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ANNUAL REPORT ON ACCOUNTS FOR THE YEAR 1999/2000

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TABLE OF CONTENTS

1.	Letter of transmittal.....	ii
2.	Introduction	iii
3.	Constitution of Board of Directors	iii
4.	Undertaken Projects	
	Under Operation.....	iv
	Under Implementation.....	iv
	Under Design and Planning Stage	v
5.	Operational Regions.....	v
6.	Auditors Report	1&2
7.	Balance Sheet	3
8.	Income & Expenditure	4&5
9.	Cash Flow Statement	6
10.	Statement of Source and Application of Funds	7&8
11.	Notes to the Accounts	9
12.	Schedule of Fixed Assets	10
13.	Debtors Schedule	11&12
14.	Land	12
15.	Loans & Interests Schedule	13



NATIONAL WATER CONSERVATION & PIPELINE CORPORATION

Dunga Road
P.O. Box 30173, Nairobi, Kenya.
Tel 556600-5, Fax: 545882,
Telegrams "Watco" Nairobi.

The Permanent Secretary,
Ministry of Environment and Natural Resources,
P.O. Box 30521,
NAIROBI.

Dear Sir,

**REPORT OF THE ACCOUNTS OF NATIONAL WATER CONSERVATION
AND PIPELINE CORPORATION FOR THE YEAR ENDED
30TH JUNE, 2000**

We have pleasure in submitting the Annual Accounts for the Corporation duly certified by the Auditor General (Corporations) for the period July, 1999 to June, 2000.

Yours faithfully

DR. D.K. PUNYUA
MANAGING DIRECTOR

C. K. KOECH
CHAIRMAN



INTRODUCTION

The National Water Conservation and Pipeline Corporation was formed through Legal Notice No. 270 dated 16th June, 1988.

The Corporation's major responsibilities are:

- (a) To manage and develop water project on a commercially oriented basis
- (b) To assist the government to form and execute a national water policy.
- (c) To provide good standard and quality of service.

CONSTITUTION OF BOARD OF DIRECTORS 1998/99

Mr. C. K. Koech	Chairman
Dr. D.K. Punyua	Managing Director
Mr. Amb. Jerani Habib	Director
Mr. Albert Kariuki	Director
Mr. Daniel Kimanth Muanga	Director
Prof. Nimrod Bwibo	Director
Mr. Charles K. Arap Koech	Director
Mr. Josiah Olomunyau Karei	Director

OTHER DIRECTORS

1. The Permanent Secretary,
Ministry of Environment & Natural Resources.
2. The Director of Water Development.
3. The Permanent Secretary, Ministry of Finance.
4. The Permanent Secretary, Ministry of Tourism and Wildlife.

BANKERS

Kenya Commercial Bank, Moi Avenue,
P.O. Box 30081, NAIROBI.

AUDITORS

The Auditor General (Corporations), P.O. Box 49384,
NAIROBI.

REGISTERED OFFICE

Industrial Area,
Dunga Road,
P.O. Box 30173, NAIROBI.



3.0 CORPORATION'S PROJECTS WHICH ARE OPERATIONAL:-

1. Nol - Turesh Pipeline and Water Supply
2. Greater Nakuru Water Project (East and West)
3. Sabaki Water Project
4. Kapsabet Water Project
5. Ndia Water Project
6. Othaya Water Project
7. Embu Water Project
8. Kakamega Water Project
9. Shitoli Water Project
10. Kandara Water Project
11. Letein Water Project
12. Kahuti Water Project
13. Chebang'ang Water Project
14. Nyakach Water Project
15. Kisii Water Project
16. Maseno-Kombewa Water Project
17. Mathira Water Project
18. Aguthi Water Project
19. Marmanet Water Project
20. Kiambu Water Project
21. Oloitokitok Water Project
22. Marere Pipeline Water Project
23. Tiwi Water Project
24. Kabarnet Water Project
25. Siaya Water Project
26. Taveta Water Project
27. Gilgil Water Project
28. Naivasha Water Project
29. Kajiado Water Project
30. Mzima Pipeline System
31. Machakos Pipeline System
32. Mashuru Water Supply
33. Kiserian Water Supply
34. Bungoma Water Supply

3.1 PROJECT UNDER IMPLEMENTATION:-

1. Kiserian Dam Project
2. Kipkarren Dam Project
3. Lessos Dam Project
4. Kalazoni Water Project

3.2 PROJECT UNDER PLANNING AND DESIGN STAGE:-

1. National Dam Construction Project
2. Second Mombasa and Coastal Water Project Great Rift Valley Water Project
3. The Tana/Lamu Water Project'
4. Kiambaa Water Project
5. Soin Water project
6. Itare Chemosit Dam Project
7. Inter-Basin Water Transfer Nzoia/Kerio Project Chemususu Dam Project
8. Kipsigak Water Project
9. Kurgung Water Project
10. Endo/Perkerra Water project
11. Kirandichi Dam Project
12. Malewa Dam Project

3.3 The Corporation is managed on a Regional basis with each of the Regions being organised on Area basis. The following are the compositions of the Regions, where they are operated and the number of Schemes in each Region:

OPERATIONAL REGIONS

1. Coast (CRM)	Based: No. of Areas	Mombasa 10
2. North Coast	Based: No. of Areas	Malindi 3
3. South Coast	Based: No. of Areas	Ukunda 4
4. Mombasa Island	Based: No. of Areas	Mombasa 6
5. Central	Based: No. of Areas	Nyeri 9
6. Southern	Based: No. of Areas	Sultan Hamud 5
7. Rift Valley	Based: No. of Areas	Nakuru 9
8. Western	Based: No. of Areas	Kisumu 7
9. Nairobi	Based: No, of Areas	Nairobi 4



REPORT OF THE AUDITOR GENERAL, (CORPORATIONS ON THE ACCOUNTS OF NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION FOR THE YEAR ENDED 30 JUNE 2000

I have examined the Accounts of National Water Conservation and Pipeline Corporation for the year ended 30 June 2000 in accordance with section 29(2) of the exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been maintained and the accounts, which have been prepared under the historical cost convention as modified to include revaluation of certain assets, are in agreement therewith.

In my opinion, the Accounts, when read together with the notes thereon, present a true and fair view of the Corporation's financial state of affairs as at 30 June 2000 and of its deficit and cash flows for the year ended on that date.

1. FINANCIAL PERFORMANCE

During the year 1999/2000 the Corporation realized a loss of Kshs. 44,562, 940/= which brought its cumulative deficits to Kshs. 2,205,862,629/= as at 30 June, 2000. Although the Corporation applied revised water tariffs in the year under review in order to establish a sound revenue base, it has still continued to post deficits every year which, unless contained, may make it impossible for the corporation to achieve its main objective of developing and managing water projects in future.

2. WATER DEBTORS

The corporation's water debtors stood at Kshs. 1,511,248,862/= as at 30 June 2000 after unsupported adjustments of Kshs. 160,568,959/=, described as billing errors in the coast Region, had been made and after a 20% general provision for bad and doubtful debts of Kshs.377, 812,215/= had also been made as at 30 June, 2000. The debtor position represents a net increase of a massive Kshs. 324,764,203/= on uncollected water debtors for the previous year. As previously reported, the Corporation's system of charging and raising water bills and eventual revenue collection still needs to be evaluated in order to put in place a proper credit control policy. In the meantime, it is still doubtful as to what extent the corporation's debts reflected on the Balance Sheet as at 30 June, 2000 are realizable as no effective collection machinery appears to have been employed. Further, the adjustment of water debtors amounting to Kshs. 160,568,959/= attributable to errors at the Coast Region in the current and previous years was not approved by the Corporation's Board. In the absence of such approval it is not possible to confirm the accuracy and correctness of the water Debtors balance of Kshs. 1,511,248. 862/= as at 30 June. 2000.

3. REPAYMENT OF LONG TERM LOANS

During the year 1999/2000 and as in the previous years, the corporation did not service any portion of the IDA redeemable loan of Kshs.582, 902,883/= which, according to Article 2.05 of the Subsidiary Loan Agreement, became due on 15 November, 1997. The Corporation did not also pay accrued interest of Kshs. 485,823,858/=, excluding penalty accruing from delayed payments, which has accumulated since 1992/93. The continued non servicing of these obligations increases the Corporation's future financial burden.



4. LAND AND BUILDINGS

Included in the Fixed Assets Balance Sheet figure of Kshs.7,702,777,605/= as at 30 June 2000 is an amount of Kshs.113,286,282/= relating to land shown in the valuation report as having been acquired from the parent Ministry. The corporation has constructed offices, staff houses, treatment works, tank sites and way-leave on the subject land but does not have title documents to most of the land which is owned by either government, Local Authorities or individuals. Although the Corporation is reportedly making effort to acquire title deeds for the land properties, ownership of such land cannot be confirmed until such documents of title are issued to the Corporation. Several plots of land and buildings are in the possession of private developers and in the circumstances, therefore, it is not possible to confirm the security of properties belonging to the Corporation for which no title deeds are held.

5. KALANZONI WATER SUPPLY PROJECT

This project, which is a branch line from the Nol-Turesh Water Supply Pipeline, was constructed in two phases, with Phase I mainly covering the AIC Nyayo Teachers College and immediate neighbourhood. The tender for the construction of Phase 1 was awarded in May 1991 at a contract sum of Kshs.24,531,385 and a contract period of six months, commencing on 04 June 1991. However, due to poor payments to the contractor, the work was suspended between 16 December, 1991 and 10 August 1993, upon which the contractor made claims for variation of prices, interest on delayed payments, idle labour, plant and machinery and other preliminary cost, etc all in the amount of Kshs.32,213,147/=. The project was eventually completed and handed over on 16 December 1994 at a cost of Kshs.56,744,532/=. Phase II of the project, was later initiated to supply portable water to Ngiini Girls School, Lumbwa polytechnic, Mumandu market and the surrounding area. The tender was also awarded to the same contractor, at a contract sum of Kshs.99,856,270/= with a completion period of 12 months, commencing May 1995. On 10 April 1997 the contractor again suspended the works reportedly due to delays in payments. At the time of the suspension, total certified expenditure amounted to Kshs.89,610,496/= of which Kshs.18,589,297/= had not been paid. By December 1997 Ksh.4,720,308/= was outstanding and remained unpaid as of 30 June 2000. Records show that the contractor substantially completed and handed over the project to the employer on 24 June 1998, except for the electromechanical works at the booster Station for the Chawalia mainline, valued at Kshs.5,090,014/= in the Bills of Quantities. This work is still outstanding. Further, the contractor has raised claims for interest on delayed payments in the amount of Kshs.7,280,595/= which is also yet to be settled. Arising from the foregoing, it is clear that the planning and execution of this project has been handled quite unsatisfactorily and as a result the project which was initially contracted to cost a total of Kshs.124,387,655/= will eventually cost far much more than originally planned for.

6. WATER DEPOSITS

Included in the Water Deposits Balance Sheet figure of Kshs.33,125,835/= as at 30 June, 2000 are amounts of Kshs.27,317,162/= and Kshs.5,800,000/= referred to as Water Deposits and Jimba Credit Corporation Limited fixed deposits, respectively. The Water Deposits balance comprises of bank balances from various banks held by NWPC of which a total of Kshs.25,390,632/= has been supported by Bank Statements, leaving unexplained balance of Kshs.1,926,530/=. The recoverability of the fixed deposits held in Jimba Credit Corporation Limited, which were placed in that Corporation in 1989, is highly doubtful as the Institution has since collapsed.

S.M. Maluki
S.M. MALUKI

AUDITOR GENERAL (CORPORATIONS)

15 MARCH, 2002

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

BALANCE SHEET AS AT 30TH JUNE 2000

ASSETS	<u>NOTES</u>	<u>1999/2000</u>	<u>1998/99</u>
FIXED ASSETS		KSHS.	KSHS.
LAND	(9)	113,286,232.00	112,925,226.00
BUILDINGS & STATIONS	(3)	257,652,047.50	264,258,510.25
MOTOR VEHICLES & MOTORCYCLES	(3)	15,530,817.75	16,144,475.95
FUNITURE, FITT. & OFFICE EQUIPMENT	(3)	42,446,701.35	29,123,788.65
PLANT, WATER PIPELINES & SUPPLIES	(3)	7,273,861,806.55	7,646,451,701.55
TOTAL FIXED ASSETS		7,702,777,605.15	8,068,903,702.40
WATER PROJECTS – W.I.P	(4)	7,143,555,347.65	6,991,914,509.45
TOTAL FIXED ASSETS & WIP		14,846,332,952.80	15,060,818,211.85
CURRENT ASSETS			
STOCKS ON HAND		14,457,477.80	7,895,782.70
PREPAYMENTS		421,400.00	745,400.00
WATER DEBTORS	(5)	1,511,248,861.90	1,186,484,658.95
OTHER DEBTORS		35,582,092.85	30,521,714.55
CASH AT BANK		4,302,570.60	9,926,780.00
CASH ON HAND		2,461,135.00	1,751,482.70
TOTAL CURRENT ASSETS		1,568,473,538.15	1,237,325,818.70
CURRENT LIABILITIES			
WATER DEPOSITS		33,125,835.50	31,038,718.55
ACCRUED EXPENSES		54,375,337.70	36,621,028.85
CREDITORS		148,742,945.45	239,881,121.05
INTEREST ON LOAN	(10)	485,823,857.90	391,378,397.90
TOTAL CURRENT LIABILITIES		722,067,976.55	698,919,266.35
NET CURRENT ASSETS (WORKING CAPITAL)		846,405,561.60	538,406,552.55
TOTAL NET ASSETS		15,692,738,514.40	15,599,224,764.40
FINANCED BY			
LONG – TERM LOAN	(8)	582,902,882.65	582,902,882.65
CAPITAL FUND ACCOUNT	(6)	17,315,698,261.05	17,177,906,690.10
GENERAL RESERVES	(7)	(2,205,862,629.30)	(2,161,584,808.35)
TOTAL		15,692,738,514.40	15,599,224,764.40



DR. D.K. PUNYUA
MANAGING DIRECTOR

DATE:



C.K. KOECH
CHAIRMAN

DATE:



NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION
INCOME STATEMENT FOR YEAR ENDED 30TH JUNE 2000

	<u>NOTES</u>	<u>1999/2000</u> KSHS.	<u>1998/99</u> KSHS.
INCOME			
WATER SALES	(2)	1,182,743,307.00	966,952,043.80
MISCELLANEOUS RECEIPTS		20,552,216.65	19,930,155.40
PROFIT/(LOSS) ON SALE OF F/ASSETS		500.70	743,813.50
GOVT RECURRECT GRANTS		9,000,000.00	14,000,000.00
TOTAL		1,212,296,024.35	1,001,626,012.70
EXPENDITURE			
PERSONAL EMOLUMENTS		95,703,876.60	85,929,857.55
HOUSE ALLOWANCE		56,528,677.85	56,430,071.75
GRATUITY & PENSION CONTRIBUTIONS		18,095,097.50	4,494,485.60
OTHER PERSONAL ALLOWANCES		3,128,713.60	1,852,096.40
TRAINING EXPENSES		1,037,254.75	5,519,916.15
LEAVE & PASSAGES		1,739,105.90	1,435,840.85
TRANSFER ALLOWANCE		494,075.00	208,115.00
MEDICAL EXPENSES		979,970.25	21,395,420.90
MEDICAL ALLOWANCE		19,388,040.30	0.00
TRASPORT OPERATING EXPENSES		48,271,339.95	34,397,065.40
TRAVELLING & ACCOMODATION - LOCAL		22,535,823.85	17,017,664.30
EXTERNAL TRAVEL		160,656.25	916,499.75
CONFERENCE & MEETINGS		0.00	18,000.00
POSTAL & TELEGRAMS EXPENSES		7,917,319.40	5,469,538.70
TELEPHONE EXPENSE		11,335,545.90	10,418,841.00
OFFICIAL ENTERTAINMENT		661,514.90	348,802.50
STAFF WELFARE		777,284.60	264,827.30
ELECTRICITY, WATER & CONSERVANCY		208,789,335.30	160,512,501.90
FUELS & GASES EXPENSE		1,663,752.35	2,694,424.05
SUPPLIES FOR PRODUCTION		44,579,173.60	60,151,973.70
DRUG AND DRESSING		348,032.00	359,692.00
PUBLISHING AND PRINTING		4,343,501.90	6,412,204.55
PURCHASE OF UNIFORMS & CLOTHING		355,862.00	164,251.90
LIBRARY EXPENSES		698,476.10	414,060.75
PURCHASE OF STATIONERY		8,019,780.50	9,205,791.80
COMPUTER STATIONERY EXPENSES		5,336,038.50	4,564,187.55
ADVERTISING AND PUBLICITY		4,330,248.40	3,885,421.50

SHOW EXPENSES	6,029,497.75	3,432,903.40
RENT & RATES – OFFICES	1,644,960.00	450,000.00
RENT & RATES – RESIDENTIAL	3,738,900.00	4,796,474.00
CONTRACTED PROFESSIONAL SERVICES	10,969,181.60	7,598,917.50
MISCELLANEOUS EXPENSES	2,707,068.85	1,963,790.05
BANK CHARGES & COMMISSIONS	3,978,545.95	2,085,863.35
EXPENSES OF THE BOARD & COMMITTEES	8,766,959.85	9,423,430.05
FEES, COMMISSIONS & HONORARIA	3,442,907.70	6,401,813.70
DRAWING OFFICE SUPPLIES	197,789.00	10,000.00
MAINT.PLANT, MACHINERY & EQUIPMENT	10,009,139.10	11,407,120.15
MAINT. OFFICE EQUIPMENT	1,550,789.75	1,766,994.95
RENEWAL OF WATER SUPPLIES	15,788,390.00	6,519,694.70
MAINT. BUILDING & STATIONS	5,270,294.40	4,884,522.95
MAINT. WATER SUPPLIES & SEWARAGES	26,546,372.65	27,342,278.70
NEW WATER CONNECTIONS	927,559.20	151,280.00
DRILLING EXPENSES	579,020.00	887,043.50
MINOR ALTERATIONS & MAINT.WORKS	811,611.20	289,356.40
INSURANCES	8,240,629.00	7,181,657.00
HIRE OF TRANSPORT, PLANT & EQUIPMENT	2,500,000.00	1,988,600.00
AUDIT FEES	800.000.00	500.000.00
INTEREST ON LOAN	94,445,460.00	94,445,460.00
DEPRECIATION	399,504,341.75	418,633,447.70
BAD & DOUBTFUL DEBTS	81,191,050.30	68,270,693.65
TOTAL EXPENDITURE	1,256,858,965.30	1,174,912,894.60
EXCESS/(DEFICIT) OF INCOME	(44,562,940.95)	(173,286,881.90)
TOTAL	1,212,296,024.35	1,001,626,012.70
EXCESS/ (DEFICIT) OF INCOME ACCOUNT B/F	(2,161,584,808.35)	(1,988,017,926.45)
RESTATEMENT OF RESERVES	(285,120.00)	(280,000.00)
RESTATED EXCESS/ (DEFICIT) OF INCOME	(2,161,299,688.35)	(1,988,297,926.45)
CURRENT YEAR'S ACCOUNT	(44,562,940.95)	(173,286,881.90)
EXCESS/ (DEFICIT) OF INCOME ACCOUNT C/F	(2,205,862,629.30)	(2,161,584,808.35)

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION



CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2000

NOTE	<u>1999/2000</u> KSHS.	<u>1998/99</u> KSHS.
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
RECEIPTS FROM CUSTOMERS	793,525,862.90	640,794,481.65
PAYMENTS MADE TO SUPPLIERS & STAFF	(759,576,558.15)	(421,282,768.55)
CASH GENERATED FROM OPERATIONS	33,949,304.75	219,511,713.10
GRANT FROM GOK	9,000,000.00	14,000,000.00
NET CASH INFLOW FROM OPERATING ACTIVITIES	42,949,304.75	233,511,713.10
<u>RETURN ON INVESTM. & SERVICING OF FINANCE</u>		
INTEREST ON LOAN	0.00	0.00
NET CASH OUTFLOW FROM RETURN ON INVESTMENTS & SERV	0.00	0.00
<u>INVESTING ACTIVITIES</u>		
LAND	(361,006.00)	(6,436,555.00)
PURCHASE OF VEHICLES & MOTORCYCLES	(4,707,424.30)	0.00
PURCHASE OF FURN., FITT. & OFFICE EQUIPM.	(19,386,727.20)	(3,754,050.00)
PLANT, WATER PIPELINES & SUPPLIES	(10,244,937.10)	2,977,538.00
WATER PROJECTS – W. I. P	(151,640,838.20)	(928,416,097.40)
SALE OF FIXED ASSETS	685,500.00	916,000.00
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(185,655,432.80)	(940,668,240.40)
NET CASH OUTFLOW BEFORE FINANCING	(142,706,128.05)	(707,156,527.30)
<u>FINANCING</u>		
GOVERNMENT DEV. GRANTS	137,791,570.95	740,018,821.10
LONG-TERM LOAN	0.00	0.00
NET CASH INFLOW FROM FINANCING ACTIVITIES	137,791,570.95	740,018,821.10
<u>NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS</u>	(4,914,557.10)	32,862,293.80
OPENING CASH	11,678,262.70	(21,184,031.10)
CLOSING CASH	6,763,705.60	11,678,262.70

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 2000

<u>NOTES</u>	<u>1999/2000</u> KSHS.	<u>1998/99</u> KSHS.
<u>SOURCE OF FUNDS</u>		
<u>INFLOWS</u>		
EXCESS/(DEFICIT) OF INCOME	(44,562,940.95)	(173,286,881.90)
LESS: GAIN ON SALE OF FIXED ASSETS	(500.70)	(743,813.50)
LESS: RECURRENT GOVT GRANTS	(9,000,000.00)	(14,000,000.00)
		0.00
	(53,563,441.65)	(188,030,695.40)
ADD: RESTATEMENT IN GENERAL RESERVES	285,120.00	(280,000.00)
ADD: DEPRECIATION CHARGE	399,504,341.75	418,633,447.70
ADD: DEPRECIATION ON DISPOSED ASSETS	636,850.80	0.00
	346,862,870.90	230,322,752.30
RECURRENT GOVT GRANTS	9,000,000.00	14,000,000.00
	355,862,870.90	244,322,752.30
<u>OTHER INFLOWS</u>		
GOVERNMENT DEVELOPMENT GRANTS	137,791,570.95	740,018,821.10
LONG - TERM LOAN	0.00	0.00
RECEIPTS FROM SALE OF F/ASSETS	685,500.00	916,000.00
TOTAL INFLOWS	494,339,941.85	985,257,537.40
<u>APPLICATON OF FUNDS</u>		
LAND	361,006.00	6,436,555.00
PURCHASE OF VEHICLES & MOTORCYCLES	4,707,424.30	0.00
PURCHASE O FURN. FITT. & OFFICE EQUIPM.	19,386,727.20	3,754,050.00
PLANT, WATER PIPELINES & SUPPLIES	10,244,937.10	2,977,538.00
WATER PROJECTS - W. I. P	151,640,838.20	928,416,097.40
TOTAL OUFLOWS	186,340,932.20	941,584,240.40
<i>NET INFLOW/OUTFLOW OF FUNDS</i>	307,999,009.05	43,673,333.00

NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 2000 (cont.)

SCHEDULE OF CHANGE IN WORKING CAPITAL

STOCKS ON HAND	6,561,695.10	3,403,801.65
PREPAYMENTS	(324,000.00)	25,000.00
WATER DEBTORS	324,764,202.95	273,082,774.85
OTHER DEBTORS	5,060,378.30	4,429,249.05
CASH AT BANK	(5,624,209.40)	32,810,947.05
CASH ON HAND	709,652.30	51,346.75
WATER DEPOSITS	(2,087,116.95)	(4,257,453.15)
ACCRUED EXPENSES	(17,754,308.85)	(24,565,104.40)
CREDITORS	(91,138,175.60)	(146,861,768.80)
INTEREST ON LOAN	(94,445,460.00)	(94,445,460.00)
<i>NET INFLOW/OUTFLOW OF FUNDS</i>	<u>307,999,009.05</u>	<u>43,673,333.00</u>

NOTE TO THE ACCOUNTS

1) ACCOUNTING POLICIES

a) Accounting policies

Accounts are prepared under the historical cost convention and modified to include revaluation of certain fixed assets.

b) STOCK

Stocks are valued at the lower of cost or net realizable value. General consumable stores are valued at average cost.

c) DEPRECIATION OF FIXED ASSETS

Depreciation is charged on Fixed Assets on a reducing balance basis at the following rates:

	% Per annum
● Buildings	2.5
● Motor Vehicles & Motor cycles	25
● Plant & Machinery	20
● Furniture, fittings & office Equipment	12.5
● Plant, Pipelines & W/Supplies	5

d) Bad and Doubtful Debts

A provision of 20% per annum of the outstanding water debtors has been made bad and doubtful debts.

2) TURNOVER

The turnover for the year was Kshs. 1,182,743,307.00/= and represented the amount of revenue received from water sales.

3) FIXED ASSETS

The gross value of fixed assets was Kshs. 11.2 billion as at 30th June 2000.



FIXED ASSETS SCHEDULE

	LAND	BUILDING	PLANT, PIPELINES & WATER SUPPLIES	MOTOR VEHICLES & MOTOR CYCLES	FURN. & OFFICE EQUIPMENT	GRAND TOTAL
DEP. RATE	0.0% KSHS.	2.5% KSHS.	5.0% KSHS.	25.0% KSHS.	12.5% KSHS.	KSHS.
COST						
AS AT 01/07/99	112,925,226.00	311,504,397.00	10,582,894,204.15	67,633,262.45	57,263,425.60	11,132,220,515.20
ADDITIONS	361,006.00	0.00	10,244,937.10	4,707,424.30	19,386,727.20	34,700,094.60
DISPOSAL	0.00	0.00	0.00	(2,034,970.00)	0.00	(2,034,970.00)
AS AT 30/06/2000	113,286,232	311,504,397	10,593,139,141	70,305,716.75	76,650,152.80	11,164,885,639.80
DEPRECIATION						
AS AT 01/07/99	0.00	47,245,886.75	2,936,442,502.80	51,488,786.50	28,139,636.95	3,063,316,813.00
YEARS CHARGE	0.00	6,606,462.75	382,834,832.90	3,999,232.60	6,063,814.50	399,504,341.75
DEPR.ON DISPOSALS	0.00	0.00	0.00	(713,120.10)	0.00	(713,120.10)
AS AT 30/06/2000	0.00	53,852,349.50	3,319,277,334.70	54,774,899.00	34,203,451.45	3,462,108,034.65
I BOOK VALUE						
AS AT 01/07/99	112,925,226.00	264,258,510.25	7,646,451,701.55	16,144,475.95	29,123,788.65	8,068,903,702.40
AS AT 30/06/2000	113,286,232.00	257,652,047.50	7,273,861,806.75	15,530,818.75	42,446,701.35	7,702,777,605.15

4) **WATER PIPELINE & WATER SCHEMES (WORK IN PROGRESS) WIP**

The work in progress represents the projects under construction.

5) **WATER DEBTORS**

The amount outstanding from debtors was Kshs.1,511,248,861.90

Further analysis is given below:

	<u>1999/2000</u>	<u>1998/99</u>
	KSHS.	KSHS.
BALANCE B/F	1,483,105,823.70	1,141,752,355.10
WATER SALES – COAST	875,491,397.00	722,415,389.50
WATER SALES – OTHER REGIONS	307,251,910.00	244,536,654.30
TOTAL	2,665,849,130.70	2,108,704,398.90
ADJUSTMENT	0.00	0.00
TOTAL ADJUSTED	2,665,849,130.70	2,108,704,398.90
REVENUE COLLECTED	776,788,053.30	615,792,319.10
	<u>1,889,061,077.40</u>	<u>1,492,912,079.80</u>
CASH IN REV. COLLECTION A/C/S	0.00	9,806,256.10
UNCOLLECTED REVENUE	1,889,061,077.40	1,483,105,823.70
PROV. BAD & DOUBTFUL DEBTS	377,812,215.50	296,621,164.75
NET WATER DEBTORS	1,511,248,861.90	1,186,484,658.95
<i>BALANCE C / F</i>	<u>1,889,061,077.40</u>	<u>1,483,105,823.70</u>
<i>BAD & DOUBTFUL DEBTS A / C</i>	<u>81,191,050.30</u>	<u>68,270,693.65</u>

6. **GENERAL FUND**

Development Grants received from the Government during this financial year were 56.5 million



7. RESERVES

COMPOSITION OF RESERVES

	CAPITAL	REVENUE	TOTAL
	KSHS.	KSHS	KSHS.
AS AT 01/07/99	0.00	(2,161,584,808.35)	(2,161,584,808.35)
RESTATEMENT	0.00	0.00	0.00
EARNINGS FOR YEAR	0.00	(44,562,940.95)	(44,562,940.95)
RETAINED EARNINGS	0.00	(2,206,147,749.30)	(2,206,147,749.30)

8) LAND

An amount of land valued at Kshs. 113,598,317.00 has been included in this year's account but the Corporation has not finalized the acquisition of all title deeds.

9) **LONG TERM LOAN/GRANT AND INTEREST**

The Government of Kenya obtained a loan of Ksh. 567,240,000.00 an equivalent of US\$ 17.4 million from the International Development Association (IDA) and on lent the same to the Corporation at an interest rate of 16.65%.

LOAN & INTEREST SCHEDULE

	<u>1999/2000</u>	<u>1998/1999</u>
RATE	16.65	16.65
	KSHS.	KSHS.
<u>PRINCIPAL</u>		
BALANCE B / F	582,902,882.65	582,902,882.65
ADDITIONS	0.00	0.00
BALANCE C / F	582,902,882.65	582,902,882.65
<u>INTEREST ON LOAN</u>		
BALANCE B / F	391,378,397.90	296,932,937.90
RESTATEMENT	0.00	0.00
RESTATED INTEREST	391,378,397.90	296,932,937.90
YEAR'S CHARGE	94,445,460.00	94,445,460.00
BALANCE C/F	485,823,857.90	391,378,397.90
<u>PRINCIPAL + INTEREST</u>		
AS AT 30/06/2001	1,068,726,740.55	974,281,280.55