

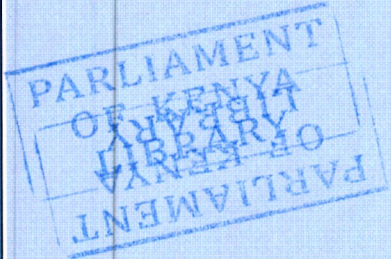
REPUBLIC OF KENYA

Volume 15



KENYA NATIONAL AUDIT OFFICE

Paper laid
By Hon A. Sule
Majimty Leader
17/7



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NITHI WATER AND SANITATION
COMPANY (NIWASCO) LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2013**



WATER AND SANITATION COMPANY LTD
(NIWASCO)

NITHI WATER AND SANITATION COMPANY LTD
(NIWASCO)

FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2013

AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2013

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NITHI WATER AND SANITATION COMPANY LTD

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED JUNE 30, 2013

The Directors submit their report together with the management accounts for the year ended June 30, 2013 which show the state of affairs of the Company.

1. PRINCIPAL ACTIVITY

The principal activities of the Company are the Provision of Water and Sanitation Services within Chuka and Chogoria Municipalities and their environs

2. RESULTS

The Company's Financial Statements and results are set out on pages 5 to 8.

3. DIRECTORS

The Directors who served during the year were :

Leonard N Ngaine	Chairman
Dickson K Nyaga	Member
Jorum Nyaga	Member
Sr. Jacinta Gakii	Member
Annestine Njue	Member resigned November 2012
George Muriithi	Member
Maina Wa Njoroge	Member
Eng. Daniel Ngugi	Alternate with CEO Tana Water Services Board
Hemed Ahemed	Member
N A Kamunde	General Manager

CORPORATE MANAGEMENT

N A Kamundi	General Manager
Faith Gakii	Commercial Manager
Jane G. Njagi	Technical Manager

The directors do not recommend payment of dividend.

4. AUDITORS

Messrs, Wamai Nyaga & Co. served as auditors of the company during the year, appointed by the Auditor General as per sec 39 of The Public Audit Act 2003.

By order of the Board

DIRECTOR


Date /...../ 2013

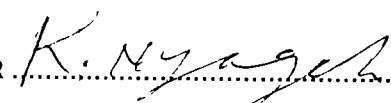
**NITHI WATER AND SANITATION COMPANY LTD
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act requires the Directors to prepare financial statements for each financial year, which gives 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 that year. It also requires the 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 Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment 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 its operating results. The Directors further accept 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 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.

DIRECTOR  DATE... 30th / Dec. / 2013

DIRECTOR  DATE... 30 / 12 / 2013

Independent Auditors' Report To the Auditor General

We have audited the accompanying Financial Statements of Nithi Water and Sanitation Company set out on pages 5 to 8 which comprise the Company Balance Sheet as at June 30, 2013 and the Company Income Statement, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes : Designing, Implementing and Maintaining Internal Controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement , whether due to fraud or error ; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply ethical requirement and plan and perform the audit to obtain reasonable assurance 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 depends on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Basis for Qualified Opinion

Trade and Other Receivables

The trade and other receivables as per the system generated ledger as at 30th June 2013 was Kshs 29,526,780/= However the supporting schedule provided had a total amount of Kshs 23,969,465/= resulting in unexplained discrepancy of Ksh. 5,557,315/=. As a result therefore the accuracy and recoverability of the trade debtors could not be confirmed.

Qualified Opinion

In our opinion, except for the effects of the afore-mentioned matter, the accompanying Financial Statements represent fairly the state of the financial affairs of the Company as of June 30, 2013 and of it's surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Kenyan Companies Act.

Report on Other Legal Requirements

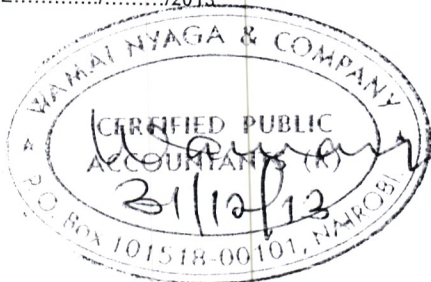
As required by the Kenyan Companies Act we report to you, based on our audit , that : -

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- ii) in our opinion proper books of accounts have been kept by the company , so far as appears from our examinations of those books ;
- iii) and the company's Balance Sheet and Income Statement are in agreement with the books of accounts.

WAMAI NYAGA & CO.

CERTIFIED PUBLIC ACCOUNTANTS

DATE...../...../2013



REPUBLIC OF KENYA

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NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NITHI WATER AND SANITATION COMPANY (NIWASCO) LIMITED FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Nithi Water and Sanitation Company (NIWASCO) Limited set out on pages 4 to 13, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Wamai Nyaga & Company, auditors appointed under Section 39 of the Public Audit Act, 2003. The audit has been carried out in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

As similarly reported in the previous year, the property plant and equipment balance of Kshs.27,217,247 as at 30 June 2013 includes Kshs.21,857,056 relating to water distribution infrastructure carried out over the years since inception of the Company. However, according to the vesting agreement, the ownership of water distribution infrastructure vests in Tana Water Services Board, and any capital expenditure relating to water distribution infrastructure needs prior approval by the Water Board before expenditure is incurred by the Company which may then place a claim of the expenditure with the Board. Under the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs.27,217,247 as at 30 June 2013 could not be confirmed.

2.0 Trade and Other Receivables

As similarly reported in the previous year, the trade and other receivables balance of Kshs.26,438,530 as at 30 June 2013 includes Kshs.2,248,009 in respect of VAT refunds that have been outstanding for long and which relate to the period before the Company was registered for VAT. However, no provision for bad and doubtful debts was made in the financial statements for the period under review. Consequently, the accuracy and recoverability of the trade and other receivables balance of Kshs.26,438,530 as at 30 June 2013 could not be confirmed.

3.0 Unaccounted for Water (UFW)

During the year under review, the Company produced 1,065,519 cubic meters (M³) of water and billed customers 538,964 cubic meters(M³), resulting to a difference of 526,555 cubic meters(M³) or 49.4%, representing Unaccounted for Water (UFW). This significant level of UFW if not addressed urgently is likely to have negative effects on the Company's future performance.

4.0 Customers' Deposits

The Customers' Deposits balance of Kshs.3,645,525 as at 30 June 2013 differs with that reflected in the subsidiary records by Kshs.1,710,946. In the absence of proper reconciliation, it has not been possible to confirm the accuracy of the Customers' Deposits balance of Kshs.3,645,525 as at 30 June 2013.

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 Companies Act, Cap 486 of the laws of Kenya, I report, based on the audit, that:-

- (i) all the information and explanations required for the purpose of the audit were received;
- (ii) the books of account were properly maintained; and
- (iii) the Company's financial statements are in agreement with the books of account.



Edward R. O. Ouko, CBS
Auditor-General

Nairobi

4 June 2014

NITHI WATER AND SANITATION COMPANY LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

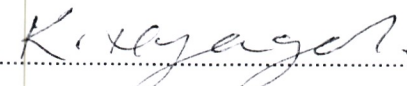
	Notes	2013	2012
TURNOVER	5	33,744,473	27,254,923
Add : Operating Grant	6 (a)	729,000	4,785,253
WSTF Grant	6 (b)	-	11,048,975
GROSS TURNOVER		34,473,473	43,089,152
Less:			
Production Costs	8	(6,946,431)	(5,218,711)
GROSS MARGIN		27,527,042	37,870,441
EXPENSES			
Administration and Establishment	7	(21,284,757)	(52,620,495)
Surplus from Operating Activities		6,242,285	(14,750,054)
Net Finance Costs	9	(57,017)	(83,477)
Surplus / (Deficit) for the year		<u>6,185,268</u>	<u>(14,833,531)</u>

NITHI WATER AND SANITATION COMPANY LTD
 STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2013

	NOTE	2013 KSHS	2012 KSHS
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	27,217,247	30,622,282
Intangible Assets	1(e)	102,342	146,203
Total Non - Current Assets		27,319,589	30,768,484
CURRENT ASSETS			
Inventory	12	2,181,080	2,719,582
Trade and Other Receivables	13	26,438,530	21,370,798
Cash and Cash Equivalents	14	7,204,371	5,592,918
TOTAL CURRENT ASSETS		35,823,981	29,683,298
CURRENT LIABILITIES			
Consumer Deposits	15	3,645,525	2,767,945
Trade and Other Payables	16	5,435,706	5,992,047
TOTAL CURRENT LIABILITIES		9,081,231	8,759,992
NET CURRENT ASSETS		26,742,750	20,923,307
TOTAL ASSETS		54,062,339	51,691,791
FINANCED BY			
Revenue Reserves	SCE	22,656,827	20,286,279
Capital Grants-WSTF	6(b)	31,405,512	31,405,512
TOTAL EQUITY		54,062,339	51,691,791

The financial statements were approved by the Board of Directors on..... /..... / 2013
 and signed on behalf by;

DIRECTOR.....  30/6/13

DIRECTOR..... 

NITHI WATER AND SANITATION COMPANY LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2013

	Note	Revenue Reserves kshs	Total kshs
At 01.07.2011		35,119,810	35,119,810
Deficit for the year	SCI	(14,833,531)	(14,833,531)
At 30.06.2012		20,286,279	20,286,279
Surplus for the year	SCI	6,185,268	6,185,268
Taxation		(3,814,720)	(3,814,720)
At 30.06.2013		22,656,827	22,656,827

NITHI WATER & SANITATION COMPANY LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	KSHS	KSHS
Surplus for the year	6,185,268	(14,833,531)
Adjustments for :		
Depreciation	4,343,970	4,852,635
Amortisation	43,831	62,658
Surplus before changes in working capital	10,573,069	(9,918,237)
Changes in working Capital		
(Increase) / Decrease in Trade Inventory	538,502	3,552,621
(Increase) / Decrease in Trade and Other Receivables	(5,067,732)	1,843,126
Increase / (Decrease) in Consumer deposits	877,580	791,000
Increase / (Decrease) in Trade & Other Payables	(556,341)	2,060,212
Tax Paid	(3,814,720)	-
Net Cash Generated from Operating Activities	2,550,358	(1,671,278)
Investing Activities		
Acquisition of Property, Plant and Equipment (Note 3)	(938,935)	(17,107,734)
Acquisition of Intangible Assets	-	(124,503)
Net Cash Generated from Investing Activities	(938,935)	(17,232,237)
Financing Activities		
Increase in WSTF Capital Grant	-	18,902,463
Net Cash Generated from Financing Activities	-	18,902,463
Increase in Cash and Cash Equivalents	1,611,423	(1,051)
Cash and cash equivalent		
At the start of the year	5,592,919	5,593,970
At the end of the year-Note 14	7,204,341	5,592,919

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of accounting

The financial statements are prepared on the historical cost basis. The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

b) Turnover

Turnover is made up of the total amounts billed during the year for water services. Income is recognized to the extent that it is probable that its economic benefits will flow to the company and the revenue can be reliably measured.

c) Property, Plant & Equipment

Property, Plant & Equipment are stated at cost, less accumulated depreciation and any impairment in value.

d) Depreciation

Depreciation is calculated on the reducing balance basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. The annual depreciation rates in use are:

Buildings	2.5%
Furniture and Equipment	12.5%
Motor Vehicles	25.0%
Water meters	20.0%
Computers and Typewriters	30.0%
Workshop Equipment	12.5%
Pipes and Fittings	12.5%

e) Intangible Assets

Intangible Assets comprise of computer software i.e the billing system and the accounting software. This is stated at cost, less accumulated amortisation. Amortisation is calculated at 30% on the reducing balance basis, being the rate estimated to write off carrying values of the softwares over their estimated useful lives.

Software at Cost	208,861
Less : Amortisation	(62,658)
NBV as at 30 June 2012	146,203
Less : Amortisation @ 30 % p.a. Year 2013	(43,861)
NBV as at 30 June 2013	102,342

f) Inventory

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the average weighted basis. Net realisable value is the estimated costs of completion and costs necessary to make the sale.

g) Deferred Taxation

No deferred taxation is provided as there are no timing differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

h) Lease Charges

Operating lease charges are charged to the income statement on the accrual basis.

i) Foreign Currency

Transactions during the year in foreign currency are converted into Kenya shillings at rates ruling at the transaction date. Assets and liabilities denominated in foreign currency are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date.

j) Trade Receivables

Accounts receivable are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts.

k) Trade Payables

Trade payables are stated at their nominal value.

l) Amortisation of Capital Grant

Grants received for capital assets are credited to the capital grant account net of amortisation which is released to the revenue reserves over the life of the relevant assets.

m) Bad and Doubtful Debts

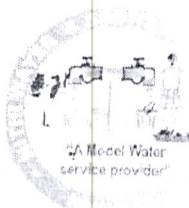
General provisions are made based on the Directors' evaluation of the trade receivables' balance and other exposures in respect of losses, which although not specifically identified, are known from experience to be present in the trade receivables balance.

Bad debts are written off when all reasonable steps to recover them have been taken without success.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and short term deposits with a maturity of 6 months or less.

For purpose of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above, net of outstanding bank overdrafts.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

o) Reserves

Surplus or Deficit from income statement is accumulated in the revenue reserve account.

p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

q) Provisions

Provisions are recognized when the NIWASCO has a legal or constructive obligation as a result of past events and is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the Company expects a provision to be reimbursed, for example under insurance, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

r) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its financial assets to determine whether there is any indication that these assets have suffered an impairment loss.

Impairment loss occurs where the asset is carried at more than its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset.

If such an indication exists, the recoverable amount is estimated. An impairment loss is recognized as an expense unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Critical accounting estimates and assumptions:

Property, plant and equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in note 1 (d) above.

ii) Critical judgements in applying the entity's accounting principles

In the process of applying the Company's accounting policies, the management has made judgements in determining:

- The classification of financial assets and leases.
- Whether the assets are impaired.

NITHI WATER & SANITATION COMPANY LTD

Notes to the Financial Statements for the year ended June 30, 2013

2. PROPERTY, PLANT AND EQUIPMENT

Rate	Office & Building	Computers & Peripherals	Motor Vehicles & Cycles	WTP Equipment & Tools	Meter Testing Machine	Water meters & Equipment	Office Furniture & Equipment	Pipe-Lines	Totals
	2.5%	30.0%	25.0%	12.5%	12.5%	20.0%	12.5%	12.5%	Kshs
COST									
As at 01.07.2012	911,189	1,247,700	3,361,465	168,637	398,275	2,656,399	1,411,064	31,630,459	41,785,188
Additions	-	248,000	483,300	-	-	-	207,635	-	938,935
Disposal	-	-	-	-	-	-	-	-	-
As at 30.06.2013	911,189	1,495,700	3,844,765	168,637	398,275	2,656,399	1,618,699	31,630,459	42,724,123
DEPRECIATION									
As at 01.07.2012	87,759	697,161	2,033,286	70,200	103,246	1,123,308	396,980	6,650,967	11,162,906
For the Year	20,586	239,562	452,870	12,305	36,879	306,618	152,715	3,122,437	4,343,970
As at 30.06.2013	108,345	936,723	2,486,156	82,505	140,125	1,429,926	549,695	9,773,403	15,506,876
NET BOOK VALUE									
As at 30.06.2012	802,844	558,977	1,358,609	86,132	258,150	1,226,473	1,069,004	21,857,056	27,217,247
As at 30.06.2013	823,430	550,539	1,328,179	98,437	295,029	1,533,092	1,014,084	24,979,493	30,622,232



4. THE WATER SECTOR REFORMS

Pursuant to the requirements of the Water Act 2002, the Government of Kenya (GoK) has placed all the water assets and liabilities in the whole country under the management of Regional Water Services Boards.

In line with these countrywide reforms, the Nithi Water & Sanitation Company (NIWASCO) has signed a service provision agreement with the Tana Water Services Board (TWSB).

5. (a) TURNOVER

	Note	2013 Kshs	2012 Kshs
TOTAL TURNOVER		33,744,473	27,254,923
6. (a) OPERATING GRANT			
This represents various expenses paid by related parties and development partners on behalf of NIWASCO			
GOK - Grants - Staff Salaries		-	4,762,495
GOK - Grants - Water Treatment Chemicals		729,000	-
GOK - Grants - DWO		-	22,758
TOTAL OPERATING GRANT		729,000	4,785,253
(b) CAPITAL GRANTS			
GOK - Grants - WSTF Project			
Bal b/d		31,405,512	12,503,049
Received during the year		-	29,951,438
To Income & Expenditure		-	(11,048,975)
Bal C/d		31,405,512	31,405,512

7. ADMINISTRATION AND ESTABLISHMENT EXPENSES

Salaries, Wages and Allowances	8,220,023	12,602,793
Depreciation	4,343,970	4,852,635
Motor Vehicle Running Expenses	1,175,067	1,192,385
Staff Welfare and uniforms	950,241	799,350
Travelling and Subsistence	942,739	1,028,822
Boards' Sitting Allowances	850,308	1,148,108
Security	632,396	607,356
Stationery	583,102	518,104
Telephone and Postage	522,202	492,409
Training and professional services	365,710	164,577
Advertisements	346,150	270,582
Conferences & meetings	335,763	194,265
Staff Bonus	325,000	250,000
Legal and Professional fees	272,900	236,448
Insurances	266,371	310,551
WSTF- Accompanying measures	244,770	274,840
NSSF Employer contribution	183,290	50,200
Audit fees-Current	150,000	203,000
Stores Supplies	107,715	42,013
Office rent	104,000	96,000
Electricity	80,613	43,585
Computer maintenance	73,748	77,820
Office Repairs and Maintenance	70,914	122,711
Office supplies	70,349	138,349
Amortisation of Software	43,861	62,658
Corporate social responsibility	13,555	62,600
Boards' Travel and Accommodation	10,000	175,429
Meter Testing	-	51,900
Software Maintenance and upgrading	-	201,035
Laboratory Expenses	-	99,153
Water use and Easement fees	-	214,515
Staff Gratuity	-	991,789
Water exp. - Niwasco main office	-	4,800
WSTF Tank	-	7,239,330
WSTF Metering	-	1,485,402
WSTF Transport	-	21,000
WSTF-water kiosk	-	814,797
Stock Loss	-	3,667,822
Income Tax paid	-	300,000
Specific provision for Bad Debts	-	8,593,865
General provision for Bad Debts (10%)	-	1,703,889
WSTF-Administration	-	1,213,606
TOTAL ADMINISTRATION AND ESTABLISHMENT EXPENSES	21,284,757	52,620,495



NITHI WATER AND SANITATION COMPANY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

ENDED 30TH JUNE 2013 (CONT'D)

	2013 Kshs	2012 Kshs
8. PRODUCTION COSTS		
Agency Fees	2,997,255	2,299,164
Chemicals and laboratory expenses	791,522	720,000
Repairs and Maintenance of Water Supplies	3,157,654	2,199,547
TOTAL	6,946,431	5,218,711
9. NET FINANCE COSTS		
Bank charges	57,017	83,477
10. SURPLUS BEFORE TAXATION		
The surplus before taxation is stated after charging:		
Depreciation	3 4,343,970	4,852,635
Board of Directors' emoluments	7 942,739	1,148,108
Net finance costs	9 57,017	83,477
Totals	5,343,726	6,084,220
11. Pipelines Extensions		15,800,311
12 INVENTORY		
Pipes & Fittings and Chemicals	2,181,080	2,719,582
13 TRADE AND OTHER RECEIVABLES		
Trade debtors	23,969,465	25,653,082
Less: Specific provision for Bad Debts	-	(8,593,865)
General provision for Doubtful Debts	-	(1,703,889)
Net Trade Debtors	23,969,465	15,355,328
Jubilee Insurance Company Ltd Kenya	-	56,613
Uap Insurance co.ltd	105,056	27,731
John G Thura-Landlord Chogoria office-deposit	-	8,000
Tana water service Board-debtor	75,000	75,000
Office Maintenance Contract Prepaid	41,000	-
VAT Control Account	2,248,009	5,848,126
Total Trade & other Receivables	26,438,530	21,370,798
14 CASH AND CASH EQUIVALENTS		
WSTF A/c	-	(1,359)
Saving Account	4,914,683	1,991,065
Imprest	2,840	296,500
Current Account	347,390	521,896
Petty Cash Account	4,879	6,034
KCB Chuka	1,934,579	1,835,233
WSTF A/c-Chogoria	-	315,813
WSTF A/c-Karingani	-	627,735
TOTAL CASH AND CASH EQUIVALENTS	7,204,371	5,592,918
15 CONSUMER DEPOSITS		
These are refundable deposits paid by customers. The deposits are refunded when water services to a customer are terminal		
	3,645,525	2,767,945
16 TRADE AND OTHER PAYABLES		
Trade payables	4,064,571	4,639,751
Board Levy Dues and Water Use Charges	-	522,485
Tax Provision	737,180	-
Town Council of Chogoria	-	8,000
Audit Fees Provision	150,000	150,000
Accruals	483,955	671,810
TOTAL TRADE AND OTHER PAYABLES	5,435,706	5,992,047
17 NUMBER OF EMPLOYEES		
The number of employees as at 30th June 2013 was 46 (2012:) 23		
18 INCORPORATION		
Nithi Water & Sanitation Company (NIWASCO) is incorporated under The Companies Act Cap 486, of the Laws of Kenya.		