development Manager |
| Mrs. Judith Wamalwa | Accountant |
| Mr. Peter Bett | Procurement Manager |
| Mr. Albert Nyauntu | Human Resource Manager |

CHAIRMAN'S REPORT

It is with great pleasure that I present this first annual report of Lake Victoria North Water Services Board (LVNWSB). Lake Victoria North Water Services Board is one of the seven Water Services Boards established under the Water Act 2002, as part of the reforms in the water sector. The Board was established vide gazette notice No. 1717 dated 12th March 2004. The mandate of the Board is to contract, monitor and enforce agreements between the Board and Water Service Providers in accordance with regulations set by the Water Services Regulatory Board; ensure effective and economical provision of water services; monitor and acquire assets; plan, manage and develop water and sewerage services; and take custody of water services provision assets.

Although the Board was established in March 2004 and the Directors gazetted, initial operations were carried from the Ministry of Water headquarters in Nairobi. In January 2005, the Board operation moved to Kakamega where its headquarters are located. The main activities carried out during the eighteen months were the establishment of the Board offices and procurement of the necessary equipments required for smooth operation.

Staffing

The initial staffing to the Board was provided by the Ministry of Water and Irrigation and was drawn from the Ministry itself and the National Water Conservation and pipeline corporation. During the first six months of operation the Board embarked on recruitment exercise for core staff and by the end of the financial year 2005/06 the Board had placed advertisement for the posts of Chief Executive Officer, Technical Services Manager and Finance and Administration Manager in print media. The focus of the Board is to recruit core staff competitively from the open market. The Core Management team has been recruited and started working in November/December 2005.

Corporate governance

In recognition of the of the importance of corporate governance, the Board of Directors and senior staff members were facilitated to attend a corporate governance course in Arusha, Tanzania during period. The knowledge gained, is hoped will enhance the understanding of the roles of the Board of Directors and senior management in the corporation. This will undoubtedly enhance effective participation in the Board's affairs by the directors through the various organs of the Board and hence ensure effective delivery of quality services.

Strategic Plan

During the period the LVNWSB developed its strategic plan for the next ten years. The plan provides a road map to guide LVNWSB in its path towards achieving its vision of being the leading Water Service Board in Kenya in the provision of adequate and quality water and sanitation services as it executes its mandate. The plan was developed through participatory methodology and drew experiences from a wide spectrum of stakeholders ranging from the Board of Directors, Core staff, consultants, GTZ Water Sector Reform Program, Ministry of Water and Irrigation, National Water Conservation and Pipeline Corporation and other stakeholders in the water sector.

The Board has also developed a 5 year business plan to guide its financial and fund raising operation.

Water infrastructure

During the period the Board signed lease agreements between Municipal Council of Kitale, Webuye and Bungoma and took over the management of the water and sewerage facilities previously under the councils. The Board also managed to sign Water service provision agreement with Nzoia Water Company Ltd which gave the company the mandate to manage the supply of water in three towns namely Kitale, Bungoma and Kakamega. It has also signed service provision agreements with Western Water and Sanitation Company, Amatsi Water Company and Eldoret Water and Sanitation Company.

Financial Report

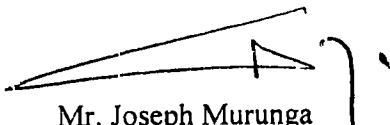
The Board's financial operation effectively commenced in January 2005. The Board operated with support from GOK grant and as at the end of the period, it had received Ksh. 43,057,309.00 in both recurrent and development grants. It also earned Ksh. 30,792,263.10 from sale of water (Kakamega water supplies) and licence fees (WSP Levy) from contracted Water Service Providers (WSPs). With other grants the Board had a total income of Ksh. 104,210,443.10. The Board's expenditures for the same period amounted to Ksh. 77,192,518.25 thus registering a surplus of Ksh. 27,017,924.85 during the period.

The Board

I would like to thank the Board Members for their dedication to the business of the Board during the period and the management and staff for working as a cohesive team with the Board of Directors.

On behalf of the Board, I wish to acknowledge the support of the Government and through the Ministry of Water and Irrigation for providing finance, guidance and strategic direction to the Board. Partner organization particularly GTZ and SIDA/DANIDA (KWSP Program) have also been instrumental in enabling the Board acquire the basic IT infrastructure and refurbishment of our offices and extend its operation to rural poor..

We look forward to more success in the year 2006/07.



Mr. Joseph Murunga
Chairman, Board of Directors

CORPORATE GOVERNANCE REPORT

The Lake Victoria North Water Services Board Directors and Management are committed to ensuring that the Board adheres to the highest standards of conduct and accountability in accordance with the best practice principles of corporate governance. These principles are applied throughout all levels of the corporation.

The Board

The role of the board of Directors is to set the policy and strategy, to monitor the attainment of board's objectives and to ensure that the Board meets its obligations to stakeholders. The Directors are also responsible for overseeing the Board's assets and ensure the reliability of financial information used within the corporation. The Directors are also responsible for overseeing the Board's internal control system. These controls are designed both to safeguard the Board's assets and ensure reliability of financial information used within the corporation's business.

Board Committees

In line with guidelines issued by the Government, the board has delegated its authority to committees to deal with specific aspects of its responsibilities. These committees have specific terms of reference and reports to the full Board meeting. LVNWSB has the following Board committees:-

1. Finance, Welfare and Establishment Committee, whose main duties are:- to review financial statements and annual budgets; periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff; and general welfare of the Board's employees.
2. Procurement Tender Committee, whose main duty is to review and approve major procurement.
3. Audit Committee, whose main duty is to ensure that the systems of internal control are effective and complied with.
4. Technical Committee, whose focus is on issues arising from LVNWSB stewardship of essential water infrastructure and has a duty of reviewing the conditions and performance of technical assets including projects. The committee is also tasked with ensuring safeguarding the environment.

Organisation Structure

The Board has a clearly defined organisation structure within which individual responsibilities are identified in relation to internal financial controls. The structure is complimented by policies and management operates the business in compliance with these policies.

Management Team

The Chief Executive Officer chairs the Management team which comprises heads of department and other senior staff. The team deals with operation matters and coordinates activities across the boards various departments/divisions, water schemes and water services providers.

REPORT OF DIRECTORS

The Directors have pleasure in presenting their report and audited financial statements for the eighteen months covering the period January 2004-June 2006 year ended 30 June 2006.

Principal Activities

The mandate of the Board is to provide water and sewerage services in the 12 districts under its jurisdiction. The principal activities are to contract water service providers (WSPs), asset maintenance and development.

Results

| | Jan 2004-June 2006 |
|---|----------------------|
| | Ksh. |
| Surplus/(Deficit) before depreciation and finance costs | 32,479,879.35 |
| Depreciation | (5,461,945.50) |
| Surplus/(Deficit) before finance costs | <u>27,017,924.85</u> |
| Net Finance costs | - |
| Net surplus/(Deficit) for the period | <u>27,017,924.85</u> |

Net surplus for the period

The Board registered a surplus of Ksh.27,017,924.85 during the year.

Directors

The directors who held office during the year were:

Mr. Joseph Murunga (Chairman)

Mr. N. Otido

B. Omusolo

Mr. Munoko Sicharani

Mr. Augustine C. Loile

Mr. Boaz O. Ojiambo

Mr. Eng. Robert Gacubia – PS Representative Ministry of Water and Irrigation

Mr. Erick Balliat

Mr. Maurice Ogola

Mr. Joel Too

Mr. Wilberforce Wambulwa

Mr. G. Kwena

Mr. G. W. Wambulwenyi


Secretary and Chief Executive Officer

Eng. Diru Magomere

Auditors

The Controller and Auditor General Kenya National Office will continue to audit the Accounts of the Board in accordance with section 12 of the Public Audit Act 2003.

By order of the Board


Eng. Diru Magomere

Secretary

Date: _____

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Board at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Board keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Board. They are also responsible for safe guarding the assets of the Board.

And under the State Corporations Act, a Company is responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of the corporation.

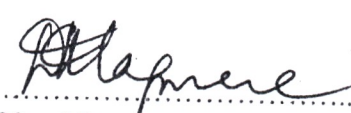
The Directors accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

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 Lake Victoria North Water Services Board and of its income and expenditure. 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 control.

Nothing has come to the attention of the Directors to indicate that Lake Victoria North Water Services Board will not remain a going concern for at least twelve months from the date of this statement.


.....
Joseph Murunga
CHAIRMAN

Date:.....


.....
Eng. Diru Magomere
CHIEF EXECUTIVE OFFICER

Date:.....

FINANCIAL STATEMENTS

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ACCOUNTS
OF LAKE VICTORIA NORTH WATER SERVICES BORD FOR THE YEAR ENDED
30 JUNE, 2006**



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF LAKE VICTORIA NORTH WATER SERVICES BOARD FOR THE 18 MONTHS PERIOD ENDED 30 JUNE 2006

I have audited the financial statements of Lake Victoria North Water Services Board for the 18 months period ended 30 June 2006 in accordance with the provisions of 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Water Service board and the Controller and Auditor General

The Board is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Board and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Board as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Property, Plant and Equipment

The Board's balance sheet excludes an undetermined value of assets and liabilities that are within the Board's jurisdiction and which were transferred from the Ministry of Water and the National Water Conservation and Pipeline Company through the Legal Notice No.101 of 12 August 2005. According to the legal notice, the transfer of title to the assets and liabilities was to be completed by 30 June, 2006 through an agreement which was to contain Technical Audit and Valuation Reports for assets and liabilities transferred under section 113 of the Water Act 2002. As disclosed in note No 1(e) to the financial statements the value of land, buildings and water supplies have not been valued for inclusion in these financial statements.

Opinion

Except for the reservation set out in the preceding paragraph, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Board as at 30 June 2006 and of its surplus and cash flows for the 18 months period then ended and comply with the Water Act 2002.


P. N. KOMORA
CONTROLLER AND AUDITOR GENERAL

Nairobi

26 March 2007

FINANCIAL STATEMENTS FOR EIGHTEEN MONTHS PERIOD
ENDED JUNE 30, 2006

INCOME AND EXPENDITURE ACCOUNT

| | NOTE | 2006 Ksh. |
|---|------|-----------------------------|
| INCOME | | |
| Government Grants | 2 | 43,057,309.00 |
| Revenue from Water sales | 3 | 30,792,263.10 |
| SIDA/DANIDA Grants (KWSP) | 4 | 27,785,201.00 |
| UNICEF Grant | 4 | 1,500,000.00 |
| Other Revenues | 5 | 1,075,670.00 |
| Total Income | | 104,210,443.10 |
| EXPENSES | | |
| Administrative and Establishment Expenses | 6 | 25,742,752.65 |
| Supplies and Services | 7 | 5,514,569.75 |
| Finance Costs | 8 | 244,988.40 |
| Transport Costs | 9 | 2,386,860.80 |
| Operation and Maintenance Expenses | 10 | 6,919,198.60 |
| Personnel Costs | 11 | 24,968,648.60 |
| Rural Water Supplies Development Expenses | 12 | 5,953,544.95 |
| Depreciation expenses | 13a | 5,461,954.50 |
| Total Expenditure | | <u>77,192,518.25</u> |
| Excess of income over expenditure | | <u>27,017,924.85</u> |

STATEMENT OF CHANGES IN GENERAL FUND

For the 18 Months Ended June 30, 2006

| | Capital Fund | Revaluation Reserve | General Fund | Total |
|-----------------------------------|-----------------------------|---------------------|-----------------------------|-----------------------------|
| | Ksh | Ksh | Ksh | Ksh |
| As at July 2004 | - | - | - | - |
| Capital Grants (KWSP) | 8,701,524.00 | - | - | 8,701,524.00 |
| Capital Grants (GOK) | 4,698,300.00 | - | - | 4,698,300.00 |
| Excess of income over Expenditure | - | - | 27,017,924.85 | 27,017,924.85 |
| As at June 2006 | <u>13,399,824.00</u> | <u>-</u> | <u>27,017,924.85</u> | <u>40,417,748.85</u> |

BALANCE SHEET AS AT JUNE 30, 2006

| ASSETS | NOTE | Ksh |
|--------------------------------|------|---------------------------------|
| Non Current Assets | | |
| Property, Plant and Equipments | 13B | <u>15,230,164.50</u> |
| | | 15,230,164.50 |
| CURRENT ASSETS | | |
| Debtors | 14 | 6,942,627.75 |
| Stock | 15 | 509,534.00 |
| Cash and Bank Balances | 16 | <u>22,978,823.20</u> |
| | | <u>30,430,984.95</u> |
| CURRENT LIABILITIES | | |
| Creditors and accruals | 17 | 3,128,208.25 |
| Bank Overdraft | 16 | 115,192.35 |
| | | <u>3,243,400.60</u> |
| NET CURRENT ASSETS | | <u>27,187,584.35</u> |
| NET ASSETS | | <u>40,417,748.85</u> |
| FINANCED BY | | |
| Capital Fund | 18 | 8,701,524.00 |
| Capital Grants(GOK) | 19 | 4,698,300.00 |
| General Fund | | <u>27,017,924.85</u> |
| | | <u>40,417,748.85</u> |

The notes on pages ----- form an integral part of these Accounts. The Accounts approved and signed on behalf of the Board of Directors on _____ By:

Mr. Joseph Murunga _____

Eng. Diru Magomere _____

CHAIRMAN

CHIEF EXECUTIVE OFFICER

Date: _____

Date: _____

CASHFLOW STATEMENT FOR THE 13 MONTHS ENDING JUNE 30, 2006

| Cash flow from operating activities | Ksh |
|---|-----------------------|
| Excess of income over expenditure | 27,017,924.85 |
| Adjustments for Depreciation | 5,461,954.50 |
| Operating Surplus | 32,479,879.35 |
| Increase in debtors | -6,942,627.75 |
| Increase in stock | -509,534.00 |
| Increase in Creditors | 3,128,208.25 |
| Net working Capital | -4,323,953.50 |
| Net cash flow from operating activities | 28,155,925.85 |
| Cash flow from investing activities | |
| Purchase of property, plant and equipments | -13,692,119.00 |
| Net cash used in investing activities | -13,692,119.00 |
| Cash flow from Financing Activities | |
| Government Capital grants | 4,698,300.00 |
| Capital grants | 8,701,524.00 |
| Net Cash used in financing Activities | 13,399,824.00 |
| Net Increase in Cash and cash equivalents in the year | 22,863,630.85 |
| Cash and cash equivalent at the beginning of the year | 0.00 |
| Cash and cash equivalent at the end of the year | <u>22,863,630.85</u> |

Represented by:

| | |
|-----------------------|----------------------|
| Cash on hand | 4,350.00 |
| Bank Balances | 22,974,473.20 |
| Bank overdraft | <u>-115,192.35</u> |
| | <u>22,863,630.85</u> |

NOTES TO THE ACCOUNTS

FOR THE EIGHTEEN MONTHS ENDING 30 JUNE 2006

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

The financial statements have been prepared in accordance with the international financial reporting standards under the historical cost convention.

b) Revenue Recognition

The board adopts the modified actual basis of accounting for revenue and expenses. Recurrent grants received from the government are recognized as revenue when received. On the other hand expenses are recognized when incurred.

c) Currency

Asset and liability are expressed in local currency i.e. Kenya shilling (Ksh)

d) Retirement Benefits obligations

The Board's staffs were deployed from Ministry of Water and Irrigation and the National Water Conservation and Pipeline Corporation (NWCPC) and maintained their terms of employment. The deployed staff from NWCPC staff maintained a defined contributory benefit scheme and the schemes assets are held in a separate trustee administered fund. Staff deployed from government continued with the government retirement plan. This arrangement holds until the Board develops its own retirement benefits scheme. In November 2005 the Board recruited its core Management Team comprising of Chief Executive Officer, Technical Manager and Finance and Administration Manager on a three year contract. The three staff are entitled to gratuity payable at the end of their contract at the rate of 31% on basic salary. The accrued gratuity as at 30th June 2006 amounted to Ksh. 942,400

e) Property and Equipment

1. The value of land, buildings and water supplies are not considered in the report because they have not been valued. The Board is soliciting for finances to enable it value the assets. It is important to that although the water assets within the Board area were transferred to the Board vide legal notice No. 101 the titles to the said properties are yet to pass over to the Board.
2. Only motor vehicles whose log books are in the name of the Board have been included in the statements at cost. Value for motor vehicles handed

over to the Board by the Ministry of Water is not included in the Balance sheets because their log books are still being held by the parent ministry, so it is assumed that the same was included in their books of accounts.

3. Donated furniture and equipments from the Ministry and donors have been included in the accounts at an estimated value based on management assessment.
4. Depreciation is charged on a straight line basis over the estimated useful lives of the assets. The annual rates used are as below.

| | |
|--|-------|
| i). Office Equipment | 12.5% |
| ii). Computer & other related equipment | 33.3% |
| iii). Furniture and Fittings | 12.5% |
| iv). Motor Vehicles | 25% |
| v). Plant, Machinery and Equipments..... | 20% |

f) Stock

Stocks are valued at cost using the first in first out method.

g) Comparative figures

No comparative figures have been given as this is the first report of operation

| | | |
|---|----------------------|---------------|
| 2. Government Grants | | |
| Recurrent grants | 13,360,000.00 | |
| Development grants | 23,697,309.00 | 38,557,309.00 |
| GOK Counterpart contribution under SIDA/DANIDA (KWSP) Project | 6,000,000.00 | |
| Total | 43,057,309.00 | |
| 3. Revenue | | |
| Revenue from water sales (Kakamega and Kapsabet Water supplies) | 25,159,171.80 | |
| WSP Licence fees | 5,633,091.30 | |
| | 30,792,263.10 | |
| 4. Grants | | |
| Grants from SIDA/DANIDA -KWSP Rural water supply | 27,785,201.00 | |
| UNICEF through Ministry of Water | 1,500,000.00 | |
| | 29,285,201.00 | |
| 5. Other Income | | |
| Receipts from sale of tenders and miscellaneous income | 1,075,670.00 | |
| 6. Administrative and Establishment Expenses | | |
| Board Expenses | 4,182,265.20 | |
| Chairmans Honoraria | 795,000.00 | |
| Administrative Procedures | 1,159,991.35 | |
| Advertising & Publicity | 2,121,687.00 | |
| Contracted Guards | 789,872.00 | |
| Contracted Professional Services | 255,359.00 | |
| Engage Stakeholders | 218,219.00 | |
| Hospitality | 161,733.20 | |
| Miscellaneous | 302,761.50 | |
| Training needs Assessment | 725,317.60 | |
| Travelling & Accomodation | 2,984,669.00 | |
| Establishment of the boards | 739,736.55 | |
| WSBs capacitated | 6,545,188.20 | |
| RWSS Management and admin. Costs | 40,767.00 | |
| Other administrative and establishment costs | 16,274.95 | |
| Business Plan Development Expenses | 15,750.00 | |
| Insurance Expenses | 464,160.00 | |
| Office Refurbishment and equipping | 1,394,239.15 | |
| Electricity | 5,000.00 | |
| Audit Fees | 100,000.00 | |
| Workshop, seminars/training | 2,724,761.95 | |
| Total | 25,742,752.65 | |

| | |
|---|----------------------|
| 7. Supplies and Services | |
| ICT Expenses | 204,529.35 |
| Postages, Telgrams and Courier | 760,470.15 |
| Computer Accessories | 104,600.00 |
| Publishing & Printing | 314,158.00 |
| Purchase of Stationery | 238,408.00 |
| Tendering | 2,192,516.60 |
| Subscriptions to newspapers, periodicals and library Exp | 101,455.00 |
| Telephone | 1,548,432.65 |
| Total | 5,514,569.75 |
| 8. Finance Costs | |
| Bank Charges | 244,988.40 |
| 9. Transport Costs | |
| MV Running costs | 2,386,860.80 |
| 10. Operation and Maintenance Expenses | |
| Chemicals | 106,000.00 |
| Contract WSP | 2,506,740.05 |
| Maintenance of Water supplies | 891,157.05 |
| Maintenance of plant&Equipment | 381,732.15 |
| Monitoring of Projects | 551,417.00 |
| Sewerage | 2,307,416.35 |
| Regulatory Levy | 174,736.00 |
| Total | 6,919,198.60 |
| 11. Personnel Costs | |
| Casuals | 21,595.00 |
| Medical expenses | 69,838.00 |
| Passage and Leave expenses | 42,306.20 |
| Personal Emoluments | 23,647,818.40 |
| Staff Recruitment | 1,146,676.00 |
| Staff welfare | 40,415.00 |
| Total | 24,968,648.60 |
| 12. Rural Water Supplies Development Expenses | |
| Prepare Proposals to WSTF | 28,235.00 |
| Fundingsupport to small-scale rural water supplies | 1,652,013.00 |
| Facilitate WSPs and private sector to support small scale RWS | 1,173,671.90 |

| | |
|--|---------------------|
| capacitate rural communities in management of water supplies and | 1,563,613.20 |
| Establish and implement Viable water supplies in target location | 1,532,336.85 |
| Hygiene education conducted in rural communities | 3,675.00 |
| Total | 5,953,544.95 |

| | |
|--|---------------------|
| 13a. Depreciation expenses | |
| Furniture, Office equipment and fittings | 525,708.00 |
| Computers and related equipments | 2,424,426.00 |
| Motor Vehicles | 2,241,831.50 |
| Plant, Machinery and equipments | 269,989.00 |
| Totals | 5,461,954.50 |

14. Debtors

a. Staff Debtors

| | |
|-------------------|------------|
| Brought Forward | 36,277.00 |
| Peter Bett | 178,931.50 |
| David Soi | 9,755.00 |
| Mourice Owino | 15,840.00 |
| Albert Nyauntu | 77,364.00 |
| Racheal Makokha | 132,010.40 |
| Wilson Boge | 120,302.00 |
| Francis Namayego | 9,000.00 |
| Micheal Kuruto | 235,100.00 |
| Isaac Ruto | 2,189.50 |
| Judith Wamalwa | 47,180.85 |
| Godfrey Maelo | 52,620.00 |
| Henry Ambati | 15,000.00 |
| Salasya Johannes | 27,013.70 |
| Amos Abonyo | 19,000.00 |
| Joan Bowen | 6,717.00 |
| Francis Kwendo | 1,340.80 |
| Nancy Ayodi | 13,400.00 |
| Nancy Ogal | 200,311.00 |
| Josphat Homenda | 310.00 |
| Reuben Mudiguhuli | 9,920.00 |
| Edward Nandwa | 25,000.00 |
| Benson Cheboswony | 23,000.00 |
| Claude Busieney | 69,000.00 |
| Bernard Wanyonyi | 3,400.00 |
| George Allumah | 1,901.00 |
| Douglas Nyang'au | 10,809.10 |
| Peter Ouma Opiyo | 8,336.30 |
| Chebukaka Khaemba | 5,454.50 |

| | |
|------------------|----------------------------|
| Joel Atuti | 9,166.00 |
| William Mitei | 11,181.80 |
| Aeneah Masinde | 12,000.00 |
| Jacob Musamba | 11,590.00 |
| Daniel Aketch | 1,650.00 |
| Joseph wandabi | 2,010.00 |
| Bosco Simba | 3,455.00 |
| Sub-total | <u>1,409,536.45</u> |

b) WSP Debtors

| | |
|--------------------------------------|----------------------------|
| Western Water Services Company | 392,920.15 |
| Amatsi Water Services Company | 166,758.85 |
| Eldoret Water and Sanitation Company | 1,532,503.40 |
| Nzoia Water Company | 3,440,908.90 |
| Sub-total | 5,533,091.30 |
| Total | <u>6,942,627.75</u> |

15. Stock

| | |
|---------------------------------------|--------------------------|
| Office refurbishment materials | 229,050.00 |
| Stationeries and computer accessories | 147,788.00 |
| Office supplies | 1,240.00 |
| Pipes and fittings | 71,456.00 |
| Tyres and tubes | 60,000.00 |
| Total | <u>509,534.00</u> |

16. Cash and Bank Balances

| | |
|---|----------------------|
| Cash on hand | 4,350.00 |
| Bank Balances (Development and recurrent account) | 22,974,473.20 |
| | 22,978,823.20 |

Bank overdraft

| | |
|---------------------------------------|-----------------------------|
| Bank overdraft - Revenue bank account | - 115,192.35 |
| | <u>22,863,630.85</u> |

17. Creditors and accruals

| | |
|-----------------------------|------------|
| Brought Forward | 122,245.00 |
| Julika Automobiles Ltd | 5,064.00 |
| Julika Automobiles Ltd | 3,445.00 |
| Julika Automobiles Ltd | 16,851.00 |
| Julika Automobiles Ltd | 4,458.00 |
| Car and General | 3,366.00 |
| GAS Security services Kenya | 10,922.55 |

| | |
|--|----------------------------|
| Ninja security | 23,200.00 |
| Julika Automobiles Ltd | 3,895.00 |
| Savona Enterprises Ltd | 7,830.00 |
| Julika Automobiles Ltd | 4,410.00 |
| GAS Security services Kenya | 17,403.20 |
| Peter shiloys Mutenyi | 5,984.55 |
| Wisemen Trainers & consultant | 418,500.00 |
| Julika Automobiles Ltd | 4,823.00 |
| Julika Automobiles Ltd | 9,044.00 |
| Julika Automobiles Ltd | 4,324.00 |
| Kenya revenue authority | 533,684.10 |
| Joseph murunga | 40,000.00 |
| Seal Honey Limited | 72,490.75 |
| Nation Media Group Ltd | 183,744.00 |
| Julika Automobiles Ltd | 6,201.00 |
| Lake victoria north water services board | 579,138.00 |
| Salary deductions | 104,785.10 |
| Accrued gratuity | 942,400.00 |
| Totals | <u>3,128,208.25</u> |

18. Capital Fund - KfW and GTZ

KfW procured 5 vehicles for the Board under Water Sector Development Programme accompanying measure for Nzoia cluster phase one. Four vehicles were handed over to Nzoia Water Company and one was retained at the Board. The vehicles were purchased duty free and the following are the particulars

| | Price and Reg |
|--|---------------------|
| Vehicle Reg. No. KAT622X CC rating 3000 Double Cab | 1,868,372.00 |
| Vehicle Reg. No. KAT623X CC rating 2700 Double Cab | 1,247,360.00 |
| Vehicle Reg. No. KAT617X CC rating 2700 Single Cab | 1,097,198.00 |
| Vehicle Reg. No. KAT618X CC rating 2700 Single Cab | 1,097,198.00 |
| Vehicle Reg. No. KAT619X CC rating 2700 Single Cab | 1,097,198.00 |
| | 6,407,326.00 |

In addition in 2004/05 GTZ donated to the board furniture and equipments worth Ksh. 2,294,198

The items donated included photocopier, computers and furniture

Total capital grants 8,701,524.00

No conditions were attached to the donations.

19. Capital Fund - GOK

This represents the furniture, computers and related equipments donated to the Board by the Ministry. The items came without values and the Board estimated the fair value based on the market price.

13b Property, Plant and Equipments

| Cost or Valuation | Furniture office equipment&fittings 12.5% | Computer &Accessories 33.3% | Motor Vehicle & Equipment 20% | Plant, Machinery & Equipment 20% | Total |
|-----------------------------|---|--------------------------------|-------------------------------------|--|---------------|
| Balance as at1st July 2005 | 1,046,098.00 | 2,065,280.00 | | | 3,111,378.00 |
| Additions at cost | 2,113,470.00 | 3,150,000.00 | 8,967,326.00 | 1,349,945.00 | 15,580,741.00 |
| Revaluations | | | | | |
| Disposals | | | | | |
| As at June 30,2006 | 3,159,568.00 | 5,215,280.00 | 8,967,326.00 | 1,349,945.00 | 18,692,119.00 |
| Depreciation | | | | | |
| Balance as at 1st July2005 | 130,762.00 | 687,738.00 | | | 818,500.00 |
| Charge for the year | 394,946.00 | 1,736,688.00 | 2,241,831.50 | 269,989.00 | 4,643,454.50 |
| Disposals | | | | | |
| Balance as at J une 30,2006 | 525,708.00 | 2,424,426.00 | 2,241,831.50 | 269,989.00 | 5,461,954.50 |
| Net book Values | | | | | |
| As at June 30,2005 | 915,336.00 | 1,377,542.00 | | | 2,292,878.00 |
| As at June 30,2006 | 2,633,860.00 | 2,790,854.00 | 6,725,494.50 | 1,079,956.00 | 13,230,164.50 |