



# For Performance and Growth



Water Services Regulatory Board

Ensuring Access to Quality Water Services for All





# WATER SERVICES REGULATORY BOARD

Annual Report and  
Financial Statements For  
The Year Ended 30th June 2012





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## Institutional Details

The Water Services Regulatory Board is a body corporate established under the provisions of the Water Act 2002 and operating under the provisions of the State Corporations Act, Cap 446 of the laws of Kenya and it is domiciled in Kenya.

## Board of Directors

Prof. Patricia Kamari-Mbote	–	Chairperson
Eng. Robert Gakubia	–	Chief Executive Officer
Mr Juma Aguko	–	Member
Mr George Ndonji	–	Member
Ms Grace Masese	–	Alt PS, Ministry of Local Government
Mr Joseph Ngala Mwengea	–	Member
Mr Mohamed Sheikhow	–	Member
Mr Roger Ngoo Shako	–	Member
Ms Rachel Nyamori	–	Alt PS, Ministry of Water and Irrigation
Ms Lucy Ambasi	–	Alternate to Attorney General
Ms Veronica Birgen	–	Member
Ms Susan Karanja	–	Alternate to PS, Treasury

## Registered Office and Principal Place of Business

NHIF Building  
Ngong Road  
P. O. Box 41621-00100  
NAIROBI  
KENYA.

## Bankers

National Bank of Kenya  
Hill Branch  
P. O. Box 45219-00100  
Nairobi  
KENYA

## Independent Auditors

Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P.O. Box 30084  
Nairobi  
KENYA





## Establishment

# About the Water Services Regulatory Board

The Water Services Regulatory Board (Wasreb) is a non-commercial State Corporation established in March 2003 as part of the comprehensive reforms in the water sector. The mandate of the institution is to oversee the implementation of policies and strategies relating to the provision of water and sewerage services. Wasreb sets rules and enforces standards that guide the sector towards ensuring that consumers are protected and have access to adequate, efficient, affordable and sustainable services.

### Vision

To be a model regulator for water services

### Mission

To regulate the provision of water services to ensure universal access

### Strategic objectives

The Board's five strategic objectives are as follows:

- To refine, strengthen and enforce the legal and regulatory framework governing the provision of water services by Water Services Boards (WSBs) and Water Service Providers (WSPs).
- To Promote the commercial sustainability of WSBs and WSPs
- To Improve the institutional capacity of Wasreb to regulate water service provision
- To Facilitate the development of an enabling policy environment for water service provision
- To Facilitate effective information and communication on water services



# Establishment



## Mandate

According to the Water Act 2002, Wasreb has the following responsibilities:

- Issue licences to the eight Water Boards for the provision of water services
- Develop and review standards for use in the Water Sector
- Establish procedures for handling complaints made by consumers against licensees
- Monitor and enforce licence conditions
- Develop guidelines for fixing tariffs
- Advise on cost effective and efficient management and operations of water services
- Develop model performance agreements for use between licensees and WSPs
- Monitor the operations of the agreement and take appropriate actions to improve their effectiveness
- Disseminate information about water services
- Promote water conservation and demand management measures
- Monitor the National Water Strategy
- Determine fees and levies to be imposed on water services
- Gather and maintain information on water services
- Liaise with other bodies for better regulation and management of water services
- Advise the Minister on matters concerning water services
- With the consent of the Director of Public Prosecutions undertake prosecution of any offences arising under the Act.



## Board of Directors



Jackson Mwalulu  
AG. Chairman (2010-2011)



Prof. Patricia Kameri-Mbote  
Chairperson (2011 to date)



Eng. Robert Gakubia  
Chief Executive Officer



Veronica Birgen  
Member



George Ndonji  
Member



Grace Masese  
Member



Joseph Ngala Mwengea  
Member



Mohamed Sheikhow  
Member



Roger Ngoo Shako  
Member



Lucy Ambasi  
Alternate to Attorney General



Aguko Juma  
Member



Susan Karanja  
Alternate to PS, Treasury



Rachel Nyamori  
Alternate to PS, Water



## Message from Chairperson

### **Proud of where we are, optimistic about future**

**T**he timing of this annual report coincides with the end of Wasreb's second strategic phase, covering the period 2009-2012. It also marks the beginning of the third phase when the organization has just embarked on the process of developing its next Strategic Plan.

As we reflect on our work at this stage, one of the main achievements is that a credible regulatory framework has been established in the sector, laying a solid foundation for the alignment of water sector activities to national aspirations. The greatest of these aspirations is the improvement of access to water services so that Kenyans are free from thirst and disease.

The foundation laid in the past phase has enabled us have a well regulated sector, which is crucial in facilitating universal access to water services. We are proud to say that Wasreb has grown, rising from infancy more than ten years ago to become the credible institution it is today. The regulatory framework has fully been developed, with most of the regulatory tools in place. They include guidelines on corporate governance, tariffs and customer service. These tools have been useful in guiding the sector in issues of governance, responsiveness and sustainability. On the basis of work done so far, there has been a significant improvement in the sector, particularly in the provision of water and sanitation services.

For the Regulator to continue building on these gains, there is need now, for a comprehensive sector investment plan indicating the investment necessary to achieve the progressive realization of the right to water and sanitation. Efforts to increase access have to be reinforced by translating investments into value for money.

Another issue we need to pay attention to is the implication of the new constitution on our operations. The introduction of devolved government and the vesting of responsibility for the provision of water supply and sanitation in the 47 county governments sets the stage for a realignment of the sector. To achieve the progressive realization of the human right to water and sanitation, county governments will have to ensure that water services are provided in a cost-effective and affordable manner. As the Regulator focuses on our next strategic phase, our main challenge will be to ensure commercial viability, create possibilities for cross-subsidization to benefit vulnerable people, and avoid unjustified costs to consumers. Thus, the issue of sustainability will be paramount. To achieve these, it will be necessary to re-examine the concept of clustering with a view to ensuring economies of scale.

While the future is bright, the task ahead is huge and the challenges numerous. I must, however, say that each new day offers us a chance to work together, pursue new opportunities and improve upon the past. I can confidently say we are up to the task, proud of where we are, and even more optimistic about the future.



**Prof. Patricia  
Kameri-Mbote**  
Chairperson of the Board of  
Directors



## Message from CEO



**Robert Gakubia**  
Chief Executive Officer

### **Regulator ready to work with devolved governments**

In the last quarter of the year 2010/2011, we undertook a mid-term review of the Wasreb Strategic Plan (2009-2012). The review was necessitated by the desire to evaluate progress in the fulfillment of the planned activities against goals defined during the first phase. It would also inform decisions on the second half of the Plan, including a change of strategy, if need be. Thus, the findings of this review formed the cornerstone upon which activities of year 2011/2012 were anchored.

Year 2011/12 was definitely a busy one for Wasreb given the demands imposed on the sector by the new constitution, passed a year earlier. The focal point of our activities was in supporting water sector institutions to deliver their services effectively. To do this, issues of governance received focus as we continued implementing the Corporate Governance standards.

To ensure sustainability for sector institutions, we continued employing measures to ensure that a sound financial base is maintained. This included undertaking tariff reviews to ensure cost-recovery so that institutions are supported to meet future demands. There was also increased surveillance of the sector to ensure regulatory compliance and sanctioning of those who failed to comply with regulatory requirements.

In 2010, and for the first time, a reward and recognition system was introduced for WSBs and WSPs which had performed well. The main objective of the reward system was to give incentives to the best performers and encourage water sector institutions to improve their performance and thereby improve access to water and sanitation services.

On the consumer front, we developed a Consumer Engagement Guidelines to provide a framework for the institutionalization of consumer engagement through Water Action Groups. We also embarked on a process of developing an electronic system, branded *MajiVoice*, for processing of consumer complaints.

One of the most significant findings of this period was that a majority of our customers gave a strong verdict of satisfaction with our services. In a survey carried out, customers were satisfied that Wasreb had been effective in discharging her mandate (77.5%). They were satisfied with the development of regulatory tools for the sector (88.9%); the tariff setting process (75.6%), the communication process (87.5%) and the Enforcement process (56.2%).

With regard to building a sound financial base there was a significant improvement in the billing and collecting the regulatory levy. However a number of challenges were encountered as most companies were unable to clear their arrears.

As we move to devolved governance, Wasreb is in a strong position to provide guidance and national oversight to the sector. We hope to discharge this task effectively.



## Corporate Governance Statement

The Water Services Regulatory Board is committed to the values and principles of good corporate governance. Good corporate governance requires that the Board of Directors must govern the corporation with integrity and enterprise in a manner which entrenches and enhances the mandate it has under section 47 of the Water Act 2002. This mandate is not only regulatory but embraces the corporation's interaction with government and other stakeholder such as Water Services Boards and their Providers, consumers of water services, the media, public opinion makers and pressure groups.

The Directors and Management of Wasreb regard corporate governance as pivotal to the successes of the Board and are unreservedly committed to ensuring that good corporate governance is practised so that Wasreb remains a sustainable and viable vehicle for regulating water services in Kenya.

As a public service organization, Wasreb's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, and internal codes of conduct. We continually strive to strengthen and sustain the trust that the government, the water sector and the public have placed on us. Accordingly, the Board and its committees regularly evaluate the latest national and international standards with the aim of incorporating them in the business processes of Wasreb so as to consistently deliver on our mandate.

### Board of Directors

The Board of Directors meets at least four times a year. It has oversight on strategic, financial, operational and compliance issues. It provides direction and guidance on general policy but authority for day to day business is delegated to the Chief Executive Officer.

### Committees of the Board

The Board has set up a number of committees, who work on specific terms of reference to facilitate efficient decision making:

#### (a) Corporate Services Committee

This committee deals with strategic, financial, and administrative issues. Its responsibilities include oversight in the development of the Strategic Plan, staff matters, performance contract negotiations, review of Annual Accounts; Review of budgets, opening and closure of bank accounts, recommendation on information, communication and media plans. The committee holds at least four meetings annually. Members of this committee comprise Veronicah Birgen (Chairperson), Rachael Nyamori, Grace Masese and Mohamed Ali Sheikhow.

#### (b) Regulatory Services Committee

Responsibilities of the Regulatory Services committee include overseeing the development and enforcement of regulations and rules, facilitating setting of tariffs, reviewing of water service standards, reviewing of Service Provision Agreements, recommending issuance of licences to WSBs, making recommendations regarding the setting of fees on for water services, and ensuring compliance. Membership to the committee comprises Juma Aguko (Chairman), Lucy Ambasi, George Ndonji, Roger Shako, and Rachael Nyamori.





## Governance

### Audit and Risk Management Committee

The Board has constituted an Audit and Risk Management Committee which meets four times a year or as necessary. Its membership comprises Roger Shako (Chairman), Juma Aguko, Susan Karanja and Joseph Ngala Mwengea. The responsibilities of the committee include examining and assessing the effectiveness of the internal control system, approving Internal Audit programs, carrying out special audits, risk management and compliance, verifying Wasreb's assets and liabilities, and receiving reports from the Internal Auditor.

### Board charter

The Charter guides Directors to ensure that they exercise professional competence and independent judgment to effectively contribute to the governance of Wasreb. It outlines rules that guide the operations of the Board without purporting to replace or supersede any laws and regulations that govern Wasreb. The Charter prescribes quarterly meetings for the Board and its committees. Any other dates may be determined by the nature of operations. It also spells out the responsibilities of members as follows:

- Defining the purpose, strategic intent, objectives and values. It ensures that procedures and practices are in place to protect Wasreb's assets and reputation.
- Overseeing management's implementation of the plans and strategies approved by the Board.
- Ensuring ethical behavior and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics.
- Reviewing the strategic direction and adopting plans proposed by Management to ensure compliance with key regulatory and legal issues
- Providing oversight on organisational performance against targets and objectives.
- Overseeing the reporting to stakeholders on the performance of the sector.

### Code of Ethics

A formal code of ethics has been approved by the Board of Directors and is fully implemented to guide Board members, management, employees and stakeholders on acceptable behaviour in conducting business. It has a requirement that Board members act honestly, in good faith, and in the best interest of Wasreb. Members are required to exercise due care and diligence, avoidance and disclosure of conflict of interest, maintenance of confidentiality and commitment to Wasreb's business. The Board adheres to the code of corporate governance, as well as its own stringent standards of governance and control.





## BoD Meetings

A schedule of Board and Committee meetings is prepared every year. The Board meets at least four times a year but special meetings are convened when need arises. The Board receives information relevant to their obligations in an accurate, timely and clear form so that they guide and maintain full and effective control over strategic, financial, operational and regulatory issues.

## Corporate Social Responsibility

Wasreb acknowledges its responsibility to society in its capacity as a corporate citizen. Consequently, it endeavours to play an active role in national matters in line with its mandate. Occasionally, it also makes contributions to worthy causes.

## Statement of Directors Responsibilities

Directors are required to prepare financial statements which give a fair view of the state of affairs of the Board at the end of each financial year. They are required to ensure that the Board maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Directors are also responsible for the preparation and fair presentation of these financial statements in accordance with 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 mis-statement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Directors accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in the manner required by the State Corporations Act.

The Directors are therefore of the opinion that the financial statements presented give a true and fair view of the state of the financial affairs of the Water Services Regulatory Board as at 30th June 2012. The Directors further accept responsibility for the maintenance of adequate systems of internal financial controls.

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

This statement is approved by the Board Directors and it is signed on their behalf by:

**Prof Patricia Kameri-Mbote**  
Chairperson

**Eng Robert Gakubia**  
Chief Executive Officer



## Management

### Heads of Department

#### Eng Robert N Gakubia, HSC

Eng. Gakubia is the Chief Executive Officer. He has held senior positions in the Ministry of Water and Irrigation, rising to the position of Director of Water services. He holds a BSc degree in Engineering from University of Nairobi and an MSc degree from IHE Delft, Netherlands. He is a corporate member of the Institution of Engineers of Kenya and a Professional Engineer with the Engineers Board of Kenya.



#### Bernadette Njoroge

Ms. Bernadette Njoroge is the Head of Legal and Enforcement. She holds an LLB (Hons) degree and an LLM from the University of Nairobi. She is a Certified Public Secretary CPS (K). Previously she worked as a Lecturer at Inoorero Centre, Senior State Counsel at the Attorney General's Office and Legal Counsel at Kenya Tourist Board. She is an Advocate of the High Court of Kenya.



#### Eng Peter Njaggah

Eng. Njaggah is the Head of the Regulatory Services. He holds a Bsc degree in Civil Engineering from the University of Nairobi, Msc in Engineering from the University of New Castle- Upon Tyne in UK and an MBA from Jomo Kenyatta University of Agriculture and Technology .

Eng Njaggah has extensive experience and knowledge in operation, management and regulation of water utilities gained within and outside the Republic of Kenya.

He is a professional Engineer with the Engineers Board of Kenya and corporate member of the Institution of Engineers of Kenya(MIEK).



#### Herbert A Kassamani

Herbert Kassamani is the Head of Communications and Information Management. Mr. Kassamani holds an MBA (Marketing) and a Post-Graduate Diploma in Mass Communication from the University of Nairobi; and a Bachelor of Education from Kenyatta University. He has held senior positions in marketing and communications both in the public and private sector. He has also published extensively in magazines, journals and the local media.

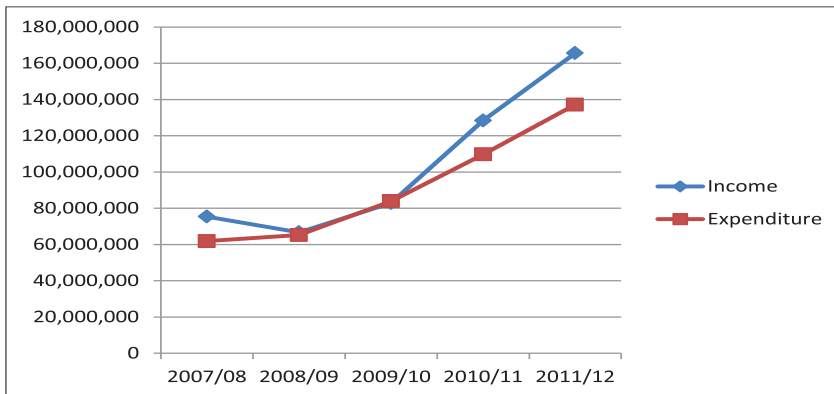


## Financial performance: crucial facet for sustainability

Wasreb recognizes that the financial health of any institution is a key determinant for sustainability. Therefore, in the review period, the Regulator continued employing measures to ensure that a sound financial base was maintained. Among the measures put in place in the year included increased surveillance of the sector to ensure the payment of the regulatory levy and imposing penalties to those who failed to comply with regulatory requirements. Thus, a steady growth in regulatory levy was sustained leading to enhanced delivery of services. In addition, cost control measures were undertaken to ensure efficiency in all operations.

During the period under review, the regulatory levy of the previous year grew by 6% to kshs 131 million which was slightly above last period performance. This facilitated the internal financing of development and operational expenditures leading 95% total cost coverage. Government grant and development partners support totaling 33 million assisted in attaining full cost coverage. The approved budget for the period was strictly followed and this, coupled with cost control measures, ensured a healthy cash flow position during the year.

A comparison of revenue and expenditure levels over the years is illustrated below.



## Internal controls

Wasreb has defined procedures and financial controls to ensure accurate reporting and safeguarding of resources. The system of internal control defines procedures to ensure that assets are safeguarded, transactions are authorized and recorded, and that material errors and irregularities are either prevented or detected within a reasonable period of time. The performance of Wasreb is reported regularly to the Board of Directors through performance trends, forecasts, actual performance analysis and budgets. The Board reviews the effectiveness of internal control systems by assessing the work of both internal and external assurance providers. Internal assurance is carried out by the Internal Audit section, which reports to the Audit and Risk management Committee. The section provides confirmation that standards and policies are complied with. External assurance is provided by the Kenya National Audit Office.

The Board is responsible for reviewing internal control systems. Over the period of reporting, the Board was satisfied that the system was effective. However, it is recognized that any





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system of internal control can only provide reasonable but not absolute assurance against material mis-statement or loss. Internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process.

### Risk assessment and control activities

The risk assessment process related to financial reporting is conducted annually. The significant accounts in the financial statements are identified based on the evaluation of the impact and likelihood of the risks materializing. Internal audit ensures objective and independent assessment of the adequacy, efficacy and quality of internal controls. Management is responsible for ensuring that internal control activities are performed and documented, and is required to report to the Corporate Services Committee on compliance on a quarterly basis. In addition, Wasreb has implemented a formal audit of the strategy, budget and financial performance. The monitoring of internal controls and risk management systems is performed at multiple levels such as periodical reviews of documentation. The audits are performed by the internal audit and monitored by the Audit Committee. The Audit Committee charter outlines its roles and responsibilities related to supervision and monitoring of internal control and risk management systems. The monitoring is performed on the basis of periodical reporting from Finance, Internal and External Audits.

### Challenges

While it can be reported that the financial health of the institution was generally sound, challenges were encountered in the collection of the regulatory levy as most companies were unable to clear their areas and this led to a high receivable figure of 54 million. The sector compliance with legal notice number 36 of 2008 on payment of the regulatory levy was low and this further contributed to the high figure of debtors. In addition, water companies did not fully adhere to the tariff condition on the remission of levy provided in the approved tariff and this contributed to the high debtors figure.

The support from the government to the Regulator has been declining over the years and though the funding increased to 15 million from 2 million provided in the last year, this was far much below the budgetary support of 50 million requested for from the Ministry.

### Going forward

For Wasreb to effectively regulate the sector, there is need to ensure financial sustainability. This may partly be achieved through increasing the regulatory levy and the licence fees. The current levy of 1% of the turnover of the service providers has not been adequate to finance planned programmes. For Wasreb to adequately execute its mandate as outlined in the Water Act, and contribute towards achievement of Vision 2030, there is need for increased financial resources which could come from Government or increased regulatory levy.





## Water service provision registers growth

Wasreb undertakes a continuous exercise of monitoring the performance of the water services sector as a way of taking stock on gains made so that desired improvements can be made. The product of this monitoring exercise is *Impact* report which is published annually.

The period under review saw the production and launch of the fifth issue of *Impact* report. The report analyses the performance 100 Water Service Providers and eight Water Services Boards for the period 2010/11. It is published by Wasreb as part of the statutory obligations to inform policy making and spur competition between water providers for the benefit of the consumer.

Statistical evidence in the report indicates that the sector has been recording growth both in urban and rural areas. It shows that urban water coverage improved by over 14 percentage points in the last five years. From a level of 38 per cent in 2007, water coverage grew to 47 per cent in 2008, 46 per cent in 2009, 48 per cent in 2010 and 52 per cent in 2011. In the rural sector, water coverage moved from 37 to 45 per cent. In the area of sanitation, coverage in urban areas improved by 14 percentage points, from 55 to 69 per cent.

If the sector maintains this growth rate, it is projected that water coverage will reach 68 per cent by 2015. To be able to reach the sector target of 80 per cent by 2015, the level of access needs to close a gap of almost 30 percentage points. As such, there is need to channel more resources to the sector if it has to attain the MDG target of reducing by half the number of people without access to safe water by 2015 and more importantly, to use the available resources more efficiently .

While positive growth was recorded in the sector, a number of factors continued to hamper this growth. They included poor governance, high water losses, and inadequate investment planning and reporting.

Of these, high levels of Non-Revenue Water was significant given its huge financial implications. At a total billing of Ksh 541 million for rural Providers and Ksh 11.6 billion for urban Providers, with water losses at 63 and 45 per cent respectively, the total amount





## Activities

lost during this year can be estimated at Ksh 10.4 billion. This is roughly one third of the development budget for water supply and sanitation for the same year!

At the same time, accelerating urbanization continued to present a growing challenge to the water sector in meeting national and international development targets. The distribution of water services remained slanted with the poor and those living in informal settlements still getting less of the share and paying more. The sector, however, intensified efforts to mitigate this by setting up water kiosks in informal sectors.

The performance of the Water and Sanitation Sector is pegged on nine key indicators. They are reviewed below:

### *Water Coverage*

- Urban Water Coverage improved by four percentage points from 48 to 52 per cent.
- Rural Water Coverage improved by eight percentage points from 37 to 45 per cent.

### *Sanitation Coverage*

- Sanitation coverage in urban areas improved by 14 percentage points from 55 to 69 per cent.
- Sanitation Coverage in rural areas improved by eight percentage points from 81 to 89 per cent.

### *Non Revenue Water*

- The average urban Non Revenue Water remained at 45 per cent.

### *Metering Ratio*

- Metering ratio improved from 82 to 87 per cent.

### *Hour of Supply*

- Hours of supply dropped from 14 to 13.

### *Water Quality*

- Water quality improved from 88 to 91 per cent for residual chlorine and 71 to 81 per cent for adherence to bacteriological standards.

### *Revenue Collection Efficiency*

- Average revenue collection efficiency improved from 82 to 84 per cent.

### *Cost Coverage*

- Average cost coverage declined from 133 to 131 per cent

### *Staff Productivity*

- Staff productivity declined from 8 to 7 staff members for every 1,000 connections



## Winners and winners

To bring incentives to the regulatory process, Wasreb rewards WSBs and WSPs whose performance excels every year. During the review period, the third Annual Water Sector Awards were presented. The following institutions were rewarded in each of the categories:

### Best WSP Category (Urban)

1. Nyeri
2. Meru
3. Ruiru-Juja

### Best WSP Category (Rural)

1. Githunguri
2. Muthambi 4K
3. Kathita Kiirua

### Best Private WSP

1. Runda
2. Kiamumbi

### Best WSB

1. Athi Water Services Board
2. Northern Water Services Board
3. Rift Valley Water Services Board

### Red flag

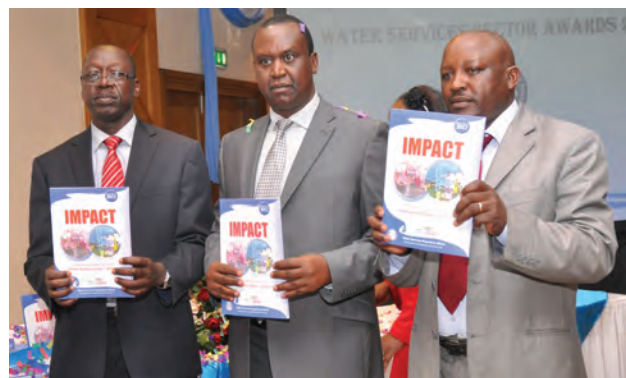
A red flag was hoisted over a number of institutions whose performance fell below par. They are Moyale, Olekejuado and Chemosit in the urban category; Imetha, Matungulu Kangundo, and Ruiru Thau in the rural category, and Lake Victoria South in the WSB category.



Some of the winners



Wasreb CEO, Eng Robert Gakubia (right) poses with the MD of Nyeri Water and Sanitation Company, Eng Joseph Nguiguti (left) during the Award ceremony



Former Wasreb Chairman (Ag), Mr Jackson Mwalulu (right), Director of Administration at Ministry of Water Mr David Jakaiti (centre) and Ag Director of Water Services Eng Peter Mangiti (left) during the launch of Impact



## Activities

### **Inspection actions to be deepened for regulatory compliance**

During the period, the inspection programme continued in line with the Compliance and Enforcement Strategy. A total of thirty two actions were carried out, comprising 24 routine inspections, six Post Implementation Review (PIR) of the tariff and two In-depth audits.

The inspections revealed that WSBs do not adequately follow up on the recommendations issued by Wasreb. A number of WSPs exhibited symptoms of not being properly monitored. The main areas of non-compliance and which significantly impact on the performance of the WSP are listed below:

- Non-compliance with the conditions of the approved tariff. Approved tariffs carry a number of conditions which have to be adhered to. The worst areas were on staff productivity either in terms of personnel emoluments or staff numbers
- Lack of transparency in the implementation of minor investments in the WSPs, and the general standard of technical design/construction of the work
- Non-remission of agreed levels of WSB administrative fees. It was noted that in certain cases payment of WSB administrative fees was still based on a percentage despite there being clear provisions in the tariff
- Lack of clear policies mainly in the areas of human resources and finance
- Lack of harmonisation of planning documents. It was noted that there was no clear link between the Service Provision Agreements for WSPs and the subsequent planning documents i.e. Strategic Plan, Business plan and Performance contract among others
- Misapplication of funds and payment of arbitrary lease and administrative fees to Local Authorities and WSBs respectively
- Inadequate coordination between WSPs and WSBs
- Resistance to operationalise the contingency account.

In view of the continued non adherence to regulations, Wasreb plans to deepen inspection actions in future. This will include the engagement of part-time inspectors to support the work of Wasreb, enhancing the consumer voice through the WAGS, and ensuring implementation of water services rules. This is in addition to strengthening compliance and enforcement.



## Quest for ensuring sustainability of providers

Wasreb's role in tariff setting is a sure way of ensuring sustainability in the water services sector. The Board uses tariff adjustment as an important economic instrument for improving water use efficiency, enhancing social equity and securing the financial sustainability of Water Service Providers. Wasreb ensures that the tariffs set are fair, adequate, simple and that they encourage conservation of water. Cost-reflective tariffs enable Providers to maintain their operations and, at the same time, develop assets for water services provision.

In the 2011/2012 financial year, Wasreb approved three regular tariffs as follows:

- Tana Water Services Board: Murangá South Water and Sanitation company
- Northern water Services Board: Isiolo Water and Sewerage Company
- Coast Water Services Board: Coast Bulk water supply

In the period under review, the main challenge in setting tariffs was the ever rising cost of electricity which is a cost component in water production for WSPs with pumping systems. This has pushed the operational costs of WSPs necessitating higher tariffs. Like other tariffs approved in the previous period, Water Service Providers still have high levels of Non-revenue water which if effectively lowered would translate to lower per unit cost of water.



Cost of water regulated by tariffs





## Activities

# Institutional strengthening to support performance

### Compliance

One of the areas considered important for institutional strengthening is the development of appropriate governance structures to support performance. The development of the Corporate Governance Guideline was informed by this idea.

In the period of review, Wasreb continued collaborating with WSBs and WSPs to implement the Corporate Governance Guideline. A number of institutions were able to amend their constitutions to incorporate the standards in the Guideline. The salient additions required were that:

- WSPs are agents of Water Service Boards authorized to do business in a demarcated area
- Surplus Revenue generated from the WSP shall be used to expand services in the demarcated area as per plans submitted
- Boards of Directors of WSPs to be appointed through an open and competitive process
- Boards of Directors of WSPs meet an eligibility criteria that incorporates the gender rule. They should also be representative of the service area and possess desired academic qualifications.
- Boards of Directors shall not be controlled by one stakeholder
- Representation by politicians is diluted and representation by independent professionals is increased.

The following WSPs complied with the Corporate Governance Guidelines standards in the year:

- a. Kiambu Water and Sanitation Company
- b. Kikuyu Water and Sanitation Company
- c. Lamu Water and Sanitation Company
- d. Tavevo Water and Sanitation Company
- e. Iten Tambach Water and Sanitation Company
- f. Naivasha Water and Sanitation Company
- g. Nyandarua Water and Sanitation Company
- h. Ol Kalou Water and Sanitation Company
- i. Machakos Water and Sanitation Company
- j. Kitui Water and Sanitation Company
- k. Nol Turesh Water and Sanitation Company
- l. Wote Water and Sanitation Company
- m. South Nyanza Water and Sanitation Company
- n. Tililbei Water and Sanitation Company
- o. Amatsi Water and Sanitation Company
- p. Kibwezi Makindu Water and Sanitation Company
- q. Tetu Aberdare Water and Sanitation Company



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- r. Rukanga Water and Sanitation Company
- s. Gatamathi Water and Sanitation Company
- t. Muranga South Water and Sanitation Company
- u. Embe Water and Sanitation Company
- v. Ngandori Nginda Water and Sanitation Company

### Licensing

One of the main responsibilities of Wasreb is to issue licences to WSBs. In the period of this report, Wasreb, reviewed and amended the licences of Lake Victoria South WSB and Lake Victoria North Water Services Board.

One of the salient issues in the amendment is the penalty increase for breach of licence conditions from Kshs 500 per week to Kshs 500 per day and clarification of the project prioritisation in capital works development in the demarcated Board area.

### Approval of SPAs

Under section 55 of the Water Act, Wasreb is supposed to approve Service Provision Agreements (SPAs) entered into between the different WSBs and the contracted agents. This is because the negotiated agreements between WSPs and WSPs have no legal effect until they have been approved by Wasreb. The following reviewed and amended SPAs were received and approved with various conditions to improve effectiveness in water service delivery.

- a. OI Kejuado from Tanathi WSB
- b. Nyandarua from Rift Valley WSB
- c. Iten Tambach from Rift Valley WSB
- d. Narok from Rift Valley WSB
- e. OI Kalou from Rift Valley WSB
- f. Malindi from Coast WSB
- g. Mombasa from Coast WSB
- h. Muranga from Tana WSB
- i. Muranga South from Tana WSB
- j. Kahuti from Tana WSB
- k. Nyeri from Tana WSB
- l. Imetha from Tana WSB
- m. Nithi from Tana WSB
- n. Wote from Tana WSB
- o. Kibwezi-Makindu from Tanathi WSB
- p. Kitui from Tanathi WSB
- q. Tillibei from Lake Victoria South WSB
- r. Kericho from Lake Victoria South WSB
- s. South Nyanza from Lake Victoria South WSB
- t. Amatsi from Lake Victoria North WSB

Two SPAs in the year which were returned because they did not meet the governance standards were from Embu WSP and Nairobi WSP as they did not even provide undertakings as to how they would meet the standards if approved.



## Activities

### Unpalatable measures to enforce but...

Under section 47 (e) of the Water Act 2002, Wasreb is supposed to ensure that it enforces the licence conditions issued to WSBs. The following enforcement actions were undertaken in respect to repeated non-compliance even after advice had been issued, recommendations on action made and timeframes for cure given:

	Area	WSB	Status during 2011/12
<b>Penalty Notices</b>			
1.	<ul style="list-style-type: none"> <li>Submission of SPA</li> </ul>	Northern- Isiolo Rift Valley Tanathi Athi Coast Lake Victoria South Tanathi	Penalties accrued for late submission. Penalties have been accruing for late submission Penalties continue to accrue for the late ones. Penalties continue to accrue for late submissions Penalties continue to accrue for late submissions Penalties continue to accrue for late submissions Penalties continued to accrue for late submissions
2.	<ul style="list-style-type: none"> <li>Governance Guideline implementation</li> </ul>	Lake Victoria South	Penalties accrued for failure to report any activity accrue
3.	<ul style="list-style-type: none"> <li>Water Quality and Effluent Monitoring Guideline</li> </ul>	Athi	Penalties accrued for failure to file any report.
4.	<ul style="list-style-type: none"> <li>Failure to provide Performance Guarantee</li> <li>Failure to Provide Performance Guarantee</li> </ul>	Lake Victoria South WSB Lake Victoria North WSN	Penalties accrued for failure
5.	<ul style="list-style-type: none"> <li>Failure to submit complete Licensee achievement reports under condition 9 of license</li> <li>Failure to submit tariffs after time period agreed.</li> <li>Failure to give Cure Plan on Post Implementation Review of Tariff for Ruiru Juja</li> <li>Failure to provide cure plan on Post Implementation Review of Tariff on Mombasa Water</li> <li>Failure to Provide cure plan on Post Implementation Tariff Review on Tariff on Malindi Water Board</li> </ul>	Lake Victoria South Lake Victoria South Athi WSB Coast Coast	Penalties levied after notices issued





## Activities



	Area	WSB	Status during 2011/12
<b>Notices of Intention to Prosecute</b>			
6.	<ul style="list-style-type: none"> <li>Regular Tariff Issue –Kisumu</li> <li>Lack of SPA</li> </ul>	Lake Victoria South WSB Nakuru – Rift Valley WSB Nanyuki – Northern WSB Nairobi –Athi WSB Eldoret- Lake Victoria North WSB Embu –Tana WSB Thika – Athi WSB Kisumu-Lake Victoria South WSB	

### Subsidiary legislation

One of the challenges the Regulator faced in its work is that the subsidiary legislation that was supposed to be enacted under section 73 of the Water Act 2002 and section 110 of the Water Act 2002 still remains in draft form. Thus, the regulatory environment was not robust to the extent the Regulator had anticipated.



## Activities

### **Consumer Engagement: scaling up the WAGs mechanism**

Following the recommendations of the Water Action Groups (WAGs) pilot, Wasreb moved to institutionalize and scale up the WAGs mechanism to cover the whole country. Over 70 members were recruited to serve as volunteers in the eight Board areas in the country, working with the Regulator to promote information flow, facilitate engagement on issues that affect consumers, and improve the responsiveness of sector institutions to consumer needs.

To ensure that WAGs were well equipped to handle their role, a training-cum-induction workshop was conducted for them where they were taken through the process of engaging with consumers and sector institutions, developing workplans, implementing them, and reporting on results and outcomes.

WAGs have now formally assumed operations all over the country and continue to engage sector institutions and provide feedback regarding consumer feelings on the water services they get.

In line with the second recommendation of the Pilot, an ICT citizen engagement prototype branded '**MajiVoice**' has been developed and is at testing stage. The system is meant to facilitate the filing of complaints through mobile phones or the internet, assist WSPs manage workflows, and equip the Regulator with desired information for decision-making.

The system will be an invaluable aid in complaint processing and handling.

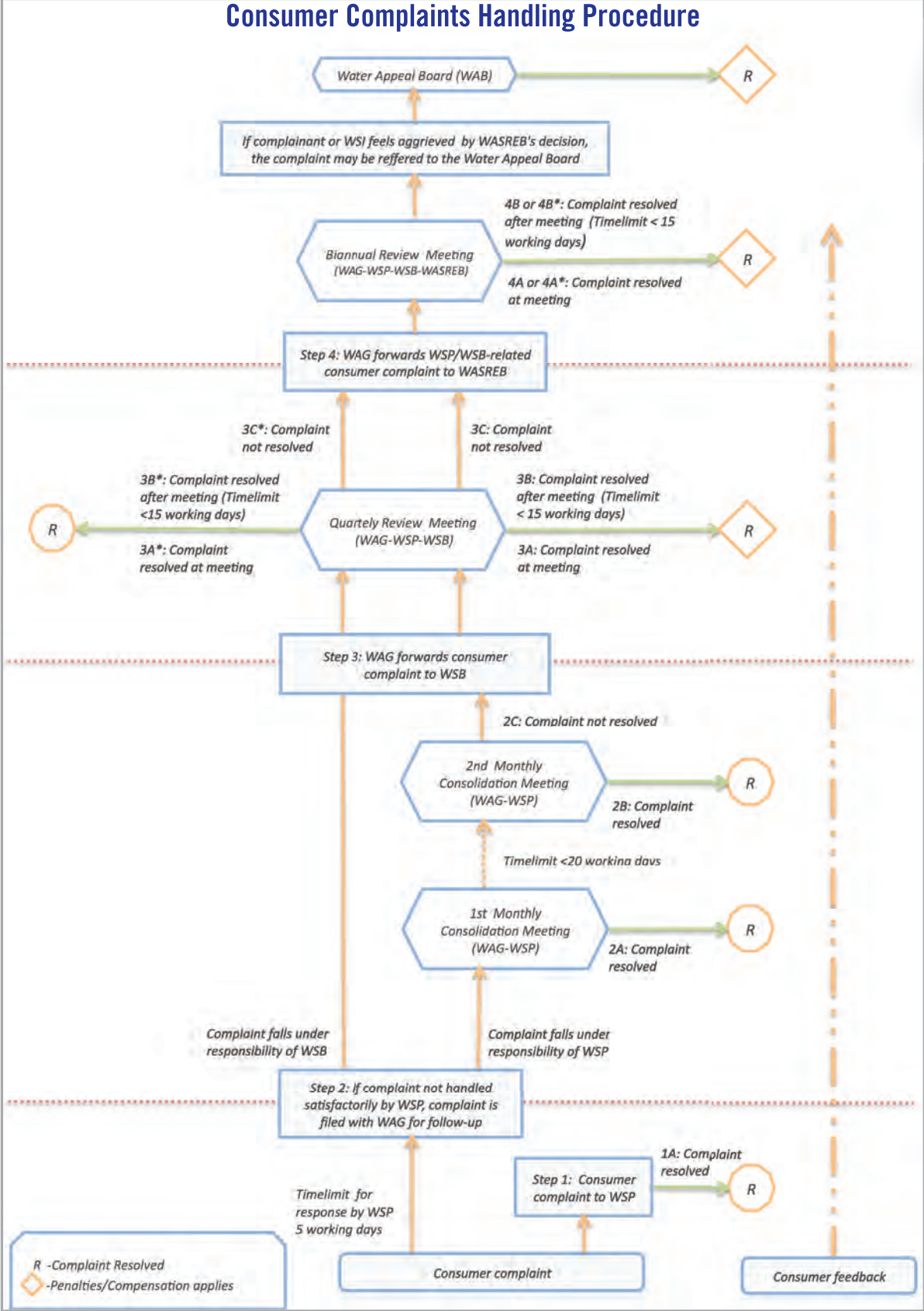


Some of the WAG members go through a training session to prepare them for their work





**Consumer Complaints Handling Procedure**



## Activities

### On the right course, customers tell Wasreb

As part of the annual performance contracting process, Wasreb undertook a customer satisfaction survey to gauge the effectiveness of her services to consumers. The survey sought to identify the levels of awareness of Wasreb's mandate among her customers, rate the level of customer satisfaction with Wasreb's services, and identify areas where customers might have felt dissatisfied with Wasreb's work.

Customers targeted included Water Services Boards, Water Service Providers, Government Ministries, Development Partners, and Civil society.

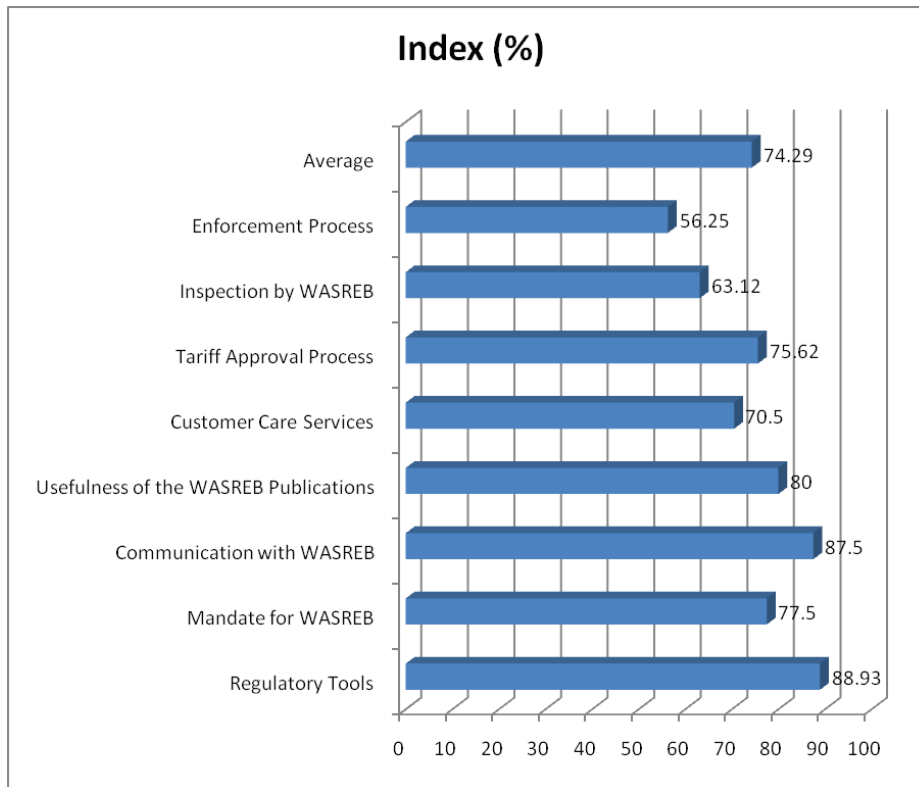
The outcome of the survey is depicted in the table below:

#### (a) Satisfaction with Mandate

S/No.	Parameters	Index (%) WSPs	Index (%) WSBs
a.	WASREB is effective in licensing the WSBs	90	85
b.	WASREB is effective in determining standards for the provision of water services	90	75
c.	WASREB has been effective in establishing procedures for handling customer complaints in the sector	90	75
d.	WASREB has been effective in fixing tariffs for the water sector	85	90
e.	WASREB has been effective in regulating WSBs and WSPs	85	60
f.	WASREB has effectively played its role as a policy advisor in the water sector	80	75
g.	WASREB has been effective in developing guidelines for the management of water services	75	85
h.	WASREB has been effective in promoting conservation and demand management measures	70	60
i.	WASREB has been effective in disseminating information on water services	70	80
j.	WASREB is effective in monitoring the performance of the water services sector	65	65
	<b>Average</b>	<b>80</b>	<b>75</b>



## Summary of scores per survey parameter



## Overall Satisfaction

S/No	Customer Satisfaction Index	Index (%)
a.	Water Service Board	76.16
b.	Water Service Providers	73.69
c.	Consumers	73.00
	<b>Average</b>	<b>74.29</b>

Customers felt there was need for Wasreb to frequently interact with WSPs and WSBs through regular meetings. They also recommended that the tariff approval process should be made shorter.

The Regulator will use the feedback provided by the survey to improve her operations.





# Financial Statements

THE YEAR ENDED 30TH JUNE 2012

REPUBLIC OF KENYA

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P. O. Box 30084-00100  
NAIROBI

Date.....

## **KENYA NATIONAL AUDIT OFFICE**

### **REPORT OF THE AUDITOR-GENERAL ON WATER SERVICES REGULATORY BOARD FOR THE YEAR ENDED 30 JUNE 2012**

#### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Water Services Regulatory Board set out on pages 12 to 20, which, comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

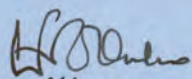
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Water Act, 2002.



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

**Nairobi**

**19 February 2013**



**7.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012**

	Notes	2011/12 KShs.	Restated 2010/11 KShs.
<b>INCOME</b>			
GOK Grants	1	15,735,300	2,073,495
Regulatory Levy		131,328,858	123,846,361
Miscellaneous Income	2	951,992	1,517,469
Donor Grants	3	17,549,026	953,500
		<b>165,565,176</b>	<b>128,390,825</b>
<b>EXPENDITURE</b>			
Personal emoluments	4	50,590,407	43,939,531
Administration Costs	5	73,220,424	49,386,891
General Office Expenses	6	3,701,075	3,846,085
Audit Fees		300,000	300,000
Board Expenses	14	5,149,893	6,157,353
Depreciation	7	4,209,023	6,056,813
		<b>137,170,822</b>	<b>109,686,673</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>28,394,354</b>	<b>18,704,152</b>

**N.B**

Notes can be found from page 18-20

# WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012

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## 7.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

NON CURRENT ASSETS	NOTES	2011/12 KShs	2010/11 KShs.
Property, Plant and Equipments	7	8,543,925	10,250,098
<b>CURRENT ASSETS</b>			
Receivables	8	54,123,250	31,615,928
Cash and Cash equivalents	9	65,460,508	58,714,733
Other Current Assets	10	3,075,619	2,952,197
		<b>122,659,377</b>	<b>93,282,858</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	(6,422,859)	(8,774,624)
Net Assets		124,780,443	94,758,332
<b>FINANCED BY</b>			
Capital Reserves	12	32,367,577	30,739,820
Revenue Reserves	13	92,412,866	64,018,512
		<b>124,780,443</b>	<b>94,758,332</b>

PROF. PATRICIA KAMERI-MBOTE  
CHAIRPERSON

ENG. ROBERT GAKUBIA, HSC  
CHIEF EXECUTIVE OFFICER

**7.3 STATEMENT OF CHANGES IN EQUITY**

	Capital Reserves (Kshs)	Revenue Reserves (Kshs)	Totals
Balance as at 1-7-2010	30,739,820	45,314,360	76,054,180
Surplus(Deficit) for the year	-	18,704,152	18,704,152
<b>Balance as at 30-06-2011</b>	<b><u>30,739,820</u></b>	<b><u>64,018,512</u></b>	<b><u>94,758,332</u></b>
Balance as at 1-7-2011	30,739,820	64,018,512	94,758,332
Grants (Furniture)	1,627,757	-	1,627,757
Surplus for the year	-	28,394,354	28,394,354
<b>Balance as at 30.06.2012</b>	<b><u>32,367,577</u></b>	<b><u>92,412,866</u></b>	<b><u>124,780,443</u></b>

**7.4 STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2012**

	<b>2011/12 KShs</b>	<b>2010/11 KShs</b>
Surplus generated from operating activities	28,394,354	18,704,152
Adjustment for:		
Depreciation	4,209,023	6,056,813
<b>Cash flow from operating activities before Working capital changes</b>	<b>32,603,377</b>	<b>24,760,965</b>
Changes in working Capital		
(Increase)/Decrease in Receivables & other Current assets	(22,764,684)	(19,808,493)
Increase/(Decrease) in Payables	(2,217,825)	1,700,686
	(24,982,509)	(18,107,807)
<b>Net Cash flow from operating activities</b>	<b>7,620,868</b>	<b>6,653,158</b>
Cash flow from investing activities	-	-
Purchase of Furniture & fittings	(1,981,852)	(12,180)
Purchase of Computers	(520,998)	(161,025)
<b>Cash flow from financing activities</b>	<b>5,118,018</b>	<b>6,479,953</b>
Increase in capital reserves	1,627,757	-
Net increase in cash and cash equivalent	6,745,775	6,479,953
Cash and cash equivalents at start of year	58,714,733	52,234,780
<b>Cash and cash equivalents at end of year</b>	<b>65,460,508</b>	<b>58,714,733</b>

**NOTES TO THE ACCOUNTS**

**8.0 ACCOUNTING POLICIES**

**a) Basis of Preparation**

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) under the historical cost convention.

**b) Revenue Recognition**

- Regulatory levy is recognized on accrual basis when income is earned from Water service Providers and
- Miscellaneous income is accounted for on a receipt basis

**c) Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

<b>Per Annum</b>	-	<b>per%</b>
Motor Vehicle	-	20
Furniture, Fittings and Office Equipment	-	15
Computers, software	-	33.33

**d) Receivables**

Trade receivables are recognized and carried at original amount less any unrecoverable amount.

**e) Retirement Benefit Obligation**

Employees of the Board (WASREB) are members of contributory pension scheme. The Board makes a monthly contribution of 20% of the employee's basic salary and the employees contribute 10% of the monthly basic salary.

**f) Comparatives**

Where necessary comparative figures have been adjusted where applicable to conform to changes in the current presentation.

**g) Accounting for government grants**

The government grants received were credited to statement of Comprehensive Income as per the IAS No.20. The nature and amount received during the year is disclosed under note 1 to the accounts.

**h) Incorporation**

The Board is a State Corporation established under the Water Act 2002

**i) Reporting Currency**

These accounts are presented in Kenya Shillings (Kshs.)

**j) Provision for Bad Debts**

The provision for bad debts is 10% of the amount outstanding.

# WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012

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## 9.0 NOTES TO THE ACCOUNTS

### 1. GOK Grants

The amount of government grants received for the financial year was as follows:

	2011/12	2010/11
Recurrent	15,000,000	-
Salaries Paid by Ministry to staff Seconded to the Board	735,300	2,073,495
	<b>15,735,300</b>	<b>2,073,495</b>
<b>2. MISCELLANEOUS INCOME</b>		
Other income	715,100	1,220,000
Interest income	236,892	297,469
	<b>951,992</b>	<b>1,517,469</b>
<b>3. DONOR GRANTS</b>		
Furniture	-	953,500
Advertising & Publicity	620,000	-
Computer Expenses	108,851	-
Consultancy	13,717,628	-
Capacity Building	2,287,747	-
Publishing & Printing	814,800	-
	<b>17,549,026</b>	<b>953,500</b>
<b>4. PERSONAL EMOLUMENTS</b>		
Salaries	41,746,567	36,657,540
Leave exp	2,111,956	1,898,904
Pension Costs	3,272,284	1,859,503
Gratuity	3,459,600	3,523,584
	<b>50,590,407</b>	<b>43,939,531</b>
<b>5. ADMINISTRATION COSTS</b>		
Staff training	5,938,165	4,343,541
Transport Expenses	1,974,830	1,422,716
Traveling & Accommodation	19,313,084	6,982,846
Telephone Expenses	2,284,286	2,741,173
Consultancy expenses	15,374,058	2,281,178
Internet Expenses	2,228,469	776,316
Advertising & Publicity	2,502,770	9,660,567
Bank Charges & operating exp.	1,510,109	1,191,123
Rent & Rates	11,509,780	12,766,364
Publishing & Printing	1,563,680	1,622,218
Insurance cost	5,329,838	3,514,836
Provision for bad debts	2,483,023	2,084,013
Conference	1,208,332	-
	<b>73,220,424</b>	<b>49,386,891</b>
<b>6. GENERAL OFFICE EXPENSES</b>		
Office running expenses	2,725,984	3,846,085
Computer Expenses	975,091	-
	<b>3,701,075</b>	<b>3,846,085</b>

**7 PROPERTY, PLANT AND EQUIPMENT**

	Motor vehicles	Furniture and Fittings	Computer and Equipment	Total
<b>Cost at 1.07.2011</b>	<b>21,416,048</b>	<b>4,489,723</b>	<b>12,990,148</b>	<b>38,895,919</b>
Additions		1,981,852	520,995	2,502,847
Revaluation	-			-
<b>Costs at 30th June 2012</b>	<b>21,416,048</b>	<b>6,471,575</b>	<b>13,511,143</b>	<b>41,398,766</b>
<b>Depreciation</b>				<b>-</b>
At 1.07.2011	13,058,893	3,175,316	12,411,609	28,645,818
Charge for the period	3,146,220	578,567	484,236	4,209,023
Accumulated Depreciation	16,205,113	3,753,883	12,895,845	32,854,841
<b>Net Book value As at 30.06.12</b>	<b>5,210,935</b>	<b>2,717,692</b>	<b>615,298</b>	<b>8,543,925</b>
<b>Net Book Value As at 30.06.11</b>	<b>8,357,155</b>	<b>1,314,407</b>	<b>578,539</b>	<b>10,250,098</b>

Two motor vehicles KBB 124S and KAT 408X whose original costs were kshs 2,684,394/- and kshs 2,934,854/- respectively are fully depreciated and are in good working condition. And to be revalued in the next financial year.

**8. RECIEVABLES**

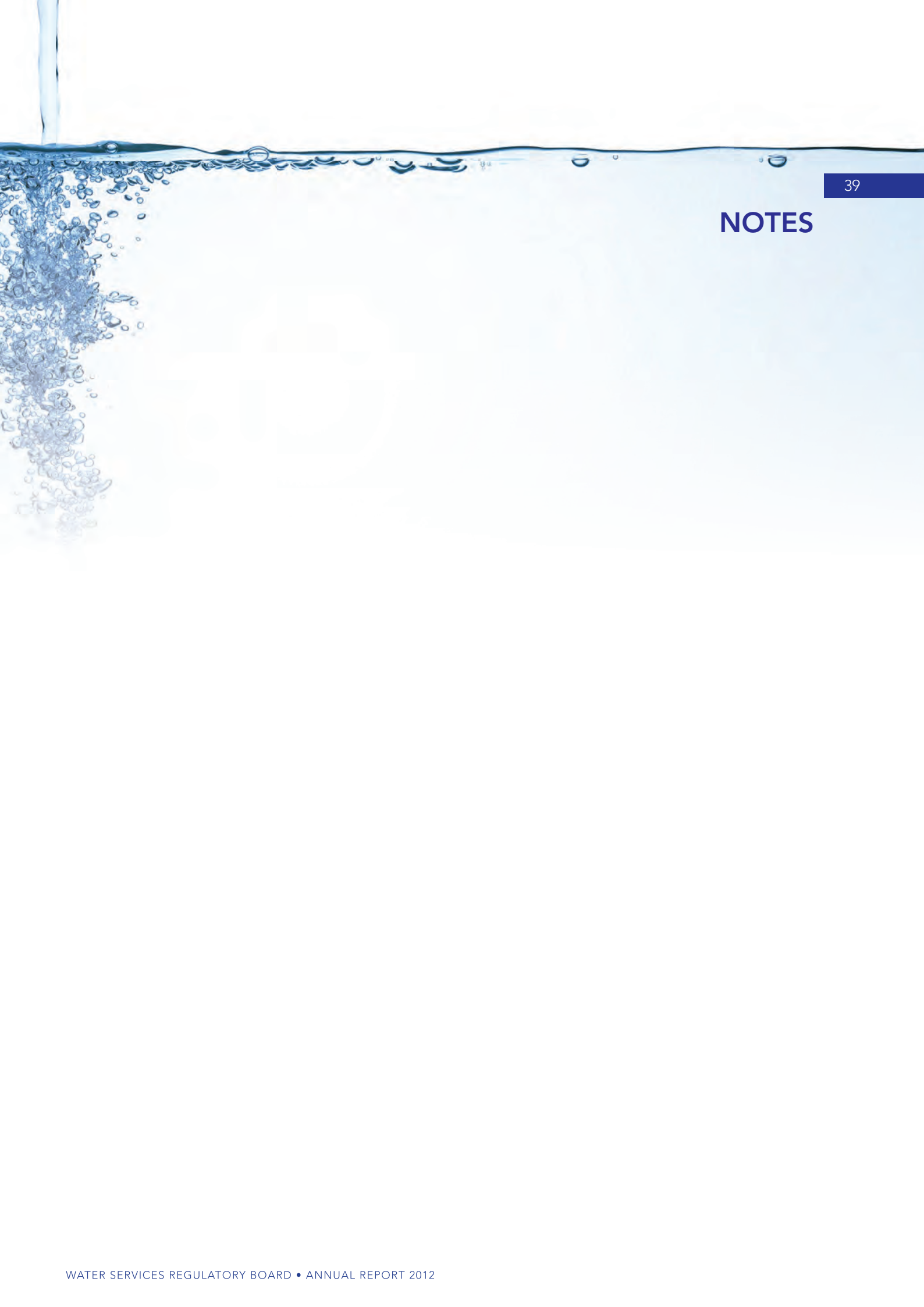
	2011/12 KShs	2010/11 KShs
Staff Debtors	480,333	303,263
Trade debtors	59,603,241	34,789,966
Provision for Bad Debts	(5,960,324)	(3,477,301)
	53,642,917	31,312,665
<b>TOTAL</b>	<b>54,123,250</b>	<b>31,615,928</b>

**NOTES TO THE ACCOUNTS**

	<b>2011/12 KShs</b>	<b>2010/11 KShs</b>
<b>9. CASH AND CASH EQUIVALENT</b>		
NBK	50,986,956	50,641,358
KCB	5,810,691	1,526,093
Fixed Deposit	6,428,207	6,173,106
Coop Bank	2,234,654	374,176
<b>Total</b>	<b>65,460,508</b>	<b>58,714,733</b>
<b>10. OTHER CURRENT ASSETS</b>		
Prepaid Rent	953,984	949,344
Accrued interest	-	18,209
Prepaid insurance	2,121,635	1,984,643
	<b>3,075,619</b>	<b>2,952,196</b>
<b>11. PAYABLES</b>		
Trade Creditors	283,075	2,951,040
Audit fees	300,000	300,000
Gratuity for staff	3,839,784	3,523,584
Performance Guarantee	2,000,000	2,000,000
	<b>6,422,859</b>	<b>8,774,624</b>
<b>12. CAPITAL RESERVES</b>		
Brought Forward	30,739,820	30,739,820
Capitalized assets	1,627,757	-
Carried forward	<b>32,367,577</b>	<b>30,739,820</b>
<b>13. REVENUE RESERVES</b>		
Brought Forward	64,018,512	45,314,360
Surplus (Deficit) for the year	28,394,354	18,704,152
Carried forward	<b>92,412,866</b>	<b>64,018,512</b>
<b>14. BOARD EXPENSES</b>		
Honoraria	920,000	960,000
Sitting Allowance	4,229,893	5,197,353
	<b>5,149,893</b>	<b>6,157,353</b>
<b>15. CONTINGENT LIABILITY</b>		

Wasreb has a pending court case involving former directors who had hired a lawyer with legal fees amounting to kshs. 2,869,581 and the case had not been finalized at the end of the period.





# NOTES

## NOTES



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