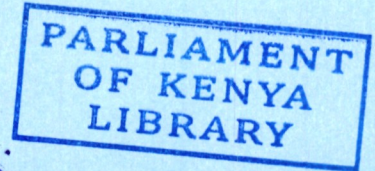


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
OTHAYA-MUKURWEINI WATER
SERVICES COMPANY**

**FOR THE YEAR ENDED
30 JUNE 2014**





**OTHAYA- MUKURWEINI
WATER SERVICES COMPANY
P.O.BOX 482-10106
OTHAYA**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2014.**

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CORPORATE INFORMATION.

Incorporation

The Company is incorporated in Kenya under the Companies Act Cap 486 limited by guarantee on 29th May 2006 and started operations on 7th July 2006.

Principal Activity

The principal activity of the Company is to provide water services to residents of Mukurweini and Nyeri South Districts.

Core Values

OMWASCO is firmly committed to the following core values:

- i. Customer Focus
- ii. Corporate responsibility
- iii. Environmental Conservation.
- iv. Integrity transparency and accountability
- v. Team work
- vi. Networking
- vii. Response to technology
- viii. Innovation and creativity

Vision

To Excel in Water Services Provision.

Mission

To provide accessible adequate and affordable quality water twenty four hours seven days a week to all residents Othaya and Mukurweini.

BOARD OF DIRECTORS

- 1) Mr. Arthur Gachugi Mukira- Chairman
- 2) Mr. Daniel Gathanwa Kibaara- Director
- 3) Mr. Ephantus Muthee Gichohi - Director
- 4) Mr. Peter Gichaaga - Director
- 5) Mr. Eng Michael Thuita - Director
- 6) Mr. Waithaka Kibaki - Director
- 7) Mr. Robert Mwangi King'ori - Director
- 8) Mrs. Rahab Waruguru Mbau - Director
- 9) Mr. Samuel Kireri Ichung'wa - Director
- 10) Ms. Esther Muthoni Gichugu - Director
- 11) Mr. Denis Githinji Gitundu - Director
- 12) Mr. John Wanjohi Gichara -Director
- 13) Mr.Duncan Maina - Director

Financial and Administration Committee

1. Mr. Arthur Gachugi Mukira Member
2. Mr. Daniel Gathanwa Kibaara Chairman
3. Mrs. Rahab Waruguru Mbau Member
4. Mr. Waithaka Kibaki Member

Audit Committee

1. Mr. Robert Mwangi King'ori Member
2. Mr. Denis Githinji Gitundu Member
3. Mr. Ephantus Muthee Gichohi Member

Technical and Planning Committee

1. Mr. Samuel Kireri Ichung'wa Member
2. Ms. Esther Muthoni Gichugu Chairperson
3. Mr. Eng Michael Thuita Member

Management Team

S/NO	Name	Position	Qualification	
1	Mr.John Gichara	Managing Director	Civil Engineering	
	Mr.Symon Munene	Technical Manager	Water Engineering	
3	Salome Wamuyu	Internal Auditor	Bachelor Of Commerce	
4	Elias Gachiri	Area Manager	Electrical Engineering	

HEAD OFFICE

K.C.B. Building 2nd Floor
P. O. Box 482-10106
Othaya.
Kenya.

E-mail omwasco@gmail.com

BANKERS

Kenya Commercial Bank Ltd.
P. O. BOX 201-10106
Othaya
Kenya

Equity Bank
P.O.Box 436-10106
Othaya
Kenya.

AUDITORS

Auditor General
Kenya National Audit Office
P O. Box 30084 - 00100
Nairobi.
Kenya.

COMPANY SECRETARY

Gikuhi Kiana & Company.
P O Box 1271 - 00100
Nyeri

Corporate Governance Statement

OMWASCO is committed to operating under a clear governance framework and strongly adheres to sound management and control practices.

OMWASCO is committed to ensuring compliance with the provisions of the Water Act 2002 and the Service Provision Agreement signed with by Tana Water Services Board among other regulatory and supervisory corporate governance requirements.

Board of Directors.

The Structure of OMWASCO is composed of twelve Board of Directors representing various stakeholders' interests. The Board of Directors exercise leadership, enterprise, integrity and judgment in ensuring the assets are managed economically and efficiently.

They determine the purpose and values of OMWASCO, put in place the strategies to achieve that purpose and implement its values in order to ensure the company survives and thrives.

The Board of Directors is expected to enhance the corporate governance practices in running of OMWASCO to bring the level of governance in the company in line with the desirable standards. The essence of corporate governance is to protect stakeholders' interests including the Government and the consumers.

Board Committees:

In ensuring that corporate governance is enhanced and that the power of OMWASCO is exercised in the stewardship of the company total portfolio of assets and resources with the objective of maintaining stakeholder value, the Board of Directors has constituted the following committees:

1. Finance and Administration Committee

The Finance and Administration Committee is the overseer of the financial reporting process and sourcing of funds for the company's capital works. OMWASCO makes cognizance of the fact that the human resource is one single asset most important in achieving the goals of the company. It's the duty of the Finance and Administration committee to ensure that OMWASCO has the right staff, at the right place and doing the right thing. More so, the Committee will ensure that staff welfare is guaranteed.

2. Audit Committee

In order to promote good corporate governance, OMWASCO has constituted an Audit Committee.

The Committee is charged with the role of monitoring, on the Board of Director's behalf, the effectiveness of the processes in force with particular focus on:

- Safeguarding of the assets
- Scope and effectiveness of the internal controls.
- Audit of the annual financial statements
- Compliance with all applicable regulatory requirements and accounting standards.

3. Technical and Planning Committee

The Technical and Planning Committee is the overseer of the technical reporting process.

The Committee is also responsible for efficient utilization of resources and proposing capital investment for funding.

The Committee shall ensure that there is adequate asset development, maintenance and infrastructure improvement to ensure sustainability of all water infrastructures.

By order of the Board

For and on its behalf



JOHN W. GICHARA

Date

Managing Director


Statement of Directors Responsibilities on the Financial Statements for the year ended 30th June 2014.

OMWASCO keeps proper books and records of accounts as required by the Company's Act, the Exchequer and Audit Act and the Public Audit Act. This requires the Board of Directors to prepare accounts for each financial year, which 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 operating results for the year. It also requires the Board of Directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The Board of Directors accepts 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 Company's Act cap 486. 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 operating results. The Board of Directors further accepts responsibility for the maintenance of accounting records which 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 Board of Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

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

.....Director

Date: .....Director

Date:

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON OTHAYA-MUKURWEINI WATER SERVICES COMPANY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Othaya-Mukurweini Water Services Company set out on pages 10 to 19, which comprise the statement of financial position as at 30 June 2014, 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 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with the provisions of Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of 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. Plant, Property and Equipment

As similarly reported in the previous year, the plant, property and equipment balance of Kshs.51,962,429 as at 30 June 2014 includes Kshs.44,612,124 and Kshs.3,376,972 in respect of water meters and distribution pipeline, and water tanks and building respectively, all of which relate to water distribution infrastructure extensions carried out since inception of the Company. However, as per the Service Provision Agreement, the ownership and responsibility of water distribution infrastructure assets vests in Tana Water Services Board and the Company can only incur such expenditure with prior approval by the Board. The Company may then put a reimbursement claim of the expenditure with the Board.

Further, the supporting documents on ownership or the lease agreements of the land on which the Company was constructing offices and water treatment reservoirs was not provided for audit review. Consequently, the accuracy of the plant, property and equipment balance Kshs.51,962,429 as at 30 June 2014 could not be confirmed.

2. Cash and Cash Equivalents

The financial statements under note 10 show cash and bank balance of Kshs.16,342,010 as at 30 June 2014. However, the amount differed with the cash flow statement balance of Kshs.28,250,317 as at the same date. The resultant difference of Kshs.6,504,064 was not explained or reconciled. In the circumstance, the accuracy of the cash and bank balance as at 30 June 2014 could not be confirmed.

3. Taxation

The financial statements under note 18 reflect provision for tax of Kshs.3,129,493 as at 30 June 2014. However, records maintained by the Company indicate that the Kenya Revenue Authority (KRA) gave a tax assessment liability of Kshs.25,890,371 out of which the Company paid Kshs.9,604,747, resulting in an outstanding liability of Kshs.16,285,624. The resultant difference of Kshs.13,156,131 was not explained. Consequently, the accuracy of provision for tax of Kshs.3,129,493 as at 30 June 2014 could not be confirmed.

Qualified Opinion

In my opinion, except for 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 Othaya-Mukurweini Water Services Company as at 30 June 2014 and its financial performance and its cash flows for the year then ended, in accordance

with International Financial Reporting Standards and comply with the Water Act 2002, and the Company's Act, Cap 486 of the Laws of Kenya.

Emphasis of Matter

Unaccounted For Water

I draw attention to Note 3 to the financial statements which indicates operating revenue from water sales. During the financial year, the Company produced 5,981,760 cubic meters (m³) of water. However, out of this volume only 1,834,833m³ was billed to customers. The balance of 4,146,927m³ or approximately 69% of water produced represented Unaccounted for Water (UFW), which is 44% over and above the allowable loss of 25% according to Water Services Regulatory Board guidelines. The UFW of 44% may have resulted in loss of sales estimated at Kshs.30,563,708. The significant level of UFW may negatively impact on the Company's profitability and its long term sustainability.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, Cap 486 I report, based on my audit, that:

- i. I have obtained all 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 accounts 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

23 October 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING

30TH JUNE 2014


		2013/14	2012/13
		Kshs	Kshs
<u>INCOME</u>	Notes		
Operating Revenue	3	74,131,791	78,647,196
Other Incomes	4	23,806,151	20,104,179
Total income		<u>97,937,942</u>	<u>98,751,375</u>
<u>OPERATING EXPENSES</u>			
Administration and General Expenses	5	53,725,544	51,574,126
Direct Expenses	6	41,744,971	24,929,201
Water Supply Operation and Maintenance	7	15,995,106	11,968,527
Board Expenses	8	1,559,995	1,863,700
Total Operating Expenses		<u>113,025,616</u>	<u>90,335,554</u>
Surplus before Taxation		(15,087,674)	8,415,820
Provision for Taxation			<u>2,524,746</u>
Net surplus after Taxation		<u><u>(15,087,674)</u></u>	<u><u>5,891,074</u></u>

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

ASSETS	NOTES	2013/14 Ksh.	2012/13 Ksh.
NON CURRENT ASSETS			
Plant Property and Equipment	9	51,962,429	61,152,886
TOTAL NON CURRENT ASSETS		<u>51,962,429</u>	<u>61,152,886</u>
CURRENT ASSETS			
Cash and Bank Balances	10	16,342,010	9,837,944
Trade Receivables	11	145,669,390	69,137,936
Other Receivables	12	69,542	69,542
Inventories	13	7,950,059	6,044,733
TOTAL CURRENT ASSETS		<u>170,031,002</u>	<u>85,090,155</u>
CURRENT LIABILITIES			
Consumer deposits	14	12,066,583	10,707,083
Creditors and Accruals	15	31,480,390	6,347,755
Prepaid Customer Bills	19	643,335	649,864
Defered income	16	52,348,512	62,199,735
Provision for Tax	18	3,129,493	3,129,493
TOTAL CURRENT LIABILITIES		<u>99,668,313</u>	<u>83,033,930</u>
NET CURRENT ASSETS		<u>70,362,689</u>	<u>2,056,225</u>
TOTAL ASSETS		<u>122,325,117</u>	<u>63,209,112</u>
Financed by;			
Revenue Reserves	17	122,325,117	63,209,111
ACCUMULATED FUNDS		<u>122,325,117</u>	<u>63,209,111</u>

The Financial Statements on pages 8 to 18 were approved for release by the Board members on 29 August 2014, and signed on its behalf by:


 Daniel K. Gathanwa
 Director.


 John W. Gichara
 Managing Director.

Statement for the Changes in Equity For the year Ending 30 June 2014

	Revenue Reserves	Pipeline rerouting Fund	Total
	Ksh.	Ksh.	Ksh.
at 1/7/2012	57,735,587	1,555,559	59,291,146
surplus for the year	5,473,524		5,473,524
pipeline rerouting receipts		1,102,500	1,102,500
less expenses		(2,658,059)	(2,658,059)
As at 30/6/2013	63,209,111	-	63,209,111
At 01.07.2013	63,209,111		63,209,111
AMORTISATION			
Prior year adjustment for tax note 20	(25,890,371)	-	(25,890,371)
Surplus for the year	(15,087,674)	-	(15,087,674)
As at 30.06.2014	22,231,066	-	22,231,066

CASHFLOW STATEMENT AS AT 30TH JUNE 2014

	notes	2013/2014 Kshs	2012/2013 Kshs
Net surplus/Loss for the year		(15,087,674)	5,891,074
Adjustment for:			
Depreciation	page 21	12,511,145.57	14,748,980
Amortisation of capitl grants	page 10	(9,851,223.00)	(9,916,575)
Operating surplus before working capital		(12,427,751.54)	10,723,479
Increase/decrease in Trade and Receivables	note 11	76,531,454.00	(10,664,893)
Increase/decrease in Consumer deposits	note 14	(1,359,500)	3,501,450
Increase/Decrease in Creditors	note 15	(25,132,635.00)	(43,452)
Increase/decrease in Inventories	note 13	(1,905,326.00)	415,023
Provision for Tax	note 18	(1,396,819.00)	2,524,746
Tax paid		(9,604,747)	-
Net Cash generated from operating activities		<u>24,704,675</u>	<u>6,456,353</u>
 CASH FLOW FROM FINANCING ACTIVITIES			
deferred asset	note 16	(9,851,223.00)	26,599,163
Pipeline Rerouting Fund	note 4	6,879,608	(1,555,295)
Net cash flows from financing activities		<u>(2,971,616)</u>	<u>25,043,868</u>
 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets	PAGE 21	(3,320,688)	(29,828,463)
Net cash flows from investing activities		<u>(3,320,688)</u>	<u>(29,828,463)</u>
Net increase (decrease) in cash and cash equivalents		6,504,064	1,671,758
Cash and Cash equivalents at the beginning		9,837,946	8,166,188
CASH AND CASH EQUIVALENTS AT END note 10		<u>16,342,010</u>	<u>9,837,946</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS). The financial statements are presented in functional currency (Kshs), which is the prevailing currency within the primary economic environment, rounded to the nearest cent and prepared in accordance with the measurement basis prescribed by IFRSs. The financial statements have been prepared on a historical cost basis.

(b) Revenue recognition.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from the sale of goods and services is recognised in the year in which the *entity* delivers service to the customer.
- ii) Grants from National Government are recognised in the year in which the *entity* actually receives such grants.
- iii) Other income is recognized as it occurs.

(c) Trade Debtors

Trade Debtors are recognized and carried at the net realizable value after provision for bad and doubtful debts at 20% as at the date of the balance sheet.

(d) Property and equipment

All categories of Property and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged to the income and expenditure during the financial period in which they are incurred.

Depreciation is calculated on a reducing balance basis over the expected useful life's of the assets. The annual rates of depreciation are as follows: -

Furniture and Fittings	12.5%
Computer and Accessories	33.3%
Motorcycle	25.0%
Water Meters & Pipelines	20.0%

Laboratory Equipment's	12.5%
Buildings and Tanks	2.5%

e) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

g) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the *entity* or not, less any payments made to the Suppliers.

h) Deferred income

Grants received for the purchase of fixed assets or donated assets are recognised as deferred income and transferred to the surplus or deficit over the expected useful lives of the respective assets.

i Gratuity

Gratuity is payable to the top management staff who are on contract of 3 years after competing contract period on the basis of 16% of basic for the contract period.

j TAXATION

Current income tax asset and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to tax authorities. The tax rate used to compute the amount are those that are enacted at the reporting date.

5 TRADE PAYABLE

Trade and other payable are non interest bearing and carried at amortized cost, which is measured at fair value of contractual of the consideration to be paid in the future in the respect of goods and services supplied, whether billed to the entity or not, less any payments made to suppliers.

2. Surplus The Board of Directors does not recommend distribution of dividends as the Company is a non-profit making. The surplus is to be ploughed back to finance Company activities.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/14 Kshs.	2012/13 Kshs.
3 Operating Revenue		
Water sales	74,131,791	78,647,196
4 Other Income		
Sale of Tender documents	114,000	273,000
Disposal of containers	2,400	8,800
Interest Received	232,236	50,301
Gok staff Remuneration	2,933,973	2,988,480
Armortisation of Grants	9,851,222.80	9,916,575
Donations for sports	125,000	15,000
Exhauster Charges	35,000	167,400
Pipeline Rerouting Funds	6,879,608	2,657,795
Reconnection fee	765,200	837,800
Connection Charges	2,023,500	2,698,000
Provision for bad debts	31	429,728
Other Income*	843,980	61,300
	23,806,151	20,104,179
5 Administration and General Expenses		
Personnel cost		
Salaries	35,126,761	36,123,582
Wages	314,789	1,138,132
Staff Travel & Subsistence	359,065	468,665
Welfare	496,755	629,961
N.S.S.F	199,800	170,800
Staff Training	399,480	384,500
medical insurance	2,968,046	-
Staff uniform	75,000	439,361
	39,939,696	39,355,001
Motorvehicle running cost		
Motor vehicle /cycle repair & Servicing	1,502,560	1,428,218
Fuel & Lubricants	2,350,621	1,384,048
	3,853,181	2,812,266
Administration Expenses		
Postage	762,011	299,868
Telephone	251,988	256,659
Advertising	291,276	1,107,995
Rents and Service Charge	794,247	309,211

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

Staff & Property Insurance	477,742	936,031
Stationery and printing	1,197,751	941,392
Staff Conferences and Meetings	1,435,235	1,048,800
Repair and Maintenance Office Equipment	53,000	63,633
Repair and Maintenance building	214,673	157,353
Maintenance of computers	232,412	166,360
Lighting and Electricity	126,011	250,935
	<u>5,836,346</u>	<u>5,538,237</u>
General Expenses		
Contracted professional services	779,322	667,837
Billing Services	884,720	1,440,491
Permits and licenses	80,750	88,550
Computer stationeries & accessories		34,660
Compensation for Damages,legal cost		49,000
Library Expenses	51,570	36,045
Sports	763,480	261,855
Security Services	660,000	640,000
General office expenses	265,801	51,185
Auditing fee	450,000	450,000
Subscription,Membership Fees	160,678	149,000
	4,096,321	3,868,623
Administration and General Expenses	<u>53,725,544</u>	<u>51,574,126</u>
6 Direct Expenses		
Bank Charges	64,676	46,467
Provision for Bad Debts	19,132,864	-
Depreciation	12,511,146	14,748,980
Water abstraction fee(Warma)	2,243,160	1,682,370
Water test fee		2,610
WRUA Subscription fee		20,000
Kenya Forest Service fee	414,000	1,179,000
Exhauster fee		55,000
Water levies	7,379,125	7,194,775
	<u>41,744,971</u>	<u>24,929,201</u>

2013/14
Kshs.

2012/13
Ksh.

7(a) Water supply Operation , Maintenance & Rerouting

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

Chemicals	3,901,183	4,014,818
Maintenance of Water Systems	4,102,763	5,295,914
Rerouting	7,991,160	2,657,795
	<u>15,995,106</u>	<u>11,968,527</u>
8 Board Expenses		
Board Travel & Sitting allowances	1,127,800	1,528,750
Annual General Meeting Expenses	432,195	334,950
	<u>1,559,995</u>	<u>1,863,700</u>
9 Property plant and Equipment (Attached on page 21)		
10 Cash and Bank Balances		
Cash At Bank (K.C.B.)	2,516,781	117,821
Cash At Bank (Equity Bank- Development)	1,896,755	3,196,181
Cash At Bank (K.C.B Bank-Deposit)	8,761,494.25	819,241
Cash at Hand	3,400	4,320
Short Term Fixed Deposit	-	4,000,000
Cash at bank-Equity Eazzy 24/7	3,163,581	1,700,382
	<u>16,342,010</u>	<u>9,837,944</u>
11 Trade and Receivables		
Gross debtor	182,086,738	86,422,420
Less - prov.for bad and doubtful debts.	36,417,348	17,284,484
Net Trade and Receivables	<u>145,669,390</u>	<u>69,137,936</u>
12 Other Receivables		
Rent Security Deposit	64,542	64,542
Modem Deposit	5,000	5,000
	<u>69,542</u>	<u>69,542</u>
13 Inventories	<u>7,950,059</u>	<u>6,044,733</u>
14 Consumer Deposits		
Balance Brought forward	10,707,083	6,788,083
Deposits for the year	1,369,500	4,069,000
Less: Deposit refunds	(10,000)	(150,000)
	<u>12,066,583</u>	<u>10,707,083</u>
15 Creditors and Accruals As per attached on page 20	<u>31,480,390</u>	<u>6,347,755</u>

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

16 Deffered income		
Balance Brought forward	62,199,735	45,516,883
Capital Grants		26,599,427
less- Amortisation	<u>(9,851,223)</u>	<u>(9,916,575)</u>
	<u>52,348,512</u>	<u>62,199,735</u>
17 Revenue Reserves		
Brought forward	22,231,066	63,209,111
provision no longer required	<u>100,094,051</u>	-
	<u>122,325,117</u>	63,209,111
18 Provision of tax	<u>3,129,493</u>	3,129,493
19 prepaid customer		
	<u>643,335</u>	<u>649,864</u>
22	The prior year adjustment of kshs 25,890,371 relates to tax assesment for the previous years which was determined within this year.	

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

LIST OF CREDITORS AS AT 30TH JUNE 2014

Wasreb	239,336.00
TWSB Billing	515,080.00
Kenya forest	207,000.00
Silver spread	1,019,560.00
Eslon plastics	1,480,139.00
Lease fee	3,447,225.00
Bromak	1,308,780.00
Kinetics	870,686.00
Diamond chemicals	1,305,209.00
Warma	1,121,209.00
Advetech	48,400.00
Rodjan enterprise	140,250.00
Kingongo juncton	118,462.00
Tohomz	108,250.00
Amua water	53,000.00
Mwaga hardware	60,520.00
Jane muthoni	80,000.00
Nita	5,050.00
Coleman	58,500.00
Kahari & kiai	242,000.00
Logic link	139,500.00
Safari auto	64,120.00
Kotsui	90,800.00
Fargo courie	31,084.00
Kenya power	10,282.00
Salary deductions	1,203,648.00
Fuel	391,375.00
Kenao	450,000.00
Octagon	29,800.00
Caliente	75,000.00
Patent general	280,500.00
creditors	15,194,765.00
outstanding corporate tax	16,285,625.00
total outstanding	31,480,390.00

OTHAYA MUKURWE-ININ WATER SERVICES COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

Notes 9 ASSETS	Property, Plant and Equipment		Water meters and Distributors Kshs.	Motorcycle/Vehicle Kshs.	Water Tanks & Boilers Kshs.	Laboratory Equipme Kshs.	Totals Kshs.
	Furniture and Fittings Kshs.	Computers and Kshs.					
Balance b/f (cost) at 01.07.13	968,134.00	3,003,109.00	89,540,247.00	5,580,000.00	3,862,285.00	758,238.00	103,712,013.00
Additions during the year	27,100.00	971,828.00	1,920,460.00	-	-	401,300.00	3,320,688.00
Total Assets	995,234.00	3,974,937.00	91,460,707.00	5,580,000.00	3,862,285.00	1,159,538.00	107,032,701.00
Accumulated Dep. at 01.07.13	428,367.00	2,351,982.00	35,695,552.00	3,353,250.00	398,723.00	331,253.00	42,559,127.00
Depreciation Charge for the year	70,858.38	540,444.02	11,153,031.00	556,687.50	86,589.05	103,535.63	12,511,145.57
Total Accumulated Depreciation	499,225.38	2,892,426.02	46,848,583.00	3,909,937.50	485,312.05	434,788.63	55,070,272.07
NBV. AT 30.06.14	496,008.63	1,082,510.99	44,612,124.00	1,670,062.50	3,376,972.95	724,749.38	51,962,428.94
NBV AT 30.06.13	539,767.16	651,127.03	53,844,695.02	2,226,749.67	3,212,487.99	426,985.43	61,152,886.30

AMORTISATION SCHEDULE

	DEFERRED INCOME	RESIDUE VALUE	BALANCE	AMORTISATION
B/F	7,470,456	7,405,104	65,352	65,352
2012	28,129,452	2,812,945	25,316,507	5,063,301
2013	26,599,563	2,659,956	23,939,607	4,787,921
	<u>62,199,471</u>	<u>12,878,006</u>	<u>49,321,466</u>	<u>9,916,575</u>
B/F	7,470,456	7,405,104	-	-
	28,129,452	2,812,945	25,316,507	5,063,301
	26,599,563	2,659,956	23,939,607	4,787,921
	<u>62,199,471</u>	<u>12,878,005</u>	<u>49,256,114</u>	<u>9,851,223</u>

COMPUTATION OF CORPORATION TAX

Reported Surplus		(15,087,674)
add.depreciation		12,511,146
totals		(2,576,529)
Less: Non taxable income		
Gok Staff Remuneration	2,933,973	
Wear & tear	4,133,717	
Amortisation of Grants	<u>9,851,223</u>	<u>16,918,913</u>
Taxable Income		<u>(19,495,442)</u>
Corporation Tax		<u>(5,848,632)</u>