

## Our organisation



"Water is Foundation of all Life. It's an essential resource that many people take for granted. In fact, they may rarely give it a second thought"



### Our vision

To be a leading water utility in the World

### Our mission

To provide efficient and cost effective water and sewerage services, applying innovative managerial solutions to the delight of our customers.

### Our Values

Reliability  
Integrity  
Commitment  
Professionalism  
Innovation

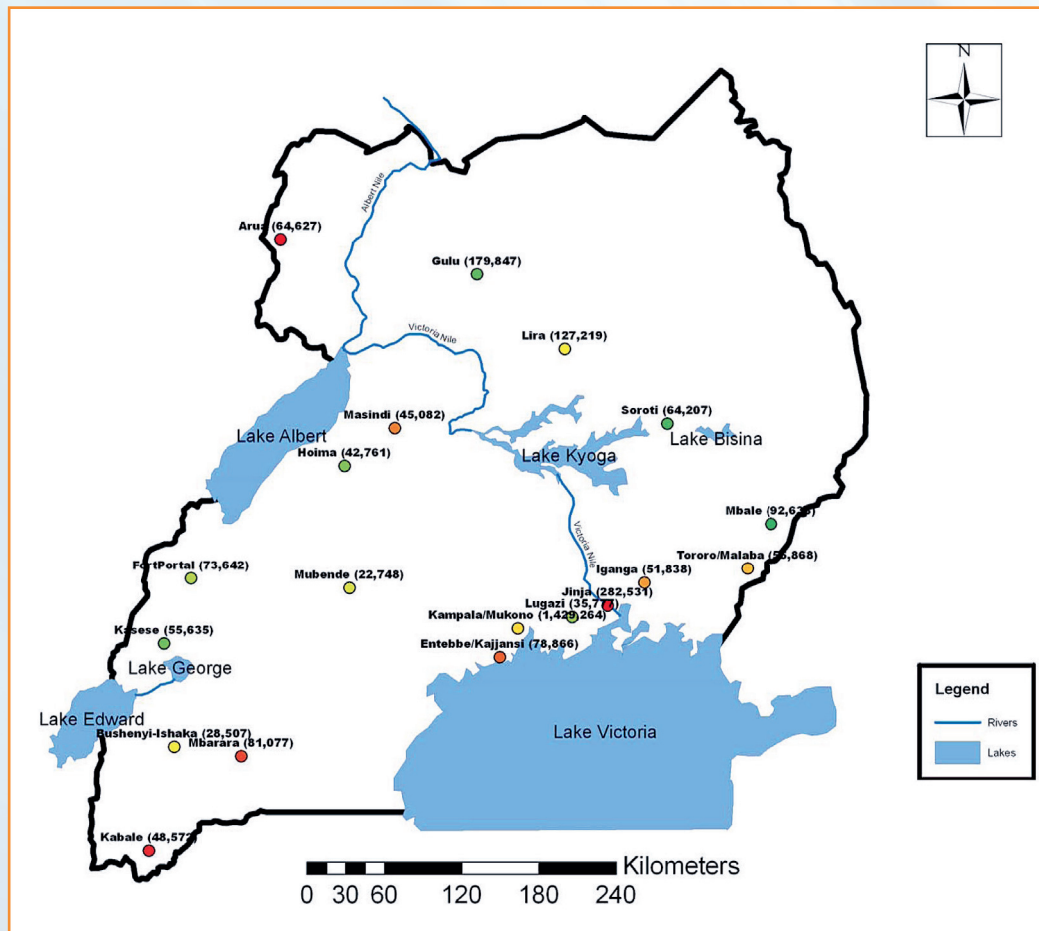
# Corporate Profile

The NWSC is a Public Utility Company whose mandate as defined in the National Water and Sewerage Corporation Act section 5(1), is to operate and provide water and sewerage services in areas entrusted to it on a sound commercial and viable basis. The NWSC operations have expanded from 3 towns in 1972 to 23 urban centres in 2012 viz: Kampala (Nansana), Mukono, Jinja, Lugazi, Entebbe-(Kajjansi), Tororo, Malaba, Iganga, Mbale, Masaka, Mbarara, Gulu, Lira, Fort-Portal, Kasese, Kabale, Bushenyi/Ishaka, Soroti, Arua, Hoima, Masindi, Mubende and Kaberamaido.

The total population in the towns is 3.4 million of which the Corporation serves 2.6 million people. This represents 77% service coverage of the large Urban Centres.

The NWSC has evolved over the years from a small entity in the 1970's and went through a phase of dilapidation of infrastructure in the later part of the 1970's and early 1980's. This was followed by massive investment in the later part of the 80's and the early 1990's. The millennium decade (2000-2010) was concentrated on ensuring that the company reaped from the investments through commercialisation and efficiency improvements. Key among commercialisation activities were the adoption of Performance Contracts for the Corporation, which were cascaded down to the operational areas. These were intertwined with short term performance enhancement initiatives, and improvements in the customer interface through the adoption of electronic mechanisms for billing and payments but to mention a few.

## Service coverage by NWSC across the country





## Corporate Facts at a Glance

	Unit	June 2011	June 2012	% Change
Income	Shs billions	132.1	155.3	18%
Total Asset Value	Shs billions	567.3	631.9	11.4%
Target Population In Service Area	Millions	3.23	3.37	4%
Population Served	Millions	2.42	2.6	7%
Service Coverage (Water)	%	75	77	3%
No. Of Employees	Numbers	1,691	1,773	5%
Water Mains Total Network Length	Kilometres	4,899.19	5,413.68	11%
Sewer Mains Total Length	Kilometres	466.8	472	1%
Number Of Subscribers (water)	Numbers	272,406	296,206	9%
Number Of Subscribers (sewerage)	Numbers	15,561	17,653	13%
Number Of Conventional Water Treatment Plants	Numbers	26	26	0%
Number Of Waste Water Treatment Plants	Numbers	22	22	0%
Volume Of Water Sold	Million Cubic Meters	50.7	53.7	6%
Non-Revenue Water	%	32.8	32.6	- 1%

# NWSC facts at a glance

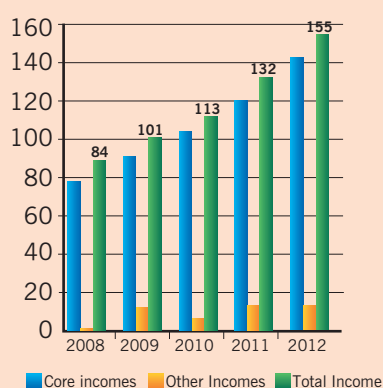
## Financial Highlights

During the year, the Corporation registered a total billing of Ushs 143 billion, representing an average monthly billing of Ushs 12 billion, and an increase of 6% compared to the previous year's billing performance of Ushs 11.3 billion. The NWSC turnover improved from Ushs 132.1 billion in 2011 to Ushs 155.3 billion in the financial year 2011/12, while operating profit before depreciation grew from Ushs 31.2 billion to Ushs 36.1 billion in the same period.

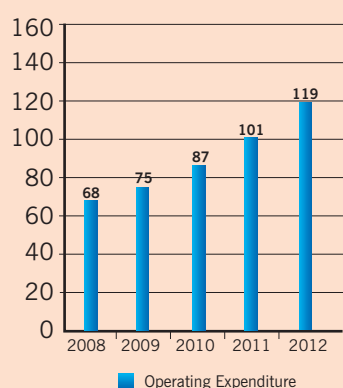
### Financial Performance 2008-2012

UGX.Billion	2012	2011	2010	2009	2008
Core incomes	143	120	106	91	79
Other incomes	12.3	11.9	7	9	4
Total income	155	132	113	101	84
Total Operating Expenditure	119	101	87	75	68
EBITDA	36	31	26	25	16
EBIT	17	12	9	15	3
EBT	15	14	9	15	4
NET INCOME	11	11	8	12	11

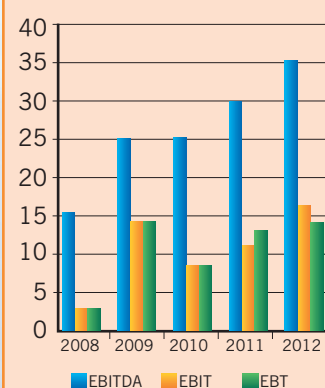
Operating Income - UGX



Total Operating Expenditure - UGX



Net Earnings - UGX





## Operational Performance

The NWSC stands out as a model utility in the African region because of its exemplary achievements. The Corporation produces about 81.6 million cubic meters of water per annum, and operates at an average unaccounted for water rate of 32.6%, a staff productivity ratio of 6 staff per 1000 connections, and a customer base of about 296,206 accounts of which 99.7% are metered. The number of new water connections averages 23,000 per annum, with an overall collection ratio of 98%. We serve over 2.6 million people in gazetted urban towns countrywide through a pipe network of 5,413.68kms

### Water Production and sales

Year	Water production million CUM	Water Sales Million CUM	NRW
2012	81.6	53.8	32.6%
2011	75.5	50.8	32.8%
2010	70.5	47.1	33.1%
2009	69.2	44.4	35.8%
2008	62.1	41.2	33.6%

### Service subscribers

Year	New Connections		Total Connections	
	Water	Sewer	Water	Sewer
2012	23,352	301	296,206	17,653
2011	25,633	301	272,406	15,329
2010	22,222	343	246,259	15,028
2009	23,305	267	225,932	14,685
2008	24,522	232	202,559	14,418

### Mains Extensions

Year	New	Total
2012	102.19	5,413.68
2011	123.14	4,971.57
2010	144.76	4,848.43
2009	111.63	4,703.67
2008	127.3	3,333.00

### Capacity Utilization

Year	Practical Capacity			Average Production/day			Capacity Utilization (%)		
	KW	Other Areas	Total	KW	Other Areas	Total	KW	Other Areas	Total
2012	180,000	128,348	308,348	160,606	63,001	223,606	89%	53%	73%
2011	165,000	128,348	293,348	147,897	84,147	232,044	90%	66%	79%

Maintaining drinking water quality; our record on drinking water quality remained good in 2012 with an overall compliance score of 96.2%. Our 3 year Corporate Plan focuses on investment in water quality by undertaking focused upgrades in laboratory equipment, catchment protection as well as increasing capabilities in water treatment processes at all water works.

# Statement from the Board Chairman



**William Oketcho**  
Chairman Board of Directors

The Board and I wish to congratulate management, staff and other stakeholders for completing yet another milestone as we close the financial year 2011/12.

Being newly appointed as the Chairman of the NWSC Board, I would like to take this opportunity to first and foremost thank the previous Board for stewarding the activities of the Corporation over the past years. Indeed their legacy is portrayed by the positive strides that the Corporation has undergone in the recent past.

In addition, I wish to thank the untiring management and staff who have ensured that in the last year, service delivery was not compromised and that the Corporation continued on a path of sustainable growth.

The year 2011/12 was fundamental in that in the context of Good Governance, the Corporation witnessed a change in management and due cognisance is made of the achievements realised in the past. These changes notwithstanding, I am glad to report that the Corporation has continued on its path of growth having adopted Business Continuity

Principles of management. The seamless transition speaks volumes about the management culture and professionalism that exist throughout the NWSC.

## Accomplishments

A myriad of accomplishments are worthy of mention in this Annual Report. These are at the Policy, Operational, Financial and Investment tiers.

### Policy level

At policy level, I am glad to note that during the year, a new Corporate Plan for the next 3 year planning period 2012-2015 was formulated. The theme of the Corporate Plan is, **“Enhancing Financial Sustainability and Infrastructure Growth”** which will be realised through streamlining operations into four focus themes namely; Revenue Growth, Cost Optimisation, Asset Management & Efficiency and Stakeholder Management. It is envisaged that with the operationalization of the Corporate Plan, resounding achievements will be registered which will go a long way towards improving water and sewerage services around the country.



## Financial Axis

On the financial scene, the performance of the Corporation continued showing a positive trend with the annual turnover growing by 18% from Shs 132 billion in the financial year 2010/11 to Shs 155 billion in the financial year 2011/12. This achievement was realised amidst the global economic crisis and macroeconomic upheavals that were abound during the year.

## Operations

On the face of operations, the Corporation continued improving its quality of service, with a special focus on the customer interface. The adoption of a variety of payment options and the use of the customer call centre enhanced customer relations. In tandem, in regard to the outreach programme, the Corporation made 23,332 new customer connections, and increased water production from 77.7 million cum in FY 2010/11 to 81.6 million cum in FY 2011/12.

## Investments

Investments remain the vanguard of the Corporation's activities, and during the year the Corporation continued with the implementation of various projects including the Kampala Sanitation Master Plan project, the emergency works for the Gulu Water Supply Project, and the completion of emergency works to increase water production in Bushenyi. In addition, a financing agreement was signed between the Government of Uganda and the Development Partners for the Lake Victoria Watsan project which is aimed at addressing the water supply challenges in greater Kampala metropolitan area. The Corporation also took deliberate efforts to improve the lives of people living in the urban poor settlements through provision of prepaid meters, construction of latrines and public stand posts in Kawempe Division and Bwaise parish.

## Conclusion

At this juncture, I wish to take this opportunity to hail the support we received from all our stakeholders notable among whom are the development partners, the Government of Uganda, our esteemed customers and the NWSC staff. It is my conviction that the success attained so far will encourage us and galvanise us for the challenges ahead.

As we forge ahead, I wish to state that the Corporation is poised for greater heights as we gear ourselves towards the implementation of the 2012 – 2015 Corporate Plan. It should be noted that our goal is to ensure improved service delivery and improved coverage and this will be addressed on a multiplicity of fronts.

On behalf of the Board, I pledge our commitment to serving our customers better in the coming years as we strive to achieve our Vision of being "A leading Water Utility in the World".



**William Okecho**

Chairman, Board of Directors

## MDs Foreward



**Eng. Alex Gisagara**  
Ag. Managing Director

We have yet again come to the end of another successful year, in which a number of achievements were registered in our quest to serve our customers better. Indeed the NWSC services continue to grow from strength to strength, pillared by our supportive and dedicated staff.

The year 2011/12 coincided with our celebration of 40 years of existence (Rubbi Anniversary), and we commemorated this by renewing our commitment to improving service delivery to our esteemed customers. This was done through various activities code named “the **Customer Week Programme**”, in which the Corporation sensitised communities about NWSC activities and also carried out various Corporate Social Activities. The programme, which was implemented in all areas, resulted into improved customer feedback mechanisms, improved community participation in NWSC programmes and improved collections in revenue

Financially, the Corporation continued on a path of growth, while at the same time exercising prudence and restraint on excesses. It is for this reason that the annual turnover improved from Ushs.132 billion to Ushs.155 billion during the year. In the same latitude, the Corporations profit after depreciation

grew by 39% (from Shs 12 billion to Shs 17 billion) attesting to the improved financial performance.

I am glad to report that the Corporation continued being an allure to accolades and won the following financial related awards during the year;

- The Corporation won the Financial Reporting Awards (**FIRE**) for two consecutive years 2011 and 2012. The award was given to the NWSC by the Institute of Certified Public Accountants of Uganda in association with the Uganda Securities Exchange (**USE**) and the Capital Markets Authority (**CMA**), in recognition of the Corporation’s outstanding quality of Financial and Business Reporting.
- The Corporation also received the award for the **Best Compliant Procurement Entity from PPDA in 2012**. This was in recognition of the streamlined processes and strict adherence by the NWSC of the Procurement rules and regulations as established by the PPDA.



NWSC Award for Best Compliant Procurement Entity 2012





NWSC Award for Outstanding Quality Financial & Business Reporting from the Institute of Certified Public Accountants for year 2012 (From Left; CMFA, AG.MD & SMF-KW)

- The IT Department of the Division won the **“Annual Communications Innovations Award”** for **E-Government and E-Governance** in 2012. The award was given to the Corporation by the Uganda Communications Commission in respect to e-water system.

During the year, water reliability improved greatly with production increasing by 10,600 cu.m of water per day, backed by dedicated efforts towards intensifying and resizing of mains and distribution systems. The Corporation also sustained growth in the customer base which increased from 272,406 accounts to 296,206 accounts, a growth of 9%. , while sales volume increased to 53.7 million cum, a growth of 6% from the previous year. The Corporation was also able to reach out to 23,332 new water customers, bringing the total customer base to 296,206 customers.

In regard to investments, the Corporation was cognisant of the growing demand for services, and as such continued ploughing back surpluses into infrastructure development. During the year, the NWSC was able to plough back shs 18.9 billion of internally generated resources into investment, while at the same time implementing those projects with a donor inclination. However, suffice it to say that a large portion of the investment activities entailed the preparatory works for new projects including the; closure

of financing Agreements, preparation of detailed designs and feasibility studies, and tendering for works contracts. These activities were carried out for the Kampala Water Lake Victoria WATSAN Project, which aims at expanding water supply in greater Kampala through the construction of a new Water Works at Katosi, and the World Bank Water Management and Development Project aimed at rehabilitating and improving water supply in the areas of Gulu, Arua, Mbale and Bushenyi.

In our quest to ensure improved water and sewerage service delivery, a number of challenges were encountered that hampered optimal delivery. These were related to the ever increasing demand for water buoyed by fast growing construction industry, which created a need for extensions beyond our mandated service boundaries. Whereas this demand presents us an opportunity to grow business, the existing infrastructure cannot adequately support it. The other challenges encountered during the year included existence of dry zones especially in Kampala where pressure problems continue to manifest as a result of our hilly terrain and an aged pipe infrastructure, and the accumulation of arrears amounting to Ushs 48.4 billion.

These challenges notwithstanding, management is resolved to ensure adequate water and sewerage services to the customers. A number of interventions are already in plan to mitigate the short falls in service delivery, some of which are related to the projects mentioned above.

As we start a new financial year 2012/13, I would like to extend our sincere gratitude to the Government and Development Partners who have continued to give financial and technical support to our noble objective. On the same note, I extend my gratitude to the NWSC Board, management and Staff for your untiring support as we strive to be “a leading water utility in the world”.

Lastly, I thank our esteemed customers for the support they have always given us through timely payment of water bills and feedback that helps us to improve our services in many ways.

**Eng. Alex Gisagara**  
Ag. Managing Director

## Board of Directors

In exercising his powers under the Act, the Minister for Water and environment appointed a new board with effect from 1<sup>st</sup> February 2013. The following are the new members of the board.



**Hon. William Okecho**  
**Board Chairman**

**Qualifications:** MBA University of Nairobi, Kenya, B.Commerce MUK, PGD-General Management of State Enterprises from the Netherlands Institute of Management (RVB), Maastricht – Netherlands.

**Appointed:** February 2013



**Mrs. Ruth Asiimwe Kanyaraju**

**Qualifications:** Masters Degree in Dev. Studies (ISS) in The Hague, Netherlands and a B. Arts MUK, Pgd-PPM

**Committee Member**

**Appointed:** February 2013



**Mr. Nduhura Mwebaze**

**Qualifications:** Master of Arts in Dev. Studies (University of East Anglia), Norwich, United Kingdom and a Bachelor of Arts in Social Admn. MUK

**Committee Member**

**Appointed:** February 2013



**Dr. Cecilia Oyet**

**Qualifications:** Bachelor of Veterinary Medicine (B.V.M) from Makerere University.

**Committee Member**

**Appointed:** February 2013





**Eng. Richard Chong**

**Qualifications:** Masters of Science (Water and Waste Eng) Loughborough University, England and a B. Science from M.U. K, UIPE.

**Committee Member**

**Appointed:** February 2013



**Mr. Daniel Iulira Nadhomi**

**Qualifications:** Master of Arts (Geog) M.U.K, Masters in Geo Information Science (ITC) Enschede Netherlands and is a PhD fellow M.U.K, B.Arts M.U.K

**Committee Member**

**Appointed:** February 2013



**Eng. Christopher Ebal**

**Qualifications:** MBA from ESAMI/Maastricht School of Management, Netherlands, MSc. (Construction Management (with Distinction) from Loughborough University, UK and a BSc. Engineering MUK, PGD-PPM, BA, UIPE

**Committee Member**

**Appointed:** February 2013



**Ms. Ziria Aliza Ndifuma**

**Qualifications:** MBA ESAMI/ Maastricht School of Management and a B.Commerce (Accounts) M.U.K

**Committee Member:**

**Appointed:** February 2013



**Eng. Alex Gisagara**

**Ag. Managing Director / Chief Manager Engineering Services**

**Qualifications:** Masters degree in Engineering and B.sc Engineering (Mechanical) MUK, UIPE.

**Appointed:** November 2011



The following Directors held office for the year 2011/2012 until the expiry of their term on the 31<sup>st</sup> August 2012.

Ms. Christine Nandyose Kasirye	Chairperson	
Mr. B. Ganyana Miir	Deputy Chairman	
Dr. William Tsimwa Muhairwe	Managing Director	Contract expired on 17 November 2011
Eng. Alex Gisagara	Ag. Managing Director	
Dr. Charles Wana-Etyem	Member	
Eng. Sottie M. Bomukama	Member	Retired during the year
Mr. David Mpango Kakuba	Member	
Mr. David Ssebabi	Member	
Mr. Victor Paul Kobel	Member	
Mr. Daniel Kyambadde	Member	



# Top Management



**Eng. Alex Gisagara**  
**Ag. Managing Director/Chief Manager Engineering Services**  
M. Eng., BSc Eng.(Hons), MUIPE, R.Eng (U)



**Ms. Walusimbi Irene Sarah**  
**Chief Manager, Management Services**  
MBA, LLB (Hons)



**Mrs Proscovia Aketch Lubowa**  
**Chief Internal Auditor**  
B.Com (Hons), FCCA



**Okidi Alfred Okot**  
**Chief Manager, Finance & Accounts**  
B.Com, FISA, FCCA, MBA



**Amayo Johnson**  
**Chief Manager, Planning & Capital Development**  
MSc (San Eng), BSc. Eng, MUIPE, R.Eng (U)



**George E. Okol**  
**Chief Manager, Commercial & Customer Care**  
MBA (Mktg), MStat, BSc (Comp Sc), BStat, CNA



**Dr. Eng. Silver Mugisha**  
**Chief Manager, Institutional Development & External Services**  
PhD, MSc (San Eng), BSc. Eng, MUIPE, R.Eng (U)



# Corporate Governance Statement

## ■ The Corporate Governance Code

The Board is committed to the highest standards of corporate governance. It supports the framework for corporate governance codes set out by the Institute of Corporate Governance Uganda (ICGU). The Board confirms that, although the ICGU's Corporate Governance Code relates mainly to Uganda's listed companies and NWSC is not obliged to comply with it, NWSC nevertheless follows its guidance in line with the national water and sewerage Corporation act as far as this is, in Board's opinion, relevant to NWSC.

The Board manages the Corporation along the basic concepts of good corporate governance namely:-

- Openness, honesty and transparency;
- Independence;
- Accountability and responsibility;
- Reputation and Risk Management;
- Ethical conduct
- Corporate social responsibility.

## ■ The Board of Directors Responsibilities

The main role of the Board is to:-

- Provide entrepreneurial leadership to the Corporation within a framework of prudent and effective risk management;
- Set the Corporation's strategic objectives;
- Ensure that the necessary resources (financial and human) are in place for Corporation to meet its objectives;
- Review the performance of executive management;
- Set the Corporation's values and standards;
- Ensure that the Corporation's obligations to the stakeholders are understood and met;
- Approving the organograms with a view to ensuring optimum man power requirements;
- Approving Corporation's budgets;
- Monitoring financial performance of the Corporation on a quarterly basis;
- Acting as a link between the Ministry and Management;

- Approving procurements beyond specific threshold;
- Receiving regular Audit reports to evaluate Corporation performance vis a vis internal controls;
- Handling industrial matters.

The Board comprises of eight Government appointed Directors plus the Managing Director of the Corporation. One of the directors is the Director of the Directorate of Water Development (DWD) in the Ministry of Water and Environment. 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 board includes members with expertise in finance, engineering, business, legal, environmental management, among others

## ■ Board Nomination and Appointment

The Board of Directors is appointed by the Minister of Water and Environment in accordance with the National Water and Sewerage Corporation Act. Currently the Board comprises of nine (9) Non-Executive Directors, one (1) Ex-Officio Director and a Managing Director. There was a formal process of appointment of the directors where information relating to the director's education, experience, qualifications, skills, and other directorships was provided to the appointing authority. The board takes cognizance of the knowledge, skills and experience of the prospective directors.

## ■ Profile Of Previous And Current Directors

### Previous Directors until 31 August 2012

#### 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 to 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.

**Mr. David Ssebabi**

Mr.Ssebabi holds the position of Director in of the 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 has a B. Com (Hons) degree of Makerere University, Kampala, and a MSc. Finance from Strathclyde University, Glasgow.

**Mr. David MpangoKakuba**

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. He is currently the chairman Makerere University Council.

**Mr Daniel Kyambadde**

Mr Kyambadde holds a Bachelor of Commerce in Accounting from Makerere University. He is a chartered accountant with Membership with Institute of Certified Public Accountants of Kenya(ICPAK) and Institute of Certified Accountants of Uganda (ICPAU). He is currently employed with KCCA as a Director Treasury services. Previously he worked with Uganda revenue authority as a Manager Financial Accounting.

**New Directors with effect from 1<sup>st</sup> February 2013**

**Hon. William Oketcho**

Hon. Oketcho holds a Masters degree in Business Administration from the University of Nairobi, Kenya, a Bachelor of Commerce from Makerere University Kampala, Uganda and a Post Graduate Diploma in General Management of State Enterprises from the Netherlands Institute of Management (RVB), Maastricht – Netherlands. He has lectured in Management, Economics and Finance both at Makerere University, Uganda and University of Nairobi, Kenya.





The Hon Minister of Water and Environment Professor Ephraim Kamuntu after unveiling the New NWSC Board

He served as the head of the Government of Uganda Public Enterprises Reform and Privatization Program and has also served as a Board Member on several boards such as Padhola Rural Savings and Credit Ltd, Uganda Manufacturers Association, the Textile Manufacturing Association and Cotton Development Organisation. He is a former Member of Parliament for West Budama County North in Tororo District.

#### **Eng. Christopher Ebal**

Eng. Christopher Ebal holds a Master in Business Administration from ESAMI/Maastricht School of Management, Netherlands and an MSc (Construction Management (with Distinction) from Loughborough University, UK and a BSc. Engineering from Makerere University, Kampala. His other post graduate qualifications include a Diploma in Project Management Swaziland and a Diploma in Business Administration, Jersey Britain and several certificates in various management disciplines.

He is a registered civil engineer and a fellow of the Uganda Institute of Professional Engineers and has over 25 years experience in the field of infrastructure and construction engineering. He is currently the Head of Infrastructure in the Judiciary

and a corporate member of UIPE and Chairman of Higstan Technical Services Limited, Kampala among others.

#### **Ms. Ruth Asiimwe Kanyaraju**

Ms.Kanyaraju holds a Masters Degree in Development Studies from the Institute of Social Studies (ISS) in The Hague, Netherlands and a Bachelor of Arts from Makerere University. She has undergone Post Graduate training in Project Planning and Management from Aalborg Technical College, Ramboll in Denmark and has served as a Policy Analyst in the Ministry of Information Communications and Technology (ICT). She is a Member of Rotary International and Women Peacemakers Programme (WPP).

#### **Mr. Nadhomi Luliro Daniel**

Mr. Nadhomi holds a Master of Arts (Geography) from Makerere University and a Bachelor of Arts Makerere University. He also holds a Masters in Geo Information Science (ITC) from Enschede Netherlands and is a PhD fellow at Makerere University. He is currently a Lecturer in the Department of Geography Geo-Information and Climatic Sciences.

#### **Mrs. Ziria Aliza Ndifuna**

Ms Ndifuna holds a Masters in Business Administration from Maastricht/ESAMI and a Bachelor of Commerce (Accounts) from Makerere University Kampala and several other Post Graduate qualifications in various fields. She is a Financial and Strategic Management Expert who has served in various organisations in senior positions and roles as Chief Accountant, Senior Management Analyst, Principal Consultant, rising through ranks to become Head Consultancy Division and Head Entrepreneurship Division in Management Training & Advisory Centre (MTAC). She served as a National Expert and Institutional Specialist in the Uganda Government Restructuring and Re-organisation (1993 – 2000). She has also participated in the divestiture of various government departments, including the department of Museums and Antiquities and, the department of Records and Archives. Ziria served as the Vice Chairperson of the Local Government Finance Commission for the period 1999 - 2008.

#### **Mr. Nduhura Denis Mwebaze**

Mr.Nduhura holds a Master of Arts in Development Studies from the University of East Anglia, Norwich, United Kingdom and a Bachelor of Arts in Social Administration from Makerere University, Kampala, Uganda. Mr.Nduhura holds the position of Country Director of Agency for Cooperation and Research in Development (ACORD), an Africa led International Alliance working for Social Justice and Development in Africa. He holds and has carried out several research and Consultancies for ACORD, World Food Programme, DANIDA, Plan International ASPSP/ Ministry of Agriculture, Animal Industry and Fisheries.

#### **Dr. Cecilia Atim Oyet**

Dr.Oyet holds a Bachelor of Veterinary Medicine (B.V.M) from Makerere University. She is a Board Member of “From Nobody to Somebody” and has pioneered the formation of Winning Women, the Women’s Department of the Life Line Ministry, Rural Farmers’ Scheme of formerly Uganda Commercial Bank at Lira Branch, and the Corporate Credit Section of Centenary Bank.

**Eng. Richard Cong** – Eng. Cong holds a Masters of Science (Water and Waste Eng) from Loughborough University, England and a Bachelor of Science from Makerere University Kampala, Uganda. He is the Ag. Director, Directorate of Water Development in the Minister of Water and Environment. Eng. Cong is a registered Engineer with the Uganda Engineers Registration Board and a corporate member of the Uganda Institution of Professional Engineers (UIPE) and also a member of National Council for Children.

**Eng. Alex Gisagara** – Eng. Gisagara holds a masters degree in Engineering and B.sc .Engineering (Mechanical) from Makerere University. He has 28 years of professional experience in management of Urban Water Supply, and wastewater Engineering. For 24 years, he was responsible for technical, financial, commercial and daily administration of water supply and sewerage services in the large urban centers in Uganda.

He is currently the Ag. Managing Director of NWSC. He was Chief Engineer and Chief Manager Engineering Services since 1999 and was president of Uganda Institution of professional Engineers in 2001/2002. He has excellent hands on experience in organizational development, strategic management and public procurement and disposal processes including international procurement of contractors and consultants for multi-million dollar/euro water supply and sanitation infrastructure.

### **Succession planning**

The Board appreciates the daunting task of finding and recruiting the right new members for directorships, and key management position more also the task of replacing the managing director. This is a task made no less difficult by the fact that a regular changeover of managing director is not only inevitable but often desirable. A stale director is a danger of losing the team focus and it’s therefore necessary to consider a succession policy strategy to avoid a leadership vacuum.

During the year the position of Managing director became vacant after the former managing director



Dr. William T Muhairwe's contract ended in November 2011. Subsequently the board appointed Alex Gisagara in acting capacity to and advertised the job. This attracted good pool of potential candidates and the search for a substantive managing director is still ongoing. Following the potential successors that were shortlisted after the process was outsourced with the guidance of the administration committee a formal announcement will be made in the near future once regulatory approvals are obtained. The rest of the chief managers are still active and supporting the Ag. MD to steer the transition.

Furthermore, the board of director's contract also expired as at August 2012, this transition was successfully managed and the corporation has a new board of directors formally appointed as at February 2013.

The Board is satisfied that the current pool of talent available within the Company and the work being done to strengthen the talent pool provides adequate succession depth for both the short and long term.

### Board Education and Induction

All newly-elected board members attended an initial induction session. The induction session gives new directors the chance to find out more about the structure of NWSC, the development of its strategy, and any key issues which are currently before the board.

The session was an opportunity to pose questions to the Officers, middle managers, senior managers, chief managers, and the managing director. This provides further points of clarification relating to the member's own experience on board and also provides a briefing on the work of various standing committees. The board also organizes, various training sessions for its members on key areas falling within the remit of the committee.

Ongoing board education will continue to be our focus to empower our directors with the ever changing business environment

### Board Independence

The Board is chaired by a non-executive Chairman who is assisted by a Deputy Chairman. The structure of the Board is balanced in order to ensure that no individual or group of individuals dominates the Board and its decisions. Accordingly a set of checks and balances is put in place to prevent this from happening, for example, the offices of the Chairman and that of Chief Executive Officer are distinct and separate with different individuals occupying them.

The board will continue to uphold their fiduciary duty to utmost desired degree independence and full disclosure of information to the respective stakeholders.

### Board Diversity

In selecting Directors, the Minister takes time to ensure that the individuals so selected are suitable persons, duly qualified with a wide suitable character, gender, ethnic, experience, age and skills. More specifically to note is the increase in the gender from the previous board which had a 10% to the current 33% female representation.

### Board Committee

The Board uses the Committee system. This means that most of the business is submitted by Management to the full Board through Committees. The Committees are constituted by the Board and governed by terms of reference developed by the board with mandate to make recommendations to the board on all matters under consideration they include:-

- The Finance Committee (Guides board on policy matters regarding finance and planning)
- The Administration Committee (guides board on policy matters of human capital policy such as: recruitment, retention, development, rewards, evaluation, promotions and discipline.)
- The Technical Committee (guides board in policy matters such as engineering

operations, and technical infrastructure, and water production )

- The Audit Committee (guides board policy in its oversight role over such as internal audit quality, controls, risk management, financial reporting, transparency, and external audit quality). The Audit Committee is an oversight Committee whose constitution is a requirement of good corporate governance.

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 authorized 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' Remuneration Report**

The total remuneration paid to the Board of Directors in 2012 was Shs 300 million (2011: Shs 476 million), split between Managing Director Shs229 million (2011: Shs378 million) and Board of Directors Shs 71million (2011: Shs101 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.



# Sustainability Report - Celebration of 40 years of existence

The Corporation continues to be committed to operations in a sustainable way through; meeting the expectations of various stakeholders to enable the corporation meet not only its need of today but also the need in future generations. Full details of the Company's Corporate Social Responsibility ("CSR") performance can be found on the website ([www.nwsc.co.ug](http://www.nwsc.co.ug)) and these are integrated within the series of activities that were undertaken during the year in commemoration of 40 years NWSC's existence.

## Sustainability Statement

NWSC reckons the continuous changing land business space that emphasises the need to integrate key environmental and social issues and laws, stakeholder trust and relationships, plus risk profile and commercial resilience. The board and management understand the extent of how these issues are interconnected and interdependent in respect to sustainability. In this respect the corporation will continue to wrestle these environmental and social challenges such as water scarcity and water quality, air quality climate change, energy, food security and food production, poverty, gender inequality, human rights, corruption, education to name but a few...

## Celebration of 40 years of existence

The National Water and Sewerage Corporation (NWSC) was established in 1972. In the year 2012 therefore, the Corporation marked 40 years (Rubi Anniversary) of her existence. The same year also coincides with a major political landmark - Uganda's 50th Independence Anniversary.

### Business Integration

NWSC continues to demonstrate its organisational accountability and transparency on how it conducts its business with an architecture that embraces strategic priorities such as sustainable business practices and products, opening up in new markets/



NWSC Headquarter Staff pose for a photograph as they mark 40years of the corporation's existence



regions, driving new business models that are electronically driven ( e-water payments solutions-Mobile money/mobile baking , e-procurement, e-billing, and driving innovation towards solutions that aim at creating customer convenience while reducing the environmental impact. Below are some of the various ways in which NWSC is making a difference in the various stakeholders. As part of the activities to mark the 40<sup>th</sup> Anniversary, the Corporation undertook a number of activities and programmes aimed at enhancing water service delivery to the people we serve, protection of the environment and incorporated a Corporate Social Responsibility objective of giving back to the community. Some of the activities carried out included among others;



- **Prayer Breakfast** organised to thank God for enabling the organisation manoeuvre through turbulent times and unite all staff in different religions in prayer



- **Blood Donation campaign** in all our service areas countrywide



- **Cultural Day;** commemoration of staffs different cultural backgrounds aimed at enhancing teamwork and unity.



- **Donation of equipment** and supplies to and Cleaning of Hospitals





- **Tree Planting and Catchment Protection Exercise** – aimed at fostering Source Protection and Water Safety Plans and mitigating Climate Change and Global Warming.



- **WASH and Youth with Sports.** Participation in sports activities to promote teamwork, unity and hygiene in communities.
- **Cancer Awareness:** Prostate and Breast Cancer awareness- screening and testing – Mammography appeal and fundraising, etc. among many but not limited'
- **Water and Food Security Sensitisation:** Theme for this year's Water Day/Week emphasising the need for adequate water resources to ensure food security in the country.
- **Gender Mainstreaming Campaign** aimed at enhancing the role of women in water service delivery and advocacy against violence against women.
- **Education support through internship programmes** to students and workplace mentorship for student trainees in all the area offices.



Gender Main Streaming Campaign



NWSC Mbale Area Manager paints A zebra Crossing



NWSC Match on World Water Day



Giving Back to the Customer

# Business Continuity and Our Strategy 2012-2015

NWSC views Business Continuity Management (BCM) as a holistic management process that identifies potential impacts that threaten corporation, thus provides a framework for building resilience and the effective response that safeguards the interests of its key stakeholders, and reputation. Business continuity ensures timely availability of all key processes which are required to support essential activities and customer services in the event of a disruption of business.

Our business continuity management this year was focussed at reviewing our business strategy 2012-2015. The theme we have coined to inspire the team is

## “ Enhancing Financial Sustainability and Infrastructure Growth”

During the FY 2011/12, the NWSC redefined its strategy for the next 3 year period 2012-2015:

### 1. What is Strategic Planning and what does it mean to NWSC’s Future?

**Strategic Planning** is a process that companies use to determine the best course to follow to achieve success. Our Strategic plan contains a 3 year plan to achieve short term and long term goals.

**2. Our Corporate Vision, Mission and Guiding Values** form the basis of our strategic planning. Three major focus areas are identified in our plan. Major goals, objectives, and specific tactics were defined and will be implemented over the coming 3 years.

### 3. The Theme for our Strategic Plan

In formulating the 6<sup>th</sup> Corporate Plan, aspects of the BSC approach were adopted with a focused theme of “**Enhancing Financial Sustainability and Infrastructure Growth**”

### 4. The Four Pillars of Our Strategic Plan and What they mean to you

The Four key pillars of the theme are detailed below.

- **Revenue Growth:** Ensuring continued and diversified revenue growth through; increasing water available for sale and sold, and reduction of water losses.
- **Cost Optimisation:** Ensuring cost optimisation and Allocative Efficiency. This will be done through; improved staff productivity, improved resource allocation and ensuring optimal operating costs.
- **Asset Management and Efficiency:** Ensuring posterity and productivity of assets and investments through; establishment of a functional Asset Management Policy, improved maintenance of fixed assets, having a functional GIS System in place and an updated investment plan and financial model among others.



- **Stakeholder Management:** Ensuring Company Strength and Stakeholder Management through; creation of a favourable work environment that promotes motivation and productivity of the work force and efficient service delivery through improved supply reliability, water quality and sewerage effluent etc.

**Each of these pillars is supported by concrete objectives that emphasize measureable progress and accountability.**

## 5. What is your Role in the Strategic Plan?

Our Strategic Plan will succeed if we have the Commitment of every employee and willingness to support it. Everyone must be personally accountable for high performance on a daily basis. **Attitude, Alignment** and **Teamwork** must be the norm. Your participation in the plan starts today! We will work together with a sense of urgency to build a bright future with excellent career opportunities, and the pride that comes with working with best talent and for the best Corporation in our profession

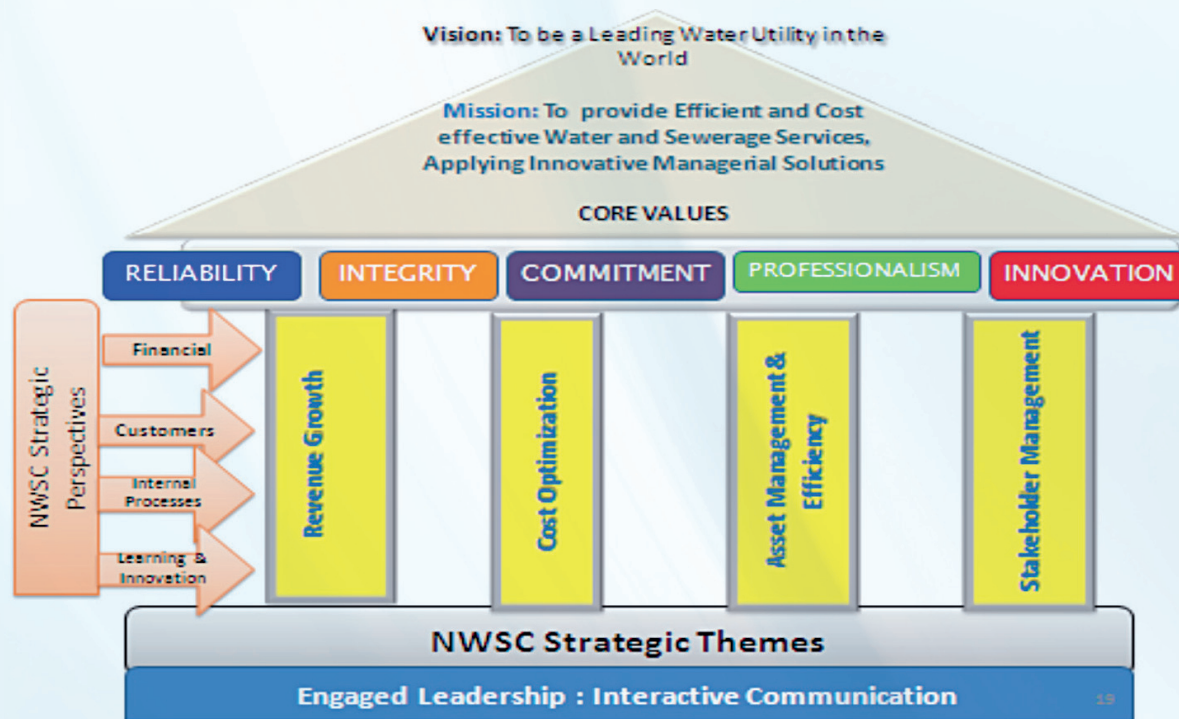
**Start each day with a question: What will I do to make a difference at the NWSC?**

## Our NWSC Business Model

The NWSC Business Model is based on the Corporate Plan which is a three year planning cycle document. The Corporation has since 1997 formulated 6 Corporate Plans which highlight and guide the Corporation's strategic direction and operations. In tandem, since 2000, the NWSC has operated within the framework of a Performance Contract with the Government of Uganda. The Performance Contract spells out key performance targets which the NWSC strives to achieve. Key among these are the need to increase coverage and achieve a level of financial sustainability through efficiency gains. Within the overall framework of the Corporate Plan and the Performance Contract with Government, the NWSC has over the years adopted several high impact short term performance improvement programmes, key among which were the cascading of performance Contracts to the various areas of operation. These were accompanied by financial/commercial reforms including a strengthened MIS and Tariff structure changes.

## External Services

Due to Corporation's exemplary transformation, improved performance, and efficiency gains realized have resulted in NWSC receiving a lot of attention regionally as well as internationally. NWSC has recognized the fact that it can play a prominent role in achieving this through the provision of benchmarking and consultancy services to sister utilities by utilizing its in-house capabilities and expertise. It is in this context that the External Services Unit (ESU) was established in 2005 to collaborate and enhance south to south cooperation





# Operational Performance

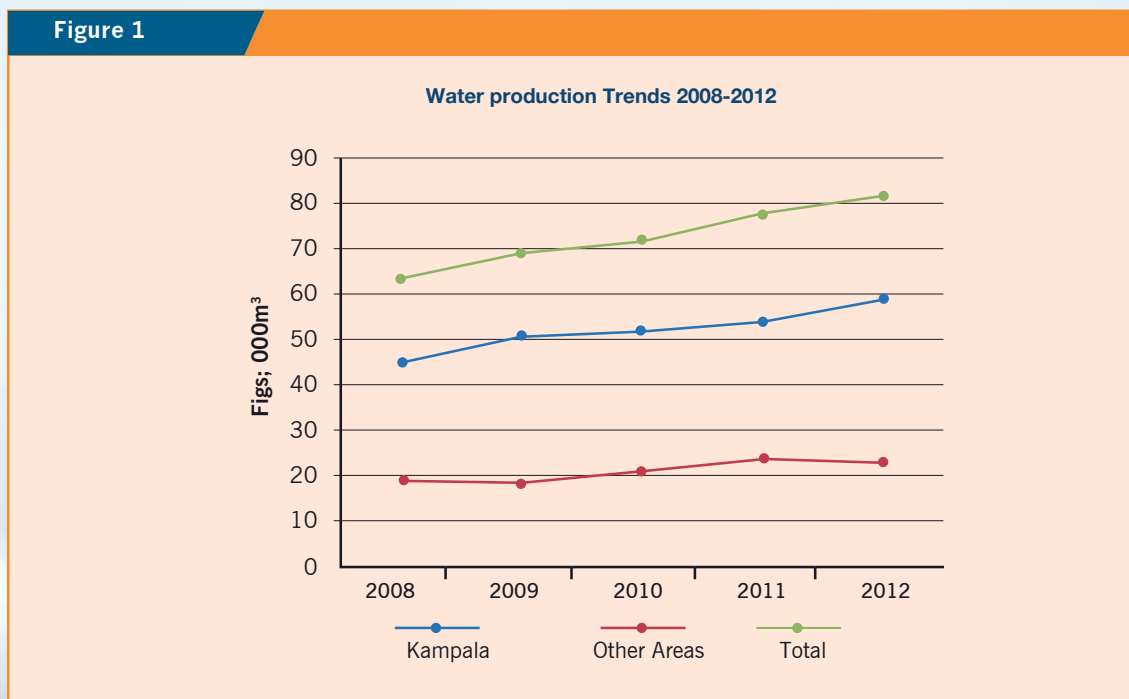
## Water Production

Water production is the vanguard and genesis of the Corporation's business activities. It is in light of this that all efforts are taken to ensure that production keeps in tandem to the demand for services. During the FY 2011/12, water production increased by 3.9 million m<sup>3</sup>, from 77.7 million cubic meters to 81.6 million cubic meters. The increase in water production was mainly attributed to increase in demand for water services especially in Kampala and expansion of the water systems in Kampala where, an additional pump bolstered the water production.

Table 1: Water Production: million m<sup>3</sup>

Financial Year	2007/2008	2008/09	2009/10	2010/11	2011/12
Kampala	44.90	50.44	51.66	53.9	58.5
Other Areas	18.71	18.74	20.48	23.8	23.1
Total	63.61	69.18	72.14	77.7	81.6
Growth	5%	8.7%	4.3%	7.7%	5.0%

Figure 1







Jinja Intake Recently Rehabilitated to Boast Water Production in the Area



Quality Water Production: One of the NWSC Clarifiers - An installation in the plant used for treating water





Table 2, below shows the different area production capacities and the level of utilization. The overall capacity utilization was 79%. However, of importance to note is the towns whose capacity utilisation is over 60% and these include the towns of Kampala, Gulu, Mbarara, Fort Portal, Kasese, and Arua. These areas need agent attention in order to expand their capacity. It is also envisaged that once Lake Victoria Water and Sanitation Project (LVWATSAN) is completed, the production capacity in Kampala will increase to 390,000 m<sup>3</sup> per day.

**Plans to Improve Production:** As a result of the pro-active planning process, various capital development projects are under way to address the capacity constraints. These include;

#### Kampala Water Lake Victoria WATSAN Project

The project aims at addressing water supply challenges in greater Kampala metropolitan area up to the year 2035. The key project objectives include; improving water supply reliability through rehabilitation of Gaba I & II treatment works, restructuring of the Kampala water distribution network, construction of a new treatment plant in Katosi (East of Kampala), construction of satellite reservoirs, and non-revenue water reduction, among others.

Table 2: Practical Capacity Utilisation as at June 2012

Area	Practical capacity m <sup>3</sup> /day	Total Water Produced m <sup>3</sup>	Average Production m <sup>3</sup> /day	Capacity Utilisation (%)
Kampala/Mukono	180,000	58,621,020	160,606	89%
Jinja	30,600	5,246,721	14,375	47%
Entebbe/Kajansi	20,000	4,043,707	11,079	55%
Tororo/Malaba	5,267	677,153	1,855	35%
Mbale	12,000	1,483,003	4,063	34%
Mbarara	11,164	2,473,624	6,777	61%
Masaka	7,500	1,535,220	4,206	56%
Lira	8,700	1,335,798	3,660	42%
Gulu	3,000	768,814	2,106	70%
Kasese	2,400	742,229	2,034	85%
Fort Portal	2,520	836,634	2,292	91%
Kabale	2,600	593,671	1,626	63%
Arua	2,733	696,962	1,909	70%
Bushenyi/Ishaka	1,920	397,160	1,088	57%
Soroti	8,256	755,062	2,069	25%
Hoima	3,000	361,019	989	33%
Masindi	2,640	483,831	1,326	50%
Mubende	2,748	349,048	956	35%
Lugazi	1,300	215,589	591	45%
Iganga	-	-	-	-
<b>Total</b>	<b>308,348</b>	<b>81,616,265</b>	<b>243,631</b>	<b>79%</b>

### Water Development Management Project (WMDP)- World Bank.

Government of Uganda in partnership with the World Bank has developed a project named “Uganda Water Management and Development Project”. The project entails infrastructure development in urban water and integrated water resources management among others. The entire project funding is US dollars 135 million out of which, 55 million has been earmarked for NWSC towns of Arua, Gulu, Bushenyi and Mbale.

### Water Distribution

Water distribution is also a vital activity of NWSC after production. It is through the retaliation system that water reaches the customers. The system comprises reservoirs, transmission mains,

distribution mains and on line boosters and pumps. The NWSC strive to ensure that the distribution network is maintained and expanded to new service areas.

### Water Mains Extension

During the financial year 2011/12, a total of 102.19 Kms of mains extensions were made compared to 123.14 Kms made in 2010/11. This brings the total network length at the end of the year to 5,413.68 kms.

### Some of the Water Extensions & Reinforcements Made during the Year included:

- In Masindi 9kms of water mains extensions were extended to Kabale Training school and 2kms were extended to Karujubu community.

Table 3: Trend of water mains extensions 2008-2012

Year	2007/08	2008/09	2009/10	2010/11	2011/12
Annual Extensions (Kms)	127.30	111.63	144.76	123.14	102.19
Total Network Length (Kms)	3,333	4,703.67	4,848.43	4,971.57	5,413.68
% Increase	0%	3.3%	3.1%	2.5%	2.1%



Staff laying a service line



A distibution main to increase access to piped water services



- In Masaka, 2.8kms were extended in Ndegeya-Kyalugo and 0.5kms were extended to Off Bukata road to Bulayi.
- In Kampala, a total of 60kms of mains were extended these included reinforcements in the areas of Masajja-Salaama, Nansana, Wandegeya, Ttula Mbogo and Matugga reinforcements among others.
- Extension of 3.5kms DN 150 PN10 Upvc from Salaama road to Masajja road.

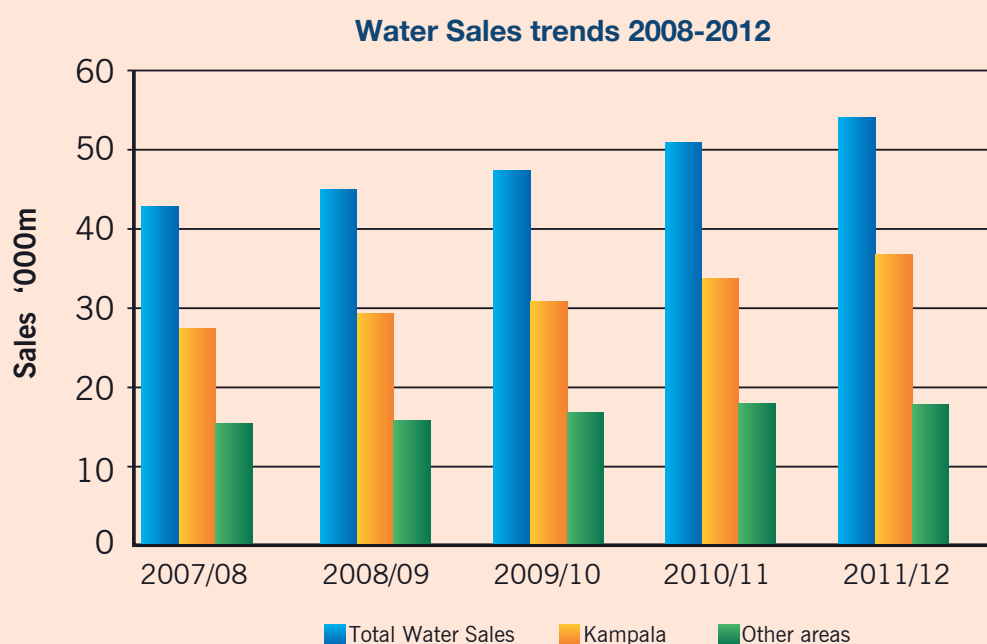
### ■ Sales Volume

During the year, the volume of water sold increased by about 6% from 50.7 million cubic metres to 53.7m<sup>3</sup>. The growth was mainly attributed to increased customer base arising from new connections made and innovative customer care management strategies aimed at encouraging customers to use NWSC piped water as opposed to other unsafe water sources. In addition, the increased industrialization and urbanization have increased demand of piped water services.

Table 4: Water Sales Trends 2008-2012 (Figures million m<sup>3</sup>)

Year	2007/08	2008/09	2009/2010	2010/11	2011/2012
<b>Kampala</b>	27.04	28.79	30.29	32.78	36.11
<b>Other Areas</b>	15.25	15.61	16.73	17.98	17.65
<b>Total</b>	42.29	44.40	47.02	50.76	53.76
<b>Growth</b>	<b>3.5%</b>	<b>5%</b>	<b>6%</b>	<b>8%</b>	<b>6%</b>

Figure 2



**Figure 3**

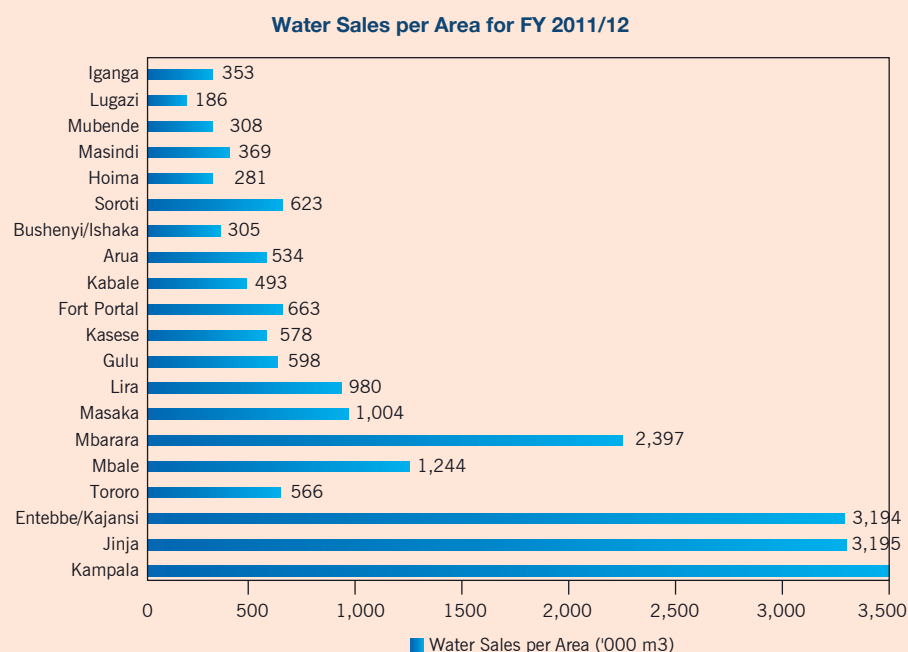


Figure (3) shows that Kampala continues to dominate the market for sales, accounting for 67% of the Corporations sales with a volume of 36 million cubic meters. Kampala is followed by the medium sized towns including Jinja, Entebbe, and Mbarara. The other towns can be categorised as small towns with sales at 1,000 and below. This difference is attributed to the varying level of economic activities and population densities.

### Non-Revenue Water (NRW)

The Corporations continues to devote resources towards the reduction in water losses. This was done through the implementation of strategic programs such as Wet Storm and Meter Replacement. However, the intricacies in this effort still remain challenge. It is for this reason that the NRW during the year reduced by 0.2% from 32.8% to 32.6%. This notwithstanding, significant improvement was realised in Kampala where the losses reduced from 39.2% to 38%. However, in the other areas, the NRW increased slightly by 0.4%, and all efforts are

being taken to ensure that this trend is reversed. Key among the causes of this problem of water losses is the illegal use of water, the aged network in some areas damage caused to the network by road construction works.

Management will continue addressing the NRW challenge by undertaking the following measures adopted in the Kampala Declaration of August 2012.

- Finalize the procurement and delivery of the outstanding meters, under the KW-LVWATSAN Project, and ensure that they are installed.
- Finalize and circulate guidelines for recovering all meters on suppressed accounts (which are more than one year old), and ensure their condition is checked and they are reused.
- Finalize the development of the Asset Management Policy and ensure that the proposed/on-going asset management



programme is properly realigned.

- Identify and prioritize Areas with the highest NRW and upscale the on-going NRW reduction activities, as a matter of priority.
- Institute a Team to optimize the treatment process for the Jinja WTP clarifiers, with the aim of reducing plant losses.
- Institutionalize the Area Local Water Councils based on the new guidelines and ensure that the new members are appointed, and their activities rolled out, especially coordination of road works and catchment management activities.



Illegal Use which has Increased Water Losses

Figure 4

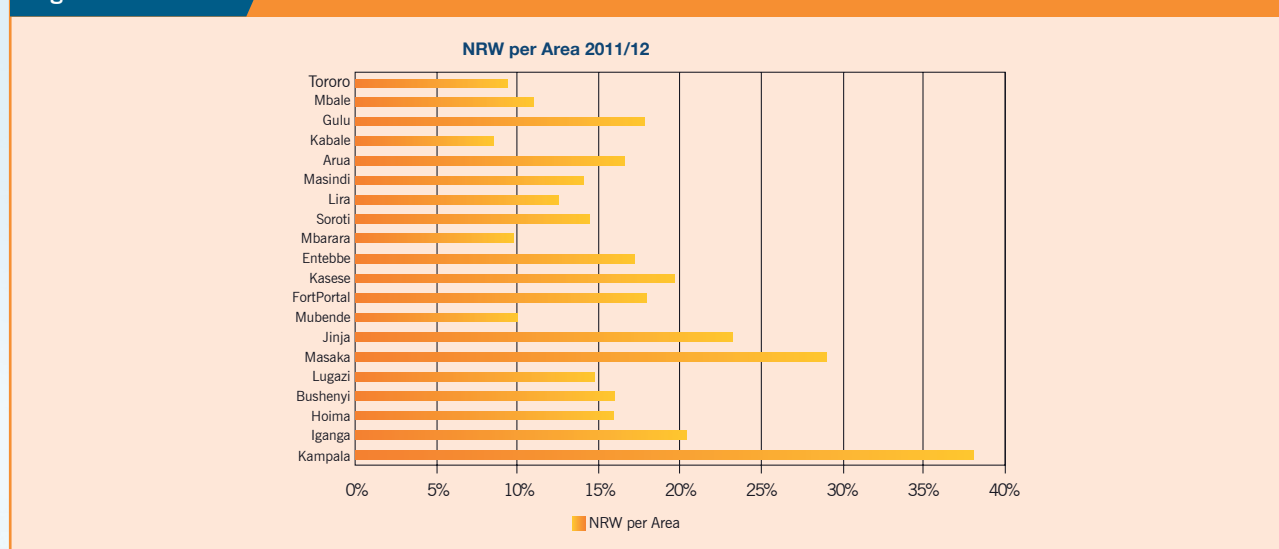


Table 5: Annual Non-Revenue Water Trends (2008-2012)

Year	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Total UfW</b>	33.5%	35.8%	33.3%	32.8%	32.6%
<b>Kampala</b>	39.8%	42.9%	39.2%	39.2%	38.0%
<b>Other Areas</b>	18.5%	16.7%	18.3%	16.7%	17.1%

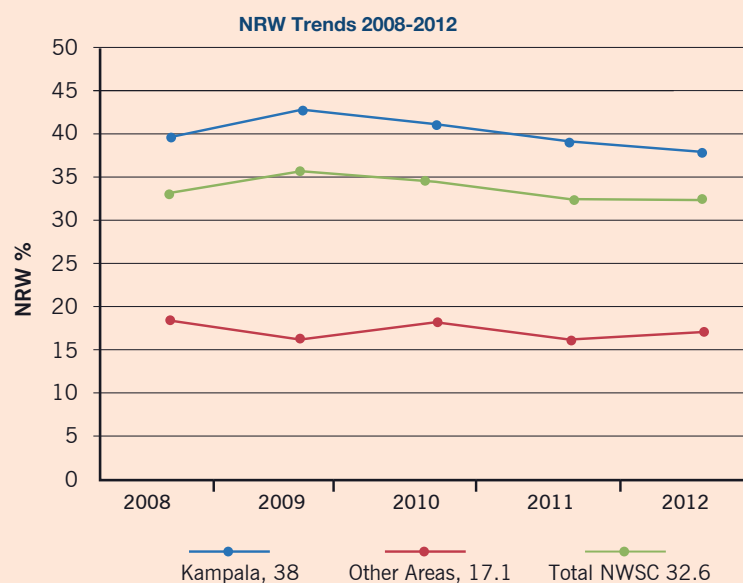
From the table above it can be observed that there is a general improvement in the reduction of NRW during the five year period of 2008-2012 especially in Kampala.

Table 6: NRW Analysis and Trends (2008-2012)

Financial Year	2007/08	2008/09	2009/10	2010/11	2011/12
Water Supplied	63,604,384	69,181,548	70,452,640	75,536,211	79,751,351
Water Sold	42,290,861	44,398,133	47,022,821	50,763,163	53,768, 169
NRW (Vol m3)	21,313,523	24,783,415	23,429,819	24,773,084	21,768,042
Total Connections	202,559	225,932	246,259	272,406	296,206
Total NRW Per Production	33.5%	35.8%	33.3%	32.8%	32.6%
NRW/Conn/day (Vol.m3)	0.288	0.301	0.261	0.249	0.201
Total Network length Kms	3,333.00	4,703.67	4,848.43	4,971.57	5,073.76
NRW per km/day (Vol m3)	17.52	14.44	13.24	13.65	11.75

Table 6 shows that as a result of the various measures the Corporation has undertaken, the absolute volume of NRW has reduced to 21.7 million cubic meters and the NRW per connection and kilometre has also reduced to 0.201m<sup>3</sup>/conn/day and 11.5m<sup>3</sup> per km/day respectively.

Figure 5





## Nominal verses Real Billings

The total nominal value of billings (water and sewerage) for the FY 2011/12 was shs 132.0 billion which is 18.6% growth compared to shs.111.2 billion for FY 2010/11. Hence given the indexation factor of 13.4%, real growth during the year under review (defined as nominal growth less indexation factor) was 5.2% as compared to 8.9% for FY 2010/11. This growth can be attributed to growth in volume of water sales of 5%. The table below summarises the trend of nominal and real growth over the last 5 years.



NWSC Billing Officer Taking Meter Readings

Table 7: Nominal versus Real Growth in Billings

FY	2007/08	2008/09	2009/10	2010/11	2011/12
Water/Sewerage charges (Nominal)	73,262,822	84,898,253	98,199,291	111,283,554	132,014,111
Water Billed (m <sup>3</sup> )	42,290,861	44,800,644	47,022,821	50,763,163	53,086,924
Growth in billings Nominal	17%	16%	16%	13%	18.6%
Growth in sales Cu.m	4%	6%	5%	8%	5%
Indexation factor	13.2%	9.7%	12.1%	4.4%	13.4%

## Water Quality

It is the Corporation's mandate to provide clean and portable water to the people served. It is in this regard that during the period July 2011-June 2012, a total of **10,422** treated water samples were tested for aesthetic characteristics (colour, turbidity, total suspended solids and residual chlorine) and E.coli. Table 8 shows the percentage compliance of treated water in each Area.



Candy Filters at Gaba 1 Water Treatment Plant

Table 8: Percentage compliance of treated water FY 2011/12

Area	Colour	Turbidity	E-Coli
Kampala	86	100	100
Entebbe	100	100	100
Masaka	92	98	100
Mbarara	95	99	100
Kabale	100	100	100
Bushenyi/Ishaka	67	34	100
Kasese	100	100	99
Fort Portal	100	100	100
Mubende	86	94	99
Hoima	100	100	100
Masindi	90	96	99
Arua	98	100	100
Gulu	70	73	99
Lira	96	99	100
Soroti	100	100	100
Mbale	98	93	100
Tororo	75	70	99
Jinja	99	100	99
Lugazi	100	100	100
Iganga	NA	NA	99
	<b>87.6</b>	<b>87.8</b>	<b>99.65</b>

Concerning physico-chemical (aesthetic) properties, 87.6% 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 87.8% met the standard for turbidity of maximum 5 NTU. Concerning microbiological parameters, 99.65% of all the above samples met the standard for *E-coli* of 0 CFU/100 ml. All the Areas therefore produced

and supplied potable water that was safe for human consumption.

Cases of samples that did not meet the standards was due to design, operation & maintenance inadequacy, age and type of the network pipes (GI pipes susceptible to rust), civil works leading to breakage of pipes thereby causing cross-contamination.



NWSC Staff getting a water sample for lab testing



## Water Market Segments

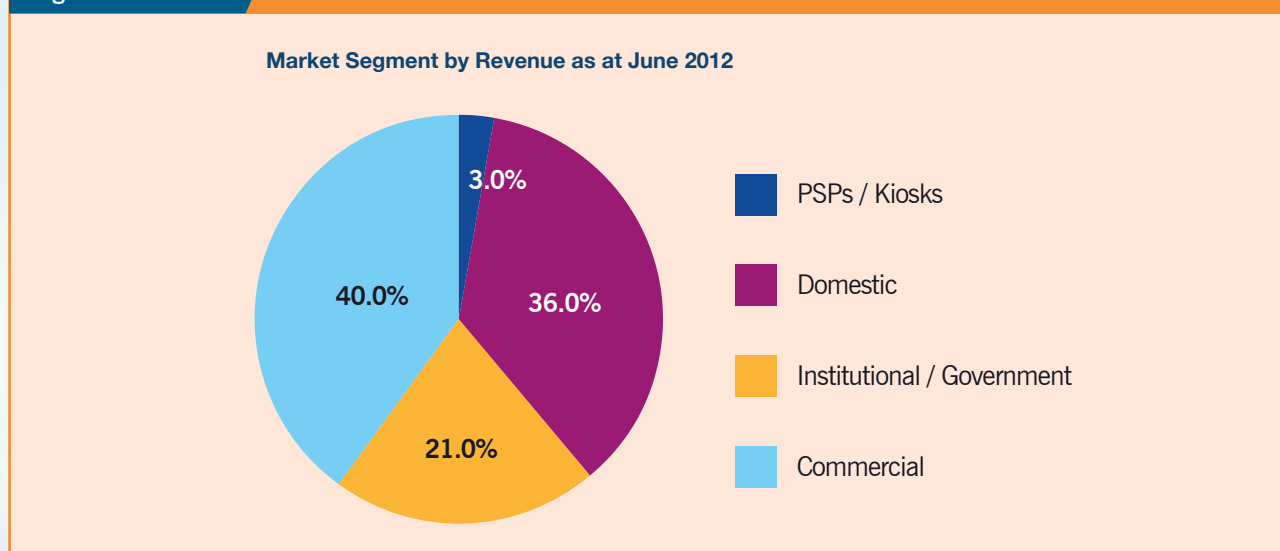
The NWSC customer base comprises four market segments, Viz: Public Stand Posts, Domestic, Institutional/Government, and Industrial/Commercial Consumers as shown in **Table 9**. A comparative analysis of the market share

shows that the biggest consumer segment is the domestic connections which account for 79.1% and commensurately consumes the largest volume of water, 39.3%. It should be noted that although Institutions/Government and Commercial/industrial consumers are a small proportion of the market, they account for 61% of the revenue collected during the year.

Table 9: Water Market Segments June 2012

Consumer Category	No. of Connections	As % of Total Connections	Volume of Water billed (cubic meters)	As % of Total billed	Revenue Billings (VAT) Shs.m	As % of Total Revenue
Public standpipes	8,198	2.8%	2,630,180	4.9%	4,353,597,336	3.0%
Domestic	234,395	79.1%	21,095,118	39.3%	52,241,728,031	36.0%
Institution/ Government	8,590	2.9%	12,077,358	22.5%	30,474,461,351	21.0%
Industrial/ Commercial	45,023	15.2%	17,874,490	33.3%	58,046,364,479	40.0%

Figure 6



## Water Subscribers

The Corporation's outreach efforts are depicted by the number of new subscribers recorded every financial year. During the FY 2011/12, a total of 23,332 new subscribers were connected to the Corporation's supply network. This brings the total number of subscribers to 296,206 compared to the year's target this growth represents 94% achievement. The shortfall was mainly due to procurement challenges. However, this is a short term challenge which is not envisaged to continue.

Table 10: Trend of New Connections for July 2011-June 2012

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
K'la	1,374	1,369	1,580	892	1,266	569	346	258	1,406	1,189	1,358	1,265	12,872
Other Areas	1,035	934	980	913	782	793	834	676	955	850	663	1,045	10,460
Total	2,409	2,303	2,560	1,805	2,048	1,362	1,180	934	2,361	2,039	2,021	2,310	23,332

Table 11: New Water Connections: July 2011 – June 2012

	Annual Target	Actual as at June 2012	% Achieved
Kampala	15,094	12,872	85%
Other Areas	9,387	10,460	111%
Total New Connections	24,931	23,332	94%

Table 12 : Annual growth of New Water Connections

Financial Year	2007/08	2008/09	2009/10	2010/11	2011/12
Kampala	14,685	13,212	12,713	15,217	12,872
Other Areas	9,699	10,093	9,669	10,416	10,460
Total	24,384	23,305	22,412	25,633	23,332
Total accounts	202,557	225,932	246,259	272,406	296,206
% Increase	13.5%	11.5%	10%	10.4%	8.7%

Figure 7

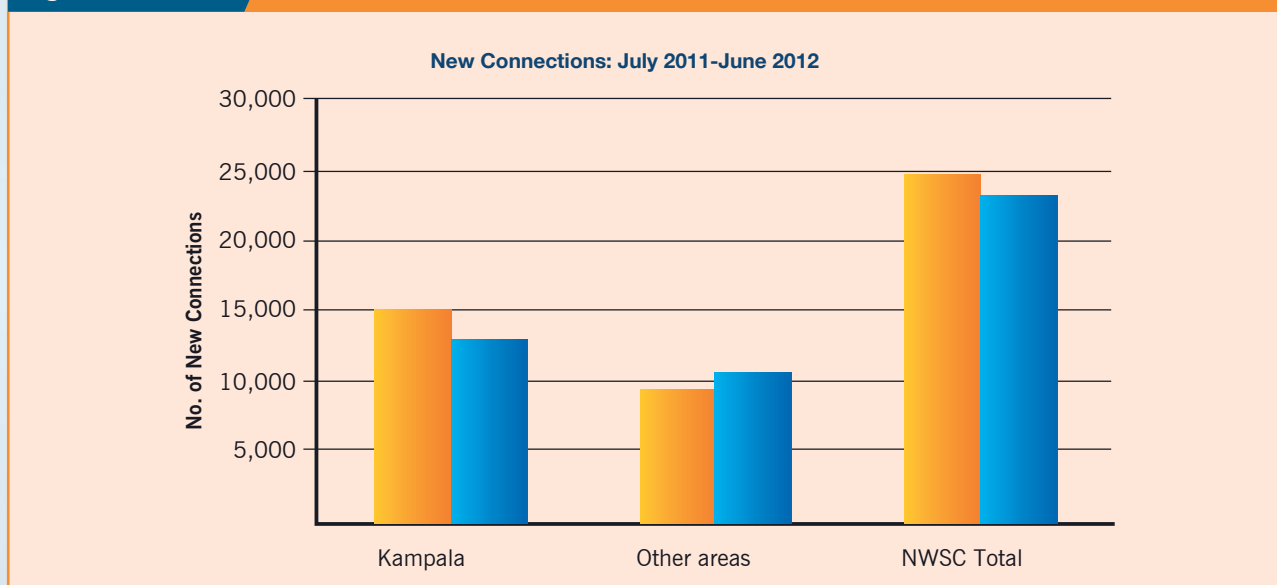
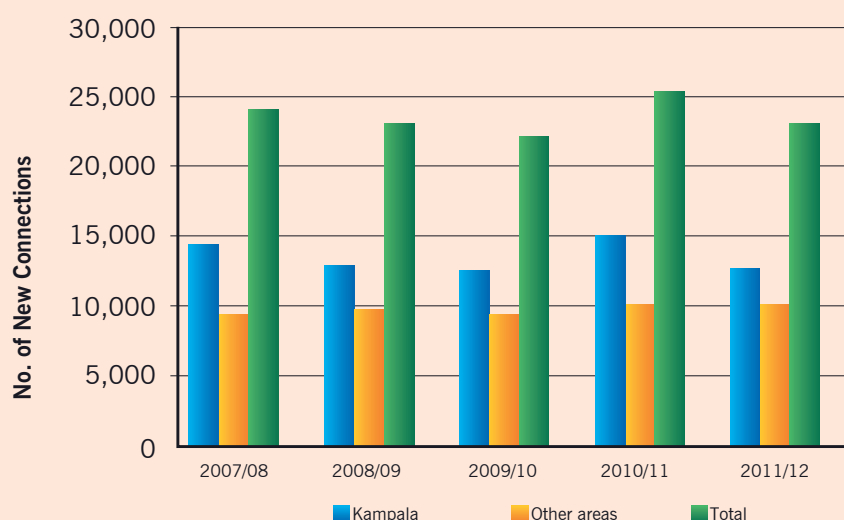




Figure 8

Trend of New Water Connections 2008-2012



#### Functionality: Active accounts as a percentage of total Connections

Functionality under Urban Water Supply refers to the number of water connections that are actively on service. The Inactive category of accounts is connected to the system but have no access to NWSC services due to disconnection or inability to access the services due to water network failures. During the financial year, the number of inactive accounts was 10% of the total accounts or 29,964. This implies 90% of the subscribers are on active service. Details of inactive accounts by area are shown in Annex.

#### Water Service Coverage

During the year, service coverage increased from 75% to 77%. This was as a result of increased number of new water and sewerage connections including network expansion through water mains extensions. The growth in service coverage however is being restrained by the high population growth, estimated at an average of 4.6% in urban areas. Table 13 indicates the water and sewerage coverage as at June 2012.



Quality Chemicals - One of the NWSC Big Consumers

Table 13: Water Supply and Sewerage Coverage As at 30th June 2012

Area	Active Accounts	Pipe Network(km)	Target Pon 2012	Population served	% served (water)	% Served (Sewerage)
Kampala/Mukono	153,923	2,292.00	1,849,615	1,438,814	78%	5%
Jinja/	13,793	497.3	282,531	254,532	90%	22%
Entebbe/Kajansi	19,207	344	78,866	64,644	82%	4%
Tororo/Malaba	3,577	109	55,868	43,010	77%	7%
Mbale	7,970	258	92,638	68,945	74%	26%
Mbarara	10,766	222	81,077	68,134	84%	8%
Masaka	7,389	221.5	96,181	78,114	81%	5%
Lira	6,365	190	127,219	95,742	75%	2%
Gulu	4,445	125	179,847	141,814	79%	7%
Kasese	4,661	76	55,635	45,028	81%	2%
Fort Portal	4,978	118	73,642	57,794	78%	0%
Kabale	4,389	124.8	48,572	36,914	76%	11%
Arua	4,995	112	64,627	49,426	76%	0%
Bushenyi/Ishaka	1,932	83	28,507	17,016	60%	0%
Soroti	4,768	152	64,207	34,848	54%	2%
Hoima	3,266	125	42,761	21,606	51%	0%
Masindi	3,273	148	45,082	21,410	47%	0%
Mubende	2,536	77.1	22,748	13,402	59%	0%
Lugazi	1,317	45	35,777	21,657	61%	0%
Iganga	2,692	94	51,838	41,240	80%	0.40%
<b>Total</b>	<b>266,242</b>	<b>5,413.68</b>	<b>3,377,240</b>	<b>2,614,090</b>	<b>77%</b>	<b>6.40%</b>

**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..... Meeting briefs available.....200 persons per stand pipe.

**Institutions:**

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

Medium towns.....500 persons/Institution

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

2. Figures in the table exclude Iganga (under rehabilitation with ADB funding (yet to be taken over by the Corporation).

3. Figures for Kampala include the suburbs of Mukono, and Nansana



## Water Service Coverage by Town

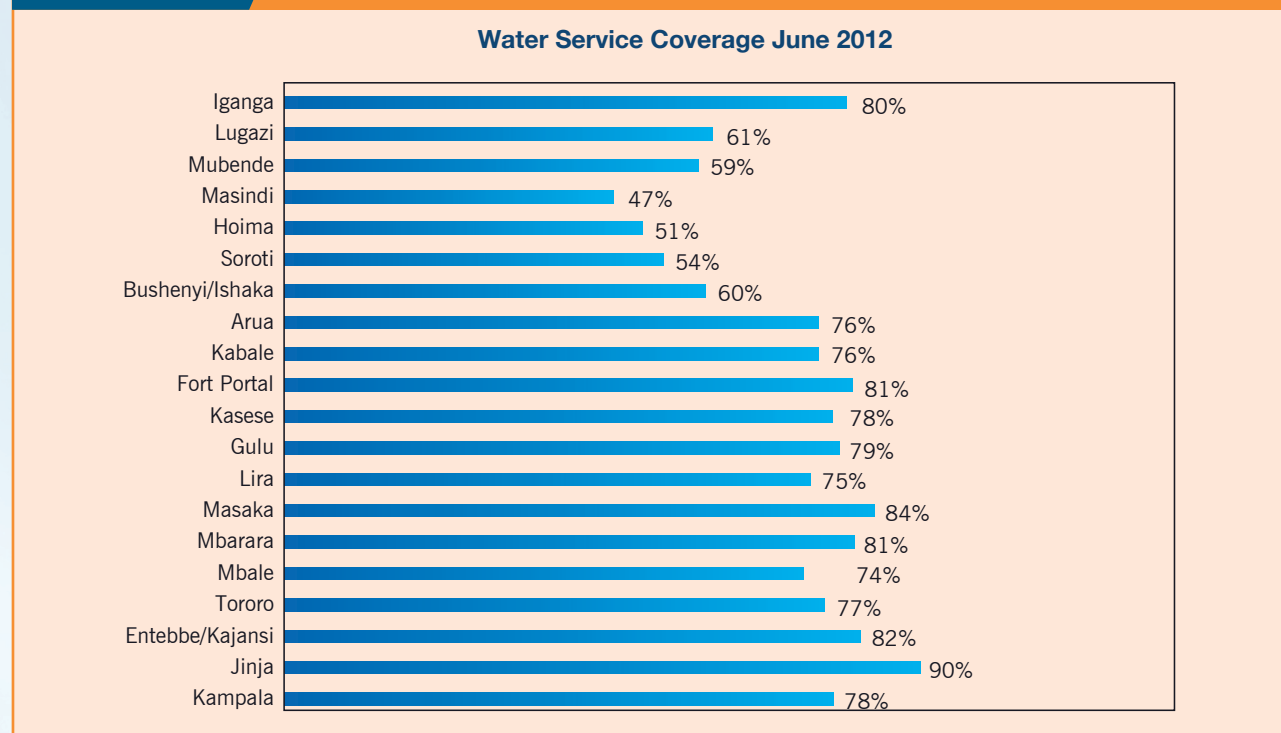
Out of the 23 areas operated by the Corporation, Kampala, Jinja, Entebbe, Tororo, Masaka, Mbarara, Lira, Gulu, Kasese, Fort Portal and Iganga had

service coverage of over and above the average of 77%. The rest of other towns are below the average. However, over 70% of the NWSC towns are above the average National urban water coverage which stands at 72%.

Table 14: Trend of Water Service Coverage 2002-2012

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
% Coverage	60	63	65	68	70	71	72	73	74	75	77

Figure 9



Rapid Urban Growth: NWSC Challenge to develop infrastructure at the same rate

## ■ Metering Coverage

The Metering Policy is important to the Corporation in that, it ensures accountability of the services rendered to our customers. It is through the meter that NWSC is able to establish how much a customer has consumed in a given period of time and determine the bill. To ensure efficient and effective implementation of the policy, automatic billing

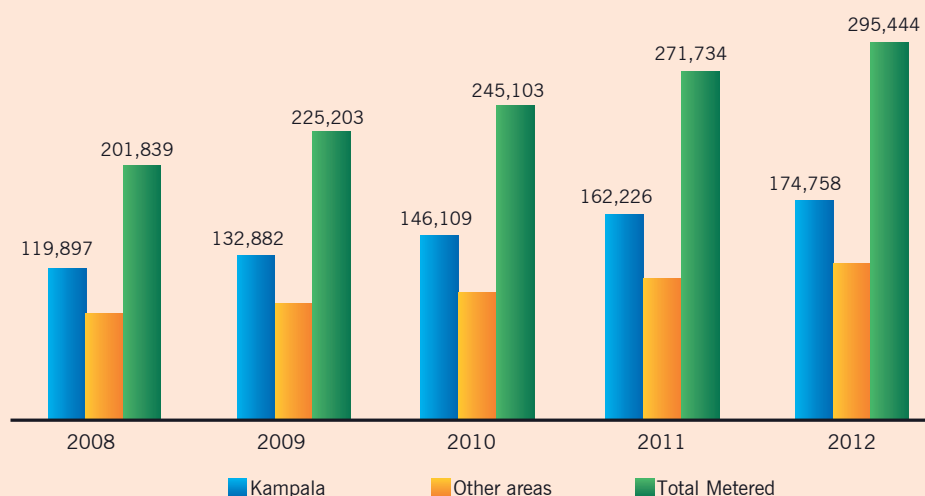
system was introduced. This enables the meter reader to produce the bill at the time he visits the customer premises and this has in a way reduced the customer complaints in regard to erroneous billings. During the year all the active accounts were metered and over all metering coverage stood at 97.7% or (295,444) and the total number of accounts stood at 296,206 accounts.

Table 15: Metered Accounts

Year	2007/2008	2008/09	2009/10	2010/11	2010/12
Kampala	119,897	132,882	146,109	162,226	174,758
Other Areas	119,897	92,321	98,994	110,180	120,686
<b>Total metered</b>	<b>239,794</b>	<b>225,203</b>	<b>245,103</b>	<b>271,734</b>	<b>295,444</b>
<b>Total Accounts</b>	<b>202,559</b>	<b>225,932</b>	<b>246,259</b>	<b>272,406</b>	<b>296,206</b>
%Metered Accounts	99.6%	99.7%	99.8%	99.8%	99.7%

Figure 10

### Trend of Metering Coverage 2008-2012





## Sewerage services

The NWSC operates centralised sewerage systems of collecting, treating and discharging effluent to the surrounding in 14 out of the 23 Areas. The overall sewerage coverage remained at 6.4 % in financial year 2011/12. The total number of sewer subscribers rose by 7%, from 16,557 in 2010/11 to 17,653 subscribers in 2011/12.

It should be noted that sewerage coverage has stagnated at 6% due to high investment costs needed to make sewer extensions and due to the fact that most people prefer onsite sanitation like use of septic tanks and latrines compared to the NWSC sewer system which is presumed to be expensive by most customers. However the Corporation has always made efforts to improve on sanitation. In the urban poor Areas of Kisenyi and Ndeeba a facility was introduced mainly to collect waste and in addition last financial year funding was sourced through the Ministries of Finance, Planning & Economic Development and that of Water & Environment to implement the Kampala Sanitation Project. The project which kicked off this financial year has made progress in terms of works being

implemented and other activities like sourcing of consultants and signing of contracts.

## Sewerage Effluent Quality

The Corporation has only 14 towns which operate centralized sewerage systems i.e. collecting, treating and discharging effluent to the surrounding. During the FY 2011/12, **294** final effluent points were checked for Biochemical Oxygen Demand (BOD<sub>5</sub>), total suspended solids (TSS) and faecal coliforms. **29.3%** for all the samples taken from final effluent points, complied with the National Standard for Effluent Discharge for BOD<sub>5</sub> of maximum 50 mg/l. Also **52.1%** of the samples checked complied to the total suspended solids standard of 100 mg/l and **70%** complied with the faecal coliforms standard of 10,000CFU/100mL.

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



Lab Technician at NWSC Central Lab Bugolobi



Some of the Lab Equipment at the NWSC Central Lab Bugolobi

Table 16: Trend of Sewer Connections

Financial Year	2007/08	2008/09	2009/10	2010/11	2011/12
New Sewerage Connections	232	267	343	301	301
<b>Total Sewerage Connections</b>	<b>14,418</b>	<b>14,685</b>	<b>15,028</b>	<b>16,557*</b>	<b>17,653*</b>
<b>% Growth</b>	<b>2%</b>	<b>2%</b>	<b>2.3%</b>	<b>10%</b>	<b>7%</b>

**Note:** (\*)The Number of sewer connections increased higher for year 2011 & 2012 compared to the number of new connection installed due to the updating of the systems where some connections had not been captured.

### **Kampala Sanitation Programme Phase I, Lake Victoria Protection Project**

The project aims at ensuring improvements in urban hygiene, sanitation and protection of Kampala's natural environment. It is being implemented in 2 phases; Phase 1 for Immediate Works and Phase II for Major Works. The works were substantially completed in June 2011 and defects-liability period ended in December 2011. All outstanding issues after Defects Liability period were fixed and system was operationalized.

The following was also done during the year; Construction of the Lubigi SFSTP, piling works for sedimentation tank and excavation for the ponds already completed. 90% of the imported materials and equipment were procured and delivered to site and excavation plus laying of sewer lines is in progress with 75% of the sewer network already laid.

#### **Pro-poor Interventions**

The NWSC has concern for all the categories of the people she serves and as a result, the Corporation has undertaken several pro-poor initiatives aimed

at improving the lives of the people living in poor urban settlements. One of the ways through which the Corporation has reached out to the poor is through construction of public stand posts (PSPs) whose tariff is affordable, in addition a pre-paid meter system was introduced mainly to eliminate the middle man who made the service so costly to the poor, implementation of urban poor projects like Bwaise and Kawempe Urban Poor project to improve on urban poor services. During the financial year, the number of PSPs/Kiosks stood at 8,622 as at end of June 2012.

It should be noted that during the year the pro-poor connections reduced compared to previous years. This was due to the management deliberate policy to encourage consumers to use domestic or household connections in form of yard taps. The yard tap is considered cheaper in terms of distance moved and the same tariff is charged like that of a PSP connection. However, yard taps have an advantage of not having the middle men since they are usually installed within the premises of the consumer.

In addition to pro-poor connections, other urban poor initiatives under taken during the course of the financial year included;

Table 17: Trend of New Public Stand posts Installed 2008-2012

Financial Year	2007/08	2008/09	2009/10	2010/11	2011/2012
New PSPs Stand posts	406	413	540	469	191
<b>Total</b>	<b>5,396</b>	<b>5,809</b>	<b>6,349</b>	<b>8,431*</b>	<b>8,622</b>
<b>% Growth</b>	<b>8%</b>	<b>7.6%</b>	<b>9.3%</b>	<b>32%</b>	<b>2%</b>

**\*NB.** The drastic increase during last year is attributed to an update of the data base system which established the number of PSPs had risen hence accounting for the growth of 32%.



### Kampala Urban Pro-poor Project, Kawempe

The project is aimed at addressing the sanitation needs and challenges of the urban poor residing in the informal settlements of Kawempe Division, Kampala. The project scope entails construction of 45 water borne sanitation facilities of multiple stances and these are being executed in two lots. Lot I; 24 Toilets at a cost of Ushs. 678million) and Lot II (21 Toilets at a cost of Ushs. 758million). During the year, outstanding interim certificates were paid and works were resumed.

### Bwaise II Urban Pro-Poor Project

The Bwaise II Urban Poor project is an initiative aimed at improving the water supply and sanitation services of the urban poor residing in the informal settlements of Bwaise II parish. The project entails expansion of the water supply network and installation of prepaid meters to increase access to water supply by the urban poor in the Parish. The project is funded by NWSC and the Coca Cola foundation through Water and Sanitation for the Urban Poor (WSUP) at US dollars 530,000. Out of this, the Coca Cola foundation contributed US dollars 300,000 which has been earmarked for payment of software component (community sensitization and training of caretaker groups), pre-paid water meters and design and supervision consultancy (contract awarded to Alliance Consultants Ltd). The remainder, i.e. US dollars 230,000 is counterpart funding from NWSC which shall be utilised for water network intensification and installation of pre-paid meters.

During the year, draft works contract was approved by Solicitor General's office and Board. Works contract worth Ushs. 678 m was signed between NWSC and Updeal (U) Ltd on and the contractor is mobilising as they await advance payment.



On going works at Lubigi-KWATSAN Project



Prepaid meter for Urban Poor-Bending on Manager Urban poor, extreme right; Project Manager & the Donors



Beneficiaries of the Pre-paid Meter System in one of the Urban Poor Areas in Kampala

## NWSC Tariff Structure

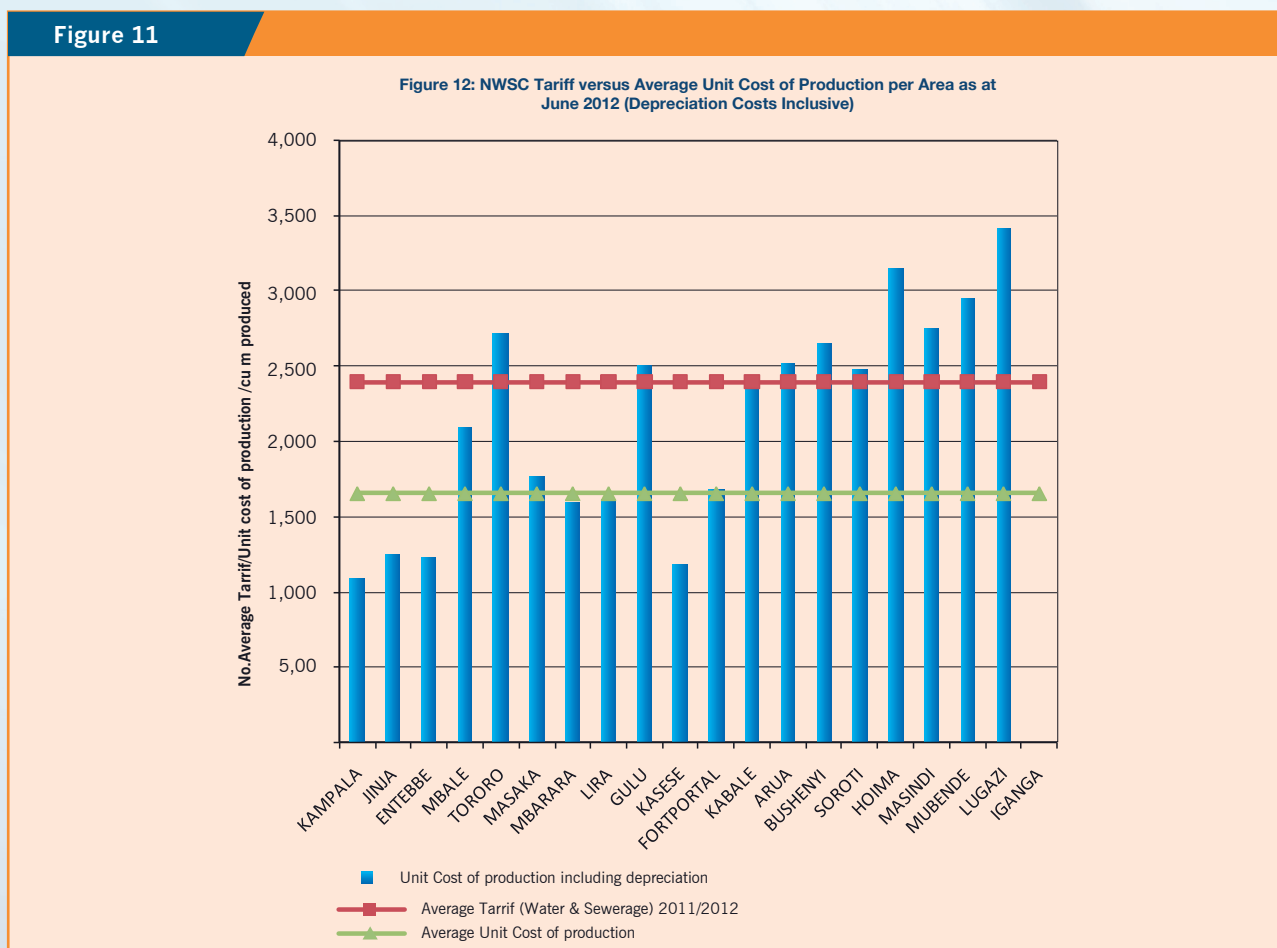
The NWSC continues to implement a uniform tariff policy in all its areas for purposes of ensuring equity as shown in the table below. The lower tariff at the stand posts is aimed at ensuring basic supply to the poor as it translates into a price of Shs 24.7 per Jerrican.

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 Mbale, Hoima, Mbarara, Gulu, Bushenyi, Kabale, Masindi, Mubende & Lugazi have higher unit costs of production than the average tariff of Ushs.1,753. The implication of this is that the operational costs in these towns cannot be recouped from the tariff only, and are therefore subsidized by the other towns.

Table 18: Water Tariff Structure 2011/12

Customer Category	Water tariff 2011/12 (Ush/m <sup>3</sup> )	Price /Jerrican (Ushs.)
Public Standpipe	1,236	24.72
Domestic	1,912	38.24
Institutions / Government	2,353	47.06
Commercial up to 500m <sup>3</sup> /month	2,887	57.74
Commercial 500m <sup>3</sup> - 1,500m <sup>3</sup> /month	2,887	57.74
Commercial >1,500m <sup>3</sup> /month	2,462	46.14

Figure 11





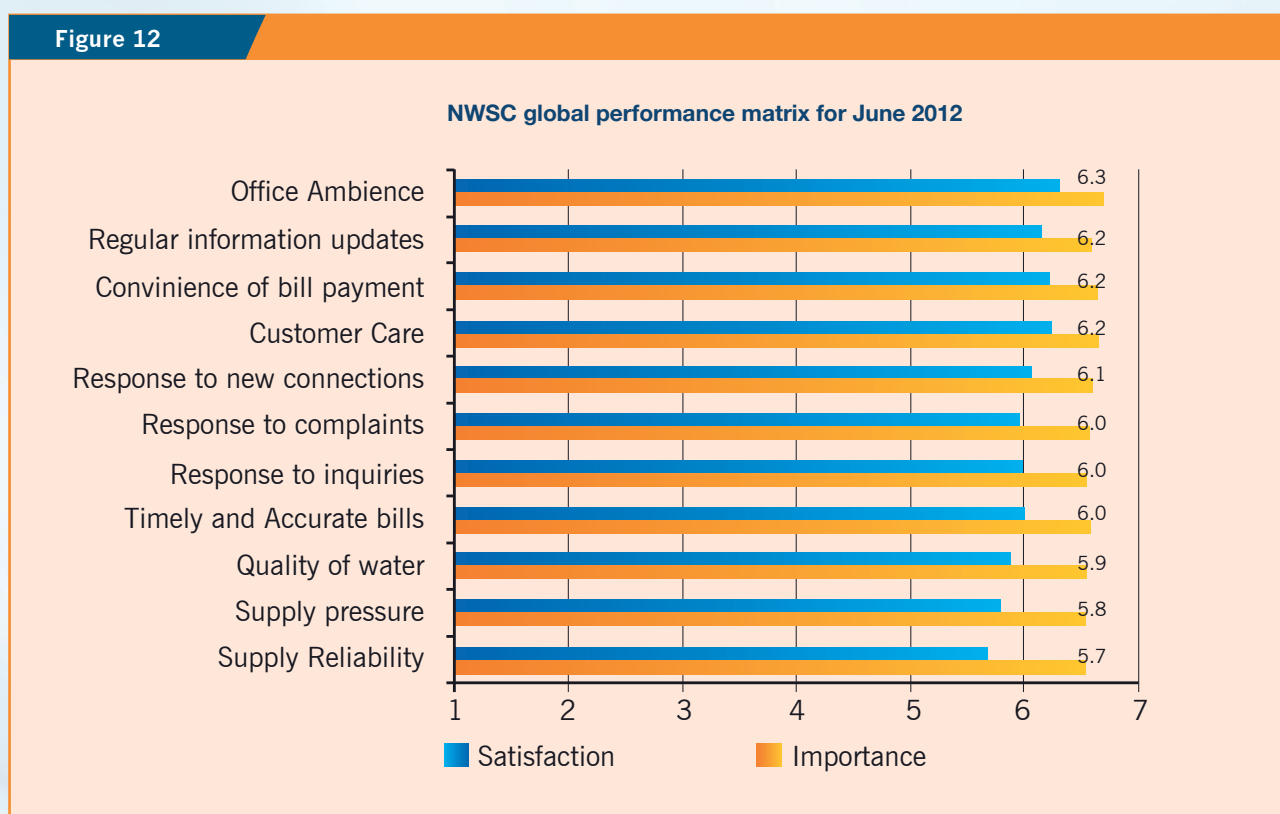
## Customer Satisfaction

The Customer Satisfaction Survey (CSS) is conducted to ascertain the importance customers attach to various attributes of our services and also to uncover customer perceptions of our performance on those attributes or needs (i.e. water reliability, water pressure, water quality, timely and accurate water bills, responsiveness in resolving complaints, responsiveness in effecting new connections, customer care, convenience of bill payment process and office ambience); and assessing the Corporation's progress in achieving the set targets. The recently concluded survey

covered a sample size of 5,540 customers and returns of 3,713 customers. The sample size for Kampala Water is drawn from the eleven Kampala Water branches.

Based on the entire sample for the FY 2011/2012, it is noted that on average, customer satisfaction levels have gone down for most of the service attributes. However, mechanisms are already in place to enhance customer satisfaction some of which include the on-going customer care weeks that have already yielded positive results particularly with the commercial attributes of our services.

Figure 12



## Customer Satisfaction Index

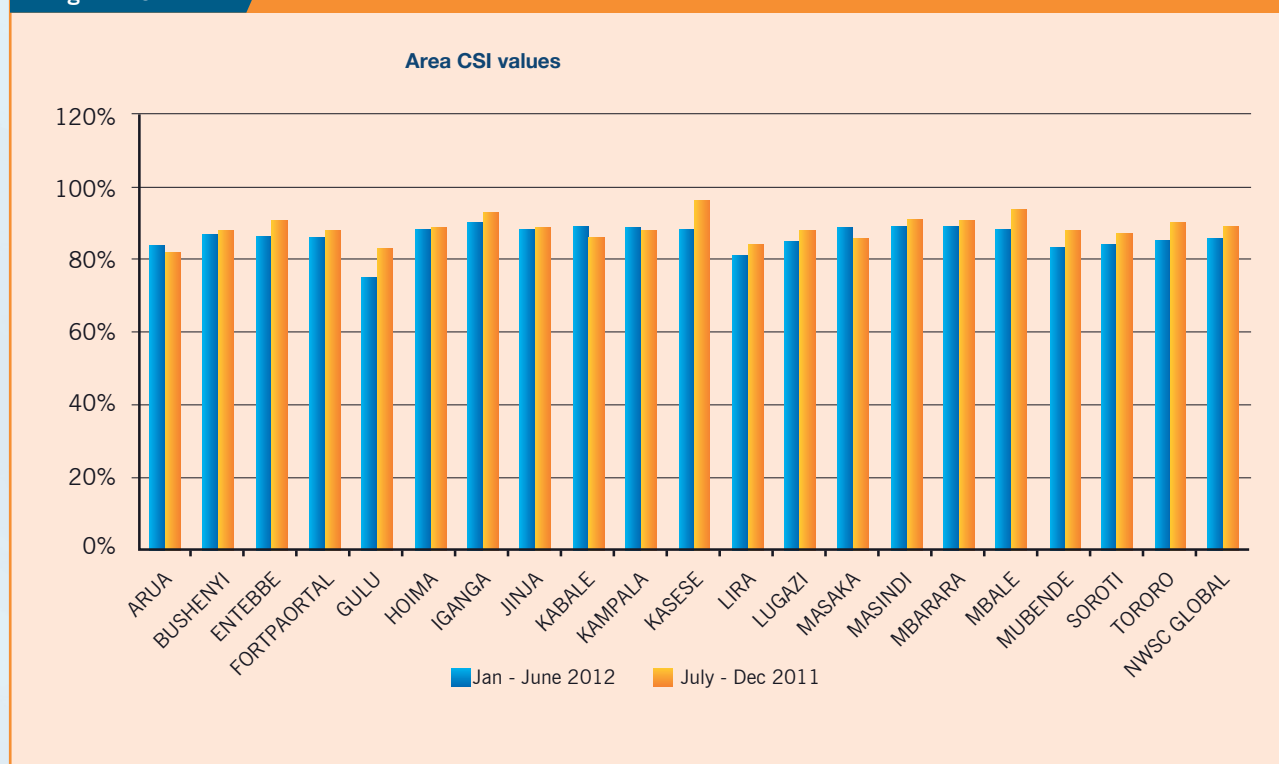
The Customer Satisfaction Index (CSI) is an average of all the various attributes of our services that are believed to contribute to customer satisfaction. The CSI values for all 20 NWSC operating areas were calculated to ascertain the levels of customer satisfaction in those areas.

For the period January – June 2012, Iganga recorded the highest CSI of 90%, however this is much lower than the highest CSI of 96% recorded in the survey ending December 2011. The lowest CSI of 75% was recorded in Gulu Area. The Area that recorded the highest level of improvement with regards to

customer satisfaction based on the CSI results from the last survey as indicated in fig 14 is Masaka and Kabale Areas that improved from a CSI of 86% to 89%. Also, Areas like Gulu and Kasese recorded the most declines in customer satisfaction with declines from 83% to 75% and 96% to 88% respectively.

Important to note is that the NWSC global CSI value recorded a slight decline from 89% in the last survey to 86% in the recently concluded customer satisfaction survey. Therefore, the average CSI value for NWSC for the FY2011/2012 is recorded as 87.5%. This is however a slight improvement from a CSI value of 86% recorded for the FY2010/2011.

Figure 13





## Human Resources

In governing human resources, three major trends are typically considered: Demographics; the characteristics of a workforce, for example, age, gender or social class. Diversity: the variation within the workplace. Skills and qualifications: as industries move from manual to more managerial professions so does the need for more highly skilled workforce

Human resource management is the management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture,

and ensuring compliance with employment and labor laws. The table below shows the Corporation's workforce by gender for the period ending June 2012. It is seen that 32% of the workforce is female and this percentage has continued to rise of the years.

## Staff Productivity

Table 19 shows that the average staff productivity was 6/1000 connections. Areas which exceeded a high productivity include Kampala, Entebbe and Arua. Areas with below productivity include Lugazi & Bushenyi and this may be attributed to the lower economies of scale.

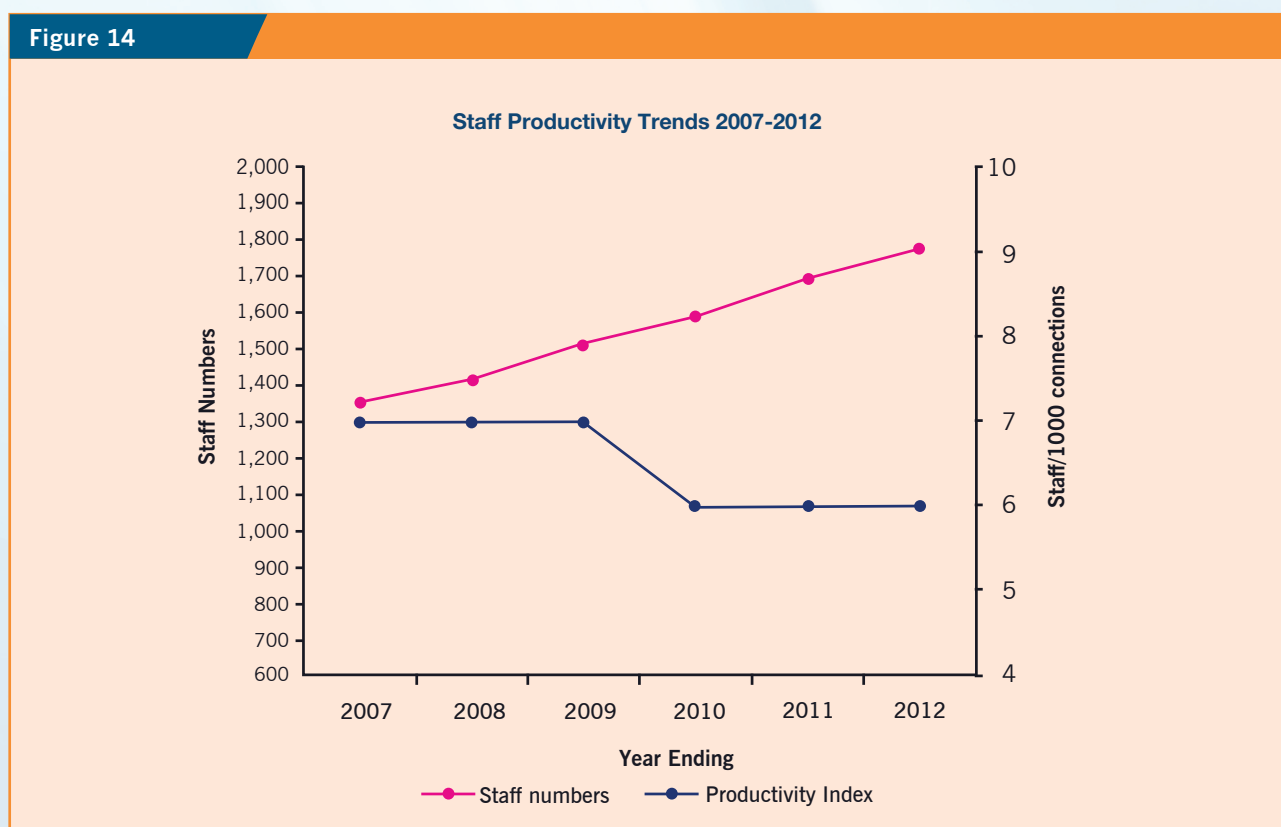
Table 19: Status of Staff as at 30th June 2012

Area	Male	Female	% of Female /Total staff	Total Staff	Total No. of Accounts	Staff/ 1000 Conn's
Head Office	188	101	34%	289	-	-
Kampala	611	185	23%	796	174,853	5
Jinja	76	16	17%	94	16,578	6
Entebbe	62	30	32%	92	20,897	4
Mbarara	53	8	13%	61	10,899	6
Mbale	53	8	13%	61	8,819	7
Tororo	22	8	16%	30	3,788	8
Lira	28	6	17%	34	6,891	5
Gulu	23	4	14%	27	4,588	6
Soroti	28	9	32%	37	5,249	7
Arua	14	8	36%	22	5,283	4
Masaka	35	9	20%	44	7,562	6
Fort Portal	22	3	12%	25	5,237	5
Kasese	20	4	16%	24	5,080	5
Bushenyi	19	6	24%	25	2,035	12
Hoima	15	5	33%	18	3,700	5
Masindi	10	7	41%	17	3,442	5
Kabale	22	2	8%	24	4,401	5
Iganga	14	3	17%	17	2,729	6
Lugazi	11	6	35%	17	1,560	11
Mubende	14	5	26%	19	2,615	7
<b>Total</b>	<b>1,340</b>	<b>433</b>	<b>32%</b>	<b>1,773</b>	<b>296,206</b>	<b>6</b>

Table 20: Staff Productivity Trends.

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Staff Numbers	1,338	1,424	1,517	1,589	1,691	1,773
Staff/'000water cons	7	7	7	6	6	6

Figure 14



The graph above indicates that although the absolute number of staff has been increasing for the past five years, staff productivity has been reducing from 2007 and has remained constant at 6 staff per 1000 connections for the last three years. In addition staff costs as a percentage of operating costs remained within the budget provision for the year or 34% of the total operating expenses (Ushs.118 billion).

#### ■ Labour Turnover

Labour/Staff turnover refers to the movement of employees in and out of an organisation. However,

the term is commonly used to refer only to 'wastage' or the number of employees leaving. During the financial year ending June 2012, 96 staff members exited from the Corporation indicating a turnover rate of 5%. However, during the same period 144 staff joined the Corporation to bridge the gap left behind by the exits.

The major contributor to the exits was resignations. The exits were classified as follows



Table 21: Staff Turnover as at June 2012

No.	Reason for Exit	Number of staff
1.	Terminations	29
2.	Resignations	41
3.	Retirement	16
4.	Deceased	04
5.	Further Studies	06
	<b>Total</b>	<b>96</b>



NWSC staff at work

### Administration

The contract for operational lease of vehicles with Victoria Motors expired and 37 leased vehicles were returned to the Contractor. This was in a bid to stem the rising costs of leasing a large fleet. The Corporation will procure its own field vehicles which will in the long run be a cheaper option than leasing.

The Corporation also continued to ensure that all statutory and regulatory requirements were

complied with and defended all suits for and against the Corporation; also properties that were handed over by Government to the Corporation had their land titles processed.

It should also be noted that, in the previous years, many cases used to be filed against NWSC due to improper procedures in terminating staff and numerous compensation claims for trespass on privately owned land. The Corporation has of recent become very vigilant in complying with the

law which has resulted into a significant reduction in the number of staff related cases and reduction in payment of compensation claims which in turn reduced legal costs.

profit after depreciation increased by 39% during the financial year under review, from shs 12.4 billion to shs 17.2 billion.

## Income

The financial year 2011/12 marked yet a remarkable improvement in the financial performance of the Corporation, with a total turnover of Ushs 155.3 billion, which is a 18% increase compared to the previous year. The profit margin before depreciation also increased from shs 31.2 billion in 2010/11 to Ushs 36.1 billion in the year 2011/12, while net

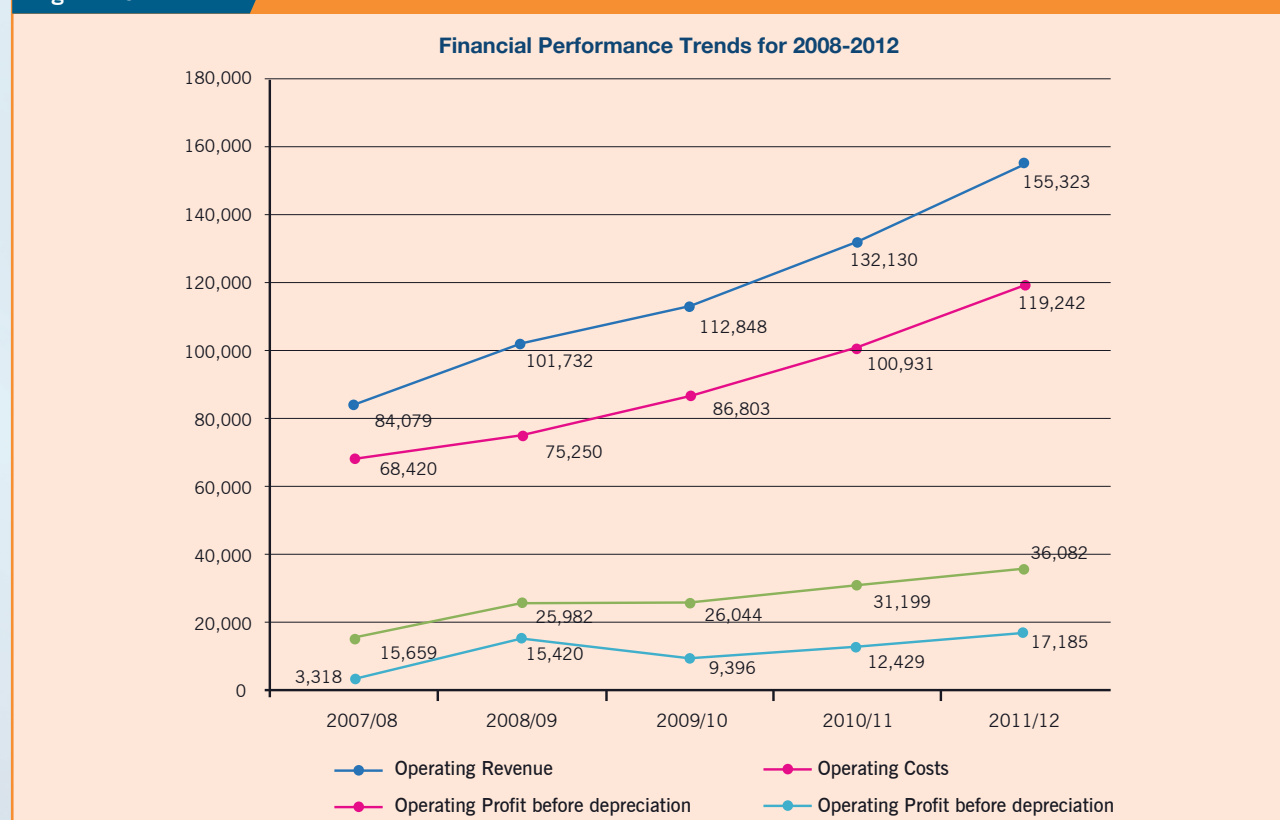
## Collection /Billing Ratio

The total collections for the year 2011/12, (including VAT) were shs 138.2 billion (a monthly average collection of Shs 11.5 billion) against shs 145.1 billion of billings, implying a collection/billing ratio of 95%. There was a slight reduction in the performance compared to the previous year and this was mainly attributed to accumulation of arrears under the Government consumer category.

Table 22: Trend of Financial Performance 2007 - 2012

	2007/08 Shs m	2008/09 Shs m	2009/10 Shs m	2010/11 Shs'm	2011/12 Shs'm
Operating Revenue	84,079	101,732	112,848	132,130	155,323
Operating Costs	68,420	75,250	86,803	100,931	119,242
Operating Profit before Depreciation	15,659	25,982	26,044	31,199	36,082
Depreciation & Amortisation	12,341	9,958	16,648	18,770	18,897
Operating Profit After Depreciation	3,318	15,420	9,396	12,429	17,185
Working Ratio	0.81	0.75	0.76	0.76	0.77

Figure 15



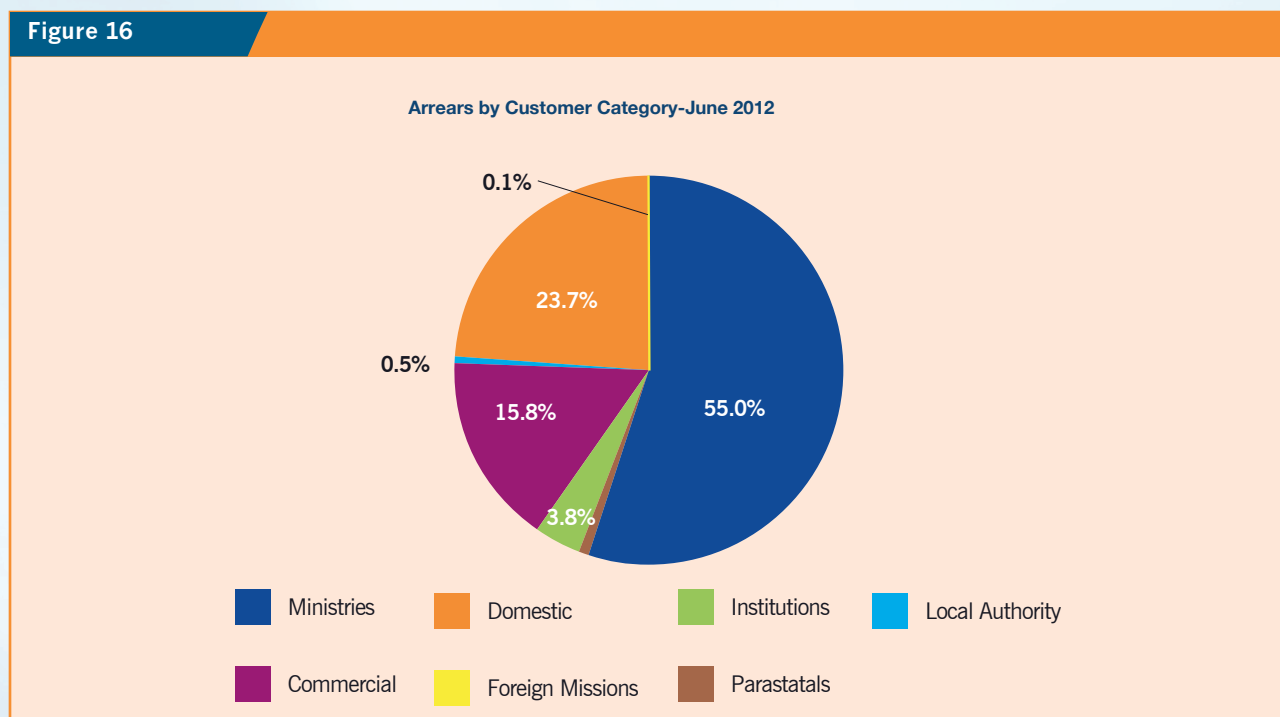


Government Ministries account for 55% of arrears which stood at shs 48.4 billion as at the end June 2012. Table below shows the C/B ratio, by consumer category.

Table 23: Status of Arrears by Customer Category as at June 2011

Customer Category	Billings	Collections	Arrears as at June 2012	% Over Total Arrears
Ministries	19,574,564,509	12,442,804,712	26,646,912,125	55.0%
Parastatals	3,324,922,739	3,120,417,728	424,563,887	0.8%
Institutions	13,842,059,789	14,506,343,381	1,859,233,871	3.8%
Commercial	51,037,241,530	51,294,558,140	7,694,628,570	15.8%
Local Authority	579,094,143	595,807,415	244,398,665	0.5%
Domestic	56,094,087,188	55,518,881,413	11,488,769,657	23.7%
Foreign Missions	663,941,299	690,741,167	52,226,889	0.1%
<b>Total</b>	<b>145,115,911,197</b>	<b>138,169,553,956</b>	<b>48,410,733,664</b>	<b>100.0%</b>

Figure 16





## Way Forward FY 2011/12

The NWSC Corporate Plan for the period 2009 – 2012 expired in June 2012. Therefore, the financial year 2012/13 marks the Corporation's ascendency into its 6<sup>th</sup> Corporate Planning cycle. In formulating the 2012 -2015 Corporate Plan, the overall theme adopted was “**Enhancing Financial Sustainability and Infrastructure Growth**” of the Corporation. This theme is to be buttressed by four Strategic sub-themes. The key themes and their objectives are summarized below;

- i) **Revenue Growth:** Aimed at ensuring continued and diversified revenue growth
- ii) **Cost Optimization:** Aimed at ensuring cost optimization and Allocative Efficiency
- iii) **Asset Management Efficiency and Investment:** Aimed at ensuring posterity, productivity and growth of assets and investments.
- iv) **Stakeholder Management:** Aimed at ensuring Company Strength and Stakeholder Management

The above themes encapsulate the strategic focus areas and direction that the NWSC will take in the coming three years. Each theme will further be anchored in concrete strategies, which are summarised below:

**Revenue Growth** will be achieved through emphasis on increasing the amount of water available for Sale and Sold, increasing water and sewerage service coverage, diversification of revenue sources, and penetration of services into new growth areas.

**Cost Optimization** will be achieved through the improvement of staff productivity, optimisation of operating costs, and the improvement in resource allocation.

### Asset Management Efficiency and Investment

will be achieved through the implementation of a Total Asset Management Solution, improvement in working capital Efficiency, and the implementation of projects in pipeline e.g. the Kampala Sanitation Project, the Lake Victoria Water and Sanitation Project covering greater Kampala, and the Water Management Development Project covering the towns of Arua, Gulu, Bushenyi and Mbale.

**Stakeholder Management** objective will be achieved through the motivation and increase in productivity of the Work force, improvement in customer care, and contribution towards the improvement in Raw Water Sources.

**Eng. Alex Gisagara**  
**Managing Director**





# Individual Area Performance Key Highlights For The Year 2010/11

## KAMPALA AREA

Kampala Water is the largest Area of NWSC operations and accounts for about 80% of the Corporation's revenue. The Area has 18 branches and serves about 1.4 million people or 78% of the urban population in Kampala. Kampala Area has a pipe network length of about 2,392 kms and a customer base of 174,853 water subscribers. During the year the Area registered the following key highlights

**Meter Replacements;** Kampala Water has 40% of its meters used for more than 5 years and have accuracy levels of less than 79%. In addition 50% of the meters are volumetric type which is unsuitable for Kampala network conditions. As a result velocity meters were used to replace the volumetric type to counteract the technological mismatches.

**Illegal Use Reduction;** A big portion of Kampala's NRW is attributed to illegal use, in order to curb the problem, the area continued with the implementation of the "Operation Wet Storm" and "Every Drop Counts". This was done through rewarding informers and instituting a special team to investigate illegal use cases; as a result 1,857 illegal user cases was confirmed compared to 1,587 illegal users discovered in the last financial year. Ushs.1.2 billion was levied as fines and out of this Ushs. 795 million was collected.

**Dry Zones Reduction;** The areas that are affected by low pressures and water incidents include Nansana, Bwaise, Salaama, Natete, Kyaliwajala, Najanankumbi and Gayaza branches. A program was implemented by the area to reduce water stressed areas and to improve supply reliability through bulk transfers and network reinforcements. Water sales in Kyaliwajala have improved as a result of the reinforcement main.

Other activities have included; - Installation of boosters in mattuga, wandegeya and mains extension in Nansana to ensure availability, reliability and improved quality of the water supply to Mattugga, Bwaise & Nansana branches.

**Call Centre use;** The call centre has continuously and consistently helped to improve coordination of network operations and timely resolution of customer complaints including provision of feedback to customers.

**Increased Billings;** There was a notable increase in billings during the year. The level of Billings increased from Ushs.7.9 billion in the month of February 2012, and by close of FY 2011/12, billings had increased to Ushs. 8.9 billion. An increase of 13% within a period of 5 months.

**Use of SMS and Radio Announcements;** These increased the turn up of customers to pay their bills.



Water Treatment-Facility-Gaba



View of Lake Victoria one of the NWSC's main water source

SMS have further helped in sensitising customers and have assisted in the smooth transition of payments from former cash offices to use banks and mobile money.

**Training & Increased Customer Out Reach;** The number of subscribers increased by 7.8% from 162,226 water connections as at June 2011 to 174,853 connections as at June 2012. In regard to training, staff were trained in different courses including; water safety plans, communicating effectively, basics of using auto cards, image processing and field billing among others.

**Meter Management;** The capacity of meter workshop was 100 days per day in the year under review. (25 meters –testing and 75-repairing). The area currently boasts of 3 meter test benches and this will go along in improving the meter reading and the billing process.

**Debt Recovery;** A number of firms were contracted to improve debt collection, towards the end of the financial year Operation Wet Storm –amplified was revived basing on the past success which saw collection of Ushs. 1billion. this financial year Ushs.646 m was collected from illegal users.

**Network Expansion;** A total of 60kms of water mains extensions had been extended by end of the financial 2011/2012.

The following are the operational challenges faced in the area; Power outages, rapid population growth in Kampala, constrained old network, dry zones and old network, leakages and bursts, malfunctioning and lost valves, plus deteriorated raw water quality

#### ENTEBBE AREA

Entebbe is 2<sup>nd</sup> largest town served by NWSC after Kampala, the Area is located in the Central Region of the Country and near Lake Victoria the major source of water for Kampala and the surrounding Areas. Entebbe has a customer base of 20, 897 subscribers. The area has a pipe network length of 344kms.

Some of the key highlights registered by Entebbe Area during the year included;

**Increased Production;** The Area which has a daily plant production capacity of 20,000 was able on average to utilise 55% of its plant capacity during the year compared to 54% as at end of June 2011. Production also increased from 10,815 cubic meters per day to 11,079 cubic meters per day.

**Increased Customer base;** Entebbe Area increased its customer base by installing 2,205 new water connections. This has increased the customer base from 18,526 to 20,897 as at end of June 2012. An increase of 13%.



Water Distribution Facility



Sewage ponds done during Entebbe Water and Sanitation Project





**Expansion of the Network;** A total of 3kms of water mains extension was added on the network during the year. This increased the total network length to 497kms. In regard to sewer 3kms of sewer mains extension were made during the year bringing the total network length to 52kms.

**Urban Poor:** As a pro-poor strategy the area managed to install 2 no. PSPs to enable the urban poor in Entebbe town access clean and safe water from the NWSC Public stand posts.

#### **Increased Sewer Subscribers;**

Entebbe Area was able to connect 16 subscribers to the NWSC sewer network bringing the total number of sewer subscribers to 241 during the year .

#### **JINJA AREA**

Jinja Area is the 3rd largest NWSC town after Entebbe. Jinja boasts of a customer base of 16,578. It should be noted that though Jinja has a network length of 497kms and Entebbe with only 344kms, Entebbe has more subscribers compared to Jinja.

The key highlights registered by Jinja Area are enumerated as follows.

**Non-Revenue Water:** The area managed to reduce the NRW levels by 2% from 25% as at June 2011 to 23% as at end of June 2012. The reduction was due to quick response to bursts and leakages and increased water sales.

**Network Expansion:** Expanded its sewer network by 0.38kms during the period under review. This brings the total sewer network length to 65.38kms in the area.

**Increased No. of Water Subscribers:** The number of subscribers during the period July 2011-June 2012 increased from 15,071 to 16,578 .This implies a percentage increase of 10%.

**Increased Sewer Subscribers:** The number of sewer subscribers during the year was increased by connecting 38 new subscribers; this was higher

compared to 26 connected in the last financial year. This brings the total number of sewer subscribers to 3,203.

**Pro-poor Connections:** The number of pro-poor connections was increased by 18 public stand posts or kiosks compared to only 4 made in the last financial year. This implies a percentage increase of over 100%. This in turn increased the number of PSPs to 100. Out of these 85 PSPs are active and 14 inactive.

#### **MASAKA AREA**

The area is located in the Central-Western Uganda, and is about 120kms from Kampala. The area boasts of a customer base of 7,562 water subscribers. It also has a total network length of 222kms. During the period July 2011-June 2012, the Area attained the following achievements

**Reduction of Non-Revenue Water;** Masaka area reduced its NRW from 33.3% to 29.0% implying improved billing efficiency from 66.7% as at June 2011 to 71.0% as at June 2012, an increase of 6% during the year.

**Increased Water Sales:** The amount of water sales for the period July 2011-June 2012 increased from 960,674 cubic meters as at June 2011 to 1,004,602 as at June 2012. This implies a percentage increase of 5%.

**Increased Number of New Water Connections made:** The area installed 855 new water connections compared to last financial year where 714 new water connections were made. This implies a percentage increase of 20% during the year.

**Reduced the Level of Suppressed Accounts;** Masaka area managed to reduce the level of suppressed accounts by 65 accounts during the year. Reduction in inactive accounts implies increase revenue for the area. This implies active accounts increased to 98% and Inactive accounts were reduced to 12%.

**Sewer connections;** Increased the number of sewer

subscribers by installing 3 new sewer connection during the year. This has increased the total number of sewer subscribers in the area to 413.

#### MBARARA AREA

Mbarara Area is located in the Western Region of Uganda. The town has 10,899 water subscribers. This is also one of the fastest growing towns served by the Corporation. The Area registered the following key highlights during the year.

**Reduction of Non-Revenue Water:** The area reduced the level of Non-Revenue Water from 11.4% as at June 2011 to 9.7% as at June 2012.

**Increased the Water Subscribers:** The number of water subscribers was increased by installing 595 new water connections during the year. This brings the total number of water subscribers in the area to 10,899.

**Reduced Inactive Accounts:** The area managed to reduce the number of inactive accounts during the year from 142 inactive accounts as at June 2011 to 133 as at June 2012. This implies a percentage reduction of 6%.

**Pro-poor Connections:** The area increased access to NWSC piped water services to the urban poor in Mbarara by installing 4 PSPs during the year.

**Increased the number of Sewer Subscribers:** The number of new sewer subscribers connected to the NWSC sewer network during the year were 13 and this increased the total number of sewer connections in the area to 476 accounts.

#### MBALE AREA

Mbale Area is also one of the large towns that NWSC serves. Mbale Town is located in the Eastern Region of Uganda and has a customer base of 8,819; the area has a total network length of 258kms and these were the key highlights of the Area during the year.

**Increased Water Production;** Water Production increased during the year from 3,936 cubic metres

per day as at June 2011 to 4,063 cubic meters per day as at June 2012, implying water production increased by 3% during the year.

**Network Expansion:** During the year the area expanded its network by laying 1 km of water mains extension. This increased the total network length to 258kms.

**Increased Number of New Water Connections made:** The number of new water connections made were 781 and this was higher than 703 new water connections made in the last financial year ending June 2011.

**Pro-poor Connections:** The area increased the number of pro-poor connections by 5. The 5 PSPs made implies that the area increased access of NWSC piped water services to the urban poor of Mbale town.

**Increased the number of Sewer Subscribers:** Mbale Area during the period July 2011-June 2012 was able to install 29 new sewer connections. This brought the number of sewer subscribers to 1,733.

#### KABALE AREA

Kabale town is located in the South-Western Region of Uganda. The area has 4,401 water subscribers and about 125kms of network length. During the financial year ending June 2012, the area made the following achievements;

**Increased Customer Base:** The number of new water connections installed during the year for Kabale area was 302 and this increased the number of water subscriber for the year ending June 2012 to 4,401.

**Reduced the Number of Suppressed Accounts:** Kabale town has the lowest number of inactive accounts. As at end of June 2012 the number of inactive accounts stood at only 12 or 0.3% of total accounts.

**Sewer Connections:** The area in effort to increase access to the NWSC sewer system managed to



make one sewer connection during the year.

#### IGANGA AREA

Iganga town is located in the Eastern Region of Uganda, approximately 120km from Kampala along the Eastern main route. National Water and Sewerage Corporation (NWSC) took over the water supply and sewerage services of the town in July 2007 after the Government of Uganda extended Reliable piped water to the town. The well treated water flows by gravity from Jinja 40Km away through a 12" steel pipe line.

The following were the key highlights for the period under review;

**Increased Water Sales:** The area increased its water sales during the year from 307,243 cubic meters as at June 2011 to 353,795 cubic meters in June 2012 an increase of 15%.

**Increased Water Supply:** Increased water supply during the year from 372,620 cubic meters to 444,662 cubic meters as at end of June 2012. This implies water supply was increased by 19%. Water supply increase was due to increased demand of water services in the area, given that it is a newly gazetted town.

**Increased Water Subscribers:** Increased water subscribers by installing 428 new water connections compared to 410 made in the last financial year ending June 2011. This brings the total number of water subscribers for Iganga town to 2,729.

**Network Expansion:** The area expanded its network by extending 1km of water mains during the year.

#### LUGAZI AREA

The service area covered by Lugazi Town Water Supply and Sewerage Authority comprises the central area of Lugazi Town, Kawolo, wards like Nammengo, Kikaula, Nakazadde, Geregere, as well as the recently added areas of Kitega, Namagunga, and Kayanja. The town now has 1,560 new water connections and 45kms of total network length.

**Non-Revenue Water Reduction:** The area managed to reduce NRW from 22.7% in June 2011 to 14.8% as at June 2012. This implies a percentage reduction of 35% during the year.

**Increased New Connections:** Installed 153 new water connections compared to 148 installed in the last financial year.

#### GULU AREA

Gulu is located in the Northern Region of Uganda or approximately 200 road miles (320 km) north of Kampala. The current population of the town is estimated at 212,000. Of this, water and sewerage services coverage is estimated at 79% and 7% respectively. The area realized the following achievements during the financial year 2011/12:

**Increased New Water Subscribers:** Gulu area managed to make 259 new water connections during the year and this increased the total number of water subscribers to 4,588.

**Increased the Number of Sewer Subscribers:** During the FY 2011/12 the area installed 36 new sewer connections compared to 26 installed last financial year indicating a percentage increase of 38% for the year.

**Expansion of the Network:** Increased the network by extending 5kms of water mains extension, this was higher compared to the 2kms made in the last financial year. The extension for the year increased the total network length for the area to 125 kms.

#### BUSHENYI AREA

Bushenyi is located in the Western Region of the country. It has a target population of 28,507 people and is currently serving 76% of the population. The area also has a customer base of 2,035 of which 95% of the subscribers are active. The area made the following achievements during the year;

**Increased Water Production:** During the period July 2011-June 2012 the area increased its daily

production by 6% from 1,022 cubic meters per day to 1,088 cubic meters per day.

**Increased Access of Water:** Bushenyi increased water supplied from 342,493 cubic meters to 364,110 as at end of June 2012. Implying water supply was increased by 6%. This was due to rehabilitation of the water production facilities through the Bushenyi water supply project.

**Increased Water Sales:** Increased water sales from 276,592 cubic meters as at June 2011 to 305,815 cubic meters per day. Water sales for the year increased by 11%.

**Non-Revenue Water Reduction:** The level of Non-Revenue Water for the year reduced by 3.2% from 19.3% as at June 2011 to 16% as at end of June 2012.

**Increased Water Connections:** The number of subscribers was increased by 199 new water connections as at June 2012; this was higher than 177 installed in the last financial year. New water connection installation increased by 12%.

**Network Expansion:** The area extended 4.5kms of water mains extension during the year. This increased the network length for the area to 83kms.

#### MASINDI AREA

Masindi town is located in the Western Region of the country. The Area has a customer base of 3,273 and a total network length of 148kms. The area service coverage is currently at 47%. This is out of the targeted population of about 45,082 people.

The following were the achievements for the year;

**Increased Water Production:** The area was able to increase water production from 1,285 cubic meters as at end of June 2011 to 1,326 cubic meters as at end of June 2012. This was a percentage increase of 3%.

**Increased New Water Connections:** The new Water connections were increased by 315; this was higher

compared to 310 made in the last financial year ending June 2011.

**Pro-Poor Connections:** In abide to increase access to safe water to the urban poor, the area managed to install one Public Stand post during the year ending June 2012.

**Increased New Sewer Subscribers:** During the period under review, masindi increased sewer connections from 9 as at end of June 2011 to 12 installed by end of June 2012. Implying a percentage increase of 33%.

**Network Expansion:** The area made water mains extension of 15kms during the year; this was quite high compared to only 2kms made during the last financial year ending June 2011. This was a percentage increase of over 100%. This has in turn increased the total network length to 157kms.

#### HOIMA AREA

Hoima is one of the newly gazetted towns under NWSC and serves a population of about 21,606 people; this is against the target population of 42,761 people or service coverage of 51%. The Area which is located 184.29kms from Kampala has recently been discovered to be endowed with Oil resources. It is envisaged that this will increase the need for piped water services in the area, and hence a need for more investments in terms of capital development projects to meet the expected demand.

The following were the highlights for the year;

**Growth in the number of New Water Subscribers:** The number of new water subscribers was increased by 9% during the year; new water connections installed were increased from 286 as at end of June 2011 to 313 as at June 2012.

**Pro-Poor Connections:** Hoima Area completed made 4 public stand posts during the year. This was quite good performance compared to only 1 no. stand post that was installed in the last financial year.



**Growth in Sewer Connections:** The number of sewer connections was increased by 4 during the year; this doubled last year's performance where 2 no. sewer connections were installed. This brings the total number of sewer subscribers in Hoima area to 91.

#### SOROTI AREA

Soroti Area is located in Eastern Region of Uganda. Has a target population of 64,207 people and is currently serving 54% of the target. Soroti has 5,249 water subscribers. The following were the key highlights registered during the year.

**Increased Water Subscribers:** During the year the area managed to install 437 new water subscribers and this brought the total number to 5,249 as at June 2012.

**Increased Pro-poor Connections:** Soroti increased access to piped water services to the urban poor of Soroti by installing 7 PSPs during the year under review.

**Increased New Sewer Connections:** 13 No. new sewer connections were installed during the period June 2011- June 2012. This increased the number of sewer subscribers to 397.

#### KASESE AREA

Kasese Town is located in the Western Region of Uganda. Currently 81% of the people in Kasese Town and its surrounding areas have access to NWSS piped water services. It has a target population of 55,635 people and 45,028 have access to our services. The following were the key achievements of Kasese Area during the year.

**Increased Water production:** The area was to increase its daily water production during the year from 1,963 cubic meters per day to 2,034 cubic meters per day as at June 2012. This implies the area increased its daily production by 4%. This also increased capacity utilization from 81% as at June 2011 to 85% as June 2012.

**Water Supply Increase:** Water supply increased from 682,788 cubic meters as at June 2011 to 719,820 cubic meters of water as at June 2012. This implies that the area increased its supply by 5%.

**Increased Water Sales:** The amount of water sold for Kasese area was increased from 564,672 cubic meters as at June 2011 to 578,341 cubic meters as at end of June 2012. This was a percentage increase of 2% during the year.



Staff installing a tap at Kisoko sub county offices for testing purposes

**Increased New Water Subscribers:** Kasese area made 450 new water connections and this increased the total number of water subscribers to 5,080 during the year ending June 2012.

#### TORORO AREA

Tororo town is located in the Eastern Region of Uganda and is currently serving 43,010 people or 77% of the target population of 55,868 people. The area also has a total pipe network work length of 109kms.

The following were the key achievements of Tororo Area during the financial year 2011/12.

**New Water Connections:** The area during the period June 2011-June 2012 managed to install 237 new water connections. This increased the total number of water subscribers to 3,788.

**Pro-Poor Connections:** The number of pro-poor connections was increased by 3no. Public Stand Posts. This increased the number of Public Stand posts/Kiosks to 175 as at end of June 2012.

**New Sewer Connections:** The area added 3 new sewer subscribers to the NWSC sewer network and this has increased the number of sewer subscribers to 375 as at end of June 2012.

#### MUBENDE AREA

Mubende Area is located in the Central-Western Region of Uganda and has service coverage of 59% or 13,402 people access NWSC service against the targeted 22,748 people. It has a network length of 77.1kms and the following were the key highlights of Mubende area during the year;

**Reduced Non-Revenue Water:** The area managed to reduce its Non-Revenue Water from 12.9% as at end of June 2011 to 10% as at June 2012.

**New Water Connections:** Mubende area made during the year 307 new water connections. The number of new connections made increased the total number of water subscribers to 2,615 as at end of June 2012.

**Pro-Poor Connections:** Increased the number of Public Stand Posts in the area by installing 8PSPs during the year ending June 2012. This increased the number of PSPs/Kiosks in the area to 20.

#### FORTPORTAL AREA

Fort Portal Area is located in the Western Region of Uganda. The area serves 5,7794 people or 78% of 73,642 people. The Area has a total network length of 118kms.

It should be noted a part from Kampala Water, Fort Portal registered commendable achievements on almost all its operating indicators during the year compared to other towns as seen below;

**Increased Water Production:** The area increased water production from 2,262 cubic meters per day as at June 2011 to 2,292 cubic meters per day as at June 2012. The area currently utilises its production facility by 91% a slight increase from last financial year where the capacity utilisation for the area stood at 90%.

**Increased Water Supply:** Water supply was increased during the year by 2% from 792,850 cubic meters to 808,730 cubic meters. The increased supply is due to increased demand for our services in the area where 389 new water connections were installed.

**Increased Water Sales:** Fort Portal area increased water sales from 630,844 cubic meters as at June 2011 to 663,131 cubic meters as at June 2012. This implies the area increased water sales by 5% during the year.

**Reduction of Non-Revenue Water:** The level of Non-Revenue water was at 18% by end of June 2012, implying Non-Revenue Water was reduced by 10% from last financial year where it stood at 20%.

**New Water Connections:** Installed 389 new water connections; this has increased the number of water subscribers to 5,237 during the period under review.





River Mpanga-Fort Portal's main water source



Staff planting tree During Customer care week-in Fort portal

**Pro-Poor Connections:** The area increased access of piped water services to the urban poor in Fort Portal by installing 2 PSPs/Kiosks during the year ending June 2012.

**Increased New Sewer Connections:** 4No. new Sewer connections were made during the period June 2011-June 2012. This has increased the number of sewer subscribers in the area to 122.

**Network Expansion:** In abide to expend its network, the area extended 2kms of water mains extensions and this increased the total network length for the area to 118kms during the year.

#### ARUA AREA

Arua Town is located in the West Nile region of Uganda, about 500Km from Kampala City. The Town presently has a population of about 64,627 people and serves 76% of its targeted population or (49,426) people. The Area has a network length of 112km and a customer base of 5,283 water connections.

The area made the following achievements during the year;

**Increased Water Production:** Increased water production during the year from 1,855 cubic meters per day as at June 2011 to 2,215 cubic meters per day. Capacity utilisation also was increased from 62% to 81% during the year. Production for Arua was increased by 19%.

**Increased Water Supply:** The area managed to increase its water supply from 623,395 cubic meters as at June 2011 to 641,589 cubic meters per day as at June 2012, or a percentage increase of 3% for the year.

**New Water Connections:** Installed 261 new water connections and this has increased the number of water subscribers to 5,283.

**Pro-Poor Connections:** The area increased access of NWSC piped water services to the urban poor in Arua town and this increased the number of PSPs/Kiosks to 111 PSPs/Kiosks.

**Network Expansion:** The area expanded its network length by extending 3kms of water mains extensions and this increased the network length to 112kms.



## LIRA AREA

Lira is located in the Northern Region of Uganda. The town has a target population of 127,219 people and serves 95,742 people or 75% of the targeted population. It also a network length of 190kms and the following were the Achievements for Lira Area during the FY 2011/12;

**Increased Water Production:** Increased water production 3,618 cubic meters per day as at June 2011 to 3,660 cubic meters per day as at end of June 2012.

**Increased Water Supply:** Lira increased water supply from 1,053,339 cubic meters as at June 2011 to 1,121,280 cubic meters as at June 2012, an increase of 6%. The increased supply during the year was due to be increased demand for our services in the area

**Increased Water Sales:** Increased water sales during the year by 7% from 916,288 cubic meters as at end of June 2011 to 980,463 cubic meters as at end of June 2012.

**Increased New Water Connections:** The area installed 621 new water connections as at end of June 2012. This is higher compared to 480 new water connections installed at end of June 2011. This was an increase of 29%.

**Increased New Sewer Connections:** Installed 13No. of new sewer connections compared to only 1No. Sewer connection installed in the last financial year. This was an increase of over 100%



National Water And Sewerage Corporation  
**Directors' Report and Financial Statements**  
For The Year Ended 30 June 2012

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**National Water And Sewerage Corporation**  
**Report Of The Directors**  
**Year Ended 30 June 2012**

The directors submit their report together with the financial statements for the year ended 30 June 2012, which disclose the state of affairs of National Water and Sewerage Corporation ("the Corporation").

## PRINCIPAL ACTIVITY

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

## RESULTS

	<b>2012</b>	<b>Restated</b>
	<b>Shs'000</b>	<b>2011</b>
		<b>Shs'000</b>
Income	<b>155,323,639</b>	132,129,762
Profit before interest, depreciation and amortisation	<b>36,081,858</b>	31,198,954
Finance (costs)/income	<b>(2,070,507)</b>	1,702,135
Depreciation and amortisation	<b>(18,896,995)</b>	(18,770,097)
Profit before income tax	<b>15,114,356</b>	14,130,992
Income tax expense	<b>(3,654,570)</b>	(2,159,451)
Profit for the year	<b>11,459,786</b>	11,971,540

### Profit before interest, depreciation and amortisation

The Corporation recorded a profit before interest, depreciation and amortisation of Shs 36.1billion (2011:Shs: 31.2billion). This was mainly due to increased income.

### Profit before income tax

The profit before income tax is Shs15.1billion (2011: Shs14.1billion).

### Cash flows

During the year, the Corporation utilised cash in operations of Shs 16.8 billion (2011: cash generated from operations of Shs 14.2 billion). This has resulted in cash and cash equivalents of Shs 20.1 billion. It includes Shs 13.1 billion on short term deposits and Shs 7 billion on current accounts with banks.

## INCOME

### Water consumption and sewerage service revenue

Water consumption and sewerage income increased by 19% from Shs 120.2 billion to Shs 143 billion in 2012. This increase is largely due to increased water sales, water production and reduction of NRW.

### Other income

In the current year, Shs2.1 billion was realised as income from external services activities carried out by the Corporation (2011:Shs 2.2 billion).



### **Investment income**

Investment income has increased from Shs995million in 2011 to Shs 1.7 billion in the current year as a result of increased investment by the corporation in fixed deposit accounts and interest bearing collection accounts.

## **OPERATING COSTS**

### **Staff costs**

Staff costs increased by 13% from Shs41.1billion in 2011 to Shs 46.7billion in the current year. This was due to scale adjustments, indexation and promotions

### **Administrative costs**

Administrative expenses increased by 19%from Shs 14.5 billion in 2011 to Shs 17.3 billion in the current year. The increase is mainly attributed to the URA corporation tax penalties of Shs 2.9 billion. The penalties arose as a result of differences in the treatment of certain items of income and expense in the Corporations tax computations submitted to URA in the previous years.

### **Static plant and pipe network maintenance**

Static plant and pipe network maintenance costs increased by 28.4% from approximately Shs23.9 billion in 2011 to Shs30.7 billion in the current year. This is mainly due to the increased electricity costs which increased by Shs 6.2 billion as a result of the tariff adjustment and static plant repairs due to the ageing of electro-mechanical equipment and increased water production.

### **Supplies and services**

Supplies and services costs increased by 15% to Shs 14.7 billion (2011: Shs 12.7 billion). The increase was as a result of more costs incurred on water treatment chemicals from approximately Shs 8.9 billion to Shs11.1 billion due to adverse exchange rates since all the treatment chemicals are imported.

### **Premises maintenance costs**

Premises maintenance costs remained relatively stable at Shs 3.4 billion (2011: Shs3.1 billion).

### **Transport expenses**

Transport costs increased by 17% from Shs 5.4 billion during 2011 to Shs 6.3 billion in 2012. This was mainly due to increased cost of fuel and the adverse exchange rates.

## **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)

#### Overlap

The non-revenue water (NRW) reduced from 32.8% to 32.6% in the current year. NRW in Kampala alone reduced from 39.2% to 38.%. This is a remarkable achievement attributed to implementation of the NRW Action plan through strategic programmes like “Every Drop Counts” and operation “Wet storm” which were largely implemented in Kampala.

In the short term, NWSC management is addressing these challenges by undertaking the following measures:

- Network intensification and reinforcement of water supply in all Areas of operation
- Use of private investigators to monitor instances of illegal use
- Meter replacements.
- Procurement of bulk meters for the DMAs
- Installation of clamps on meters of customers with bad consumption history and washing bays to minimise tampering and
- Community liaison and water committees to identify and report leakages and illegal consumption.

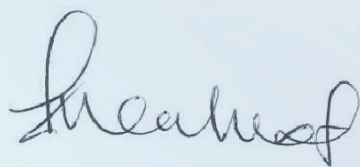
In the long run, however, in order to avert this situation, significant amounts of investments are required to restructure and replace the Kampala network; plans are already underway to secure funding for this purpose from Development Partners and Government. The above notwithstanding it is not feasible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

## 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 re-appointed PricewaterhouseCoopers to carry out the audit of the Corporation on his behalf, reporting directly and solely to him.

By order of the Board



Mrs.Sarah Walusimbi  
Corporation Secretary



## 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 eight Government appointed Directors plus the Managing Director of the Corporation. One of the directors is the Director of the Directorate of Water Development (DWD) in the Ministry of Water and Environment. 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 board includes members with 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 2011/2012 until the expiry of their term on the 31st August 2012.

Ms. Christine NandyoseKasiye	Chairperson
Mr. B. GanyanaMiiri	Deputy Chairman
Dr. William TsimwaMuhairwe	Managing Director Contract expired on 17 November 2011
Eng. Alex Gisagara	Ag. Managing Director
Dr. Charles Wana-Etyem	Member
Eng. Sottie M Bomukama	Member (Resigned during the year)
Mr. David MpangoKakuba	Member
Mr. David Ssebabi	Member
Mr. Victor Paul Kobel	Member
Mr. Daniel Kyambadde	Member



In exercising his powers under the Act, the Minister for Water and environment appointed a new board with effect from 1st February 2013. The following are the new members of the board.

Hon. William Oketcho	Chairperson
Eng. Christopher Ebal	Member
Ms. Ruth AsiimweKanyaraju	Member
Mr.NadhomiLuliro Daniel	Member
Ms.ZiriaAlizaNdifuna	Member
Mr.Nduhura Denis Mwebaze	Member
Dr. Cecilia AtimOyet	Member
Eng. Richard Cong	Member
Eng. Alex Gisagara	Ag. Managing Director

## PROFILE OF PREVIOUS AND CURRENT DIRECTORS

### Previous Directors until 31 August 2012

**Ms. Christine NandyoseKasirye** - 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.GanyanaMiiro** - 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 to 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.

**Mr. David Ssebabi** - Mr.Ssebabi holds the position of Director in of the 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.

**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. He is currently the chairman Makerere University Council.

**Mr Daniel Kyambadde** - Mr Kyambadde holds a Bachelor of Commerce in Accounting from Makerere University. He is a chartered accountant with Membership with Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Accountants of Uganda (ICPAU). He is currently employed with KCCA as a Director Treasury services. Previously he worked with Uganda revenue authority as a Manager Financial Accounting.

#### **New Directors with effect from 1 February 2013**

**Hon. William Oketcho** - Hon. Oketcho holds a Masters degree in Business Administration from the University of Nairobi, Kenya, a Bachelor of Commerce from Makerere University Kampala, Uganda and a Post Graduate Diploma in General Management of State Enterprises from the Netherlands Institute of Management (RVB), Maastricht – Netherlands. He has lectured in Management, Economics and Finance both at Makerere University, Uganda and University of Nairobi, Kenya. He served as the head of the Government of Uganda Public Enterprises Reform and Privatization Program and has also served as a Board Member on several boards such as Padhola Rural Savings and Credit Ltd, Uganda Manufacturers Association, the Textile Manufacturing Association and Cotton Development Organisation. He is a former Member of Parliament for West Budama County North in Tororo District.

**Eng. Christopher Ebal** - Eng. Christopher Ebal holds a Master in Business Administration from ESAMI/Maastricht School of Management, Netherlands and an MSc (Construction Management (with Distinction) from Loughborough University, UK and a BSc. Engineering from Makerere University, Kampala. His other post graduate qualifications include a Diploma in Project Management Swaziland and a Diploma in Business Administration, Jersey Britain and several certificates in various management disciplines. He is a registered civil engineer and a fellow of the Uganda Institute of Professional Engineers and has over 25 years experience in the field of infrastructure and construction engineering.

He is currently the Head of Infrastructure in the Judiciary and a corporate member of UIPE and Chairman of Higstan Technical Services Limited, Kampala among others.

**Ms. Ruth Asiimwe Kanyaraju** - Ms. Kanyaraju holds a Masters Degree in Development Studies from the Institute of Social Studies (ISS) in The Hague, Netherlands and a Bachelor of Arts from Makerere University. She has undergone Post Graduate training in Project Planning and Management from Aalborg Technical College, Ramboll in Denmark and has served as a Policy Analyst in the Ministry of Information Communications and Technology (ICT). She is a Member of Rotary International and Women Peacemakers Programme (WPP).

**Mr. Nadhomi Luliro Daniel** - Mr. Nadhomi holds a Master of Arts (Geography) from Makerere University and a Bachelor of Arts Makerere University. He also holds a Masters in Geo Information Science (ITC) from Enschede Netherlands and is a PhD fellow at Makerere University. He is currently a Lecturer in the Department of Geography Geo-Information and Climatic Sciences.

**Mrs. Ziria Aliza Ndifuna** - Ms Ndifuna holds a Masters in Business Administration from Maastricht/ESAMI and a Bachelor of Commerce (Accounts) from Makerere University Kampala and several other Post Graduate qualifications in various fields. She is a Financial and Strategic Management Expert who has served in various organisations in senior positions and roles as Chief Accountant, Senior Management Analyst, Principal Consultant, rising through ranks to become Head Consultancy Division and Head Entrepreneurship Division in Management Training & Advisory Centre (MTAC). She served as a National Expert and Institutional Specialist in the Uganda Government Restructuring and Re-organisation (1993 – 2000). She has also participated in the divestiture of various government departments, including the department of Museums and Antiquities and, the department of Records and Archives. Ziria served as the Vice Chairperson of the Local Government Finance Commission for the period 1999 - 2008.



**Mr.Nduhura Denis Mwebaze** - Mr.Nduhura holds a Master of Arts in Development Studies from the University of East Anglia, Norwich, United Kingdom and a Bachelor of Arts in Social Administration from Makerere University, Kampala, Uganda. Mr.Nduhura holds the position of Country Director of Agency for Cooperation and Research in Development (ACORD), an Africa led International Alliance working for Social Justice and Development in Africa. He holds and has carried out several research and Consultancies for ACORD, World Food Programme, DANIDA, Plan International ASPSP/ Ministry of Agriculture, Animal Industry and Fisheries.

**Dr. Cecilia Atim Oyet** - Dr.Oyet holds a Bachelor of Veterinary Medicine (B.V.M) from Makerere University. She is a Board Member of "From Nobody to Somebody" and has pioneered the formation of Winning Women, the Women's Department of the Life Line Ministry, Rural Farmers' Scheme of formerly Uganda Commercial Bank at Lira Branch, and the Corporate Credit Section of Centenary Bank.

**Eng. Richard Cong** - Eng. Cong holds a Masters of Science (Water and Waste Eng) from Loughborough University, England and a Bachelor of Science from Makerere University Kampala, Uganda. He is the Ag. Director, Directorate of Water Development in the Minister of Water and Environment. Eng. Cong is a registered Engineer with the Uganda Engineers Registration Board and a corporate member of the Uganda Institution of Professional Engineers (UIPE) and also a member of National Council for Children.

**Eng. Alex Gisagara** - Eng. Gisagara holds a masters degree in Engineering and B.sc .Engineering (Mechanical) from MakerereUniversity. He has 28 years of professional experience in management of Urban Water Supply, and wastewater Engineering. For 24 years, he was responsible for technical, financial, commercial and daily administration of water supply and sewerage services in the large urban centers in Uganda. He is currently the Ag. Managing Director of NWSC. He was Chief Engineer and Chief Manager Engineering Services since 1999 and was president of Uganda Institution of professional Engineers in 2001/2002. He has excellent hands on experience in organizational development, strategic management and public procurement and disposal processes including international procurement of contractors and consultants for multi-million dollar/euro water supply and sanitation infrastructure.

## DIRECTORS' REMUNERATION

The total remuneration paid to the Board of Directors in 2012 was Shs 300 million (2011: Shs 476 million), split between Managing Director Shs229 million (2011: Shs378 million) and Board of Directors Shs 71million (2011: Shs101 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.

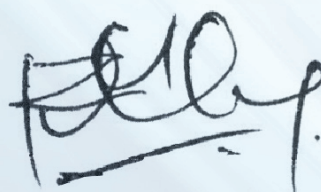
The National Water and Sewerage Corporation Act (Laws of Uganda 2000), requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of the operating results of the Corporation 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. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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



Director



## **Report Of The Auditor General**

### **On the financial statements for the financial year ended 30<sup>th</sup> June 2012**

#### **Report on the financial statements**

I have audited the accompanying financial statements of National Water and Sewerage Corporation for the year ended 30<sup>th</sup> June 2012, as set out on pages 77 to 116 of appendix 1. These financial statements comprise the Statement of Financial Position at 30<sup>th</sup> June 2012, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement together with a summary of significant accounting policies and other explanatory notes.

#### **Directors' Responsibility for the Financial Statements**

Under Article 164 of the Constitution of the Republic of Uganda, Section 8 of the Public Finance and Accountability Act (PFAA) 2003, as well as the National Water and Sewerage Corporation Act (Cap 317), the Directors are accountable to Parliament for the funds and resources of the Corporation. The Directors are also responsible for the preparation of financial statements in accordance with the requirements of International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

#### **Auditor's responsibility**

My responsibility as required by Article 163 of the Constitution of the Republic of Uganda and Sections 13 and 19 of the National Audit Act, 2008 is to audit and express an opinion on these statements based on my audit. I conducted the audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements as well as evidence supporting compliance with relevant laws and regulations. The procedures selected depend on the Auditor's judgement, including the assessment of risks of material misstatement of 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 purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Part "A" of this report sets out my opinion on the financial statements. Part "B" which forms an integral part of this report presents in detail all the significant audit findings made during the audit which have been brought to the attention of management.

#### **PART "A"**

##### *Opinion*

In my opinion, the financial statements present fairly in all material respects the financial position of National Water and Sewerage Corporation as at 30<sup>th</sup> June 2012 and the results of its operations and cash flows for the year then ended in accordance with the International Financial Reporting Standards. The expenditures and receipts have been applied in all material respects for the intended purpose.

#### **Emphasis of Matter**

Without qualifying my opinion, I draw your attention to the following matter

## Report Of The Auditor General

On the financial statements for the financial year ended 30<sup>th</sup> June 2012 (Continued)

### Loss of Revenue on Non-Revenue Water (NRW)

The Corporation recorded non-revenue water (NRW) of 32.75% of the total water produced in the year (2011: 32.8%) arising from technical factors which do not have revenue potential, and non-technical factors which represent potential revenue. NRW arising from technical and non-technical factors does not meet the criteria for revenue recognition. Accordingly, whilst costs associated with production of NRW are fully accounted for as incurred, no revenue has been recognised in the financial statements with respect to NRW.



John F.S. Muwanga  
Auditor General



**National Water And Sewerage Corporation**  
**Statement of Comprehensive Income**  
**Year Ended 30 June 2012**

	Notes	2012 Shs'000	Restated 2011 Shs'000
Revenue and other income			
Water and sewerage revenue	5	143,010,238	120,210,164
Other income	6	5,617,157	5,005,195
Deferred income	23	4,948,195	5,919,734
Investment income	7	1,748,049	994,669
		155,323,639	132,129,761
<b>Expenditure</b>			
Employee benefits expense	8	(46,707,338)	(41,186,774)
Administrative expenses	9	(17,353,065)	(14,541,818)
Static plant and pipe network	10	(30,700,173)	(23,936,002)
Supplies and services	11	(14,782,073)	(12,749,614)
Premises maintenance	12	(3,358,874)	(3,106,606)
Transport and mobile plant	13	( 6,340,257)	(5,409,994)
		(119,241,780)	(100,930,808)
<b>Profit before interest, depreciation and amortisation</b>		36,081,858	31,198,953
Finance (costs)/income	14	(2,070,507)	1,702,135
Depreciation and amortisation	15	(18,896,995)	(18,770,097)
<b>Profit before income tax</b>		15,114,356	14,130,991
Income tax expense		(3,654,570)	(2,159,451)
<b>Profit for the year</b>		11,459,786	11,971,540
Other comprehensive income		-	-
<b>Total comprehensive income</b>		11,459,786	11,971,540

**National Water And Sewerage Corporation**  
**Statement Of Financial Position**  
**Year Ended 30 June 2012**

	Notes	2012 Shs'000	Restated 2011 Shs'000	Restated 2010 Shs'000
<b>EQUITY</b>				
Government funding	17	249,455,313	249,455,313	249,455,313
Revaluation reserve	18	27,183,009	31,018,098	34,853,187
Retained earnings		79,769,192	64,096,617	48,289,988
<b>Total equity</b>		<b>356,407,514</b>	<b>344,570,028</b>	<b>332,598,488</b>
<b>Non-current liabilities</b>				
Borrowings	19	10,334,917	13,287,751	16,240,584
Terminal benefits	21	9,565,188	10,916,144	12,721,609
Deferred income tax liabilities	22	31,619,203	27,964,633	25,805,182
Deferred grant income	23	185,310,547	137,570,089	129,914,115
		236,829,855	189,738,617	184,681,490
		593,237,369	534,308,645	517,279,978
<b>REPRESENTED BY</b>				
<b>Non-current assets</b>				
Property plant and equipment	24	462,666,984	466,744,549	424,696,795
Capital work in progress	25	37,814,542	18,521,745	39,984,398
Intangible assets	26	81,769	111,222	49,406
Operating lease prepayments	27	305,614	190,805	193,105
		500,868,909	485,568,321	464,923,704
<b>Current assets</b>				
Inventories	28	11,735,224	14,056,745	18,122,716
Trade and other receivables	29	97,118,190	46,541,659	37,107,831
Current income tax recoverable	16	2,070,793	1,818,028	1,654,977
Short term bank deposits	30	13,113,119	10,842,477	9,320,828
Cash at bank and in hand	31	6,964,689	8,456,806	20,322,595
		131,002,015	81,715,715	86,528,947



**National Water And Sewerage Corporation**  
**Statement Of Financial Position (Continued)**  
**Year Ended 30 June 2012**

<b>Current liabilities</b>				
Trade and other payables	32	25,935,613	19,429,445	25,693,038
Deferred grant income	23	4,948,195	5,919,734	3,966,723
Borrowings	19	3,714,786	3,893,567	2,114,415
Service gratuity	20	2,834,961	2,232,645	2,174,904
Terminal benefits	21	1,200,000	1,500,000	223,593
		38,633,555	32,975,391	34,172,673
<b>Net current assets</b>		<b>92,368,460</b>	48,740,324	52,356,274
		<b>593,237,369</b>	534,308,645	517,279,978

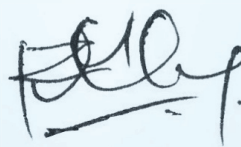
The financial statements on pages 12 to 46 were approved for issue by the board of directors on 15th April 2013 and signed on its behalf by:



Chairperson



Ag. Managing Director



Director

National Water And Sewerage Corporation  
**Statement Of Changes In Equity**  
Year Ended 30 June 2012

	Notes	Government funding Shs'000	Revaluation reserve Shs'000	Retained earning Shs'000	Total equity Shs'000
<b>Year ended 30 June 2010</b>					
At start of year as previously stated		238,363,303	38,523,416	36,696,814	313,583,533
Net effect of prior year adjustments	38	-	101,165	143,189	244,354
<b>At start of year as restated</b>		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		-	(3,771,394)	3,771,394	-
<b>Total comprehensive income</b>		-	(3,771,394)	11,449,985	7,678,591
<b>Transactions with owners</b>					
Government contributions for the year	17	11,092,010	-		11,092,010
<b>At end of year</b>		<b>249,455,313</b>	<b>34,853,187</b>	<b>48,289,988</b>	<b>332,598,488</b>



**National Water And Sewerage Corporation**  
**Statement Of Changes In Equity (Continued)**  
**Year Ended 30 June 2012**

Notes	Government funding Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total equity Shs'000
<b>Year ended 30 June 2011</b>				
<b>At start of year</b>	<b>249,455,313</b>	<b>34,853,187</b>	<b>48,289,988</b>	<b>332,598,488</b>
<b>Comprehensive income</b>				
Profit for the year as previously stated	-	-	10,238,090	10,238,090
<b>Effects of prior year adjustments in respect of :</b>				
-amortisation of revenue grants	-	-	815,470	815,470
-depreciation of property, plant and equipment	-	-	(1,766,920 )	(1,766,920)
-recognition of fair value discount on terminal benefits	-	-	2,820,092	2,820,092
-unwinding of discount on terminal benefits	-	-	(637,138)	(637,138)
Income tax effect of the above adjustments	-	-	501,946	501,946
Profit for the year as restated	-		11,971,540	11,971,540
Other comprehensive income	-	-	-	-
Transfer of excess depreciation		(3,835,089)	3,835,089	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(3,835,089)</b>	<b>15,806,629</b>	<b>11,971,540</b>
<b>At end of year</b>	<b>249,455,313</b>	<b>31,018,098</b>	<b>64,096,617</b>	<b>344,570,028</b>

**National Water And Sewerage Corporation**  
**Statement Of Changes In Equity (Continued)**  
**Year Ended 30 June 2012**

Notes	Government funding Shs'000	Revaluation reserve Shs'000	Retained earnings Shs'000	Total equity Shs'000
<b>Year ended 30 June 2012</b>				
At start of year previously reported	249,455,313	31,018,098	62,363,167	342,836,578
Net effect of prior period adjustments	-	-	1,733,450	1,733,450
At start of year as restated	249,455,313	31,018,098	64,096,617	344,570,028
Correction of opening balances	-	-	377,700	377,700
	249,455,313	31,018,098	64,474,317	344,947,728
<b>Comprehensive income</b>				
Profit for the year	-	-	11,459,786	11,459,786
Other comprehensive income	-	-	-	-
Transfer of excess depreciation	-	(3,835,089)	3,835,089	-
<b>Total comprehensive income</b>	-	(3,835,089)	15,294,875	11,459,786
<b>At end of year</b>	<b>249,455,313</b>	<b>27,183,009</b>	<b>79,769,192</b>	<b>356,407,514</b>



**National Water And Sewerage Corporation**  
**Statements Of Cash Flows**  
**Year Ended 30 June 2012**

	Notes	Year ended 30 June	
		2012 Shs'000	2011 Shs'000
<b>Operating activities</b>			
Cash (utilised in)/generated from operations		(15,482,378)	14,364,737
Income tax paid		(252,765)	(163,051)
<b>Net cash (utilised in)/generated from operations</b>		<b>(15,735,143)</b>	<b>14,201,686)</b>
<b>Investing activities</b>			
Additions to capital work in progress		(30,205,793)	(25,977,200)
Purchase of property, plant and equipment	24	(2,873,584)	(8,813,016)
Prepayments for operating leases	27	(120,013)	(100,005)
Purchase of computer software	26	-	(97,856)
Interest received		1,748,049	994,669
<b>Net cash used in investing activities</b>		<b>(31,451,341)</b>	<b>(33,993,407)</b>
<b>Financing activities</b>			
Repayments of borrowings	19	(3,893,567)	(2,114,415)
Proceeds from grants	23	51,858,574	11,561,996
<b>Net cash generated from financing activities</b>		<b>47,965,007</b>	<b>9,447,581</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>778,524</b>	<b>(10,344,140)</b>
<b>Movement in cash and cash equivalents</b>			
At start of year		19,299,283	29,643,423
Increase/(decrease)		778,524	(10,344,140)
<b>At end of year</b>		<b>20,077,807</b>	<b>19,299,283</b>

## Notes

### 1 General information

National Water and Sewerage Corporation (the "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 the directors to exercise their 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

The amendments to existing standards below are relevant to the Corporation's operations.

The amendment to IAS 24, 'Related party disclosures' clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The amended definition means that some entities will be required to make additional disclosures, e.g., an entity that is controlled by an individual that is part of the key management personnel of another entity is now required to disclose transactions with that second entity. The amendment is effective 1 January 2011. The corporation has early adopted the standard which has reduced the required disclosures for government related entities.

The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment to IFRS 7 has also removed the requirement to disclose the following:



- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated assets that would otherwise be past due but not impaired.

The application of the above amendment has simplified financial risk disclosures made by the Corporation.

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

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of new standards that are likely to be relevant to the Corporation. However, the directors are yet to assess the impact on the Corporation's operations.

Standard	Title	Applicable for financial years beginning on/after
IAS 19	Employee benefits	1 January 2013
IFRS 9	Financial instruments	1 January 2015
IFRS 13 F	air value measurement	1 January 2013

#### **IAS 19 Employee benefits**

The impact on the Corporation of the amendment to IAS 19, Employee benefits will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/(asset). The Corporation has yet to assess the full impact of the amendments.

IFRS 9, was issued in November 2009 and October 2010 and replaces those parts of IAS 39 relating to the classification and measurement of financial instruments.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The Corporation is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

#### **IFRS 13, 'Fair value measurement'**

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The Corporation is yet to assess IFRS 13s full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Corporation.

**(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) Sale of water is recognised based on periodic meter readings or estimates thereof when readings cannot be taken or for unmetered connections. The corporation recognises all revenue at the time of delivery. Should the company consider that the criteria for revenue recognition are not met for a transaction, revenue recognition would be delayed until such a time as the transaction becomes fully earned.
- (ii) Sales of services are recognised as other income 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 arising on bank deposits and staff loans is recognised within investment income 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 statement of comprehensive income.



**(d) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost and are subsequently shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation. 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.

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 statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as a revaluation reserve within equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) 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%
Leasehold land	Amortised over the period of the lease
Electromechanical equipment	3%
IT and office equipment	20%
Office furniture and fittings	20%
Heavy transport equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 statement of financial position date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income. 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 statement of comprehensive income on a straight-line basis over the period of the lease. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the expected term of the relevant lease.

Leases of land where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the lease property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the assets useful life and the lease term.

**(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 statement of financial position 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 statement of comprehensive income 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 amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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 statement of comprehensive income.

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

An additional specific provision is 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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. 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 statement of comprehensive income 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 statement of financial position date.

#### (l) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**(m) Capital and revenue grants**

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

When the grant relates to an expense item, (revenue grant) 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 grant) it is recognised in the statement of comprehensive income on a systematic basis over the expected useful life of the relevant asset.

**(n) Government funding**

Government of Uganda contribution to the activities of the Corporation in form of assets transferred and long term debt capitalised into equity are classified as government funding within equity.

**(o) 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 statement of financial position.

**(p) Employee benefits: Retirement benefit obligations**

**(i) National Social Security Fund**

The Corporation and all its employees contribute to the National Social Security Fund, which is a defined contribution scheme.

A defined contribution scheme 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.

All the Corporation's contributions to the defined contribution schemes are charged to the statement of comprehensive income in the year in which they fall due.

**(ii) Service gratuity**

The Corporation operates an annual contract gratuity scheme. Under the scheme, the Corporation's employees are paid their contract gratuity at the end of the first year of service. All the Corporation's employees have contracts that run for two years and are considered for renewal once the two year period lapses.

**(p) Employee benefits: Retirement benefit obligations (continued)**

**(iii) Other entitlements**



The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

The Corporation recognises a liability and an expense for bonuses based on prior year bonuses. The Corporation recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

**(q) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there's an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(r) Current and deferred income tax**

The income tax expense for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income 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 statement of financial position 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 statement of financial position 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 of long term assets*

At each statement of financial position 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 (d) above.

Changes in the estimates used in these calculations may affect the Corporation's results, in particular, property, plant and equipment values and depreciation expense in the statement of comprehensive income.

At 30 June 2012, if depreciation rates increased/ decreased by 10%(2011: 10%) with all other variables held constant profit before tax for the year would have been Shs2,059 million (2011: Shs 1,851 million) lower/higher.

#### *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 Uganda. 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 expense 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 not exposed to high 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 fixed rate and is measured at amortised cost. Accordingly, it yields no exposure to fair value and 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 other 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.

**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

The amount that best represents the Corporation's maximum exposure to credit risk at 30 June 2012 is made up as follows:

	Notes	2012 Shs'000	2011 Shs'000	2010 Shs'000
Cash at bank	31	6,961,623		20,318,250
			8,454,578	
Short term bank deposits	30	13,113,119	10,842,477	9,320,828
Trade receivables	29	43,742,482	38,272,543	35,270,735
Other receivables	29	47,521,186	7,046,032	1,309,765
		<b>111,338,410</b>	<b>64,615,630</b>	<b>66,219,578</b>

#### 4 Financial risk management objectives and policies (continued)

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):

	2012 Shs'000	2011 Shs'000	2010 Shs'000
Past due but not impaired:			
- by up to 90 days	19,169,457	8,604,419	7,648,071
Receivables individually determined to be impaired:			
Carrying amount	29,240,590	36,434,045	17,801,424
Provision for impairment loss	(4,667,565)	(6,765,921)	(7,585,746)
<b>Net carrying amount</b>	<b>24,573,025</b>	<b>29,668,124</b>	<b>10,215,678</b>

##### *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.



**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

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 statement of financial position 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	Total
	Shs'000	Shs'000	Shs'000	Shs'000
<b>At 30 June 2012:</b>				
- trade and other payables	25,935,613	-	-	25,935,613
- Borrowings	3,714,785	10,334,917	-	14,049,792
	29,650,498	10,334,916	-	39,985,315
<b>At 30 June 2011:</b>				
- trade and other payables	19,429,445	-	-	19,429,445
- Borrowings	4,558,436	16,402,066	-	20,960,502
	23,987,881	16,402,066	-	40,389,947

#### 4 Financial risk management objectives and policies (continued)

##### *Capital risk 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 2012 was Shs 249 billion (2011: Shs 249 billion). These reserves are treated as a capital reserve within equity and are deemed to be capital by the Corporation. Within equity, the Corporation had retained earnings as at 30 June 2012 of Shs 80 billion (2011: Shs 62 billion) and a revaluation reserve of Shs 27 billion (2011: Shs 31 billion).

**5 Water and sewerage revenue**

	2012 Shs'000	2011 Shs'000
<b>Water and sewerage charges</b>	<b>132,991,066</b>	111,283,554
<b>Service charges</b>	<b>5,135,271</b>	4,560,225
<b>Connection fees</b>	<b>2,591,769</b>	3,018,417
<b>Reconnection fees</b>	<b>458,598</b>	385,595
<b>Other water and sewerage income</b>	<b>1,833,534</b>	962,373
	<b>143,010,238</b>	120,210,164

*Non revenue water (NRW)*

The company takes measurements for water pumped into the network using bulk meters. However, not all the water pumped into the pipe network is billed. The estimated unbilled water (Non-revenue water) as at 30 June 2012 was 32.75% (2011: 32.8%) of the total water pumped into the network. The unbilled water is caused by the following factors:

- Physical losses comprising leakages from all parts of the system, evaporation and overflow at the Corporation's storage tanks
- Unbilled authorized consumption includes water used by the Corporation for operational purposes, water used for firefighting, and water provided for free to certain consumer groups.
- Commercial losses caused by customer meter under registration, data handling errors, and theft of water in various forms.

The Company has not been able to analyse the unbilled water into the three categories above.

Physical losses are not recognised as revenue as no supply has been made.

**6 Other income**

	2012 Shs'000	2011 Shs'000
Decrease in provision for bad and doubtful debts (Note 29)	<b>3,017,311</b>	160,132
Income from external services	<b>2,100,661</b>	2,174,934
Foreign exchange gains	-	1,992,482
Laboratory services income	-	206,516
Decrease in provision for obsolete stock (Note 29)	<b>106,636</b>	-
Sundry income	<b>392,549</b>	471,130
	<b>5,617,157</b>	5,005,194





## 7 Investment income

Interest income on bank deposits  
Interest income on staff loans

2012 Shs'000	2011 Shs'000
1,742,555	984,553
5,494	10,116
1,748,049	994,669

## 8 Employee benefits expense

Employee benefits expense  
Workmen's compensation  
Funeral expenses

46,239,866	40,723,662
417,947	374,195
49,525	88,917
46,707,338	41,186,774

The following expenses are included within employee benefits expense:

Basic pay  
Housing expense  
National Social Security Fund contributions  
Shift allowance and gross wages  
Service gratuity  
Terminal benefits  
Medical expense  
Lunch and transport allowance  
Car and cycle allowance  
Performance/attendance bonus and overtime  
Work bonus  
Leave transport and allowance  
Terminal benefits interest

2012 Shs'000	2011 Shs'000
21,364,647	18,035,203
4,407,302	3,812,174
3,506,779	2,975,513
183,777	223,184
6,843,114	6,081,917
150,318	-
2,026,489	1,834,472
1,781,443	1,586,142
765,424	701,916
921,340	779,043
3,025,726	3,715,469
1,068,597	880,658
194,910	97,971
46,239,866	40,723,662

**9 Administrative expenses**

	2012 Shs'000	2011 Shs'000
Board expenses	300,397	436,090
Meeting expenses	1,017,488	762,233
Local travel	1,989,872	2,634,371
Foreign travel	1,580,173	1,986,621
Publicity	1,430,655	1,705,937
Entertainment	281,609	94,486
General insurance	38,417	142,561
Legal and professional expenses	146,824	140,580
Training expenses and allowances	336,769	343,230
Audit fees	173,190	124,200
Donations and subscriptions	192,014	318,141
Lunch and transport for weekends/public holidays	2,033,351	2,007,316
Contribution to staff sports	103,115	72,304
Process bench marking	168,321	224,931
Security	1,605,368	1,437,375
Exchange losses/realised gain	510,196	.
Fines and penalties	2,994,595	.
Bad debts - water services	911,679	838,174
Commission-Bad debts recovery	1,824	106,843
Stock losses	25,502	85,315
Staff transfer	99,614	60,404
Other professional charges	568,903	531,896
Unrecovered cash	11,668	
Bank charges	613,724	481,961
External services expenses	189,942	2,545
Courier	27,855	4,304
	<b>17,353,065</b>	<b>14,541,818</b>

**10 Static plant and pipe network**

Electricity	21,766,908	15,452,798
Plant repairs and maintenance (static)	2,373,677	1,870,150
Pipe network repairs and maintenance	3,250,448	4,216,446
Fuel and lubricants	2,199,365	1,225,330
Insurance	175,747	420,524
Sand	129,719	65,238
Disludging sewerage ponds	40,788	102,477
Catchment restoration	149,559	150,000
Water abstraction permits	613,962	433,039
	<b>30,700,173</b>	<b>23,936,002</b>



**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

**11 Supplies and services**

	2012 Shs '000	2011 Shs '000
Water treatment chemicals	11,079,376	8,859,711
Equipment repairs and minor purchase	439,145	719,423
Printing and stationery/publications	962,665	928,934
Tools and light plant	184,196	87,251
Uniforms and protective wear	234,119	258,915
Computer license	678,507	624,111
Office supplies	520,574	539,828
Telephone and lease of data communication links	683,491	731,441
	<b>14,782,073</b>	<b>12,749,614</b>

**12 Premises**

Rent, rates and telephone	1,675,950	1,322,569
Repairs and maintenance	832,089	1,032,222
Insurance	165,583	88,955
Cleaning materials	194,090	167,901
Electricity	263,700	266,656
Water	164,966	126,326
Fixtures and fittings	62,496	101,977
	<b>3,358,874</b>	<b>3,106,606</b>

**13 Transport and mobile plant**

Fuel and lubricants	2,738,634	2,334,607
Repairs and maintenance	843,430	543,921
Hire of transport	2,529,990	2,205,626
Insurance	136,443	270,172
License, road toll and taxes	91,760	55,668
	<b>6,340,257</b>	<b>5,409,994</b>

**14 Finance income/(costs)**

Unwinding of interest on terminal benefits	(429,581)	(2,182,954)
Other finance costs	(37,568)	-
Interest expense	(1,603,358)	480,819
	<b>(2,070,507)</b>	<b>1,702,135</b>

**15 Depreciation and amortisation**

	2012 Shs'000	2011 Shs'000
Depreciation (Note 24)	18,862,339	18,731,757
Amortisation of intangibles (Note 26)	29,452	36,040
Amortisation of operating lease prepayments (Note 27)	5,204	2,300
	<b>18,896,995</b>	<b>18,770,097</b>

**16 Income tax expense**

Current income tax	-	-
Deferred income tax (Note 22)	3,654,570	2,159,451
Income tax expense	<b>3,654,570</b>	<b>2,159,451</b>

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:

	2012 Shs'000	2011 Shs'000
Profit before income tax	15,114,356	14,130,991
Tax calculated at the statutory income tax rate of 30% (2011 - 30%)	4,534,307	4,239,297
Tax effects of:		
Income not subject to tax	(1,484,459)	(2,430,806)
Expenses not deductible for tax purposes	2,248,332	913,033
Prior year under provision of deferred tax	-	1,081,537
Deferred income tax on excess depreciation	(1,643,610)	(1,643,610)
Income tax expense	<b>3,654,570</b>	<b>2,159,451</b>

The movement in current income tax recoverable for the year is as follows:

	2012 Shs'000	2011 Shs'000	2010 Shs'000
At start of year	1,818,028	1,654,977	1,577,074
Income tax paid	252,765	163,051	77,903
<b>At end of year</b>	<b>2,070,793</b>	<b>1,818,028</b>	<b>1,654,977</b>



**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

**17 Government funding**

	<b>2012</b> <b>Shs'000</b>	<b>2011</b> <b>Shs'000</b>	<b>2010</b> <b>Shs'000</b>
At start of year	<b>249,455,313</b>	249,455,313	238,363,303
Assets taken over during the year	-	-	11,092,010
At year end	<b>249,455,313</b>	249,455,313	249,455,313

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 taken over by the Corporation when new towns were handed over to them.
- ii) Portions of loans extended by the Government of Uganda for various Corporation projects which the Government later passed on as part of equity.
- iii) Direct equity contributions by the Government of Uganda.

**18 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. The revaluation was as at 31 January 2008 and covered all corporation assets at this point in time.

**19 Borrowings**

	<b>2012</b> <b>Shs'000</b>	<b>2011</b> <b>Shs'000</b>	<b>2010</b> <b>Shs'000</b>
Bank loan	<b>13,287,750</b>	16,240,584	17,717,000
Interest payable	<b>761,953</b>	940,734	637,999
	<b>14,049,703</b>	17,181,318	18,354,999
<b>Movement</b>			
At start of year	<b>17,181,318</b>	18,354,999	-
Proceeds from borrowings	-	-	17,717,000
Accrued interest	<b>761,952</b>	940,734	637,999
Repayments	<b>(3,893,567)</b>	(2,114,415)	-
<b>At end of year</b>	<b>14,049,703</b>	17,181,318	18,354,999
Due within one year	<b>3,714,786</b>	3,893,567	2,114,415
Due after one year	<b>10,334,917</b>	13,287,751	16,240,584
<b>Total</b>	<b>14,049,703</b>	17,181,318	18,354,999

**20 Service gratuity**

	2012 Shs'000	2011 Shs'000	2010 Shs'000
At start of year	2,232,645	2,174,904	6,814,959
Charge for the year	6,843,114	6,081,917	5,552,046
Re-classified from service gratuity to terminal benefits (Note 20)	-	-	(5,515,810)
Payments during year	(6,240,798)	(6,024,176)	(4,676,291)
At end of year	2,834,961	2,232,645	2,174,904

**21 Terminal benefits**

At start of year	12,416,144	12,945,202	7,910,513
Re-classified from service gratuity (Note 20)	-	-	5,515,810
Accrued interest	194,909	191,658	-
Additional charges	205,098	-	-
Reversal of double accruals	-	(93,714)	-
Payments during the year	(2,050,965)	(627,002)	(481,121)
At end of year	10,765,188	12,416,144	12,945,202
Due within one year	1,200,000	1,500,000	223,593
Due after one year	9,565,188	10,916,144	12,721,609
Total	10,765,188	12,416,144	12,945,202

During the year 2006/2007 the terminal benefits scheme was suspended and replaced with the annual service gratuity scheme. The accumulated balance relating to the terminal benefits scheme at that point was ring-fenced. Payments out of the ring-fenced balance were made to employees upon retirement/resignation. On 20 October 2010 a collective bargaining agreement was signed between the Corporation and Uganda Public Employees Union under which the Corporation will pay 50% of the outstanding balance over a six year period beginning 2010/2011. The remaining 50% will attract interest of 3% per annum.



## 22 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2011: 30%). The movement on the deferred income tax account is as follows:

	2012 Shs'000	Restated 2011 Shs'000	Restated 2010 Shs'000
At start of year	27,964,633	25,805,182	24,087,647
Charged to statement of comprehensive income (Note 16)	3,654,570	2,159,451	1,717,535
<b>At end of year</b>	<b>31,619,203</b>	<b>27,964,633</b>	<b>25,805,182</b>

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in the statement of comprehensive income (SCI), and deferred income tax charge/(credit) in equity are attributable to the following items:

	1 Jul 2011 Shs'000	Charged/- (credited) to SCI Shs'000	30 Jun 2012 Shs'000
<b>Year ended 30 June 2012</b>			
<b>Deferred income tax liabilities</b>			
Property, plant and equipment:			
- on historical cost basis	103,379,236	1,775,614	105,154,850
- on revaluation surpluses	13,293,468	(1,643,610)	11,649,858
	116,672,704	132,004	116,804,708
<b>Deferred income tax assets</b>			
Retirement benefit obligations	(3,724,844)	495,288	(3,229,556)
Tax losses carried forward	(82,929,917)	2,734,521	(80,195,396)
Provision for bad debts	(2,145,793)	629,506	(1,516,287)
Provision for obsolete stock	(123,199)	31,991	(91,208)
Other deductible temporary differences	215,682	(368,740)	(153,058)
	(88,708,071)	3,522,566	(85,185,505)
<b>Net deferred income tax liability</b>	<b>27,964,633</b>	<b>3,654,570</b>	<b>31,619,203</b>

22 Deferred income tax (continued)

	Restated 1 July 2010 Shs'000	Charged /-(credited) to SCI Shs'000	30 June 2011 Shs'000
<b>Year ended 30 June 2011</b>			
<b>Deferred income tax liabilities</b>			
Property, plant and equipment:			
- on historical cost basis	95,079,565	8,299,671	103,379,236
- on revaluation surpluses	14,937,078	(1,643,610)	13,293,468
	110,016,643	6,656,061	116,672,704
<b>Deferred income tax assets</b>			
Retirement benefit obligations	(3,883,562)	158,718	(3,724,844)
Tax losses carried forward	(77,855,391)	(5,074,526)	(82,929,917)
Provision for bad debts	(2,391,741)	245,948	(2,145,793)
Provision for obsolete stock	(97,604)	(25,595)	(123,199)
Other deductible temporary differences	16,837	198,845	215,682
	(84,211,461)	(4,496,610)	(88,708,071)
<b>Net deferred income tax liability</b>	<b>25,805,182</b>	<b>2,159,451</b>	<b>27,964,633</b>
<b>Year ended 30 June 2010</b>			
<b>Deferred income tax liabilities</b>			
Property, plant and equipment:			
- on historical cost basis	87,531,517	7,548,048	95,079,565
- on revaluation surpluses	16,553,390	(1,616,312)	14,937,078
	104,084,907	5,931,736	110,016,643
<b>Deferred income tax assets</b>			
Retirement benefit obligations	(4,417,642)	534,080	(3,883,562)
Tax losses carried forward	(72,920,628)	(4,934,763)	(77,855,391)
Provision for bad debts	(2,515,372)	123,631	(2,391,741)
Provision for obsolete stock	(97,604)	-	(97,604)
Other deductible temporary differences	(46,014)	62,851	16,837
	(79,997,260)	(4,214,201)	(84,211,461)
<b>Net deferred income tax liability</b>	<b>24,087,647</b>	<b>1,717,535</b>	<b>25,805,182</b>



## 23 Deferred grant income

The amounts recognised in the statement of financial position are determined as follows:

	2012 Shs'000	Restated 2011 Shs'000	Restated 2010 Shs'000
At start of year	<b>143,489,823</b>	133,880,838	123,359,947
KFW - Entebbe	-	-	77,871
KFW Ggaba III	-	-	264,118
KFW Kampala Network Rehabilitation	-	-	4,416,038
AFD Grant	-	2,718,639	3,827,304
Lake Victoria EMP Grant	<b>61,964</b>	-	-
Wetwin Grant	-	134,470	-
Government of Uganda Grants	-	263,772	1,876,745
Output Based Aid Grant	-	790,173	454,642
KFW- Urban Poor Grant	-	-	1,370,765
Kampala Sanitation Project Grant	<b>51,561,680</b>	11,621,665	2,200,131
WATSAN Grant	<b>234,930</b>	-	-
	<b>195,348,397</b>	149,409,557	137,847,561
Released to statement of comprehensive income	<b>(4,948,195)</b>	(5,919,734)	(3,966,723)
Unutilised funds returned to donors	<b>(141,460)</b>	-	-
At end of year	<b>190,258,742</b>	143,489,823	133,880,838
Due within one year	<b>4,948,195</b>	5,919,734	3,966,723
Due after more than one year	<b>185,310,547</b>	137,570,089	129,914,115
At end of year	<b>190,258,742</b>	143,489,823	133,880,838

**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

**24 Property, plant and equipment**

	Civil structures	Technical structures*	Pipe works	Freehold land	Electro mechanical equipment	IT and office equipment	Furniture and fittings	Heavy transport	Light transport	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>As at 30 June 2009</b>										
Cost/valuation	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	(2,990,146)	(1,970,639)	(8,007,861)	-	(6,683,307)	(624,394)	(454,787)	(29,750)	(501,200)	(21,262,084)
<b>Closing net book value</b>	<b>157,965,681</b>	<b>30,004,665</b>	<b>107,153,110</b>	<b>3,681,901</b>	<b>106,509,492</b>	<b>644,778</b>	<b>699,625</b>	<b>12,250</b>	<b>659,951</b>	<b>407,331,453</b>
<b>Year ended 30 June 2010</b>										
Opening net book value	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	266,600	1,166,000	9,455,403	189,000	6,000	-	9,007	-	-	11,092,010
asset contributions	86,108	-	-	-	-	-	-	-	-	86,108
Reclassified from held for sale	(579,100)	-	-	-	-	-	-	-	-	(579,100)
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation on disposals	8,417	-	-	-	-	-	-	-	-	8,417
Depreciation charge	(2,086,733)	(1,430,287)	(6,567,922)	-	(4,740,349)	(876,192)	(510,561)	(12,250)	(399,996)	(16,624,290)
<b>Closing net book value</b>	<b>155,684,252</b>	<b>29,768,713</b>	<b>129,851,549</b>	<b>3,870,901</b>	<b>102,350,102</b>	<b>1,740,126</b>	<b>1,132,234</b>	<b>-</b>	<b>298,918</b>	<b>424,696,795</b>
<b>As at 30 June 2010</b>										
Cost/valuation	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)
<b>Closing net book value</b>	<b>155,684,252</b>	<b>29,768,713</b>	<b>129,851,549</b>	<b>3,870,901</b>	<b>102,350,102</b>	<b>1,740,126</b>	<b>1,132,234</b>	<b>-</b>	<b>298,918</b>	<b>424,696,795</b>



24 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
<b>As at 30 June 2010</b>										
Cost/valuation	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)
<b>Net book value</b>	<b>155,684,252</b>	<b>29,768,713</b>	<b>129,851,549</b>	<b>3,870,901</b>	<b>102,350,102</b>	<b>1,740,126</b>	<b>1,132,234</b>	<b>-</b>	<b>298,918</b>	<b>424,696,795</b>
<b>Year ended 30 June 2011</b>										
Opening 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
WIP transfers	4,806,495	-	47,160,000	-	-	-	-	-	-	51,966,495
Additions	-	109,208	-	3,500	4,987,565	2,251,005	1,416,270	-	45,468	8,813,016
Depreciation charge	(1,957,757)	(1,496,445)	(7,651,656)	-	(5,990,896)	(841,226)	(541,311)	-	(252,466)	(18,731,757)
<b>Closing net book value</b>	<b>158,532,990</b>	<b>28,381,476</b>	<b>169,359,893</b>	<b>3,874,401</b>	<b>101,346,771</b>	<b>3,149,905</b>	<b>2,007,193</b>	<b>-</b>	<b>91,920</b>	<b>466,744,549</b>
<b>As at 30 June 2011</b>										
Cost/valuation	165,559,209	33,278,847	191,587,332	3,874,401	118,761,323	5,491,717	3,513,852	42,000	1,245,582	523,354,263
Accumulated depreciation	(7,026,219)	(4,897,371)	(22,227,439)	-	(17,414,552)	(2,341,812)	(1,506,659)	(42,000)	(1,153,662)	(56,609,714)
<b>Closing net book value</b>	<b>158,532,990</b>	<b>28,381,476</b>	<b>169,359,893</b>	<b>3,874,401</b>	<b>101,346,771</b>	<b>3,149,905</b>	<b>2,007,193</b>	<b>-</b>	<b>91,920</b>	<b>466,744,549</b>

24	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
Year ended 30 June 2012										
Opening net book value	158,532,990	28,381,476	169,359,893	3,874,401	101,346,771	3,149,905	2,007,193	-	91,920	466,744,549
WIP transfers	32,214	-	9,043,580	-	2,835,396	-	-	-	-	11,911,190
Additions	-	-	-	275,500	-	2,050,730	459,412	-	87,942	2,873,584
Depreciation charge	(2,120,365)	(1,521,988)	(7,293,690)	-	(5,977,302)	(1,249,215)	(670,674)	-	(29,105)	(18,862,339)
Closing net book value	156,444,839	26,859,488	171,109,783	4,149,901	98,204,865	3,951,420	1,795,931	-	150,757	462,666,984
As at 30 June 2012										
Cost/valuation	165,591,423	33,278,847	200,630,912	4,149,901	121,596,719	7,542,447	3,973,264	42,000	1,333,524	538,139,037
Accumulated depreciation	(9,146,584)	(6,419,359)	(29,521,129)	-	(23,391,852)	(3,591,027)	(2,177,333)	(42,000)	(1,182,767)	(75,472,053)
Closing net book value	156,444,839	26,859,488	171,109,783	4,149,901	98,204,865	3,951,420	1,795,931	-	150,757	462,666,984

## 24 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 that 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:

	2012 Shs'000	2011 Shs'000	2010 Shs'000
Cost	538,139,037	523,354,263	501,918,179
Accumulated depreciation	(75,472,053)	(56,609,714)	(123,391,051)
Net book amount	462,666,984	466,744,549	378,527,128

## 25 Capital work in progress

Work in Progress	889,331	1,649,787	5,592,697
Work In Progress –Gulu	5,681,159	4,027,208	3,874,848
Work In Progress –Mukono	-	-	-
WorkInProgressSmallTownsSanitationProject(SWTSP)	-	38,431	38,431
Gaba Intake	-	-	14,583,747
Kampala Network Rehabilitation	-	2,088,157	1,341,074
Bushenyi water supply project	2,692,281	-	2,532,239
Urban Poor Project	1,197,722	940,412	4,006,872
Kampala Sanitation Project	26,402,794	9,777,750	3,410,317
KW-LV WATSAN Project	40,919	-	-
Jinja Intake Pipeline	-	-	4,604,173
Arua Project	910,318	-	-
	37,814,524	18,521,745	39,984,398

## 26 Intangible assets

At start of year (cost)	111,222	49,406	65,874
Additions	-	97,856	-
Amortisation charge	(29,453)	(36,040)	(16,468)
At end of year	81,769	111,222	49,406



**National Water And Sewerage Corporation**  
**Notes To The Financial Statements (Continued)**  
**Year Ended 30 June 2012**

**27 Operating lease prepayments**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
Cost:			
At start of year	226,965	226,965	126,960
Additions	120,013	-	100,005
	<b>346,978</b>	226,965	226,965
<b>Amortisation:</b>			
At start of year	(36,160)	(33,860)	(25,989)
Correction of prior year errors in amortisation	-		(5,571)
Charge for the year	(5,204)	(2,300)	(2,300)
	<b>(41,364)</b>	(36,160)	(33,860)
At end of year	<b>305,614</b>	190,805	193,105

**28 Inventories**

Stationery	356,470	271,444	262,713
Chemicals	432,123	726,963	703,580
Pipes and fittings	7,226,832	10,000,865	9,679,182
Pump spares	3,747,939	628,788	608,563
Fuel & lubricants	275,887	83,447	80,763
Stock in transit	-	2,755,901	7,113,263
Provision for slow moving stock	(304,027)	(410,663)	(325,348)
Stock Holding Main Stores			
	<b>11,735,224</b>	14,056,745	18,122,716

**29 Trade and other receivables**

Water and sewerage debtors	48,410,047	45,038,464	42,856,481
Less: Provision for impairment losses	(4,667,565)	(6,765,921)	(7,585,74)
Water and sewerage debtors - net	<b>43,742,482</b>	38,272,543	35,270,735
Prepayments	224,046	102,256	527,331
Other receivables	47,521,186	7,046,032	1,309,765
Value Added Tax	5,630,476	1,120,828	-
	<b>97,118,190</b>	46,541,659	37,107,831

## 29 Trade and other receivables (continued)

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

At start of year	6,765,921	7,585,746	7,997,848
Provision in the year	918,955	809,421	1,390,313
Receivables written off during the year	-	(1,469,114)	(1,794,135)
Provision no longer required	(3,017,311)	(160,132)	(8,280)
Provision for trade receivables	4,667,565	6,765,921	7,585,746
Provisions for other receivables	386,724	386,724	386,724
<b>At end of year</b>	<b>5,054,289</b>	<b>7,152,645</b>	<b>7,972,470</b>

## 30 Short term bank deposits

DFCU fixed deposit account	-	1,470,711	2,682,660
DFCU non-core houses fixed deposit	2,876,719	67	927
Barclays fixed deposit account	-	-	1,714,240
United Bank of Africa	1,757,636	-	716,388
Ecobankfixed deposit account	-	1,349,571	1,200,000
Equity Bank	-	2,575,733	968,318
Bank of Africa	1,450,313	1,307,783	1,182,176
NWSC Reserve account	306,707	377,351	139,011
KCB Investment account	25,077	2,217,623	-
KCB Bank	1,774,906	1,543,638	717,108
Crane Bank fixed deposit 1	2,048,221	-	-
Crane Bank fixed deposit 2	1,674,221	-	-
Crane Bank fixed deposit 3	1,199,319	-	-
	<b>13,113,119</b>	<b>10,842,477</b>	<b>9,320,828</b>

### 31 Cash at bank and in hand

	2012 Shs'000	2011 Shs'000	2010 Shs'000
Cash in hand	3,065	2,228	4,345
Cash collection accounts	4,437,143	5,569,851	5,751,619
Cash in transit	-	34,589	-
Stanbic loan account	65,366	80,618	7,645,144
Bank of Uganda account	676,301	-	-
Bank balances	1,782,813	2,769,520	6,921,487
	<b>6,964,689</b>	<b>8,456,806</b>	<b>20,322,595</b>

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

Cash and bank balances as above	<b>6,964,689</b>	8,456,806	20,322,595
Short term bank deposits(Note 30)	<b>13,113,119</b>	10,842,477	9,320,828
	<b>20,077,808</b>	<b>19,299,283</b>	<b>29,643,423</b>

### 32 Trade and other payables

Trade payable	<b>17,208,646</b>	12,426,764	18,229,247
Value Added Tax	-	-	767,147
Rechargeable works	<b>907,459</b>	298,863	902,242
Accruals and provision	<b>7,766,420</b>	6,104,664	5,551,055
Customer deposits	<b>53,088</b>	599,154	243,347
	<b>25,935,613</b>	<b>19,429,445</b>	<b>25,693,038</b>

### 33 Contingent liabilities

The Corporation is a defendant in a number of pending court cases. The amount being claimed is approximately Shs17.5 billion. Based on professional advice received, it is not anticipated that any material liabilities will arise from the legal cases.

### 34 Commitments

#### Capital commitments

The Corporation had no capital expenditure contracted for at the statement of financial position 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:

	2012 Shs'000	2011 Shs'000	2010 Shs'000
Not later than 1 year	5,203	2,300	2,300
Later than 1 year and not later than 5 years	13,168	13,168	10,896
Later than 5 years	287,244	175,337	179,909
	<b>305,615</b>	<b>190,805</b>	<b>193,105</b>

### 35 Cash generated from operations

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

	Notes	2012 Shs'000	2011 Shs'000
Profit before income tax		15,114,356	14,130,991
Adjustments for:			
Interest income	7	(1,748,049)	(994,669)
Interest expense	14	-	480,819
Grant income	23	(4,948,195)	(5,919,734)
Depreciation	24	18,862,339	18,731,757
Amortisation of intangibles	26	29,453	36,040
Amortisation of prepaid operating lease rentals	27	5,204	2,300
Changes in working capital:			
• trade and other receivables	29	(50,576,531)	(9,433,828)
• inventories	28	(2,321,521)	4,065,971
• trade and other payables	33	6,506,168	(6,263,593)
• service gratuity	20	602,316	57,741
• terminal benefits	21	(1,650,956)	(529,058)
Cash (utilised in)/generated from operations		(15,482,378)	14,364,747

### 36 Related parties

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:

	2012 Shs' 000	2011 Shs' 000
Salaries and other short-term employment benefits	784,377	810,761
Termination benefits	196,094	202,690
Bonus	121,613	116,753
	<b>1,102,084</b>	<b>1,130,204</b>

#### ii) Directors' remuneration

Fees for services as a director	71,204	117,213
Other emoluments (included in key management compensation above)	229,192	378,877
	<b>300,396</b>	<b>496,090</b>

### 36 Related parties (continued)

#### ii) Sale of water

Being the sole distributor of water in the country, the corporation supplies water to all government institutions that are connected to the water network.

### 37 Prior year adjustments

#### (i) Capitalisation of projects costs

The Jinja Intake, Gaba Intake and Bushenyi Water works (phase 1) projects were completed and completion certificates issued as at 31 October 2010, 07 September 2010 and 22 January 2010 respectively, but were not capitalised in the respective periods in which they were substantially completed. Consequently a prior period adjustment has been passed to capitalise the projects in the year ended 30 June 2011. The total amount capitalised in respect of the three projects is Shs 32 billion.

In addition, a recomputation of depreciation based on the dates when the projects were completed resulted in additional depreciation expense of Ugx 1,066 million for the financial year 2010/2011 and a recomputation of grant amortisation resulted in additional income of Ugx 230.2 million for the period 2010/2011. The grant income relates only to the Jinja Intake project.

Overall, the impact of the prior period adjustment relating to the above projects that were previously completed but not capitalised is summarised below.

- The carrying amount of property, plant and equipment for the year ended 30 June 2011 has been increased by Shs 31 billion.
- Depreciation charge in the statement of comprehensive income for the year ended 30 June 2011 has been increased by Shs 1,066 million.
- Grant income in the statement of comprehensive income for the year ended 30 June 2011 has been increased by Shs230 million

#### (ii Correction of error: Additional costs on the Urban Poor project

During the year, the Corporation identified errors in the recognised project costs for the Urban Poor Project. Certain costs amounting to Ugx 4.1 billion, relating to this project were incurred in prior periods but were not recorded in the Corporations books. Documentation relating to these costs has been identified in the current year and the costs have been corrected in the year in which they were incurred. The total cost of the Urban Poor project after recording the costs referred to above is summarised below.

	2012 Shs'000
Urban Poor project:	
Kagugube Urban Poor project (completed FY 2009/2010)	1,806,804
Kisenyi I, II and Ndeeba (completed FY 2008/2009)	6,580,525
	<u>8,387,329</u>



### 37 Prior year adjustments (continued)

#### (ii) Correction of error: Additional costs on the Urban Poor project (continued)

The impact of this adjustment on the financial statements for the year ended 30 June 2011 is summarised below.

- The work in progress balance on the statement of financial position has been reduced by Shs 4,319 million.
- Property, plant and equipment balance on the statement of financial position has been increased by Shs 7,687 million.
- Depreciation charge in the statement of comprehensive income has been increased by Shs 701 million.
- Deferred grant income in the statement of comprehensive income has been increased by Shs 585 million.

#### (iii) Correction of error: Fair value of ring-fenced terminal benefits

During the year 2006/2007, the Corporation's the terminal benefits scheme was suspended and replaced with the annual service gratuity scheme. The accumulated balance relating to the terminal benefits scheme at that point was ring-fenced. Payments out of the ring-fenced balance were made to employees upon retirement/resignation. On 20 October 2010 a collective bargaining agreement was signed between the Corporation and Uganda Public Employees Union under which the Corporation will pay 50% of the outstanding balance over a six year period beginning 2010/2011. The remaining 50% will attract interest of 3% per annum until fully repaid.

In accordance with accounting requirements, management has estimated the fair value of the amounts outstanding under the ring-fenced scheme to take into account the effect of time value of money considering that the amounts are payable in future. The fair value adjustments for the ring-fenced scheme liability have been recorded from in the year in which the collective bargaining agreement was signed (2010/2011).

The effect of the fair value adjustments on the financial statements of the Corporation as at 30 June 2011 has been summarised below.

- Trade and other receivables have been increased by Shs 2,183 million representing the fair value discount on initial recognition of Shs 2,820 million offset by the unwinding of the discount in the same year of Shs 637 million.
- Finance income in the statement of comprehensive income has been increased Shs 2,183 million representing the corresponding entry for the above adjustment.

The corporation's income tax charge for the year ended 30 June 2011 has been adjusted to take into account the effect of adjustments i) to iii) above.

Appendix 1

Summary of income and expenditure statements by area (all values in Shs'000')

Area	Income	Total Operating Expenses	Profit before depreciation and amortisation	Depreciation and amortisation	Profit/ Loss before taxation
Kampala	97,856,897	(54,807,655)	43,049,242	(7,533,203)	35,516,039
Entebbe	7,900,539	(3,858,942)	4,041,597	(1,099,537)	2,942,060
Jinja	9,166,408	(4,467,174)	4,699,234	(2,290,259)	2,408,975
Mbale	3,418,661	(2,536,661)	882,000	(572,825)	309,175
Tororo	1,345,715	(1,442,432)	96,717	(398,316)	(495,033)
Mbarara	5,657,579	(3,030,506)	2,627,073	(903,856)	1,723,217
Masaka	2,578,142	(2,089,853)	488,289	(614,272)	(125,983)
Lira	2,340,354	(1,594,095)	746,259	(558,658)	187,601
Gulu	1,746,659	(1,390,427)	356,232	(534,761)	(178,529)
Kasese	1,258,178	(727,129)	531,049	(146,847)	384,202
Fort Portal	1,643,932	(1,146,463)	497,469	(261,721)	235,748
Kabala	1,302,046	(1,056,450)	245,596	(341,616)	(96,020)
Bushenyi	734,470	(788,373)	53,903	(447,020)	(500,923)
Soroti	1,426,950	(1,287,473)	139,477	(584,718)	(445,241)
Arua	1,128,423	(978,566)	149,857	(363,318)	(213,461)
Masindi	913,981	(923,553)	9,572	(405,729)	(415,301)
Mubende	716,502	(837,592)	121,090	(192,021)	(313,111)
Hoima	641,527	(886,442)	244,915	(251,459)	(496,374)
Lugazi	429,541	(621,534)	191,993	(115,558)	(307,551)
Iganga	804,434	(540,336)	264,098	(276,373)	(12,275)
Head Quarters	13,211,886	(34,230,124)	21917,423	(1,004,928)	(22,922,351)
<b>Year ended 30 June 2012</b>	<b>155,323,639</b>	<b>(119,241,780)</b>	<b>36,081,859</b>	<b>(20,967,502)</b>	<b>15,114,357</b>
<b>Year ended 30 June 2011</b>	<b>132,129,761</b>	<b>(100,930,808)</b>	<b>31,198,953</b>	<b>(18,770,097)</b>	<b>14,130,991</b>

**Kampala water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	73,432,239	58,924,489
Sewerage services	17,824,569	14,600,444
Service charge	3,032,798	2,657,827
Connection fees	1,543,259	1,882,377
Other income	1,868,606	1,013,646
Bad debt recovery	-	152,485
Septic tank emptying	135,277	115,852
Other sewerage income	-	28,149
Investment Income	1,529	29,802
Rent from offices/ residential premises	18,620	15,840
	<b>97,856,897</b>	<b>79,420,911</b>
<b>Operating expenses</b>		
Staff costs	18,312,395	17,145,273
Administrative expenses	2,814,857	2,902,447
Static plant and pipe network maintenance	18,751,119	14,599,366
Supplies and services	10,433,449	8,430,306
Premises maintenance	1,550,094	1,326,343
Transport and mobile plant costs	2,945,741	3,040,384
	<b>54,807,655</b>	<b>47,444,119</b>
<b>Profit before depreciation and amortisation</b>	<b>43,049,242</b>	<b>31,976,792</b>
Depreciation and amortisation	(7,533,203)	(7,615,652)
<b>Profit before tax</b>	<b>35,516,039</b>	<b>24,361,140</b>



**National Water And Sewerage Corporation**  
**Income And Expenditure Statements**  
**Year Ended 30 June 2012**

**Appendix II (continued)**

**Entebbe water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	6,526,587	6,007,138
Sewerage services	723,573	653,637
Service charge	370,894	325,549
Connection fees	211,179	217,496
Other income	68,306	47,107
	<b>7,900,539</b>	<b>7,250,927</b>
<b>Operating expenses</b>		
Staff costs	1,781,807	1,599,340
Administrative expenses	191,476	249,646
Static plant and pipe network maintenance	1,210,112	980,044
Supplies and services	300,852	251,970
Premises maintenance	152,526	143,696
Transport and mobile plant costs	222,169	137,357
	<b>3,858,942</b>	<b>3,362,053</b>
<b>Profit before depreciation and amortisation</b>	<b>4,041,597</b>	<b>3,888,874</b>
Depreciation and amortisation	(1,099,537)	(975,564)
<b>Profit before tax</b>	<b>2,942,060</b>	<b>2,913,310</b>

**Jinja water**

	2012	2011
	Shs '000	Shs '000
<b>Income</b>		
Water sales	6,357,729	6,002,956
Sewerage services	2,281,596	2,179,108
	262,780	
Service charge		239,263
Connection fees	120,502	130,463
Other income	38,843	97,485
Septic Tank emptying	-	18,047
Rental income	106,090	-
Miscellaneous losses	(1,132)	-
	9,166,408	8,667,322
<b>Operating expenses</b>		
Staff costs	1,968,178	1,811,424
Administrative expenses	276,027	391,445
Static plant and pipe network maintenance	1,592,836	1,152,816
Supplies and services	192,361	203,531
Premises maintenance	147,653	126,321
Transport and mobile plant costs	290,119	198,628
	4,467,174	3,884,165
<b>Profit before depreciation and amortisation</b>	4,699,234	4,783,157
Depreciation and amortisation	(2,290,259)	(1,406,723)
<b>Profit before tax</b>	2,408,975	3,376,434

<b>Mbale water</b>	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	2,494,517	2,156,655
Sewerage services	765,692	726,705
Service Charge	139,029	126,208
Connection fees	10,453	81,503
Other income	2,229	16,432
Other sewerage income	6,741	1,660
	<b>3,418,661</b>	<b>3,109,163</b>
<b>Operating expenses</b>		
Staff costs	1,231,459	1,183,309
Administrative expenses	151,351	252,741
Static plant and pipe network maintenance	737,451	556,206
Supplies and services	191,361	156,670
Premises Maintenance	91,871	60,168
Transport and mobile plant costs	133,168	98,853
	<b>2,536,661</b>	<b>2,307,947</b>
<b>Profit before depreciation and amortisation</b>	<b>882,000</b>	<b>801,216</b>
Depreciation and amortisation	(572,825)	(539,165)
<b>Profit before tax</b>	<b>309,175</b>	<b>262,051</b>



**Tororo water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	1,152,038	1,109,925
Sewerage services	85,917	96,566
Service Charge	65,657	59,541
Connection fees	31,523	28,496
Other income	9,760	11,901
Other sewerage income	820	23,102
	<b>1,345,715</b>	<b>1,329,531</b>
<b>Operating expenses</b>		
Staff costs	514,028	498,137
Administrative expenses	118,298	218,819
Static plant and pipe network maintenance	480,274	341,533
Supplies and services	199,954	185,926
Premises Maintenance	61,924	68,391
Transport and mobile plant costs	67,954	39,587
	<b>1,442,432</b>	<b>1,352,393</b>
<b>Loss before depreciation and amortisation</b>	<b>(96,717)</b>	<b>(22,862)</b>
Depreciation and amortisation	<b>(398,316)</b>	<b>(353,981)</b>
<b>Loss before tax</b>	<b>(495,033)</b>	<b>(376,843)</b>

**National Water And Sewerage Corporation**  
**Income And Expenditure Statements**  
**Year Ended 30 June 2012**

**Appendix II (continued)**

**Masaka water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	2,016,855	1,703,693
Sewerage services	299,526	269,618
Service Charge	126,394	110,483
Connection fees	82,574	66,511
Other income	36,947	52,041
Septic Tank emptying	-	1,480
Rental income	15,846	-
	<b>2,578,142</b>	<b>2,203,826</b>
<b>Operating expenses</b>		
Staff costs	840,403	690,037
Administrative expenses	157,024	197,015
Static plant and pipe network maintenance	682,537	546,667
Supplies and services	263,673	221,066
Premises Maintenance	28,608	33,304
Transport and mobile plant costs	117,608	121,363
	<b>2,089,853</b>	<b>1,809,452</b>
<b>Profit before depreciation and amortisation</b>	<b>488,289</b>	<b>394,374</b>
Depreciation and amortisation	(614,272)	(555,119)
<b>Loss before tax</b>	<b>(125,983)</b>	<b>(160,745)</b>

**Mbarara water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	4,593,950	4,263,329
Sewerage services	763,702	589,746
Service charge	205,860	191,681
Connection fees	69,350	117,598
Other income	20,122	16,648
Septic tank emptying	3,095	1,237
Rental income	1,500	.
	<b>5,657,579</b>	<b>5,180,239</b>
<b>Operating expenses</b>		
Staff costs	1,290,361	1,187,841
Administrative expenses	236,770	337,093
Static plant and pipe network maintenance	980,826	822,498
Supplies and services	314,172	316,021
Premises maintenance	65,187	240,540
Transport and mobile plant costs	143,190	104,800
	<b>3,030,506</b>	<b>3,008,793</b>
<b>Profit before depreciation and amortisation</b>	<b>2,627,073</b>	<b>2,171,446</b>
Depreciation and amortisation	(903,856)	(811,910)
<b>Profit before tax</b>	<b>1,723,217</b>	<b>1,359,536</b>



**Lira water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	1,885,955	1,551,879
Sewerage services	252,922	223,021
Service charge	124,714	113,852
Connection fees	64,721	64,966
Other income	10,923	43,564
Miscellaneous income	1,119	-
	<b>2,340,354</b>	<b>1,997,282</b>
<b>Operating expenses</b>		
Staff costs	714,785	685,278
Administrative expenses	112,768	225,129
Static plant and pipe network maintenance	537,690	441,006
Supplies and services	120,019	107,184
Premises maintenance	19,917	33,952
Transport and mobile plant costs	88,916	59,932
	<b>1,594,095</b>	<b>1,552,481</b>
<b>Profit before depreciation and amortisation</b>	<b>746,259</b>	<b>444,801</b>
Depreciation and amortisation	(558,658)	(492,710)
<b>(Loss)/profit before tax</b>	<b>187,601</b>	<b>(47,909)</b>

**Gulu water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	1,249,433	1,083,064
Sewerage services	375,109	299,161
Service charge	91,193	83,909
Connection fees	24,171	45,944
Other income	6,753	7,571
	<b>1,746,659</b>	<b>1,519,649</b>
<b>Operating expenses</b>		
Staff costs	506,276	486,397
Administrative expenses	93,119	317,239
Static plant and pipe network maintenance	548,800	435,313
Supplies and services	122,186	84,797
Premises maintenance	27,901	15,069
Transport and mobile plant costs	92,145	39,889
	<b>1,390,427</b>	<b>1,378,704</b>
<b>Profit before depreciation and amortisation</b>	<b>356,232</b>	<b>140,945</b>
Depreciation and amortisation	(534,761)	(489,661)
<b>Loss before tax</b>	<b>(178,529)</b>	<b>(348,716)</b>

**Kasese water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	1,107,588	965,304
Service charge	84,471	75,385
Connection fees	47,460	43,356
Septic tank emptying	9,163	9,165
Other income	9,449	7,015
Miscellaneous income	47	-
	<b>1,258,178</b>	<b>1,100,225</b>
<b>Operating expenses</b>		
Staff costs	399,325	364,774
Administrative costs	93,849	110,986
Static plant and pipe network maintenance	60,462	26,944
Supplies and services	65,633	68,912
Premises maintenance	26,298	18,531
Transport and mobile plant costs	81,562	45,528
	<b>727,129</b>	<b>635,675</b>
<b>Profit before depreciation and amortisation</b>	<b>531,049</b>	<b>464,550</b>
Depreciation and amortisation	(146,847)	(102,560)
<b>Profit before tax</b>	<b>384,202</b>	<b>361,990</b>



**Fortportal water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	1,411,464	1,197,824
Service charge	92,694	83,596
Sewerage services	79,223	56,407
Connection fees	40,045	39,560
Other income	13,039	3,903
Septic tank emptying	7,305	10,223
Miscellaneous income	162	1,184
	<b>1,643,932</b>	<b>1,392,697</b>
<b>Operating expenses</b>		
Staff costs	577,951	521,380
Administrative expenses	85,537	109,086
Static plant and pipe network maintenance	310,351	225,217
Supplies and services	45,106	46,311
Premises maintenance	37,514	46,504
Transport and mobile plant costs	90,004	66,156
	<b>1,146,463</b>	<b>1,014,654</b>
<b>Profit before depreciation and amortisation</b>	<b>497,469</b>	<b>378,043</b>
Depreciation and amortisation	(261,721)	(235,894)
<b>Profit before tax</b>	<b>235,748</b>	<b>142,149</b>

**Kabale water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	994,546	906,494
Sewerage services	185,454	173,260
Service charge	81,291	75,343
Connection fees	28,727	29,574
Septic tank emptying	6,268	6,100
Other income	5,760	4,078
Miscellaneous income	-	-
	<b>1,302,046</b>	<b>1,194,849</b>
<b>Operating expenses</b>		
Staff costs	475,426	401,045
Administrative expenses	114,684	159,633
Static plant and pipe network maintenance	310,947	211,012
Supplies and services	33,145	40,330
Premises maintenance	33,176	51,352
Transport and mobile plant costs	89,072	72,137
	<b>1,056,450</b>	<b>935,509</b>
<b>Profit before depreciation and amortization</b>	<b>245,596</b>	<b>259,340</b>
Depreciation and amortization	(341,616)	(306,902)
<b>Loss before tax</b>	<b>(96,020)</b>	<b>(47,562)</b>

**Bushenyi - Ishaka water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	664,017	516,957
Service Charge	35,405	30,501
Connection fees	27,279	22,449
Other income	7,769	8,138
	<b>734,470</b>	<b>578,045</b>
<b>Operating expenses</b>		
Staff costs	372,852	315,629
Administrative expenses	50,962	67,345
Static plant and pipe network maintenance	220,949	160,397
Supplies and services	84,129	104,334
Premises Maintenance	16,934	15,598
Transport and mobile plant costs	42,547	42,522
	<b>788,373</b>	<b>705,825</b>
<b>Loss before depreciation and amortisation</b>	<b>(53,903)</b>	<b>(127,780)</b>
Depreciation and amortisation	<b>(447,020)</b>	<b>(159,012)</b>
<b>Loss before tax</b>	<b>(500,923)</b>	<b>(286,792)</b>



**Soroti water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	1,260,161	1,148,355
Sewerage services	108,528	96,967
Service charge	93,966	84,651
Connection fees	44,468	45,195
Other income	11,725	17,850
Miscellaneous income	1,974	.
	<b>1,426,950</b>	<b>1,393,018</b>
<b>Operating expenses</b>		
Staff costs	578,222	507,258
Administrative expenses	95,388	151,091
Static plant and pipe network maintenance	450,958	362,330
Supplies and services	71,950	69,963
Premises maintenance	17,009	28,836
Transport and mobile plant costs	73,946	30,029
	<b>1,287,473</b>	<b>1,149,507</b>
<b>Profit before depreciation and amortisation</b>	<b>139,477</b>	<b>243,511</b>
Depreciation and amortisation	(584,718)	(534,555)
<b>Loss before tax</b>	<b>(445,241)</b>	<b>(291,044)</b>

**Arua water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	988,637	967,168
Service charge	102,387	101,493
Connection fees	27,882	39,588
Other income	9,517	27,153
	<b>1,128,423</b>	<b>1,135,402</b>
<b>Operating expenses</b>		
Staff costs	470,195	456,595
Administrative expenses	77,842	217,135
Static plant and pipe network maintenance	279,944	382,788
Supplies and services	68,727	59,892
Premises maintenance	14,749	41,261
Transport and mobile plant costs	67,109	91,365
	<b>978,666</b>	<b>1,249,036</b>
<b>Profit before depreciation and amortisation</b>	<b>149,854</b>	<b>(113,634)</b>
Depreciation and amortisation	<b>(363,318)</b>	<b>(267,391)</b>
<b>Loss before tax</b>	<b>(213,461)</b>	<b>(381,025)</b>

**Masindi water**

	2012	2011
Income	Shs '000	Shs '000
Water sales	728,242	730,178
Sewerage Services	95,952	91,000
Connection fees	31,793	49,462
Service Charge	55,778	26,787
Other income	2,216	1,639
	913,981	899,066
<b>Operating expenses</b>		
Staff costs	415,182	338,990
Administrative expenses	77,842	113,291
Static plant and pipe network maintenance	279,944	234,327
Supplies and services	68,727	63,558
Premises maintenance	14,749	17,845
Transport and mobile plant costs	67,109	56,830
	923,553	824,841
<b>Profit before depreciation and amortization</b>	(9,572)	74,225
Depreciation and amortisation	(405,729)	(365,909)
<b>Loss before tax</b>	(415,301)	(291,684)



**Mubende water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	639,781	554,802
Service Charge	45,778	40,915
Connection fees	23,579	51,435
Rent from office /residential premises	350	.
Other income	7,014	3,877
	<b>761,502</b>	<b>651,029</b>
<b>Operating expenses</b>		
Staff costs	379,460	301,863
Administrative expenses	95,744	107,478
Static plant and pipe network maintenance	280,633	188,584
Supplies and services	24,399	27,021
Premises maintenance	18,144	33,937
Transport and mobile plant costs	39,212	52,937
	<b>837,592</b>	<b>711,820</b>
<b>(Loss)/profit before depreciation and amortization</b>	<b>(121,090)</b>	<b>(60,791)</b>
Depreciation and amortisation	(192,021)	(174,997)
<b>Loss before tax</b>	<b>(313,111)</b>	<b>(235,788)</b>

**National Water And Sewerage Corporation**  
**Income And Expenditure Statements**  
**Year Ended 30 June 2012**

**Appendix II (continued)**

**Hoima water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	531,993	544,762
Sewerage Services	21,223	19,913
Service Charge	57,937	54,287
Connection fees	25,321	30,160
Other income	5,053	5,045
	<b>641,527</b>	<b>654,167</b>
<b>Operating expenses</b>		
Staff costs	316,590	309,140
Administrative expenses	83,699	108,730
Static plant and pipe network maintenance	393,287	329,373
Supplies and services	25,324	23,259
Premises maintenance	13,720	12,503
Transport and mobile plant costs	53,822	67,501
	<b>886,442</b>	<b>850,506</b>
<b>(Loss)/profit before depreciation and amortisation</b>	<b>(244,915)</b>	<b>(196,339)</b>
Depreciation and amortisation	<b>(251,459)</b>	<b>(226,622)</b>
<b>Loss before tax</b>	<b>(496,374)</b>	<b>(422,961)</b>

**Lugazi water**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Water sales	388,960	324,945
	-	-
Sewerage Services		
Service Charge	24,363	21,958
Connection fees	12,323	14,670
Other income	3,895	2,441
	429,541	364,014
<b>Operating expenses</b>		
Staff costs	313,657	256,089
Administrative expenses	56,838	67,471
Static plant and pipe network maintenance	171,175	144,747
Supplies and services	13,404	12,441
Premises maintenance	17,519	21,228
Transport and mobile plant costs	48,941	19,653
	621,534	521,629
<b>Loss before depreciation and amortisation</b>	(191,993)	(157,615)
Depreciation and amortisation	(115,558)	(97,862)
<b>Loss before tax</b>	(307,551)	(255,477)



**National Water And Sewerage Corporation**  
**Income And Expenditure Statements**  
**Year Ended 30 June 2012**

Appendix II (continued)

**Iganga water**

	<b>2012</b>	<b>2011</b>
	<b>Shs '000</b>	<b>Shs '000</b>
<b>Income</b>		
Water sales	644,767	498,035
Sewerage Services	58,415	50,037
Connection fees	51,277	40,282
Other income	8,034	6,656
Service charge	41,888	34,315
Miscellaneous income	53	-
	<b>804,434</b>	<b>629,325</b>
<b>Operating expenses</b>		
Staff costs	348,914	315,973
Administrative expenses	64,920	70,330
Static plant and pipe network maintenance	38,105	41,917
Supplies and services	11,755	10,661
Premises maintenance	25,699	11,962
Transport and mobile plant costs	50,943	20,616
	<b>540,336</b>	<b>471,459</b>
<b>Profit before depreciation and amortisation</b>	<b>264,098</b>	<b>157,866</b>
Depreciation and amortisation	(276,373)	(243,298)
<b>Loss before tax</b>	<b>(12,275)</b>	<b>(85,432)</b>

**Headquarters**

	2012 Shs '000	2011 Shs '000
<b>Income</b>		
Released from deferred income	6,025,697	5,104,264
Profit on sale of stock/scrap/Assets	117,865	73,639
Income from External services	1,774,376	2,047,256
Investment income	1,740,625	1,028,017
Rent from offices/ residential premises	14,920	45,440
Lab Services Income	208,011	187,385
Decrease in stock provision	106,637	-
Other Income	2,304,121	1,612,804
Miscellaneous income	20,449	3,268
	<b>12,312,701</b>	<b>10,102,073</b>
<b>Operating expenses</b>		
Staff costs	14,899,872	11,367,531
Administrative expenses	12,677,677	8,401,791
Static plant and pipe network maintenance	2,115,526	1,752,911
Supplies and services	2,086,666	2,263,458
Finance Costs	-	480,819
Premises maintenance	976,317	970,629
Transport and mobile plant costs	1,474,066	1,003,919
	<b>34,230,124</b>	<b>26,241,058</b>
<b>Loss before depreciation and amortisation</b>	<b>(21,917,423)</b>	<b>(16,138,985)</b>
<b>Depreciation and amortisation</b>	<b>(1,004,928)</b>	<b>(1,108,410)</b>
<b>Loss before tax</b>	<b>(22,922,351)</b>	<b>(17,247,395)</b>

# Supplementary Information

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## Annex 1: Unit Cost Of Water Production 2011/12

	ANNUAL		TOTAL COSTS (SHS)				COST PER M3		COMPARATIVE	
	PRODUCTION M3		OPERATING EXPENSES ONLY 000' shs	OPERATING EXPENSES+ DEPRECIATION 000'shs	OPER. EXPS+ DEPR+HQ EXPENSES 000'shs	OPERATING EXPENSES ONLY	SHS	2011/12	2010/11	% CHANGE from 2010/2011 to 2011/12
	2011/12	(Comparative) 2010/11								
	(June 2012 ) 2011/12	2010/11						(FINAL) OP. EXP+ DEPR+HQ EXPENSES	SHS OP. EXP+ DEPR+HQ EXPENSES	
KAMPALA	58,635,889	53,986,939	54,973,381	63,553,571	85,879,538	938	1,084	1,465	1,460	0%
JINJA	5,246,721	5,688,194	4,467,174	6,534,608	8,532,329	851	1,245	1,626	1,569	4%
ENTEBBE	4,043,707	3,947,527	3,858,942	4,958,479	6,498,145	954	1,226	1,607	1,582	2%
MBALE	1,483,003	787,739	2,536,661	3,109,489	3,674,151	1,710	2,097	2,478	4,497	-45%
TORORO	677,153	1,436,566	1,442,432	1,840,748	2,098,578	2,130	2,718	3,099	1,676	85%
MASAKA	1,535,220	2,630,715	2,089,853	2,704,125	3,288,669	1,361	1,761	2,142	1,341	60%
MBARARA	2,473,624	1,609,713	3,030,506	3,934,362	4,876,209	1,225	1,591	1,971	3,065	-36%
LIRA	1,335,798	1,320,469	1,594,095	2,152,753	2,661,366	1,193	1,612	1,992	2,352	-15%
GULU	768,814	778,119	1,390,427	1,925,188	2,217,919	1,809	2,504	2,885	2,973	-3%
KASESE	742,229	706,561	727,129	873,976	1,156,584	980	1,178	1,558	1,492	4%
FORTPORTAL	836,634	825,606	1,146,463	1,408,184	1,726,737	1,370	1,683	2,064	1,988	4%
KABALE	593,671	621,455	1,056,450	1,398,066	1,624,110	1,780	2,355	2,736	2,643	4%
ARUA	696,962	677,063	1,394,838	1,758,156	2,023,528	2,001	2,523	2,903	2,892	0%
BUSHENYI	397,160	373,206	788,373	1,053,525	1,204,746	1,985	2,653	3,033	2,936	3%
SOROTI	755,062	883,448	1,287,473	1,872,191	2,159,685	1,705	2,480	2,860	2,669	7%
HOIMA	361,019	373,176	886,442	1,137,901	1,275,361	2,455	3,152	3,533	3,446	3%
MASINDI	483,831	469,085	923,553	1,329,282	1,513,504	1,909	2,747	3,128	3,146	-1%
MUBENDE	349,048	375,156	837,592	1,029,613	1,162,515	2,400	2,950	3,331	2,904	15%
LUGAZI	215,589	244,009	621,534	737,092	819,179	2,883	3,419	3,800	2,955	
IGANGA	-	-	540,336	816,709	816,709	-	-	-	2,329	
TOTAL	81,631,134	77,734,746	85,593,654	104,128,018	135,209,563	Average 1,049	Average 1,276	Average 1,656	Average 1,638	1%

## Annex 2: Water Production and Billing Efficiency for the Period July 2011- June2012

Area	Water Supplied / System input m3	Water Sold m3	Billing Efficiency (%)	NRW (%)
Kampala/ Mukono	58,460,898	36,108,690	62.0%	38.0%
Jinja	4,160,490	3,195,749	76.8%	23.2%
Entebbe/Kajansi	3,858,584	3,194,267	82.8%	17.2%
Tororo	625,555	566,665	90.6%	9.4%
Mbale	1,410,912	1,255,884	89.0%	11.0%
Mbarara	2,397,743	2,164,720	90.3%	9.7%
Masaka	1,414,674	1,004,602	71.0%	29.0%
Lira	1,121,280	980,463	87.4%	12.6%
Gulu	728,765	598,952	82.2%	17.8%
Kasese	719,820	578,341	80.3%	19.7%
Fort Portal	808,730	663,131	82.0%	18.0%
Kabale	538,708	493,064	91.5%	8.5%
Arua	641,589	534,786	83.4%	16.6%
Bushenyi/Ishaka	364,110	305,815	84.0%	16.0%
Soroti	728,476	623,364	85.6%	14.4%
Hoima	335,001	281,716	84.1%	15.9%
Masindi	430,426	369,905	85.9%	14.1%
Mubende	342,641	308,250	90.0%	10.0%
Lugazi	218,287	186,010	85.2%	14.8%
Iganga	444,662	353,795	79.6%	20.4%
<b>Total NWSC</b>	<b>79,751,351</b>	<b>53,768,169</b>	<b>67.4%</b>	<b>32.6%</b>
<b>Total Other Areas</b>	<b>21,290,453</b>	<b>17,659,479</b>	<b>82.9%</b>	<b>17.1%</b>

### Annex 3: Plant Capacity Utilisation as at June 2012

Area	Practical capacity m3/day	Total Water Produced m3	Average Production m3/day	Capacity Utilisation (%)
Kampala/Mukono	180,000	58,621,020	160,606	89%
Jinja	30,600	5,246,721	14,375	47%
Entebbe/Kajansi	20,000	4,043,707	11,079	55%
Tororo/Malaba	5,267	677,153	1,855	35%
Mbale	12,000	1,483,003	4,063	34%
Mbarara	11,164	2,473,624	6,777	61%
Masaka	7,500	1,535,220	4,206	56%
Lira	8,700	1,335,798	3,660	42%
Gulu	3,000	768,814	2,106	70%
Kasese	2,400	742,229	2,034	85%
Fort Portal	2,520	836,634	2,292	91%
Kabale	2,600	593,671	1,626	63%
Arua	2,733	696,962	1,909	70%
Bushenyi/Ishaka	1,920	397,160	1,088	57%
Soroti	8,256	755,062	2,069	25%
Hoima	3,000	361,019	989	33%
Masindi	2,640	483,831	1,326	50%
Mubende	2,748	349,048	956	35%
Lugazi	1,300	215,589	591	45%
Iganga	-	-	-	-
<b>Total</b>	<b>308,348</b>	<b>81,616,265</b>	<b>243,631</b>	<b>79%</b>



#### Annex 4: Detailed Staff Levels as at June 2012

Area	Male	Female	% of Female / Total staff	Total Staff
Head Office	188	101	34%	289
Kampala Water	611	185	23%	796
Jinja	76	16	17%	94
Entebbe	62	30	32%	92
Mbarara	53	8	13%	61
Mbale	53	8	13%	61
Tororo	22	8	16%	30
Lira	28	6	17%	34
Gulu	23	4	14%	27
Soroti	28	9	32%	37
Arua	14	8	36%	22
Masaka	35	9	20%	44
Fort Portal	22	3	12%	25
Kasese	20	4	16%	24
Bushenyi / Ishaka	19	6	24%	25
Hoima	15	5	33%	18
Masindi	10	7	41%	17
Kabale	22	2	8%	24
Iganga	14	3	17%	17
Lugazi	11	6	35%	17
Mubende	14	5	26%	19
<b>Total</b>	<b>1,340</b>	<b>433</b>	<b>32%</b>	<b>1,773</b>

## Annex 5: Status of Water Kiosks/Public Stand Posts as at June 2012

Area	Active PSP/Kiosks	Inactive PSP/Kiosks	Total PSP/Kiosks
Kampala/Mukono	4,153	1,593	5,748
Jinja	539	141	680
Entebbe/Kajansi	86	14	100
Tororo/Malaba	158	17	175
Mbale	206	32	238
Mbarara	101	3	104
Masaka	138	7	145
Lira	297	63	360
Gulu	100	10	110
Kasese	37	5	42
Fort Portal	33	10	43
Kabale	53	-	53
Arua	96	15	111
Bushenyi/Ishaka	30	1	31
Soroti	76	16	92
Hoima	22	4	26
Masindi	30	7	37
Mubende	20	-	20
Lugazi	29	12	41
Iganga	42	-	42
<b>Total</b>	<b>6,246</b>	<b>1,952</b>	<b>8,198</b>

## Annex 6: New Public Stand Posts Installed in the FY 2011/12

Area	Target New PSPs for FY 2011/12	Actual as at June 2012	% Achievement
Kampala/Mukono	379	129	34%
Jinja	31	18	58%
Entebbe/Kajansi	7	2	50%
Tororo/Malaba	5	3	60%
Mbale	2	5	>100%
Mbarara	14	4	29%
Masaka	2	2	100%
Lira	1	1	100%
Gulu	1	0	0%
Kasese	2	0	0%
Fort Portal	1	2	>100%
Kabale	0	0	0%
Arua	2	4	>100%
Bushenyi/Ishaka	0	0	0%
Soroti	7	7	100%
Hoima	2	4	>100%
Masindi	2	1	50%
Mubende	1	8	>100%
Lugazi	4	0	0%
Iganga	2	1	50%
<b>Total</b>	<b>465</b>	<b>191</b>	<b>41%</b>



## Annex 7: Water Mains Extensions as at 30th June 2012.

Area	Target for FY 2011/12	Actual June 2012	% of Achievement
Kampala/Mukono	0.0	60.3	>100%
Jinja	5.0	0.0	0%
Entebbe/Kajansi	5.0	3.0	60%
Tororo/Malaba	4.0	0.0	0%
Mbale	7.0	1.0	14%
Mbarara	3.4	0.0	0%
Masaka	2.5	3.0	>100%
Lira	3.0	0.0	0%
Gulu	3.0	5.0	>100%
Kasese	2.0	4.3	>100%
Fort Portal	1.5	2.0	>100%
Kabale	1.0	0.0	0%
Arua	2.8	3.0	>100%
Bushenyi/Ishaka	3.4	4.5	>100%
Soroti	1.0	0.0	0%
Hoima	3.0	0.0	0%
Masindi	2.0	15.0	>100%
Mubende	2.0	0.0	0%
Lugazi	2.5	0.0	0%
Iganga	2.0	1.0	50%
<b>Total</b>	<b>115.55</b>	<b>102.19</b>	<b>88.4%</b>

## Annex 8: Sewer Mains Extensions as at June 2012

Area	Target for FY 2011/12	Actual June 2012	% of Achievement
Kampala/Mukono	0.72	0	0%
Jinja	1	0.38	38%
Entebbe/Kajansi	0.35	3	>100%
Tororo/Malaba	0	0	0%
Mbale	0	0	0%
Mbarara	1.1	0	0%
Masaka	0	0	0%
Lira	1	1.15	>100%
Gulu	0.5	0	0%
Kasese	0	0	0%
Fort Portal	0.3	0	0%
Kabale	0	0	0%
Arua	0	0	0%
Bushenyi/Ishaka	0	0	0%
Soroti	0	0	0%
Hoima	0.6	0	0%
Masindi	0.66	0	0%
Mubende	0	0	0%
Lugazi	0	0	0%
Iganga	0	0	0%
<b>Total</b>	<b>6.01</b>	<b>4.53</b>	<b>75%</b>

## Annex 9: Status of Sewer Connections in FY 2011/12

Area	Target for New Sewer Connections 2011/12	Actual as at June 2012	% Achievement	Active Sewer Connections	Inactive Sewers Connections	Total Sewers Connections
Kampala	70	113	>100%	8,003	844	8,847
Jinja	46	38	83%	2,797	406	3,203
Entebbe	60	16	27%	233	8	241
Tororo/Malaba	8	6	75%	344	31	375
Mbale	31	29	94%	1,558	175	1,733
Mbarara	42	13	31%	476	5	471
Masaka	1	3	>100%	394	19	413
Lira	19	11	58%	285	45	330
Gulu	43	36	84%	548	42	590
Kasese	0	0	0%	0	0	0
Fort Portal	3	4	>100%	116	6	122
Kabale	5	1	20%	546	67	613
Arua	0	0	0%	0	0	0
Bushenyi	0	0	0%	0	0	0
Soroti	3	13	>100%	397	0	397
Hoima	12	4	33%	90	1	91
Masindi	12	12	100%	122	13	135
Mubende	0	0	0%	0	0	0
Lugazi	0	0	0%	0	0	0
Iganga	18	2	11%	88	4	92
<b>Total</b>	<b>373</b>	<b>301</b>	<b>81%</b>	<b>15,997</b>	<b>1,656</b>	<b>17,653</b>



# Annex 10: Water/Sewerage Billings, Collections and Arrears As At June 2012

Area	Billings	Collections	C/B Ratio (%)	Arrears as at July 2011	Arrears as at June 2012	Increase/Decrease
Kampala/Mukono	99,193,211	95,055,802	96%	23,305,865	26,869,012	↑15%
Jinja	9,354,362	8,868,954	95%	4,989,562	5,253,924	↑5%
Entebbe/Kajansi	7,917,653	7,539,806	95%	2,219,458	2,572,513	↑16%
Tororo/Malaba	1,366,878	1,249,899	91%	1,005,970	1,093,971	↑9%
Mbale	3,566,510	3,453,866	97%	1,877,342	1,966,396	↑5%
Mbarara	5,828,944	4,888,534	84%	2,517,538	3,328,273	↑32%
Masaka	2,559,433	2,578,153	101%	818,489	739,853	↓10%
Lira	2,380,067	2,357,873	99%	971,296	931,169	↓4%
Gulu	1,772,847	1,535,291	87%	1,217,563	1,410,786	↑16%
Kasese	1,250,208	1,180,782	94%	294,336	324,741	↑10%
Fort Portal	1,652,782	1,598,696	97%	544,396	566,012	↑4%
Kabale	1,303,235	1,280,516	98%	286,804	300,036	↑5%
Arua	1,185,420	1,138,748	96%	482,474	491,991	↑2%
Bushenyi/Ishaka	729,425	687,362	94%	116,084	148,458	↑28%
Soroti	1,518,332	1,493,849	98%	700,752	695,811	↓1%
Hoima	685,621	654,457	95%	214,849	181,084	↓16%
Masindi	942,242	793,127	84%	567,761	694,597	↑22%
Mubende	700,714	648,495	93%	471,337	509,980	↑8%
Lugazi	429,034	409,957	96%	94,509	110,108	↑17%
Iganga	778,991	755,374	97%	218,553	222,009	↑2%
<b>Total</b>	<b>145,115,911</b>	<b>138,169,553</b>	<b>95%</b>	<b>42,914,947</b>	<b>48,410,733</b>	<b>↑13%</b>

### 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 3- Najjanankumbi

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

#### Branch 5- Ntinda

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

#### Zone 8- Nateete

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

#### Branch 2- Kansanga-Nsambya

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

#### Branch 4- Bwaise

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

#### Branch 6- Kitintale

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

### Kampala Areas Sub-Zones

#### Mukono

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

#### Kajjansi

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

#### Nansana

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

#### Kireka

Mob: (+) 256 717 316 669

#### Kyengeru

Mob (+) 256 717 316 685

#### Kasangati

Mob (+) 256 717 316 661

#### Bunga

Mob (+) 256 717 619

#### Gayaza

Mob (+) 256 717 316 661

#### Kanyanya

Mob (+) 256 717 316657

#### Mattuga

Mob (+) 256 717 316645

#### Salaama

Mob (+) 256 717 316846

#### 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, 322052  
(+) 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 20561/20038  
(+) 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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