

National Water and
Sewerage Corporation



annual report

2009
2010

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vision, mission and quality policy



Vision

To Be One Of The Leading Water Utilities In The World

Mission

To Provide Efficient And Cost Effective Water And Sewerage Services, Applying Innovative Managerial Solutions To The Satisfaction Of Our Customers

Quality Policy

NWSC is committed and shall endeavour to Provide Quality Water and Sewerage Services to her Esteemed Customers and Other Stakeholders in an Efficient and Cost Effective Manner, Ensuring Utmost Customer Delight Continuous Service Improvement in an environmentally friendly manner

our core values

Reliability

Integrity

Honesty

Team work

core
values

Loyalty

Commitment

Professionalism

Innovation

current institutional arrangement (top leadership)

Ministry of Water and Environment



Minister of State for Environment
Hon. Jessica Eriyo



Minister of Water and Environment
Hon. Maria Mutagamba



Minister of State for Water
Hon. Jennifer Namuyangu



Permanent Secretary
Mr. David Obong

National Water and Sewerage Corporation



Board Chairperson
Ms. Christine K. Nandyose



NWSC Managing Director
Dr. William Muhairwe

corporation facts at a glance

■ Service Area

The National Water and Sewerage Corporation operates in twenty three towns namely Kampala(including Kajjansi and Nansana), Jinja/Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Lugazi, Fort Portal, Kasese, Kabale, Arua, Bushenyi/Ishaka, Soroti, Mukono, Malaba, Iganga, Mubende, Hoima, Masindi and Kaberamaido. Mukono water services are managed by Kampala Area; Malaba is under Tororo Area

■ Population Served

NWSC provides water and sewerage services to about 2.3 million people out of the targeted 3.1 million people in its area of jurisdiction. The Corporation also extends water and sewerage services to over 1.6 million or 36% of the people outside its municipal boundaries.

■ Employees

The Corporation has Approximately 1,589 workers and 30% of these are Women. Currently the NWSC boasts of staff/1000 connections of 6 which favourably compares with international acceptable standards.

■ Network Coverage

NWSC has a total network coverage of 7,691 kms of water mains extensions and 465.8kms of sewer connection. Service coverage increased from 73% in 2008/09 to 74%

■ Connections

The total number of water connections at 30th June 2010, stood at 246,259, with a meter coverage of 99.5%. While the total number of sewer connections as at June 2010 was 15,561.

■ Financial Performance

The annual turnover of the Corporation for the FY 2009/10 was Ushs.112.8 billion with a net profit before depreciation of 26 billion and after depreciation of Ushs.9.4 billion. In order to enhance its bankability, the Corporation underwent a Credit Rating process by Global Credit Rating Co (GCR). The Corporation was accorded a Short Term Credit Rating of A2 and a long-term rating of A, which when translated implies that the Company's liquidity factors and Company fundamentals are sound, and that the risk factors in regard to commercial borrowing are low.

■ Customer Services

During the year, the Corporation continued providing information to customers through bills, where we maintain a 30 days billing cycle and the bills are delivered to customers premises by the 5th day of the month. A variety of payment options continued to be offered which included the direct debit, cash offices, counter payments in selected banks, EFT, ATM payments and SMS payments. Our customer Toll free telephone line (0800100977) where customer complaints are attended continue in operation. In addition, our Emergency Call Center which is a 24 hour customer centre continued to be improved. Use is made of both print and electronic media to notify our customers when there is an unusual spike in water use.



Governance

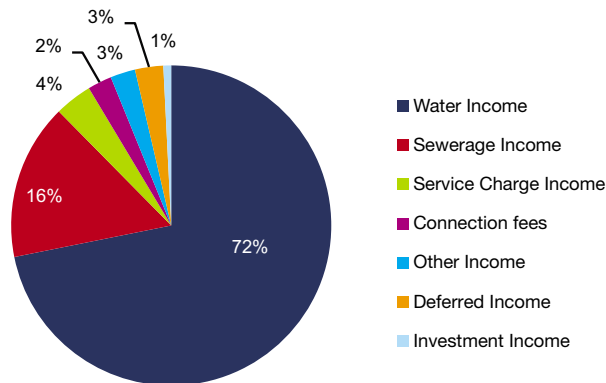
The NWSC is governed by a nine member Board of Directors from a broad professional spectrum including finance, engineering, accounting, local governance; all appointed by the Minister of Water & Environment. The functionality of the Board is aligned to four Committees namely; Technical, Finance, Administration and Audit Committee. Each of these committees plays a supervisory role over their respective divisions and are independent of the other e.g the Audit Committee is independent of all the other committees' activities

where we are

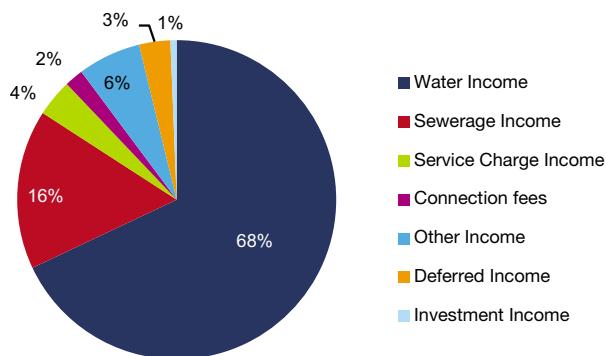
	Unit	June 2009	June 2010	% Change
Income	Shs billions	100.6	112.8	12.1
Total Asset Value	Shs billions	494.8	547.4	11
Target Population In Service Area	Millions	2.94	2.95	0.3
Service Coverage (Water)	%	73	74	1.3
No. Of Employees	Numbers	1,517	1,589	4.7
Water Mains Total Network Length	Kilometres	4,704	7,691	3.0
Sewer Mains Total Length	Kilometres	228	465.8	104.3
Number Of Subscribers (water)	Numbers	225,932	246,259	8.9
Number Of Subscribers (sewerage)	Numbers	14,463	15,561	7.6
Number Of Conventional Water Treatment Plants	Numbers	26	26	-
Number Of Waste Water Treatment Plants	Numbers	22	22	-
Volume Of Water Sold	Million Cubic Meters	44.40	47.03	6.0
Non-Revenue Water	%	35.8	33.3	-7.5

financial performance (comparison: 2009 and 2010)

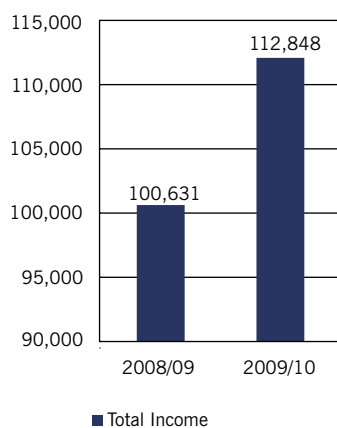
Operating Income 2009/10



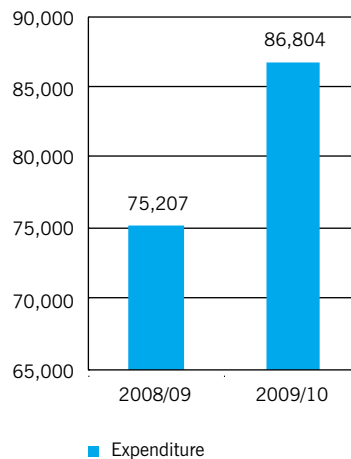
Operating Income 2008/09



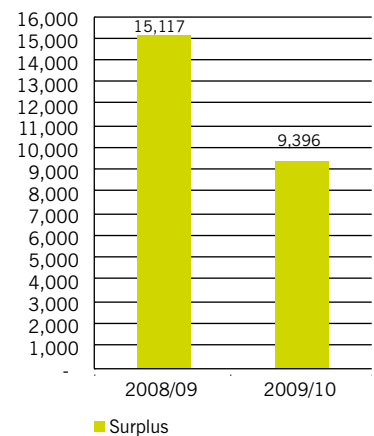
Total Income (Ushs Millions)



Expenditure (Ushs Millions)

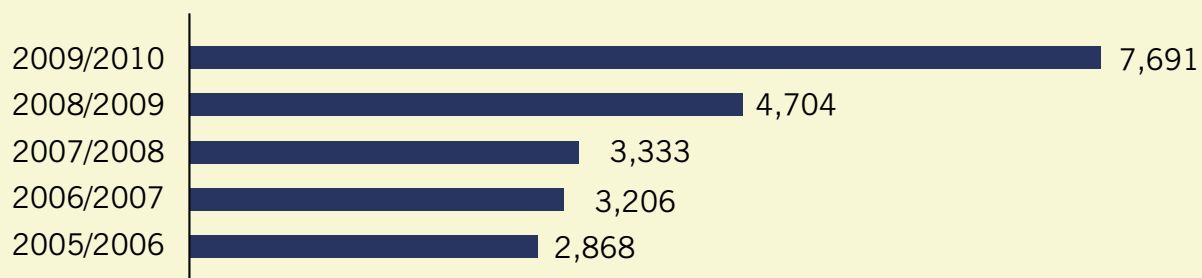


Surplus (Ushs Millions)

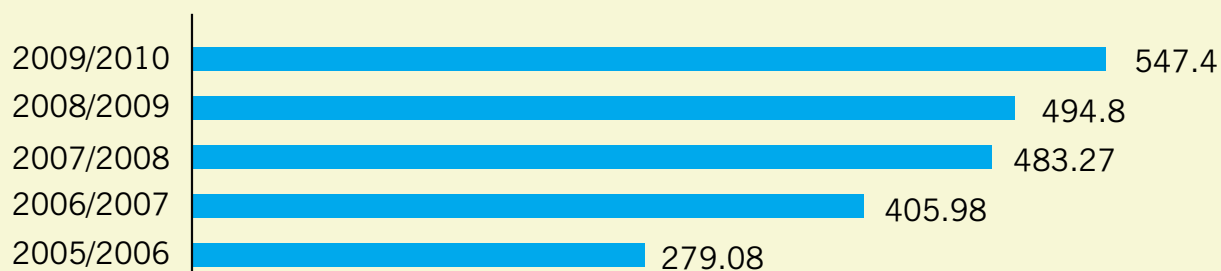


trend analysis: 2005-2010

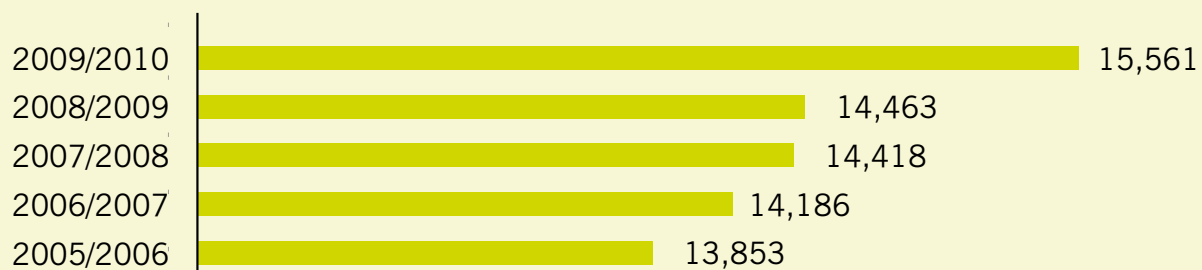
■ Net work length (Km)



■ Total assets value (Shs bn)



■ Total sewer connections



our 2009 and 2010 highlights

The following are the highlights of NWSC Activities for the financial year ending June 2010:

■ Financial: A Key Ingredient to Maximising the Cash Operating Margin

The Corporation continued to exhibit strong financial performance in the Fiscal Year 2009/10 largely due to adherence to prudent operational and financial policies. Key among the financial highlights were:-

- The Corporation realised a Turnover of Ushs.112.8 billion and operating profit after depreciation of US\$ 9.4 billion.
- In order to enhance its bankability, the Corporation underwent a **Credit Rating** process by Global Credit Rating Co (GCR). The Corporation was accorded a Short Term Credit Rating of A2 and a long-term rating of A, which when translated implies that the Company's liquidity factors and Company fundamentals are sound, and that the risk factors in regard to commercial borrowing are low.
- Realised a Cash Operating Margin of shs 38 billion.

■ Operation: Reaching Out To Our Customers through Effective Service Delivery

In line with improving supply to our customers, key activities carried out included;

- Laying a total of 144.76Kms of water mains including 2kms of DN 100 to increase supply between Kisasi and Kulambiro
- The Non Revenue Water Action Plan was implemented in six areas to improve sales, reduce and control costs
- Procured and successfully commissioned the replacement of electrical mechanical pumps of the water treatment plants
- Completed laying of a 2km DN 400 reinforcement main from Mulago Roundabout to Bwaise to boost water supply to areas of Kawempe, Ttula, Kawanda etc
- Laid 14kms of DN 150 and DN 100 of mains extensions to Kisoko in Tororo
- Carried out quality control experiments geared towards introduction of polymers in replacement of aluminium sulphide in 10 areas

■ Investments: Critical for the 24/7 Delivery of Water, Sewer and Waste water Services

- Construction of new intakes in Gabba to mitigate the heavy pollution in the Murchison Bay which is the abstraction point, and in Jinja to avoid effects of drop in Lake levels due to draughts
- Secured funding from KfW/ADB/EU for implementation of Kampala Sanitation Project. The project activities commenced with the initiation of various procurements.

Divers directing the movement of the abstract pipe into lake Victoria at the Gabba offshore intake pipeline project





A barge towing part of the assembled abstraction pipe to its final sinking position at the Gabba intake project



On going works to extend raw water intake pipes further and deeper into lake Victoria at Jinja

■ Customer Care: “The Customer is the Reason We Exist”

We treasure the fact that the customer is king, and all our efforts are geared towards ensuring there is effective communication between the customer and the Corporation. This has helped us realise the varying needs of customers which calls for dynamic approaches to ensure they are satisfied beyond expectation. In light of this, the following activities were carried out in FY 2009/10;

- Implemented Hand held Meter Reading devices in Kampala Water that enables Customers to receive instant bills.
- Developed and distributed to all our customer service centres **A Customer Charter**, detailing the nature of our services, their accessibility and how a customer can make their complaints among others.
- Introduced short message services (SMS) to help deliver water bills on mobile phones, receive enquiries and feedback from customers
- Increased the number of financial institutions to partner with in revenue collection, make it convenient for customers to pay their bills and enhance revenue collection. The banks partnered with during the year were UBA, KCB, Bank of Africa, EcoBank and Global Trust Bank



The NWSC Managing Director, Dr. William Muhairwe (Right) exchanges an MoU with the United Bank of Africa Managing Director (Left) to allow customers easily pay water bills through the bank



The NWSC Managing Director, Dr. William Muhairwe (Right) and Ecobank Uganda Managing Director, Mr Dele Alabi, exchange an MoU that allows our customers easy means to pay their water bills through the bank.

■ Management Innovations: Application of Innovative Managerial Solutions is Key for a Customer's Smile

In order to serve our customers better, the Corporation is committed to continuous improvements. To achieve this, it is imperative that we avoid complacency and adopt new and value addition management programmes. It is in this spirit that the following undertakings were made in FY 2009/10

- Signed the Kampala Agenda of April 2009 and Bushenyi Declaration of November 2009 as part of the IDAMC III evaluation. The Declarations outlined key strategies and actions the corporation was to undertake to overcome the operational challenges like NRW.
- IDAMC III Contracts were signed between Headquarters and Area Management. Emphasis was on competitiveness in the Managerial positions and strengthening of the incentive framework.
- All NWSC areas including Head Office were ISO certified by end of FY 2009/10.
- The NWSC signed the Fourth Performance Contract (PCIV) with GoU for the period 2009-2012.



A certificate awarded to NWSC for being ISO 9001:2008 Certified by Bureau Veritas

■ External Services- A Corporation That Cultivates Knowledge Sharing, Benchmarking and Performance Improvement

During the FY 2009-2010, the Corporation continued with benchmarking and offering consultancy services to various utilities around the region through the External Services Unit. Some of the completed assignments during the year include;

- DAWASCO- Institutional/organizational development, performance management, operations and maintenance management, block mapping, billing and Information Technology
- GTZ/RUWASS/DWD- Capacity Building for Water Operators and Water Boards/Local council officials for small towns in North & North western Uganda
- Ogun State Water Corporation (OGSWC) Nigeria- Development of Internally Delegated Performance Contracts
- UN-HABITAT- Fast Track Capacity Building Programme for selected Utilities under the Lake Victoria Region Water and Sanitation Initiative and Provision of Technical Assistance in the preparation of a Strategic Business Plan (SBP) and provision of training for Harar Region Water Supply and Sewerage Authority (HWSA)
- Nakuru Water & Sanitation Services Company – Institutional support for operations and maintenance management, billing and collection performance, customer survey and block mapping
- Southern Sudan Urban Water Corporation (SSUWC): Situational Analysis and Preparation of the Performance Improvement Plan

■ South to South Co-operation- Building Capacity for the future

As a leading utility Company in the region, NWSC is committed to strengthening its capacity and the capacity of the sister companies through the external services exploits and benchmarking. This has heightened our ability to troubleshoot water and sewerage service delivery challenges in all forms. The following were the key undertakings during the year;

- **Hosted the 15th International AfWA Congress & Exhibition (15th-18th March 2010)**

The Ministry of Water and Environment (MoWE, on behalf of GoU in association with the African Water Association (AfWA), and NWSC successfully held the 15th African International Water (AfWA) Congress and

Exhibition which was held in Uganda on the 15th-18th March 2010. The meeting was held in Munyonyo Common Wealth Resort in Kampala and attracted a large number of water utilities representatives and operators, academicians and international organisations in support of water and sanitation service delivery.

- **Launching of the book: “Making Public Enterprises Work” during the Congress:**

H.E the President of the Republic of Uganda Y.K. Museveni launched the book entitled “Making Public Enterprises Work” authored by the Managing Director of NWSC Dr. William. T. Muhairwe. This gives an exquisite account of the various innovative tactical strategies which have seen NWSC growing from a loss making to profit making entity.



A cross section of delegates attending a plenary session during the AfWA Congress hosted by NWSC at Munyonyo



Board Members of AfWA (Africa Water Association) pose for a group photo in Munyonyo. In the middle (Front row) is the host Dr. Muhairwe and AfWA President Mr. Dia Mamadou.



H.E President Yoweri K. Museveni officially launching the book **"Making Public Enterprises Work"** authored by NWSC MD, Dr. William Muhairwe, during the AfWA Congress in March 2010

■ Human Resource: Investments in the Corporation's Most Valuable Assets

NWSC is dedicated to building a high-performing workforce and becoming recognized as one of the best places to work. The training, benefits, recognition, and wellness programs available to employees in FY 2009/10 demonstrate the Management commitment to its staff.

Highlights of training initiatives in FY 2009/10 included the following

- Developed the Corporation Training Policy (CTP).
- Developed the Annual Training Plan (ATP) and Training Calendar (TC)

NWSC Staff undergoing training as part of capacity building initiatives

- Facilitated over thirty (30) staff training courses and development programmes in customer relations management, Hand Held Meter Reading Devices (HMRDs), value for money audits and fraud among others
- Continued to provide internship opportunities to students from various tertiary institutions. The students worked on a variety of assignments in engineering, IT, Finance, planning, procurement and logistics and commercial and customer care, as well as research and development.



■ Information Technology: A Lubricant to Effective and Efficient Service Delivery.

The use of information technology across the Corporation is maximizing the efficiency and effectiveness of the personnel. This has come along with improved business processes, and has dramatically improved response times to various requests. To drive this further, the Corporation made the following deliverables

- Developed and introduced several in-house applications to improve information flow and process efficiencies. Key among these include; Collections Cashbook system, Water Quality Management System, and Electronic Payslips
- Implemented a Storage Area Network to consolidate

data stored on different servers onto a single storage platform. This has eased data backups and recoveries

- Implemented Server Virtualization system. Server virtualization use software to create several virtual servers on a single hardware/ equipment, instead of a separate hardware for each server. It also speeds up server installation, recovery and ability to implement many servers using the same computer hardware.
- Introduced CUG Phones for all staff this has eased communication among staff and management, especially field staff, where co-ordination has become easier thus facilitating quick response to customers complaints and needs.

board of directors



Ms. Christine K. NANDYOSE

- Board Chairperson
- National Executive Secretary, St. John Ambulance Kampala



Dr. William T. MUHAIRWE

- Managing Director



Mr. Victor KOBEL

- Fellow of Institute of Chartered Secretaries & Administrators
- Chairman Finance Committee
- Member Administration Committee



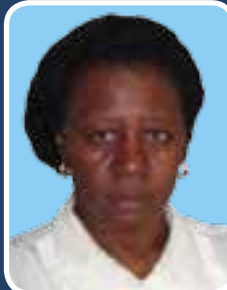
Mr. David SSEBABI

- Director Privatisation & Utility Reform Project, Ministry of Finance.
- Chairman Audit Committee.



Mr. David M. KAKUBA, FCIS

- Deputy MD, CAA
- Member Finance Committee
- Member Administration Committee
- Member Audit Committee



Mrs. Sarah WALUSIMBI

- Corporation Secretary



Mr. Ganyana MIIRO

- Board Vice Chairman
- Commissioner Amnesty Commission
- Member Finance Committee
- Member Technical Committee



Dr. Charles WANA-ETYEM

- Chairman Technical Committee
- Board member Uganda National Roads Authority
- Chairman of Makerere University Council
- Member of the Audit Committee of the Board



Ms. Florence N. MUKASA

- Deputy Mayor KCC
- Member Technical Committee (Ex-Official)
- Member Administration Committee (Ex-Official)
- Member Audit Committee (Ex-Official)



Eng. Sottie M. BOMUKAMA

- Director for Water Development, Ministry of Water & Environment.
- Member Finance Committee
- Member Technical Committee

our strategic direction 2009-2012

The NWSC continued to implement its Strategic Plan (2009-2012) that guides NWSC for continued improvement in provision of water and Sewerage Services. The Plan anchored on the theme “Maximising the cash operating margin” remains a roadmap to guide the Corporation in its world-class performance. The theme “Maximising Cash Operating Margin” aims at maximizing revenue and optimising costs in order to achieve wide spread between revenue and costs.

- Reduction of NRW
- Reduction of Suppressed accounts
- Customer Care
- 24 Hour Water Supply
- Water Quality and Sewerage Effluent
- Increase Turnover
- Improve the Collection/Billing Ratio
- Arrears Reduction
- Water Service Coverage
- Sewerage Service Coverage
- Improve Service delivery to the Poor
- Implementation of New Capital Works Projects
- Increased Staff Productivity
- External Services, Research and Development

Each of these, strategic options is supported by concrete strategies to ensure measurable progress in implementation and accountability.



a message from the chairperson of the board



CHRISTINE NANDYOSE
Chairperson, Board of Directors

On behalf of the Board of Directors, it gives me great pleasure to present the NWSC Annual Operational and Financial Report for the financial year ending June 2010. The Report coincides with the first year of implementation of our 5th Corporate Plan, in which we set ourselves ambitious, but realizable targets.

I am pleased to report that the year was less turbulent from the macroeconomic point of view, and we have continued to manifest achievements in both our operational and financial performance. Our performance achievements notwithstanding, we take cognizance of the fact that we continue to encounter some challenges in our delivery of water and sewerage services, and we are therefore

indebted to our esteemed customers who have stood with us through the downturns.

Key among the highlights for the year were the continued;

- Financial growth
- Expansion in service coverage and delivery
- Investment in critical areas of operation
- Soliciting for Resources for the expansion of our Water and Sewerage systems
- Espousing of South to South and North to South co-operation and benchmarking amongst Water and Sewerage Utilities



The newly completed NWSC Resource centre in Bugolobi will facilitate collaboration with other regional offices

The highlights are further enumerated below:

■ Financial Performance

During the year, the Corporation's Turnover grew by 12% from Shs 100.6 billion in the financial year 2008/09 to Shs 112.8 billion in the financial year 2009/10. The growth can be attributed to the growth in water sales which averaged 6% during the year. In the same vein, our operating profit before depreciation was Shs 25 billion despite the increased costs of production manifested by the increase in chemical and other operational costs.

■ Expansion in Service Coverage and Delivery

During the year, the total number of subscribers increased by 9% from 225,932 to 246,259 as at end of June 2010. This resulted into an increase of service coverage of only 1% mainly due to the increased pressures on our urban services resulting from the exponential growth in population and urban settlements. However, all efforts are being made to ensure that our supply is matched to the demand, and the Corporation has already embarked on strategic initiatives to bridge the supply gaps.

■ Investment Performance

Key among the projects undertaken during the year was the extension of the water intakes at Gaba and in Jinja. The project was aimed at addressing the water production challenges associated with the deteriorating raw water quality in the Murchison Bay and at the Jinja Intake. Gaba and Jinja intakes were financed through a concessionary loan and grant respectively from the French Development Agency (Afd). By the end of the year, the project was in advanced stages and was due for completion in the first quarter of the financial year 2010/11.

Other projects undertaken during the year included; rehabilitation works in Gulu, Bushenyi, and Arua water Supply and Sewerage systems and the Corporation undertook some key restructuring and enhancement of the network in Kampala, plus the replacement of some of the electro-mechanical equipment at the water works. These were aimed at reversing the water shortages being experienced in some parts of the Kampala

In regard to investment financing and support received during the year, one of the key milestones was the securing of funding for the implementation of the Kampala Sanitation Master Plan project from the African Development Bank, the German Government and the EU. Preparatory work on this project commenced during the year, and it is our expectation that it will be completed in 2013. The implementation of the project will go a long way in addressing the sanitation challenges that are being experienced in Kampala today. Furthermore, negotiations were initiated for the financing of the Greater Kampala Water Supply Expansion Project.

■ Service to the Poor Settlements

In line with our social mandate of providing services to the less privileged, the NWSC continued implementing the pro-poor interventions aimed at improving the lives of the people living in the urban poor settlements. Activities related to this included the installation of prepaid water metering systems, yardtaps and sanitation facilities in the areas of Kisenyi I & II, Ndeeba, Kawempe, Mengo and Kagugube

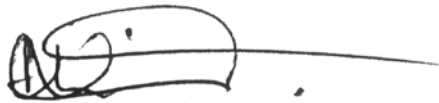
■ South to South Co-operation

Key among the activities that were undertaken in relation to improving the South to South co-operation was the hosting of the African Water Association (AFWA) CONGRESS in March 2010 which attracted a cross section of Water and Sanitation VIPs, Technocrats and Experts. The CONGRESS was held under the theme, **Water and Sanitation: Perspectives and Challenges relating Energy and Climate Change** and was presided over by H.E the President of the Republic of Uganda. Suffice it to say that the CONGRESS was very successful and it eked on the much needed profiling of the Water and Sanitation Sector challenges and issues.

■ Governance

In line with the Board's mandate, enshrined in the NWSC ACT Cap 317, which authorizes the Board to regulate its procedures in anyway the Board may deem fit, the Board through its committees continued playing its role of guiding and scrutinizing most of the issues that require Board's decision. This was done through the statutory prescribed Board Meetings.

In conclusion, the NWSC Board of Directors remain fully committed to; working with and supporting management in the effort to deliver value to our Customers and other stakeholders, and to produce projects which make a major contribution to overall water and sewerage service industry.

A handwritten signature in dark ink, appearing to be 'CN', followed by a long horizontal line extending to the right.

CHRISTINE NANDYOSE

Chairperson, Board of Directors

a message from the managing director to our stakeholders



Dr. William T. MUHAIRWE,
Managing Director

We can look back to the FY 2009/10 as another successful year, despite the challenges of deteriorating raw water quality, and meeting the ever increasing demand for our services. These challenges notwithstanding, the year 2009/10 was marked by continued growth in service delivery and financial performance.

Water sales increased from 44.4 million m³ to 47.2 million m³ per annum, a growth of 6%, while production increased from 69 million m³ to 72 million m³, a growth of 5%. Growth in sales was higher compared to growth in production which explains the reduction in Non Revenue Water from 35.8% to 33.3%. The achievement of 2.5% points reduction in NRW is a remarkable achievement given the nature of losses experienced in the past.

On the Finance side, during the year, our turnover increased from Ushs 100.6 billion to Ushs 112.8 billion, and our earnings before depreciation were maintained at Ushs 26 billion despite the increasing costs of production. This therefore implies that we met our three most important quantitative targets related to water production, sales and profitability. I would like to thank our stakeholders, the management and staff for the exemplary performance.

As will be noted, the FY 2009/10 coincided with the first year of implementation of the 5th Corporate Plan and 4th Performance Contract with the Government. In order to ensure that we achieve the targets enshrined within these two overarching policy frameworks, we undertook a number of interventions focusing on the areas of:-

- Expanding outreach to customers
- Increasing water production and supply
- Increasing water sales

- Reducing water losses
- Improving collections and
- Improving customer relations

These activities were captured in strategic micro level undertakings referred to as “**Declarations**” which were formulated by all levels of management and staff based on area level challenges and performance predicaments. Suffice it to say, the declarations became the wheels on which specific activities within the IDAMC Contracts were implemented. The positive performance results can therefore be attributed to some of the interventions undertaken. Specific activities carried out in regard to realising improved supply in Kampala included stop gap measures in restructuring the network and increasing water production.

In addition, the Corporation within the auspices of the Ministry of Water & Environment successfully hosted the AFWA Scientific Technical Committee and 15th AFWA Congress, where futuristic resolutions pertaining to the water & sanitation sector, and in particular climate change were devised.

I ‘am glad to report that one of the key strategic investments carried out during the year was the Gaba and Jinja offshore pipeline projects which entailed extension of the intakes deeper into the Lake Victoria to mitigate the negative effects of increased pollution in the inner Murchison Bay and drop in lake levels. By the end of the year, it can summarily be said that 80% of the projects had been completed. It is envisaged that these will result into considerable benefits with regard to the quality of the water abstracted and reduction in chemical usage.

The Corporation was able to register the above

achievements through formulation and implementation of the following strategies:-

■ The Bushenyi Declaration of April 2010

The Bushenyi Declaration was formulated after the review of the implementation of the Kampala Declaration of December 2009, and its performance for the period November 2009-February 2010. The Declaration outlined the strategies and actions undertaken by NWSC Area Partnerships with the leadership, support, and guidance of NWSC Head office within the previous quarter of the FY 2009/10. It aimed at achieving the IDAMC III Area Performance targets and ultimately the GoU (IV) Performance Contract targets. Some of the strategies and actions included the following among others;

- Procurement and execution of all the CAPEX budgeted for in the FY 2009/10 by 30th June 2010.
- Expeditious provision of funds to clear the backlog of new connections within the next three months.
- Reduction in NRW from 35.4% to 30.6% (Kampala 40.1% and Other Areas 18.7%)
- Preparation of a Statutory Procurement Plan for FY 2010-11
- Achievement of 100% collection efficiency on current billings and reduce debt age to 3.5 months
- Improvement in the sewerage effluent quality etc

■ Kampala Agenda of August 2009 and Kampala Declaration of December 2009

During the FY 2009/10, Management implemented the Kampala Agenda and Kampala declaration. These two instruments were formulated prior to the Bushenyi Declaration. The Kampala Declaration was developed after review of the Kampala Agenda of August 2009 and the performance of the 1st Quarter period July –September 2009.

Under the Declaration, the Kampala Area and Head office management teams, with the leadership and coordination of the Task Team Leaders resolved to undertake tasks and strategies aimed at improving corporate wide performance. These comprised strategies to reduce water losses, reduce costs of production, and improve customer relations and staff integrity in the field.

■ IDAMC III

During the FY 2009/2010, the IDAMC III Contracts were signed and implemented with effect from August 2009. Key innovations in the new contracts included;

- Competition for Managerial positions in Areas (Lead Partners) were opened up to outsiders
- Strengthened the incentive/ penalty mechanism to enhance accountability
- Local Water Committees to strengthen local participation and accountability
- Regional Monitoring & Evaluation as part of benchmarking and capacity building
- Proposed Financing Mechanism for viable investments through loan agreements

■ Interventions on Dry Zones in Kampala

During the year, management continued with implementation of the stage (2) dry zone intervention programme to reduce the incidence of dry zones, and intermittent supply of water in some of the areas in Kampala & Wakiso. The interventions included among others;

- Installation of a mains DN 100 pipe to Kulambiro. Works are complete, but still needs a booster.
- Laying of a parallel line of DN 150 to increase water supply to Nansana from Nakulabye
- Installation of a reinforcement main between Mulago round about and Gayaza road round about in order to boost water supply to areas along Bombo Road e.g.Kawempe, Ttula, Kawanda etc.

The medium to long term initiatives will include creation and/or increase of water supply subsystems given the hilly terrain of Kampala. This will entail construction of pumping stations, pumping mains, satellite storage tanks (capacities ranging from 600m3 to 2000m3) and reconfiguration of the sub-distribution systems on a number of hills in Kampala.

■ Commercial and Customer Care Innovations

During period ending June 2010, Management continued

with the implementation of the **Raving Fans** Concept which was rolled out to all areas. At the beginning of the financial year 2009/10, a customer charter was prepared. Three customer care surveys were carried out during the last quarter. The purpose of the surveys among others was to know how customers feel about our services. The surveys were telephone surveys and customers were asked to give their views on the following key customer priorities;

- Reliability of our water supply
- The adequacy of pressure
- Water quality
- Accuracy of bills and convenience of payment.

■ ISO Certification

NWSC started implementing Quality Management System (QMS) according to International Standard Organisation (ISO) as a management tool in 2003 when Jinja and Tororo Areas got ISO Certified. By end of June 2010, fifteen towns including Head Office were ISO Certified, Other areas certified include; Kampala, , Entebbe, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Bushenyi, Soroti and Arua. In addition, both the internal and external audits of Head Office were completed during the year. The remaining activity is the certification ceremony where one ISO Certificate for NWSC as an organisation will be issued

■ Divisional Annual Plans & One-Minute Goals

In order to attain the GoU Performance Contract (IV) targets and the Corporate Plan targets for the period 2009-2012, management introduced monthly appraisals for individual one minute goals; these helped in improving individual accountability and staff productivity. Management also continued with the “checkers system” in order to enhance the monitoring role of the Head Office and to improve efficiency in the operations of the Areas through the implementation and consolidation of the Internally Delegated Area Management Contracts (IDAMCs),

■ NWSC /GoU Fourth Performance Contract

Since the signing of the PC (IV) Contract with Government, the following activities were undertaken;

- The PC(IV) targets were harmonized with the Corporate Plan Targets
- The Divisions aligned their activities and goals to the PC (IV) targets.
- The respective Divisions put in place innovative measures and mechanisms to ensure that the respective performance targets and expectations are achieved.
- The strategies were streamlined through the Divisions’ Annual Plans and Individual One Minute Management Goals for the Division staff.
- Divisions adequately furnished information in regard to their performance since the inception of the PC (IV).
- Quarterly evaluations of the Corporation and individual Divisions with respect to PC (IV) were carried out.

■ Pro- Poor Strategy

Management continued with implementation of the pro-poor strategies aimed at improving the lives of the people living in poor settlements in the urban areas served by the Corporation. During the period July 2009-June 2010; the following activities and achievements were registered;

Support to the urban pro-poor unit in NWSC (UPPU) to co-ordinate the programme. Construction of household and communal sanitation facilities using innovative technical options (including Econ-san)

- 9 Kms of water mains
- 25 pre-paid meters (similar to those in Kisenyi/ Ndeeba)
- 100 yard taps (normal meters similar to house connections but installed in peoples compounds)
- 25 toilet facilities (of which 2 are flush, 18 VIPs, 4 are double vault and 1 ECOSAN
- Implementation of the hygiene Education Campaign using IEC materials
- Under Output Based Aid (OBA) funded by World Bank, the corporation installed 2940 subsidized yard tap connections; upgraded 144 PSPs and network intensifications in Mukono to increase water supply to the people.

■ External Services Expansion

During the period ending June 2010, the Corporation continued with benchmarking and offering consultancy services to various utilities around the region through the External Service Unit. The activities carried out during the reporting period included; coordination and facilitation of all External Services ongoing assignments, sourcing for new jobs, co-ordination of the AfWA Congress activities and coordination of benchmarking visits. Some of the ongoing activities during the year were;

- Institutional Support to Kisumu Water and Sewerage Company, Kenya
- Provision of Consultancy Services for Sustainable Water and Sanitation (SUWASA) Project under USAID
- ARD Inc. – Northern Uganda
- National Water and Sewerage Corporation - Uganda: Non Revenue Water Reduction Interventions for six pilot Areas
- WETwin project, among many others.

■ Challenges

Despite the remarkable achievements, the corporation continues to face the following challenges;

- Non Revenue water
- Arrears
- Old network and expansion of existing infrastructure

Management is undertaking some remedial actions to ensure that these challenges are addressed.

operational performance

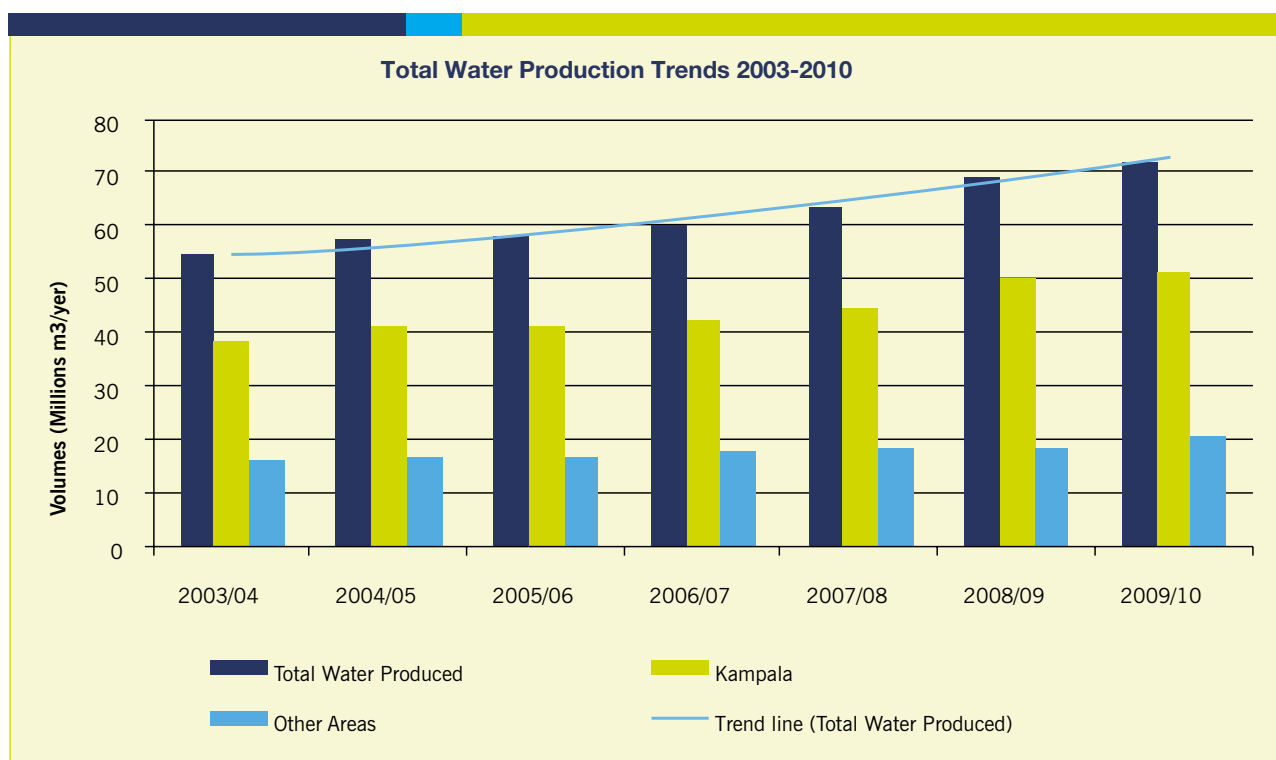
■ Water Production/Supply

Water production remains the vanguard of supply within NWSC operational areas. The Corporation operates 26 water treatment plants with a total practical capacity of 318,841 m³ per day. Over the years, volumetric water production has increased tremendously and during the FY 2009/10, water production /supply was 72.14 million cubic meters, an increase of 2.94 million m³ from the previous financial year 2008/09 of 69.2 million m³. This is equivalent to 207,640 m³ per day.

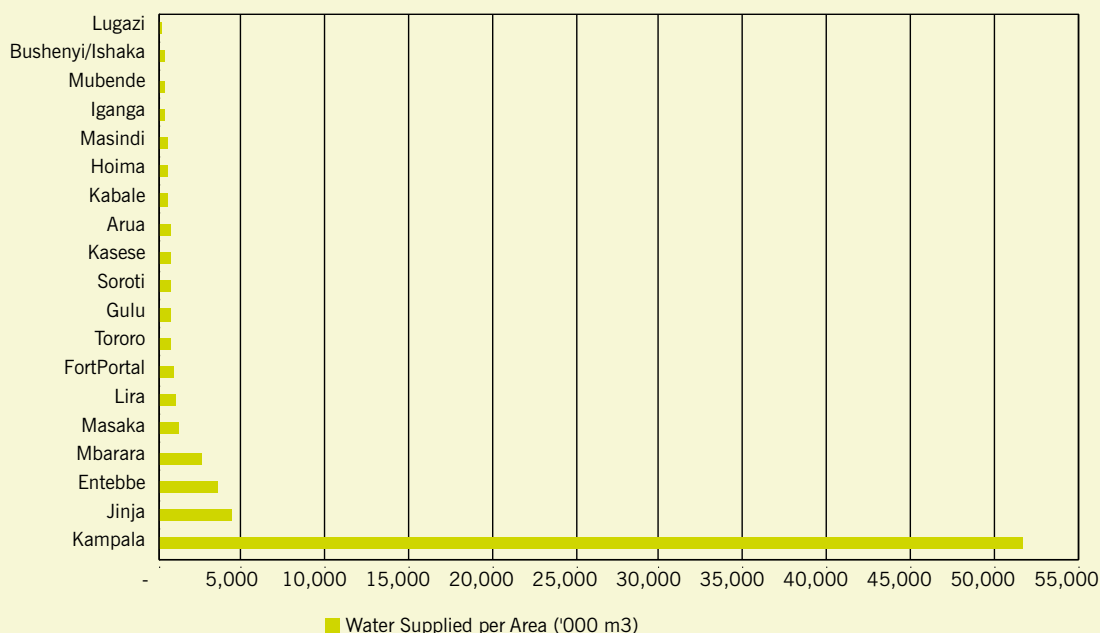
The table and graph above show an increase in water production/supply over the years. This is majorly attributed to the installation and rehabilitation of water systems triggered by the growing demand due to the rapid urbanisation. Major increases in water production/supply were manifested in Kampala compared to Other Areas, and this is because of NWSC's extended service demand outside the gazetted municipal boundaries.

Table 1: Water Production: Million Cubic Meters

Year	2003/04	2004/05	2005/06	2006/07	2007/2008	2008/09	2009/10
Kampala	38.59	41.19	41.17	42.77	44.90	50.44	51.66
Other Areas	16.25	16.54	17.01	17.77	18.71	18.74	20.48
Total	54.85	57.73	58.18	60.54	63.61	69.18	72.14
Growth	6.4%	5.2%	1%	4%	5%	8.7%	4.3%



Water Produced / Supplied per Area 2009/10



The graph above shows the dominance of Kampala supply which accounts for about 72% of the total NWSC production.

Extension of Water Intakes at Gabba and Jinja

During the year, the Corporation embarked on extension of the raw water intakes deeper into the lake at Gabba and Jinja. The project aimed at addressing the water production challenges associated with deteriorating raw water quality due to heavy pollution in the Inner Murchison Bay and negative effects of the drop in Lake Victoria water levels during dry seasons which exposes the raw water suction pipes.

The works in Gabba included;

- Laying of a DN 1500 mm under Water Off-shore Abstraction Pipeline to a distance of 270m into the lake from Kiruba island
- Construction of an onshore gravity main 1075m DN 1200 mm combined Transmission Pipe line from Ggaba 1 to Gaba II and Gaba III Waterworks
- Construction of the Off shore lift station and conveyance to the Balancing Tank
- Construction of the Transmission Pipe DN 900 mm to Gaba I Waterworks

In Jinja Works entailed among others;



A section of the raw water abstraction pipe being towed from stores at Gabba for sinking into lake Victoria.



Fixing of flanged pipe insertion at entrance to raw water pump station at Gabba



Laying of raw water abstraction pipes further into lake victoria at the Jinja off shore pipeline project



Ongoing works on construction of a new raw water suction pipe at Jinja

- Laying of 480m of twin DN500 HDPE suction pipeline on lake bed
- Laying of 50m of twin DN500 DI suction pipeline in trench below the lake bed
- Construction of an additional treatment facility for an extra 10,000m³/day comprised of new flocculators of 120m³ capacity, sedimentation tank of 730m³, alum house, and pipe works and fittings

growing urban population. This has resulted into reliable water supply to the customers. However, it should be noted that the area still faces a challenge of a constrained water source at Nyaruzinga, which occasionally dries up during the dry season. The Corporation has taken note of this challenge and plans to construct a new water treatment plant at Kitagata when funding becomes available. The Corporation has already earmarked land upon which the new water plant will be constructed.

■ Minor Interventions in Water Production

Completion of Emergency Works on Bushenyi Water Supply Project

During the year, emergency works which were ongoing in Busheyi were completed. These involved rehabilitation and expansion of the water supply and sanitation systems in order to increase water production and supply to match the

Completion of Emergency works in Gulu and Arua

During the FY 2009/10, the Corporation completed implementation of emergency works on the Gulu Water Supply system. The works included construction of a 5000 m³ reservoir and a pumping main of DN 500 and minor works at the treatment plant. The project has resulted into increased supply of water services in Gulu



The rehabilitated Bushenyi water treatment plant at Nyaruzinga

Area. Outstanding works include construction of drainage and an access road to Custom Corner Reservoir.

In Arua, construction of Phase I of the project, which involved construction of filter units and minor rehabilitation works on treatment units in the plant was completed and the Corporation then embarked on implementing Phase II which also aims at increasing water supply reliability in Arua town and surrounding areas.

■ Water Distribution

Water supply and its distribution are crucial to addressing the challenges of Urban development and Dry Zones to alleviate intermittent supply that manifests in some areas especially Kampala. It is one of the basic operational activities that NWSC attaches great emphasis. In line with this is the need to ensure sustainable water supply to our consumers. In addition, the need to facilitate the achievement of Millennium Development Goals by increasing the proportion of people with access to potable water reigns paramount to the Corporation. With this in

mind, the NWSC set out a number of activities aimed at ensuring increased water supply to people in all urban centres. The total length done was 144.76 Kms and included:

- Laying 4kms of mains distribution to Mwendo in Kabale
- Laying 1km of DN 63 mains extensions to Kangingma Hospital in Mbale
- Laying 14km of DN 150 and DN 100 of mains extensions to Kisoko in Tororo
- Laying an 800m pipeline of DN 800 from Mulago Round about to Kubiri to boost water supply to areas along Bombo road, Kawempe, Ttula, Kawanda etc
- Laying 2kms of DN 100 from Kisasi to Kulambiro
- Laying a parallel line of DN 200 to increase water supply to Nansana from Nakulabye
- Laying 2kms of DN 150 from Nakinyuguzi to Kyamula to increase water supply in Kyamula and surrounding areas.

In the medium to long term, it is planned to implement the Kampala Network Expansion Project so as to improve



Pipe laying to Mwendo in Kabale



Pipe laying to Kisoko in Tororo District

supply in the greater Kampala & surrounding regions. This project will also entail construction of a **New Water Treatment Plant** in **Katosi Nkokonjeru Mukono** so as to meet the increasing demand for services.

Mains Extensions Made

During the year, a total of 144.76 Kms of mains extensions were made compared to 111.63 Kms made in 2008/09. This represents an increase of 33.13 Kms or 3.1% growth. The increment in extensions implies increased service delivery to new areas that previously did not have water.

Table 2: Mains Extensions

Year	2005/06	2006/07	2007/08	2008/09	2009/10
Annual Extensions (Kms)	104.0	96.3	127.3	111.63	144.76
Total Network Length (Kms)	2,868	3,206	3,333	4,703.67	4,848.43
% Increase	4%	3.2%	4%	3.3%	3.1%

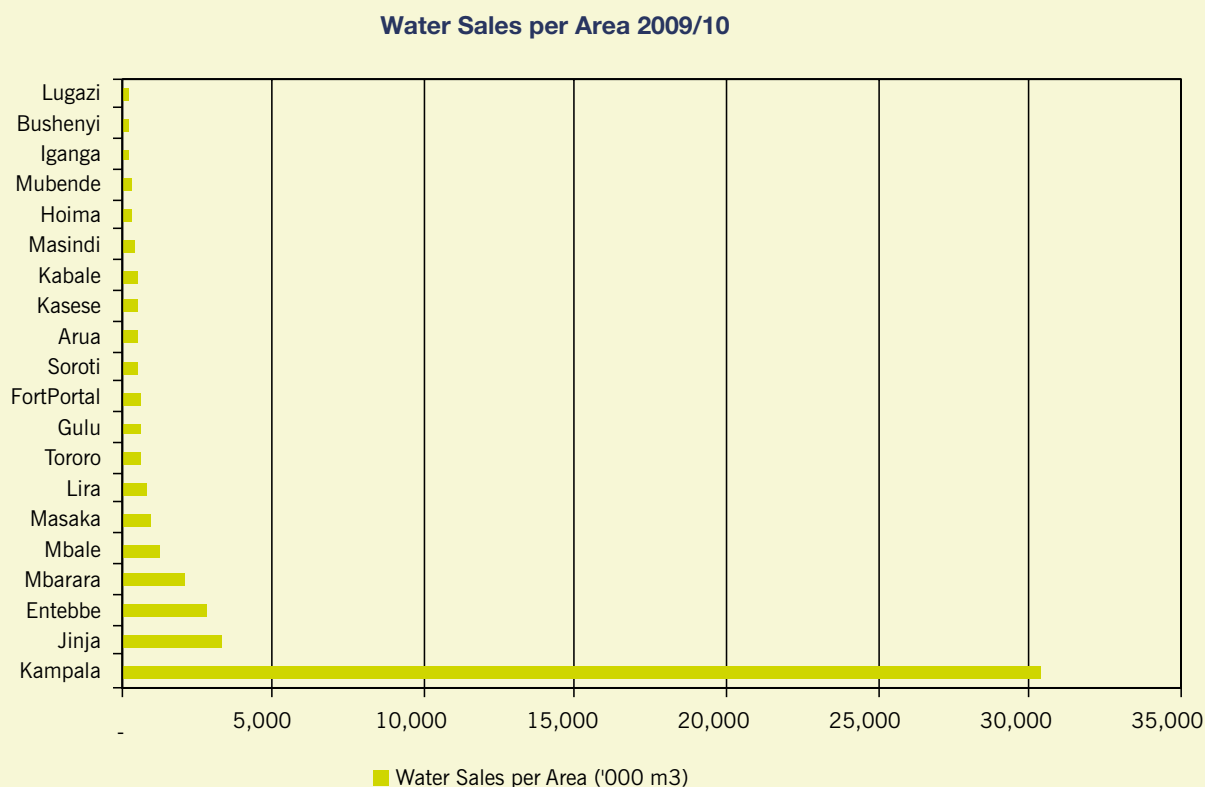
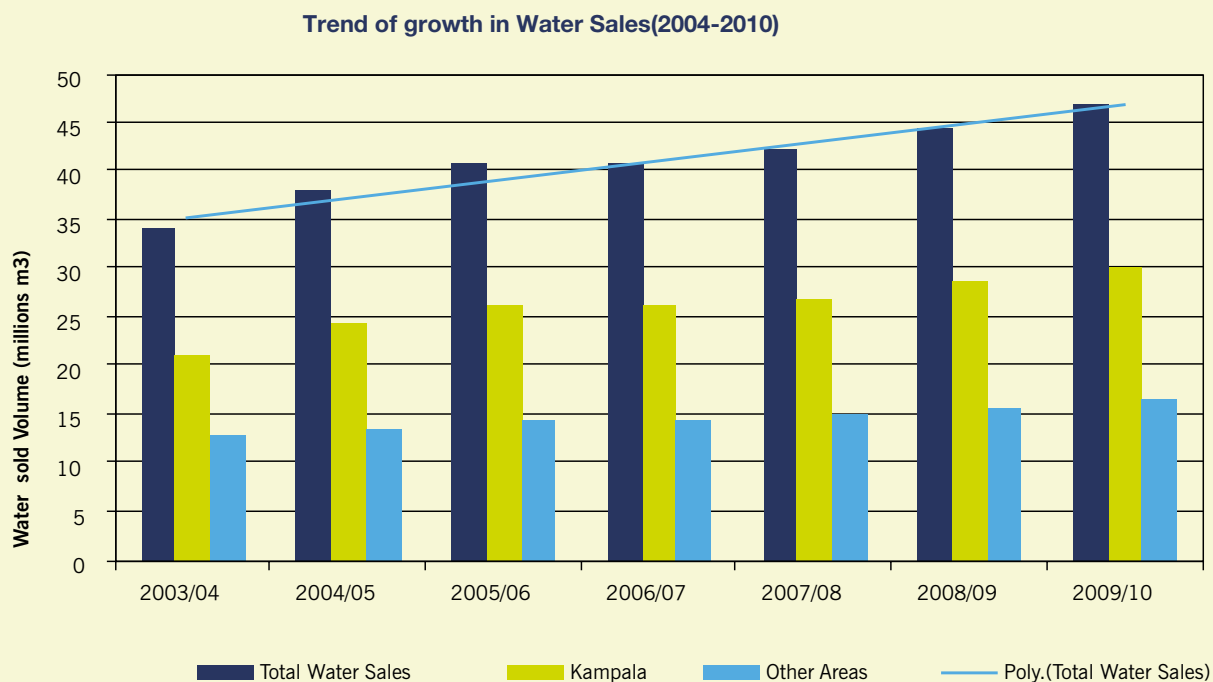
■ Sales Volume

Water sales is a direct measure of the real growth of the Corporation. During the reporting year, water sales increased from 44.40 million m³ in 2008/09 to 47.02 million m³, a growth of 6%. The growth in water sales is mainly attributed to increased customer base stemming from new connections and increased pumpage for supply

reliability to customers. In terms of percapita water sales, this declined from 20.7 lpcd in 2008/09 to 20.6 lpcd in 2009/10, and this is attributed to increase in population served, despite growth in water sales. This explains the notion that growth in population tends to depress increases in water sales in volumetric terms.

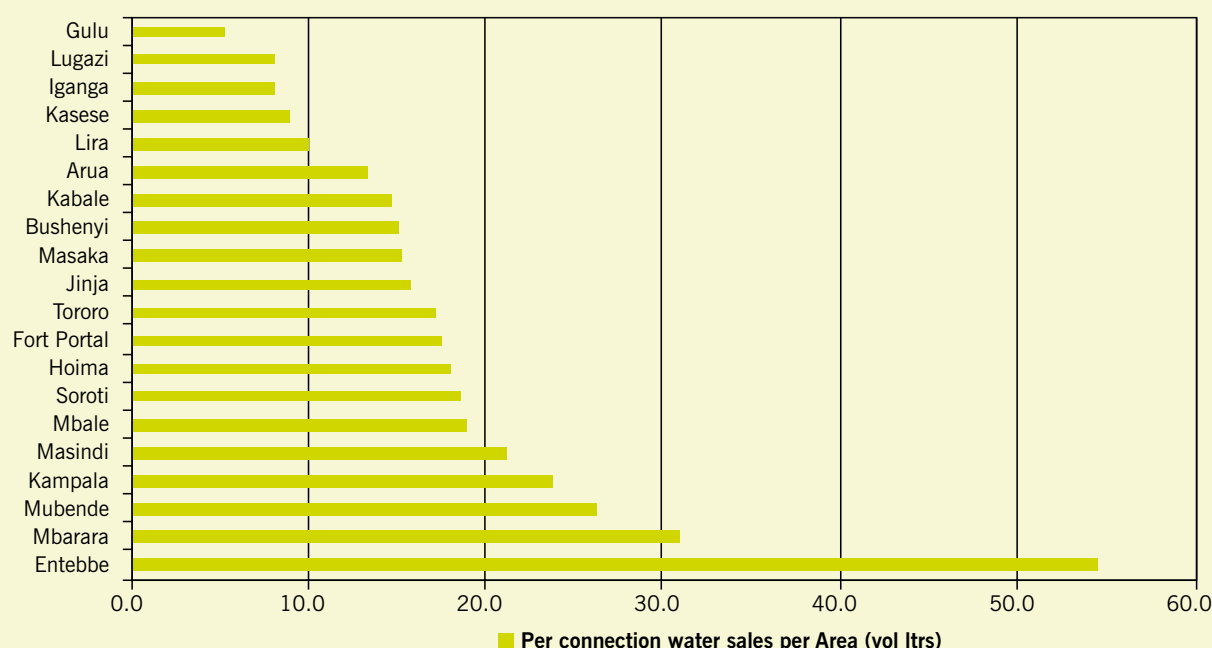
Table 3: Water Sales Volumes; Million Cubic Meters

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/2010
Kampala	21.34	24.46	26.48	26.31	27.04	28.79	30.29
Other Areas	12.9	13.76	14.42	14.53	15.25	15.61	16.73
Total	34.21	38.22	40.9	40.84	42.29	44.40	47.02
Growth	9%	11%	7%	0%	3.5%	5%	6%



The graph above shows more water sales for the large towns of Kampala, Jinja, Entebbe and Mbarara. Kampala Area however stands out as the largest business sales area with total volumetric sales of 30.29 million m3. The graph also shows that the Areas which were taken over with high social responsibility considerations exhibit low water sales e.g Lugazi, Bushenyi, Hoima and Mubende.

Water Sales per connection per Area (vol m3) 2009-2010



The graph above shows volumetric per capita water sales per Area during the year. Sales per connections are greatest in Entebbe Area with 54.4 lpcd followed by Mbarara with 30.8lpcd and lowest in Areas of Gulu, Lugazi and Iganga with 5.2, 8.01 and 8.02 lpcd respectively.

The table below shows the water sales per customer category and connection. It shows that the Institutions and Commercial category consume the largest share of water at 4 m3 and 0.9 m3 per day respectively while the Domestic category share is lowest. The Public standposts share is greater than domestic because of the assumption that a public standpost serves about 20-30 families with more people than in a domestic homestead.

■ Water Quality

19 out of 23 towns under NWSC jurisdiction operate

water treatment processes/ works to produce and supply water in quality (potable) and quantity commensurate with customer demands.

A fully established schedule is in place for process control and quality monitoring in all towns with daily water quality checks at water works and weekly quality monitoring in the distribution. In addition, water and wastewater samples are submitted to the Central Laboratory for quality verification coupled with planned and impromptu visits by teams from the Central Lab carrying out quality monitoring and audit.

During the year, a total of **20,400** treated water samples were tested for aesthetic characteristics (colour, turbidity, total suspended solids and residual chlorine) and E-coli. Table 5 represents percentage compliance of treated water.

Table 4: Percapita water sales per customer category

Consumer Category	No. of Connections	Total Water Sold (m3)/yr	Water Sales per connection (m3)/day	Water Sales per connection (ltrs/day)
Public Standposts	7,748	2,257,335	0.8	798.20
Domestic	194,848	22,996,603	0.3	323.35
Institutions/Government	6,686	9,781,786	4.0	4,008.29
Industrial/Commercial	36,977	11,992,093	0.9	888.53
Total	246,259	47,027,817	0.5	523.20



Testing the water quality at the NWSC Central laboratory, Bugolobi

Table 5: Percentage compliance of treated water

Area	Colour	Turbidity	TSS	Residual Chlorine	E-Coli
Kampala	90	100	98	93	100
Entebbe	100	100	99	100	99
Masaka	90	99	89	90	100
Mbarara	80	95	80	81	100
Kabale	100	100	91	92	100
Bushenyi/Ishaka	5	60	66	48	100
Kasese	100	100	93	93	100
Fort Portal	96	100	93	94	100
Mubende	88	99	90	87	96
Hoima	94	100	90	89	100
Masindi	94	100	90	91	100
Arua	92	98	92	93	100
Gulu	92	100	90	94	100
Lira	86	100	76	88	100
Soroti	94	99	92	97	100
Mbale	99	100	94	99	100
Tororo	80	94	78	90	97
Jinja	99	100	94	93	99
Lugazi	100	100	95	94	100
Iganga	99	100	94	93	98
Average	88.9	97.2	89.2	89.95	99.45

In regard to the physico-chemical (aesthetic) properties, 89% of all the final water, reservoir and distribution samples from all Areas met the National Drinking Water Standard for colour (apparent) of maximum 15 PtCo units and 97% met the standard for turbidity of maximum 5 NTU. Concerning microbiological parameters, 99% of all the above samples met the standard for *E-coli* of 0 CFU/100 ml; while 90% of the samples met the free residual chlorine level of minimum 0.20 mg/l. All the Areas therefore produced and supplied potable water that was safe for human consumption.

Cases of supply of treated water of quality that did not meet the standards was due to design inadequacy, operation & maintenance inadequacy, age of the network pipes (some lines are extremely old), type of the network pipes (GI pipes susceptible to rust), civil works leading to breakage of pipes thereby causing cross-contamination. Constraints and challenges are mainly; inadequate funding towards water quality management, vandalism of network components like valves & valve chambers allowing in storm water, poor quality of raw water abstracted for treatment leading to high chemical consumption (cases of Bushenyi/Ishaka, Manafa, Mbarara, and Kampala).

Remedies to improve water quality are; modification of operational and maintenance regimes, modification and up grading of water treatment works (achieved in Soroti & Entebbe, on-going in Arua & Gulu), change of raw water

source (surveyed in Bushenyi/Ishaka), improvement on the raw water abstraction such as extension of raw water abstraction point (on-going in Jinja & Gaba); regular cleaning (of treatment units, reservoirs & tanks) and flashing of the network, construction of valve chambers to protect valve and adoption of Water Safety Plans (WSPs) towards water quality management.

■ Sewerage Effluent Quality

Out of 23 towns under NWSC jurisdiction, only 14 towns operate centralized sewerage systems collecting, treating and discharging effluent to the surrounding. Quality checks are carried out on a monthly basis at NWSC Central Laboratory at Bugolobi and a total of **245** final effluent points were checked in FY 2009/2010 for Biochemical Oxygen Demand (BOD₅), total suspended solids (TSS) and faecal coliforms. **32%** of all samples taken from all final effluent points complied with the National Standard for Effluent Discharge for BOD₅ of maximum 50 mg/l, **43%** of the samples checked complied to the total suspended solids standard of 100 mg/l and **52%** complied with the faecal coliforms standard of 5,000CFU/100mL.

Cases of discharge of effluents of quality that did not meet the standards were due to design inadequacy, operation & maintenance inadequacy, storm water ingress into sewers, disposal/dumping of waste water from industrial and other non-domestic origin to NWSC sewerage systems.



NWSC staff opening up a blocked trench in Bunga, Kampala

The following constraints and challenges to waste water quality were faced in FY 2009/10;

- Inadequate funding towards wastewater management,
- Vandalism of sewer components like manhole covers allowing in storm water
- Encroachment on wastewater treatment plants by perimeter fence breaking (a case of Gulu, Tororo & Mbarara where cattle is grazed from the plant),
- Insufficient motivation and limited incentives to personnel operating wastewater treatment systems,
- Urban run-off flooding and submerging of the Waste Stabilization Ponds (a case of Lira & Kirinya-Jinja).

In order to address the above constraints/challenges, use was made of natural and constructed wetlands for polishing/stripping the sewage effluents, modification of operational and maintenance regimes, on-going and planned desludging of the ponds and implementation of Kampala sewerage master plan through the Kampala Sanitation Program

■ Water Market Segments

The table below shows the structure of water consumption. Domestic connections account for the highest percentage of the customer base (84%), and commensurately the highest volumes of water billed (48.9%) and generate 37.3% of water revenue. Of interest however is the fact that though the Institutions/Government, and Commercial/ industrial account for a low percentage of the customer base (2% and 11% respectively), they collectively account for about 61% of the total monetary income

From table 6 it can be seen that domestic connections still reign highest and are the largest contributors to total revenue followed by Industrial/ Commercial connections contributing 34.5% of total revenue.

Comparative Analysis of Water Market Segments

A comparative analysis of the market shares during FY 2008/09 and FY 2009/10 shows that Domestic

Table 6: Water Market Segments as at June 2010

Customer Category	No. of Connections	As % of Total Connections	Volume of Water billed (m3)	As % of Total billed	Revenue Billings (exc VAT Shs m)	As % of Total Revenue
Public Standposts	7,748	3.0%	2,210,307	4.8%	2,682,881	2.2%
Domestic	207,350	84.0%	22,996,603	48.9%	45,487,035	37.3%
Institutions/Government	5,664	2.0%	9,781,786	20.8%	31,706,781	26.0%
Industrial/Commercial	27,088	11.0%	11,992,093	25.5%	42,072,459	34.5%
Total	246,259	100%	47,027,817	100%	121,949,156	100%



The Hilton hotel, Kampala, will be among the large commercial consumers of our piped water

connections increased from 81% to 84%, while Industrial/commercial connections reduced from 13% to 11% in FY 2009/10. In terms of volumes of water billed, the domestic category increased from 47.7% to 48.9%. The domestic category also exhibited the largest increase in share of total revenue from 35.8% to 37.3%.

Table 7: Comparative Shares FY 2008/09 and FY 2009/10

Consumer Category	Total Connections		Volume of water billed		Total Revenue	
	2009 June	2010 June	2009 June	2010 June	2009 June	2010 June
Public Standpipes	3.1%	3%	5.0%	4.8%	2.2%	2.2%
Domestic	81.1%	84%	47.7%	48.9%	35.8%	37.3%
Institution/ Government	2.8%	2%	22.2%	20.8%	27.5%	26%
Industrial / Commercial	13%	11%	25.1%	25.5%	34.5%	34.5%
Total	100%	100%	100%	100%	100%	100%



Commercial buildings in Kampala are integral to water sales business for NWSC

Non Revenue Water

Non Revenue Water is one of the major challenges facing the Corporation but during the year, management put in place innovative strategies to minimise water losses and as a result, NRW stood at 33.3% compared to 35.8% last financial year 2008/09, implying a 2.5 unit change (reduction). In volumetric terms, this is equivalent to 1.35 million m³. The table below shows the trend of NRW over the years.

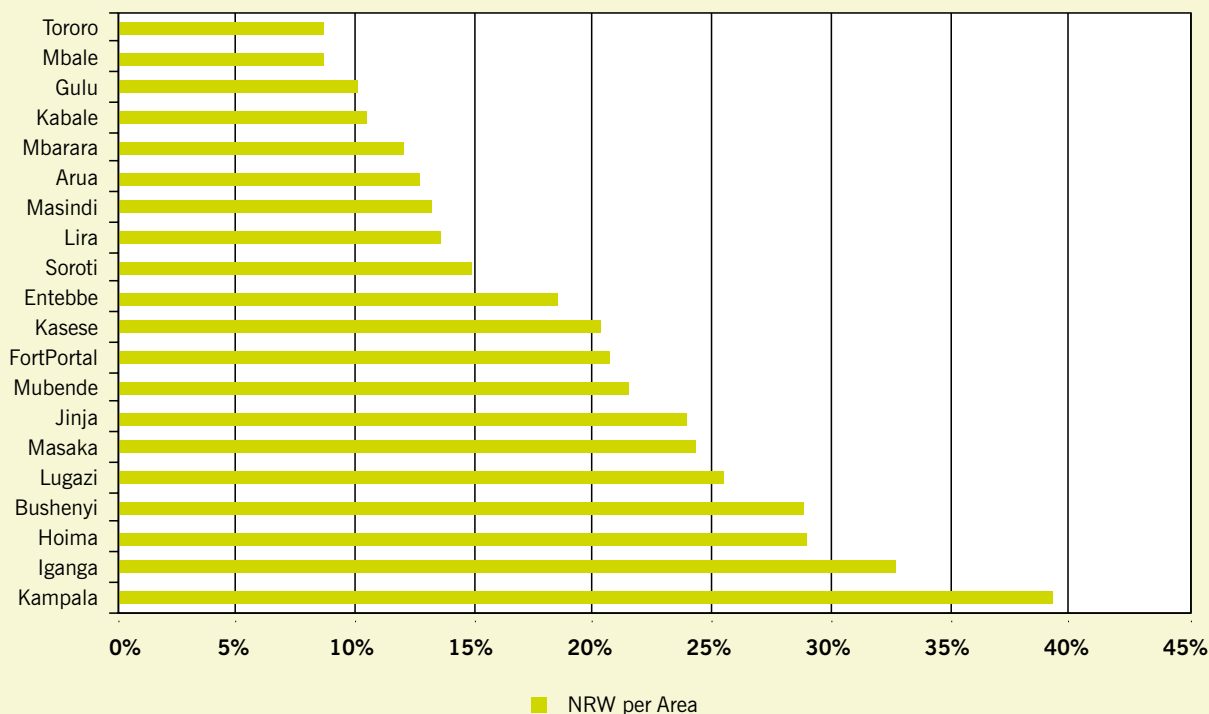
The relatively higher NRW in Kampala is majorly due to the aged pipe network that is prone to leaks and bursts, illegal connections and inaccurate metering in some instances. Management is addressing these challenges by undertaking the following measures adopted in the Kampala and Bushenyi Declarations of 2009 and April 2010 respectively

- Replacements and intensification of some distribution pipelines

Table 8: Non-Revenue Water Trends

Year	2005/06	2006/07	2007/08	2008/09	2009/2010
Total UFW	29.7%	32.5%	33.5%	35.8%	33.3%
Kampala	35.7%	38.5%	39.8%	42.9%	39.2%
Other Areas	15.2%	18.2%	18.5%	16.7%	18.3%

NRW per Area 2009/2010



- Carrying out monthly analysis of meter replacements in all Areas
- Carrying out proactive illegal use reduction measures
- Introduction of bulk metering to monitor NRW using DMAs
- Formulation of a Task Force to help Areas with high NRW to set up DMAs and undertake accelerated

NRW reduction analyses measures

- Work with the communities to identify leakages and illegal consumption

In the Long run however, in order to avert this situation, significant amounts of investments are required to restructure and replace the Kampala network. Plans are already underway to secure funding for this purpose from Development Partners and Government.



NWSC Staff making repairs on bursts in Kampala

■ Water Subscribers

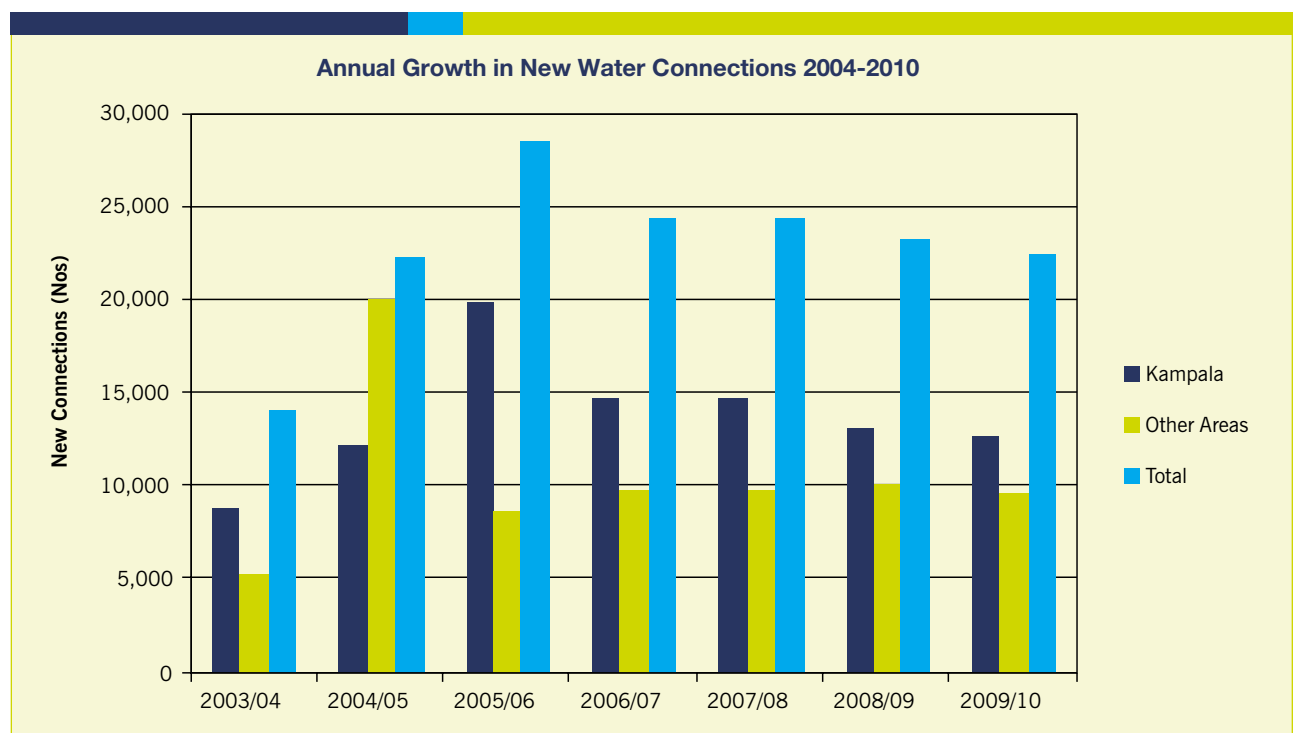
The number of subscribers has continued to grow as a result of improved service delivery and good customer care. During the year, New Water Connections installed were 22,412, bringing the total number of connections to 246,259. Overall, there was a decline in new water connections made, and this is attributed to presence of dry zones in some areas, constrained network extensions and saturation within the existing service areas. The tables below show new connections installed on a monthly basis, and the trend of total new connections over the years.

Table 9: New Water Connections in NWSC Towns for FY 2009/10

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
Kampala	1,200	1,488	1,585	1,117	967	913	892	786	913	794	1,143	916	12,713
Other Areas	862	1,026	960	837	813	773	702	829	702	702	715	776	9,699
Total	2,062	2,514	2,545	1,954	1,780	1,686	1,594	1,615	1,615	1,497	1,858	1,692	22,412

Table 10: Annual growth of New Water Connections

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Kampala	8,720	12,174	19,908	14,708	14,685	13,212	12,713
Other Areas	5,325	10,044	8,613	9,710	9,699	10,093	9,669
Total	14,045	22,218	28,521	24,418	24,384	23,305	22,412
% Increase	16.1%	22.1%	28%	16%	13.5%	10%	4%





NWSC Staff using a hand held meter reading device to issue the water bill on spot

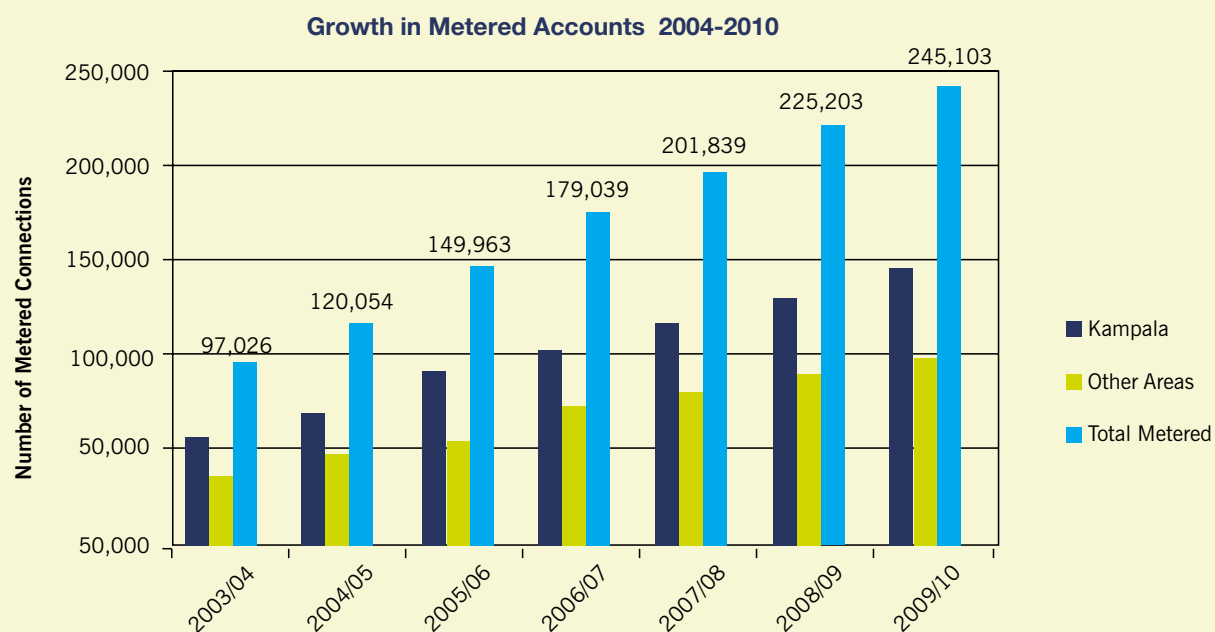
Meter Coverage

Metering is important to fully account for water production and consumption. Metered Consumption is also important for consumers to pay for what they are using that could help in promoting prudent water use. Meter Coverage is one means of ensuring that every drop of water is billed and minimising of water losses (NRW). During the year 2009/2010, a total of 245,103 accounts were metered

out of 246,259. This represents about 99.8% meter coverage. The table below shows rising trends of meter coverage since 2004 which is a pointer to concerted efforts to ensuring minimal commercial losses. The improvement in metering is attributed to massive meter repairs and replacements carried out during the year, Intensive meter reading audits and revision of meter reading cycles as enshrined in the Bushenyi declaration and Kampala Agenda

Table 11: Metered Accounts

Year	2003/04	2004/2005	2005/2006	2006/2007	2007/2008	2008/09	2009/10
Kampala	59,022	72,231	93,305	105,531	119,897	132,882	146,109
Other Areas	38,004	47,823	56,658	73,508	81,942	92,321	98,994
Total metered	97,026	120,054	149,963	179,039	201,839	225,203	245,103
Total Accounts	100,475	123,046	152,138	180,697	202,559	225,932	246,259
% Metered Accounts	97%	98%	99%	99%	99%	99%	99.8%



NWSC Staff doing routine bulk meter calibrations at Gaba

■ Service to the Poor

During the year, management continued undertaking innovations and activities aimed at improving service delivery to the poor. Among these were completions of the Ndeeba- Kisenyi and Kagugube Urban poor projects. These projects entailed installation of yard tap connections, installation of pre-paid meters, and provision of sanitation facilities like VIP toilets, Ecosan toilets, installation of and repair of water pipes among others. In addition, during the year 2009/10, a total of 540 new public stand posts were installed. The table below shows trends of new public stand posts installed over the years.

Table 12: Trend of New Public Stand posts Installed

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
New Public Standposts	382	269	1,255	122	406	413	540
Total	3,344	3,613	4,868	4,990	5,396	5,809	6,349
% Growth	13%	8%	35%	2%	8%	7.6%	9.3%

Completion of Ndeeba-Kisenyi and Kagugube Urban Poor Projects

One of the milestones achieved during the year in terms of service delivery to the poor was the completion of two Urban Poor projects i.e Ndeeba –Kisenyi and Kagugube Urban poor projects. The two projects aimed at addressing the water supply and sanitation needs/ challenges of the urban poor residing in informal settlements of Kisenyi I, Kisenyi II, Ndeeba, Katwe and Kagugube Parishes. The projects were completed in December 2009 and February 2010 respectively and currently are under defects liability period. The two projects have resulted into increased access to clean water through construction of over 22 Kms of water mains, 450 pre-paid meters installed, over 3,000 water connections made including presidential pledge connections, over 100 yard taps installed, over 50 sanitation facilities including VIP and Ecosan toilets among others. Overall the projects have resulted in reduced water theft and vandalism of water installations that used to be common in informal settlements.

Global Output Based Aid Project (GPOBA)

During the year 2009/10, the NWSC continued with implementation of the Output Based Aid project. NWSC has so far installed almost 2,940 nos. of subsidized Yard tap connections and domestic connections to the Kampala's urban poor customers. Under this project, NWSC offers subsidized connection fees, free labor, pipes and fittings for all customers of any distance from the NWSC distribution network. Also about 144 PSP are being upgraded to modern desired outlook to suit the growing population in the community. Under this project, plans are underway to install 100 nos public water points (PWP) with pre paid water meters. The project also involved carrying out network intensifications in Mukono to increase water supply to the people



Excavations to extend water in Mukono town under the OBA project during the year

■ Unit Costs of Production 2009/10

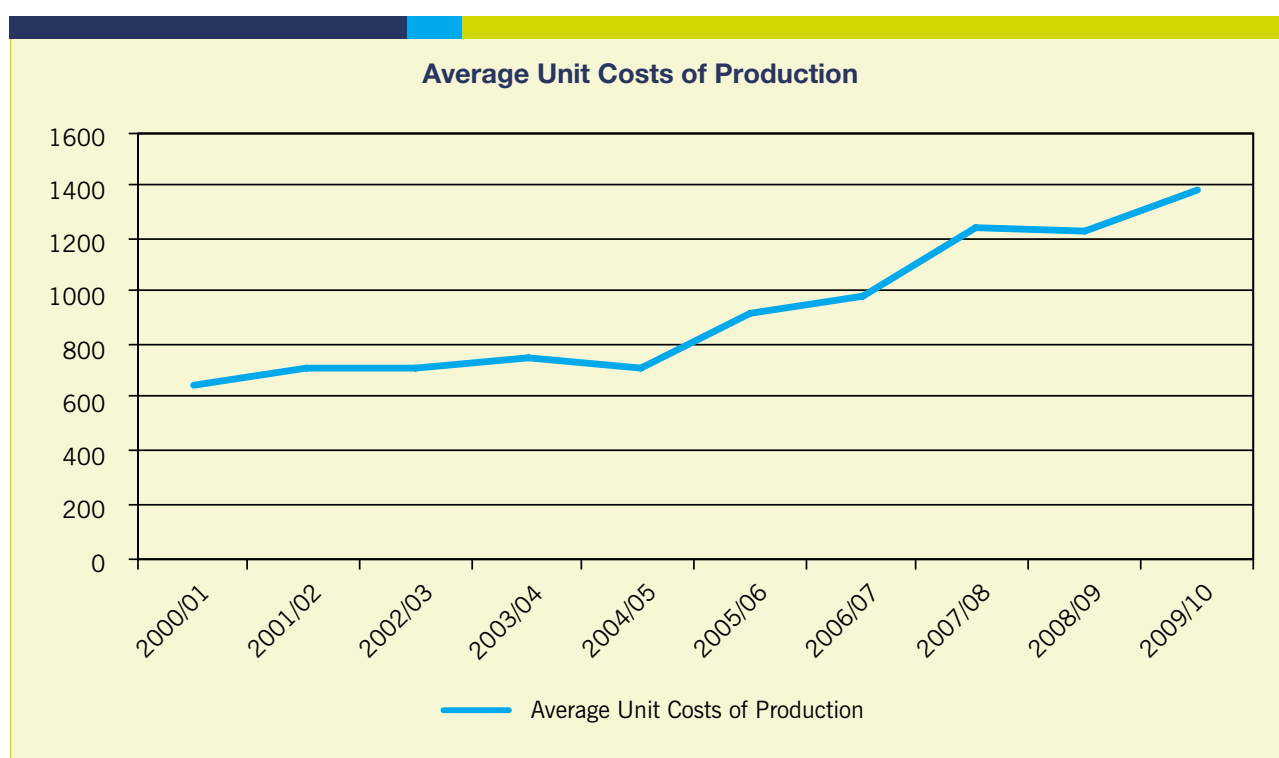
The Average Unit cost of production has increased overtime from Shs 600 in 2001 to 1,388 per m3 in 2009/10. This is mainly attributed to the following;

- Depreciation of the shilling
- Increase in chemical usage and costs of about Shs 8

billion per annum

- Increased Electricity costs of about Shs 1.3 billion per month
- Increase in staff numbers which increases staff costs

The graph below shows the increasing trend of unit costs of production from 2001 to 2009/10



NWSC Tariff Structure

During the year, the Corporation continued implementing a uniform tariff structure across all its towns and this serves to ensure equity in supply and pricing for all its consumers.

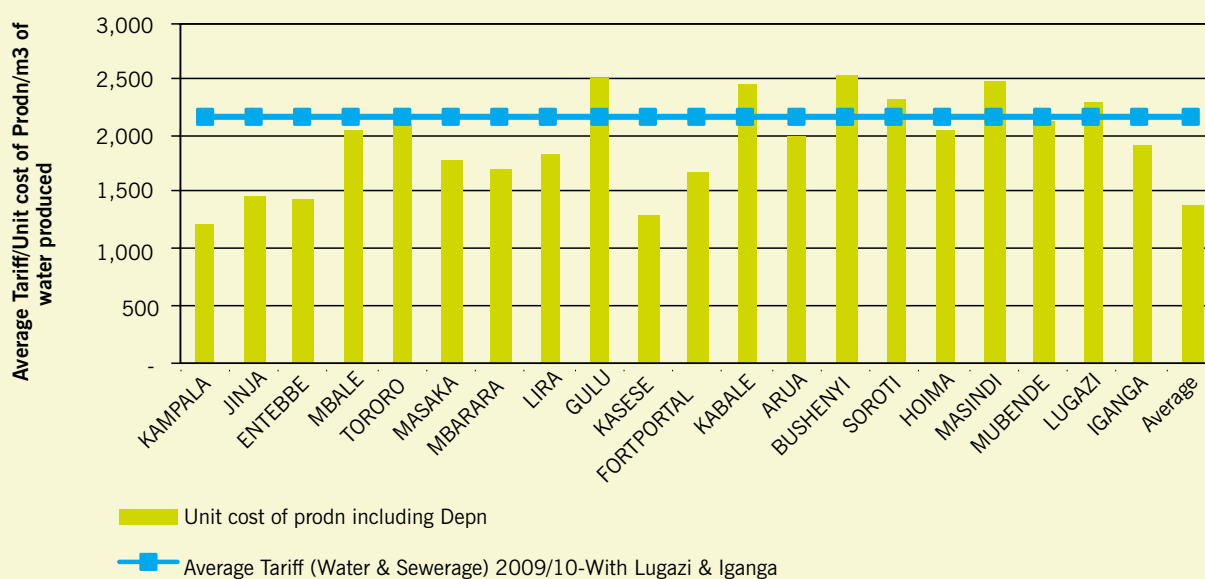
Table 13: NWSC Tariff Structure 2009/10

Customer Category	Water tariff 2009/10 (Ush/m ³)	Price per jerrycan
Public Standpipe	982	19
Domestic	1,519	30
Institutions / Government	1,870	37
Commercial up to 500m ³ /month	2,294	76
Commercial 500m ³ - 1,500m ³ /month	2,294	76
Commercial >1,500m ³ /month	1,833	36
Weighted Water tariff	1,750	35
Weighted Water & Sewerage Tariff	2,088	41

The lower tariff at the stand posts is aimed at ensuring basic supply to the poor as it translates into a price of Shs 19.6 per jerrycan. The graph below clearly illustrates the issue of cross subsidies within the NWSC operational framework. From the graph, it can be seen that the towns

of Gulu, Kabale, Bushenyi, Soroti, Masindi, Mubende and Lugazi have higher unit costs of production than the average tariff. The implication of this is that the operational costs in these towns cannot be recouped from the tariff only, and thus are subsidized by the other towns.

NWSC Average Tariff (Water & Sewerage) Vs Unit Cost of Production 2009/10 with Iganga and Lugazi



■ Sewerage Services

Only 14 out of 23 towns under NWSC jurisdiction operate centralised sewerage systems of collecting, treating and discharging effluent to the surrounding. The overall sewerage coverage has for some time stagnated in these areas due to the high cost associated with installation of sewer lines and majorly due to the preference of customers for on-site sanitation facilities like septic tanks and latrines. However, the NWSC has continuously made strides geared towards improving sewerage management in all areas and during the FY 2009/10 a total of 343 New Sewer Connections were made. The table below shows the growth in New Sewer Connections.

Table 14: Trend of Sewer Connections

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
New Sewerage Connections	153	262	229	333	232	267	343
Total Sewerage Connections	13,362	13,624	13,853	14,186	14,418	14,685	15,028
% Growth	1%	2%	2%	2%	2%	2%	2.3%

During the year, the Corporation also introduced the simple **UGAVAC technology** where small cesspool emptier trucks are on trial for collecting sewage from septic tanks and pit latrines in informal settlements without road accesses.



NWSC Staff testing the new UGAVAC truck in Kisenyi urban poor settlement Kampala

Implementation of the Kampala Sanitation Master Plan

In order to improve on sanitation, the Kampala Sanitation Master Plan was launched during the year after securing funding to the tune of Euros 68 million. Implementation of the project was divided into two phases i.e the **Immediate Works** which entail construction of faecal sludge treatment plant (FSTP) in Lubigi, limited rehabilitation and extension of the sewer network, rehabilitation of the Bugolobi STW, an industrial effluent study, a sewerage management

study, and interventions concerning onsite sanitation. The Major Works will entail construction of sewerage treatment plants at Nakivubo and Kinawataka and sewer network rehabilitation and expansion. Furthermore, during the year 2009/10, the tenders for the preliminary works and approvals from the KfW are being awaited, while a request for the first disbursement of funds for the major works has been sent to the African Development Bank.



The existing poor drainage in some settlements in Kampala which will be addressed under the sanitation master plan

■ Water Service Coverage

Service coverage increased slightly from 73% to 74% as at June 2010. The growth was impacted upon by the population growth which averages about 4% per annum in urban areas. The table below shows the water and sewerage coverage as at June 2010

Table 15: Water Supply and Sewerage Coverage As at June 2010

Town	Total No. of Connections	Pipe Network (Kms)	Targeted Population June 2010	Population Served	Coverage water 2010	% Served (Sewerage)
Kampala/Mukono	146,243	2,253.31	1,716,669	1,277,407	74%	5%
Jinja	13,790	285.53	267,610	206,893	77%	22%
Entebbe	16,322	177.27	75,066	51,617	69%	4%
Tororo	3,274	125.90	51,653	39,128	76%	7%
Mbale	7,304	280.60	88,519	63,861	72%	26%
Masaka	6,036	208.70	74,245	59,445	80%	8%
Mbarara	9,508	222.01	82,460	67,082	81%	5%
Lira	5,791	146.20	104,949	83,978	80%	2%
Gulu	4,006	103.45	150,544	124,959	83%	7%
F/Portal	4,430	115.42	46,827	34,219	73%	2%
Kasese	3,921	76.33	71,061	58,157	82%	0%
Kabale	3,805	121.03	45,081	31,914	71%	11%
Arua	4,647	111.56	57,301	42,713	75%	0%
Bushenyi/Ishaka	1,714	83.00	26,494	14,134	53%	0%
Soroti	4,437	119.50	64,079	30,594	48%	2%
Hoima	3,172	116.13	39,741	18,570	47%	0%
Masindi	2,841	137.40	41,898	17,640	42%	0%
Mubende	2,050	77.09	21,154	10,939	52%	0%
Lugazi	1,263	47.00	33,888	20,028	59%	0%
Iganga	1,902	41.00	49,100	31,915	65%	0.4%
Total	246,456	4,848.43	3,108,339	2,285,193	74%	6.4%

Notes:

1. Population figures are derived from the 2002 Population Uganda and Housing Census Main Report (Uganda Bureau of Statistics, 2005)

Population coverage is based on the assumption that the following number of persons are served per connection:

Domestic.....6 Persons/household/connection

Standpipe.....200 persons per stand pipe.

Institutions:

Small towns.....100 persons/Institution per connection

Medium towns.....500 persons/Institution

Large towns.....1,000 persons/Institution

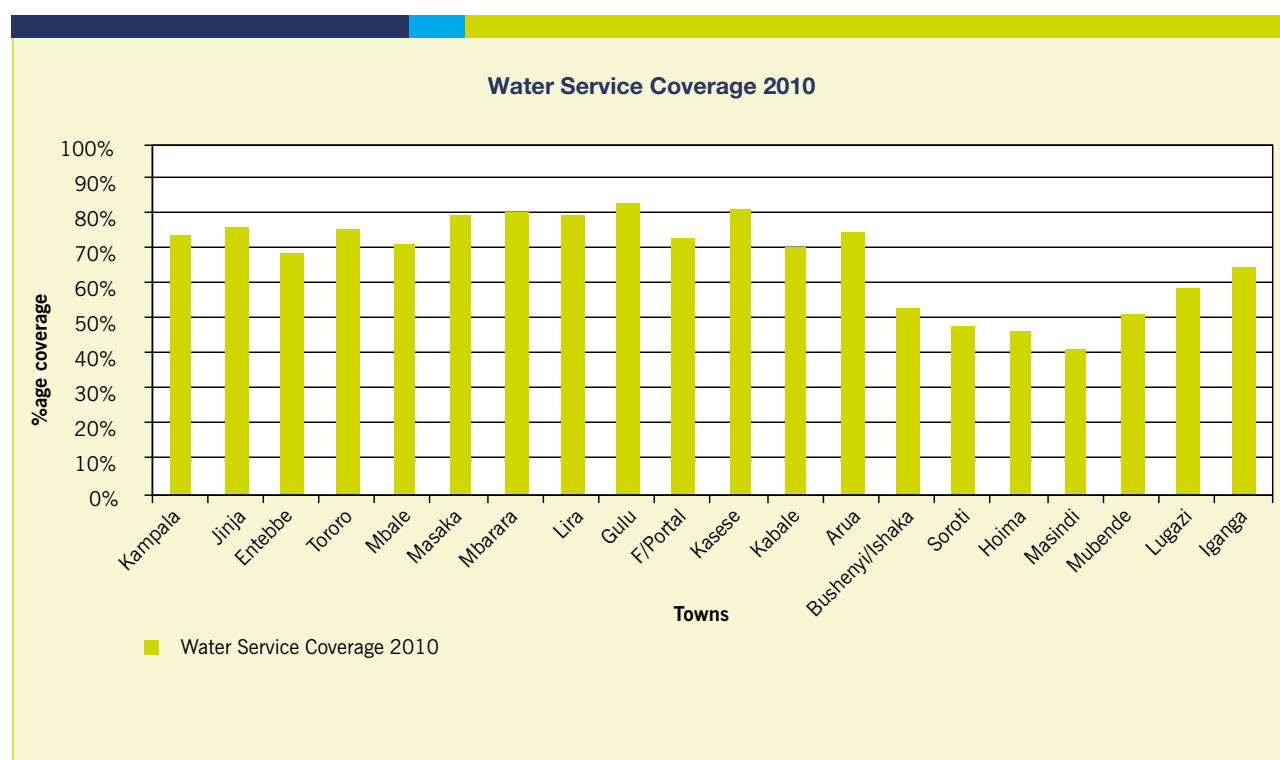
Figures for Kampala include the suburbs of Mukono, and Nansana

Water Service Coverage by Town:

18 out of the 23 are large NWSC towns. 9 of these (Kampala, Jinja/Njeru, Entebbe, Masaka, Mbarara, Gulu, Kasese, Lira and Fort portal) have coverage greater than or equal to 70%. The towns of Bushenyi/Ishaka, Soroti, Hoima, Mubende and Masindi fall below the average. The NSDS (2008) found that access to piped water in urban households was 5.4% in dwelling, 14.4% in compound and 16.3% outside the compound.

Table 16: Trend of Water Service Coverage 2002-2010

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010
% Coverage (Water)	60	63	65	68	70	71	72	73	74



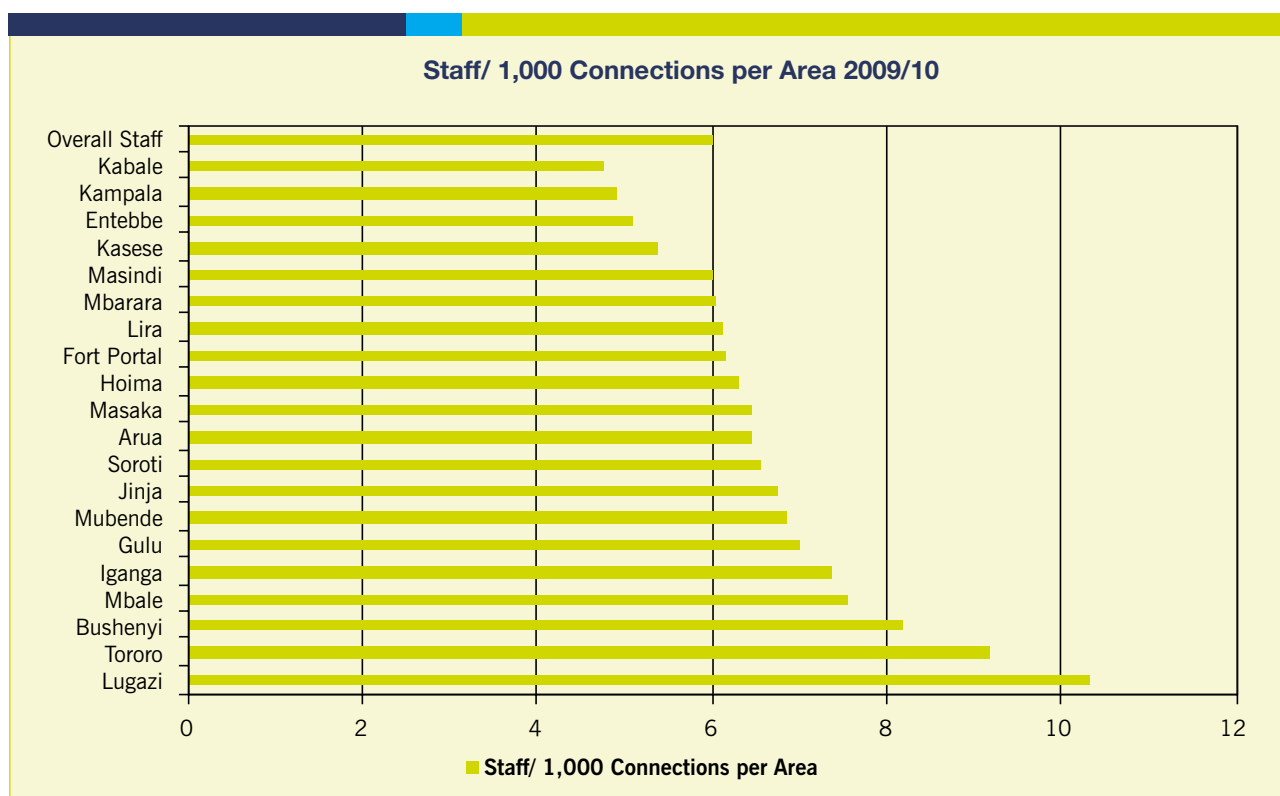
■ Human Resources

During the year, staff numbers increased to 1,589 from 1,517 the previous year. The increase stemmed from the need to have sufficient man efforts to manage the expanded operational activities in areas so as to ensure efficient service delivery. In addition, staff productivity improved to 6 from 7 staff per 1,000 connections in the previous year.

The graph shows that the best staff productivity is in Areas of Kabale and Kampala. It should be noted that generally, better productivity of staff is in the larger areas, while smaller areas tend to have a lower productivity (higher staff per 1000 connections)

Table 17: Staff and Staff Productivity Trends

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Staff Numbers	990	1,108	1,067	1,338	1,413	1,517	1,589
Staff/1000 connections	10	9	7	7	7	7	6





A section of NWSC Kampala field staff undergoing training at the new resource centre

Gender

The NWSC gives due credence to gender issues when recruiting staff. Furthermore, gender issues are recognized through the provision of water to the urban poor through standpipes, which help the women who are mainly responsible for fetching, water for the family and children.

This saves the women in the poor urban areas not to move long distances in search for water. The table below summarizes the gender balance within the Corporation as at June 2010. As is seen, 29% of the staff is females and this is an increment from 22% reported last financial year. At the headquarters, the female staff ratio is 30%.

Table 18: Status of Staff Showing the Number of Female & Males as at June 2010

Area	Total Staff	Male	Female	Female /Total Staff Ratio
Headquarters	240	173	74	30%
Kampala/Mukono	715	556	159	22%
Jinja	93	73	20	22%
Entebbe/Kajansi	83	57	26	31%
Lugazi	13	8	5	38%
Iganga	14	3	11	79%
Tororo/Malaba	30	22	8	27%
Mbale	55	47	8	15%
Masaka	37	32	5	14%
Mbarara	57	49	8	14%
Lira	35	30	5	14%
Gulu	28	26	2	7%
Kasese	21	18	3	14%
Fort Portal	27	24	3	11%
Kabale	18	17	1	6%
Arua	30	24	6	20%
Bushenyi/Ishaka	14	10	4	29%
Soroti	29	27	2	7%
Hoima	20	16	4	20%
Masindi	16	13	3	19%
Mubende	14	13	1	7%
Total	1,589	1,238	358	29%

■ Income

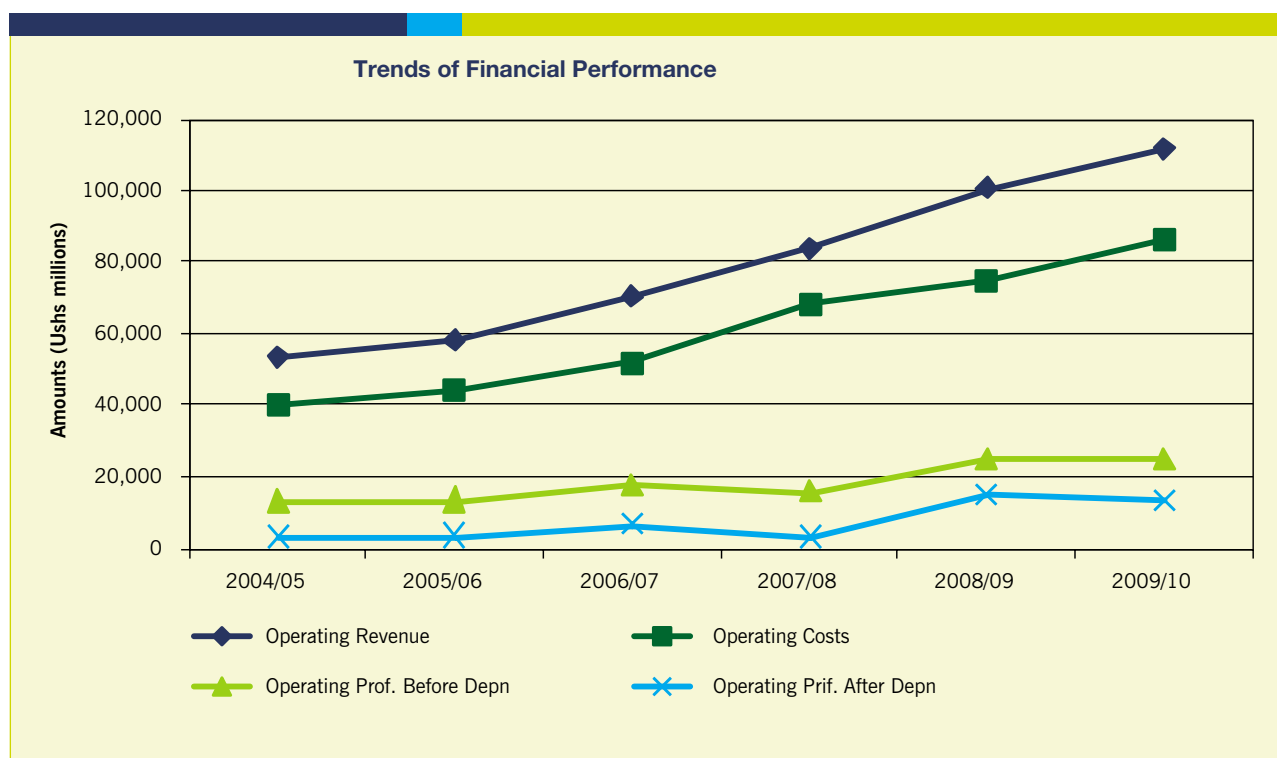
The financial performance of the Corporation continued to grow during the year 2009/10, with a total turnover of Ushs 112.8 billion, having reached the Ushs 100.6 billion mark the previous year. Operating profit before depreciation stagnated at 26 billion in 2009/10 while Operating profit after depreciation and financing costs declined from Ushs 15.4 billion to Ushs 9.4 billion in 2009/10. The decline in operating profit was mainly due

to increase in staff costs as a result of increase in staff numbers, chemical costs and electricity costs.

The graph below shows a rising trend in operating revenue over the years. Operating costs also trend upwards considering the increase in operational activities of NWSC that come with expansion of service areas. The Corporation also was able to maintain a good profit after depreciation as shown by the rise in financial years 2008/09 and 2009/10.

Table 19: Trend of Financial Performance 2004 - 2010

	2004/05 Shs m	2005/06 Shs m	2006/07 Shs m	2007/08 Shs m	2008/09 Shs m	2009/10 Shs m
Operating Revenue	53,778	58,540	70,407	84,079	100,631	112,848
Operating Costs	40,477	44,523	52,420	68,420	75,251	86,803
Operating Profit before depreciation	13,301	14,017	17,987	15,659	25,379	26,045
Depreciation	9,545	9,780	11,465	12,341	9,958	16,649
Operating Profit after depreciation	3,757	4,237	6,522	3,318	15,420	9,396
Operating costs as % of Revenue	75%	76%	74%	81%	75%	77%



Collection Efficiency

Total cumulative collections as at June 2010 amounted to Shs 122.28 billion (including Government Arrears + VAT) compared to billings of Shs.121.95 billion. The collection efficiency was therefore an average of 100.3%. Average collections amounted to Shs.10.2 billion per month.

Table 20: Trend in Collection Ratio

Year ending 30 June	2003	2004	2005	2006	2007	2008	2009	2010
Collection Ratio	92%	98%	89%	90%	92%	92%	99%	100%

■ Way forward FY 2010/11

With the growing urban populations and increased demand for potable water and sanitation services, the NWSC will continue to carry out various activities and strategies aimed at ensuring that the population receives reliable and adequate services. Key among the strategies will include addressing the current challenges which in summary relate to:- Inadequate water supply in some peri-urban areas especially those far from the municipal boundaries which are experiencing rapid infrastructural developments and Non Revenue Water.

In a bid to address these challenges, management will continue with the momentum of Change Management Processes aimed at consolidating the achievements already registered. Some of the Change Management Processes the Corporation envisages to implement include among others;

- **Re-invigoration of the Stretch-Out Program.** The new program will aim at addressing the mindset and operational obstacles that stand in the way of achieving or even surpassing the IDAMC III targets. The focus areas of this Stretch-Out Program will be; improving Staff productivity, Source Protection, Integrity & Governance and Operational and Financial Efficiency.
- Within the auspices of improving operational performance, the Corporation will also target the reduction of NRW through elimination and/ or minimisation of illegal connections in Kampala

Area. This in part will be carried out through the implementation of a programme code named **Operation Wet Storm** in which customers who are illegally connected to our water services will be offered a period of amnesty to declare such connections. At the expiry of the amnesty period, legal redress will be sought to have the customers penalised. The program will also aim at increasing collections from customers who have always defaulted in paying their water bills.

- **Customer Care.** In line with improving the interface with our customers, the Corporation will continue improving the response time to customer issues, payment of bills will be through the banking system, meter reading will be upgraded through on-spot billing while pre-paid meters will be rolled out to improve compliance to billings.

In regard to Investments, during the FY 2010/2011, the Corporation will undertake to implement the Kampala Sanitation Master Plan which aims at improving sanitary conditions in the city, and management of effluent discharge. The program will entail rehabilitation of the Bugolobi Sewerage Treatment Plant, construction of 3 new sewerage treatment plants in Lubigi, Nakivubo and Kinawataka.

The Corporation will also undertake to mobilise funds for rehabilitation of the Kampala Network and construction of a new water treatment plant at Katosi in Mukono. These projects will aim at increasing water supply reliability within the greater Kampala while at the same time providing a new water source to supply the growing demand in the

Eastern and South Eastern parts of Kampala.

The NWSC attaches great value to knowledge sharing and capacity development through peer to peer interactions. In this vein, the Corporation will continue fostering South-to-South Co-operation with sister utilities on the continent and the world through the External Services Unit to offer world best services. In addition the NWSC will be host to the African Water Academy at its new Training & Resource Centre in Bugolobi starting in FY 2010/11.

In light of the fact that the year 2011 coincides with the political elective season, we shall ensure that we facilitate the process through enhanced reliable provision of water and sewerage services.

In conclusion, I would like to thank all our stakeholders, management and staff for their support during the year. In the same spirit, I call upon all stakeholders to continue supporting us in the new FY 2010/11 so that we can achieve our Vision of being **“One of the Leading Water Utilities in the World”**.



Dr. William Tsimwa Muhairwe
Managing Director

individual area performance report for the year 2009/10

■ Kampala Area: Kampala Water

Kampala Water is the largest Area of NWSC operations and accounts for 65% of the Corporation's revenue. The Area has 10 branches and serves about 1,277,407 people or 74% of the urban population in Kampala. Kampala Area has a pipe network of about 2,181 kms and a customer base of 146,243 water subscribers by end of June 2010.

During the Financial year 2009/10 Management of Kampala Water adopted the following strategies including; meter replacements, made extensions and reinforcements to reduce the problem of intermittent water supply in Bwaise, Kyaliwajjala and Nansana branches, Implemented NRW reduction program, use of call centres which improved coordination of network operations, use of SMS and Radio announcements to remind customers of paying their water bills and use of flexible payment options among others led to the following key achievements during the year.

- Increased customer outreach made a total of 133,198 water connections of which 85% were on active supply
- Arrears reduction through the Arrears Accounts reduction Programme (AARP), this led to arrears reduction by Ushs.700 million
- Increased water production to 143,703m³/day compared to 143,146m³/day as at end of June FY 2008/09
- Implemented the Dry Zone Reduction Action Plan by extending a 2 km reinforcement main from Mulago round about to Bwaise Northern by-pass junction, 2 km reinforcement main from Naguru Reservoir to Ntinda water office aimed at boosting pressure in the down stream areas of Najera, Kyaliwajjala and Namugongo among others.
- Increased capacity utilisation of the sewerage Plant at Bugolobi estimated at 50%.
- Connection of 333 pre-paid meters through the Urban Poor Branch (UPPB)

- Implemented with World Bank OBA project
- Achieved NRW target of 41.9% by 39.2%
- Made 73.9kms of water mains extensions out of the targeted 65.1kms for the year
- Collection efficiency was over 100% meaning on average what was billed was all being collected on a monthly basis.
- Signed contracts for IDAMC III
- There was an increase in sewage flow to Bugolobi Sewage Works with capacity utilisation increasing from 41% to 50% in only one month (March-June 2010)
- Improved customer care services e.g. response time to customer complaints within one day.
- Compliance of overall quality of water supplied an indication of effective treatment.
- Completed Ntinda Reinforcement Main to Water Office Project by end of May 2010.

■ Jinja/Njeru/Lugazi Area: Kiira Water Partnership

The Jinja/Njeru Area is the second largest urban centre operated by NWSC and has a population of about 267,610 people. The Area is strategically located at the source of the Nile in the Eastern part of Uganda. The water service coverage in the Area currently stands at 77% of the targeted urban population. Translating into 206,893 people accessing NWSC piped water services. The Area has a network length of about 285.53 kms and a customer base of 13,790 water subscribers. During the financial year 2009/10 the Area attained the following as summarised below:

- Water sales increased from an average of 3,394,954m³ in the F/Y 2008/09 to 4,282,931m³ in F/Y 2009/10 or a percentage increase of 26%.
- The number of water subscribers increased from 13,137 as end of June 2009 to 13,790 as at June 2010. Implying a percentage growth of 5%.
- Installed 1,067 new water connections

■ Entebbe/Kajjansi: Greater Entebbe Water Partnership

Entebbe Area is one of the well-heeled and highly urbanised centres under the auspices of the National Water and Sewerage Corporation. It has a total population of about 75,066 people. The area has about 16,322 water connections serving about 51,617 people. This translates into water coverage of 69%. The area has a pipe network of about 177 kms. The following were the key achievements realised by the Area in the FY 2009/2010:

- Effected 2,153 new water connections
- Extended water supply to Akright Kakungulu Housing Estate along Entebbe road
- Made 0.8km of sewer extension
- Increased billing from Ushs.403m to Ushs.534m
- Started supplying Kampala Water (parts of Seguku and Lubowa) from the Entebbe network

■ Tororo/Malaba Area: Rock Water Partnership

The Tororo – Malaba Area is located in the Eastern part of Uganda and has a population of 51,653 people. Currently, approximately 39,128 or 76% of the targeted population have access to the NWSC water services. The area has a pipe network length of about 126 km with a customer base of 3,274 connections. During the financial year 2009/2010, the area realized the following achievements amongst others.

- Installed 328 new water connections
- As a result of controlled flooding and siltation at the Intake Works, water production increased from 67,400m³ as at July 2009 to 70,000m³ as at June 2010.
- Non Revenue Water reduced from 10% to 8% during the last Financial Year.
- Improved Customer care satisfaction index from 61% to 86% by June 2010 (Last HQ Survey).
- Implementation of new connections within 3 days leading to connections of 330 accounts in the period, hence total subscribers of 3,274
- Staff/1000 improved from 33 staff as at July 2009 to 30 staff as at June 2010.

- Billing per month increased from U Shs. 92m to U Shs. 113m as at June 2010.
- Restored constant water supply to Rubongi Military barracks, Rubongi Trading Centre and Mulanda were 34 customers could not access portable water.

■ Mbale Area: Elgon Water Partnership

Mbale Area is located in the Eastern part of Uganda and is second largest town in the Eastern region after Jinja. The area has a total population of 88,519 people, and currently serves about 63,861 people or 72% of the targeted population have access to the NWSC water supply services. Currently the Area serves Mbale Municipality, parts of Budaka District (Kamonkoli) and parts of Butalela District (Kachonga-Nampologoma). The area has pipe network of about 281Kms and a customer base of 7,304 water subscribers. During the FY 2009/10, the Area was able to achieve the following:

- The Non Revenue Water reduced from 10% to 8%.
- Average monthly sewage connection increased from 1 to 4
- The water supply network length increased from 202 km to 280 km.
- Made water mains extensions of about 12kms in the areas of Bugema, Nakaloke- North, and kakoro.
- The percentage metering has remained 100% .
- The active water connection increased from 6307 to 6880
- The collection increased from averagely Ushs.205 m to Ushs.235 m
- Letters of compliment, inadequate payment attached to customer bills
- Cleaned the hospital ward.
- Office premises and plants kept clean.

■ Masaka Area: Buddu Water Partnership

Masaka Area is located in the central region of Uganda and has a total population of 74,245 people. Currently, the water service coverage in the area stands at 80% which translates into 59,445 people accessing the NWSC piped water services. The area has a pipe network of about 209 kms and a customer base of 6,036 water subscribers. The financial year 2009/2010 was an eventful year for the Area characterized by the following achievements;

- The Area has all no inactive sewer connections i.e. all sewer accounts are active.
- Targeted to make at least 1 new sewer connection but made 2 new sewer connections by end of June 2010.
- Installed 326 new water connections
- Made 1.7 kms of sewer mains extensions during the FY 2009/10
- Extended 5.1 kms of water mains extensions out of the targeted 2.8kms for the FY 2009/10.

■ Mbarara Area: Rwizi Water Partnership

Mbarara is located in the Western region of Uganda and has a total population of 82,460 people. This is one of the fastest growing towns operated by the Corporation. The water service coverage in the area stands at 81%, which translates into 67,082 people accessing the NWSC piped water services. The area has a network length of about 222 kms and has a customer base of 9,508 water subscribers as at June 2010. The Area made the following achievements during the FY 2009/10:

- Activated all its inactive water and sewer connections during the year i.e. all water and sewer connections are active.
- Installed 24 new sewer connections
- Made 1,128 new water connections out of the targeted 562 for the FY 2009/10
- Made 5 kms of water mains extension out of targeted 1.5kms for the FY 2009/10

■ Lira Area: Lira Urban Water Partnership

Lira Area is located in the Northern part of Uganda and has a population of about 104,949 people. The water service coverage in the area stands at 80%, which translates into about 83,978 people having access to the NWSC piped water services. The rapid increase in the urban population was in part due to the past insurgency which resulted into the influx of people into the town. The Area has a pipe network length of about 146 kms and a customer base of 5,791 water subscribers. During the Financial year 2009/2010 the Area made the following achievements:

- Arrears reduction from Shs.1.0 billion to Shs.0.9

billion

- Made 499 new water connection during the FY 2009/10
- Made 0.4 km of Sewer mains
- Extended 1.5kms of water mains extensions out of the targeted 1 km for the year.

■ Gulu Area: Gulu Water Partnership

Gulu Area is located in the Northern region of Uganda and has a population of about 150,544 Municipality and the surrounding peri-urban areas. The town is growing at a fast rate and is a major business hub for the northern Uganda region and southern Sudan. The estimated population in the service area is 150,544 and the water coverage stands at about 83%. During the financial year 2009/10, the area registered significant achievements as elaborated below:

- Arrears reduced during the year from Shs.1.2 billion to Shs.0.9 billion
- Reduced Inactive accounts by in percentage terms from 5% to 3% and the absolute number of suppressed accounts from 174 connections to 105 connections.
- Installed 14 new sewer connections
- Established 330 new water connections

■ Kasese: Margherita Water Partnership

Kasese is located in the western part of Uganda and has a population of 71,061 people. The Water service coverage for the area stands at about 82%, which translates into about 58,157 having access to the Corporations piped water services. The area has a pipe network of 76 kms and a customer base of 3,921 water subscribers. The Area has registered considerable success in the financial year 2009/10 as summarised below:

- Installed 355 new water connections against the annual target of 344 reflecting an achievement of over 100%.
- Completed extension of 1.0km DN50 Mains Extension to Kidodo Industrial Area and customers had already started applying for water connections along the line.

- Increased water production from 1,731 m³ per day as at June 2009 to 1,809 m³ per day as at end of June 2010.

■ Fort Portal Area: Rwenzori Water Partnership

The Area is located in the western region of Uganda and has a population of 46,827 people. The water service coverage in the area stands at 73% which translates into 34,219 having access to the NWSC piped water services. The area has a network length of about 115km and a customer base of 4,430 water subscribers. The achievements realised in the financial year 2009/2010 are summarised below:

- Established 13 new sewer connections out of the annual target of 3 sewer connections.
- Installed 437 water connections out of the targeted 390 for the FY 2009/10.
- Made water mains extensions of 8kms as at end of June 2010, this was against the target of 4.9kms.
- Established 1 Public Stand posts / Kiosks as targeted for the FY 2009/10

■ Kabale Area: Bunyonyi Water Partnership

Kabale is located in South-western region of Uganda, and has a population of about 45,081 people. The water service coverage in the area stands at about 71% which translates into about 31,914 people having access to the NWSC piped water services. The Area has a network length of 121kms and a customer base of 3,805 water subscribers. During the FY 2009/10, the Area achieved the following;

- Increased Water sales from 38,255m³ to 39,157m³ per month
- Billings increased from Ushs. 90 million to Ushs.103million per month
- Increased Collections Ushs. 87million to Ushs.108 million per month
- Reduced Arrears form Ushs. 237million to Ushs. Million
- Customer base grew from 3523 to 3805 water accounts

- Area Staff productivity greatly improved from 7.1 to 5.6 staff per 1000 connections

■ Arua Area: Nile Water Partnership

Arua Area is located in the West Nile region of Uganda and has a population of 57,301 people. The current water service coverage stands at 75%, which translates into about 42,713 people having access to the NWSC piped water services. The Area has a network length of about 112kms and a customer base of 4,647 water subscribers. NWSC-Arua has registered tremendous achievements for the financial year 2009/10, these include among others:

- Installed 312 new water connections
- Made 3.1kms out of the targeted 2.1kms for the FY 2009/10
- Increased water production from 1,655 m³ per day as at end of June 2009 to 1,866m³ per day as at end of June 2010.

■ Bushenyi/Ishaka Area: Nyaruzinga Water Partnership

The Area is located in the Western part of Uganda and has a population of about 26,494 people. The current water service coverage in the area stands at 53%, which translates into about 14,134 people having access to NWSC piped water services. The Area has a network length of about 83kms and a customer base of 1,714 water subscribers. The following were the achievements made during the FY 2009/10;

- Re-activated all the inactive accounts i.e. no suppressed accounts
- Installed 114 new water connections
- Increased water production per day from 707m³ per day to 763m³ per day

■ Soroti Area: Soroti Water Partnership

Soroti Area is located in the Eastern region of Uganda with a population of 64,079 people. The current water service coverage stands at 48% which translates into about 30,594 people having access to the NWSC piped water services. The Area has a network length of 120 kms and a customer base of 4,437 water subscribers. During the

Financial Year 2009/10, Soroti Area made the following achievements:

- All water accounts in the area are metered
- Installed 14 new sewer connections out of the targeted 2 water connections for the FY 2009/10
- All Water Accounts were metered by the end of June 2010.
- Installed 507 new water connections out of the targeted 401 accounts for the FY 2009/10
- Made 11 kms of water mains extensions
- Established 14 Nos. of Public Stand posts/Kiosks

■ Masindi Area

Masindi Town is located in Western part of Uganda; the area has a total population of about 41,898 people. The water supply coverage in the area stands at about 42% translating into about 17,640 people having access to the NWSC piped water services. The area has a pipe network length of about 137 km, and a customer base of 2,841 subscribers. The following were the achievements realised by the area during the year.

- Made 2 new sewer connections
- Installed 321 water connections out of the targeted 200 for the FY 2009/10
- Extended 2kms of water mains extensions
- Increased water production from 1,416 m³ per day as at June 2009 to 1,478m³ per day as at June 2010.

■ Hoima Area

Hoima Town is located in the Western region of Uganda. The area has a population of about 39,741 people. The current water supply coverage stands at about 47%, which translates into 18,570 people having access to the NWSC piped water services. The area has a pipe network length of 116 km, and a customer base of 3,172 subscribers. The Area has achieved the following;

- Installed 311 new water connections out of the targeted 229 connections for the FY 200/10
- Made 2kms of water mains extensions
- Increased water production during the year from 1,090 kms as June 2009 to 1,356kms as at June

2010.

■ Mubende Area

Mubende town is located in the central western region of Uganda with a population of 21,154 people. Water service coverage in the area stands at about 52%, which translates into about 10,939 with access to NWSC piped water services. The area has a network length of 77 kms and a customer base of 2,050 water subscribers. The following are achievements for the FY 2009/10:

- We increased our net work by 1.18kms from i.e. from 75.9 kms as at June 2009 to 77.1kms as at June 2010.
- Reduced inactive accounts from 142 to 84.
- Made sensitizations to the customers through Radio - local FM stations.
- Use of On-line receipting was implemented in Mubende during the FY 2009/10.
- 1No. public stand post was installed to serve the urban poor of Mubende Area.
- Customer base grew from 1,832 as at June 2009 to 2,050 as at June 2010.
- Installed 201 ne water connections or an average of 18 connections per month.
- Staff productivity improved from 7.5 to 6 per 1,000 connections.

■ Iganga Area

Iganga town is located in the Eastern region of Uganda. The area has a population of about 49,100 people and currently serving about 31,915 people, implying service coverage of 65%. The area boasts of water extension coverage of 41kms and 1,902 water subscribers. Iganga was gazetted as one of the NWSC towns in the FY 2007/08. During the last financial year the area registered improvement in the following areas:

- Billing increased from Ushs.42 million to 47 million per month during the year
- Water Sales increased from 21,000m³ to 23,000m³ per month during the year.
- Network coverage increased from 39.0 Km to 41.8Km
- Total water connections grew from 1,779 as at June

2009 to 1,902 June 2010.

- 2 Km of water mains extension to Buseyi and 0.4Km sewer extension to the police Barracks
- Establish a mobile cash office for distant areas like Bulanga to enable easy payment of bills
- Installed 7 public stand posts/kiosks out of the targeted 2 for the FY 2009/10

■ **Lugazi Area**

Lugazi town is located in the Eastern region of Uganda. The area has a population of about 33,888 people and currently serving about 20,028 people, implying service coverage of 59%. The area boasts of water extension coverage of 47kms and 1,263 water subscribers. Lugazi was gazetted as one of the NWSC towns in the FY 2007/08. During the last financial year the area registered improvement in the following areas:

- Installed 173 new water connections
- Made 3kms of water mains extensions



National Water And Sewerage Corporation

Directors' Report and Financial Statements

For The Year Ended 30 June 2010

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The directors submit their report together with the audited financial statements for the year ended 30 June 2010, which disclose the state of affairs of the Corporation.

PRINCIPAL ACTIVITIES

The principal activity of the Corporation continues to be that of provision of water and sewerage services

RESULTS

	2010 Shs'000	2009 Shs'000
Income	112,848,527	101,732,954
Profit before depreciation and amortisation	26,044,755	25,982,657
Depreciation and amortisation	(16,648,629)	(15,282,140)
Profit before tax	9,396,126	10,700,517
Income tax expense	(1,717,535)	(1,455,011)
Profit after tax	7,678,591	9,245,506

Profit before depreciation and amortisation

The Corporation recorded a profit before depreciation and amortisation of Shs 26 billion (2008/9: Shs 26 billion). This was mainly due to increased cost of chemicals, Electricity, pipes and Staff costs

Profit before taxation

The profit before taxation is approximately Shs 9 billion (2008/9: Shs 11 billion). This is largely due to increase in depreciation as a result of the inclusion of Iganga, Kaberamaido and Mukono assets.

Cash Flows

During the year, the Corporation was able to generate cash inflows from operating activities of Shs 23.6 billion (2008/9: Shs 14.6 billion).

This has resulted in cash and cash equivalents of Shs 29.6 billion. It includes Shs 7.6 billion on the Stanbic Bank of Uganda Limited loan account, which is being utilised for the construction of Ggaba intake pipe line and Shs 1.5 billion for other projects.

INCOME

Water consumption and sewerage service income

Water consumption and sewerage income increased by 16% from approximately Shs 91.3 billion to Shs 106.1 billion in 2010. This improvement is mainly attributed to increased water sales, water production and reduction of NRW connections and reduction of Non Revenue Water (NRW).

The continued implementation of the internally Delegated Area Management Contracts (IDAMCs) has also played a major role in improving the financial performance of the Corporation through improved efficiencies and increase in new connections.

Other income

In the current year, Shs 1.5 billion was recognised as income from external services activities carried out by the corporation (2008/9: Shs 1.8 billion). This was mainly due to delayed conclusion of new contracts.

Investment income

Investment income has increased from Shs 637 million to Shs 886 million as a result of increased investment by the Corporation in fixed deposit accounts.

OPERATING COSTS

Staff Costs

Staff costs increased by 9% from approximately Shs 27 billion to Shs 30 billion in the current year; the increase in staff costs was largely due to scale adjustments and notching. This is done bi- annually based on the collective bargaining agreements.

Gratuity/Terminal Benefits

During the year, the Corporation spent Shs 5.5 billion as service gratuity (2008/9: Shs 4.3 billion). The increase in payment is as a result of scale adjustments.

Administrative Costs

Administrative expenses increased by 26% from Shs 10.2 billion to Shs 12.9 billion. The increase is largely attributed to the increase in bad debts provision, loss on demolition of buildings and process benchmarking expenses.

During the current financial year, frequent local travels were necessitated by the increase in service areas of the Corporation which in turn resulted into increased monitoring and supervision activities. Local travel expenses increased from Shs 1.7 billion to Shs. 2.1 billion. Foreign travel costs increased from Shs 1.1 billion to Shs 1.3 billion due to the increased external service activities.

Static Plant and Pipe Network Maintenance

Static plant and pipe network maintenance costs increased by 10% from approximately Shs 18.8 billion to Shs 20.8 billion. The increase is mainly in repairs and maintenance and electricity costs due to old age of the electro mechanical equipment and increased water production.

Supplies and Services

Supply and service costs increased by 29%. The increase is mainly attributed to more costs incurred on water treatment chemicals from approximately Shs 6.1 billion to approximately Shs 8 billion due to increased poor raw water quality at the intake. The continuously depreciating shilling against the major foreign currencies was another factor since most of the chemicals are imported.

Premises Maintenance Costs

Premises maintenance costs remained relatively stable at Shs 2.9 billion (2008/9: Shs 2.7 billion).

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the year as the retained earnings will be utilised to increase the water and sewerage network coverage in the National Water and Sewerage Corporation Service Areas and to supplement Government funding for donor aided projects.

OUTSTANDING ISSUES

Non revenue water (NRW)

The Non revenue water (NRW) reduced from 35.8% to 33.3% in the current year. NRW in Kampala alone has reduced from 42.9% to 39.2%.

In the Short term, NWSC management is addressing these challenges by undertaking the following measures adopted in the Kampala and Bushenyi Declarations of 2009 and 2010 respectively.

- Replacements and intensification of some distribution pipelines;
- carrying out monthly analysis of meter replacements in all areas;
- carrying out proactive illegal use reduction measures;
- introduction of bulk metering to monitor NRW using District Metering Systems (DMAs);
- formulation of a task force to help areas with high NRW to set up DMAs and undertake accelerated NRW reduction analyses measures; and
- working with the communities to identify leakages and illegal consumption.

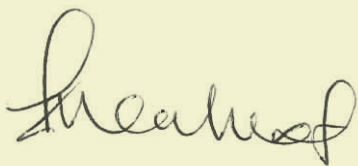
In the long run however, in order to avert this situation, significant amounts of investments are required to restructure and replace the Kampala network. Plans are already underway to secure funding for this purpose from Development Partners and Government. The above notwithstanding it is not feasible to achieve 100% billing of water produced. The best international practice for NRW for large cities is about 25%.

AUDITOR

In accordance with section 15 of the Public Enterprise Reform and Divestiture Act, the financial statements of the Corporation shall be audited once every year by the Auditor General or an Auditor appointed by him to act on his behalf.

During the year, the Auditor General appointed PricewaterhouseCoopers to carry out the audit of the corporation on his behalf and reporting directly and solely to him.

By order of the Board



Mrs Sarah Walusimbi
Corporation Secretary
14th December 2010

THE BOARD AND MANAGEMENT

The National Water and Sewerage Corporation's Board and Management are committed to ensuring the highest standards of corporate conduct and accountability in accordance with the best practice principles of corporate governance. These principles are applied throughout all levels of the Corporation.

THE BOARD

The Board of Directors governs National Water and Sewerage Corporation on behalf of the Government of Uganda. The Board of Director's functions and responsibilities are set out in the National Water and Sewerage Corporation Act (laws of Uganda, 2000) and these include:

- developing strategies and major policies for the Corporation;
- approving the annual operating plans, the financial statements and major procurements and disposals;
- ensuring that appropriate systems and practices are established for the management, financial planning and control;
- ensuring high standards of corporate and business ethics;
- regularly reporting to the Minister of Water and Environment on the performance of the Corporation; and
- overseeing the performance of senior management.

The Board comprises of nine Government appointed Directors plus the Managing Director of the Corporation. One of the directors is the Director of the Directorate of Water Development (DWD). The Board meets regularly and Board papers, which include performance reports, are prepared well in advance of each meeting. Senior managers attend meetings when required to report on issues relating to their divisions.

In accordance with the National Water and Sewerage Corporation Act, the Directors have expertise in finance, engineering, business, legal, environmental management, among others

BOARD COMMITTEES

The Board has delegated its authority to committees to deal with specific aspects of its responsibilities. These committees have specific terms of reference and meet on a regular basis. The minutes of the meetings of these committees are made available to all the Directors on a timely basis.

The Finance Committee

The Finance Committee, which reports its findings to the Board of Directors is authorised to:

- consider and recommend the annual Budget to the full Board;
- consider and recommend the audited accounts to the full board;
- examine and recommend to the Board all procurements for values whose thresholds fall under the responsibility of the Board;
- consider and recommend to the Board the Corporate Plan; and
- examine major changes in financial policies/plans for recommendation to the board.

The Audit Committee

The Audit Committee, which reports its findings to the Board of Directors is authorised to:

- monitor the integrity of the corporation's financial statements and any formal announcements relating to the financial statements and performance;
- review the Corporation's internal control and risk management system;
- review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process;
- develop and implement the Corporation's policy on using the external auditors to provide non audit services; and
- monitor and review the effectiveness of the Corporation's internal audit function.

The Administration Committee

The Administration Committee is responsible for, among other things;

- periodic review of staff remuneration and terms of service;
- appointment and disciplinary action for senior staff;
- negotiation on behalf of the Corporation with the workers' union; and
- approval of disposal of Corporation assets.

The Technical Committee

The Technical Committee has a particular focus on issues arising from NWSC's stewardship of essential infrastructure. Its responsibilities include;

- review the condition of all technical structures;
- review the performance of all Corporation technical assets including projects; and
- approval of undertakings of major projects.

DIRECTORS

The following Directors held office for the year 2009/10

Ms. Christine Nandyose Kasirye	Chairperson
Mr. B. Ganyana Miiro	Deputy Chairman
Dr. William Tsimwa Muhairwe	Managing Director
Dr. Charles Wana-Etyem	Member
Eng. Sotti M. Bomukama	Member
Mr. David Mpango Kakuba	Member
Mr. David Ssebabi	Member
Mr. Victor Paul Kobel	Member
Ms. Florence Namayanja Mukasa	Member

Ms. Christine Nandyose Kasirye – Ms. Nandyose is a graduate of Economics from Makerere University and also holds a Masters in Economic Policy and Planning of Makerere University. She also holds a Diploma in Tax Administration and Management. She is currently the National Executive Secretary, St. John Ambulance Kampala.

Mr. Ganyana Miiro – Mr. Miiro holds a Masters degree in Development Economics of the University of Wisconsin, USA. He worked with the Institute of Public Administration where he taught Development Economics from 1971 – 1975. Thereafter he worked with Tropical African Bank Limited as Chief Economist, Director and General Manager respectively for a period of thirteen years. He worked as a member of the Public Service Commission, Uganda for a period of six years and is currently a Commissioner with Amnesty Commission in Charge of West Nile Region.

Eng. Sotti M. Bomukama - Eng. Bomukama holds a B.Sc. (Hons) Degree in Civil Engineering from Makerere University (1976) and a M.Sc. Degree in Water and Waste Engineering from Loughborough University of Technology (1983). He is a member of the Institute of Public Health Engineers (UK), a member of the Institution of Water and Environment Management U.K. and a fellow of the Uganda Institution of Professional Engineers. He has served as a member of the Engineers' Registration Board for 5 (five) years and presently is the Director for Water Development in the Ministry of Water and Environment.

Mr. David Ssebabi – Mr. Ssebabi holds the position of Director in Uganda's largely successful Privatization and Utility Reform Project under the Ministry of Finance, Planning and Economic Development. He is an experienced financial analyst with extensive experience in Banking, Parastatal Monitoring and Utility Reform and Restructuring. He possesses a B. Com (Hons) degree of Makerere University, Kampala, and a MSc. Finance from Strathclyde University, Glasgow.

Ms. Florence Namayanja Mukasa - Ms. Namayanja holds a Bachelors Degree in Industrial and Organizational Psychology from Makerere University, and is currently the Deputy Mayor of Kampala city. Prior to that, she served in National Water and Sewerage Corporation in the areas of Administration, procurement and projects.

Mr. David Mpango Kakuba – Mr. Kakuba holds a Masters degree in Public Administration and Management from Makerere University, LLB (Hons), Post Graduate Diploma in Legal Practice and is a fellow of the Institute of Chartered Secretaries and Administrators. He is currently the Deputy Managing Director of Civil Aviation Authority. He has also served as Chief manager Administration/ Corporation secretary of National Water.

Mr. Victor Paul Kobel – Mr. Kobel is a graduate of Business Administration. He is a fellow of the Institute of Chartered Secretaries and Administrators and an associate of the British Institute of Management. He has held high profile positions in the civil service including those of Secretary of the Central Tender Board, Commissioner for Industry and Permanent Secretary. Mr. Kobel has served on many boards including Uganda Manufacturers Association, Uganda Investment Authority, Uganda Electricity Board and the Uganda National Chamber of Commerce and Industry. Since retiring from public service, Mr. Kobel has been operating in private business.

Dr. Charles Wana-Etyem – Dr. Wana holds a B.Sc (Hons) Degree in Civil Engineering from Makerere University (1976), a M.Sc in Water Resources Engineering, Colorado State University USA (1978) and PhD in Water resources Engineering, Colorado State university, USA, 1982. He is a Chartered engineer, Engineering Council and Technology Board, UK, Fellow of the Uganda Institute of Professional Engineers and has over thirty years of post-graduation experience in the field of academia, infrastructure and water resources development. Dr Wana has served as Chairman and member of many boards

Dr. William Muhairwe – Dr. Muhairwe is a Business Management Economist. He was appointed Managing Director of National Water and Sewerage Corporation in 1998. Prior to this appointment, Dr. Muhairwe was General Manager of East Africa Steel Corporation Ltd (1989 - 1994) and General Manager of Steel Corporation of East Africa Ltd (1994 - 1995). He also served as the Deputy Executive Director and Ag. Executive Director of the Uganda Investment Authority from 1995 to 1998. Dr. Muhairwe holds a PhD in Business Management and has competences in private sector development strategic planning and policy formulation among others.

DIRECTORS' REMUNERATION

The total remuneration paid to the Board of Directors in 2009/10 was Shs 495 million (2008/9: Shs 418 million), split between Managing Director Shs 370 million (2008/9: Shs 355 million) and Board of Directors Shs 125 million (2008/9: Shs 63 million). The Managing Director, being an executive Director, is paid a monthly emolument. All other Directors are non-executive members and receive a retainer fee only.

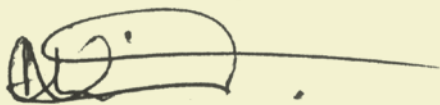
National Water And Sewerage Corporation
Statement Of Directors' Responsibilities
Year Ended 30 June 2010

The National Water and Sewerage Corporation Act (Laws of Uganda 2000), 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 Corporation as at the end of the financial year and of the operating results of the Corporation for that year. It also requires the directors to ensure the Corporation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation. They are also responsible for safeguarding the assets of the Corporation.

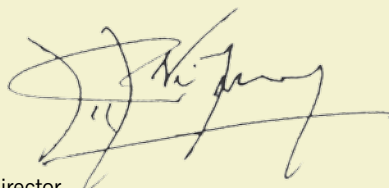
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the National Water and Sewerage Corporation Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its profit in accordance with International Financial Reporting Standards and the requirements of the National Water and Sewerage Corporation Act. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

As stipulated under the National Water and Sewerage Corporation Act, the directors confirm that they are not aware of any circumstances that render any details included in these financial statements misleading or inaccurate.

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



Director
14th December 2010



Director
14th December 2010

Report Of The Auditor General To Parliament In Respect Of National Water And Sewerage Corporation For The Financial Year Ended 30 June 2010

Under section 30 of the National Water and Sewerage Corporation Act (Cap 317) and Sec 17 of the National Audit Act (2008), I am required to audit the accounts of National Water and Sewerage Corporation. In accordance with the provisions of the same section, I appointed Messrs PricewaterhouseCoopers, Certified Public Accountants, to audit the accounts of the Corporation on my behalf and report to me so as to enable me report to Parliament.

Report

The financial statements of National Water and Sewerage Corporation set out on pages 11 to 44 which comprise the Balance Sheet as at 30th June 2010, statement of comprehensive income (including the profit and loss account), statement of changes in equity and statement of cash flow for the year then ended together with a summary of significant accounting policies and other explanatory notes have been audited

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the National Water and Sewerage Corporation Act (Cap 317). This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's responsibility

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance as to 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 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Technical and Non-technical water losses

The corporation estimated that, because of technical and non-technical losses in the water supply system, it generated non-revenue water of approximately 33.3% (2009: 35.8%) of water that it produced during the year. However, the Corporation has not been able to separately identify unbilled water resulting from technical losses and that resulting from commercial losses. Accordingly, we have not been able to determine the potential misstatement of revenue and trade receivables arising from non revenue water consumed by the corporation's customers.

Qualified opinion

In my opinion, except for the possible effects of matters described in the basis for qualified opinion paragraph above, the accompanying financial statements give a true and fair view of the state of the Corporation's financial affairs at 30 June 2010 and of its profit and cash

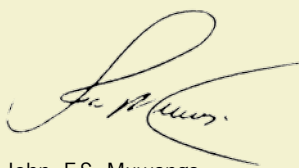
**Report Of The Auditor General To Parliament In Respect Of
National Water And Sewerage Corporation For The Financial
Year Ended 30 June 2010 (Continued)**

flows for the year then ended in accordance with International Financial Reporting Standards and the National Water and Sewerage Corporation Act (Cap 317).

Report on other legal and regulatory requirements

As required by the National Water and Sewerage Corporation Act (Cap 317) I report to you based on our audit that:

- ι) Sufficient and appropriate evidence which was necessary for the purpose of the audit was obtained
- ιι) Proper books of account have been kept by the Corporation, so far as appears from our examination of those books, and
- ιιι) The Corporation's balance sheet and income statement are in agreement with the books of account.



John .F.S. Muwanga

Auditor General

Kampala

11th January, 2011

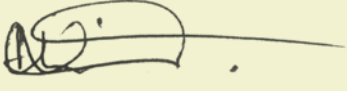
National Water And Sewerage Corporation
Income Statement Of Comprehensive Income (Including The Profit And Loss Account)
Year Ended 30 June 2010


	Notes	2010 Shs'000	Restated 2009 Shs'000
Income			
Water and sewerage revenue	5	106,111,253	91,292,788
Other income	6	1,828,479	5,511,007
Finance income	7	56,120	-
Grant income	22	3,966,723	4,291,774
Investment income	8	885,952	637,385
		112,848,527	101,732,954
Expenditure			
Staff expenses	9	(29,969,688)	(27,398,863)
Service gratuity	19	(5,552,046)	(4,315,067)
Administrative expenses	10	(12,880,182)	(10,202,885)
Static plant and pipe network	11	(20,785,188)	(18,784,440)
Supplies and services	12	(11,340,779)	(8,819,322)
Premises maintenance	13	(2,933,311)	(2,764,308)
Transport and mobile plant	14	(3,342,578)	(3,465,410)
		(86,803,772)	(75,750,295)
Profit before depreciation and amortisation		26,044,755	25,982,659
Depreciation and amortisation	23	(16,648,629)	(15,282,142)
Profit before income tax		9,396,126	10,700,517
Income tax expense	15	(1,717,535)	(1,455,011)
Profit after tax		7,678,591	9,245,506
Other comprehensive income		-	-
Total comprehensive income		7,678,591	9,245,506


National Water And Sewerage Corporation
Balance Sheet
Year Ended 30 June 2010

	Notes	30 June 2010 Shs'000	Restated 30 June 2009 Shs'000	Restated 30 June 2008 Shs'000
EQUITY				
Government funding	16	249,455,313	238,363,303	238,363,303
Revaluation reserve	17	34,853,187	38,624,581	42,395,975
Retained earnings		48,289,988	36,840,003	23,823,103
Total equity		332,598,488	313,827,887	304,582,381
Non-current liabilities				
Long term debt	18	18,354,999	-	-
Service gratuity	19	-	5,679,056	5,791,782
Terminal benefits	20	12,721,609	7,802,558	8,245,491
Deferred income tax liabilities	21	25,805,182	24,087,647	22,632,636
Deferred income	22	125,908,063	118,183,037	117,225,702
		182,789,853	155,752,298	153,895,611
		515,388,341	469,580,185	458,477,992
REPRESENTED BY				
Non-current assets				
Property plant and equipment	23	424,696,795	407,331,453	408,385,592
Capital Work in Progress	24	35,978,346	20,880,219	14,646,269
Intangible assets	25	49,406	65,874	-
Operating lease prepayments	26	193,105	100,971	214,300
		460,917,652	428,378,517	423,246,161
Current assets				
Inventories	27	18,122,716	12,535,825	9,056,750
Trade and other receivables	28	37,107,831	38,604,384	32,915,746
Current income tax recoverable	15	1,654,977	1,577,074	1,486,431
Short term bank deposits	29	9,320,828	4,423,274	3,937,734
Cash at bank and in hand	30	20,322,595	9,243,677	4,926,412
Assets held for sale	31	-	86,108	1,737,524
		86,528,947	66,470,342	54,060,597
Current liabilities				
Trade and other payables	32	25,693,038	20,058,091	13,763,077
Deferred income	22	3,966,723	3,966,725	3,846,520
Service gratuity	19	2,174,904	1,135,903	1,101,212
Terminal benefits	20	223,593	107,955	117,957
		32,058,258	25,268,674	18,828,766
Net current assets		54,470,689	41,201,668	35,231,831
		515,388,341	469,580,185	458,477,992

The financial statements on pages 71 to 104 were approved for issue by the board of directors on 14th December 2010 and signed on its behalf by:


Chairman


Managing Director


Director

National Water And Sewerage Corporation
Statement Of Changes In Equity
Year Ended 30 June 2010

	Notes	Government funding Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total equity Shs'000
Year ended 30 June 2009					
<i>At start of year as previously stated</i>		238,363,303	42,395,975	20,574,775	301,334,053
<i>Effect of prior year adjustments in respect of:</i>					
– additional depreciation of property, plant and equipment	37	-	-	(2,066,752)	(2,066,752)
– deferred income tax in respect of additional depreciation on property, plant and equipment	21	-	-	620,026	620,026
– deferred income tax on excess depreciation relating to prior periods	37	-	-	880,946	880,946
– amortisation of grant income for the periods 2000 - 2008	37	-	-	3,814,108	3,814,108
At start of year as restated		238,363,303	42,395,975	23,823,103	304,582,381
Comprehensive income					
<i>Profit for the year as previously stated</i>		-	-	12,350,645	12,350,645
<i>Effect of prior year adjustments in respect of:</i>					
– additional depreciation of property, plant and equipment	37	-	-	(4,960,206)	(4,960,206)
– deferred income tax in respect of additional depreciation on property, plant and equipment	21	-	-	1,488,078	1,488,078
– overstatement of deferred tax credit in respect of excess depreciation	21	-	-	(176,037)	(176,022)
– recognition of revenue grants	37	-	-	325,050	325,050
– amortisation of deferred income	37	-	-	776,862	776,862
– accrual for annual performance bonus	37	-	-	(425,557)	(425,557)
– disposal of operating leases	37	-	-	(117,247)	(117,247)
– amortisation of prepaid operating lease rental incorrectly credited to revaluation reserve	37	-	-	(16,082)	(16,082)
<i>Profit for the year as restated</i>		-	-	9,245,506	9,245,506
<i>Other comprehensive income</i>					
– Transfer of excess depreciation		-	(5,387,706)	5,387,706	-
– deferred income tax in respect of excess depreciation		-	1,616,312	(1,616,312)	-
Total comprehensive income for the year		-	(3,771,394)	13,016,900	9,245,506
<i>Effect of prior year adjustments in respect of:</i>					
– disposal of operating leases	37	-	117,247	-	117,247
– amortisation of prepaid operating lease rental	37	-	(16,082)	-	(16,082)
Restatements to revaluation reserves		-	(101,165)	-	(101,165)
At end of year as restated		238,363,303	38,624,581	36,840,003	313,827,887

National Water And Sewerage Corporation
Statement Of Changes In Equity (Continued)
Year Ended 30 June 2010

	Notes	Government funding Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total equity Shs'000
Year ended 30 June 2010					
<i>At start of year as previously stated</i>		238,363,303	38,523,416	36,696,814	313,583,533
<i>Effect of prior year adjustments in respect of;</i>					
– additional depreciation of property, plant and equipment	37	-	-	(7,026,958)	(7,026,958)
– deferred tax in respect of additional depreciation on property, plant and equipment	21	-	-	2,108,104	2,108,104
– deferred tax on excess depreciation relating to prior periods	37	-	-	880,946	880,946
– understatement of deferred income in respect of prior periods	37	-	-	4,590,970	4,590,970
– overstatement of deferred tax credit in respect of excess depreciation	21	-	-	(176,037)	(176,037)
– recognition of revenue grants	37	-	-	325,050	325,050
– accrual for annual performance bonus	37	-	-	(425,557)	(425,557)
– disposal of operating leases	37	-	117,247	(117,247)	-
– amortisation of prepaid operating lease rental	37	-	(16,082)	(16,082)	(32,164)
At start of year as restated		238,363,303	38,624,581	36,840,003	313,827,887
Comprehensive income					
Profit for the year as restated		-	-	7,678,591	7,678,591
Other comprehensive income					
– Transfer of excess depreciation		-	(5,387,706)	5,387,706	-
– Transfer of excess depreciation		-	1,616,312	(1,616,312)	-
Total comprehensive income		-	(3,771,394)	11,449,985	
Transactions with owners					
Government contributions during the year	16	11,092,010	-	-	11,092,010
At end of year		249,455,313	34,853,187	48,289,988	332,598,488

National Water And Sewerage Corporation
Statement Of Cashflows
Year Ended 30 June 2010

		Year ended 30 June	
	Notes	2010 Shs'000	2009 Shs'000
Operating activities			
Cash generated from operations	35	23,702,006	14,725,473
Income tax paid		(77,903)	(90,643)
Net cash generated from operating activities		23,624,101	14,634,830
Investing activities			
Additions to capital work in progress	24	(34,322,700)	(13,235,153)
Purchase of property, plant and equipment	23	(3,519,625)	(810,502)
Purchase of computer software	25	-	(82,342)
Prepayment of operating lease rentals	26	(100,005)	(36,082)
Proceeds from disposal of property, plant and equipment		-	3,694,669
Interest received	8	885,952	637,385
Net cash used in investing activities		(37,056,378)	(9,832,025)
Financing activities			
Proceeds from borrowings	18	17,717,000	-
Proceeds from grants	22	11,691,747	-
Net cash used in financing activities		29,408,747	-
Increase in cash and cash equivalents		15,926,472	4,802,805
Movement in cash and cash equivalents			
At start of year		13,666,951	8,864,146
Increase		15,976,472	4,802,805
At end of year	30	29,643,423	13,666,951

1 General information

National Water and Sewerage Corporation is a statutory body established in 1972 by Statute No. 34 of 1972, following an earlier study on the improvement of water and sanitation services in urban centres of Uganda. The address of its registered office is:

Plot 39, Jinja Road
P.O.Box 7053
Kampala

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings, rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) Amendments to existing standards adopted by the Corporation

IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Corporation presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy will only impact presentation of primary statements.

IAS 23 (amendment), 'Borrowing costs' - effective from 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

IFRS 8, 'Operating segments' – effective 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. It is relevant for entities whose debt or equity instruments are traded in a public market or files financial statements with a securities commission for the purpose of issuing any class of instruments in a public market.

(i) Amendments to existing standards adopted by the Corporation (continued)

IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures and no significant impact on the Corporation.

(ii) Standards, amendments and interpretations to existing standards effective in 2009 but not relevant

IFRS 2 (amendment), 'Share-based payment' - effective from 1 January 2009. It clarifies that vesting conditions are service conditions and performance conditions only. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Corporation

Two revised standards (IFRS 3 – Business combinations and IAS 27 – Consolidated and separate financial statements) and numerous amendments to existing standards and new interpretations have been published and will be effective for the Corporation's accounting periods beginning on or after 1 January 2010, but the Corporation has not early adopted any of them.

The Directors have assessed the relevance of the new standards, interpretations, and amendments to existing standards with respect to the Corporation's operations and concluded that they will not have a significant impact on the Corporation's financial statements.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from water consumption and sewerage services. Revenue is shown net of value-added tax (VAT).

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Corporation and when specific criteria have been met for each of the Corporation's activities as described below. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

- (i) Sales of water is recognised in the period in which the Corporation has supplied water to the customer;
- (ii) Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided;
- (iii) Interest income is recognised on a time proportion basis using the effective interest method.

(c) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which

the entity operates ('the functional currency'). The financial statements are presented in Uganda Shillings ("Shs") which is the Corporation's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at market value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

Civil structures and buildings	1%
Technical structures	3%
Pipe works	3%
Land freehold	0%
Land Leased	Amortised over the period of the lease
Electromechanical equipment	3%
IT and office equipment	20%
Office furniture	20%
Heavy transport equipment	20%
Light transport equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the profit and loss account. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(f) Intangible assets

Intangible assets comprise the accounting, billing and audit software and it is stated at cost less accumulated amortisation. The software is amortised over a period of 5 years.

(g) Assets held for sale

The Corporation classifies assets as held for sale if, and only if, the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amounts and fair value less estimated selling costs at the balance sheet date. Impairment loss arising from any subsequent write-down of the carrying amount of an asset identified for sale to fair value less costs to make the sale is charged to the income statement in the year in which the loss is identified.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis less provisions for impairment. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Corporation will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is recognised in the profit and loss account.

Unidentified provisions are made based on management evaluation of the debtors' balance (excluding ministries and other Government departments) and other exposures in respect of losses, which, although not specifically identified, are known from experience to be present in the debtors balance. The general provision for bad debts is made on the following basis;

0 - 90 days late	0%
90 - 180 days late	10%

180 - 360 days late	20%
1 - 2 years late	50%
2 - 3 years late	80%
> 3 years late	100%

Identified provisions are made for all known doubtful debts and written off when all reasonable steps to recover them have been taken without success and in the opinion of the Directors, recovery is doubtful.

(j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(l) Capital and revenue grants

Grants are assistance by government, government agencies and similar bodies whether local, national or international in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be compiled.

When the grant relates to an expenses item, (Revenue) it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, (Capital) it is recognised in the income statement on a systematic basis over the expected useful life of the relevant asset.

(m) Government funding

Government of Uganda's contributions to the activities of the corporation in the form of assets transferred (for which the Corporation has no contractual obligation to repay the Government of Uganda) and long term debt converted into equity are treated as capital contributions and are accounted for as a capital reserve within equity. At the point of transfer, the value of the assets is determined by an independent valuer.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with

original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(o) Employee benefits: Retirement benefit obligations

(i) National Social Security Fund

The Corporation and all its employees also contribute to the appropriate National Social Security Fund, which are defined contribution schemes.

A defined contribution plan is a pension plan under which the Corporation pays fixed contributions into a separate entity. The Corporation has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Corporation's contribution is limited to 10% of the employee's gross pay.

The Corporation's contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they fall due.

(ii) Service gratuity

All the Corporation employees are now on two year renewable contracts. This means that all terminal benefits for the past periods that had been accrued were ring fenced. All staff are now entitled to contract gratuity equivalent to 25% of their annual gross salary payable at the end of each year completed.

The Corporation's contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they fall due.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the balance sheet date.

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that

have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled or the related deferred income tax asset is realised

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment losses

At each balance sheet date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of individual asset, the corporation estimates the recoverable amount of cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note (e) above.

Impairment of trade receivables

Critical estimates are made by the directors in determining the recoverable amount of impaired receivables. The carrying amount of impaired receivables is set out in Note 4.

Income taxes

The Corporation is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Corporation's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management

programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Corporation does not hedge any risks.

Financial risk management is carried out by management under policies approved by the Board of Directors.

Market risk

(i) Foreign exchange risk

The Corporation primarily transacts in Uganda shillings and its assets and liabilities are denominated in the same currency. The foreign currency purchases include imports of chemicals, water meters, pumps and spares which are not significant. However, the shilling has been stable against the major convertible currencies during the year and is therefore exposed to minimal credit risk.

(ii) Price risk

The Corporation does not hold any financial instruments subject to price risk.

(iii) Cash flow and fair value interest rate risk

The Corporation's only interest bearing financial liability is the bank loan, which is at a and measured at amortised cost. It is therefore not exposed to cash flow and fair value interest rate risk.

Credit risk

Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Corporation does not have any significant concentrations of credit risk. The credit risk on trade and trade receivables is limited because the Corporation has adopted a policy of dealing with credit worthy counterparties as a means of mitigating the risk.

The credit risk on liquid funds is also low because the counterparties are banks with good credit ratings.

The amount that best represents the Corporation's maximum exposure to credit risk at 30 June 2010 is made up as follows:

	2010 Shs'000	2009 Shs'000
Cash at bank	20,318,250	9,243,677
Short term bank deposits	9,320,828	4,423,274
Trade receivables	35,270,735	36,642,993
Other receivables	1,309,765	1,434,685
	66,219,578	51,744,629

No collateral is held for any of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

None of the above assets are either past due or impaired except for the following amounts in trade receivables (which are due within 90 days of the end of the month in which they are invoiced):

	2010 Shs'000	2009 Shs'000
Past due but not impaired:		
- by up to 90 days	<u>7,648,071</u>	8,037,438
Receivables individually determined to be impaired:		
Carrying amount before provision for impairment loss	17,801,424	19,890,706
Provision for impairment loss	<u>(7,585,746)</u>	<u>(7,997,848)</u>
Net carrying amount	<u>10,215,678</u>	11,892,858

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed facilities. The ultimate responsibility for liquidity risk management lies with the Board of Directors, which has built an appropriate framework for the management of the Corporation's short, medium and long term funding and liquidity requirements. The Corporation manages liquidity risk through continuously monitoring forecasts and matching the maturity profiles of financial liabilities and ongoing review of future commitments, grants and credit facilities available to the Corporation.

The table below analyses the Corporation's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years
	Shs'000	Shs'000	Shs'000
At 30 June 2010:			
- trade and other payables	25,693,038	-	-
- service gratuity	2,174,904	-	-
- terminal benefits	223,593	12,721,609	6,360,805
- Long term loan	5,261,922	16,282,107	3,454,845
	<u>33,353,457</u>	<u>29,003,716</u>	<u>9,815,650</u>
	Less than 1 year	Between 2 and 5 years	Over 5 years
	Shs'000	Shs'000	Shs'000
At 30 June 2009:			
- trade and other payables	20,058,091	-	-
- service gratuity	1,135,903	5,679,056	-
- terminal benefits	107,955	7,802,558	-
	<u>21,301,949</u>	<u>13,481,614</u>	-

Capital management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Corporation may limit the amount of dividends paid to shareholders.

The Corporation is wholly owned by the Government of Uganda which contributes to equity mainly in form of assets transferred free of charge and long term debt converted into equity. The capital contribution by the Government of Uganda as at 30 June 2010 was Shs 249 billion (2008/9: Shs 238 billion). These reserves are treated as a capital reserve within equity and are deemed to be capital by the Corporation.

5 Water and sewerage revenue

	2010	2009
	Shs'000	Shs'000
Water and sewerage charges	98,199,291	84,898,253
Service charges	4,246,639	3,797,965
Connection fees	2,730,377	1,898,244
Reconnection fees	342,005	258,178
Other water and sewerage income	592,941	440,148
	106,111,253	91,292,788

6 Other income

	2010	2009
	Shs'000	Shs'000
Gain on disposal of assets	-	3,041,606
Decrease in provision for bad and doubtful debts	8,280	172,105
Decrease in provision for obsolete stock	-	36,510
Income from external services	1,586,486	1,845,216
Sundry income	233,713	415,570
	1,828,479	5,511,007

7 Finance income

Foreign exchange gain on cash and cash equivalents	56,120	-
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8 Investment income

Interest income from bank deposits	878,521	631,610
Interest income on staff loans	7,431	5,775
	885,952	637,385

9 Staff costs

Employee benefits expense	22,656,481	19,998,668
Medical expense	1,402,401	1,324,681
Lunch, transport and soap allowance	1,557,344	1,344,962
Car and cycle allowance	495,291	505,046
Performance/attendance bonus and overtime	735,244	679,407
Work bonus	1,967,527	2,127,288
Leave transport and allowance	768,501	772,394
Workmen's compensation	338,559	179,500
Funeral expenses	48,340	41,360
	29,969,688	26,973,306

Employee benefit expense

The following items are included within employee benefits expense:

Basic pay	16,470,544	14,415,236
Housing expense	3,624,364	3,301,040
National Social Security Fund contributions	2,447,393	2,170,776
Shift allowance and gross wages	114,180	111,616
	22,656,481	19,998,668

10 Administrative expenses

	2010	2009
	Shs'000	Shs'000
Board expenses	495,843	417,903
Meeting expenses	583,392	551,241
Local travels	2,135,308	1,700,023
Foreign travels	1,298,676	1,060,858
Publicity	807,725	829,248
Entertainment	41,739	35,522
General insurance	201,439	221,585
Legal and professional expenses	116,557	71,560
Training expenses and allowances	307,984	214,180
Audit fees	134,043	122,000
Donations and subscriptions	330,972	287,688
Lunch and transport for weekends/public holidays	1,510,542	1,270,411
Contribution to staff sports	55,538	54,746
Process bench marking	444,396	72,413
Security	1,079,185	972,089
Foreign exchange losses other than on borrowings and cash equivalents	117,607	153,379
Bad debts - water services	1,390,312	641,645
Commission-Bad debts recovery	669,480	375,422
Stock losses (Stock write down)	328	110,411
Staff transfer costs	55,043	124,286
Other professional charges	301,222	463,324
Loss on disposal of assets	570,683	-
Bank charges	232,168	193,345
External services expenses	-	142,359
	12,880,182	10,085,638

11 Static plant and pipe network

Electricity	14,402,806	13,709,973
Plant repairs & maintenance	1,917,523	1,310,475
Pipe network repairs & maintenance	2,800,125	2,147,729
Fuel and lubricants	902,106	884,705
Insurance	469,065	331,768
Sand	66,655	24,023
Disludging sewerage ponds	59,458	73,054
Water abstraction permits	167,450	302,713
	20,785,188	18,784,440

12 Supplies and services

Water treatment chemicals	8,038,151	6,148,169
Equipment repairs and minor purchases	292,952	170,570
Printing and stationery/publications	989,442	670,986
Tools and light plant	146,040	110,361
Uniforms and protective wear	193,901	194,427
Computer license	477,435	291,819
Office supplies	448,648	366,126
Telephone and lease of data communication links	754,210	866,864
	11,340,779	8,819,322

13 Premises

	2010	2009
	Shs'000	Shs'000
Rent, rates and telephone	1,468,043	1,295,347
Repairs and maintenance	806,461	771,080
Insurance	76,113	98,920
Cleaning materials	139,101	116,907
Electricity	248,314	216,376
Water	105,679	120,498
Fixtures and fittings	89,600	145,180
	2,933,311	2,764,308

14 Transport and mobile plant

Fuel and lubricants	1,477,883	1,686,873
Repairs and maintenance	486,430	471,909
Hire of transport	1,104,126	1,068,870
Insurance	222,793	186,177
License, road toll and taxes	51,346	51,581
	3,342,578	3,465,410

15 Income tax expense

Current income tax	-	-
Deferred income tax (Note 22)	1,717,535	1,455,011
	1,717,535	1,455,011

The tax on the Corporation's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2010	Restated	Restated
	Shs'000	2009	2008
		Shs'000	Shs'000
Profit before income tax	9,396,126	10,700,517	2,254,059
Tax calculated at the statutory income tax rate of 30% (2009 – 30%)	2,818,838	3,210,155	676,218
Tax effects of:			
Income not subject to tax	(1,199,017)	(956,959)	(1,153,956)
Expenses not deductible for tax purposes	97,714	(798,185)	1,390,956
Expenses not deductible for tax purposes	-	-	(12,730,346)
Income tax expense	1,717,535	1,455,011	(9,563,296)

Current income tax recoverable

At start of year	1,577,074	1,486,431	1,419,107
Withholding tax recoverable	77,903	90,643	67,324
At year end	1,654,977	1,577,074	1,486,431

16 Government funding

	2010 Shs'000	2009 Shs'000	2008 Shs'000
At start of year	238,363,303	238,363,303	238,363,303
Assets taken over during the year			
- Kaberamiado project (Note 24)	3,124,403	-	-
- Iganga project (Note 24)	7,967,607	-	-
At year end	249,455,313	238,363,303	238,363,303

The amount represents a build up of various Government of Uganda capital contributions to the Corporation. The principal components are:

- i) The value of assets received by the Corporation when new water towns are handed over to it by the Government of Uganda.
- ii) Loans amounting to Shs 153 billion extended by the Government of Uganda for various Corporation projects which were converted to equity.
- iii) Direct equity contributions by the Government of Uganda.

17 Revaluation reserve

The revaluation surplus represents the surplus on the revaluation of all assets net of deferred income tax and is non-distributable.

In 2008, the Corporation revalued all its assets. The revaluation exercise was done by Bellar Consult in association with M&E and was jointly financed by European Union and GTZ. The revaluation was as at 31 January 2008 and covered all corporation assets at this point in time. The assets were revalued using the depreciated replacement cost method.

18 Long term debt

	2010 Shs'000	2009 Shs'000	2009 Shs'000
Stanbic Bank of Uganda Limited	17,717,000	-	-
Interest payable	637,999	-	-
	18,354,999	-	-

The Stanbic Bank Uganda Limited loan facility of Shs 17.7 billion was advanced for a period of seven years including a two year grace period and is due in semi annual equal principal repayments after the grace period. It is charged interest at the rate of 11.5% per annum. The loan was obtained for financing the extension of the Ggaba intake plant which is a long term project. On that basis, interest on the loan has been capitalised in accordance with IAS 23: Borrowing Costs.

19 Service gratuity

	2010 Shs'000	2009 Shs'000	2008 Shs'000
At start of year	6,814,959	6,892,994	6,849,653
Charge for the year	5,552,046	4,315,067	3,664,844
Re-classified from service gratuity to terminal benefits	(5,515,810)	-	-
Payments during the year	(4,676,291)	(4,393,102)	(3,621,503)
At end of year	2,174,904	6,814,959	6,892,994

19 Service gratuity (continued)

	2010	2009	2008
	Shs'000	Shs'000	Shs'000
Due within one year	2,174,904	1,135,903	1,101,212
Due after one year	-	5,679,056	5,791,782
Total	2,174,904	6,814,959	6,892,994

20 Terminal benefits

At start of year	7,910,513	8,363,446	5,078,755
Re-classified from service gratuity	5,515,810	-	3,854,142
Payments during the year	(481,121)	(452,933)	(569,449)
At end of year	12,945,202	7,910,513	8,363,448
Due within one year	223,593	107,955	117,957
Due after one year	12,721,609	7,802,558	8,245,491
Total	12,945,202	7,910,513	8,363,448

21 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2009: 30%). The movement on the deferred income tax account is as follows:

	2010	Restated 2009	Restated 2008
	Shs'000	Shs'000	Shs'000
At start of year	24,087,647	23,580,077	23,580,077
Charge to profit and loss account (Note 15)	1,717,535	1,455,011	1,455,011
Credited to equity	-	(947,441)	(947,441)
At end of year	25,805,182	24,087,647	22,632,636

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the profit and loss account, and deferred income tax charge/(credit) in equity are attributable to the following items:

21 Deferred income tax (continued)

	As previously stated 01-Jul-09 Shs'000	Prior year adjustment Shs'000	Restated 01-Jul-09 Shs'000	Charged/- (credited) to P/L Shs'000	30-Jun-10 Shs'000
Year ended 30 June 2010					
Deferred income tax liabilities					
Property, plant and equipment:					
- on historical cost basis	89,639,604	(2,108,087)	87,531,517	7,548,048	95,079,565
- on revaluation surpluses	17,258,316	(704,926)	16,553,390	(1,616,312)	14,937,078
	106,897,920	(2,813,013)	104,084,907	5,931,736	110,016,643
Deferred income tax assets					
Retirement benefit obligations	(4,417,642)	-	(4,417,642)	534,080	(3,883,562)
Tax losses carried forward	(72,920,628)	-	(72,920,628)	(4,934,763)	(77,855,391)
Provision for bad debts	(2,515,372)	-	(2,515,372)	123,631	(2,391,741)
Provision for obsolete stock	(97,604)	-	(97,604)	-	(97,604)
Other deductible temporary differences	(46,014)	-	(46,014)	62,851	16,837
	(79,997,260)	-	(79,997,260)	(4,214,201)	(84,211,461)
Net deferred income tax liability	26,900,660	(2,813,013)	24,087,647	1,717,535	25,805,182
Year ended 30 June 2009					
Deferred income tax liabilities					
Property, plant and equipment:					
- on historical cost basis	84,854,402	(620,026)	84,234,376	3,297,142	87,531,517
- on revaluation surpluses	19,050,650	(880,949)	18,169,701	(1,616,312)	16,553,389
	103,905,052	(1,500,975)	102,404,077	1,680,830	104,084,907
Deferred income tax assets					
Retirement benefit obligations	(4,576,932)	-	(4,576,932)	159,290	(4,417,642)
Tax losses carried forward	(72,044,928)	-	(72,044,928)	(875,700)	(72,920,628)
Provision for bad debts	(3,051,977)	-	(3,051,977)	536,605	(2,515,372)
Provision for obsolete stock	(97,604)	-	(97,604)	-	(97,604)
Other deductible temporary differences	-	-	-	(46,014)	(46,014)
	(79,771,441)	-	(79,771,441)	(225,819)	(79,997,260)
Net deferred income tax liability	24,133,610	(1,500,975)	22,632,636	1,455,011	24,087,647

21 Deferred income tax (continued)

	As previously stated 01-Jul-07 Shs'000	Prior year adjustment Shs'000	Charged/- (credited)to equity Shs'000	Charged/- (credited) to P/L Shs'000	30-Jun-08 Shs'000
Year ended 30 June 2008					
Deferred income tax liabilities					
Property, plant and equipment:					
- on historical cost basis	83,557,610	(947,441)	-	1,624,207	84,234,376
- on revaluation surpluses	1,168,973	-	17,881,677	(880,949)	18,169,701
	84,726,583	(947,441)	17,881,677	743,258	102,404,077
Deferred income tax assets					
Retirement benefit obligations	(3,578,522)	-		(998,410)	(4,576,932)
Tax losses carried forward	(64,518,069)	-		(7,526,859)	(72,044,928)
Provision for bad debts	(2,217,860)	-		(834,117)	(3,051,977)
Provision for obsolete stock	(97,604)	-		-	(97,604)
Other deductible temporary differences	(273)	-		273	-
	(70,412,328)	-		(9,359,113)	(79,771,441)
Net deferred income tax liability	14,314,255	(947,441)	17,881,677	(8,615,855)	22,632,636

Deferred income tax of Shs 1,616 million (2009: Nil) was transferred within shareholders' equity from revaluation reserve to retained earnings. This represents deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property.

22 Deferred income

The amounts recognised in the balance sheet are determined as follows:

	2010	Restated	Restated
	Shs'000	2009	2008
		Shs'000	Shs'000
At start of year	122,149,761	121,072,223	114,165,977
Donor Grants Spenco	77,871	-	-
Donor Grants	264,118	-	-
Donor grant KFW	4,416,038	-	3,052,879
DONOR Grants AFD	3,231,569	1,645,640	-
Donor Funds Wetwin	-	325,050	-
Government of Uganda Grants	1,876,745	3,398,623	4,339,963
OBA Grant	454,642	-	-
Donor grant KFW- Urban Poor	1,370,765	-	-
Donor fund UNICEF DWD	-	-	1,787,870
Donor grant funds KFW	-	-	1,572,053
	133,841,509	126,441,536	124,918,742
Released to profit and loss account	(3,966,723)	(4,291,774)	(3,846,520)
At end of year	129,874,786	122,149,762	121,072,222
Due within one year	3,966,723	3,966,725	3,846,520
Due after more than one year	125,908,063	118,183,037	117,225,702
At end of year	129,874,786	122,149,762	121,072,222

23 Property, plant and equipment

At 30 June 2007	Civil structures Shs'000	Technical structures		Pipe works Shs'000	Freehold land Shs'000	Electro mechanical equipment		IT and office equipment Shs'000	Furniture and fittings Shs'000	Heavy transport Shs'000	Light transport Shs'000	Total Shs'000
		Shs'000	Shs'000			Shs'000	Shs'000					
Cost	23,574,212	-	-	370,718,972	-	-	-	-	6,350,317	-	3,941,977	404,585,478
Accumulated depreciation	(2,623,332)	-	-	(79,943,812)	-	-	-	-	(4,775,328)	-	(3,336,542)	(90,679,014)
Closing net book value	20,950,880	-	-	290,775,160	-	-	-	-	1,574,989	-	605,435	313,906,464
Year ended 30 June 2008												
Opening net book value	20,950,880	-	-	290,775,160	-	-	-	-	1,574,989	-	605,435	313,906,464
WIP transfers up to 31-Jan-08	1,442,480	-	-	46,138,173	-	-	-	-	-	-	-	47,580,653
Additions up to 31-Jan-08	-	-	-	3,319,438	-	-	-	-	505,512	-	-	3,824,950
Disposals up to 31-Jan-08	-	-	-	-	-	-	-	-	-	-	(161,187)	(161,187)
Depreciation charge on disposals	-	-	-	-	-	-	-	-	-	-	161,187	161,187
Depreciation charge up to 31-Jan-08	(145,931)	-	-	(7,353,090)	-	-	-	-	(626,927)	-	(153,779)	(8,279,727)
Closing net book value at 31-Jan-08	22,247,429	-	-	332,879,681	-	-	-	-	1,453,574	-	451,656	357,032,340
Revaluation adjustment to cost	140,153,245	31,570,356	-	(320,486,386)	4,968,696	112,369,896	-	777,861	(6,147,150)	42,000	(2,591,946)	(39,343,428)
Additions from 1-Feb-08	36,475	17,586	-	3,087,286	-	223,194	-	-	230,857	-	23,025	3,618,423
PYA to reclassify property held for sale	(4,264,937)	-	-	-	(1,387,000)	-	-	-	-	-	-	(5,651,937)
Prior year adjustment	17,771	-	-	-	-	-	-	-	-	-	-	17,771
Disposals from 1-Feb-08	-	-	-	(40)	-	-	-	-	(674)	-	(54,154)	(54,868)
Depreciation on disposals	-	-	-	40	-	-	-	-	674	-	54,154	54,868
Impact of revaluation on depreciation	2,769,263	-	-	87,296,902	-	-	-	-	5,402,255	-	3,329,134	98,797,554
PYA to recognise additional depreciation	(196,279)	(181,333)	-	(931,293)	-	(552,973)	-	(77,688)	(55,276)	(5,250)	(66,661)	(2,066,753)
Depreciation charge for the year	(688,360)	(394,849)	-	(1,284,718)	-	(1,407,414)	-	(64,822)	(78,239)	(3,500)	(96,476)	(4,018,378)
Closing net book value as restated	160,074,607	31,011,760	100,561,472	3,581,696	3,581,696	110,632,703	635,351	806,021	33,250	1,048,732	408,385,592	
As at 30 June 2008												
Cost	160,941,475	31,587,942	102,777,443	3,581,696	-	112,593,090	777,861	938,862	42,000	1,157,715	414,398,084	
Accumulated depreciation as restated	(866,868)	(576,182)	(2,215,971)	-	-	(1,960,387)	(142,510)	(132,841)	(8,750)	(108,983)	(6,012,492)	
Net book value as restated	160,074,607	31,011,760	100,561,472	3,581,696	3,581,696	110,632,703	635,351	806,021	33,250	1,048,732	408,385,592	

23 Property, plant and equipment (continued)

	Civil structures Shs'000	Technical structures Shs'000	Pipe works Shs'000	Freehold land Shs'000	Electro mechanical equipment Shs'000	IT and office equipment Shs'000	Furniture and fittings Shs'000	Heavy transport Shs'000	Light transport Shs'000	Total Shs'000
At 30 June 2008										
Cost	160,941,475	31,587,942	102,777,443	3,581,696	112,593,090	777,861	938,862	42,000	1,157,715	414,398,084
Accumulated depreciation	(670,589)	(394,849)	(1,284,678)	-	(1,407,414)	(64,822)	(77,565)	(3,500)	(42,322)	(3,945,739)
Closing net book value as previously stated	160,270,886	31,193,093	101,492,765	3,581,696	111,185,676	713,039	861,297	38,500	1,115,393	410,452,345
Prior year adjustment to recognise additional depreciation for the year ended 30 June 2008	(196,279)	(181,333)	(931,293)	-	(552,973)	(77,688)	(55,276)	(5,250)	(66,661)	(2,066,753)
Closing net book value as restated	160,074,607	31,011,760	100,561,472	3,581,696	110,632,703	635,351	806,021	33,250	1,048,732	408,385,592
Year ended 30 June 2009										
Opening net book value as restated	160,074,607	31,011,760	100,561,472	3,581,696	110,632,703	635,351	806,021	33,250	1,048,732	408,385,592
WIP transfers	14,352	387,362	12,383,528	-	599,709	-	-	-	-	13,384,951
Additions	-	-	-	100,205	-	491,311	215,550	-	3,436	810,502
Depreciation charge	(1,652,209)	(959,259)	(3,556,788)	-	(3,395,784)	(295,432)	(189,285)	(8,400)	(232,230)	(10,289,387)
Prior year adjustment to recognize additional depreciation charge	(471,069)	(435,198)	(2,235,102)	-	(1,327,136)	(186,452)	(132,661)	(12,600)	(159,987)	(4,960,205)
Closing net book value as restated	157,965,681	30,004,665	107,153,110	3,681,901	106,509,492	644,778	699,625	12,250	659,951	407,331,453
As at 30 June 2009										
Cost	160,955,827	31,975,304	115,160,971	3,681,901	113,192,799	1,269,172	1,154,412	42,000	1,161,151	428,593,537
Accumulated depreciation as restated	(2,990,146)	(1,970,639)	(8,007,861)	-	(6,683,307)	(624,394)	(454,787)	(29,750)	(501,200)	(21,262,084)
Net book value as restated	157,965,681	30,004,665	107,153,110	3,681,901	106,509,492	644,778	699,625	12,250	659,951	407,331,453

23 Property, plant and equipment (continued)

As at 30 June 2009	Civil structures Shs'000	Technical structures Shs'000	Pipe works Shs'000	Freehold land Shs'000	Electro mechanical equipment Shs'000	IT and office equipment Shs'000	Furniture and fittings Shs'000	Heavy transport Shs'000	Light transport Shs'000	Total Shs'000
Cost	160,955,826	31,975,304	115,160,971	3,681,901	113,192,799	1,269,172	1,154,412	42,000	1,161,151	428,593,536
Accumulated depreciation	(2,322,797)	(1,354,108)	(4,841,466)	-	(4,803,198)	(360,254)	(266,850)	(11,900)	(274,552)	(14,235,125)
Closing net book value as previously stated	158,633,029	30,621,196	110,319,505	3,681,901	108,389,601	908,918	887,562	30,100	886,599	414,358,411
Prior year adjustment	(667,348)	(616,531)	(3,166,395)	-	(1,880,109)	(264,140)	(187,937)	(17,850)	(226,648)	(7,026,958)
Accumulated depreciation restated	(2,990,145)	(1,970,639)	(8,007,861)	-	(6,683,307)	(624,394)	(454,787)	(29,750)	(501,200)	(21,262,083)
Closing net book value restated	157,965,681	30,004,665	107,153,110	3,681,901	106,509,492	644,778	699,625	12,250	659,951	407,331,453
Year ended 30 June 2010										
Opening net book value as restated	157,965,681	30,004,665	107,153,110	3,681,901	106,509,492	644,778	699,625	12,250	659,951	407,331,453
WIP transfers	23,279	28,335	19,810,958	-	-	-	-	-	-	19,862,572
Additions	-	-	-	-	574,959	1,971,540	934,163	-	38,963	3,519,625
Government of Uganda asset contributions	266,600	1,166,000	9,455,403	189,000	6,000	-	9,007	-	-	11,092,010
Reclassified from held for sale	86,108	-	-	-	-	-	-	-	-	86,108
Disposals	(579,100)	-	-	-	-	-	-	-	-	(579,100)
Depreciation on disposals	8,417	-	-	-	-	-	-	-	-	8,417
Depreciation charge	(2,086,733)	(1,430,287)	(6,568,922)	-	(4,740,349)	(876,192)	(510,561)	(12,250)	(399,996)	(16,624,290)
Closing net book value	155,684,252	29,768,713	129,851,549	3,870,901	102,350,102	1,740,126	1,132,234	-	298,918	424,696,795
As at 30 June 2010										
Cost	160,752,714	33,169,639	144,427,332	3,870,901	113,773,758	3,240,712	2,097,582	42,000	1,200,114	462,574,752
Accumulated depreciation	(5,068,462)	(3,400,926)	(14,575,783)	-	(11,423,656)	(1,500,586)	(965,348)	(42,000)	(901,196)	(37,877,957)
Closing net book value	155,684,252	29,768,713	129,851,549	3,870,901	102,350,102	1,740,126	1,132,234	-	298,918	424,696,795

23 Property, plant and equipment (continued)

In 2008, the Corporation revalued all its assets. The revaluation exercise was done by Bellar Consult in association with M&E and was jointly financed by European Union and GTZ. The revaluation was as at 31 January 2008 and covered all corporation assets at this point in time. The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred income tax was credited to the revaluation reserve in shareholders' equity.

If the assets were stated on the historical cost basis, the amounts would be as follows:

	2010 Shs'000	2009 Shs'000	2008 Shs'000
Cost	501,918,179	467,936,964	
Accumulated depreciation	(123,391,051)	(106,247,622)	
Net book amount	378,527,128	361,689,342	

24 Capital work in progress

Work in Progress	5,592,697	3,997,673	2,381,251
Work In Progress - Gulu	3,874,848	-	2,039,821
Work In Progress - Mukono	-	10,783,928	7,584,221
Work In Progress SWTSP	38,431		-
Gaba Intake	14,583,747	-	-
Kampala NW Rehabilitation	1,341,074	-	-
Bushenyi H2O Supply Prjct	2,532,239	1,823,021	169,134
Urban Poor Project	3,411,137	2,427,630	2,267,403
Jinja Intake Pipeline	4,604,173	1,847,967	204,439
	35,978,346	20,880,219	14,646,269

25 Intangible assets

At start of year	65,874	-	-
Additions	-	82,342	-
Amortisation charge	(16,468)	(16,468)	-
At end of year	49,406	65,874	-

26 Operating lease prepayments

		Restated	
Cost			
At start of year	126,960	214,300	214,300
Additions	100,005	20,000	-
Disposals	-	(107,340)	-
	226,965	126,960	214,300
Amortisation			
At start of year	(25,989)	(9,907)	-
Correction of prior year errors in amortisation	(5,571)	-	-
Charge for the year	(2,300)	(16,082)	-
	(33,860)	(25,989)	-
At end of year	193,105	100,971	214,300

27 Inventories	2010 Shs'000	2009 Shs'000	2008 Shs'000
Stationery	262,713	224,662	185,656
Chemicals	703,580	1,553,526	2,209,544
Pipes and fittings	9,679,182	7,572,837	6,351,791
Pump spares	608,563	35,227	426,081
Fuel & lubricants	80,763	295,090	113,200
Stock in transit	7,113,263	3,179,831	95,826
Stock provision	(325,348)	(325,348)	(325,348)
	18,122,716	12,535,825	9,056,750

28 Trade and other receivables

Water and sewerage debtors	42,856,481	44,640,841	42,293,467
Less: Provision for impairment losses	(7,585,746)	(7,997,848)	(9,786,534)
Water and sewerage debtors - net	35,270,735	36,642,993	32,506,933
Prepayments	527,331	526,706	81,324
Other receivables	1,309,765	1,434,685	327,489
	37,107,831	38,604,384	32,915,746

Movements on the provision for impairment of trade receivables are as follows:

	2010 Shs'000	2009 Shs'000	2008 Shs'000
At start of year	7,997,848	9,786,534	7,006,144
Provision in the year	1,390,313	641,645	3,141,057
Receivables written off during the year as uncollectible	(1,794,135)	(2,258,226)	(360,667)
Unused amounts reversed	(8,280)	(172,105)	
	7,585,746	7,997,848	9,786,534
Provisions for other receivables	386,724	386,724	386,724
At end of year	7,972,470	8,384,572	10,173,258

29 Short term deposits

DFCU Fixed Deposit A/c	2,682,660	1,166,522	732,364
DFCU Non Core HousesFD	927	-	-
Barclays Fixed Deposit AC	1,714,240	1,417,744	2,180,904
United Bank Of Africa	716,388	-	-
Eco Bank FD A/c	1,200,000	-	-
Equity Bank	968,318	759,658	-
Bank of Africa	1,182,176	1,079,350	1,024,466
NWSC Reserve account	139,011	-	-
KCB Bank	717,108	-	-
	9,320,828	4,423,274	3,937,734

30 Cash at hand and cash in bank

	2010	2009	2008
	Shs'000	Shs'000	Shs'000
Cash at hand	4,345	7,600	3,472
Cash collection accounts	5,751,619	5,154,009	3,783,015
Cash in Transit	-	62,172	147,580
Stanbic Loan Account	7,645,144	-	-
Bank Balances	6,921,487	4,019,896	992,345
	20,322,595	9,243,677	4,926,412

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2010	2009	2008
	Shs'000	Shs'000	Shs'000
Cash and bank balances as above	20,322,595	9,243,677	4,926,412
Short term deposits (Note 29)	9,320,828	4,423,274	3,937,734
	29,643,423	13,666,951	8,864,146

31 Assets held for sale

At start of year	86,106	1,737,524	-
Reclassified to property	(86,106)	-	-
	-	-	1,737,524
Disposals during the year	-	(1,651,416)	-
At end of year	-	86,108	1,737,524

In 2007/8, the Corporation resolved to dispose of certain property which was accordingly classified as held for sale. Unsold units as of 30 June 2010 were reclassified to property following a decision by the Corporation not to proceed with disposal.

32 Trade and other payables

	2010	2009	2008
	Shs'000	Shs'000	Shs'000
Trade payable	18,229,247	13,291,029	7,895,815
Value Added Tax	767,147	847,250	680,591
Rechargeable works	902,242	583,315	597,422
Accruals and provision	5,551,055	4,827,285	3,661,929
Customer deposits	243,347	509,212	927,320
	25,693,038	20,058,091	13,763,077

The carrying amounts of the above trade and other payables approximate their fair values.

33 Contingent liabilities

The Corporation is a defendant in a number of pending court cases. The amounts being claimed, including loss of earnings is approximately Shs 337 million. Based on professional advice received, the directors are confident that the cases will be thrown out by the Court, and no provision has been made.

34 Commitments

Capital commitments

The Corporation had no capital expenditure contracted for at the balance sheet date that had not been recognised in the financial statements .

Operating lease commitments

The Corporation leases land under non-cancellable operating lease. The lease terms are between 5 and 199 years, and the majority of the lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2010 Shs'000	2009 Shs'000	2008 Shs'000
Not later than 1 year	2,300	21,653	107,340
Later than 1 year and not later than 5 years	10,896	5,820	5,820
Later than 5 years	179,909	73,498	101,140
	193,105	100,971	214,300

35 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2010 Shs'000	Restated 2009 Shs'000
Profit before income tax	9,396,126	10,700,517
Adjustments for:		
Interest income (Note 8)	(885,952)	(637,385)
Grant income	(3,966,723)	(4,291,774)
Depreciation (Note 23)	16,624,290	15,249,592
Amortisation of intangibles (Note 25)	16,468	16,468
Amortisation of prepaid operating lease rentals	7,871	133,327
Loss/(gain) on disposal of property, plant and equipment	570,683	(3,041,606)
Changes in working capital		
– trade and other receivables	1,496,553	(5,688,638)
– inventories	(5,586,891)	(3,479,075)
– trade and other payables	5,634,947	6,295,015
– service gratuity	(4,640,055)	(78,035)
– terminal benefits	5,034,689	(452,933)
Cash generated from operations	23,702,006	14,725,473

36 Related party transactions

The Corporation is wholly owned by the Government of Uganda.

The following transactions were carried out with related parties:

i) Key management compensation

Key management includes directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2010 Shs'000	Restated 2009 Shs'000
Salaries and other short-term employment benefits	755,278	2,765,708
Termination benefits	733,214	691,427
Bonus	206,837	220,570
	<u>1,695,329</u>	<u>3,677,705</u>

ii) Directors' remuneration

Fees for services as a director	125,843	63,000-
Other emoluments (included in key management compensation above)	370,000	355,000
	<u>495,843</u>	<u>418,000</u>

37 Prior year adjustments

		Effect on 2009 Shs'000
Effects of prior year adjustments in respect of:		
– additional depreciation of property, plant and equipment	(i)	(4,960,206)
– deferred income tax in respect of additional depreciation on property, plant and equipment	(i)	1,488,078
– overstatement of deferred income tax credit in respect of excess depreciation	(i)	(176,037)
– recognition of revenue grants	(ii)	325,050
– amortisation of deferred income	(ii)	776,862
– accrual for annual performance bonus	(iii)	(425,557)
– disposal of operating leases	(iv)	(117,247)
– amortisation of prepaid operating lease rental incorrectly credited to revaluation reserve	(iv)	(16,082)
		<u>(3,105,139)</u>

37 Prior year adjustments (continued)

		Effect on 2009 Shs'000
Effects of prior year adjustments on equity for periods prior to 2008/9:		
– decrease in property, plant and equipment	(i)	(2,066,752)
– decrease in deferred income tax in respect of additional depreciation in property, plant and equipment	(i)	620,026
– decrease in deferred income tax on excess depreciation relating to prior periods	(i)	880,946
– decrease in grants due to additional amortisation for the periods 2000 - 2008	(ii)	<u>3,814,108</u>
		<u>3,248,328</u>
Effects of prior year adjustments on equity:		
– decrease in property, plant and equipment	(i)	(4,960,206)
– decrease in deferred tax in respect of additional depreciation on property, plant and equipment	(i)	1,488,078
– increase in deferred tax credit in respect of excess depreciation	(i)	(176,037)
– decrease in grants due to recognition of revenue grants	(ii)	325,050
– decrease in grants due to additional amortisation	(ii)	776,862
– increase in trade and other payables due to accrual for annual performance bonus	(iii)	(425,557)
– decrease in operating leases on disposal	(iv)	(117,247)
– decrease in operating lease due to errors in amortisation	(iv)	<u>(16,082)</u>
		<u>(3,105,139)</u>
Net increase in equity		<u>143,189</u>

(i) Depreciation:

After revaluation as at 31 January 2008, the assets were depreciated over their useful life as opposed to the remaining useful life. A recomputation of depreciation based on the remaining useful life resulted in prior year adjustments of Shs 7,026 million. The deferred income tax impact of the adjustments was Shs 2,813 million

(ii) Deferred income:

The revenue grant for the Wetwin project amounting to Shs 325 million was erroneously not recognised during the period of the project which was completed during the year 2008/9. Accordingly, an adjustment was passed to recognise the income in the prior year.

Donor funds relating to capital funds were amortised based on the dates the projects were completed. This resulted in additional income of Shs 3,814 million relating to the period prior to 2008/9 and additional income of Shs 776 million for the year 2008/9.

(iii) Performance bonus:

The performance bonus for 2008/9 (Shs 425 million) was not accrued for in the respective period and the expense recognised in the current year.

An adjustment was passed to recognise the expense in the prior period and an accrual based on the prior period performance bonus made for the current year performance bonus.

(ii) **Prepaid operating lease rentals:**

The Corporation disposed of property under operating leases during the period 2008/9. The prepaid operating lease rentals disposed of were erroneously recognised in the revaluation reserve.

An adjustment of Shs 117 million relating to property disposed of was credited from the revaluation reserve and debited to the profit and loss account to correctly recognise the disposal.

An adjustment of Shs 16 million relating to amortisation of prepaid operating lease rentals was adjusted to correctly recognise it in the profit and loss account.

Area	Income	Total operating expenses	Profit before depreciation and amortisation	Depreciation and amortisation	Profit / (loss) before taxation
Kampala	69,082,852	(39,692,746)	29,390,106	(7,583,045)	21,807,061
Entebbe	6,137,903	(2,971,936)	3,165,967	(1,070,023)	2,095,944
Jinja	7,940,124	(3,968,535)	3,971,589	(1,455,634)	2,515,955
Mbale	3,034,619	(2,034,008)	1,000,611	(530,828)	469,783
Tororo	1,296,685	(1,120,248)	176,437	(358,049)	(181,612)
Masaka	2,002,027	(1,438,213)	563,814	(562,472)	1,342
Mbarara	4,639,422	(2,882,265)	1,757,157	(756,196)	1,000,961
Lira	1,767,934	(1,204,642)	563,292	(495,491)	67,801
Gulu	1,491,956	(1,210,686)	281,270	(513,456)	(232,186)
Kasese	956,190	(583,977)	372,213	(111,954)	260,259
Fortportal	1,289,377	(895,354)	394,023	(245,027)	148,996
Kabale	1,064,451	(882,510)	181,941	(308,440)	(126,499)
Bushenyi	437,750	(575,894)	(138,144)	(159,439)	(297,583)
Soroti	1,197,611	(904,621)	292,990	(540,792)	(247,802)
Arua	1,068,423	(995,674)	72,749	(154,114)	(81,365)
Masindi	791,668	(673,179)	118,489	(317,983)	(199,494)
Mubende	559,560	(524,583)	34,977	(181,379)	(146,402)
Hoima	681,954	(654,407)	27,547	(185,513)	(157,966)
Lugazi	306,324	(417,626)	(111,302)	(27,678)	(138,980)
Iganga	460,504	(371,237)	89,267	(235,788)	(146,521)
Headquarters	6,641,193	(22,801,431)	(16,160,238)	(855,328)	(17,015,566)
Year ended 30 June 2010	112,848,527	(86,803,772)	26,044,755	(16,648,629)	9,396,126
Year ended 30 June 2009	101,732,954	(75,750,297)	25,982,657	(15,282,142)	10,700,515

Kampala water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	51,804,061	44,065,268
Sewerage services	12,438,140	11,892,148
Service Charge	2,424,142	2,194,788
Connection fees	1,705,264	1,219,873
Other income	580,630	417,926
Bad debt recovery		171,696
Septic Tank emptying	70,213	67,662
Other sewerage income	9,730	8,549
Investment Income	34,567	
Rent from Offices/ Residential premises	16,105	9,046
	69,082,852	60,046,956
Operating expenses		
Staff costs	14,742,630	11,516,312
Administrative expenses	2,129,443	1,234,616
Static plant and pipe network maintenance	12,568,133	12,230,586
Supplies and services	7,287,139	5,607,935
Premises Maintenance	1,161,561	1,010,081
Transport and mobile plant costs	1,803,840	1,721,504
Financing costs		39,217
	39,692,746	33,360,251
Profit before depreciation and amortisation	29,390,106	26,686,705
Depreciation and amortisation	(7,583,045)	(7,031,267)
Profit before tax	21,807,061	19,655,438

Entebbe water

	2010	2009
Income	Shs '000	Shs '000
Water sales	4,897,589	3,950,441
Sewerage services	715,158	530,616
Service Charge	288,918	252,707
Connection fees	199,836	125,385
Other income	36,402	15,334
	<u>6,137,903</u>	<u>4,874,483</u>
Operating expenses		
Staff costs	1,452,061	1,230,067
Administrative expenses	285,031	202,401
Static plant and pipe network maintenance	830,236	671,900
Supplies and services	149,386	184,205
Premises Maintenance	144,865	121,901
Transport and mobile plant costs	110,357	108,703
	<u>2,971,936</u>	<u>2,519,177</u>
Profit before depreciation and amortisation	3,165,967	2,355,306
Depreciation and amortisation	(1,070,023)	(1,025,527)
Profit before Tax	<u>2,095,944</u>	<u>1,329,779</u>

Jinja water

Income	2010 Shs '000	2009 Shs '000
Water sales	5,497,150	4,687,801
Sewerage services	2,040,466	1,661,125
Service Charge	219,289	224,926
Connection fees	119,370	73,492
Other income	50,234	50,609
Septic Tank emptying	-	4,000
Rental Income	3,733	
Miscellaneous Income	9,882	
	7,940,124	6,701,953
Operating expenses		
Staff costs	1,785,792	1,642,140
Administrative expenses	476,307	418,192
Static plant and pipe network maintenance	1,171,372	1,306,905
Supplies and services	254,501	215,084
Premises Maintenance	149,212	240,178
Transport and mobile plant costs	131,351	181,872
	3,968,535	4,004,371
Profit before depreciation and amortisation	3,971,589	2,697,582
Depreciation and amortisation	(1,455,634)	(1,442,410)
Profit before tax	2,515,955	1,255,172

Mbale water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	2,095,890	1,753,644
Sewerage services	728,807	574,445
Service Charge	116,331	110,812
Connection fees	61,837	35,620
Other income	30,800	8,660
Other sewerage income	209	-
Miscellaneous Income	745	-
	<hr/>	<hr/>
	3,034,619	2,483,181
Operating expenses		
Staff costs	1,045,001	885,917
Administrative expenses	235,897	326,238
Static plant and pipe network maintenance	433,116	315,226
Supplies and services	173,541	130,990
Premises Maintenance	83,305	61,530
Transport and mobile plant costs	63,148	60,062
	<hr/>	<hr/>
	2,034,008	1,779,963
Profit before depreciation and amortisation	1,000,611	703,218
Depreciation and amortisation	(530,828)	(519,440)
	<hr/>	<hr/>
Profit/ (loss) before tax	469,783	183,778

Tororo water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	1,127,980	1,152,975
Sewerage services	73,274	75,377
Service Charge	52,730	61,244
Connection fees	23,911	16,411
Other income	18,374	4,797
Other sewerage income	416	0
	<hr/>	<hr/>
	1,296,685	1,310,804
Operating expenses		
Staff costs	431,692	423,688
Administrative expenses	145,365	146,470
Static plant and pipe network maintenance	344,359	427,787
Supplies and services	144,346	118,874
Premises Maintenance	34,009	59,769
Transport and mobile plant costs	20,477	18,519
	<hr/>	<hr/>
	1,120,248	1,195,107
Profit before depreciation and amortisation	176,437	115,697
Depreciation and amortisation	(358,049)	(351,815)
	<hr/>	<hr/>
(Loss)/ profit before taxation	(181,612)	(236,118)

Masaka water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	1,551,809	1,380,626
Sewerage services	306,150	330,774
Service Charge	102,945	100,639
Connection fees	23,490	23,597
Other income	16,203	9,077
Septic Tank emptying		145
Rental Income	1,430	
	<hr/>	<hr/>
	2,002,027	1,844,858
Operating expenses		
Staff costs	592,264	567,513
Administrative expenses	127,144	141,290
Static plant and pipe network maintenance	461,031	400,162
Supplies and services	165,422	193,463
Premises Maintenance	35,268	44,642
Transport and mobile plant costs	57,084	39,043
Financing costs		-
	<hr/>	<hr/>
	1,438,213	1,386,113
Profit before depreciation and amortisation	563,814	458,745
Depreciation and amortisation	(562,472)	(556,714)
	<hr/>	<hr/>
Profit/ (loss) before tax	1,342	(97,969)

Mbarara water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	3,830,032	3,153,412
Sewerage services	451,747	415,245
Service charge	184,210	169,848
Connection fees	141,376	94,461
Other income	24,841	24,474
Septic tank emptying	5,159	220
Rental Income	2,057	
	<hr/>	<hr/>
	4,639,422	3,857,660
Operating expenses		
Staff costs	1,103,039	1,040,435
Administrative expenses	477,064	290,698
Static plant and pipe network maintenance	905,573	799,361
Supplies and services	277,015	225,288
Premises maintenance	39,716	64,198
Transport and mobile plant costs	79,858	89,289
	<hr/>	<hr/>
	2,882,265	2,509,269
Profit before depreciation and amortisation	1,757,157	1,348,391
Depreciation and amortisation	(756,196)	(745,457)
	<hr/>	<hr/>
Profit before tax	1,000,961	602,934

Lira water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	1,362,637	1,191,649
Sewerage services	166,379	126,983
Service charge	136,986	91,786
Connection fees	101,208	41,938
Other income	4,693	19,338
Miscellaneous income	5,417	
	<hr/>	<hr/>
	1,777,320	1,471,694
Operating expenses		
Staff costs	559,059	523,551
Administrative expenses	120,202	153,577
Static plant and pipe network maintenance	353,378	388,213
Supplies and services	95,762	96,789
Premises maintenance	24,270	25,399
Transport and mobile plant costs	51,971	57,891
	<hr/>	<hr/>
	1,204,642	1,245,420
Profit before depreciation and amortisation	572,678	226,274
Depreciation and amortisation	(495,491)	(527,603)
	<hr/>	<hr/>
Loss before tax	77,187	(301,329)

Gulu water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	1,079,409	1,113,596
Sewerage services	279,930	342,127
Service charge	78,472	74,192
Connection fees	49,014	27,873
Other income	5,131	2,415
	<hr/>	<hr/>
	1,491,956	1,560,203
Operating expenses		
Staff costs	476,700	383,158
Administrative expenses	160,400	118,684
Static plant and pipe network maintenance	406,498	408,242
Supplies and services	115,003	59,434
Premises maintenance	21,805	25,033
Transport and mobile plant costs	30,280	24,357
	<hr/>	<hr/>
	1,210,686	1,018,908
Profit before depreciation and amortisation	281,270	541,295
		(337,174)
Depreciation and amortisation	(513,456)	(208,801)
	<hr/>	<hr/>
Profit before tax	(232,186)	204,121

Kasese water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	837,865	706,591
Service charge	70,241	64,462
Connection fees	32,321	26,703
Septic tank emptying	8,395	20,405
Other income	7,270	10,542
Miscellaneous Income	98	0
	<hr/>	<hr/>
	956,190	828,703
Operating expenses		
Staff costs	345,060	346,824
Administrative costs	89,604	90,023
Static plant and pipe network maintenance	46,528	49,662
Supplies and services	42,639	42,265
Premises maintenance	23,807	25,917
Transport and mobile plant costs	36,339	18,778
	<hr/>	<hr/>
	583,977	573,469
Profit before depreciation and amortisation	372,213	255,234
Depreciation and amortisation	(111,954)	(106,835)
	<hr/>	<hr/>
Profit before tax	260,259	148,399

Fort Portal water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	1,090,743	942,131
Service charge	76,527	70,869
Sewerage services	52,206	43,997
Connection fees	42,881	32,711
Other income	3,050	16,335
Septic tank emptying	11,915	0
Miscellaneous Income	12,056	0
	<hr/>	<hr/>
	1,289,378	1,106,043
Operating expenses		
Staff costs	499,369	452,063
Administrative expenses	91,912	83,059
Static plant and pipe network maintenance	180,802	158,204
Supplies and services	45,075	30,240
Premises maintenance	31,662	42,441
Transport and mobile plant costs	46,534	22,407
	<hr/>	<hr/>
	895,354	788,414
Profit before depreciation and amortisation	394,024	317,629
Depreciation and amortisation	(245,027)	(237,953)
	<hr/>	<hr/>
Profit before tax	148,996	79,676

Kabale water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	799,867	699,675
Sewerage services	161,289	147,437
Service charge	70,309	64,269
Connection fees	26,306	17,982
Septic tank emptying	2,268	7,874
Other income	4,233	3,519
Miscellaneous Income	179	
	<hr/>	<hr/>
	1,064,451	940,756
Operating expenses		
Staff costs	401,523	374,280
Administrative expenses	136,216	109,322
Static plant and pipe network maintenance	232,564	342,653
Supplies and services	31,065	36,337
Premises maintenance	44,477	36,087
Transport and mobile plant costs	36,665	47,504
	<hr/>	<hr/>
	882,510	946,183
(Loss)/ profit before depreciation and amortisation	181,941	(5,427)
Depreciation and amortisation	(308,440)	(295,685)
	<hr/>	<hr/>
Loss before tax	(126,499)	(301,112)

Bushenyi - Ishaka water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	387,025	298,501
Service Charge	27,690	22,932
Connection fees	13,061	7,414
Other income	9,974	2,708
Bad debt recovery	-	408
	<hr/>	<hr/>
	437,750	331,963
Operating expenses		
Staff costs	273,930	229,918
Administrative expenses	50,030	56,299
Static plant and pipe network maintenance	125,548	131,974
Supplies and services	74,297	39,034
Premises Maintenance	21,394	17,283
Transport and mobile plant costs	30,695	26,452
	<hr/>	<hr/>
	575,894	500,960
Loss before depreciation and amortisation	(138,144)	(168,997)
Depreciation and amortisation	(159,439)	(166,643)
	<hr/>	<hr/>
Loss before Tax	(297,583)	(335,640)

Soroti water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	959,758	817,282
Sewerage services	108,104	86,742
Service charge	74,726	65,175
Connection fees	40,558	30,239
Other income	-13,745	15,656
Miscellaneous Income	720	-
	<hr/>	<hr/>
	1,197,611	1,015,094
Operating expenses		
Staff costs	403,642	318,331
Administrative expenses	76,413	83,013
Static plant and pipe network maintenance	332,238	378,696
Supplies and services	55,579	51,763
Premises maintenance	21,963	19,447
Transport and mobile plant costs	14,786	36,399
	<hr/>	<hr/>
	904,621	887,649
Profit before depreciation and amortisation	292,990	127,445
Depreciation and amortisation	(540,792)	(444,668)
	<hr/>	<hr/>
Loss before tax	(247,802)	(317,223)

Arua water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	940,287	780,738
Service charge	95,025	89,544
Connection fees	30,172	42,422
Other income	2,940	2,447
	1,068,424	915,151
Operating expenses		
Staff costs	377,771	317,513
Administrative expenses	92,120	107,996
Static plant and pipe network maintenance	347,758	269,174
Supplies and services	104,543	67,687
Premises maintenance	26,067	27,555
Transport and mobile plant costs	47,415	50,246
	995,674	840,171
Profit before depreciation and amortisation	72,750	74,980
Depreciation and amortisation	(154,114)	(139,180)
(Loss)/profit before tax	(81,365)	(64,200)

Masindi water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	640,367	634,532
Sewerage Services	75,989	77,355
Service charge	48,919	37,922
Connection fees	23,188	18,093
Other income	3,205	3,723
	<hr/>	<hr/>
	791,668	771,625
Operating expenses		
Staff costs	313,261	285,599
Administrative expenses	79,899	68,881
Static plant and pipe network maintenance	164,886	162,265
Supplies and services	55,488	39,000
Premises maintenance	19,726	23,427
Transport and mobile plant costs	39,919	31,947
	<hr/>	<hr/>
	673,179	611,119
Profit before depreciation and amortisation	118,489	160,506
Depreciation and amortisation	(317,983)	(315,315)
	<hr/>	<hr/>
(Loss)/profit before taxation	(199,494)	(154,809)

Mubende water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	498,137	456,415
Service Charge	34,913	31,991
Connection fees	17,253	12,983
Other income	9,257	3,618
Rent from offices/ residential premises		500
	<hr/>	<hr/>
	559,560	505,507
Operating expenses		
Staff costs	254,365	228,647
Administrative expenses	81,789	67,399
Static plant and pipe network maintenance	110,781	166,607
Supplies and services	28,118	21,932
Premises maintenance	15,743	12,520
Transport and mobile plant costs	33,787	25,645
	<hr/>	<hr/>
	524,583	522,750
Loss before depreciation and amortisation	34,977	(17,243)
Depreciation and amortisation	(181,379)	(193,208)
	<hr/>	<hr/>
Loss before tax	(146,402)	(210,451)

Hoima water

	2010	2009
Income	Shs '000	Shs '000
Water sales	514,595	428,464
Sewerage Services	16,752	
Service Charge	96,363	43,351
Connection fees	36,009	29,047
other income	18,235	15,619
	<hr/>	<hr/>
	681,954	516,481
	<hr/>	<hr/>
Operating expenses		
Staff costs	314,157	239,751
Administrative expenses	81,714	117,572
Static plant and pipe network maintenance	166,476	125,776
Supplies and services	38,042	13,228
Premises maintenance	10,296	20,341
Transport and mobile plant costs	43,722	34,108
	<hr/>	<hr/>
	654,407	550,776
	<hr/>	<hr/>
(Loss)/profit before depreciation	27,547	(34,295)
Depreciation and amortisation	(185,513)	(169,573)
	<hr/>	<hr/>
Loss before tax	(157,966)	(203,868)
	<hr/>	<hr/>

Lugazi water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	266,627	108,697
Sewerage Services	10	-
Service Charge	18,892	9,921
Connection fees	19,991	4,700
other income	804	1,271
	306,324	124,589
Operating expenses		
Staff costs	229,678	75,694
Administrative expenses	40,828	23,260
Static plant and pipe network maintenance	125,692	57,888
Supplies and services	7,667	2,588
Premises maintenance	15,794	3,244
Transport and mobile plant costs	-2,033	9,418
	417,626	172,092
Loss before depreciation and amortisation	(111,302)	(47,503)
Depreciation and amortisation	(27,678)	(22,329)
Loss before tax	(138,980)	(69,832)

Iganga water

	2010 Shs '000	2009 Shs '000
Income		
Water sales	340,269	234,242
Sewerage Services	63,187	-
Connection fees	23,330	34,340
Other income	4,144	26,089
Service charge	29,014	16,581
Miscellaneous Income	560	-
	<hr/>	<hr/>
	460,504	311,252
Operating expenses		
Staff costs	255,815	118,310
Administrative expenses	57,133	35,049
Static plant and pipe network maintenance	24,148	6,082
Supplies and services	3,779	4,026
Premises maintenance	18,801	14,298
Transport and mobile plant costs	11,561	3,268
	<hr/>	<hr/>
	371,237	181,033
Profit before depreciation and amortisation	89,267	130,219
Depreciation and amortisation	(235,788)	(1,947)
	<hr/>	<hr/>
Profit before tax	(146,521)	128,272

Headquarters

	2010	2009
Income	Shs '000	Shs '000
Released from deferred income	3,966,723	4,291,774
Profit on sale of stock/scrap/Assets	16,174	3,079,260
Income from External services	1,586,487	1,845,216
Investment income		637,385
Rent from offices/ residential premises	8,420	123,153
Prior period adjustment		-
Lab Services Income	129,599	162,551
Other Income	923,536	38,150
Decrease in stock provision		36,510
Miscellaneous income	10,252	-
	<hr/>	<hr/>
	6,641,191	10,213,999
Operating expenses		
Staff costs	9,664,933	9,201,850
Administrative expenses	7,940,516	6,298,290
Static plant and pipe network maintenance	1,364,500	950,791
Supplies and services	2,187,087	1,639,141
Premises maintenance	989,572	869,016
Transport and mobile plant costs	654,823	790,915
Financing costs		(592,901)
	<hr/>	<hr/>
	22,801,431	19,157,102
Loss before depreciation and amortisation	(16,160,240)	(8,943,103)
Depreciation and amortisation	(855,328)	(1,651,400)
	<hr/>	<hr/>
Loss before tax	(17,015,568)	(10,594,503)

Unit Cost Of Water Production

UNIT COST OF WATER PRODUCTION 2009/10												
	ANNUAL PRODUCTION M3	2009/10	(Comparative) 2008/09	OPERATING EXPENSES ONLY 000' shs	OPERATING EXPENSES+ DEPRECIATION 000'shs	OPER. EXPS+ DEPR+HQ EXPENSES 000'shs	TOTAL COSTS (SHS)		COST PER M3		COMPARATIVE	
									SHS	2009/10		
KAMPALA	49,965,795		50,444,455	39,692,746	47,275,791	63,387,747		794	946	1,269	1,051	21%
JINJA	4,282,931		4,458,433	3,968,535	5,424,169	6,805,242		927	1,266	1,589	1,465	8%
ENTEBBE	3,447,686		2,507,564	2,971,936	4,041,959	5,153,699		862	1,172	1,495	1,618	-8%
MBALE	1,323,736		747,880	2,034,008	2,564,836	2,991,688		1,537	1,938	2,260	3,017	-25%
TORORO	730,003		1,303,000	1,120,248	1,478,297	1,713,694		1,535	2,025	2,348	1,345	75%
MASAKA	1,187,657		2,311,524	1,438,213	2,000,685	2,383,657		1,211	1,685	2,007	1,015	98%
MBARARA	2,432,933		1,146,000	2,882,265	3,638,461	4,422,984		1,185	1,496	1,818	2,880	-37%
LIRA	965,056		924,360	1,204,642	1,700,133	2,011,325		1,248	1,762	2,084	1,954	7%
GULU	723,483		840,817	1,210,686	1,724,142	1,957,436		1,673	2,383	2,706	1,744	55%
KASESE	646,128		621,739	583,977	695,931	904,281		904	1,077	1,400	1,298	8%
FORTPORTAL	755,940		675,322	895,354	1,140,381	1,384,141		1,184	1,509	1,831	1,652	11%
KABALE	524,428		508,189	882,510	1,190,950	1,360,057		1,683	2,271	2,593	2,599	0%
ARUA	645,894		591,186	995,674	1,149,788	1,358,063		1,542	1,780	2,103	1,843	14%
BUSHENYI	299,370		228,611	575,894	735,333	831,868		1,924	2,456	2,779	2,880	-4%
SOROTI	663,298		694,946	904,621	1,445,413	1,659,300		1,364	2,179	2,502	2,027	23%
HOIMA	469,990		367,959	654,407	839,920	991,473		1,392	1,787	2,110	2,191	-4%
MASINDI	429,705		449,863	673,179	991,162	1,129,725		1,567	2,307	2,629	2,205	19%
MUBENDE	363,356		359,700	524,583	705,962	823,130		1,444	1,943	2,265	2,158	5%
LUGAZI	215,181			417,626	445,304	514,691		1,941	2,069	2,392		
IGANGA	380,070			371,237	607,025	729,582		977	1,597	1,920		
								Average	Average	Average	Average	Average
TOTAL	70,452,640		69,181,548	64,002,341	79,795,642	102,513,780		908	1,133	1,455	1,236	18%

Water Production and Billing Efficiency July 2008- June 2009

AREA	Water Supplied m3	Water Sold m3	Billing Efficiency (%)	NRW (%)
Kampala	49,965,795	30,388,700	60.6%	39.2%
Jinja	4,282,931	3,260,964	76.1%	23.9%
Entebbe/Kajansi	3,447,686	2,810,017	81.5%	18.5%
Tororo	730,003	666,236	91.3%	8.7%
Mbale	1,323,736	1,208,185	91.3%	8.7%
Mbarara	2,432,933	2,069,324	85.1%	14.9%
Masaka	1,187,657	898,683	75.7%	24.3%
Lira	965,056	834,692	86.5%	13.5%
Gulu	723,483	650,456	89.9%	10.1%
Kasese	646,128	514,805	79.7%	20.3%
Fort Portal	755,940	599,083	79.3%	20.7%
Kabale	524,428	469,884	89.6%	10.4%
Arua	645,894	564,057	87.3%	12.7%
Bushenyi/Ishaka	299,370	213,226	71.2%	28.8%
Soroti	663,298	564,996	85.2%	14.8%
Hoima	469,990	334,347	71.1%	28.9%
Masindi	429,705	372,881	86.8%	13.2%
Mubende	363,356	285,691	78.6%	21.4%
Lugazi	215,181	160,531	74.6%	25.4%
Iganga	380,070	256,063	67.4%	32.6%
Total NWSC	70,452,640	47,022,821	66.7%	33.3%
Total Other Areas	20,486,845	16,734,121	81.7%	18.3%

Plant Capacity Utilisation as at June 2010

Area	Practical capacity m3/day	Total Water Produced m3	Average Production m3/day	Capacity Utilisation (%)
Kampala/Mukono	165,000	50,846,754	139,306	84%
Jinja	22,000	5,458,488	14,955	68%
Entebbe/Kajansi	20,000	3,836,757	10,512	53%
Tororo/Malaba	5,000	815,661	2,235	45%
Mbale	10,000	1,398,507	3,832	38%
Mbarara	9,500	2,469,669	6,766	71%
Masaka	5,500	1,286,085	3,524	64%
Lira	6,000	1,050,342	2,878	48%
Gulu	2,700	734,179	2,011	74%
Kasese	2,000	651,682	1,785	89%
Fort Portal	2,171	783,178	2,146	99%
Kabale	3,000	563,895	1,545	51%
Arua	3,000	678,457	1,859	62%
Bushenyi/Ishaka	1,500	297,002	814	54%
Soroti	4,000	764,947	2,096	52%
Hoima	2,500	488,488	1,338	54%
Masindi	2,500	528,644	1,448	58%
Mubende	2,500	366,815	1,005	40%
Lugazi	860	211,553	580	67%
Iganga	N/A	N/A	N/A	N/A
Total	269,731	73,231,103	200,633	74%

Detailed Staff Levels as at June 2010

Area	Contract Staff	Male	Female	Female / Total Staff Ratio	Total Staff as at June 2010	Staff per 1000 Connections
Head Office	240	173	74	30%	240	-
Kampala/Mukono	715	556	159	22%	715	5
Jinja	93	73	20	22%	93	7
Entebbe/Kajansi	83	57	26	31%	83	5
Tororo/Malaba	30	22	8	27%	30	9
Mbale	55	47	8	15%	55	8
Mbarara	57	49	8	14%	57	6
Masaka	37	32	5	14%	37	6
Lira	35	30	5	14%	35	6
Gulu	28	26	2	7%	28	7
Kasese	21	18	3	14%	21	5
Fort Portal	27	24	3	11%	27	6
Kabale	18	17	1	6%	18	5
Arua	30	24	6	20%	30	6
Bushenyi/Ishaka	14	10	4	29%	14	8
Soroti	29	17	3	10%	29	7
Hoima	20	16	4	20%	20	6
Masindi	16	13	3	19%	16	6
Mubende	14	13	1	7%	14	7
Lugazi	13	8	5	38%	13	10
Iganga	14	11	3	21%	14	7
Total	1,589	1,238	358	29%	1,589	6

Water Kiosks/Public Stand Posts Installed July 2009-June 2010

Area	Budget 2009/2010 (Nos.)	Actual as at July- 2009 June 2010	(%) Achieved
Kampala/Mukono	349	485	>100%
Jinja	28	2	7%
Entebbe/Kajansi	6	0	0%
Tororo/Malaba	4	1	25%
Mbale	2	3	>100%
Mbarara	12	20	>100%
Masaka	2	0	0%
Lira	1	0	0%
Gulu	1	0	0%
Kasese	2	0	0%
Fort Portal	1	1	100%
Kabale	0	5	>100%
Arua	2	1	50%
Bushenyi/Ishaka	0	0	0%
Soroti	6	14	>100%
Hoima	2	0	0%
Masindi	2	0	0%
Mubende	1	1	100%
Lugazi	2	0	0%
Iganga	2	7	>100%
Total NWSC	425	540	>100%

Water Mains Extensions as at 30th June 2010.

Area	Budget for FY 2009/10	Actual July-2009 June 2010	% Achieved
Kampala/Mukono	65.1	73.9	>100%
Jinja	8.2	1.0	12%
Entebbe/Kajansi	18.0	10.0	56%
Mbale	11.0	12.0	>100%
Mbarara	1.5	5.0	>100%
Tororo/Malaba	0.0	0.0	0%
Masaka	2.8	5.1	>100%
Kasese	1.6	0.0	0%
Fort Portal	4.9	8.0	>100%
Lira	1.0	1.5	>100%
Gulu	5.0	0.0	0%
Kabale	4.0	4.0	100%
Bushenyi/Ishaka	0.0	0.0	0%
Soroti	0.0	11.0	>100%
Arua	2.1	3.1	>100%
Hoima	3.0	2.0	67%
Masindi	3.0	2.0	67%
Mubende	2.5	1.2	48%
Lugazi	6.0	3.0	50%
Iganga	4.0	2.0	50%
Total	143.70	144.76	>100%

Sewer Mains Extensions as at 30th June 2010.

Area	Budget For FY 2009/10	Actual July 2009-June 2010	% Achieved
Kampala/Mukono	0.0	0.00	0%
Jinja/Njeru	0.0	1.00	>100%
Entebbe/Kajansi	0.0	0.00	0%
Mbale	0.0	0.00	0%
Mbarara	0.0	0.00	0%
Tororo/Malaba	0.0	0.00	0%
Masaka	0.0	1.72	>100%
Kasese	0.0	0.00	0%
Fort Portal	0.0	0.00	0%
Lira	0.4	0.40	100%
Gulu	0.0	0.00	0%
Kabale	0.0	0.00	0%
Bushenyi/Ishaka	0.0	0.00	0%
Soroti	1.0	0.00	0%
Arua	0.0	0.00	0%
Hoima	0.6	0.00	0%
Masindi	0.6	0.00	0%
Mubende	0.0	0.00	0%
Lugazi	0.0	0.00	0%
ganga	0.4	0.00	0%
Total	3.0	3.12	>100%

New Water Connections July 2009-June 2010

Area	Year's Target 2009/2010	New Water Connections July-2009 June 2010	Average/ month	% Achieved
Kampala	14,209	12,713	1,059	89%
Jinja	1,440	1,067	89	74%
Entebbe/Kajansi	1,184	2,153	179	>100%
Tororo/Malaba	296	328	27	>100%
Mbale	676	565	47	84%
Lira	522	499	42	96%
Gulu	340	330	28	97%
Masaka	882	326	28	37%
Mbarara	562	1,128	94	>100%
Kasese	344	355	30	>100%
Fort Portal	390	437	36	>100%
Kabale	343	277	23	81%
Arua	441	312	26	71%
Soroti	401	507	42	>100%
Bushenyi/Ishaka	153	114	9	75%
Hoima	229	311	27	>100%
Masindi	200	321	27	>100%
Mubende	254	201	17	79%
Lugazi	283	173	15	61%
Iganga	335	295	25	88%
Total	23,484	22,412	1,868	95%

New Sewer Connections July 2009-June 2010

Area	Year's Target 2009/2010	New Sewer Connections July-2009 June 2010	Average/ month	% Achieved
Kampala	60	44	4	73%
Jinja	40	69	6	> 100%
Entebbe/Kajansi	50	10	1	20%
Tororo/Malaba	7	6	<1	86%
Mbale	28	44	4	> 100%
Lira	18	3	0	17%
Gulu	36	14	>1	42%
Masaka	1	2	-	> 100%
Mbarara	39	24	2	62%
Kasese	0	0	-	-
Fort Portal	3	13	1	> 100%
Kabale	4	8	<1	> 100%
Arua	0	0	-	-
Soroti	2	14	1	> 100%
Bushenyi/Ishaka	0	0	-	-
Hoima	6	1	<1	17%
Masindi	6	2	<1	33%
Mubende	0	0	-	-
Lugazi	0	0	-	-
Iganga	12	120	1	> 100%
Total	312	343	29	> 100%

Status of Water Accounts, Active, Inactive & Metered as at June 2010

Area	Total No. of Accounts	Active Accounts	Inactive Accounts	Metered Accounts	% Inactive	Metered A/c's as a % of total a/c's
Kampala/Mukono	146,243	124,304	21,939	146,109	15%	100%
Jinja	13,790	11,118	2,672	13,790	19%	100%
Entebbe/Kajansi	16,322	14,913	1,409	16,231	9%	99%
Tororo/Malaba	3,274	3,155	119	3,274	4%	100%
Mbale	7,304	6,880	424	6,880	6%	94%
Mbarara	9,265	9,265	0	9,265	0%	100%
Masaka	6,036	5,765	271	5,765	4%	96%
Lira	5,768	5,384	384	5,768	7%	100%
Gulu	4,006	3,901	105	4,006	3%	100%
Kasese	3,990	3,764	226	3,764	6%	94%
Fort Portal	4,430	4,082	348	4,420	8%	100%
Kabale	3,805	3,787	18	3,805	0%	100%
Arua	4,647	4,496	151	4,647	3%	100%
Bushenyi/Ishaka	1,714	1,714	0	1,714	0%	100%
Soroti	4,437	3,931	506	4,437	11%	100%
Hoima	3,172	2,847	325	3,172	10%	100%
Masindi	2,841	2,636	205	2,841	7%	100%
Mubende	2,050	1,969	81	2,050	4%	100%
Lugazi	1,263	1,049	214	1,263	17%	100%
Iganga	1,902	1,852	50	1,902	3%	100%
Total	246,259	216,812	29,447	245,103	12%	100%

Status of Sewer Accounts as at June 2010

Area	Active Accounts	Inactive Accounts	Total
Kampala/Mukono	6,698	765	7,463
Jinja	2,381	539	2,920
Entebbe/Kajansi	186	-	186
Tororo/Malaba	316	38	354
Mbale	1,516	109	1,625
Mbarara	467	-	467
Masaka	368	-	368
Lira	266	51	317
Gulu	494	24	518
Kasese	0	-	0
Fort Portal	103	5	108
Kabale	514	68	582
Arua	0	-	0
Bushenyi/Ishaka	0	-	0
Soroti	367	6	373
Hoima	69	21	90
Masindi	109	12	121
Mubende	0	-	0
Lugazi	0	-	0
Iganga	69	-	69
Total	13,923	1,638	15,561

Water/Sewerage Billings, Collections And Arrears As At June 2010

All figures in Shs 000'

Billings and collections are VAT inclusive

Billings comprise of water sales, sewerage charge and service charge

Area	Arrears At 01/07/09	Billings	Collections	Arrears At 31/06/2010	Collection Efficiency
Kampala/Mukono	24,459,056	79,632,871	81,513,604	21,376,147	>100%
Jinja	4,331,940	9,219,510	8,916,915	4,433,821	97%
Entebbe/Kajansi	1,553,302	6,993,439	6,841,653	1,544,365	98%
Mbale	1,648,414	3,451,018	3,256,559	1,690,548	94%
Tororo/Malaba	1,023,424	1,524,939	1,443,437	1,005,764	95%
Masaka	944,619	2,312,152	2,289,916	962,986	99%
Mbarara	1,500,898	5,165,329	4,721,733	1,767,207	91%
Lira	1,013,403	1,939,056	1,898,521	998,935	98%
Gulu	1,283,069	1,772,710	1,875,552	979,642	>100%
Kasese	267,388	1,052,133	1,030,777	280,837	98%
Fortportal	430,045	1,437,794	1,377,710	477,777	96%
Kabale	233,049	1,233,729	1,245,657	208,620	>100%
Bushenyi	68,048	487,074	466,163	88,038	96%
Soroti	671,140	1,363,163	1,335,592	677,135	98%
Arua	448,468	1,223,661	1,172,703	469,487	96%
Hoima	216,929	759,070	734,182	230,433	97%
Masindi	431,849	912,154	872,413	462,268	96%
Mubende	305,260	625,926	505,923	428,152	81%
Lugazi	54,710	334,804	318,230	67,811	95%
Iganga	138,163	508,624	461,257	182,606	91%
TOTAL	41,022,866	121,949,156	122,278,497	38,332,579	100.3%

The Head Office

Plot 39, Jinja Road
P. O. Box 7053 Kampala, Uganda
Tel. (+) 256 41 315100, 256 41 345299
E-mail: info@nwsc.co.ug
www.nwsc.co.ug

Kampala Area-Kampala Water

Kampala Area-Main Branch
18/29 Sixth Street
P. O. Box 7053 Kampala
Tel: (+) 256 312 264 870/1
, (+) 256 41 315500/501
Fax: (+) 256 712-226 633
E-mail: gm@kampalawater.co.ug

Kampala Area- Zonal Offices

Branch 1-City Centre

Tel: (+) 256 41 315600
Mob: (+) 256 772 588 555

Branch 2- Kansanga-Nsambya

Tel: (+) 256 41 315610/315611/315612
Mob: (+) 256 772 473 194

Branch 3- Najjanankumbi

Tel: (+) 256 41 315630/1/2
Mob: (+) 256 782 433 044

Branch 4- Bwaise

Tel: (+) 256 41 315640/1/2
Mob: (+) 256 772 486 350

Branch 5- Ntinda

Tel: (+) 256 41 315650/1/2
Mob: (+) 256 772 453 931

Branch 6- Kitintale

Tel: (+) 256 41 315660/1/2
Mob: (+) 256 772 466 473

Zone 8- Nateete

Tel: (+) 256 41 315680/1/2
Mob: (+) 256 772 442 820

Kampala Areas Sub-Zones

Mukono

Tel: (+) 256 41 315696
Mob: (+) 256 712 928 274

Bunga

Mob (+) 256 717 619

Kajjansi

Tel: (+) 256 41 315 693
Mob: (+) 256 772 498 158

Gayaza

Mob (+) 256 717 316 661

Nansana

Tel: (+) 256 41 315690
Mob: (+) 256 772 409 007
Mob (+) 256 717 316 690

Kanyanya

Mob (+) 256 717 316657

Kireka

Mob: (+) 256 717 316 669

Mattuga

Mob (+) 256 717 316645

Kyengera

Mob (+) 256 717 316 685

Salaama

Mob (+) 256 717 316846

Kasangati

Mob (+) 256 717 316 661

Kyaliwajjala

Mob (+) 256 717 315852

Other Areas

Jinja Area-Kiira Water Partnership

Plot 7 Bell Avenue East
P.O. Box 301 Jinja, Uganda
Tel: (+) 256 43 121150, 122052
(+) 256 772 442 946
Fax: (+) 256 43 122053

Mbale Area-Elgon Water Partnership

Plot 49, Republic Street
P.O. Box 2548 Mbale
Tel: (+) 256 45 33709, 33742
(+) 256 772 492285
Fax: (+) 256 45 33742

Masaka Area- Buddu Water Partnership

Plot 11, Elgin Road
P.O. Box 56 Masaka
Tel: (+) 256 481 20061/20038
(+) 256 772 412561
Fax: (+) 256 481 20038

Fort Portal Area- Rwenzori Water Partnership

Water Works- Fort Portal
P.O. Box 203 Fort Portal
Tel: (+) 256 382 274423
(+) 256 772 410043
Fax: (+) 256 483 22606

Tororo Area- Tororo Rock Water Supply

Plot 13, Bazaar Street
P.O. Box 889 Tororo
Tel: (+) 256 045 45105/45172
(+) 256 772 564540
Fax: 45105

Lira Area-Lira Urban Water Partnership

Plot 10/12, Maruzi Road
P.O.Box 243 Lira
Tel: (+) 256 473 20111/20311
(+) 256 772 458708

Gulu Area-Gulu Water Partnership

Coronation Road
P.O. Box 167 Gulu
Tel: (+) 256 471 32381
(+) 256 772 543346

Mubende Area

Kwewalyanga Road
P.O.Box 348 Mubende
Tel: (+) 256 46 44986
(+) 256 712 503566

Masindi Area

Masindi Port Road,
P.O.Box 545 Masindi
Tel: (+) 256 465 20607
(+) 256 772 494236

Entebbe Area- Greater Entebbe Water Partnership

Plot 73, Kampala Road
P.O. Box 79 Entebbe
Tel: (+) 256 41 321692, 320706
(+) 256 712 504 870
Fax: (+) 256 41 320091, 321692

Mbarara Area- Rwizi Water Partnership

Plot 3, Galt Road
P.O. Box 1371 Mbarara
Tel: (+) 256 485 20723
(+) 256 772 468828
Fax: (+) 256 485 21304

Kasese Area- Margherita Water Partnership

Rukidi Street
P.O. Box 353 Kasese
Tel: (+) 256 39 548282
(+) 256 772 299590
Fax: (+) 256 483 44876

Soroti Area- Soroti Water Supply

Plot No.1, Station Road
P.O. Box 377 Soroti
Tel: (+) 256 45 61968/ 61306
(+) 256 772 489607
Fax: (+) 256 45 61968

Bushenyi Ishaka Area- Nyaruzinga Bushenyi Water

Tank Hill- Bushenyi
P.O. Box 339 Bushenyi
Tel: (+) 256 485 42339/43245
(+) 256 772 329680

Arua Area-Nile Water

Plot 13/15, Pakwach Road
P.O. Box 980 Arua
Tel: (+) 256 039 672979
(+) 256 772 798501

Kabale Area-Bunyonyi Water Partnership

Plot 89, Katuna Road
P.O. Box 627 Kabale
Tel: (+) 256 486 24217/9
(+) 256 712 898376

Hoima Area

Plot 12, Kampala Road
P.O.Box 275, Hoima
Tel: (+) 256 465 40686
(+) 256 772 494 236

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