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# KIKUYU WATER COMPANY LIMITED

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**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2008**  
**FOR KIKUYU WATER COMPANY LTD**

Contents	Pages
Notice of Annual General Meeting	1
Managing Director Remarks	2-5
Chairperson's Remarks	6-7
Corporate Information	8
Director's Information	9
Statement of Directors' Responsibilities	10
Principle Activities of the Company	11
Report of the Controller & auditor General	12
Income and Expenditure Statement	13
Balance Sheet	14
Statement of Changes in Equity	15
Cash Flow Statement	16
Notes to the Financial Statements	17-23

**Kikuyu Water Company 1<sup>st</sup> Floor  
Mugumo House P.O Box 313-00902  
KIKUYU.**

To.....  
.....  
.....

Dear Sir/Madam

**RE: NOTICE TO HOLD THE 2<sup>ND</sup> ANNUAL GENERAL MEETING**


Notice is hereby given that the 2<sup>nd</sup> Annual General Meeting will be held on Friday 27<sup>th</sup> February 2009 at P.C.E.A Kikuyu Hospital, Orthopaedic Guest Centre starting 11.00am.

The Agenda will be as follows:

**AGENDA**

1. Opening prayers.
2. The reading of the Notice calling the Annual General Meeting.
3. Confirmation of the minutes of the 1<sup>st</sup> Annual General Meeting.
4. To receive, consider and if thought fit adopt the annual Report & Financial statements for the year ended 30<sup>th</sup> June 2008 and Auditors thereon.
5. To note that no dividend shall be declared.
6. To approve remuneration of the directors for the year ended 30<sup>th</sup> June 2008.
7. To note that the audit of the company's books of account will continue to be undertaken by the controller and the Auditor-General or an audit firm appointed by him in accordance with the 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 Act2003.
8. Any other business that may be transacted at an annual meeting provided appropriate notice would be given.

**BY THE ORDER OF THE BOARD**



**Muriithi Wanjau**  
COMPANY SECRETARY

Dated 28th January 2009

**NOTE:** A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

## **MANAGING DIRECTOR'S REMARKS**

Today we are holding our second Annual General Meeting since the inception of our Company. 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 10<sup>th</sup> 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.

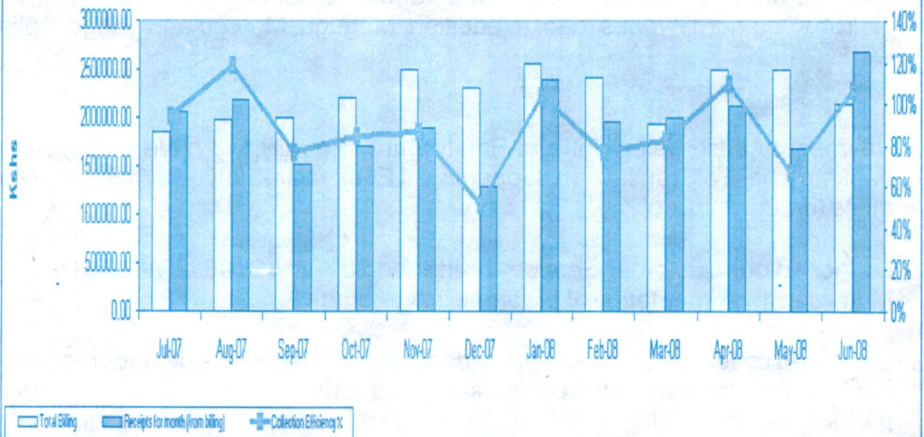
Our area of mandate is approximately 90km<sup>2</sup> but we are presently covering only 33Km<sup>2</sup>. We are presently serving an estimated population of 32,000 persons against a total population of about 101,000 persons. The coverage area includes; Kikuyu Township, Kerwa, Muguga, Gitaru, Thogoto, 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***

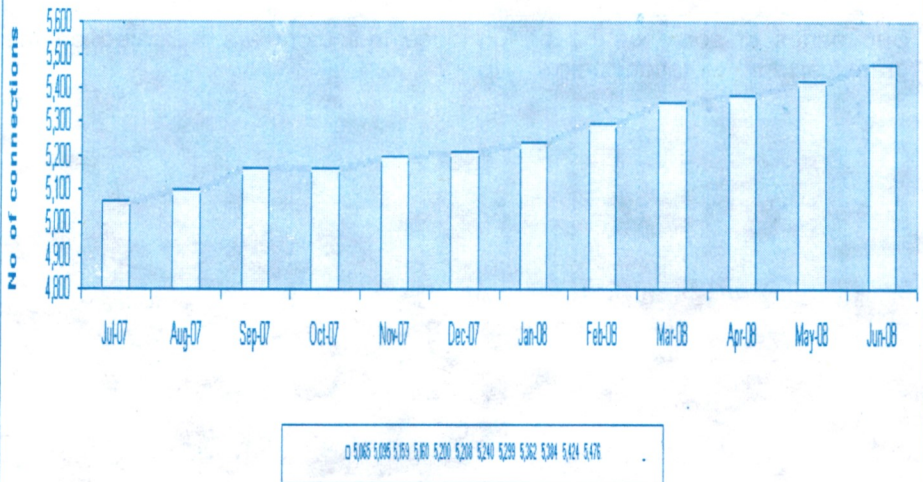
- Customer base has increased from 5,065 by July 2007 to 5,476 by end of June 2008 which is growth of 8%
- Reduction in unaccounted for water from 45% by July 2007 to 42% by end of June 2008. Our aim is to reach unaccounted for water level of 35% by end of December 2009.
- Improved billing figure from Kshs. 1.85 million by end of June 2007 to Kshs.2.24million by end of June 2008 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 2008, 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

- 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.
- 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 28<sup>th</sup> April, 2008 at WIDA Highway Motel and implementation of the same is on-going
- 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.

### Billing & Collections



### Total Connections Growth



## ***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. However, Water Services Regulatory Board has now adjusted the water tariff upwards countrywide and the same became operational from this month of February 2009.

## ***Way forward***

The three-year transitional business plan, which was adopted on July 2007, is still being implemented and I am optimistic that problems related to increased coverage and sustainability of the Company would be addressed. The threat to our sustainability was mainly attributed to high pumping costs but thanks to the Water Services Regulatory Board for having accepted to review our water tariffs upward. This shall definitely make us sustainable. In addition, we look forward toward the continued cooperation with stakeholders, Development Partners and the Government in our 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**

**MD/KWCL**

**27<sup>th</sup> February 2009**

### **Chairperson's Remarks**

It is my great pleasure to present the audited financial statements for the year ended 30<sup>th</sup> June 2008 during this Annual General Meeting. 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 30<sup>th</sup> June 2008, 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 Ministry of Water & Irrigation through District Water Office-Kiambu West and internally generated funds. In particular, distribution network at Ruku Water Project has been laid and 120 connections have been realized. Following these improvements, reliability of water supply is being enhanced as well as increased area of coverage.

We have also started partnering with the existing Self Help Water Projects with a view of increasing our area of coverage. In particular, the Company has taken over Thogoto and Kamuita Water projects, which would ultimately increase our customer base by about 500 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, attending to a Corporate Governance workshop organized by Athi Water Services Board, competitive recruitment of a Human Resource & Administrative Officer, preparation of audited financial statements for year ended 30<sup>th</sup> June 2008 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 implementation of the transitional business plan, which was initiated in the last financial year, is on-going. 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. I would also thank our 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**

**27<sup>th</sup> February 2009**

## **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**

1<sup>st</sup> 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 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. Wanja Ngugi  
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  
Mrs. Wanja Ngugi  
Mr. Richard K. Gachuhi

### **Staff & Welfare Committee**

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

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**ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2008**

**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**

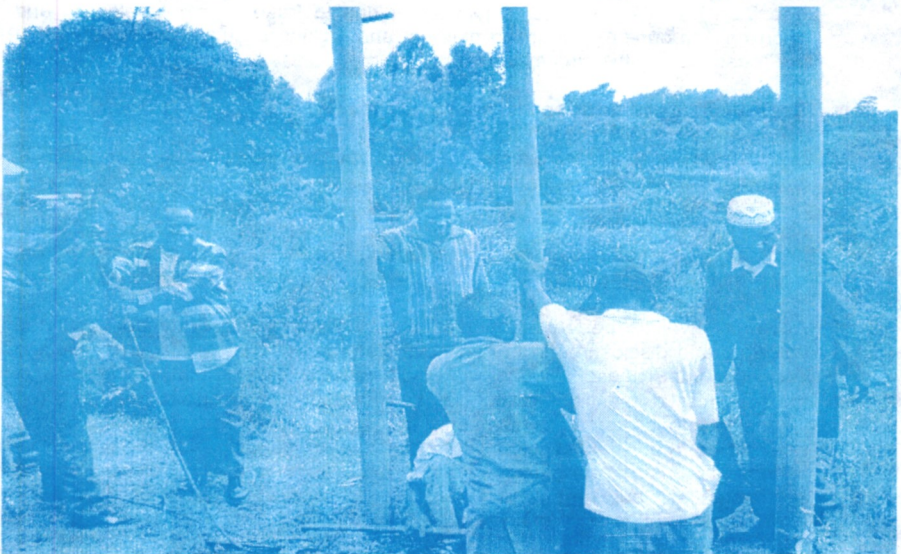
  
Eng. Lucas M. Wahinya  
**Managing Director**

Dated: 18/08/08

## 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 in 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.



REPUBLIC OF KENYA

Telephone: +254-20-342330

Fax: +254-20-311482

E-mail: [cag@kenyaweb.com](mailto:cag@kenyaweb.com)

P.O Box 30084-00100  
NAIROBI



## 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 2008

I have audited the financial statements of Kikuyu Water Company Limited set out on pages 5 to 14 which comprise the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and 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 independent 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 reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe the above 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 state of affairs of the company as at 30 June 2008 and of its surplus and cash flows for the year ended in accordance with the International Financial Reporting Standards which complies with the Companies Act, Cap 486 of the laws of Kenya.



P. N. KOMORA, CBS.  
CONTROLLER AND AUDITOR GENERAL

Nairobi

17 November 2008

## INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2008

	Note	2007/2008 Kshs.	2006/2007 Kshs.
<b>REVENUE</b>			
Operational Income	9	24,231,014	17,603,749
Grants - Unrestricted	10	13,292,813	11,662,119
Miscellaneous Income	9	1,265	198,958
<b>TOTAL REVENUE</b>		<b>37,525,092</b>	<b>29,464,826</b>
<b>EXPENDITURE</b>			
Administrative Expenses	11	2,698,888	1,450,984
Depreciation	2	1,152,952	487,147
Board Expenses	12	354,470	321,975
Staff Expenses	13	6,558,500	3,004,039
General Expenses	14	1,021,505	532,261
Lease fees to Athi Water Services Board	15	2,351,704	1,667,403
Operational Expenses	16	7,264,160	6,083,214
Professional Fees	17	495,920	
General Repairs	18	75,506	41,200
Grant Expenditure	10	13,292,813	11,662,119
<b>TOTAL EXPENDITURE</b>		<b>35,266,418</b>	<b>25,250,342</b>
<b>TRANSFER TO ACCUMULATED FUND</b>		<b>2,258,674</b>	<b>4,214,484</b>



**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2008 FOR KIKUYU WATER COMPANY LTD**

**BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2008**

	NOTE	2007/2008	2006/2007
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>		<b>Kshs</b>	<b>Kshs</b>
Properties, plant & machinery			
<b>Total Fixed Assets</b>	<b>2</b>	<b>6,096,260</b>	<b>5,391,628</b>
<b>CURRENT ASSETS</b>			
Cash & Bank Balances	3	2,891,229	2,703,467
Investment in Treasury Bills	4	788,607	-
Debtors	5	496,885	100,000
Prepaid Insurance		100,109	118,585
<b>Total Current Assets</b>		<b>4,276,830</b>	<b>2,922,052</b>
<b>TOTAL ASSETS</b>		<b>10,373,090</b>	<b>8,313,680</b>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Fund	6	6,470,879	4,214,484
Ordinary Share capital		100,000	100,000
Retained Earnings		-	(2,273)
Capital grants		349,000	349,000
<b>Total Equity</b>		<b>6,919,879</b>	<b>4,661,211</b>
<b>Current Liabilities</b>			
Creditors and accruals	7	2,230,991	1,216,193
Revenue balances from water sales and customer deposits		-	178,932
Bank overdraft (Expenditure account)		93,548	-
<b>Total current liabilities</b>		<b>2,324,539</b>	<b>1,395,125</b>
<b>Long-term Liabilities</b>			
Interest Payable	8	221,084	311,378
Motor Vehicle loan		907,588	1,945,966
<b>Total long term liabilities</b>		<b>1,128,672</b>	<b>2,257,344</b>
<b>Total Equity and Liabilities</b>		<b>10,373,090</b>	<b>8,313,680</b>
Chairperson.....		Managing Director.....	
Date.....		Date.....	

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2008

	SHARE CAPITAL	GENERAL FUND	CAPITAL RESERVES	TOTALS
Balance brought Forward as at 1 <sup>st</sup> July 2006	-	-	-	-
Authorised Share Capital	100,000	-	-	100,000
Surplus for the year		4,214,484	-	4,214,484
Capital Grants	-	-	349,000	349,000
As at 30 <sup>th</sup> June 2007	100,000	4,214,484	349,000	4,663,484
Balance brought Forward as at 1 <sup>st</sup> 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 30 <sup>th</sup> June 2008	100,000	6,473,158	349,000	6,922,158

CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2008

	2007/2008	2006/2007
<b>Cash flow from operating activities</b>	<b>Kshs</b>	<b>Kshs</b>
Surplus for the period	2,258,674	4,214,484
Adjustment for Depreciation	1,152,952	487,147
<b>Operating surplus before working capital changes</b>	<b>3,411,626</b>	<b>4,701,631</b>
Increase/Decrease in Debtors	(496,885)	626,691
Increase/Decrease in pre - payments	(18,476)	(118,585)
Increase in Creditors	1,014,797	1,216,193
Increase/decrease in Bank Overdraft	(45,106)	(138,654)
<b>Net Change in working Capital</b>	<b>454,330</b>	<b>1,585,645</b>
<b>Net cash flow from operating activities</b>	<b>3,865,956</b>	<b>6,287,276</b>
<b>Investing Activities</b>		
Increase in Fixed Assets	(1,857,584)	( 5,529,775)
Increase in Investments	(788,607)	-
<b>Financing Activities</b>		
Increase/Decrease in long-term loan	(1,127,824)	1,945,966
Increase/Decrease in Retained Earnings	2,273	-
<b>Net Increase in cash and cash equivalent</b>	<b>(3,771,742)</b>	<b>2,703,467</b>
<b>Movement in Cash and Cash Equivalents</b>	<b>94,214</b>	<b>-</b>
Cash and cash equivalent at the beginning of the Period	2,703,467	-
<b>Cash and cash equivalent at the end of the Period</b>	<b>2,797,681</b>	<b>2,703,467</b>

## IDA FUND ACCOUNTABILITY STATEMENT

### 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. 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 straight line basis, 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

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 income statement income over the periods and in the proportions in which depreciation of those assets is charged.

#### (G) 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.

#### (h) 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 30<sup>th</sup> June 2008

COST	Office Equipment	Furniture and Fittings	Motor vehicles	Water Meters	Plant & Equipment	Total
Cost as at 1 <sup>st</sup> July 2006	195,000	154,000				349,000
Additions	269,089.30	146,494	2,623,213	230,000	2,260,979	5,529,775.30
Disposals						
Cost as at 30 <sup>th</sup> June 2007	464,089.30	300,494	2,623,213	230,000	2,260,979	5,878,775.30

Additions	542,388	150,000		143,621	1,021,575	1,857,584
Disposals						
Cost as at 30 <sup>th</sup> June 2008	1,006,477.30	450,494	2,623,213	373,621	3,282,554	7,736,359.30
<b>DEPRECIATION</b>						
As at 1 <sup>st</sup> July 2007	153,150	30,049.40	54,850	23,000	226,097.90	487,147.30
Charge for the year	196,325	34,884	642,090	24,290	255,363	1,152,952
As at 30 <sup>th</sup> June 2008	349,475	64,933	696,940	47,290	481,460	1,640,099
<b>NET BOOK VALUE</b>						
As at 30 <sup>th</sup> June 2008	657,002	385,561	1,926,273	326,331	2,801,093	6,096,260
As at 30 <sup>th</sup> June 2007	310,939	270,444	2,568,363	207,000	2,034,881	5,391,628

### 3. Cash and Bank Balances

	2007/2008	2006/2007
Cash at Bank – Kenya Commercial Bank (Main Revenue Account)	156,846.30	2,146,529.40
Cash at Bank – Kenya Commercial Bank (Customer Deposits Account)	152,768	319,200
Cash at Bank-Equity	2,506,952	-
Cash at Bank – Kenya Commercial Bank (Expenditure Account)	(93,548)	-
<b>Sub-total</b>	<b>2,723,018.30</b>	<b>2,703,467</b>
Cash at Hand as at 30 <sup>th</sup> June 2008	74,662.70	237,738
<b>Total Cash and Bank Balances</b>	<b>2,797,681</b>	<b>2,941,205</b>

### 4. Investment in Treasury Bills

Investing of Customer Deposit funds in buying Treasury Bills	788,607.20	-
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### 5. Debtors

Ordinary Share Capital-Town Council of Kikuyu	100,000	100,000
Debtors as at 1 <sup>st</sup> July	23,144,591	23,144,591
Add Sales for the period ended 30 <sup>th</sup> June 2008	27,227,150	17,603,749

Less Sales Adjustments for the period ended 30 <sup>th</sup> June 2008	(3,398,213)	-
Less actual payments for the period ended 30 <sup>th</sup> June 2008	(23,432,052)	(17,603,749)
<b>Total Debtors as at 30<sup>th</sup> June</b>	<b>23,641,476</b>	<b>23,244,591</b>
<b>Provision for bad debts</b>	<b>23,144,591</b>	<b>23,144,591</b>
<b>Net Debtors</b>	<b>496,885</b>	<b>100,000</b>

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

	2007/2008	2006/2007
Opening Balance	4,214,484	-
Surplus for the period	2,258,668	4,214,484
<b>Retained Earnings</b>	<b>(2,273)</b>	
(The figure of Kshs.2,273.00 was system generated of which the double entry could not be traced)		
Closing Balance	<b>6,470,879.00</b>	<b>4,214,484</b>
<b>Ordinary Share Capital Town Council of Kikuyu</b>	<b>100,000</b>	<b>100,000</b>
<b>Grants from Ministry of Water (Kiambu Water Office)</b>	<b>349,000</b>	<b>349,000</b>
(This comprised of old office furniture and equipment which were inherited from Kiambu Water Office after the takeover of the schemes)		

#### 7. Creditors and Accruals

Salary & Wages-June 2008	196,844	338,462
Professional Fees (Audit)	400,000	-
Professional Fees (Company Secretarial services)	29,920	-
Eslon Plastics (K) Ltd	214,469	-
Commissioner of VAT	41,059	-
Lease Fee to Athi Water Services Board	269,958	-
Shared Billing Services payments	82,140	-
Amount funded by Athi Water Services Board for opening bank accounts	21,000	21,000
Customer deposits	975,600	330,800

Electricity Bills	-	387,276.05
Overdraft	-	138,654.42
<b>Sub-Total</b>	<b>2,230,991</b>	<b>1,216,193</b>
Cash at Bank – Kenya Commercial Bank (Expenditure Account)	(93,548)	(138,654.42)

Unbanked Revenue	-	178,932
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#### 8. Interest Payable

Outstanding Motor vehicle loan	907,508	1,945,966
Interest Payable	221,084	311,378
(Monthly repayment (Kshs. 94,056 x 12 months) =1,128,672.00 Interest=1,128,672-907,588 =221,084.00)		

	2007/2008	2006/2007
<b>9. Operational Revenue</b>		
Water Sales for the period ended 30 <sup>th</sup> June 2008	27,227,150	17,603,749
Sales Adjustments due to estimated Billings	(3,398,213)	-
Collections from New connections and works	391,065	-
Sale of Tender Documents	-	198,000
Interest earned (Main Revenue Account)	11,012	958.40
<b>Sub-total</b>	<b>24,231,014</b>	<b>17,802,707</b>
Interest Earned (Customer Deposit Account)	1,265	-
<b>Total Operation Revenue</b>	<b>24,232,279</b>	<b>17,802,707</b>

#### 10. Grants – Unrestricted

Payment of Electricity bills for Kikuyu & Karai Schemes by G. o. K	10,517,417	9,900,000
Payment of staff salaries for staff inherited from Ministry of Water by G.o.K	2,775,396	1,762,119
Sub-total	13,292,813	11,662,119

<b>11. Administration Expenses</b>	<b>2,698,888</b>	<b>1,450,984</b>
<b>12. Board Expenses</b>		
Board Sitting Allowances	354,470	321,975
<b>13. Staff Cost</b>		
Salaries and wages	6,558,500	3,004,038
<b>14. General Expenses</b>		
Insurance (Vehicle)	118,585	-
Training expenses	55,550	15,400
Subsistence Allowances	558,625	418,525
Other Running Expenses	288,844	98,336
<b>Sub-total</b>	<b>1,021,504</b>	<b>532,261</b>
	2007/2008	2006/2007
<b>15. Lease Fee paid to Athi Water Services Board</b> (This is pegged at 10% of the total collections)	<b>2,351,704</b>	<b>1,667,403</b>
<b>16. Operational Cost</b>		
Electricity- Muguga, Thamanda & Wangige	1,634,132	1,787,403.40
Maintenance of W & S system	1,554,981	1,621,555.70
Maintenance of plant & equipment	866,814	397,204.60
Maintenance of W & S system-Kikuyu springs	254,116	490,288
Rehabilitation of water supplies	2,928,117	1,786,756.85
Water Quality Testing	26,000	-
<b>Sub-Total</b>	<b>7,264,160</b>	<b>6,083,213.50</b>
<b>17. Professional fees</b>		
Accounting fee for financial year 2006/07 financial statements	40,000	-
Audit fee payable to National Audit Office	400,000	-
		-
Company Secretarial Services (Wanjao and Wanjau Advocates)	29,920	-
Payroll Installation (Quest Communications)	26,000	-
<b>Sub-Total</b>	<b>495,920</b>	-

### 18. General Repairs

Building Repairs	6,620	
Partitioning of new office (stores)	37,986	
Computer Maintenance	24,000	41,200
Motor Bike repairs	2,600	
Furniture Repairs	4,300	
<b>Sub-Total</b>	<b>75,506</b>	<b>41,200</b>

### 19. Donated Motor Cycles

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.

### 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 statements that conforms to the international financial reporting standards.



**BOARD OF DIRECTORS, MANAGEMENT  
STAFF AND STAKEHOLDERS**