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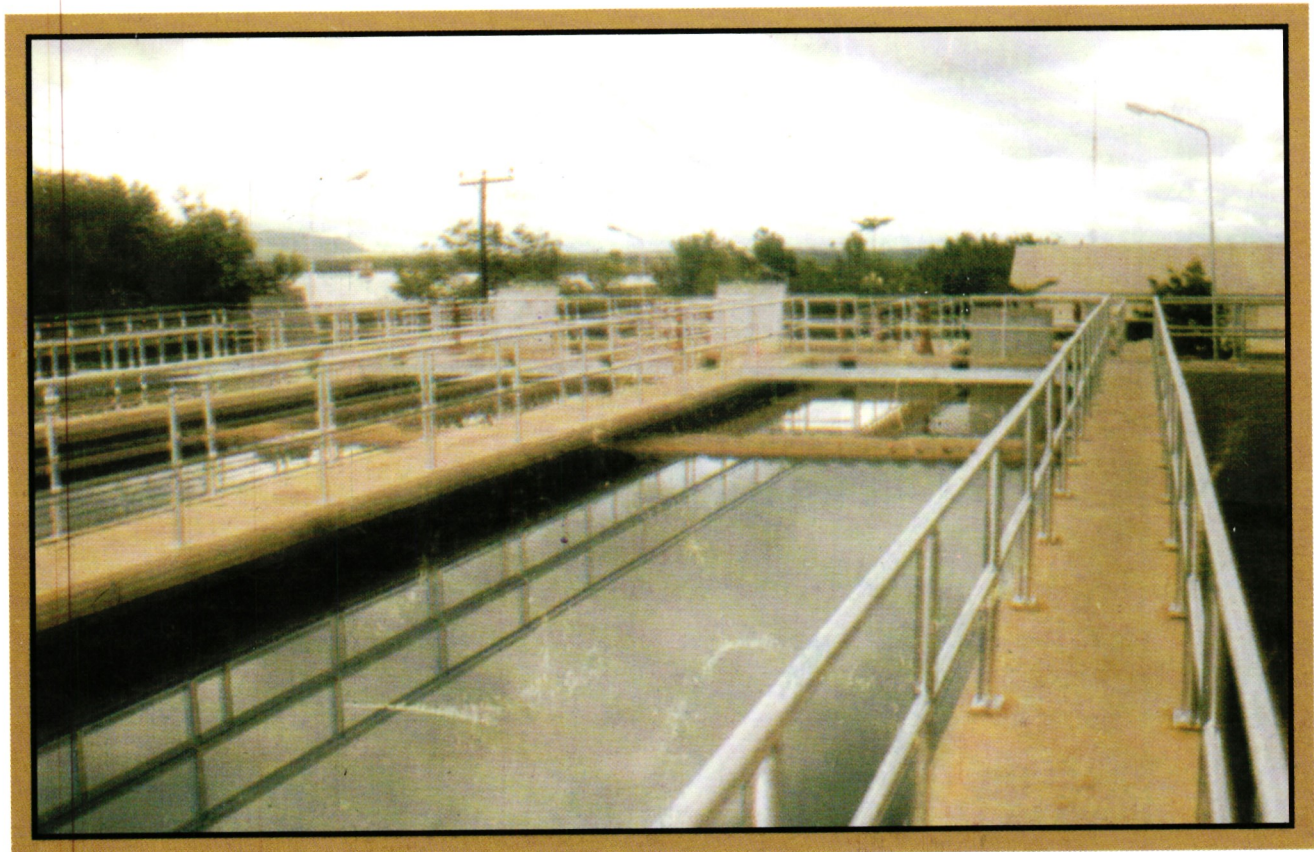
# National Water Conservation & Pipeline Corporation

"Water is Life"

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## Annual Report On Accounts

2004/2005



MASINGA WATER SUPPLY TREATMENT WORKS

657-3

NWC



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KENYA NATIONAL ASSEMBLY

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# National Water Conservation & Pipeline Corporation

*"Water is Life"*

Dunga road  
P.O. Box 30173 - 00100 GPO,  
Nairobi, Kenya  
Tel: 556600 - 3, 531044/6, Fax 531049

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 2005**

We have pleasure in submitting the Annual Accounts for the Corporation duly certified by the Auditor General (Corporations) for the period July, 2004 to June, 2005

Yours faithfully,

**Eng. J.V. Shikalo**  
MANAGING DIRECTOR  
3rd May 2006

**Prof. S. M. Shitote**  
CHAIRMAN  
3rd May 2006



# INTRODUCTION



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

The Corporation's major responsibilities are:

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

## CONSTITUTION OF BOARD OF DIRECTORS 2004/2005

### *Names of Directors*

Prof S. M. Shitote	<i>Chairman</i>
Eng. M. O. Ochieng	<i>Managing Director (Upto September, 2004)</i>
Eng. J.V. Shikalo	<i>Managing Director (from September 2004)</i>
Mr. O. Ole Karei	<i>Director</i>
Mr. S. O. Olala	<i>Director (Representing the PS, MWRM&amp;D)</i>
Mr. W.N. King'athia	<i>Director (Representing the PS, Min. of Finance &amp; Planning)</i>
Mr. Titus Mureithi	<i>Director (Inspector, Inspectorate of State Corporations)</i>
Prof. B.N.K. Njoroge	<i>Director</i>
Mr. Ceasar Wanjao	<i>Director</i>
Mrs M. W. Thande	<i>Director</i>
Eng. R. N. Gakubia	<i>Director</i>

### *BANKERS*

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

## 3.0. STATEMENT OF DIRECTORS RESPONSIBILITIES

The State Corporation Act requires the Directors 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 Directors 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 Directors 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 Directors 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, 2005 and of its profit for the year ended.

The Directors 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 Directors to indicate that the corporation will not be a going concern for at least twelve months from the date of this statement.

CHAIRMAN:

MANAGING DIRECTOR:

DATE:

3rd May 2006



# 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 2005

I have audited the financial statements of National Water Conservation and Pipeline Corporation for the year ended 30 June 2005 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 Directors and the Controller and Auditor General

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Corporation's state of affairs 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.

### Comments

#### 1. Financial Position

During the year under review, the Corporation realized a deficit of Kshs.195,245,201 (2003/2004 Kshs.113,255,002) thereby increasing the accumulated deficit to Kshs.4,735,189,631 as at 30 June 2005. The financial statements have therefore been prepared on the going concern basis which assumes continued financial support from Government, creditors and bankers.





## 2. Pension Funds

The balance sheet accrued expenses figure of Kshs. 72,405,172 include Kshs.45,465,498 employers pension contribution which dates back to year 2001 and has not been remitted to the pension scheme. The Corporation is therefore in breach and penalties on the unremitted pension dues has not been incorporated in these financial statements.

### Opinion

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of accounts have been kept and the financial statements give a true and fair view of the state of financial affairs of the Corporation as at 30 June 2005 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.

E.N. MWAI  
CONTROLLER AND AUDITOR GENERAL  
Nairobi

19 May 2005



# NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION



## BALANCE SHEET AS AT 30TH JUNE 2005

<b>ASSETS</b>	<b>NOTES</b>	<b>2004/2005 KSHS.</b>	<b>2003/2004 KSHS.</b>
<b>FIXED ASSETS</b>			
PROPERTY, PLANT AND EQUIPMENT	(3)	11,564,304,717	11,832,308,912
WATER PROJECTS - W.I.P	(4&20)	2,738,513,713	2,627,162,379
<b>TOTAL FIXED ASSETS &amp; WIP</b>		<b>14,302,818,430</b>	<b>14,459,471,291</b>
<b>CURRENT ASSETS</b>			
STOCKS ON HAND	(5)	52,630,736	39,146,915
PREPAYMENTS		754,400	754,400
WATER DEBTORS	(6)	1,101,812,021	1,295,045,491
OTHER DEBTORS	(7)	51,751,293	25,070,797
CASH ON HAND	(7)	6,837,245	6,424,907
CASH AT BANK	(9)	68,945,015	65,889,432
<b>TOTAL CURRENT ASSETS</b>		<b>1,282,730,710</b>	<b>1,432,331,942</b>
<b>CURRENT LIABILITIES</b>			
WATER DEPOSITS	(10)	81,669,958	69,866,291
ACCRUED EXPENSES	(11)	72,405,172	109,007,047
CREDITORS	(12)	207,376,926	226,183,890
BANK OVERDRAFT	(13)	46,990,104	-
INTEREST ON LOAN	(14)	94,445,460	94,445,460
<b>TOTAL CURRENT LIABILITIES</b>		<b>502,887,620</b>	<b>499,502,688</b>
<b>NET CURRENT ASSETS (WORKING CAPITAL)</b>		<b>779,843,090</b>	<b>932,829,254</b>
<b>TOTAL NET ASSETS</b>		<b>15,082,661,520</b>	<b>15,392,300,546</b>
<b>FINANCED BY</b>			
NON-CURRENT LIABILITY	(15)	769,160,238	674,714,778
LONG-TERM LOAN	(16)	567,240,000	582,902,883
CAPITAL FUND ACCOUNT	(17)	18,481,450,913	18,338,950,913
GENERAL RESERVES	(18)	(4,735,189,631)	(4,204,268,029)
<b>TOTAL</b>		<b>15,082,661,520</b>	<b>15,392,300,545</b>

  
**ENG. J.V. SHIKALO**  
**MANAGING DIRECTOR**

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

DATE: 3rd May 2006.....

DATE: 8th May 2006.....



# NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION



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

<b>INCOME</b>	<b>NOTES</b>	<b>2004/2005 KSHS.</b>	<b>2003/2004 KSHS.</b>
WATER SALES	(19a)	1,294,606,917	1,299,547,077
MISCELLANEOUS RECEIPTS	(19b)	78,109,080	38,993,914
GOVERNMENT RECURRENT GRANTS		0	145,000,000
<b>TOTAL</b>		<b>1,372,715,997</b>	<b>1,483,540,991</b>
<b>EXPENDITURE</b>			
PERSONAL EMOLUMENTS		168,475,868	140,784,002
HOUSE ALLOWANCE		152,127,153	153,911,373
GRATUITY & PENSION CONTRIBUTIONS		32,730,494	29,716,619
OTHER PERSONAL ALLOWANCES		8,307,495	7,132,685
TRAINING EXPENSES		2,932,721	3,123,307
LEAVE & PASSAGES		718,352	2,351,002
TRANSFER ALLOWANCE		18,755	449,110
MEDICAL EXPENSES		1,844,636	3,200,326
MEDICAL ALLOWANCE		21,139,504	21,554,025
TRANSPORT OPERATING EXPENSES		25,701,639	41,185,458
TRAVELLING & ACCOMMODATION- LOCAL		35,453,923	51,342,879
EXTERNAL TRAVEL		134,603	840,268
CONFERENCES & MEETINGS		1,908,231	1,072,813
POSTAL & TELEGRAMS EXPENSES		2,741,908	11,133,723
TELEPHONE EXPENSE		11,140,692	16,060,648
OFFICIAL ENTERTAINMENT		424,956	642,919
STAFF WELFARE		1,489,655	2,316,423
ELECTRICITY, WATER & CONSERVANCY		255,320,116	275,161,934
FUELS & GASES EXPENSE		1,498,049	1,067,799
SUPPLIES FOR PRODUCTION		41,738,551	55,481,867
DRUGS & DRESSINGS		55,656	207,969
PUBLISHING & PRINTING		8,965,565	4,770,623
PURCHASE OF UNIFORMS & CLOTHING		725,022	381,186
LIBRARY EXPENSES		956,411	958,420
PURCHASE OF STATIONERY		3,724,231	250,545
COMPUTER STATIONERY EXPENSES		5,836,454	9,870,124
ADVERTISING & PUBLICITY		2,542,136	2,911,907
SHOW EXPENSES		1,682,300	5,863,831
RENT & RATES- OFFICES		125,215	6,233,849
RENT & RATES- RESIDENTIAL		0	16,455
CONTRACTED PROFESSIONAL SERVICES		36,595,881	186,222,371





	<b>NOTES</b>	<b>2004/2005 KSHS.</b>	<b>2003/2004 KSHS.</b>
MISCELLANEOUS EXPENSES		3,072,014	5,196,968
BANK CHARGES & COMMISSIONS		4,266,678	3,856,663
EXPENSES OF THE BOARD & COMMITTEES		16,823,602	4,751,333
FEES, COMMISSIONS & HONORARIA		174,385	1,814,470
DRAWING OFFICE SUPPLIES		28,250	150,641
MAINT. PLANT, MACHINERY & EQUIPMENT		7,146,477	8,854,274
MAINT. OFFICE EQUIPMENT		744,018	3,627,749
RENEWAL OF WATER SUPPLIES		3,161,297	12,406,523
MAINT. BUILDING & STATIONS		6,628,884	1,176,579
MAINT. WATER SUPPLIES & SEWERAGES		29,116,575	27,207,092
NEW WATER CONNECTIONS		99,713	750
DRILLING EXPENSES		2,121,836	2,550,313
MINOR ALTERATIONS & MAINT. WORKS		570,164	630,516
INSURANCES		15,442,950	17,275,688
PROJECT PLANNING & DESIGN		179,824	0
HIRE OF TRANSPORT, PLANT & EQUIPMENT		411,062	659,681
AUDIT FEES		800,000	800,000
INTEREST ON LOAN		94,445,460	94,445,460
DEPRECIATION	(1b)	365,671,841	375,174,833
BAD & DOUBTFUL DEBTS		0	0
<b>TOTAL EXPENDITURE</b>		<b>1,567,961,198</b>	<b>1,596,795,993</b>
<i>EXCESS/ (DEFICIT) OF INCOME</i>		<i>(195,245,201)</i>	<i>(113,255,002)</i>
<b>TOTAL</b>		<b>1,372,715,997</b>	<b>1,483,540,991</b>



# NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION

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



NOTES	2004/2005 KSHS.	2003/2004 KSHS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
RECEIPTS FROM CUSTOMERS	1,187,929,688	1,215,721,008
PAYMENTS MADE TO SUPPLIERS & STAFF	(1,164,929,390)	(1,220,311,438)
CASH GENERATED FROM OPERATIONS	23,000,298	(4,590,430)
GRANT FROM GOK	0	145,000,000
NET CASH INFLOW FROM OPERATING ACTIVITIES	<b>23,000,298</b>	<b>135,819,140</b>
<b>RETURN ON INVESTM. &amp; SERVICING OF FINANCE</b>		
INTEREST ON LOAN		
NET CASH OUTFLOW FROM RETURN ON INVESTMENTS & SERVICING OF FINANCE		
<b>INVESTING ACTIVITIES</b>		
LAND	(160,264)	(189,919)
BUILDINGS	0	0
PURCHASE OF VEHICLES & MOTORCYCLES	(5,046,998)	(11,250)
PURCHASE OF FURN., FITT. & OFFICE EQUIPM.	(6,005,690)	(5,182,885)
PLANT, WATER PIPELINES & SUPPLIES	(86,454,692)	(1,030,448,462)
WATER PROJECTS- W.I.P	(111,354,836)	812,775,601
SALE OF FIXED ASSETS	0	0
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<b>(209,022,481)</b>	<b>(223,056,915)</b>
NET CASH OUTFLOW BEFORE FINANCING	<b>(186,022,183)</b>	<b>(82,647,345)</b>
<b>FINANCING</b>		
GOVERNMENT DEV. GRANTS	142,500,000	131,041,450
LONG-TERM LOAN		
NET CASH FLOW FROM FINANCING ACTIVITIES	<b>142,500,000</b>	<b>131,041,450</b>
<b>NET INCREASE/ (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(43,522,183)</b>	<b>48,394,105</b>
CASH & CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	72,314,339	23,920,235
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	<b>28,792,156</b>	<b>72,314,339</b>



NATIONAL WATER CONSERVATION AND PIPELINE CORPORATION



STATEMENT OF CHANGE IN EQUITY AS AT 30 JUNE 2005

	<b>GENERAL FUND</b>	<b>REVENUE RESERVES</b>	<b>TOTAL</b>
<b>At 1st July 2004</b>	<b>18,338,950,913</b>	<b>(4,204,268,029)</b>	<b>14,134,682,884</b>
RESTATEMENT OF RESERVES		(351,339,284)	(351,339,284)
LONG TERM LOAN EXCHANGE DIFFERENCE		15,662,883	15,662,883
RESTATED	18,338,950,913	(4,539,944,430)	13,799,006,484
INCOME & EXPENDITURE ACCOUNT		(195,245,201)	(195,245,201)
ADDITIONAL GOVERNMENT GRANTS	142,500,000		142,500,000
<b>AT 30TH JUNE 2005</b>	<b>18,481,450,913</b>	<b>(4,735,189,631)</b>	<b>13,746,261,283</b>



# 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.

### 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 a reducing balance basis at the following rates: % per annum

Buildings	2.5
Motor Vehicles & Motor Cycles	25
Furniture, fittings & Office Equipments	12.5
Plant, Pipelines & Water Supplies	3
Total	

### d) Bad & Doubtful Debts

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

Provision b/fwd (2003/2004)	
Provision c/fwd (2004/2005)	
Year's charge in income & expenditure	

2004/2005  
KSHS.

2003/2004  
KSHS.

6,114,440	6,271,221
9,155,361	10,524,816
5,998,360	5,997,312
344,403,680	352,381,483
<b>365,671,841</b>	<b>375,174,832</b>

323,761,373  
275,453,005  
**(48,308,368)**

326,604,061  
323,761,373  
**(2,842,688)**

## 2. LAND

An amount of land valued Kshs. 113,598,317.00 has been included in years account but the corporation has not finalised the acquisition of all title deeds.

## 3. PROPERTY, PLANT AND EQUIPMENT

The gross value of fixed assets was Kshs. 17.1 billion as at 30th June 2005 (see attached schedule.)



# FIXED ASSETS SCHEDULE



	LAND	BUILDINGS	PLANT, PIPELINES & WATER SUPPLIES	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><u>COST</u></b>						
AS AT 01/07/2004	120,507,705	323,854,777	16,434,925,979	122,081,887	100,555,036	17,101,925,383
ADDITIONS	160,264	0	20,852,496	5,046,998	6,005,690	32,065,448
ADJUSTMENT	0	0	0	0	0	0
DISPOSALS	0	0	0	0	0	0
<b>AS AT 30/06/2005</b>	<b>120,667,969</b>	<b>323,854,777</b>	<b>16,455,778,475</b>	<b>127,128,885</b>	<b>106,560,726</b>	<b>17,133,990,831</b>
<b><u>DEPRECIATION</u></b>						
AS AT 01/07/2004	0	79,277,161	4,975,655,824	90,507,439	58,573,849	5,204,014,273
YEAR'S CHARGE	0	6,114,440	344,403,680	9,155,361	5,998,360	365,671,841
ADJUSTMENT	0	0	0	0	0	0
DEPR. ON DISPOSALS	0	0	0	0	0	0
<b>AS AT 30/06/2005</b>	<b>0</b>	<b>85,391,602</b>	<b>5,320,059,504</b>	<b>99,662,800</b>	<b>64,572,208</b>	<b>5,569,686,114</b>
<b><u>NET BOOK VALUE</u></b>						
AS AT 01/07/2004	120,507,705	244,577,615	11,393,667,957	31,574,448	41,981,187	11,832,308,912
<b>AS AT 30/06/2005</b>	<b>120,667,969</b>	<b>238,463,175</b>	<b>11,135,718,971</b>	<b>27,466,084</b>	<b>41,988,518</b>	<b>11,564,304,717</b>

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

The work in progress represents the projects under construction.

	2004/2005	2003/2004
Work in progress b/fwd	2,627,162,379	3,439,937,980
Additions (Note 20)	111,351,335	181,073,100
Total	2,738,513,714	3,621,011,080
Capitalised in Plants, Pipelines & W/ suppl.		993,848,701
Work in progress c/fwd	2,738,513,714	2,627,162,379





## 5. STOCKS

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

The consumables were in the following items:

	2004/2005 KSHS.	2003/2004 KSHS.
Stationaries	4,147,417	3,720,165
Maintenance of water supplies (materials)	46,473,949	32,352,796
Maintenance of building & stations (mater:)	163,514	237,401
Supplies for production (chemicals)	1,630,792	2,117,398
Misc. stores	21,405	59,067
Publishing & Printing (stationaries)	-	54,685
Uniform and clothings	104,894	
Computer (stationaries)	-	487,003
Transport (motor vehicle spares)	88,765	118,400
<b>Total</b>	<b>52,630,736</b>	<b>39,146,915</b>

## 6. WATER DEBTORS

The amount outstanding from debtors was Kshs 990,435,680.00 Further analysis is given below.

### WATER DEBTORS SCHEDULE

<b>BALANCE B/F</b>	<b>1,618,806,864</b>	<b>1,633,020,307</b>
WATER SALES - COAST	939,704,499	932,305,833
WATER SALES -OTHER REGIONS	354,902,418	367,241,244
<b>TOTAL</b>	<b>2,913,413,781</b>	<b>2,932,567,384</b>
ADJUSTMENT	(351,339,284)	(201,303,800)
<b>TOTAL ADJUSTED</b>	<b>2,562,074,497</b>	<b>2,731,263,584</b>
REVENUE COLLECTED	1,184,809,471	1,112,456,720
	<b>1,377,265,026</b>	<b>1,618,806,864</b>
CASH IN REVENUE COLLECTION A/C		0
UNCOLLECTED REVENUE	1,377,265,026	1,618,806,864
PROV. BAD & DOUBTFUL DEBTS	275,453,005	323,761,373
<b>NET WATER DEBTORS</b>	<b>1,101,812,021</b>	<b>1,295,045,491</b>
BALANCE C/F	1,377,265,026	1,618,806,864
BAD & DOUBTFUL DEBTS A/C	(48,308,367)	(2,842,689)



**7. OTHER DEBTORS**

This comprises of:-

Temporary Imprest  
Salary Advance  
Furniture Advance  
Bicycle Advance  
Car Advance  
Total

**2004/2005  
KSHS.**

37,191,834  
2,528,236  
6,216,689  
46,475  
5,768,059  
**51,751,293**

**2003/2004  
KSHS.**

14,920,680  
424,881  
4,318,612  
46,475  
5,360,149  
**25,070,797**

**8. CASH ON HAND**

This comprises cash in balances held as at 30/6/2005 as follows:-

Head Office  
Regions Offices  
Total

109,112  
6,728,133  
**6,837,245**

193,272  
6,231,635  
**6,424,907**

**9. CASH IN BANK**

This comprises cash in banks as at 30/6/05 as follows:

Head Office  
Regions Offices  
Total

23,181,670  
45,763,345  
**68,945,015**

8,441,883  
57,447,549  
**65,889,432**

**10. WATER DEPOSIT**

This is deposits from water consumers

**11. ACCRUED EXPENSES**

This comprises outstanding salary deductions and Audit fees as at 30/6/05

Auditors fee  
Salary deductions  
Total

3,950,000  
68,455,172  
**72,405,172**

3,150,000  
105,857,047  
**109,007,047**

**12. CREDITORS**

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

Staff claims  
Recurrent Suppliers  
Development Suppliers (Contractors)  
Sewerage and Conservancy  
Total

2,913,997  
118,876,914  
81,588,773  
3,997,243  
**207,376,926**

1,103,915  
117,922,181  
101,342,206  
5,815,587  
**226,183,890**





### 13. BANK OVERDRAFT

This comprises overdrafts held in the banks as at 30/06/05

Head office  
Regions offices  
Total

2004/2005  
KSHS.

2003/2004  
KSHS.

45,352,605  
1,637,500  

---

46,990,105

### 14. INTEREST ON LOAN

This is the interest charged for the year at a rate of 16.65% P.A. on Kshs 567,240,000.00

### 15. Non-Current Liabilities - Kshs 769,160,238.00

This is the accumulated interest on loan referred to above which have not been paid since.

Balance b/fwd (2003/2004)  
Accrued 2003/2004  
Balance c/fwd (2004/2005)

674,714,778  
94,445,460  

---

769,160,238

580,269,318  
94,445,460  

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674,714,778

### 16. LONG TERM LOAN

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

#### LOAN

RATE

16.65

16.65

#### PRINCIPAL

BALANCE B/F

KSHS

KSHS

EXCHANGE DIFFERENCE

582,902,883  
(15,662,883)

582,902,883

BALANCE C/F

567,240,000

582,902,883

### 17. GENERAL FUND

Development grants received from the Government during this Financial Year were Kshs 142.5 million.

Balance B/F  
Additional  
Balance c/fwd

18,338,950,913  
142,500,000  

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18,481,450,913

18,207,909,463  
131,041,450  

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18,338,950,913





## 18. RESERVES

### COMPOSITION OF RESERVES

	REVENUE RESERVES KSHS	TOTAL 2004/2005 KSHS	TOTAL 2003/2004 KSHS
BALANCE B/F AS AT 1/7/2004	(4,204,268,029)	(4,204,268,029)	(3,953,979,773)
RESTATEMENT OF RESERVES	(351,339,284)	(351,339,284)	(137,033,254)
LONG TERM LOAN EXC. DIFF.	15,662,883	15,662,883	0
RESTATED ACCOUNT	(4,539,944,430)	(4,539,944,430)	(4,091,013,027)
CURRENT YEAR'S EARNINGS	(195,245,201)	(195,245,201)	(113,255,002)
<b>RETAINED EARNINGS</b>	<b>(4,735,189,631)</b>	<b>(4,735,189,631)</b>	<b>(4,204,268,029)</b>

## 19. TURNOVER

The turnover for the year was Kshs 1,294,606,917 and represented the amount billed the water consumers.

### a) Water Sales

Coast Region	939,704,499
Rift Valley Region	164,413,014
Central Region	60,810,880
Western Region	55,337,020
Southern Region	53,572,470
Nairobi Region	20,769,034
<b>Total</b>	<b>1,294,606,917</b>

This represent:-

Drilling fee	70,000	1,520,800
Sale of tenders	858,827	647,000
Reconnection fee	24,429,122	31,991,759
Commission recovery	681,114	718,917
Rent received	802,550	1,272,750
Sale of Motor Vehicles	2,959,100	0
Reinstated and bad debts (note)	48,308,367	2,842,689
<b>Total</b>	<b>78,109,080</b>	<b>38,993,915</b>





<b>20 CHANGE IN WIP</b>	<b>2004/2005</b>	<b>2003/2004</b>	<b>ADDITIONS</b>
CONTRACTED PROF. SERVICES	<b>158,378,325</b>	158,378,325	-
IPD - MISCELLANEOUS	<b>27,297,751</b>	26,811,811	485,940
IPD - DAMS & PANS	<b>154,786</b>	154,786	-
CORPORATE DEVELOPMENT & PLANNING	<b>50,072,021</b>	50,072,021	-
IPD - EMERGENCY WATER PROGRAMMES	<b>2,685</b>	2,685	-
IPD HEADQUARTER OFFICES	<b>4,055,600</b>	4,055,600	-
REVENUE COLLECTION IMPROVEMENT	<b>140,740,700</b>	140,740,700	-
PURCH. PLANT & EQUIPM.	<b>121,709,363</b>	121,709,363	-
PURCH. WATER METERS	<b>85,099,575</b>	85,099,575	-
PURCH. PLANT & EQUIP. COMPUTER	<b>15,961,081</b>	15,961,081	-
PURCH. RADIO COMMUNIC. EQUIP	<b>41,485,760</b>	41,485,760	-
CONSTR.W/S - COAST WATER II	<b>30,749,572</b>	30,749,572	-
KIAMBAA DAM CONSTRUCTION	<b>1,352,019</b>	1,352,019	-
DAM CONSTRUCTION - LESSOS	<b>7,777,933</b>	7,777,933	-
DAM CONSTRUCTION UNIT	<b>3,750,000</b>	3,750,000	-
DAM CONSTRUCTION - KISERIAN	<b>72,260,850</b>	72,260,850	-
DAM SURVEY - MALEWA	<b>831,342</b>	831,342	-
IPD KANDARA	<b>32,546,745</b>	32,426,655	120,090
IPD KAHUTI	<b>35,592,636</b>	35,592,636	-
IPD SABAKI	<b>230,033,899</b>	230,033,899	-
IPD TIWI BOREHOLES	<b>13,466,626</b>	13,466,626	-
IPD MZIMA PIPELINE II	<b>370,377,099</b>	370,377,099	-
IPD REHABILITATION OF MARERE	<b>250,000</b>	250,000	-
MSA DISTRIBUTION NETWORK	<b>369,048,727</b>	369,048,727	-
CONSULT. SERVICES, MANPOWER DEV & TRAINING	<b>23,153,487</b>	23,153,487	-
COORDINATION, LIASON & MANAGEMENT	<b>85,149,251</b>	85,149,251	-
MSA REVENUE COLLECTION IMPROVEMENT	<b>37,284,388</b>	37,284,388	-
IPD SEWERAGE & SANITATION	<b>253,525,919</b>	253,525,919	-
IPD PERKERRA EAST	<b>100,255</b>	100,255	-
IPD CHEMUSUSU	<b>493,663</b>	493,663	-
IPD KIRANDICH DAM	<b>2,177,019</b>	2,177,019	-
IPD KURGUNG	<b>2,250,594</b>	2,250,594	-
IPD KAPSABET/KIPSIGAK	<b>200,000</b>	200,000	-
SECOND MSA W/S	<b>18,005,370</b>	6,934,773	11,070,597



**20 CHANGE IN WIP**

	2004/2005	2003/2004	ADDITIONS
LAND ACQUISITION	2,202,507	2,202,507	-
CONSTR. W/S - THUKU BOREHOLE	6,604,249	6,604,249	-
CONSTR. W/S - NDIA	6,100,157	801,285	5,298,872
CONSTR. W/S - KANDARA	18,536,439	122,030	18,414,409
CONSTR. W/S - KAHUTI	24,351,878	108,980	24,242,898
CONSTR. W/S - OTHAYA	56,804,531	37,635,118	19,169,414
CONSTR. W/S - KALOENI/MARIAKANI	4,720,309	4,720,309	-
CONSTR. W/S - MALINDI DISTRIBUTION	1,167,212	1,167,212	-
CONSTR. W/S - SABAKI/BARICHO I I PIPELINE	890,410	0	890,410
CONSTR. W/S - MASINGA/KITUI	10,763,962	0	10,763,962
CONSTR. W/S - NYAKACH	1,190,713	1,190,713	-
CONSTR. W/S - KILIMANJARO/MACHAKOS	1,702,450	1,702,450	-
CONSTR. W/S - PERKERRA EAST	30,932	30,932	-
CONSTR. W/S - KURGUNG	252,440	252,440	-
CONSTR. W/S - KWALE	37,073,166	36,701,566	371,600
CONSTR. W/S - KANDARA	8,330,669	0	8,330,669
CONSTR. W/S - SABAKI/BARICHO INTAKE	454,858	0	454,858
CONSTR. W/S - BUILDING WORKS	28,585,263	22,660,053	5,925,210
CONSTR. W/S - MALINDI PROJECT	12,717,599	12,717,599	-
CONSTR. W/S PIPELINE	175,655,573	175,655,573	-
CONSTR. W/S - SABAKI/BARICHO INTAKE I I	7,293,105	7,293,104	-
CONSTR. W/S - MAZIMA PIPELINE I I	1,158,915	1,158,915	-
REHABILIT. SULTAN HAMUD TRAINING CENTRE	3,391,200	3,391,200	-
CONSTR. W/S - KALANZONI	10,618,755	4,866,264	5,752,491
CONSTR. W/S - SIAYA	49,111,597	49,111,597	-
CONSTR. W/S - KAJIADO/KITENGELA	4,529,783	4,529,783	-
CONSTR. W/S - KISERIAN	5,700,000	5,700,000	-
CONSTR. W/S - LITEIN	18,568,927	18,568,927	-
CONSTR. W/S - GREATER NAKURU EAST	94,414	34,500	59,914
CONSTR. W/S - NAKURU WEST	277,495	277,495	-
MOMBASA CUSTOMER MANAGEMENT	2,299,158	2,299,158	-
	<b>2,738,513,713</b>	<b>2,627,162,379</b>	<b>111,351,335</b>