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REPORT

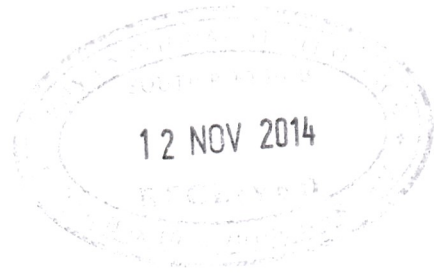
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NAROK WATER AND SEWERAGE SERVICES
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2014**



NAROK WATER & SEWERAGE SERVICES CO. LTD.

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2014.

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KEY ENTITY INFORMATION

Background information

Narok Water & Sewerage Services Co. Ltd (NARWASSCO) was established on 27th February, 2006 by the provision of the Companies Act, Cap 486. At cabinet level, NARWASSCO is represented by the Cabinet Secretary for Environment, Water and Natural Resources, who is responsible for the general policy of NARWASSCO.

Principal Activities

The principal activity of NARWASSCO is to provide water and sanitation services within Narok County as per the Service Provision Agreement (SPA) with Rift Valley Water Services Board.

Directors

The Directors who served the entity during the year/period were as follows:

- | | | | | |
|-----|-----------------|-------------------|-----------------------------------|--|
| 1. | Francis Nkako | - Chairman | - 9 th September 2010. | - Left on 10 th September 2013. |
| 2. | Wilson L. Pere | - Chief Executive | - 1 st July 2009. | |
| 3. | Christine Baari | - Director | - 9 th September 2010. | - Left on 10 th September 2013. |
| 4. | Godfrey Kwena | - Director | - 9 th September 2010. | - Left on 10 th September 2013. |
| 5. | Alice Sayo | - Director | - 9 th September 2010. | - Left on 10 th September 2013. |
| 6. | Seleila Mwanik | - Director | - 9 th September 2010. | - Left on 10 th September 2013. |
| 7. | Joshua Karanja | - Director | - 10 th February 2012. | - Left on 10 th September 2013. |
| 8. | Agnes Pareyio | - Director | - 9 th September 2010. | - Left on 3 rd September 2012. |
| 9. | Isaac Partoip | - Director | - 9 th September 2010 | - Left on 28 th February 2013. |
| 10. | Dennis Naisho | - Director | - 9 th September 2010 | - Left on 28 th February 2013. |

Registered Officer

Old Town Council Offices,
Hospital Road,
P.O. Box 935-20500,
Narok, KENYA

Corporate Headquarters

P.O. Box 935-20500,
Old Town Council Offices,
Hospital Road,
Narok, KENYA

Corporate Contacts

Telephone: (020) 2419704
E-mail: narokwater@yahoo.com

Corporate Bankers

1. National Bank of Kenya,
Narok Branch,
P.O. Box 348-20500,
Narok, Kenya.

Independent Auditors

Auditor General,
Kenya National Audit Office,
Anniversary Towers, University Way
P.O. Box 30084,
GOP 00100
Nairobi, Kenya.

THE BOARD OF DIRECTORS

1. Francis Nkako	<p>Date of Birth; 1962 Qualifications; BSc. Biology from University of Nairobi. Work Experience; CEO Ewaso Ngiro South Development.</p>
2. Wilson L. Pere	<p>Date of Birth; 1974 Qualifications; Undertaking an MBA. Work Experience; Managing Director (NARWASSCO).</p>
3. Christine Baari	<p>Date of Birth; 1978 Qualifications; Degree in Law from Moi University. Work Experience; Kenya Rural Roads Authority.</p>
4. Godfrey Kwena	<p>Date of Birth; Qualifications; Work Experience;</p>
5. Alice Sayo	<p>Date of Birth; 1969 Qualifications; Degree in Education from Egerton University. Work Experience; Principal Masinkonde Sec. School.</p>
6. Seleila Mwanik	<p>Date of Birth; 1952 Qualifications; B.A (Sociology and Political Science) from Catholic University. Work Experience; Admin. Assistant and P1 Teacher.</p>
7. Joshua Karanja	<p>Date of Birth; Qualifications; Work Experience;</p>
8. Agnes Pareyio	<p>Date of Birth; 1956 Qualifications; KCSE Certificate. Work Experience; Director Tasaru Rescue Centre.</p>
9. Isaac Partoip	<p>Date of Birth; 1956 Qualifications; Work Experience;</p>
10. Dennis Naisho	<p>Date of Birth; 1967 Qualifications; Work Experience;</p>

MANAGEMENT TEAM

1. Wilson L. Pere	Managing Director. Holds BSc. Degree in Commerce from University of Nairobi. Currently doing an MBA in Operations Management from University of Nairobi.
2. Simel Ketele.	Commercial Manager. Holds a degree in Bcom. (Accounting) from Moi University. Currently doing an MBA in Finance from University of Nairobi.
3. Eng. Ezekiel Sampao.	Technical Manager. Holds BSc degree in Civil Engineering from University of Nairobi. Currently doing an MBA from University of Nairobi.

CHAIRMAN’S STATEMENT

Narok Water & Sewerage Services Company Ltd. was established on 27th February, 2006 and commenced its operations as from 1st November, 2007. This came about as a result of the restructuring of the water sector and in accordance with the water act 2002.

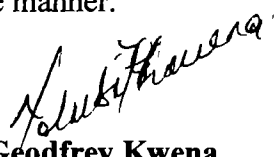
The company’s major function is to serve Narok town and its environs with water. Due to the size and old age of the infrastructure the company is not able to meet the water demand. During the year under review, the Company registered improvement in revenue collection where it collected an average of Kshs. 3,700,000 per month in 2013/14 up from Kshs. 2,600,000 per month in 2012/13. This was mainly as a result of a new water tariff that was effected as from February 2013. Also the Company registered significant improvement in service area coverage. Consumer connections increased from 2,404 to 2,791.

High electricity bill has continued to pose a great challenge to the company since three quarters of the total collection goes to power bill.

The company has increased its service areas which are served through rationing. The company has also completed a pilot project on NRW in Majengo area with assistants from JICA. This project will assist the Company to manage both technical and commercial losses and hence ensure sustainability of the Company.

To address the challenges of inadequate supply, the Company with the assistance of Rift Valley Water Services Board has received grants from the Japanese government for the construction of a dam upstream along Enkare Narok river. The project started in February, 2014 and is expected to be completed in February, 2016. The estimated cost of the project is Kshs. 1.35 billion. The Company is also developing a proposal for sewerage system.

With these plans in place, the Company is determined to serve its customers well in a commercially viable manner.



Mr. Godfrey Kwena
For; Board Chairman.
Date...15/11/14

CORPORATE GOVERNANCE STATEMENT

Corporate governance is essential to protect the interest of Narok Water & Sewerage Services Co. Ltd. (NARWASSCO.) shareholders and the community at large. The members are committed to meeting the standards of good corporate governance set out on corporate governance practices as well as in other internationally recognized codes.

Corporate Social Responsibilities Statement.

Our work continues to be a challenging one and requires great sensitivity in dealing with our customers, our partners, our communities and our employees. Corporate social responsibility is therefore ingrained in everything we do including the conservation of the water catchment and the environment. Our commitment starts at the top with board level. In line with these, the company has planted some trees in water catchment areas to conserve this scarce yet very important resource (water).

Work Ethics

NARWASSCO staffs have an obligation to observe the company's code of conduct both within and outside the place of work. This code incorporates the company's operating, financial and behavioral policies in a set of integrated values. It also includes the ethical standards required of members of NARWASSCO family in the interface with one another and with all stakeholders.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the NARWASSCO'S affairs.

The board of directors meets atleast four times a year. The directors are given appropriate information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the board has delegated authority for conduct of day to day business to the Managing Director. The board nonetheless retains oversight responsibility for establishing and maintaining the control of financial, operational and compliance issues.

Committees of the board.

The board has set up the following committees which meet under well defined terms of reference set by the board. This is intended to facilitate efficient decision making of the board in discharging its duties and responsibilities.

Finance Committee

This committee deals with strategic, financial, employment and administrative issues. It meets at a minimum of four times a year or as necessary. Its membership comprises of Agnes Pareyio (Chairperson), Isaac Partoip and Dennis Naisho.

Audit Committee

The board has constituted an Audit committee which meets four times a year or as necessary. Its membership comprises of Seleila Mwanik (Chairperson), Joshua Karanja and Alice Sayo. Its responsibilities include; examining and assessing the effectiveness of the internal control system, approving Internal Audit programs, verifying assets and liabilities and receiving reports from Internal Auditor.

Technical Committee

There is a Technical Committee whose membership comprises of Godfrey Kwena (Chairperson), Agnes Pareyio and Isaac Partoip. Its responsibilities include; Overseeing development, approval of projects for implementation, facilitate in tariff reviews.

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES


The Board Members are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its surplus or deficit for that year. The Board Members are required to ensure that the Company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Board Members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards.

The Board Members are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Company as at 30th June 2014 and of its deficit for the year then ended. The Board Members further confirm the accuracy and completeness of the accounting records maintained by the Company which has been relied upon in the preparation of the financial statements, as well as on the adequacy of the internal financial controls.

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

This statement is approved by the Board Members and it is signed on their behalf by:



MR. GEOFFREY KWENA
FOR; BOARD CHAIRMAN
Date...1.5.14.....



WILSON L. PERE
MANAGING DIRECTOR
Date....12/11/2014

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NAROK WATER AND SEWERAGE SERVICES COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Narok Water and Sewerage Services Company Limited set out on pages 12 to 21, 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 misstatements, 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 of the Public Audit Act, 2003 and submit the report in compliance with Article 227(7) of the Constitution of Kenya. The Audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

The balance of property, plant and equipment of Kshs.32,911,572 includes Work-in-Progress of Kshs.28,262,325. However, the work in progress are projects that are being undertaken by Rift Valley Water Services Board and whose ownership has not yet been passed to Narok Water and Sewerage Services Company Limited. Therefore, the balance of property, plant and equipment has been over-stated by Kshs.28,262,325. Further, the Company did not maintain a fixed asset register which should control its assets against loss or misappropriation.

In the circumstances, the accuracy and completeness of property, plant and equipment balance as at 30 June 2014 could not be ascertained.

2. Trade Receivables

According to Note 17 to the financial statements, the trade and other receivables gross balance increased by Kshs.3,060,366 from Kshs.14,181,313 as at 30 June 2013 to Kshs.17,241,679 as at 30 June 2014. However, a comparison of schedules of the water billed against collections revealed that the Company billed Kshs.42,958,780 and collected 31,939,756 resulting to uncollected balance for 2013/2014 of Kshs.11,022,024. Further, the Company made a provision of Kshs.1,379,334 which was only about 10% of the uncollected amount during the year. In the circumstance, the debtors balances as at 30 June 2014 for the year appears to be grossly understated.

3. Bank and Cash

The bank and cash balance of Kshs.2,096,908 includes an overdraft balance of Kshs.1,107,216 in respect of expenditure account No. 100 342 177 902 held at National Bank of Kenya. Apparently, the management of the Company had overdrawn the account without any formal arrangement with the bank. Further, the bank reconciliation statement for the account as at 30 June 2014, indicates that the bank statements had many errors that cumulatively over-stated the balance by Kshs.1,188,804. Although the errors date back to 11 April 2012, no evidence was availed to show that management had notified the bank of any discrepancies in order to determine whether or not any money was lost. Under the circumstances, the accuracy of the bank and cash balance of Kshs.2,096,908 could not be confirmed.

4. Current Liabilities

The trade and other payables balance of Kshs.18,784,724 includes an amount of Kshs.2,637,396 which is Pay As You Earn (PAYE) statutory deduction that had not been remitted for two consecutive years. This is contrary to Part IV of the Employer's Guide to PAYE issued by the Kenya Revenue Authority which requires that an employer remits the employee's PAYE tax not later than the 9 day of the month following the pay-roll month.

Further, Kshs.2,309,783 from the customer deposit account was utilized by the Company without clear borrowing terms. Under the circumstances, the Company is likely to expose itself to penalties and litigations.

5. Administration Costs

The administration costs of Kshs.49,656,906 includes an expenditure of Kshs.14,217,569 in respect of personal emoluments. It was noted that this expense was incurred without a

salary structure approved by the Board of Directors. Further, in the year under review, the Company did not have a board of directors as required by Part I (80) of the First Schedule to the Companies Act, Cap 486, which provides that the business of a company shall be managed by the directors. Therefore, the salary rates paid for personal emoluments totaling to Kshs.14,217,569 were irregular since they did not have the approval of the board.

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 2014, and of 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 Companies Act, Cap 486 of the Laws of Kenya.

Emphasis of Matter

Unaccounted for Water

I draw attention to Note 2(a) to the financial statements which indicates the water sales for the year. During the year under review the Company produced 679,140 cubic meters (m³) of water. However, only 399,751.00m³ were billed to customers at Kshs.42,958,780. The balance of 271,385m³ or approximately 41% of the total volume represented Unaccounted for Water (UFW). According to the Water Services Regulatory Board guidelines, this quantity is 16% above the allowable loss of 25%. The abnormal loss of 16% of the water produced may have resulted in loss of sales estimated at Kshs.10,038,263 which is likely to have adverse effects on the sustainability of the Company. My opinion is not qualified in respect of this matter.

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 the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii) In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books ; and
- iii) the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 October 2015

NAROK WATER AND SEWERAGE SERVICES CO. LTD
Statement of Comprehensive Income
For th Year Ended 30th June 2014

	Note	2013/ 2014 KShs.	2012/ 2013 KShs.
REVENUES			
Sales	2(a)	45,469,915	32,243,711
Government Grants	(b)	<u>5,197,733</u>	<u>9,764,144</u>
TOTAL REVENUES		<u>50,667,648</u>	<u>42,007,855</u>
OPERATING EXPENSES			
Administration costs	3	49,656,906	36,623,101
Depreciation of property plant and Equipment	4	1,999,607	1,906,470
Amortisation of Non-tangible Assets	5	<u>-</u>	<u>78,900</u>
TOTAL OPERATING EXPENSES		<u>51,656,513</u>	<u>38,608,471</u>
OPERATING PROFIT/(LOSS)		- <u>988,865</u>	<u>3,399,384</u>
Finance Costs	6	380,803	380,803
PROFIT/LOSS BEFORE TAXATION		- <u>1,369,668</u>	<u>3,018,581</u>

NAROK WATER AND SEWERAGE SERVICES CO. LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30th JUNE 2014.

ASSETS	Note	2013/ 2014 KShs.	2012/ 2013 KShs.
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	32,911,572	34,184,987
Total Non-Current Assets		<u>32,911,572</u>	<u>34,184,987</u>
CURRENT ASSETS			
Trade and Other Receivables	8	16,024,957	12,626,977
Bank and Cash balances	9	2,096,908	1,858,739
Total Current Assets		<u>18,121,865</u>	<u>14,485,716</u>
TOTAL ASSETS		<u><u>51,033,437</u></u>	<u><u>48,670,703</u></u>
EQUITY AND LIABILITES			
Capital and Reserves			
Share capital	10	100,000	100,000
Revenue Reserve		738,263	2,107,931
Capital and Reserves		<u>838,263</u>	<u>2,207,931</u>
Capital Grants			
Capital Grant (WSTF)	11	30,140,730	28,240,762
		<u>30,140,730</u>	<u>28,240,762</u>
Non-Current Liabilities			
NIC Loan		1,269,720	2,387,734
		<u>1,269,720</u>	<u>2,387,734</u>
Current liabilities			
Trade and Other Payables	12	18,784,724	15,834,276
Total current liabilities		<u>18,784,724</u>	<u>15,834,276</u>
TOTAL EQUITY AND LIABILITES		<u><u>51,033,437</u></u>	<u><u>48,670,703</u></u>

Geoffrey Kwena
GEOFFREY KWENA
FOR;BOARD CHAIRMAN
 Date.....*10/11/14*.....

Wilson L. Pere
WILSON L. PERE
MANAGING DIRECTOR
 Date.....*10/11/2014*.....

NAROK WATER AND SEWERAGE SERVICES CO. LTD
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30th JUNE 2014

	<u>Share Capital</u> Kshs	<u>Revenue Reserve</u> Kshs	<u>Total</u> Kshs
Balance as at 30th June. 2012	100,000	(1,606,637)	(1,506,637)
Movement during the year	-	3,714,568	3,714,568
As at 30th June 2013	<u>100,000</u>	<u>2,107,931</u>	<u>2,207,931</u>
Balance as at 30th June. 2013	100,000	2,107,931	2,207,931
Movement during the year	-	(1,369,668)	(1,369,668)
As at 30th June 2013	<u>100,000</u>	<u>738,263</u>	<u>838,263</u>

NAROK WATER AND SEWERAGE SERVICES CO. LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2014

	2013/2014	2012/2013
	KShs.	KShs.
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	(1,369,668)	3,021,881
Add: Depreciation	<u>1,999,607</u>	<u>1,985,370</u>
Operating Profit before Working Capital changes	<u>629,939</u>	<u>5,007,251</u>
Increase in debtors	(3,397,980)	(6,599,209)
Increase in trade creditors	<u>2,950,448</u>	<u>3,455,399</u>
Changes in Working Capital	<u>(447,532)</u>	<u>(3,143,810)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	182,407	1,863,441
FINANCING ACTIVITIES;		
Grants: WSTF	1,899,968	11,306,813
Repayment of NIC Loan	<u>(1,118,014)</u>	<u>(1,193,890)</u>
	<u>781,954</u>	<u>10,112,923</u>
INVESTING ACTIVITIES		
Fixed assets acquired	<u>(729,492)</u>	<u>(12,442,218)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>52,462</u>	<u>(2,329,295)</u>
Net Increase in Cash and Cash Equivalents	234,869	(465,854)
Cash and cash equivalent at beginning of the period	1,858,739	-
Cash and cash equivalent at end of the period	2,096,908	1,858,739

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IFRS) under the historical cost convention.

b) Revenue Recognition

The company adopts accrual basis of accounting for revenue and expenses.

c) Fixed assets

Fixed assets are stated at historical cost less depreciation

Depreciation is calculated on the straight line basis. Rates used are as follows:

	% per annum
Furniture and fittings	12.5
Meters, Plant and Machinery	12.5
Computers and Office Equipment	30
Motor vehicles	25

d) Intangible Assets/Billing & Accounting Software

This are amortised at the rate of 30%

e) Provision of bad debts

provision of bad debts is a general provision at 8% of the outstanding trade debtors at the end of the year.

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES FOR THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

	2013/ 2014	2012/ 2013
	KShs	KShs
2 REVENUE		
(a) Sales		
Water Bills	42,958,780	29,836,011
Exhauster Charges	<u>2,511,135</u>	<u>2,407,700</u>
	<u>45,469,915</u>	<u>32,243,711</u>
 (b) Government grants:		
Grants include the following payments made on behalf of the Company by the Ministry of Water & Irrigation and the County Government of Narok.		
National Government - Electricity	2,097,375	6,120,000
National Government - Chemicals	827,510	1,199,060
County Government - Salaries for Seconded Staff	<u>2,272,848</u>	<u>2,445,084</u>
	<u>5,197,733</u>	<u>9,764,144</u>

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

	2013/ 2014	2012/ 2013
3 ADMINISTRATION COSTS;	KShs	KShs
office rent	516,000	456,000
Postage	63,561	15,550
Printing and Stationery	572,850	403,436
personel	14,217,569	10,856,493
Office Electricity	43,065	40,582
Computer Maintenance	-	10,690
Cleaning and office expenses	210,608	195,321
Office furniture Maintenance	100	2,000
Motor service	372,411	255,743
Publicity	-	337,343
Telephone	131,643	6,000
Fuel and Oil	471,405	609,000
Travelling and Accomodation	4,003,597	2,991,030
Training and workshops	191,652	193,735
Donations	-	30,000
Bank Charges	75,267	104,702
Board Expenses	87,000	193,000
Audit fee (provision)	200,000	200,000
WASPA	183,152	56,000
Provision for Bad Debts	1,379,334	948,375
Security Services	273,000	216,000
Professional Services	2,000	58,000
Insuarance Services	279,726	398,530
Electricity	3,651,700	7,605,144
Chemicals	3,193,910	2,050,060
Repairs and Maintenance	13,129,802	3,867,101
Lease and Licence fees	6,067,984	4,169,851
WRMA Fee	339,570	353,415
TOTAL ADMINISTRATION COSTS;	<u>49,656,906</u>	<u>36,623,101</u>

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

	2013/ 2014	2012/ 2013
DEPRECIATION OF PROPERTY, PLANT AND		
4 EQUIPMENTS	KShs.	KShs.
Depreciation	<u>1,999,607</u>	<u>1,906,470</u>
	<u>1,999,607</u>	<u>1,906,470</u>
5 AMORTIZATION OF NON-TANGIBLE ASSETS		
Billing and Computer Software	<u>-</u>	<u>78,900</u>
	<u>-</u>	<u>78,900</u>
6 FINANCE COSTS		
NIC Bank	<u>380,803</u>	<u>380,803</u>

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES FOR THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

7 PROPERTY, PLANT AND EQUIPMENT

	Land	Property, Plant & Equipment	Furniture & Fittings	Computer & Office equipment	Motorvehicle	W.I.P	Total
AT COST	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
		12.5%	12.5%	30.0%	25.0%		
Balance as at 1st July 2013	1,500,000	1,811,674	645,025	214,610	6,140,000	28,262,325	38,573,634
Additions	-	628,582	70,910	30,000	-	-	729,492
Disposals	-	-	-	-	-	-	-
Balance as at 30th June 2014	1,500,000	2,440,256	715,935	244,610	6,140,000	28,262,325	39,303,126
DEPRECIATION							
As at 1st July 2013	-	869,190	349,339	103,418	3,070,000	-	4,391,947
During the year	-	305,032	89,492	70,083	1,535,000	-	1,999,607
As at 30th June 2014	-	1,174,222	438,831	173,501	4,605,000	-	6,391,554
NET BOOK VALUE							
As at 30th June 2014	1,500,000	1,266,034	277,104	71,109	1,535,000	28,262,325	32,911,572
As at 30th June 2013	1,500,000	942,484	295,686	111,192	3,070,000	28,262,325	34,181,687

NAROK WATER AND SEWERAGE SERVICES CO. LTD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30th JUNE 2014

	2013/ 2014	2012/ 2013
	KShs.	KShs.
8 TRADE AND OTHER RECEIVABLES		
Trade Debtors	17,241,679	14,181,313
Less: Provision for Doubtful Debts	- 1,379,334	- 1,673,368
	<u>15,862,345</u>	<u>12,507,945</u>
Other Debtors		
Unpaid share capital	100,000	100,000
APA Insuareance Co.	62,612	34,375
AMACO Insurance	-	19,032
	<u>16,024,957</u>	<u>12,626,977</u>
9 BANK AND CASH BALANCES		
Bank	Account No.	
NBK	100 342 177 901 (Deposit Account)	29,583
NBK	100 342 177 902 (Expenditure Account)	- 1,107,216
NBK	100 342 177 900 (Revenue Account)	1,248,525
NBK	100 342 177 904 (WSTF Olpopongi Account)	-
NBK	100 342 177 905 (WSTF Majengo Account)	-
NBK	100 342 177 906 (Exhauster Account)	26,828
NBK	1037 064 496 700 (koonyo project)	1,899,188
		<u>2,096,908</u>
		<u>1,858,739</u>
10 CAPITAL AND REVENUE RESERVE		
(a) REVENUE RESERVE		
Balance as at 30th June 2013	2,107,931	- 1,606,637
Profit/Deficit 2013/2014	- 1,369,668	3,714,568
	<u>738,263</u>	<u>2,107,931</u>
(b) SHARE CAPITAL		
Share Capital	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>
TOTAL CAPITAL AND REVENUE RESERVE	<u>838,263</u>	<u>2,207,931</u>
11 CAPITAL GRANTS		
Balance B/F	28,240,762	16,933,949
Received during the year	1,899,968	11,306,813
	<u>30,140,730</u>	<u>28,240,762</u>
12 CURRENT LIABILITIES		
Trade Payables:		
RVWSB	2,678,388	3,465,680
WASREB	6,259,808	5,461,081
WRMA	218,990	174,617
NHIF	190,868	208,435
Narok Town Council	96,320	60,040
KPLC	1,596,000	1,140,000
Customer Deposits	2,339,366	1,827,173
Provision for Audit fee	1,567,588	1,365,323
GPS Service	1,200,000	1,000,000
NIC Unpaid Interest	-	60,160
PAYEE	-	63,467
	<u>2,637,396</u>	<u>1,008,300</u>
	<u>18,784,724</u>	<u>15,834,276</u>
13 Currency		
The Financial statements are in Kenya Shillings.		

