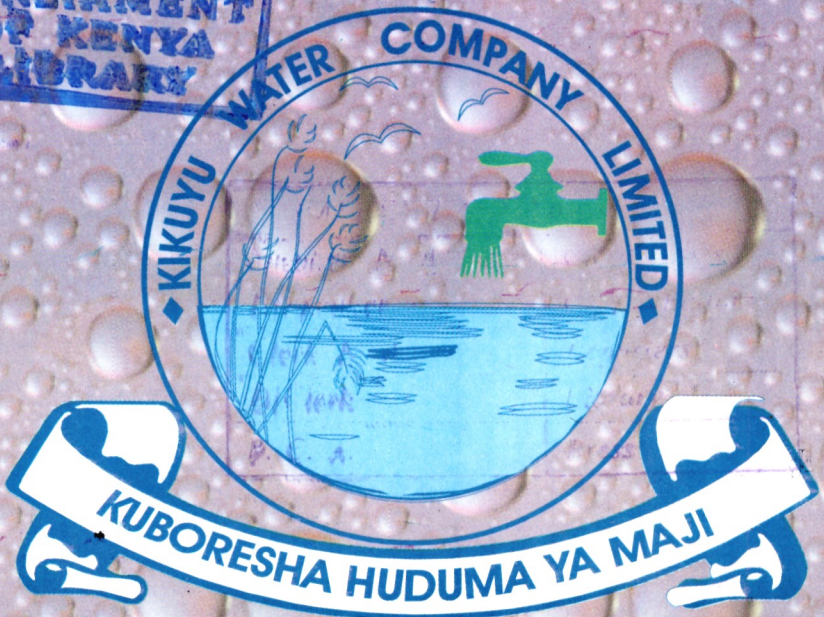


KIKUYU WATER COMPANY LTD

PARLIAMENT
OF KENYA
LIBRARY



**ANNUAL REPORT AND FINANCIAL
STATEMENT FOR THE YEAR ENDED 30TH
JUNE 2009 FOR KIKUYU WATER
COMPANY LTD**

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KIKUYU WATER COMPANY
1ST FLOOR, MUGUMO HOUSE
P.O. BOX 313-00902
KIKUYU.

TO.....
.....
.....
.....

Dear Sir/Madam,

RE: NOTICE TO HOLD THE 3RD ANNUAL GENERAL MEETING.

Notice is hereby given that the 3rd Annual General Meeting will be held on Friday 26th February 2010 at P.C.E.A Kikuyu Hospital, Orthopedic Guest Centre starting 10.00am.

The Agenda will be as follows.

AGENDA:

1. Opening prayers.
2. Reading of the notice convening the Annual General Meeting by the Company Secretary.
3. Confirmation of the previous minutes of the 2nd Annual General Meeting held on 27th February 2009.
4. To receive, consider and if thought fit adopt the Annual Report and financial statements for the year ended 30th June 2009 and the Auditors thereon.
5. To note that no dividend shall be declared.
6. To approve remuneration of directors for the year ended 30th June 2009.
7. Election of Directors
 - i. In accordance with Article 59, Grace Kimani, a representative of the women's group, retires from office as director.

- ii. In accordance with Article 59 Dr. George Muriithi, a representative of the industries, retires from office as director.
 - iii. In accordance with Article 59 Dr. Teresio C. Riungu, a representative of major institutions retires from office as director.
8. To note that the audit of the company's books of account will continue to be undertaken by the controller and Auditor-General or an audit firm appointed by him in accordance with section 14 of the state corporation Act(as amended by the miscellaneous Law amendment Act 2002) and sections 14 and 39(i) of the Public Audit Act 2003.

9. SPECIAL BUSINESS

a) To pass a resolution to amend Article 53(iii) of Articles of Association where the company's representation for the slot of farmers will be given to a representative of Self- Help Water projects

b) To launch the translated Swahili Customer Service Charter for the company.

10. Any other business that may be transacted at an annual meeting provided appropriate notice would be given.

BY THE ORDER OF THE BOARD


Murithi Wanjau

COMPANY SECRETARY

Dated, 30th January 2009.

MANAGING DIRECTOR'S REMARKS

Today we are holding our third Annual General Meeting since the inception of our Company and I must point out that we have recorded some achievements and challenges alike in our day-to-day undertakings.

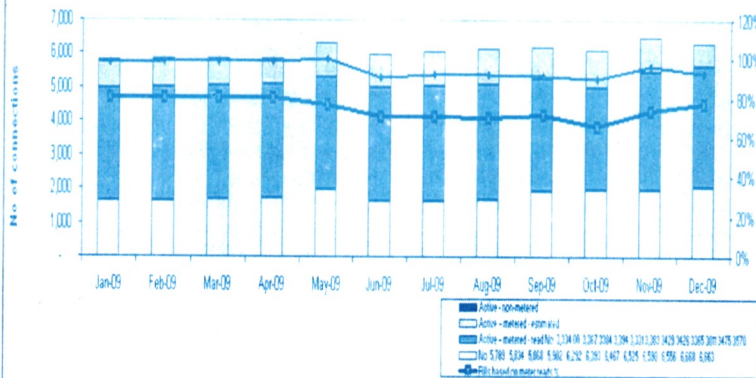
Kikuyu Water Company was incorporated under the Companies Act (Cap. 486) on 10th March 2006 and was appointed by Athi Water Services Board (a state corporation) as an agent for the provision of efficient and effective water and sewerage services within Kikuyu Township and its environs.

Our area of mandate is approximately 90km² but we are presently covering only 35Km². We are presently serving an estimated population of 35,000 persons against a total population of about 101,000 persons. The coverage area includes; Kikuyu Township, Kerwa, Muguga, Gitaru, Thogoto, Gitiba, Gikambura, Lusingetti, Karai and Ruku (Wangige). There are several self help community water projects situated within our area of jurisdiction who are supplementing the water deficit.

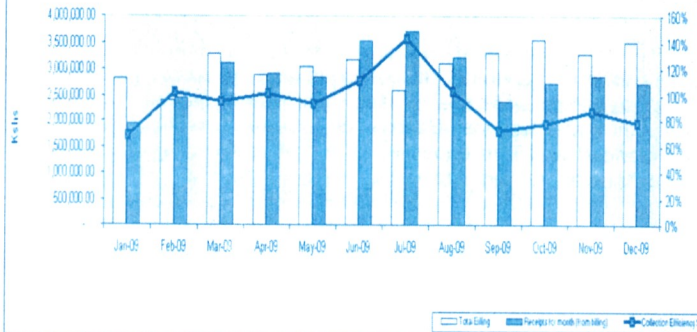
Achievements

- Customer base has increased from 5,065 by July 2008 to 5,476 by end of June 2009 which is growth of 8%
- Reduction in the unaccounted for water from 45% by July 2007 to 42% by end of June 2009. Our aim is to reach unaccounted for water level of 35% by end of December 2009.
- Improved billing figure from Kshs. 1.85 million by end of June 2008 to Kshs.2.24million by end of June 2009 which translates to an improvement of 21% more
- Improved Revenue Collection from Kshs.1.80 million by June 2007 to an average of 2.0 million by end of June 2009, which translates to an improvement of 11%.
- Payment of cash being done at Equity Bank. Equally, we have corporate e-banking where all transaction happening at Equity bank can be accessed at the office through internet
- Launched our Customer Service Charter on 28th April 2008 at WIDA Highway Motel and implementation of the same is on-going
- Have undertaken extensive rehabilitation work of various pipelines such as Vantage-Mutego pipeline, which was vandalised during the clearing of the Nairobi-Southern bypass road. In addition, Muguga, Mutego and Thogoto pipe work.
- Increased coverage as a result of undertaking infrastructure development and rehabilitation of existing pipe work and structures. In addition, we have partnered with the District Water Officer-Kiambu West in implementing Ruku Water Project, which is almost complete, and as a result of this about 120 customers have access to clean water
- Through our partnership with Kamuita Water Project, the Company has inherited some substantial water facilities and pipe works. As a social corporate responsibility, our Company has constructed a new public toilet at Gikambura shopping centre, which would be commissioned early this month.
- Summaries of some of the performance indicators are indicated on the graphical representations below.

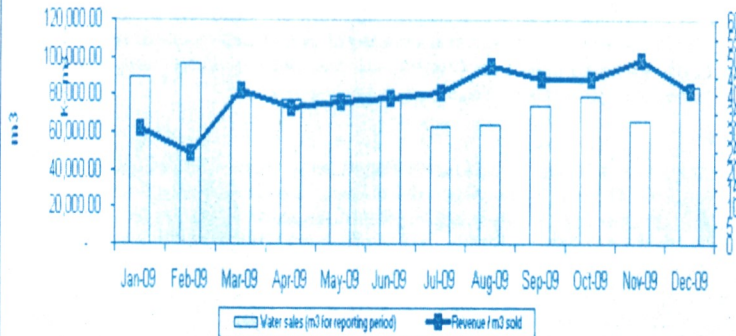
Connections & Meter Reads



Billing & Collections



Sales Volumes & Average Price



Encountered Challenges

- Inadequate water to meet the current demand- our area of coverage is only 30%. As a result we were forced to come up with strict rationing programmes in order for all customers to be served with the little available water. This calls for great improvement of existing systems and construction of new ones and I believe that with the assistance of our stakeholders this problem would be addressed.
- High unaccounted for water-this has been a great challenge but we have adopted a policy of ensuring that any reported burst or leak is addressed in the shortest time possible
- Interruption of water supply as a result of power surge Inadequate Distribution System- Some areas such as Mutego, Kidfarmaco and Thogoto used to face acute water shortage as a result of pipe size restriction. This problem has been addressed by replacing section of pipelines bit by bit
- High pumping costs-The power bills have doubled and this is indeed a threat to our survival. This threat can only be addressed through revision of the current water tariffs.

Way forward

The three-year transitional business plan, which was adopted on July 2007 came to an end on 31st December 2009 and a comprehensive review has been already undertaken with assistance from Athi Water Services Board. The formulation of the five (5) year Strategic Plan have commenced and it is expected that all the shortcomings of the transitional business plan would be addressed in this.

It is expected that problems related to increased coverage and sustainability of the Company would be addressed in this strategic plan. The threat to our sustainability was mainly attributed to the doubled electricity costs and the office have taken positive steps and is liaising with the Water Services Regulatory Board to review the water tariffs upward so as to break even and become sustainable.

We also intend to intensify partnering with the existing self help water projects within our area of jurisdiction. Our Board of Directors have deliberated on this matter at length and have concluded that a slot shall be created in the composition of the Board in order for Self-Help Water Projects to be represented in the Board.

In addition, we look forward toward the continued cooperation of our stakeholders, Development Partners and the Government in the effort to improve water services within our area of jurisdiction. We also intend to intensify our negotiation with existing self-help water projects with a view of partnering with them.

Appreciation

I am most thankful to the Ministry of Water & Irrigation (District Water Office-Kiambu West), Athi Water Services Board, Town Council of Kikuyu, Constituency Office-Kikuyu, the Chairperson and the Board of Directors of Kikuyu Water Company for their continued support. Finally, I would like to express my deep appreciation for the dedication and commitment of my colleagues. Without their enthusiasm, hard work and teamwork we would not have realized our goals for the year.

Eng. Lucas M. Wahinya; Managing Director, KWCL

26th February 2010

CHAIRPERSON'S REMARKS

It is my great pleasure to present the audited financial statements for the year ended 30th June 2009 during this third Annual General Meeting of the Company. The audited Financial Statements indicates that the Company is moving in the right direction despite of the various challenges that it is facing.

I wish to reiterate that the Company is still committed to its long-term vision of being the leading Company in the provision of quality, reliable, and affordable water services in the Region and beyond.

During the year ended 30th June 2009, the Company witnessed tremendous achievements and challenges in its endeavour to fulfil its core mandate of providing quality, reliable and affordable water services within its area of jurisdiction. I am happy to note that the Company has undertaken substantial infrastructure development using material assistance from Athi Water Services Board, District Water Office-Kiambu West and internally generated funds. In particular, a 3.5km long 6" diameter uPVC Rising main was laid from Riu Borehole to Gichuhiro storage tank where pipes were procured by Athi Water Services Board using the Kazi kwa Vijana initiative and the Company provided funds for the labour component. Following these improvements, reliability of water supply is being enhanced as well as increased area of coverage.

We have also continued partnering with the existing Self Help Water Projects with a view of increasing our area of coverage. In particular, the Company is in the process of taking over Kanyongo Kahingaini and Karura Ka Nyungu Water projects, which would ultimately increase our customer base by about 390 new customers. This is a move in the right direction and thus mutual partnering with other players shall be hastened.

In addition, during this period, the Company made some achievements such as; increased customer base, construction of a public toilet at Gikambura centre, improved billing and revenue collection, success tour to Eldoret Water & Sewerage Company by the Board & Management to learn best practices in water management, attending to a Corporate Governance workshop organized by Athi Water Services Board, preparation of audited financial statements for year ended 30th June 2009 among others.

Equally, we also faced several challenges such as; water demand exceeding available water supply, aged pipe work which require total overhaul, water losses, water rationing in some areas, power fluctuation, breakdown of pump-sets, lack of adequate resources among others. Some of these challenges have been addressed using our limited resources whereas those of long-term nature are being worked out systematically.

Ladies and gentlemen, our Company's mission is to provide excellent water services in our area of jurisdiction to the absolute satisfaction of customers all year round. This in itself is a major challenge. The three year Transitional Business Plan of the Company ended on 31st December 2009 and a review is being done in order to prepare a comprehensive five (5) year Strategic Plan for 2010-2014 period. Our service area of coverage is presently at 30% of our area of jurisdiction, this is also a major challenge and as a Company, we shall continue partnering with all stakeholders such as Kikuyu Constituency Office, Athi Water Services Board, Ministry of Water through the District Water Office, private community water projects among others in order to address this critical issue.

Least but not last, let me also point out that customer satisfaction is one of our core values and that the customer will always be our driving force. We commit that all our activities will be geared towards satisfying customers within our area of jurisdiction.

Finally, I wish to record my gratitude to my fellow colleagues of the Board for their support and valuable contribution to the Company. I would also like to take this opportunity to thank the management and staff of the Company for their commitment, strength and dedication. To our development partners, I express my heartfelt gratitude for your continued support. Finally, I would also thank our shareholders and stakeholders for their support and loyalty and assure them of our determination to continually improve the quality of our services.

Thank you.

Mrs. Jane Wambui Ngochi
Company's Chairperson

26th February 2010



**KIKUYU WATER COMPANY STAFF IN A TREE
PLANTING EXERCISE.**

CORPORATE INFORMATION

INCORPORATION

Kikuyu Water Company is a limited Company, established on 9th March 2006 under the Companies Act Cap.486 and has been appointed by Athi Water Services Board (A.W.S.B) and is domiciled in Kenya.

REGISTERED OFFICE

1st Floor Mugumo House, Kikuyu
Township
P. O. Box 313-00902,
Kikuyu.
Tel: +254-66-33786,
Fax: +254-66-33785
E-mail: kikuyuwater@yahoo.com

AUDITORS

Controller and Auditor General
Kenya National Audit Office
P. O. Box 30084-00100,
Nairobi
Tel:+254-20-342330
Fax: :+254-20-311482

BANKERS

Kenya Commercial Bank
Kikuyu Branch
P. O. Box 148-00902,
Kikuyu.
Tel:+254-66-33046
Fax: :+254-66-33246

Equity Bank (K) Limited
Kikuyu Branch
P. O. Box 1707-00902,
Kikuyu.
Tel:+254-66-31071
Fax: :+254-66-31072

VISION

To be the leading Company in the provision of quality, reliable and affordable Water services in the Region and beyond.

MISSION

To consistently provide excellent Water Services in our area of jurisdiction to the absolute satisfaction of our esteemed Customers all year round.

SHARED VALUES

Being customer focused and applying professionalism, integrity and good citizenship in whatever we do.

BOARD OF DIRECTORS

Mrs. Jane Wambui Ngochi -Chairperson
Mr. Richard K. Gachuhi
Mrs. Rose J. Ngowa
Cllr. Charles M. Njuguna
Dr. Terecio . C. Riungu
Mrs. Grace N. Kimani
Mr. Richard N. Ndung'u
Dr. George M. Muriithi

Eng. Lucas M. Wahinya -Managing Director

BOARD COMMITTEES

Audit & Finance Committee

Mr. Richard N. Ndung'u-Chairman
Dr. George M. Muriithi
Cllr. Charles M. Njuguna
Mr. Richard K. Gachuhi

Staff & Welfare Committee

Dr. Terecio C. Riungu -Chairperson
Mrs. Jane Wambui Ngochi
Mrs. Grace N. Kimani
Mrs. Rose J. Ngowa

KIKUYU WATER COMPANY LTD

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Kenya Companies Act requires the directors to prepare financial statements 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 the operating results for that year. It also requires the directors to ensure that the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The Responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the manner required by the Kenya Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the operating results of the group. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the directors to indicate that the Company and its subsidiaries will not remain a going concern for at least the next twelve months from the start of this financial year.



Mrs. Jane Wambui Ngochi
Chairperson



Eng. Lucas M. Wahinya
Managing Director

Dated: 6th November 2009

PRINCIPLE ACTIVITIES OF THE COMPANY

The principle activities for which the Company was established are:-

- i) To supply the town of Kikuyu together with the neighborhood and its environs therefore, with water and to carry on business of water and sewerage works and to manage the assets belonging to Athi Water Services Board and the assets shall not be subject to any resolution of the Company or that of the Council
- ii) To exercise overall control over the sources and supply of water and particular, to conserve, redistribute and to augment those water resources, including sinking boreholes, and to make, build and construct, lay down and maintain reservoirs, waterworks, cisterns, culverts, filter-beds, main and other pipe and appliances, and to execute and do all works and things necessary or convenient for obtaining, storing, selling, delivering, measuring and distributing water, or otherwise for the purposes of the Company
- iii) To provide and distribute a constant supply of potable water for commercial, industrial and domestic purposes.



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KIKUYU WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2009

I have audited the financial statements of Kikuyu Water Company Limited set out at pages 5 to 14 which comprise the balance sheet as at 30 June 2009, the income statement, the statement of changes in equity, and the cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes in accordance with the 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.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Controller and Auditor General

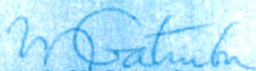
My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2009 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Water Act, 2002 and the Companies Act, Cap 486 of the Laws of Kenya.



A. S. M. Gatumbu

CONTROLLER AND AUDITOR GENERAL

Nairobi

2 November 2009

**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
30TH JUNE 2009**

	Note	2009	2008
	Kshs.		Kshs.
REVENUE			
Operational Income	9.1	37,391,760	24,231,014
Grants - Unrestricted	10.0	28,975,366	13,292,813
Miscellaneous Income	9.2	195,446	1,265
TOTAL REVENUE		<u>66,562,572</u>	<u>37,525,092</u>
EXPENDITURE			
Administrative Expenses	11	3,483,340	2,698,888
Depreciation	2	1,080,800	1,152,952
Board Expenses	12	567,816	354,470
Staff Expenses	13	7,491,238	6,558,500
General Expenses	14	765,549	1,021,505
Lease fees to Athi Water			
Services Board	15	2,943,309	2,351,704
Operational Expenses	16	14,655,092	7,264,160
Professional Fees	17	221,000	495,920
General Repairs	18	245,568	75,506
Grant Expenditure	10	28,975,366	13,292,813
TOTAL EXPENDITURE		<u>60,429,078</u>	<u>35,266,418</u>
TRANSFER TO ACCUMULATED FUND		<u>6,133,494</u>	<u>2,258,674</u>

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2009 FOR KIKUYU WATER COMPANY LTD**

BALANCE SHEET AS AT 30TH JUNE 2009

	NOTE	2009	2008
ASSETS			
NON CURRENT ASSETS			
		Kshs	Kshs
Properties, plant & machinery			
Total Fixed Assets	2	5,814,077	6,096,260
CURRENT ASSETS			
Cash & Bank Balances	3	3,301,158	2,891,229
Investment in Treasury Bills	4	-	788,607
	5	6,693,985	496,885
Debtors			
Prepaid Insurance		90,784	100,109
Total Current Assets		10,085,927	4,276,830
TOTAL ASSETS		15,900,004	10,373,090
EQUITY AND LIABILITIES			
Accumulated Fund	6	12,604,373	6,470,879
Ordinary Share capital		100,000	100,000
Retained Earnings		-	-
Capital grants		349,000	349,000
Total Equity		13,053,373	6,919,879
Current Liabilities			
Creditors and accruals	7.1	1,194,331	1,255,391
Customer deposits	7.2	1,652,300	975,600
Bank overdraft (Expenditure account)		-	93,548
Total current liabilities		2,846,631	2,324,539
Long-term Liabilities			
Interest Payable	8	-	221,084
Motor Vehicle loan		-	907,588
Total long term liabilities		-	1,128,672
Total Equity and Liabilities		15,900,004	10,373,090

Chairperson

Date.....

Managing Director

Date.....

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH
JUNE 2009**

	SHARE CAPITAL	GENERAL FUND	CAPITAL RESERVES	TOTALS
Balance brought Forward as at 1st July 2007	100,000	4,214,484	349,000	4,663,484
Surplus for the period	-	2,258,674	-	2,258,674
Balance carried down as at 30th June 2008	100,000	6,470,879	349,000	6,919,879
Balance brought Forward as at 1st July 2008	100,000	6,470,879	349,000	6,919,879
Surplus for the period	-	6,133,494	-	6,133,494
Balance carried down as at 30th June 2009	100,000	12,604,373	349,000	13,053,373

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

	2008/2009 Kshs	2007/2008 Kshs
<i>Cash flow from operating activities</i>		
Surplus for the period	6,133,494	2,258,674
Adjustment for Depreciation	1,080,800	1,152,952
Operating surplus before working capital changes	7,214,294	3,411,626
Increase/Decrease in Debtors	(6,197,101)	(496,885)
Increase/Decrease in pre-payments	9,325	(18,476)
Increase in Creditors	(61,060)	1,108,345
Increase/decrease in customer deposits	676,700	
Increase/decrease in Bank Overdraft	(93,548)	(45,106)
Net Change in working Capital	(5,665,684)	547,878
	<u>1,548,610</u>	<u>3,959,504</u>
Net cash flow from operating activities		
Investing Activities		
Increase in Fixed Assets	(798,618)	(1,857,584)
Increase in Investments	788,607	(788,607)
Increase in interest earned	-	-
Financing Activities		
Increase/Decrease in long-term loan	(1,128,672)	(1,127,824)
Increase/Decrease in Retained Earnings	-	2,273
Net Increase in cash and cash equivalent	(1,138,683)	(3,771,742)
Movement in Cash and Cash Equivalents	409,929	187,762
Cash and cash equivalent at the beginning of the Period	<u>2,891,229</u>	<u>2,703,467</u>
Cash and cash equivalent at the end of the Period	3,301,158	2,891,229

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30TH JUNE 2009

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements are prepared under the historical cost convention and are in compliance with International Financial Reporting Standards.

(b) Revenue recognition

Revenue income is recognized after customers are billed for the water consumed.

A grant from the Government of Kenya and other donors for specific expenses is recognized as income in the same period as the relevant expense.

Grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation of those assets is charged.

(c) Reporting currency-

The reporting currency is Kenya Shilling.

(d) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalent comprise cash in hand and deposits held at call with local banks.

(e) Property, Plant and equipment

Property, Plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the reducing balance method, at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Office Equipment - Computers	33%
Furniture and fittings	10%
Motor Vehicles	25%
Plant and Equipment	10%

(f) Employees entitlements

(i) Leave:

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees' up to the balance sheet date.

(ii) Service Pension

The company adopted the pension schemes of formerly NWCPC & Kikuyu Town Council staff where the employer contributes 25% of Basic Salary for the former NWCPC staff and 15% of gross salary for formerly Town Council Staff. In addition, casuals and employees not yet confirmed are contributing Kshs.200 to NSSF and employer contributes the same per person.

(i) Capital and Revenue Grants

Grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be applied with. In our case the Ministry of Water & Irrigation has been paying salaries & electricity for formerly Ministry staff and schemes in accordance with the Transfer Plan arrangements.

When the grant relates to an expense item, it is initially recognized as deferred income (liability) and released as income over periods necessary to match the grant on a systematic basis to the cost that it is intended to compensate.

When the grant relates to an asset, (Capital) the landed cost or the fair value is credited to a deferred income account and is released to the incomestatement income over the periods and in the proportions in which depreciation of those assets is charged.

j) Provisions

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

(k) Taxation

Kikuyu Water Company Ltd is an agent of a state corporation (Athi Water Services Board) in the provision of essential services. Provision for taxation has not been made, as we are not profit-oriented.

2. Fixed asset Schedule for period ending 30th June 2009

COST	Office Equipment Fittings	Furniture and	Motor vehicles	Water Meters	Plant & Equipment	Total
Cost as at 1st July 2008	1,006,477	450,494	2,623,213	373,621	3,282,554	7,736,359
Additions - At 30.06.2009	71,340 1,006,477	521,834	373,278 2,623,213	354,000 746,899	798,618 3,636,554	8,534,977
DEPRECIATION As at 1st July 2008	349,475	64,933	696,940	47,290	481,460	1,640,099
Charge for the year	216,810	42,123	481,568	45,440	294,859	1,080,800
NET BOOK VALUE						
N.B.V As at 30th June 2009	440,192	414,777	1,444,705	654,169	2,860,234	5,814,078
N.B.V As at 30th June 2008	657,002	385,561	1,926,273	326,331	2,801,093	6,096,260

3. Cash and Bank Balances	2009	2008
Cash at Bank – Kenya Commercial Bank (Main Revenue Account)	1,001,971.55	156,846.30
Cash at Bank – Kenya Commercial Bank (Customer Deposits Account)	1,658,834.10	152,768
<i>Cash at Bank-Equity</i>	<i>537,859.55</i>	<i>2,506,952</i>
Cash at Bank – Kenya Commercial Bank (Expenditure Account)	15,672.56	(93,548)
Sub-total	3,214,337.76	2,703,467
Cash at-Hand as at 30 th June 2008	86,820	74,662.70
Total Cash and Bank Balances	3,301,157.76	2,797,681

4. Investment in Treasury Bills

Investing of Customer Deposit funds in buying Treasury Bills	-	788,607
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5. Debtors

Ordinary Share Capital-Town Council of Kikuyu		100,000
Debtors as at 1 st July	23,541,476	23,144,591
Add Sales for the period ended 30 th June 2009	40,182,275	27,227,150
Less Sales Adjustments for the period ended 30 th June 2009	(4,599,010)	(3,398,213)
Less actual Collections for the period ended 30 th June 2009	(29,286,165)	(23,432,052)
Total Debtors as at 30th June	29,838,576	23,641,476
Provision for bad debts	23,144,591	23,144,591
Net Debtors	6,693,985	496,885

The provision for bad debts was 98% in financial year 2007/2008. This is because most of the debts were inherited and have proved hard to collect for they are disputed on the ground. In addition, migration of tenants within Kikuyu Township has hindered our ability to collect some of those debts. Further, some institutions like the Alliances are using their own water sources and hence recovering the amounts owed has proved hard.

6. Accumulated Fund	2009	2008
Opening Balance	6,470,879	4,214,484
Surplus for the period	6,133,494	2,258,668
Retained Earnings	0	(2,273)
(The figure of Kshs.2,273.00 was system generated of which the double entry could not be traced)		
Closing Balance	12,604,373	6,470,879

Closing Balance	12,604,373	6,470,879
Ordinary Share Capital-Town Council of Kikuyu	100,000	100,000
Grants from Ministry of Water (Kiambu Water Office)	-	349,000
7. Creditors and Accruals		
Salary & Wages-June 2008	294,324	196,844
Professional Fees (Audit)	200,000	400,000
Professional Fees (Company Secretarial services)	-	29,920
Suppliers	326,400	214,469
Commissioner of VAT	41,059	
Lease Fee to Athi Water Services Board	352,606	269,958
Shared Billing Services payments	-	82,140
Amount funded by Athi Water Services Board for opening bank accounts	21,000	21,000
Cash at Bank - Kenya Commercial Bank (Expenditure Account)	-	
Sub-Total	1,194,330.00	1,255,390
7.2 Customer Deposits		
As at 1st July 2008	975,600	-
Increase in customer deposits	676,700	-
Total Customer deposits	1,652,300	975,600
8. Interest Payable		
Outstanding Motor vehicle loan	-	907,508
Interest Payable (Monthly repayment (Kshs. 94,056 x 12 months) =1,128,672.00 Interest=1,128,672-907,588 =221,084.00)	-	221,084
9. Operational Revenue		
Water Sales for the period ended 30th June 2009	40,182,275	27,227,150
Sales Adjustments due to estimated Billings	(4,599,010)	(3,398,213)
Collections from New connections and works	1,808,495	391,065
Sale of Tender Documents	178,000	-
Interest earned	17,446	12,277
Total Operation Revenue	37,391,760	24,232,279
Miscellaneous income	195,446	1,265

Payment of Electricity bills for Kikuyu & Karai Schemes by G. o. K (1st July 2008 to June 2009)	15,680,544	10,517,417
Payment of staff salaries for staff inherited from Ministry of Water by G.o.K	2,887,804	2,775,396
Grants from District Water Officer	935,100	-
Grants from AWSB (Electricity payment)	6,596,083	-
Grants from AWSB (Pipes & Fittings for Riu Gichuhiro Rising Main)	2,875,835	-
Sub-total	28,975,366	13,292,813
11. Administration Expenses	3,483,340	2,698,888
12. Board Expenses		
Board Sitting Allowances	403,196	354,470
Capacity Building Training	164,620	-
Sub-total	567,816	354,470
13. Staff Cost		
Salaries and wages	7,491,237	6,558,500
14. General Expenses		
Insurance (Vehicle) 2009 2008	94,084	118,585
Training expenses	106,660	55,550
Subsistence Allowances	517,640	558,625
Other Running Expenses	47,165	288,844
Sub-total	765,549	1,021,504
15. Lease Fee paid to Athi Water Services Board (This is pegged at 10% of the water sale collections)	2,943,309	2,351,704
16. Operational Expense		
Electricity	6,503,376	1,634,132
Maintenance of W & S system	956,877	1,554,981
Operation and maintenance	510,790	-
Maintenance of plant & equipment	1,608,487	866,814
Maintenance of W & S system-Kikuyu springs	-	254,116

Rehabilitation of Water supplies	4,620,562	2,928,117
Water abstraction Fees	300,000	-
Planning and Design for Ondiri-Dagoreti Pipeline	80,000	-
Water Quality Testing	75,000	26,000
Sub-Total	14,655,092	7,264,160

17. Professional fees

Accounting fee for financial year 2006/07 financial statements	-	40,000
Audit fee payable to National Audit Office	200,000	400,000
Fees for Legal Services	13,000	-
Company Secretarial Services (Wanjao and Wanjau Advocates)	-	29,920
Payroll Installation (Quest Communications)	8,000	26,000
Sub-Total	221,000	495,920

18. General Repairs

Building Repairs	750	6,620
Partitioning of new office (stores)		37,986
Computer Maintenance	73980	24,000
Motor Bike repairs	62,813	2,600
Motor Vehicle Repairs	96,775	0
Furniture Repairs	11,250	4,300
Sub-Total	245,568	75,506

19. Donated Motor Vehicle

The Company has 2No. motor cycles Reg. Nos. KAW 389Z & KAV 992E which were donated by Athi Water Services Board (AWSB) during the financial year 2006/07 and 1No. Truck Exhauster Re. No. KBG 426C that was donated in this financial year (25th June 2009)

20. Comparative Information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period. In particular, the comparative figures have been adjusted to show fair presentation of the financial statement that conforms to the international financial reporting standards.





Kikuyu Water Company Board of Directors, Stake Holders and Management Staff at a past AGM meeting