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# National Water Conservation & Pipeline Corporation



*Annual Report On Accounts*  
2005...2006

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**National Water Conservation &  
Pipeline Corporation**

*"Water is Life"*

The Permanent Secretary,  
Ministry of Water and Irrigation  
P.O. Box 30521  
NAIROBI

Dear Sir,

**REPORT OF THE ACCOUNTS OF  
NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION  
FOR THE YEAR ENDED 30TH JUNE 2006**

We have pleasure in submitting the Annual Accounts for the Corporation  
duly certified by the Auditor General (Corporations) for the period  
July, 2005 to June, 2006

Yours faithfully,

**ENG. J. K. MUCHEMI**  
**Ag. MANAGING DIRECTOR**

DATE: 2nd February 2007.....

**PROF. STANLEY M. SHITOTE**  
**CHAIRMAN**

DATE: 2nd February 2007.....

# 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) **Developing State Schemes and spearheading dam construction for water supplies, flood control and other multipurpose uses, land drainage and construction of dykes.**
- (b) **Carrying out groundwater recharge using flood water.**
- (c) **Developing and expanding bulk water supply to water services Boards and Water Service Providers**

## CONSTITUTION OF BOARD MEMBERS 2005/2006

### Names of Board Members

Prof S. M. Shitote	Chairman (with effect from 13th May, 2004)
Eng. J. V. Shikalo	Managing Director (from September 2004 up to October, 2006)
Eng. J. K. Muchemi	Ag. Managing Director (from 6th October, 2006)
Mr. O. Ole Karei	Director (with effect from 2nd April, 2004)
Mrs. Melissa Musoma	Director (Representing the PS, MWI with effect from April 2006)
Mr. S. O. Olala	Director (Representing the PS, MWI up to March 2006)
Mr. W.N. King'athia	Director (Representing the PS, Min. of Finance & Planning)
Prof. B.N.K. Njoroge	Director (with effect from 2nd April, 2004)
Mr. Ceasar N. Wanjao	Director (with effect from 2nd April, 2004)
Mrs M. W. Thande	Director (with effect from 15th June, 2004)
Eng. R. N. Gakubia	Director (Director for Water, MWI)
Ms. Joyce Wesonga	Director (Rep Inspector General, Inspectorate of State Corporations)
Mr. P. M. Masoa	Director (with effect from 19th April, 2006)
Mr. A. R. Abass	Director (with effect from 19th April, 2006)

### BANKERS

Kenya Commercial Bank, Moi Avenue,  
P. O. Box 30081 - 00100, NAIROBI.

### AUDITORS

Kenya National Audit Office  
P. O. Box 30084 - 00100, GPO, NAIROBI

### REGISTERED OFFICE

Industrial Area,  
Dunga road,  
P. O. Box 30173, 00100, GPO, NAIROBI



# Statement

## STATEMENT OF THE BOARD MEMBERS RESPONSIBILITIES

The State Corporation Act requires the Board to prepare financial statements, which give a true and fair view of the state of affairs of the corporation as at the end of the financial year and of its profit or loss for the year.

In preparing those financial statements, the Board members are required to:-

- + Select suitable accounting policies and then apply them consistently.
- + Safeguard the Assets of the Corporation
- + Make judgements and estimates that are reasonable and prudent
- + State whether applicable accounting standards have been followed.
- + Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in Business.

The Board accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates in conformity with general accepted accounting practice in the manner required by the State Corporation Act.

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 Corporation as at 30th June, 2006 and of its profit for the year ended.

The Board further confirm the accuracy and completeness of the accounting records maintained by the Corporation, which have been relied upon in the reparation as well as the adequacy of the system of Internal Financial controls.

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

**Prof. S. M. Shitote**  
**CHAIRMAN:**



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**Eng. J. K. Muchemi**  
**Ag. MANAGING DIRECTOR:**



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**DATE:**

2nd February 2007

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# Report

## **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION FOR THE YEAR ENDED 30 JUNE 2006**

I have audited the financial statements of National Water Conservation and Pipeline Corporation for the year ended 30 June 2006 in accordance with provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

### **Respective Responsibilities of the Board and the Controller and Auditor General**

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

### **Basis of Opinion**

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

### **1. Financial Position**

During the year ended 30th June 2006, the Corporation realized a deficit of Kshs. 357,333,082 (2005 Kshs. 195,245,201). Further the balance sheet reflects a negative working capital of Kshs. 358,036,840 as at the same date. The Corporation is therefore technically insolvent and the insolvent and the financial statements have, therefore, been prepared on the going concern basis on the assumption of continued financial support by the government, creditors and bankers. The Corporation attributes this deficit to additional works requested for by the government to mitigate against drought.

### **2. Pension Funds**

The accrued expenses figure of Kshs. 46,849,773 as at 30th June include Kshs. 39,399,875 being employers pension contribution which date back to year 2001 and has not been remitted to the pension scheme. The Corporation is therefore in breach of the Retirement benefits Act No. 3 of 1997 and could

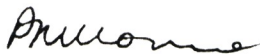
face interest and penalties on the unremitted amount. An undetermined accrued interest and penalties on the unremitted pension have not been calculated and incorporated in these financial statements.

### **3. Unsupported Transfers of Assets and Liabilities**

The balance sheet reflects property, plant and equipment balance of Kshs. 365,422,758 compared to a balance of 11,564,304,717 reflected in the previous year. According to note 3(b), property, plant and equipment valued at Kshs. 16,781,771,832.05 were transferred to Water Services Boards. Accordingly, the balance sheets reflects nil balance under works in progress and according to note 4, works in progress valued at Kshs. 2,278,513,714 were taken over by Water Services Boards. The same applies to prepayments of Kshs. 754,400, water debtors Kshs. 1,377,265,026, water deposits kshs. 81,669,958, interest on loans Kshs. 94,445,460, non-current liabilities Kshs. 769,160,238, long-term loan Kshs. 567,240,000 and general fund of Kshs. 13,381,542,282. Although the National Water Conservation and Pipeline Corporation prepared a Memorandum of Agreement for the transfer of these assets and liabilities, various service Boards declined to sign them citing the need for physical verification. In the absence of signed agreements, it has not been possible to ascertain that assets and liabilities excluded from the Corporation's balance sheet as at 30th June 2006 were properly transferred to Water Services Boards.

### **Opinion**

Except for adjustments which may be necessary as a result of matters discussed in the preceding paragraphs, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Corporation as at 30 June 2006 and of its deficit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Water Act, 2002.



**P.N. KOMORA**  
**CONTROLLER AND AUDITOR GENERAL**

**12th February 2007**

# NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

## BALANCE SHEET AS AT 30TH JUNE 2006

ASSETS	NOTES	2005/2006 KSHS.	2004/2005 KSHS.
<b>FIXED ASSETS</b>			
PROPERTY, PLANT AND EQUIPMENT	(3)	365,422,758	11,564,304,717
WATER PROJECTS - W.I.P	(4)	0	2,738,513,713
<b>TOTAL FIXED ASSETS &amp; WIP</b>		<b>365,422,758</b>	<b>14,302,818,430</b>
<b>CURRENT ASSETS</b>			
INVENTORIES	(5)	39,624,403	52,630,736
PREPAYMENTS	(6)	0	754,400
WATER DEBTORS	(7)	0	1,101,812,021
STAFF DEBTORS	(8)	47,767,599	51,751,293
CASH ON HAND	(9)	132,676	6,837,245
CASH AT BANK	(10)	9,243,119	68,945,015
<b>TOTAL CURRENT ASSETS</b>		<b>96,767,797</b>	<b>1,282,730,710</b>
<b>CURRENT LIABILITIES</b>			
WATER DEPOSITS	(11)	0	81,669,958
ACCRUED EXPENSES	(12)	46,849,773	72,405,172
CREDITORS	(13)	403,659,715	207,376,926
BANK OVERDRAFT	(14)	4,295,148	46,990,104
INTEREST ON LOAN	(15)	0	94,445,460
<b>TOTAL CURRENT LIABILITIES</b>		<b>454,804,637</b>	<b>502,887,620</b>
NET CURRENT ASSETS (WORKING CAPITAL)		<b>(358,036,840)</b>	<b>779,843,090</b>
<b>TOTAL NET ASSETS</b>		<b>7,385,918</b>	<b>15,082,661,520</b>
<b>FINANCED BY</b>			
NON-CURRENT LIABILITY	(16)	0	769,160,238
LONG-TERM LOAN	(17)	0	567,240,000
CAPITAL FUND ACCOUNT	(18)	364,719,000	18,481,450,913
GENERAL RESERVES	(19)	(357,333,082)	(4,735,189,631)
<b>TOTAL</b>		<b>7,385,918</b>	<b>15,082,661,520</b>

**ENG. J. K. MUCHEMI**  
**Ag. MANAGING DIRECTOR**

DATE: 2nd February 2007.....

**PROF. STANLEY M. SHITOTE**  
**CHAIRMAN**

DATE: 2nd February 2007.....

## INCOME STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2005

<b>INCOME</b>	<b>NOTES</b>	<b>2005/2006 KSHS.</b>	<b>2004/2005 KSHS.</b>
WATER SALES		0	1,294,606,917
MISCELLANEOUS RECEIPTS	(19b)	6,964,505	78,109,080
GOVERNMENT RECURRENT GRANTS		1,828,772,732	0
<b>TOTAL</b>		<b>1,828,737,237</b>	<b>1,372,715,997</b>
<b>EXPENDITURE</b>			
BASIC SALARY		47,717,571	168,475,868
HOUSE ALLOWANCE		39,446,438	152,127,153
HONORARIA		6,710,658	174,385
MEDICAL ALLOWANCE		3,580,555	21,139,504
SPECIAL DUTY ALLOWANCE		5,098,863	8,307,495
MEDICAL EXPENSES		169,499	1,84,636
LEAVE EXPENSES		185,852	718,352
PENSIONS		10,417,620	32,730,494
ELECTRICITY		203,555	255,320,116
TELEPHONE		5,223,552	11,140,692
INTERNET		3,654,274	0
COURIER AND POSTAL EXP.		125,810	2,741,908
LEASED COMMUNICATION LINES		676,134	0
TRAVELLING COSTS		1,872,205	0
TRAVELLING/ DOMESTIC TRAVEL		44,218,745	35,453,923
SUNDRY ITEMS		9,700	3,072,014
CONTRACTED GUARDS		3,919,291	0
PASSAGE & TRANSER EXPENSES		57,535	18,755
LEGAL DUES/ COMPENSATIONS		64,439,293	0
CONTRACTED PROFESSIONAL SERVICES		97,441,810	36,595,881
CONTRACTED TECHNICAL SERVICES		3,607,735	0
TRAVEL- EXTERNAL		1,508,750	134,603
ACCOMMODATION / DOMESTIC TRAVEL		176,720	0
PUBLISHING & PRINTING		3,317,585	8,965,565
NEWSPAPERS AND MAGAZINES		696,437	956,411
ADVERTISING & PUBLICITY		6,487,404	2,542,136
RENT & RATES		109,500	125,215
HIRE OF TRANSPORT		31,982,447	411,062
TRAVEL/ ACCOM/ TUITION / TRAINING EXP.		3,488,466	2,932,721
REMUNERATION OF INSTRUCTORS		1,747,059	0
TRAINING MATERIALS		2,422,876	0
TRAINING FACILITIES & HIRED EQUIPMENT		1,131,330	0
CATERING, FOODS, DRINKS		421,074	0

**NOTES**

	<b>2005/2006 KSHS.</b>	2004/2005 KSHS.
BOARD AND COMMITTEE EXP.	<b>35,832,204</b>	16,832,602
STAFF WELFARE	-	1,489,655
OFFICIAL ENTERTAINMENT	<b>212,027</b>	424,956
GROUP PERSONAL INSURANCE	<b>10,653,963</b>	15,442,950
BUILDING INSURANCE	<b>1,776,935</b>	0
MOTOR VEHICLES INSURANCE	<b>2,643,315</b>	0
WORKMEN COMPENSATION	-	0
DRESSING AND MEDICAL EXPENSES	-	55,656
TOOLS, SPARES & SMALL EQUIPMENT	<b>2,176,799</b>	0
PHOTOGRAPHIC AND AUDIO VISUAL MATERIALS	<b>1,265,409</b>	0
PURCHASE OF UNIFORMS	<b>807,295</b>	725,022
GENERAL OFFICE SUPPLIES	<b>9,871,045</b>	0
COMPUTERS/ PRINTERS ACCESSORIES	<b>3,327,415</b>	5,836,454
SANITARY AND CLEANING MATERIALS	<b>1,998,083</b>	0
DRAWING OFFICE SUPPLIES	-	28,250
PURCHASE OF STATIONERY	-	3,724,231
FUELS AND LUBRICANTS	<b>27,429,199</b>	0
BANK CHARGES	<b>462,514</b>	4,266,678
AUDITORS FEES	<b>800,000</b>	800,000
TRANSPORT OPERATING EXPENSES	<b>31,289,871</b>	25,701,639
MAINTENANCE OF PLANT AND MACHINERY	<b>9,659,845</b>	7,146,477
MAINTENANCE OF FURNITURE AND EQUIPMENT	<b>1,886,575</b>	744,018
MAINTENANCE OF BUILDINGS AND STATIONS	<b>3,789,765</b>	6,628,884
MAINTENANCE OF CIVIL WORKS	<b>2,240,059</b>	-
CONSTRUCTION OF DAMS AND PANS	<b>810,968,459</b>	-
CONSERVATION OF FLOODS AND DROUGHT MITIGATION	<b>244,858,668</b>	-
DRILLING EXPENSES	<b>577,295,140</b>	2,121,836
DEPRECIATION	<b>19,568,393</b>	365,671,841
SUPPLIES FOR PRODUCTION	<b>0</b>	41,738,551
CONFERENCES & MEETINGS	<b>0</b>	1,908,231
RENEWAL OF WATER SUPPLIES	<b>0</b>	3,161,297
MAINT. WATER SUPPLIES & SEWERAGE	<b>0</b>	29,116,575
NEW WATER CONNECTIONS	<b>0</b>	99,713
MINOR ALTERATIONS & MAINT. WORKS	<b>0</b>	570,164
PROJECT PLANNING & DESIGN	<b>0</b>	179,824
INTEREST ON LOAN	<b>0</b>	94,445,460
SHOW EXPENSES	<b>0</b>	1,682,300
FUELS & GASES EXPENSE	<b>0</b>	1,498,049
<b>TOTAL EXPENDITURE</b>	<b>2,193,070,319</b>	1,567,961,198
<b>EXCESS/ (DEFICIT) OF INCOME</b>	<b>(357,333,082)</b>	(195,245,201)
<b>TOTAL</b>	<b>1,835,737,237</b>	1,372,715,997

# NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

## CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

NOTES	2005/2006 KSHS.	2004/2005 KSHS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
RECEIPTS FROM DEBTORS	170,845,932	1,187,929,688
PAYMENTS MADE TO SUPPLIERS & STAFF	(1,990,558,023)	(1,164,929,390)
CASH GENERATED FROM OPERATIONS	(1,819,712,090)	23,000,298
GRANT FROM GOK	1,828,772,732	0
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>9,060,642</b>	<b>23,000,298</b>
<b>INVESTING ACTIVITIES</b>		
LAND	0	(160,264)
PURCHASE OF VEHICLES & MOTORCYCLES	(12,500,000)	(5,046,998)
PURCHASE OF FURN., FITT. & OFFICE EQUIPM.	(11,610,037)	(6,005,690)
PLANT, WATER PIPELINES & SUPPLIES	(8,662,114)	(86,454,692)
WATER PROJECTS- W.I.P	0	(111,354,836)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(32,772,151)</b>	<b>(209,022,480)</b>
<i>NET CASH OUTFLOW BEFORE FINANCING</i>	<b>(23,711,509)</b>	<b>(186,022,182)</b>
<b>FINANCING</b>		
GOVERNMENT DEV. GRANTS	0	142,500,000
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>142,500,000</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(23,711,509)</b>	<b>(43,522,182)</b>
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,792,156	72,314,339
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	5,080,647	28,792,156

# Notes To The Accounts

## I. ACCOUNTING POLICIES

### a) Accounting Policies

Accounts are prepared under the historical cost convention to include revaluation of certain fixed assets. The accounts are prepared based on the new role given to the corporation under the water Act, where the Corporation have to devolve from the management of the water distribution net-work and embark on the new roles of:

- Develop state schemes and spear heading dam construction for water supplies, flood control and other multi-purpose, Land drainage and construction of dykes.
- Carry out ground water recharge using flood water
- Develop new, retain existing and expand bulk water supply to the water services board and other water services providers.

### b) Stocks

Stocks are valued at the lower of cost or net realizable value.

General consumable stores are valued at average.

### c) Depreciation of Fixed Assets

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

	% per annum	2005/2006 KSHS.	2004/2005 KSHS.
Buildings	2.5	924,700	6,114,440
Motor Vehicles & Motor Cycles	25	9,610,000	9,155,361
Furniture, fittings & Office Equipments	12.5	2,982,630	5,998,360
Plant, Pipelines & Water Supplies	3	6,051,063	344,403,680
<b>Total</b>		<b>19,568,393</b>	<b>365,671,841</b>

## 2. LAND

An amount of land valued Kshs. 84,000,000.00 has been included in years account. This is the value of the land retain by NWCP. The rest was taken over by water service Boards.

## 3. PROPERTY, PLANT AND EQUIPMENT

The gross value of fixed assets was Kshs. 384.9 Million as at 30th June 2006 (see attached schedule.)

## FIXED ASSETS MOVEMENTS SCHEDULE

	LAND	BUILDINGS	PLANT & EQUIPMENT	M/VEHICLES & M/CYCLES	FURN. & OFFICE EQUIPMENT	GRAND TOTAL
D/RATE	0.0%	2.5%	3.0%	25%	12.5%	
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
<b>COST</b>						
AS AT 01/07/2005	120,667,969	323,854,777	16,455,778,475	127,128,885	106,560,726	17,133,990,832
TRANSFER TO WSBS	(36,667,969)	(286,866,777)	(16,262,738,475)	(101,188,885)	(94,309,726)	(16,781,771,832)
ADDITIONS	0	0	8,662,114	12,500,000	11,610,037	32,772,151
DISPOSALS	0	0	0	0	0	0
<b>AS AT 30/06/2006</b>	<b>84,000,000</b>	<b>36,988,000</b>	<b>201,702,114</b>	<b>38,440,000</b>	<b>23,861,037</b>	<b>384,991,151</b>

### DEPRECIATION

AS AT 01/07/2005	0	85,391,602	5,320,059,504	99,662,800	64,572,208	5,569,686,114
YEAR'S CHARGE	0	924,700	6,051,063	9,610,000	2,982,630	19,568,393
DEPRECIATION WRITTEN OFF	0	(85,391,602)	(5,320,059,504)	(99,662,800)	(64,572,208)	(5,569,686,114)
DEPR. ON DISPOSALS	0	0	0	0	0	0
<b>AS AT 30/06/2006</b>	<b>0</b>	<b>924,700</b>	<b>6,051,063</b>	<b>9,610,000</b>	<b>2,982,630</b>	<b>19,568,393</b>

### NET BOOK VALUE

AS AT 01/07/2005	120,667,969	238,463,175	11,135,718,971	27,466,084	41,988,518	11,564,304,717
<b>AS AT 30/06/2006</b>	<b>84,000,000</b>	<b>36,063,300</b>	<b>195,651,050</b>	<b>28,830,000</b>	<b>20,878,407</b>	<b>365,422,758</b>

### 3(b) TRANSFERRED PLANTS, PROPERTY AND EQUIPMENT

WATER SERVICE BOARDS	LAND	BUILDINGS	PLANT & EQ	M/V & M/CYCLES	FURN & FITT	TOTAL
COAST	14,795,847.10	16,242,742.10	2,721,018,609.90	39,756,875.15	15,778,586.20	2,807,592,660.45
RIFT VALLEY	5,789,679.30	146,134,678.90	4,688,450,385.95	12,638,610.60	27,179,494.00	4,880,192,848.75
TANA	5,789,679.30	10,825,161.40	2,419,878,066.20	23,486,059.10	15,900,619.80	2,475,879,525.80
ATHI	5,789,679.30	102,839,033.20	3,726,003,491.95	7,235,005.30	19,748,456.60	3,861,615,666.35
LAKE VICTORIA	4,503,083.90	10,825,161.40	2,707,387,981.15	18,072,334.85	15,702,569.40	2,756,491,130.70
<b>TOTAL</b>	<b>36,667,968.90</b>	<b>286,866,777.00</b>	<b>16,262,738,475.15</b>	<b>101,188,885.00</b>	<b>94,309,726.00</b>	<b>16,781,771,832.05</b>

### 3(c) VALUATION

All remaining assets Land, Buildings, Equipment and Motor vehicles were valued to reflect market value.

#### 4. WATER PIPELINE & WATER SCHEMES (WORK IN PROGRESS) WIP

The work in progress represents the projects under construction.

	2005/2006 KSHS.	2004/2005 KSHS.
Work in progress b/fwd	2,738,513,714	2,627,162,379
Additions	-	2,738,513,714
Total	2,738,513,714	-
<b>Work in progress taken over by W. S. Boards</b>	<b>(2,738,513,714)</b>	<b>2,738,513,714</b>

#### 5(a) STOCKS

Stocks are valued at the lower of cost or net realizable value.

The consumables were in the following items.

Stationery	4,636,175	4,147,417
Pipes and fittings	4,315,081	-
Electrical items	11,326,396	-
Paints and accessories	50,020	-
Drilling Materials	14,572,810	-
Maintenance of water supplies( materials)	-	46,473,949
Maintenance of	-	163,514
Supplies for production ( chemicals)	-	1,630,792
misc. stores	-	21,405
Publishing & printing (stationery)	-	-
Uniforms and clothing	-	104,894
Computer stationery	-	-
Transport (tyres)	4,723,920	88,765
<b>Total</b>	<b>39,624,402</b>	<b>52,630,736</b>

#### 5 (b) STOCKS/ INVENTORIES TAKEN OVER BY THE WATER SERVICES BOARDS:

	Coast	R/valley	Tana	L Victoria	Athi
MOTOR SPARES	32,519	-	-	1,350	34,896
CHEMICALS	41,900	83,453	203,918	583,221	553,254
UNIFORMS	-	-	-	-	104,894
STATIONERY	343,398	453,450	155,530	374,661	390,492
MISCELLANEOUS ITEMS	-	-	1,000	-	420
MAINT. OF BUILDINGS & STATIONERY	71,660	-	-	2,880	86,254
MAINT. OF W/SUPPLIES MATERIALS	32,746,459	26,011	5,665,861	2,810,233	2,566,593
<b>TOTAL (Kshs)</b>	<b>33,235,936</b>	<b>562,914</b>	<b>6,026,309</b>	<b>3,772,345</b>	<b>3,736,803</b>

#### 6. PREPAYMENT

Deposits towards electricity connections to water supplies

Balance b/fwd	754,400	754,400
Taken over by water Services Boards	(754,400)	-
<b>Balance c/fwd</b>	<b>-</b>	<b>754,400</b>

**7. WATER DEBTORS**

Outstanding water debt due from water consumers.

	<b>2005/2006 KSHS.</b>	<b>2004/2005 KSHS.</b>
Balance b/fwd	<b>1,377,265,026</b>	1,618,806,864
Water sales	-	1,294,606,917
<b>Total</b>	<b>1,377,265,026</b>	2,913,413,781
Adjustment	-	(351,339,284)
<b>Adjusted total</b>	<b>1,377,265,026</b>	2,562,074,497
Revenue collected	-	(1,184,809,471)
Uncollected Revenue c/fwd	<b>1,377,265,026</b>	1,377,265,026
Taken over by water services boards	<b>(1,377,265,026)</b>	-
Provision of bad & doubtful debt	-	(275,453,055)
<b>Net Water Debtors c/fwd</b>	<b>-</b>	<b>1,101,812,021</b>

**8. STAFF DEBTORS**

This comprises of:-

Temporary Imprest	<b>41,628,026</b>	37,191,834
Salary Advance	<b>278,454</b>	2,528,236.
Furniture Advance	<b>2,161,759</b>	6,216,689
Bicycle Advance	-	46,475
Car Advance	<b>3,699,360</b>	5,768,059
<b>Total</b>	<b>47,767,599</b>	51,751,293

**9. CASH ON HAND**

This comprises cash in balances held as at 30/6/2006 as follows:-

Head Office	<b>132,676</b>	109,112
Regions Offices	-	6,728,133
<b>Total</b>	<b>132,676</b>	6,837,245

**10. CASH IN BANK**

This comprises cash in banks as at 30/6/06 as follows:-

Head Office	<b>9,243,119</b>	23,181,670
Regions Offices	-	45,763,345
<b>Total</b>	<b>9,243,119</b>	68,945,015

**11. WATER DEBTORS**

Deposits from water consumers

Balance b/fwd	<b>81,669,958</b>	69,866,291
Additions	-	11,803,667
Taken over by Water services boards	<b>(81,669,958)</b>	-
<b>Balance c/fwd</b>	<b>-</b>	<b>81,669,958</b>

**12. ACCRUED EXPENSES**

This comprises outstanding salary deductions and Audit fees as at 30/6/06

	2005/2006 KSHS.	2004/2005 KSHS.
Auditors fee	3,150,000	3,950,000
Salary deductions	43,699,773	68,455,172
<b>Total</b>	<b>46,849,773</b>	<b>72,405,172</b>

**13. CREDITORS**

This represents the outstanding creditors in respect of the following:-

Staff claims	-	2,913,997
Recurrent /Development Suppliers	403,659,715	118,876,914
Development Suppliers (Contractors)	-	81,588,773
Sewerage and Conservancy creditors	-	3,997,243
<b>Total</b>	<b>403,659,715</b>	<b>207,376,927</b>

Creditors taken over by the Water Services Boards:

**BOARDS**

COAST	17,125,661.20	
RIFT VALLEY	1,515,282.30	
TANA	761,639.00	
LAKE VICTORIA	4,894,169.25	
ATHI	967,896.40	
<b>TOTAL</b>	<b>25,264,648.15</b>	

**14. BANK OVERDRAFT**

This is an overdraft in the cash book for bank account no.229-975-169 as at 30/6/2006

**15. INTEREST ON LOAN**

This is the interest charged from loan taken over by coast water board.

Balance b/fwd	94,445,460	94,445,460
Additions	-	94,445,460
Transfer to non-current liability	(94,445,460)	(94,445,460)
<b>Balance c/fwd</b>	<b>-</b>	<b>94,445,460</b>

**16. Non-Current Liability**

This is the accumulated interest on loan referred to above taken over by coast wsb.

Balance b/fwd	769,160,238	674,714,778
Accrued 2003/2004	-	94,445,460
Accrued 2004/2005	94,445,460	-
Transfer to coast wsb	(863,605,698)	-
<b>Balance c/fwd</b>	<b>-</b>	<b>769,160,238</b>

**17. LONG TERM LOAN**

The Government of Kenya obtained a loan of Kshs. 567,240,000.00 from the (IDA) and lent to the Corporation at an interest rate of 16.65%.

This loan has been transferred to the Coast wsb.

**LOAN**

	<b>2005/2006 KSHS.</b>	<b>2004/2005 KSHS.</b>
Rate	16.65	16.65
Principal	567,240,000	582,902,883
Exchange difference	-	(15,662,88)
Transfer to coast wsb	(567,240,000)	-
<b>Balance c/fwd</b>	-	567,240,000

**18. GENERAL FUND**

Development grants received from the Government during this Financial Year was the amount equivalent to value of assets taken over by NWCPC on the new roles.

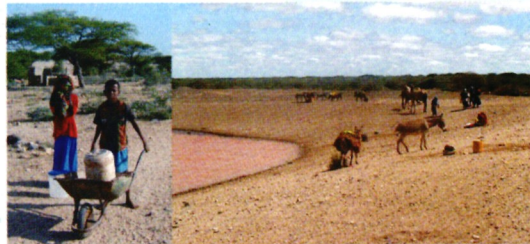
Balance b/fwd	18,481,450,913	18,338,950,913
Reserves Written off	(4,735,189,631)	-
Transferred to water boards	(13,381,542,282)	-
Additional	-	142,500,000
<b>Balance c/fwd</b>	364,719,000	18,481,450,913

**19. RESERVES****COMPOSITION OF RESERVES**

	<b>REVENUE RESERVES KSHS</b>	<b>TOTAL 2005/2006 KSHS</b>	<b>TOTAL 2004/2005 KSHS</b>
BALANCE B/F AS AT 1/7/2005	(4,735,189,631)	(4,735,189,631)	(4,204,268,029)
RESTATEMENT OF RESERVES	0	0	(351,339,284)
LONG TERM LOAN EXC. DIFF.	0	0	15,662,883
WRITTEN OFF IN CAPITAL FUNDS	4,735,189,631	4,735,189,631	0
RESTATED ACCOUNT	0	0	(4,539,944,430)
CURRENT YEAR'S EARNINGS	(357,333,082)	(357,333,082)	(195,245,201)
<b>RETAINED EARNINGS</b>	(357,333,082)	(357,333,082)	(4,735,189,631)

**b) Misc. Income**

Drilling fee	-	70,000
Sale of tenders	6,517,018	858,827
Reconnection fee	-	24,429,122
Commission recovery	67,619	681,114
Rent received	379,868	802,550
Sale of Motor Vehicles	-	2,959,100
Reinstated and bad debts (note)	-	48,308,367
<b>Total</b>	6,964,505	78,109,080



*Maji ni uhai*