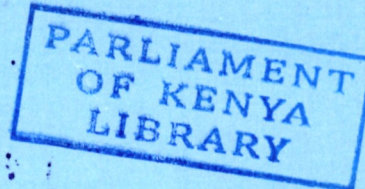


REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON :**

**THE FINANCIAL STATEMENTS OF**  
**NARUMORU WATER AND SANITATION**  
**COMPANY LIMITED**

**FOR THE YEAR ENDED**  
**30 JUNE 2014**





**NAROMORU WATER & SANITATION COMPANY,**

**P.O. Box 234 – 10105,**

**NAROMORU**

**Email: [narowasco@gmail.com](mailto:narowasco@gmail.com)**

**MOBILE: 0723 656-412**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE**

**YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

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General Manager

HARMONIOUS WATER & SANITATION COMPANY

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[na.gwasco@gmail.com](mailto:na.gwasco@gmail.com)

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YEAR ENDED 31/12/2015

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## **CORPORATE INFORMATION**

The Board of Director's present their report together with the un audited financial statements for the year ended 30<sup>th</sup> June 2014 which disclose the state of affairs of the Company.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to provide water and sanitation services to residents of Naromoru Town in Nyeri County and parts of Laikipia County.

### **VISION, MISSION AND CORE VALUES**

The Company has developed the vision and mission as well as core values which are outlined here below.

#### **VISION OF NAROWASCO**

The vision of Naromoru Water and Sanitation Company (NAROWASCO) that reflects our main role and functions are as follows:-

#### **VISION NAROWASCO**

"To be the model water services provider in Nyeri County and in Kenya"

#### **MISSION OF NAROWASCO**

The Mission of Naromoru Water and Sanitation Company (NAROWASCO) is inclined towards serving the expectations of the Company's stakeholders.

#### **NAROWASCO'S MISSION IS:**

"To ensure provision of quality, affordable, Reliable and Sustainable Water and Sanitation Services by operating and maintaining Water and Sanitation facilities"

#### **CORE VALUES**

To achieve our mission and vision, the following core values will be our guiding principles:

- Customer focus
- Accountability
- Transparency
- Integrity
- Commitment to teamwork
- Quality
- Innovative(Innovation)

**FOR INFORMATION**

The Board of Directors of the Company Limited  
year ended 30 June 2014 with the following  
P. O. Box 34 101

**PRINCIPAL ACTIVITY**

The principal activity of the Company Limited  
is to provide services to its customers  
in the field of information technology  
and related services.

The Company has developed the following

**VISION OF THE COMPANY**

The vision of the Company is to be a leading  
and innovative company in the field of  
information technology and related services.

**VISION OF NAROWASCO**

To be the leading and innovative company in the field of  
information technology and related services.

**MISSION OF NAROWASCO**

The mission of Narowasco is to provide  
services to its customers in the field of  
information technology and related services.

**NAROWASCO'S MISSION**

The primary objective of Narowasco is to  
provide services to its customers in the field of  
information technology and related services.

**CORE VALUES**

The core values of Narowasco are:

1. Integrity

2. Innovation

3. Customer Focus

4. Teamwork

5. Excellence

6. Accountability

7. Transparency

8. Sustainability

9. Flexibility

10. Passion



**REGISTERED OFFICE**

Naromoru town, Kanyua Building behind Popular Supermarket

P. O. Box234-10105

Naromoru.

**KENYA.**

E-mail: [narowasco@gmail.com](mailto:narowasco@gmail.com)

Mobile : 0723656412

**BANKERS**

Kenya Commercial Bank Ltd Naromoru Branch

P. O. BOX 393 -10105

Naromoru.

**KENYA**

**AUDITORS**

Auditor General

Kenya National Audit Office

P.O. Box 30084 - 00100

Nairobi.

**KENYA.**

REGISTRATION

1. I have read the  
Narrowband Service Agreement  
and agree to the terms and conditions.  
I have read the  
Narrowband Service Agreement  
and agree to the terms and conditions.  
KENT COUNTY, MICHIGAN  
Email: [info@kent.gov](mailto:info@kent.gov)  
Phone: 616-276-1112

REGISTRATION

BANNERS  
Kent County, Michigan  
P.O. BOX 1000  
Grand Haven, MI 49434  
KENT COUNTY, MICHIGAN

AUDITORS

1. I have read the  
Kent County, Michigan  
P.O. BOX 1000  
Grand Haven, MI 49434  
KENT COUNTY, MICHIGAN

### **BOARD OF DIRECTORS**

1. Lawrence Muchiri Kariuki - Chairman
2. Rev. Charles Muriithi Kinyua - Director
3. Geoffrey Githinji Theuri - Director
4. Esther Gathoni Kabochi - Director
5. Timothy Gachanja Ngunyangi - County Executive
6. Chief Executive Officer - TWSB
7. Duncan Maina Mathenge - Chief of staff
8. Janet Wanjiku Mugo - Director

### **BOARD SUB COMMITTEES**

#### **(I) FINANCE, ADMISTRATION AND HUMAN RESOURCES**

- Janet Wanjiku Mugo
- Geoffrey Githinji Theuri
- Eng Timothy G. Ngunyangi

#### **(II)AUDIT COMMITEE**

- Rev- Charles Muriithi Kinyua- Chairman
- Esther Gathoni Kabochi- Member
- Duncan Maina Mathenge

BOARD OF DIRECTORS

- 1. Lawrence J. ...
- 2. ...
- 3. ...
- 4. ...
- 5. ...
- 6. ...
- 7. ...
- 8. ...

No.





FINANCIAL SUB COMMITTEE

FINANCIAL ADVISORY BOARD

QUALITY COMMITTEE

111

**Details of Board Members:**

No.		
1.		<p><b>Lawrence Muchiri Kariuki:</b></p> <p>Holds a Diploma in Animal Production in Egerton University and Diploma in Education at KTTC, has worked St Monica Secondary and currently at Mureru as Head of Department (Science)</p>
2.		<p><b>Rev. Charles Muriithi Kinyua</b></p> <p>O level, Holds a certificate in Religious Education and Theology at Koru Bible College Kisumu representing Christian community</p>
3.		<p><b>Esther Gathoni Kabochi</b></p> <p>O level ,Holds a certificate in counseling , a business woman representing women</p>
4.		<p><b>Githinji Theuri</b></p> <p>O level ,Holds a certificate in Business Management from Kenya Institute of Education business man representing business community</p>

Details of Board Members



No.	Name	Position	Portrait
1	Mr. Lawrence Machinga	Chairman	
2	Mr. Charles Mubvumba	Director	
3	Ms. Esther Gumbo	Director	
4	Mr. Gideon Moyo	Director	

5.		<p><b>Eng. Timothy Gachanja Ngunyangi</b>  <b>Executive Member For Water, Sanitation, Environment And Natural Resources</b>          He holds a Master's of Science and Bachelor of Science Degree from University Of Nairobi, has 25 Years experience in the Water Sector rising from District Water Engineer to Project Engineer, Superintending Engineer, General Manager, City Council of Nairobi, Regional Manager, Nairobi Water &amp; Sewerage Co.</p>
6.		<p><b>Duncan Maina Mathenge</b>          He holds a diploma in Dental Technology from college of Health Professions Nairobi. He is the chairman of Kenya Dental Technologist Association and a Director of Unodent Dental laboratory .He is the political advisor to the Nyeri County Governor. Representing Nyeri County Government</p>
7.		<p><b>Janet Wanjiku Mugo</b>          A teacher by profession and a Director in Trains view Academy</p>
		<p><b>David Gitonga Ndirangu :</b>          A level , holds Diploma in water engineering from Kenya Polytechnic Nairobi, has worked as a Divisional Water Officer in Othaya for 2 years and a District Water Officer for 3 Years .Currently he is the General Manager &amp; Secretary to the Board of Directors</p>





## Management Team

	<p><b>David Gitonga Ndirangu :</b></p> <p>Holds a certificate-A level from Mangu High School , Diploma in water engineering from Kenya Polytechnic Nairobi, has worked in D.W.E's Office in Nyeri in Planning and Design Section for 10 years, Divisional Water Officer in Othaya for 2 years, Development/Maintenance Superintendent in OMWASCO for 2 years ,District Water Officer Tharaka North for 1 year and Kieni East for 2Years . Currently he is the General Manager &amp; Secretary to the Board of Directors of NAROWASCO</p>
	<p><b>Meshack Mwai Kanyotu:</b></p> <p>A level holds ordinary Diploma in Building from Mombasa Polytechnic &amp; also Inspector of Water supplies from Kenya Water Institute worked as the Liaison Water Officer in Draught Management Office Nyeri, Currently the Technical Services Manager for the Company.</p>

## MANAGEMENT TEAM

I am happy to report that we have achieved a very challenging objective.

A very typical situation is to have a project that is not going well. The project manager is often the one who is responsible for the project. The project manager is often the one who is responsible for the project. The project manager is often the one who is responsible for the project.



Michael M. [Name]

The project manager is often the one who is responsible for the project. The project manager is often the one who is responsible for the project. The project manager is often the one who is responsible for the project.



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**NAROWASCO WATER AND SANITATION COMPANY LIMITED**

**CHAIRMAN'S REPORT**

I am happy to report that 2013/2014 was successful year for the company despite a very challenging operating environment since the company was very young.

As is typical in depressed economies, disposable incomes in the whole world continued to decline resulting in reduced consumers spending. This greatly constrained our volumes and hindered growth in turnover during the year under review. However, despite the very difficult economic conditions, the Company water billing was Kshs 5,422,063

The company will strive to offer 24 hours water service provision and I believe this position shall be achieved in our expansion programmes.

Our effort to grow and improve as a company would not be possible without the leadership of our talented Board of Directors, our employees, our customers, County Constituency Development Fund, Tana Water Services Board, District Water Officer Kieni East and other potential development partners also deserve commendation for their hard work and loyalty.

The results presented today would not have been achieved without the support of the directors and for this I wish to thank my colleagues on the board.

On behalf of the board, I wish to record our gratitude to our consumers for their continued loyalty and support and to all our employees in the company for their hard work and dedication without which the results would not have been possible.



Lawrence Muchiri Kariuki

**CHAIRMAN –NAROWASCO**

# GREENWICH WATER AND SEWERAGE SERVICES LIMITED

WATER SERVICES

## Chairman's Report

It is a pleasure to report that the year has been a very challenging one for the company. The financial markets have been volatile and the economy has been slow to recover. However, the company has managed to maintain its focus on providing high quality water and sewerage services to our customers.

The company has achieved a number of milestones during the year, including the completion of several major infrastructure projects. These projects have helped to improve the reliability and efficiency of our water and sewerage services.

Our financial performance has been strong, with a focus on reducing costs and improving operational efficiency. We have also made significant investments in research and development to ensure that we are at the forefront of water and sewerage services.

The company will continue to focus on providing high quality water and sewerage services to our customers. We will also continue to invest in infrastructure and research and development to ensure that we are at the forefront of water and sewerage services.

Our effort to grow and improve our water and sewerage services has been a key focus of our strategy. We have achieved a number of milestones during the year, including the completion of several major infrastructure projects.

Our leadership in our industry has been a key focus of our strategy. We have achieved a number of milestones during the year, including the completion of several major infrastructure projects.

Water Officer Kemi Ede, and other staff, have been instrumental in the success of our water and sewerage services. We are grateful for their dedication and hard work.

The results presented today, which are set out in the report, show that the company has achieved a number of milestones during the year. We are pleased with the progress that we have made.

On behalf of the board, I would like to thank all our staff for their continued loyalty and hard work. We are proud of the achievements that we have made during the year.

Our work and efforts have been a key focus of our strategy. We have achieved a number of milestones during the year, including the completion of several major infrastructure projects.

## **GENERAL MANAGER'S REPORT**

### **WATER SECTOR REFORMS**

One of the main principles of the Water Act 2002 was that water services were to be managed at the lowest level possible. In line with this principle the Ministry of Water, Environment and National Resources transferred the provision of water services to Water Services Boards with effect from July 2005. The Water Act 2002 stipulates that the Service Boards shall contract agents, known as water service providers, for provision of water services.

### **HISTORY AND LEGAL ESTABLISHMENT**

In compliance with the above water sector reforms Act, Naromoru residents registered Naromoru Water And Sanitation Company. The Company was incorporated under the Companies Act (Cap.486) and that the Company is limited by Guarantee on 30<sup>th</sup> July 2012 (Certificate of Incorporation for the Company No.CPR/2012/79833.) The Company's mandate is to be responsible for the provision of Water and Sanitation Services in Naromoru Township and parts of Solio in Laikipia respectively as mandated to be a Water Service Provider in accordance with section 113 of the Water Act 2002 by Tana Water Services Board.

NAROWASCO as a Company has been given the responsibility to take charge of the Management of all the assets that were previously under the Management of both Ministry of Water and Irrigation and County Council of Nyeri. Over the years all the existing water systems handed over to the Company have passed their ultimate design period, and in the process they have been dilapidated and outlived their economic life. Hence, they need to be rehabilitated and augmented.

However, in order to be able to achieve sustainability there is need to develop and implement the infrastructure involving various components. However, these undertakings requires huge amount of money which is beyond the capability of the Company to generate internally, therefore demanding external funding.

In view of the above, the company is working closely with Tana Water Services Board, Kieni – Constituency Development Fund Committee and District Water Office in developing capital works.

### **DEVELOPMENT PLANS**

The Company has earmarked to undertake the following activities in our future development programmes.

- √ Improvement of water quality by constructing a confectionary treatment plant.
- √ Constructing of storage facilities/reservoirs including rehabilitation and augmentation of existing water systems.
- √ Water Catchment conservation and protection programme.
- √ Construction of office block.
- √ Construction of sewerage system for waste water disposal

## GENERAL MANAGER'S REPORT

### WATER SECTOR REFORMS

For the year ended 31 March 2005, the water sector reforms have been implemented. The reforms have resulted in the water sector being restructured into three separate entities: the Water and Sewerage Services Corporation (WSSC), the Water and Sewerage Services Trust (WSSST) and the Water and Sewerage Services Limited (WSSL). The reforms have also resulted in the water sector being privatised, with WSSC being a wholly owned subsidiary of the Government of Western Australia, WSSST being a wholly owned subsidiary of WSSC, and WSSL being a wholly owned subsidiary of WSSST.

### HISTORY OF LEGAL ESTABLISHMENT

The water and sewerage services in Western Australia have been provided by the Government of Western Australia since 1947. The water and sewerage services were provided by the Government of Western Australia through the Water and Sewerage Services Department. The Water and Sewerage Services Department was established in 1947 and was responsible for the provision of water and sewerage services to the people of Western Australia. The Water and Sewerage Services Department was a part of the Government of Western Australia and was responsible for the provision of water and sewerage services to the people of Western Australia.

As a result of the reforms, the water and sewerage services have been provided by WSSC, WSSST and WSSL. WSSC is a wholly owned subsidiary of the Government of Western Australia, WSSST is a wholly owned subsidiary of WSSC, and WSSL is a wholly owned subsidiary of WSSST. The reforms have resulted in the water sector being restructured into three separate entities: the Water and Sewerage Services Corporation (WSSC), the Water and Sewerage Services Trust (WSSST) and the Water and Sewerage Services Limited (WSSL).

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### DEVELOPMENT PLAN

The water and sewerage services have been provided by WSSC, WSSST and WSSL. WSSC is a wholly owned subsidiary of the Government of Western Australia, WSSST is a wholly owned subsidiary of WSSC, and WSSL is a wholly owned subsidiary of WSSST. The reforms have resulted in the water sector being restructured into three separate entities: the Water and Sewerage Services Corporation (WSSC), the Water and Sewerage Services Trust (WSSST) and the Water and Sewerage Services Limited (WSSL).

### PROJECT PROPOSAL

For the purpose of improving service delivery at the same time achieve sustainability there is an urgent need to augment the existing systems through development of the infrastructure by implementing the activities outlined in the company's project proposal document.

### WATER CATCHMENT CONSERVATION

The company has joined hands with other stakeholders concerned in planting indigenous trees in the water Catchment area.

### FINANCIAL STATUS.

In the financial year 2013/2014 the total turnover for water sales was **Kshs 5,422,063** and operating surplus of **Ksh -52,253**. The company was also able to get salary grant of **Kshs 1,975,927** from the Ministry of Water, Environment and National Resources and County government.

### STAFF

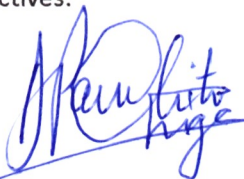
The company has 10 employees. The company aims to develop policies to enable it recruit its own staff guided by the transfer plan. The ultimate goal is to make the company an enterprising entity. In this regard the company has in place human resource polices that includes health and safety, work injury benefits HIV/Aids awareness to enable staff deliver services.

### CONCLUSION

With the implementation of Vision 2030 strategy there is great demand for water supply in all sectors contributing to economic development. This is a great opportunity for the company's bright future that depicts a company as a going concern. The company therefore, strives to meet the ever growing water service demand.

### GRATITUDE

I would like to take this opportunity to thank Tana Water Services Board, Sub county Water Officer Kieni East sub county, Kieni-CDF, WSTF, and NAROWASCO Board of Directors for their support during the year, also our esteemed customers and our suppliers who were all instrumental to our success this year. I am also grateful to our staff for their commitment and effort in striving to ensure the company meets its objectives.



D.P. Gitonga Ndirangu

**GENERAL MANAGER**

### PROJECT PROPOSAL

For the purpose of improving the water supply in the rural areas, the company has identified the need to augment the existing water supply system. The activities outlined in the project proposal are as follows:

### WATER CATCHMENT CONSERVATION

The company has joined hands with the Ministry of Water and Sanitation to implement water catchment conservation activities in the rural areas.

### FINANCIAL STATUS

In the financial year 2013/14, the company has achieved a significant milestone in the form of a loan from the Ministry of Water and Sanitation to fund the project.

The company has also received a grant from the Ministry of Water and Sanitation to cover the cost of the project. The company is committed to ensuring that the project is completed on time and within budget.

### CONCLUSION

The project is a key priority for the company and the Ministry of Water and Sanitation. It is expected that the project will significantly improve the water supply in the rural areas and contribute to the overall development of the region.

Water supply

of water supply in all sectors  
company's bright future  
the ever growing water

Officer Kien



## **STATEMENT OF CORPORATE GOVERNANCE**

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

NAROWASCO is committed to ensuring compliance with the provisions of Water Act 2002 and Service provision agreement granted by Tana Water Services Board among other regulatory and supervisory corporate governance requirements.

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

### **1. FINANCE, ADMINISTRATION AND HUMAN RESOURCES**

The Finance and Administration Committee is the overseer of the financial reporting process and sourcing of funds for Company's capital works.

NAROWASCO makes cognizance of the fact that Human resources is one single asset in achieving the goals of the Company. It's the duty of the Finance and Administration Committee to ensure that NAROWASCO has the right staff, at the right place and doing the right thing. More so, the Committee will ensure that staff welfare is guaranteed.

The Committee is the overseer of the technical reporting process.

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

### **2. AUDIT COMMITTEE**

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

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

### **3. TECHNICAL COMMITTEE**

By order of the Board

For and on its behalf

.....  


**General Manager.**

Date 30/09/2014...

## STATEMENT OF CORPORATE GOVERNANCE

WASSER-UND ABWASSERWIRTSCHAFTS-AG is committed to the highest standards of corporate governance. The company's management and supervisory bodies are guided by the principles of transparency, accountability and fairness. The company's financial statements are prepared in accordance with the German Commercial Code (HGB) and the German Accounting Standards (Grundsätze der Rechnungslegung). The company's financial statements are audited by a certified auditor. The company's financial statements are available to all shareholders and are published in the annual report. The company's financial statements are also available on the company's website. The company's financial statements are prepared in accordance with the German Commercial Code (HGB) and the German Accounting Standards (Grundsätze der Rechnungslegung). The company's financial statements are audited by a certified auditor. The company's financial statements are available to all shareholders and are published in the annual report. The company's financial statements are also available on the company's website.

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## **BOARD OF DIRECTORS**

Naromoru Water and Sanitation Company (NAROWASCO) has a Corporate Governance structure which consists of a Board of Directors appointed from a cross section of stakeholder interests and professional background resident in Company's Service area.

The Board of Directors consists of the chairman, who has non-executive responsibilities and seven others who are also non-executive.

The board meets at least four times a year and continuous to maintain effective control over strategic, financial operational and policy issues

The Directors have the obligation to manage the affairs of the Company in accordance with the provisions of the Companies Act and any other statute relevant to its operations especially the Water Act. The relationship between the Company and Directors is based on the provisions contained in the articles of association of the Company. In order to ensure prudent utilization and management of resources and proper running of the Company affairs, the Company has put in place a Code of Ethics of which the Board members have signed.

**BOARD OF DIRECTORS**

**Narmon Water and Sanitation Company (NARWASCO) has a Corporate Governance structure which consists of a Board of Directors appointed from cross sections of different interests and professional backgrounds to the Company's service area.**

**The Board of Directors consists of the chairman, who has non-executive responsibilities and seven other members who have executive responsibilities. The board meets at least four times a year in accordance with a calendar of control over strategic financial matters and other matters.**

**The Directors have the obligation to exercise the duty of care and skill in accordance with the provisions of the Companies Act and in accordance with the relevant provisions of the Companies Act. The relationship between the Company and Directors is based on the provisions contained in the Memorandum of Association of the Company, to which the provisions of the Companies Act and the Management of Resources (MOR) apply. The Company has put in place a Code of Ethics which the Board members have internal financial control.**

Both will be reported in the financial statements of the years to indicate that the company will not remain in a state of financial distress for a period of 12 months from the date of the financial statements.

**STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014**

NAROWASCO keeps proper books and records of accounts as required by the Company's Act sect 81(i) of the public Finance Management Act 2012 and Public Audit Act. This requires the Board of Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for the year. It also requires the Board of Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

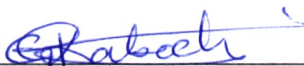
The Board of Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Company's Act Cap 486. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



CHAIRMAN

Date: 30/09/2014



DIRECTOR

Date: 30/09/2014



# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NARUMORU WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Narumoru Water and Sanitation Company set out on pages 15 to 24, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### Auditor-General's Responsibility

My responsibility is to express an independent opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with the 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 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. Property, Plant and Equipment.**

The statement of financial position reflected a balance of Kshs.5,393,738 in respect of property, plant and equipment as at 30 June 2014. However, as reported in 2012/2013 financial year, the Company did not include the value of water distribution and infrastructure which comprise of water meters, distribution pipeline, water tanks and buildings which were owned by the defunct County Council of Nyeri. Further, these assets have not been properly identified and valued. In addition, the Company did not maintain a fixed asset register.

In the circumstances, the accuracy and existence of the property, plant and equipment balance of Kshs.5,393,738 as at 30 June 2014 could not be confirmed.

#### **2. Assets and Liabilities Handover**

As similarly reported in 2012/2013, the Company at its formation in 2012 was handed over assets and liabilities to run by the defunct County Council of Nyeri. However, a listing of creditors handed over indicating the various liabilities assumed by the Company at its formation were not made available for audit verification. Further, no statement of affairs was prepared to indicate the capital structure of the new entity at its formation. Consequently, the capital base of the Company could not be ascertained.

### **Qualified Opinion**

In my opinion, except for the effect of the matter 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 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 Kenyan Companies Act, 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; and,
- 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.

<b>TOTAL</b>		7 81 250	
<b>OPERATING EXPENSES</b>			
Operation & Maintenance		1 34 279	
Office Administration		1 73 37	
Professional Charges & Levies		3 22 25	
Production Costs		25 11	
Other Charges		8 96	
<b>Sub-total</b>		559,756	1 122 315
<b>OPERATING SURPLUS</b>		-33,468	-136,548
Finance Charges	9	18 785	6,800
<b>SURPLUS BEFORE TAX</b>		-52,253	-142,348

**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**  
 Nairobi

15 September 2015

STATEMENT OF COMPREHENSIVE INCOME

	2013/2014	2012/2013	
<b>INCOME</b>	<b>2,422,083</b>	<b>2,756,888</b>	29
<b>OTHER INCOMES</b>	<b>2,404,227</b>		
<b>TOTAL</b>	<b>1,828,250</b>		
<b>OPERATING EXPENSES</b>			
Operation & Maintenance	1,314,238	1,314,238	
Office Administration	1,280,187	1,280,187	4
Personnel & G.O.K Grants	3,488,832	3,488,832	3
Professional Charges & Levis	1,007,742	1,007,742	6
Production Costs	28,112	28,112	7
Other Charges	8,883	8,883	8
<b>Sub-total</b>	<b>7,828,758</b>	<b>7,828,758</b>	
<b>OPERATING SURPLUS</b>	<b>-33,468</b>	<b>-132,448</b>	
Finance Charges	18,782	6,800	9
<b>SURPLUS BEFORE TAX</b>	<b>-82,252</b>	<b>-142,348</b>	

**STATEMENT OF COMPREHENSIVE INCOME POSITION**

		2013/2014	
ASSETS	Note	2013/2014	2012/2013
NON CURRENT		KSHS	KSHS
ASSETS		KSHS	KSHS
<b>PROPERTY PLANT</b>			
<b>INCOME</b>	14	2,397,535	2,756,998
	2a		
<b>OTHER INCOMES</b>	2b	2,404,227	611,300
Trade receivables	11	2,121,227	
<b>TOTAL</b> Bank Balances	11	<b>7,826,290</b>	<b>3,368,298</b>
<b>OPERATING EXPENSES</b>			
Operation & Maintenance	5	1,314,239	880,702
Office Administration	4	1,260,167	538,626
Personnel & G.O.K Grants	3	3,466,535	1,079,789
Professional Charges & Levies	6	1,780,742	985,350
Production Costs	7	29,112	13,850
Other Charges	8	8,963	5,529
<b>Sub-total</b>		<b>7,859,758</b>	<b>3,503,846</b>
Total		1,351,924	1,011,404
<b>OPERATING SURPLUS</b>		<b>-33,468</b>	<b>-135,548</b>
Finance Charges	9	5,298,918	-142,800
<b>SURPLUS BEFORE TAX</b>		<b>-52,253</b>	<b>-142,348</b>
<b>FINANCED BY</b>			
Retained Earnings		(194,611)	
		3,733,214	
		5,298,914	

**STATEMENT OF FINANCIAL POSITION**

	2013/14	2012/13	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
PROPERTY PLANT AND EQUIPMENT	2,303,738	2,438,003	14
<b>OTHER ASSETS</b>			
Trade receivables	2,404,227	2,012,287	10
Trade payables	(1,050,888)	(1,858,280)	11
<b>TOTAL ASSETS</b>	<b>3,657,077</b>	<b>2,591,910</b>	
<b>LIABILITIES</b>			
<b>OTHER LIABILITIES</b>			
Provision for depreciation & maintenance	(1,227,800)	(1,227,800)	5
Office Administration	(189,187)	(189,187)	4
Professional & G.O.K Grants	3,468,232	3,468,232	3
Consumer Loans	(1,780,742)	(1,780,742)	6
Deposits	430,000	430,000	7
Production Costs	(20,112)	(20,112)	13
Other Charges	8,883	8,883	8
<b>Sub-total</b>	<b>1,858,280</b>	<b>1,858,280</b>	13
<b>Total</b>	<b>1,351,954</b>	<b>1,351,954</b>	
<b>OPERATING SURPLUS</b>	<b>2,305,123</b>	<b>1,240,000</b>	
Finance Charges	(142,880)	(142,880)	9
<b>SURPLUS BEFORE TAX</b>	<b>2,162,243</b>	<b>1,097,120</b>	
<b>FINANCED BY</b>			
Retained Earnings	(142,880)	(142,880)	12
Grants	2,305,123	2,438,000	

The financial statements were approved by the Board of Directors on 24 June 2014.

Director

Date

**STATEMENT OF FINANCIAL POSITION** 30<sup>th</sup> JUNE, 2014

		<b>2013/ 2014</b>	<b>2012/ 2013</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>		<b>KSHS</b>	<b>KSHS</b>
PROPERTY, PLANT & EQUIPMENTS	14	5,393,738	46,891
<b>Current Assets</b>			
Trade receivables	10	201,297	569,244
Cash & Bank Balances	11	1,055,803	254,921
<b>TOTAL CURRENT ASSETS</b>		<b>1,257,100</b>	<b>824,165</b>
<b>TOTAL ASSETS</b>		<b>6,650,838</b>	<b>871,056</b>
<b>LESS CURRENT LIABILITIES</b>			
Consumer Deposits	13	430,000	235,000
Trade payables	13	921,924	778,404
<b>Sub Total</b>		<b>1,351,924</b>	<b>1,013,404</b>
<b>NET ASSETS</b>		<b>5,298,914</b>	<b>-142,348</b>
<b>FINANCED BY</b>			
Retained Earnings	12	(194,601)	-142,348
Grants		5,493,515	
<b>Total</b>		<b>5,298,914</b>	

The financial statements set out in pages 15-24 were approved by Board of Directors and were signed on their behalf by:

Chairman .....  ..... Director .....  .....

Date 30/09/2014 ..... Date 30/09/2014 .....



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

**STATEMENT OF CASH FLOW**

DETAILS	RETAINED EARNINGS	Grants Note	TOTAL
<b>CURRENT</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net surplus for the year	Kshs		Kshs
Adjustment for depreciation			
Loss b/f 1/7/2013	-142,348		-142,348
Operating surplus for the year			
Loss for the year	-52,253		-52,253
<b>TOTAL CURRENT</b>			
WSTF Grants in receivables		5,493,515	5,493,515
Decrease in payables			
Balance C/F 30/6/2014	-194,601	5,493,515	5,298,914
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment			
WSTF WIP			
<b>FINANCING ACTIVITIES</b>			
Grants		5,318,671	5,318,671
Net increase/decrease in cash and cash equivalents			800,582
Cash and cash equivalents at start of reporting period			254,921
Cash and cash equivalents at end of reporting period			1,055,503
Cash and cash equivalents at start of reporting period			1,055,503
Cash and cash equivalents at end of reporting period			1,856,085

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014

STATEMENT OF CASH FLOW

DETAILS		RETAINED EARNINGS	Grants Note	TOTAL
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net surplus for the year			2,432,871
	Adjustment for depreciation			52,553
	Provisions			28,324
	Operating surplus before working capital adjustments	(142,348)		2,373,078
	Loss of 2013			880,000
	Decrease in receivables			142,348
	Decrease in payables			2,432,871
	Net cash generated from operating activities	(142,348)		2,373,078
<b>INVESTING ACTIVITIES</b>				
	Purchase of property, plant & equipment		15	(2,318,871)
	WTF WP			2,318,871
<b>FINANCING ACTIVITIES</b>				
	Grants			2,318,871
	Net increase/decrease in cash and cash equivalents			800,885
	Cash and cash equivalents at the beginning of the year			254,921
	Cash and cash equivalents at the end of the year			1,055,803



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**STATEMENT OF CASH FLOW**

a) Basis of Preparation

The financial statements have been prepared on the accrual basis & the historical cost method.

	Note	2013/2014	2012 / 2013
		KSHS	KSHS
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net surplus for the year		-52,253	-142,348
Adjustment for depreciation		28,324	15,699
Provisions		680,000	450,000
Operating surplus before working capital adjustments		<b>656,071</b>	<b>323,351</b>
Decrease in receivables	10	367,947	-569,244
Decrease in payables	13	-536,480	328,404
Deposits from customers	13	195,000	235,000
Sub Total		<b>201,311</b>	<b>-5,840</b>
Net cash generated from operating activities		<b>857,382</b>	<b>317,511</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment	15	-56,500	-62,590
WSTF WIP		-5,318,671	0
<b>FINANCING ACTIVITIES</b>			
Grants		5,318,671	0
Net increase/decrease in cash and cash equivalents		800,882	254,921
Cash and cash equivalents at the beginning of the year		254,921	0
Cash and cash equivalents at the end of the year	11	<b>1,055,803</b>	<b>254,921</b>

c) INVENTORIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF CASH FLOW

a) Basis of Preparation

2013 & 2012

Note 2013/2014

The financial statements have been prepared in accordance with International Financial Reporting

CASH FLOW FROM OPERATING ACTIVITIES

Net surplus for the year	842,348	15,699
Adjustment for depreciation	28,324	470,000
Provisions reporting currency is	680,000	323,321
Operating surplus before working capital adjustments	656,071	656,071

Decrease in receivables	367,947	10
Decrease in payables	-536,480	13
Deposits from government recognized and accounted for	192,000	13
Sub Total	201,311	201,311

Net cash generated from operating activities

Property plant and equipment are stated at cost less the depreciation charged.	857,382	857,382
Investing Activities		
Purchase of property, plant & equipment	-5,318,671	-5,318,671
WTF-WIP	-62,590	-62,590

FINANCING ACTIVITIES

Depreciation is charged on reducing balance method using the following rates	5,318,671	5,318,671
Grants	0	0
Net increase/decrease in cash and cash equivalents & computers	800,882	800,882
Cash and cash equivalents at the beginning of the year	254,921	254,921
Cash and cash equivalents at the end of the year	1,055,803	1,055,803
Motor bikes and vehicles	25%	25%

e). INVENTORIES

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

limited liability company guaranteed and established under company's act 486 a Services Board

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. ACCOUNTING POLICIES

#### a) Basis of Preparation

The financial statements have been prepared in accordance with International Financing Reporting Standards (I.F.R.S.s) and International Accounting Standards (I.A.S), and Generally Accepted Accounting Policies (G.A.A.P). The financial statements have been prepared under the historical cost basis. The reporting currency is kshs.

#### b). REVENUE RECOGNITION

- i) Revenue is recognized when earned.
- ii) Grants from Government are recognized and accounted for as per IAS 20.

#### c). PROPERTY PLANT AND EQUIPMENT

Property plant and equipments are stated at cost less the depreciation charged.

#### d). DEPRECIATION

Depreciation is charged on reducing balance method using the following rates

Pipes	2.5%
Telephone & computers	30%
Office furniture & equipment	12.5%
Plant and equipments	12.5%
Motor bikes and vehicles	25%

#### e). INVENTORIES

Inventories are valued at the lower of cost and net realizable value.

#### f) INCORPORATION

The company is a limited company by guarantee and established under company's act cap 486 and licensed by Tana Water Services Board.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies that recommend distribution of dividends and surplus is ploughed back to

financial statements of the company.

**TRADE RECEIVABLES** have been prepared in accordance with International Financial Reporting

Standards (I.F.R.S.2) and International Accounting Standards (I.A.S.2), and Generally Accepted Accounting Policies (G.A.A.P.). The financial statements have been prepared under the historical cost

basis. The reporting currency is Kshs.

**b). REVENUE RECOGNITION**

i) Revenue is recognized when earned.

ii) Grants from Government are recognized and accounted for as per IAS 20.

**c). PROPERTY PLANT AND EQUIPMENT**

Property plant and equipments are stated at cost less the depreciation charged.

**d). DEPRECIATION**

Depreciation is charged on reducing balance method using the following rates

Pipes	2.5%
Telephone & computers	30%
Office furniture & equipment	12.5%
Plant and equipments	12.5%
Motor bikes and vehicles	25%

**e). INVENTORIES**

Inventories are valued at the lower of cost and net realizable value.

**f) INCORPORATION**

The company is a limited company by guarantee and established under company's act cap 486 and

is controlled by the Water Services Board.

**NAROMORU WATER & SEWERAGE BOARD COMPANY LIMITED.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (KSH)**

**f). SURPLUS** NOTES TO FINANCIAL STATEMENT FOR THE YEAR

2013/2014      2012 / 2013

The Board of Directors doesn't recommend distribution of dividends and surplus is ploughed back to finance company activities.

	KSH	KSH
	5,422,060	2,756,998

**20 OTHER INCOMES**

**g). TRADE RECEIVABLES**

	KSH	KSH
	980,000	614,300
G.O.K Salary Grants 2013/2014	1,176,927	1,176,927

They are recognized and carried at the realizable value less any un recoverable amounts.

Sale of tender	1,000	
Other Income	2,414,217	611,070
<b>sub total</b>		
	7,826,290	3,368,298

**3) PERSONNEL**

Salaries	1,468,133	1,352,710
Wages	144,360	
G.O.K Salary Grants 2013/2014	1,975,927	
Training	160,125	
<b>sub total</b>	3,466,535	1,068,540

**4) PROPERTY PLANT AND EQUIPMENT**  
**OFFICE ADMINISTRATION EXPENSES**

Printing & Stationary	60,819	94,260
Office expenses	60,368	
Office rent	301,950	250,000
Telephone	79,836	22,730
Postage	6,330	6,000
Travelling & Subsistence	474,280	46,715
conference & Meeting	11,200	
Electricity	1,140	2,470
Computer & Copier expenses	2,600	37,500
Advertisement	1,800	
Transport(Public)	50,250	9,140
<b>sub total</b>	1,230,167	538,826

NOTES TO FINANCIAL STATEMENT FOR THE YEAR

2013/2014 2012/2013

The Board of Directors doesn't recommend the distribution of dividend and surplus is ploughed back to

OTHER INCOMES	2,422,063	2,756,998
TRADE RECEIVABLES	380,300	611,300

They are recognized and carried at the realizable value less any un-recoverable amounts.  
 G.O.K Salary Grants 2013/2014 1,875,827

Sale of tender	38,000	
sub total	2,404,277	611,300
<b>TOTAL</b>	<b>7,826,290</b>	<b>3,368,298</b>

3 PERSONNEL

Salaries	1,186,133	932,948
Wages	144,380	230,000
G.O.K Salary Grants 2013/2014	1,875,827	
Training	160,125	8,800
sub total	<b>3,466,532</b>	<b>1,668,348</b>

4 OFFICE ADMINISTRATION EXPENSES

Printing & Stationary	63,819	64,821
Office expenses	80,388	
Office rent	301,950	250,000
Telephone	76,836	22,730
Postage	6,830	16,000
Travelling & Subsistence	473,280	48,715
conference & Meeting	11,200	
Electricity	6,146	2,470
Computer & Copier expenses	42,680	52,950
Advertisement	60,838	
Transport(Public)	80,250	93,140
sub total	<b>1,380,167</b>	<b>638,626</b>

**NAROMORU WATER & SANITATION COMPANY LIMITED.**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014(KSH)**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR**

	2013/2014	2012 / 2013	2011/2012
	KSHS	KSHS	KSHS
<b>2 2a INCOME</b>			
Billing for the year	5,422,063	2,756,998	
<b>2b OTHER INCOMES</b>			
new connection fee	390,300	611,300	
G.O.K Salary Grants 2013/2014	1,975,927		
Sale of tender	38,000		
<b>sub total</b>	<b>2,404,277</b>	<b>611,300</b>	
<b>TOTAL</b>	<b>7,826,290</b>	<b>3,368,298</b>	
<b>3 PERSONNEL</b>			
Salaries	1,186,133	532,945	
Wages	144,350	530,000	
G.O.K Salary Grants 2013/2014	1,975,927		
Training	160,125	5,600	
<b>sub total</b>	<b>3,466,535</b>	<b>1,068,545</b>	
<b>4 OFFICE ADMINISTRATION EXPENSES</b>			
Printing & Stationary	63,819	64,621	
Office expenses	60,368		
Office rent	301,950	250,000	400
Telephone	79,836	22,730	23,000
Postage	6,830	16,000	742
<b>sub total</b>	<b>792,793</b>	<b>579,351</b>	<b>987,350</b>
Travelling & Subsistence	473,280	46,715	
conference & Meeting	11,200	19,925	13,850
Electricity	9,146	2,470	187
Computer & Copier expenses	42,650	52,950	
Advertisement	160,838		
Transport(Public)	50,250	93,140	
<b>sub total</b>	<b>1,260,167</b>	<b>538,626</b>	<b>785</b>





NOTES TO THE FINANCIAL STATEMENTS (continued)

	2013/2014	2012 / 2013
<b>6 OPERATION &amp; MAINTENANCE</b>	<b>KSHS</b>	<b>KSHS</b>
Motor Bike Repair	30,690	22,600
Pipes & Meter Fittings	205,991	668,105
General Maintenance	338,505	102,648
Building materials	125,500	
Depreciation	28,324	15,699
Fuel & Oil	57,560	49,050
Improvement of water supply	153,694	
Drawing	28,550	
Laying of small lines	345,425	22,600
Current Account		
<b>Sub Totals</b>	<b>1,314,239</b>	<b>880,702</b>
<b>6 PROFESSIONAL CHARGES</b>		
10% Board fee	615,042	168,490
Directors Allowances	198,008	75,750
WRMA	150,995	270,110
Increase in AGM Provision	21,297	
Provision in Audit	400,000	250,000
Provision in AGM	280,000	200,000
Professional charge	91,400	
WRUA	24,000	23,000
<b>sub total</b>	<b>1,780,742</b>	<b>987,350</b>
<b>7 PRODUCTION COSTS</b>		
Uniforms	19,925	13,850
laundry	9,187	
<b>sub total</b>	<b>29,112</b>	<b>13,850</b>
<b>8 OTHER CHARGES</b>		
Sundry	8,963	5,529
<b>sub total</b>	<b>8,963</b>	<b>5,529</b>
<b>9 Financial Charges</b>	<b>18,785</b>	<b>6800</b>
<b>TOTAL</b>	<b>5,515,924</b>	<b>4,013,402</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

2013 | 2014

	2013	2014
<b>TOTAL</b>	<b>1,013,404</b>	<b>1,321,234</b>
Consumer Deposits	332,000	430,000
Financial Charges	800	18,188
sub total	332,800	448,188
Provisions	2,250	8,003
Sundry	2,250	8,003
sub total	4,500	16,006
OTHER CHARGES	13,880	28,112
WATER	13,880	28,112
sub total	13,880	28,112
TRADE AND OTHER PAYABLES	778,404	821,254
Trade payables	13,880	16,258
WATER	13,880	16,258
sub total	13,880	16,258
Provisions	2,250	8,003
Sundry	2,250	8,003
sub total	4,500	16,006
TRADE RECEIVABLES	283,244	152,882
Customer Invoices	283,244	152,882
sub total	283,244	152,882
OPERATION & MAINTENANCE	887,380	1,780,742
WATER	887,380	1,780,742
sub total	887,380	1,780,742
Current Account	46,151	44,152
sub total	46,151	44,152
CASH & BANK BALANCES	25,800	345,425
sub total	25,800	345,425
Trade Receivables	152,882	152,882
Trade Payables	152,882	152,882
sub total	152,882	152,882
OPERATION & MAINTENANCE	205,997	338,208
WATER	205,997	338,208
sub total	205,997	338,208
Current Account	205,997	205,997
sub total	205,997	205,997
CASH & BANK BALANCES	25,800	345,425
sub total	25,800	345,425
Trade Receivables	152,882	152,882
Trade Payables	152,882	152,882
sub total	152,882	152,882
OPERATION & MAINTENANCE	105,648	152,500
WATER	105,648	152,500
sub total	105,648	152,500
Current Account	105,648	105,648
sub total	105,648	105,648
CASH & BANK BALANCES	25,800	345,425
sub total	25,800	345,425
Trade Receivables	152,882	152,882
Trade Payables	152,882	152,882
sub total	152,882	152,882
OPERATION & MAINTENANCE	25,800	345,425
WATER	25,800	345,425
sub total	25,800	345,425
Current Account	25,800	25,800
sub total	25,800	25,800
CASH & BANK BALANCES	25,800	345,425
sub total	25,800	345,425
Trade Receivables	152,882	152,882
Trade Payables	152,882	152,882
sub total	152,882	152,882

NOTES TO THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED 30 JUNE 2014

Consumer Deposits	332,000
Financial Charges	800
sub total	332,800
Provisions	2,250
Sundry	2,250
sub total	4,500
OTHER CHARGES	13,880
WATER	13,880
sub total	13,880
TRADE AND OTHER PAYABLES	821,254
Trade payables	16,258
WATER	16,258
sub total	16,258
Provisions	8,003
Sundry	8,003
sub total	16,006
TRADE RECEIVABLES	152,882
Customer Invoices	152,882
sub total	152,882
OPERATION & MAINTENANCE	1,780,742
WATER	1,780,742
sub total	1,780,742
Current Account	44,152
sub total	44,152
CASH & BANK BALANCES	345,425
sub total	345,425
Trade Receivables	152,882
Trade Payables	152,882
sub total	152,882
OPERATION & MAINTENANCE	338,208
WATER	338,208
sub total	338,208
Current Account	205,997
sub total	205,997
CASH & BANK BALANCES	345,425
sub total	345,425
Trade Receivables	152,882
Trade Payables	152,882
sub total	152,882
OPERATION & MAINTENANCE	152,500
WATER	152,500
sub total	152,500
Current Account	105,648
sub total	105,648
CASH & BANK BALANCES	345,425
sub total	345,425
Trade Receivables	152,882
Trade Payables	152,882
sub total	152,882

PROPERTY, PLANT AND EQUIPMENT

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2014

				2013/2014 KSHS	2012 / 2013 KSHS
<b>10 TRADE RECEIVABLES</b>					
Salary Advance				3,650	6,000
Customer Unpaid Bills				197,647	563,244
<b>sub totals</b>				<b>201,297</b>	<b>569,244</b>
<b>11 CASH &amp; BANK BALANCES</b>					
Current Account				541,044	46,121
Expenditure a/c				2,705	
Savings Account				337,210	208,800
WSTF				174,844	
<b>Total</b>				<b>1,055,803</b>	<b>254,921</b>
<b>12 RETAINED EARNINGS</b>					
Reserves				-142,348	
Surplus for the Period				-52,253	-142,348
<b>Total</b>				<b>-194,601</b>	<b>-142,348</b>
<b>13 TRADE AND OTHER PAYABLES</b>					
Trade payables				921,924	778,404
WARMA		150,995			
PAYE		2,179			
TWSB		77,506			
Salaries		11,244			
Provisions		680,000			
Consumer Deposits				430,000	235,000
<b>TOTAL</b>				<b>1,351,924</b>	<b>1,013,404</b>

12 PROPERTY, PLANT AND EQUIPMENT

Notes to the Financial Statements	2013	2012
At 30/6/2013	101,500	48,151
Depreciation	38,900	44,053
Net book value	62,600	4,098
At 30/6/2012	101,500	48,151
Depreciation	38,900	44,053
Net book value	62,600	4,098
At 30/6/2011	101,500	48,151
Depreciation	38,900	44,053
Net book value	62,600	4,098

13 TRADE AND OTHER PAYABLES

2013	2012
Consumer Deposits	430,000
Provisions	680,000
Salaries	11,244
TWSE	27,206
PAYE	2,173
WARRANTY	120,992
Trade payables	821,824
<b>TOTAL</b>	<b>1,351,934</b>
	335,000
	1,013,404

**14. PROPERTY, PLANT AND EQUIPMENT**

DETAILS	PIPES	TELEPHONE & COMPUTERS	OFFICE FURNITURES & EQUIPMENTS	PLANT & MACHIN- ERY	MOTOR VEHICLE S & CYCLES	WIP	TOTAL
Depreciation Rate	2.5%	30.0%	12.5%	12.5%	25.0%		
Opening Bal As 1/7/2013	0.00	45,000	17,590	0.00	0.00		62,590
Additions	0.00	56,500	0.00	0.00	0.00	5,318,671	56,500
Closing Bal As At 30/6/2014	0.00	101,500	17,590	0.00	0.00	5,318,671	5,437,761
DEPRECIATION							
Opening Bal As 1/7/2013	0.00	13,500	2,199	0.00	0.00		15,699
Period Charge	0.00	26,400	1,924	0.00	0.00		28,324
Total Depreciation	0.00	39,900	4,123	0.00	0.00		44,023
N B V As At 30/6/2014	0.00	61,600	13,467	0.00	0.00	5,318,671	5,393,738
N B V As At 30/6/2013	0.00	31,500	15,391	0.00	0.00		46,891

PROPERTY, PLANT AND EQUIPMENT

	PIPES	TELEPHONE & COMPUTERS	OFFICE FURNITURES & EQUIPMENTS	PLANT & MACHINERY	MOTOR VEHICLE & CYCLES	WIP	TOTAL
30/09/2013	0.00	21,300	12,291	0.00	0.00		48,891
30/09/2012	0.00	61,600	13,467	0.00	0.00	2,318,671	2,389,738
NBV At 30/09/2012	0.00	38,900	4,133	0.00	0.00		44,033
Total	0.00	38,900	4,133	0.00	0.00		44,033
Period Charge	0.00	26,400	1,934	0.00	0.00		28,334
1/1/2013	0.00	28,200	2,199	0.00	0.00		15,699
Opening Bal As at 1/1/2013	0.00	101,500	17,290	0.00	0.00	2,318,671	2,437,761
Closing Bal As at 30/09/2013	0.00	26,200	0.00	0.00	0.00	2,318,671	2,589,071
1/1/2013	0.00	42,500	17,290	0.00	0.00		62,290
Depreciation	2.2%	30.0%	12.2%	12.2%	22.0%		