



# National Water and Sewerage Corporation

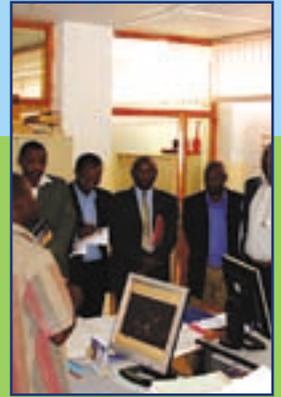


annual report **2005-2006**



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# key facts about NWSC

year ended 30th June 2006

Revenue	Shs 58.54 Billion
Total Asset Value	Shs 279.08 Billion
Target Population In Coverage Area	2.38 Million
Service Coverage (Water)	70%
Number Of Employees	1,067
Water Mains Total Length	2,868 Kms
Sewer Mains Total Length	157 Kms
Number of Subscribers (Water)	152,138
Number of Subscribers (Sewerage)	13,853
Number Of Conventional Water Treatment Plants	18
Number Of Waste Water Treatment Plants	17
Number of Public Standposts Targeting the Peri Urban Poor	4,868
Volume Of Water Sold This Year (Consumption)	40.83 million cubic meters
Non-Revenue Water	29.7%

# 2005/06 operational highlights

## Income

Up 9% to Shs 58.54 billion  
2004/05: Shs 53,78 billion

## Profit before taxation and interest

Up 13% to Shs 4.24 billion  
2004/05: Shs 3.76 billion

## Total Asset Value

Up 2% to Shs 279.08 billion  
2004/05: Shs 273.48 billion

## Public Standposts targeting the Urban Poor

Up 35% to 4,868  
2004/05: 3,613

## No of Subscribers/Connections (Water)

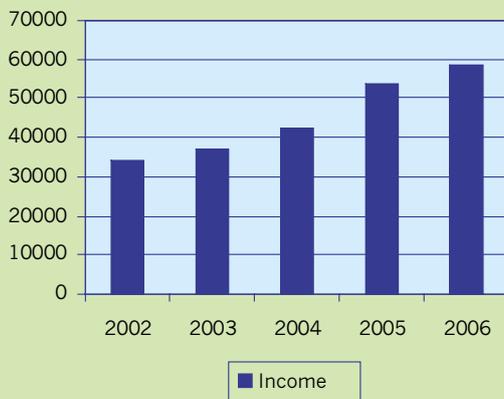
Up 24% to 152,138  
2004/05: 123,046

## Total Network length

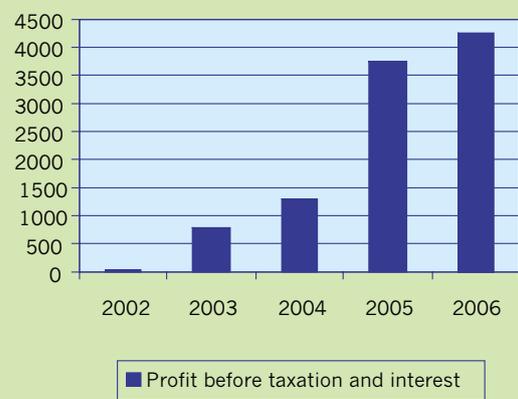
Up 4% to 2,868 kms  
2004/05: 2,733 Kms

# five year review

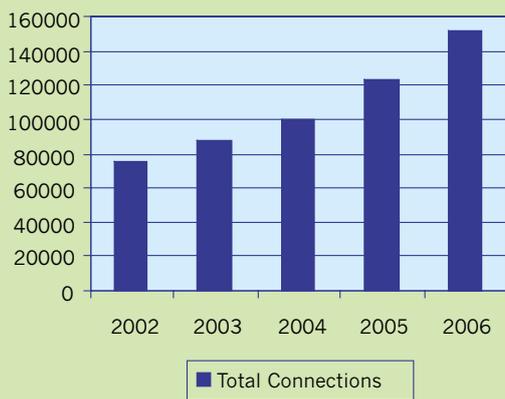
**Income shs millions**



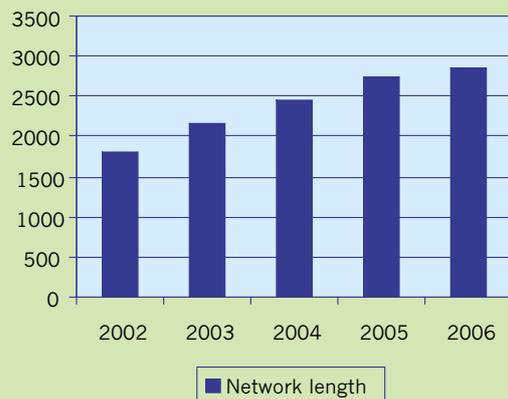
**Profit before taxation and interest shs millions**



**Total Connections**



**Network length (Kms)**



# profile

Established in 1972 by Decree No 34, the National Water and Sewerage Corporation's activities have grown from a paltry 3 towns to the current 22 towns. The present operational areas include Kampala, Jinja/Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Arua, Bushenyi/Ishaka, Soroti, Lugazi, Malaba, Iganga and Mukono. The new towns of Hoima, Masindi, and Mubende were taken over at the end of the financial year 2005/2006. The NWSC towns have a combined population of 2.4 million people which accounts for 75% of the population of Uganda's large urban centres.

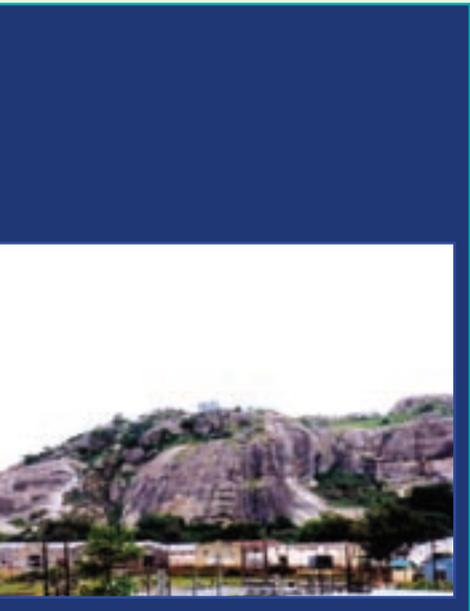
The Corporation has a fixed asset base of Shs 242 billion, which comprises 18 conventional water treatment plants, 2 Mechanical Sewage treatment plants, and 15 stabilization ponds. The Corporation's network has over the years expanded to the current level of 2,868 kilometres.

Today, the NWSC stands out as a model utility in the African region largely due to sustained improvements achieved through the past eight years. The Corporation sells about 41 million cubic meters of water per annum, generating a total turnover of Shs.59 billion, roughly three times the 1998 turnover of Shs 21 billion. Through the last eight years, staff productivity has improved from 27 to 7 staff per 1,000 connections, while the customer base has nearly trebled from 54,367 to 152,138 subscribers.

The current staff complement stands at 1,067 and comprises highly trained, skilled and experienced professionals in the fields of engineering, accounting, water quality management, strategic planning, human resource management, marketing and legal services.

The achievements attained by the Corporation thus far have been realised through a combination of long term planning strategies, which were translated by the NWSC management into a series of ambitious and challenging tactical strategies at the lower level. These included the devolution of authority through internal performance contracts with each operating area. This effectively devolved NWSC areas into semi-autonomous business units, each responsible for its own short term planning and operational improvements.

As a public corporation, NWSC's strategic direction has been driven by key Government policies, namely the Poverty Eradication Action Plan (PEAP), the Millennium Development Goals (MDGs) and the President's Manifesto, all of which are aimed at eradicating poverty through systemic improvement in the standards of living of the people of Uganda.





## vision

to be the pride of the water sector in africa

## mission

to be a customer oriented organisation providing excellent water and sewerage services in a cost effective manner

## key drivers

Our three year Corporate Plan for the period 2003 – 2006 outlines 16 strategic goals of which the major ones are:

- Reduction in the level of non-revenue water from 39% to not more than 35% of water produced.
- Improvement in staff productivity through training and awareness and hence improvement in personnel levels to not more than 8 staff per 1,000 water connections.
- Increase in turnover by at least 10% per annum.
- Strengthening of process control and water quality monitoring systems to ensure that the customer receives water that complies with the Uganda National Standards for Potable, Water 1994.
- Increase in water and sewerage service network in the NWSC service areas by at least 45% and 9% respectively.
- Increase in water service coverage from 63% to 70%.
- Implementation of a corporate wide Management Information System to facilitate an effective information management in the Corporation.



# core values

## **satisfied customers**

Happy and Satisfied Customers paying their bills promptly

## **adequate network coverage**

Adequate water and sewerage network-coverage in all the specified towns where the Corporation operates

## **conservation of the environment**

Working in harmony with, and contributing to the conservation of the environment.

## **efficient workforce**

A strong, secure and committed workforce dedicated to the service of the Corporation.

## **decentralization/private sector involvement**

Working in alliance with the private sector and a high level of devolved power to our area management.

## **contributing to national development**

As the key Utility providing adequate water and sewerage services to all sectors for increased economic development of Uganda.



Pupils of St. Mary Immaculate Primary School at the Inauguration of the Katigondo Project.

## 2005/06 highlights

The financial year 2005/2006 was once again a year of sustained progress for the NWSC in which significant achievements were realised. The highlights of our achievements in the year are summarised as follows:

### Commercial Success

- Achieved a turnover of shs 58.5 billion, up 8.8% on the previous year.
- Achieved an operating profit before depreciation and interest of Shs 14.0 billion, an increase of 5% on the previous year.
- Operating profit after depreciation increased by 12.8% from Shs 3.8 billion to Shs 4.2 billion.
- Water production increased from 57 million cubic meters to 58 million cubic meters, an increase of 1%.
- Connected 28,521 new subscribers, a growth of 28%, bringing the total number of subscribers to 152,138.
- Reduced water losses from 33.8% to 29.7%, a reduction of 4.1 percentage points.

### Sustained Expansion of Service Delivery

- Sustained implementation of the New Water Connection Policy continued as a strategy to increase service coverage and service to the urban poor.
- Installed 1,275 Public Standposts/Kiosks. In Kampala 1,172 Kiosks were installed under the President's pledge of extending water to the people of Kampala.
- 50% of Phase II of Mukono Water Supply Project was completed. In the peri-urban areas of Kampala, water was extended to Matugga (12 kms), while in

Masaka, water was extended 18 kms to Katigondo.

- Two landmark investments, the Gaba III water treatment plant in Kampala and the Entebbe Water and Sewerage Expansion Project were substantially completed. The Gaba III project will raise water production in Kampala and the surrounding areas by 80,000 cubic meters of water per day, while the Entebbe Project will raise water production by about 12,000 cu.m per day. Furthermore as a compliment to the Gaba III project, the construction of the Transmission Mains from Gaba to Muyenga, and from Gaba to Gunhill reservoirs, covering some 23 kilometres, was also substantially completed.

### Benchmarking/External Services

- Sustained benchmarking activities, involving high level visits by delegations from, Zambia, Tanzania and Kenya water utilities.
- The External Services Unit of the Corporation continued in its drive to establish public- public partnerships and public-private partnerships. In this regard, partnerships were established with the Kampala City Council, and the Directorate of Water Development. For the first time, the Unit secured consultancy services contracts with the private sector including the Uganda Manufacturers Association, and Steel Rolling Mills Ltd.
- The Corporation continued with the professionalization of its newsletter, *The Water Herald*, which was converted from a monthly to a quarterly bulletin. The newsletter has become a benchmarking tool and is fast becoming a source of information and professional development for public utilities.

### Prestigious Accolades

- The Corporation won the Federation of Uganda Employers' 2005 Best Public Service Sector Service Award. This is the third consecutive award the Corporation has received from the Federation.



NWSC Managing Director Exchanges an MoU with the Director of Uganda Manufacturers Association Consultancy Services



Pipes and Fittings for the Entebbe Water and Sewerage Expansion Project Awaiting Installation

Federation of Uganda Employers' Best Public Sector Service Award 2005



- The Corporation was ranked as one of the most transparent public organisation in the Inspector General of Governments' Second National Integrity Survey.
- The Corporation was also recognised for being one of the best tax payers by the Uganda Revenue Authority

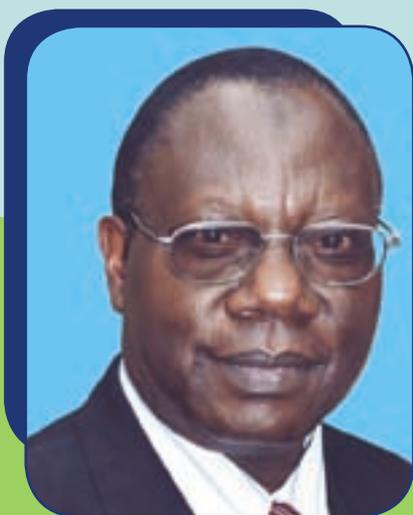
### Corporate Social Responsibility

- As part of our corporate social responsibility, the Corporation made contributions to the Nalukulongo old and disabled people's home in the suburbs of Kampala.



His Eminence Cardinal Wamala talks to the press after receiving donations from the Managing Director

# board of directors



**Mr. Ganyana MIIRO**  
Chairman



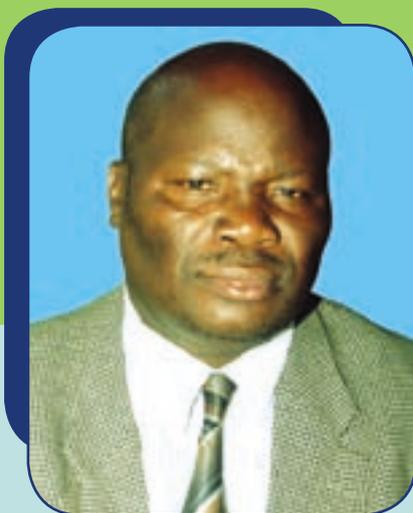
**Dr. Elizabeth MADRAA**  
Deputy Chairperson



**Mr. Gabriel OPIO**  
Member



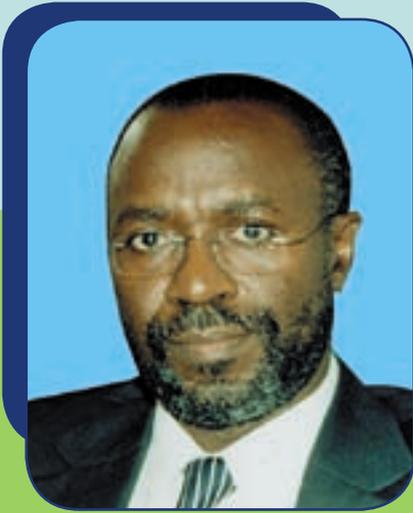
**Mr. David SSEBABI**  
Member



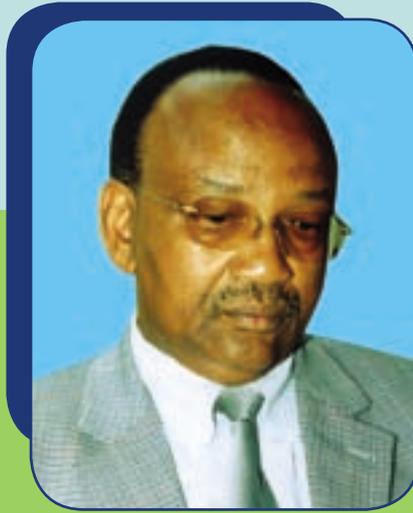
**Mr. Stephen KABUYE**  
Member



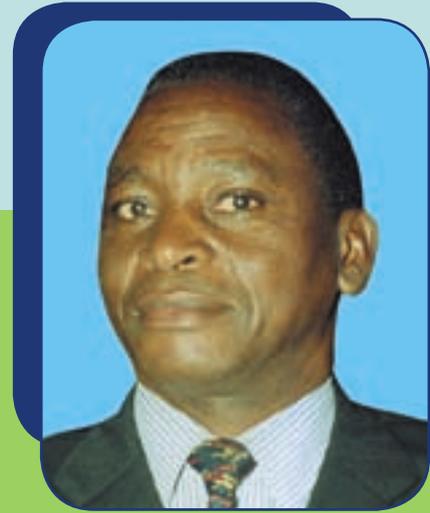
**Ms. Christine K. NANDYOSE**  
Member



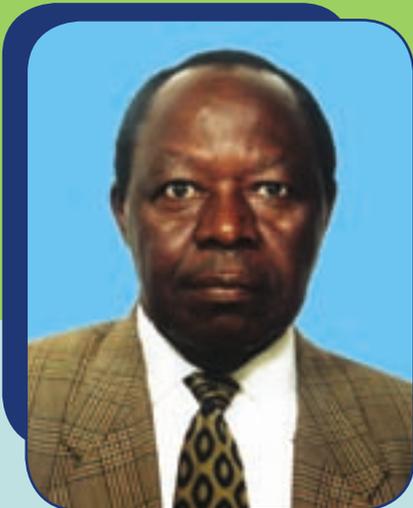
**Dr. William T. MUHAIRWE**  
Managing Director



**Eng. Sottie M. BOMUKAMA**  
Member



**Eng. Yorokamu KATWIREMU**  
Member



**Mr. Victor KOBEL**  
Member



**Mr. James SSEGANE**  
Member (ex-officio)



**Mr. David M. KAKUBA, FCIS-**  
Corporation Secretary

# the executive management team

The NWSC Executive Management Team consists of the Managing Director and the five Division Heads. The structure reflects the core business activities of the organisation. Each Division is responsible for ensuring that all NWSC activities are undertaken efficiently and that the strategic objectives are achieved.



MANAGING DIRECTOR

**Dr. William Tsimwa Muhairwe**  
PhD (Ind Mgt), MBA, BBM (Hons)

**Key Responsibilities**

- Strategic Direction
- Government Liaison
- Executive Management
- Board Membership
- Corporate Governance

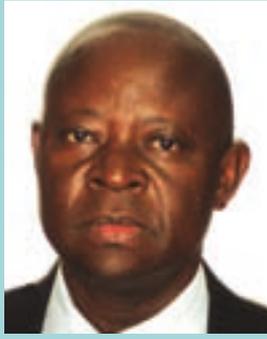


CHIEF INTERNAL AUDITOR

**Mrs Proscovia Akech Lubowa**  
B Com (Hons), FCCA

**Key Responsibilities**

- Systems and operations audit
- Financial audit
- Ensuring efficient utilisation of resources
- Review and evaluation of internal control systems
- Risk Assessment



CHIEF MANAGER MANAGEMENT SERVICES / CORPORATION SECRETARY

**Mr. David Mpango Kakuba**  
LLB (Hons), Dip Law, MAPAM, FCIS

**Key Responsibilities**

- Human Resource Management
- Corporate Administration
- Legal Services
- Security Services
- Transport Management
- Estates Management



CHIEF MANAGER ENGINEERING SERVICES

**Eng. Alex Gisagara**  
Bsc Eng (Hons), M Eng, MUIPE, R. Eng (U)

**Key Responsibilities**

- Operations and Maintenance
- Planning and Capital Development
- Water Quality Management
- Research, Monitoring and Evaluation
- Contract Operations Management
- External Services



CHIEF MANAGER FINANCE AND ACCOUNTS

**Mr Jackson Opwonya**  
B Com (Hons), MBA

**Key Responsibilities**

- Financial and Management Accounting
- Treasury Management
- Corporate Planning
- Information Technology Services
- Project Accounting
- Procurement services



CHIEF MANAGER COMMERCIAL AND CUSTOMER SERVICES

**Mrs Evelyn Otim**  
B. Com (Hons), MBA, MSc (Mktg) CPA, Dip.BA

**Key Responsibilities**

- Marketing & Public Relations
- Public Relations
- Customer Services
- Billing and Database Management
- Debt Management
- Revenue Accounting



CHIEF MANAGER INSTITUTIONAL DEVELOPMENT AND EXTERNAL SERVICES

**MDr. Eng. Silver Mugisha**  
PhD, MSc. (San Eng), Bsc. Eng, MUIPE, R. Eng

**Key Responsibilities**

- Initiation and Management of Change Management Programmes
- Performance Monitoring and Evaluation
- External Services Coordination
- Research Coordination
- Projects Appraisal and Evaluation



**Mr. Ganyana MIIRO**  
Chairman, Board of Directors

# chairman's statement

The annual report for the financial year 2005/06 attests to the continued growth of the National Water and Sewerage Corporation in its quest to become one of the most efficiently managed utilities on the continent.

We are happy to report that despite the volatile business environment, which was characterised by drought, the attendant receding lake levels and the increased power shortages, the corporation has managed to keep afloat and to perform exemplarily.

Financial Performance indicators for the year 2005/06 show a growth in turnover of 9% from Shs. 53.8 billion to Shs. 58.5 billion, while the net profit before financing costs increased by 13% from Shs. 3.8 billion to Shs.4.2 billion. This performance enabled us to achieve significant investments in the network extensions and other strategic investments.

During this year, the total number of subscribers topped the 150,000 mark at 152,138, an increase of 23% from 123,046 at the end of the previous year. This growth was closely matched with the quality of our service to our customers. The simplified water connection policy introduced in the year 2004/05 was refined as a result of which customers got connected faster and more economically.

In addition, the Corporation installed up to 1,255 public stand posts as part of our deliberate policy to bring safe drinking water to the peri urban poor.

All these efforts resulted in raising our effective water service coverage from 68% to 70% of the population within our areas of operation.

## **Infrastructure Investments**

During the year, the Corporation continued with the implementation of the Gaba III Water Supply Project and Entebbe Water and Sewerage Project, which commenced in the previous year. The two projects, co-funded by the German Government, were substantially completed during the reporting period and shall be launched in the

Year 2006/07. The Corporation also continued to finance from its own resources the Mukono Water Supply Project, and the detailed feasibility study for the rehabilitation and expansion of Gulu Water and Sewerage system. As at the close of the year, the total NWSC investment on the two projects stood at Shs. 6.4 billion and Shs. 1.1 billion respectively.

### **Appreciation**

We continue to recognize the support and assistance given to the Corporation by the Government and donor partners, who continue to offer to the Corporation the much needed investment support. This support continues to help build a firm asset base, which shall enable the Corporation achieve its vision of financial sustainability and optimum service coverage.

During the year 2005/06, our parent Ministry, the Ministry of Water, Lands and Environment was restructured as a result of which we now report to the new Ministry of Water and Environment.

On behalf of the Board, I take this opportunity to congratulate our new team of Ministers at the Ministry of Water and Environment upon their worthy appointment. We realise that the restructuring of the Ministry underscores the emphasis our Government places on the water and the environment sector in general, and in the provision of water services in particular.

Finally, I recognise and I am indebted to my fellow members of the Board of Directors, the staff and all our customers whose commitment and loyalty keeps us in business.



GANYANA MIIRO  
Chairman, Board of Directors

**Dr. William T. MUHAIRWE,**  
Managing Director



Being the provider of water and sewerage services for the major urban centres of Uganda, we are aware of the crucial role we play in sustaining growth, development and quality of life for the people of Uganda. We are therefore committed to provide the highest quality of service, on a sustainable basis, so as to meet the expectations of the people we serve. To this end, we are pleased to report that during the year 2005/06, we were able to achieve improved results towards efficient service delivery. This is despite the fact that the year 2005/06 was dogged by a number of environmental factors including the severe drought in the region and the resultant detrimental effect on our raw water sources.

During the year, we expanded our customer base by 23% to 152,138 thereby exceeding the 150,000 mark. This is an important milestone since customer growth implies benefits of economies of scale and assurance of sustained service delivery.

To sustain service to the growing customer base, we have made significant investments in the infrastructure including expansion of our water production systems in Kampala and Entebbe.

In regard to our financial performance, for the fourth year running, the Corporation has been able to cover all its operating costs including depreciation. In the current financial year, the operating profit after depreciation grew by 13% from Shs 3.8 billion to Shs. 4.2 billion. This performance enabled us to increase our ability to finance more investments from our own resources.

## **Operating Strategies**

The continued progress in the year 2005/06 was achieved through a number of strategic initiatives and innovations details of which are provided in the following paragraphs.

### **Reinforcing Performance Standards through the Checkers System**

In line with the implementation and consolidation of the Internally Delegated Area Management Contracts (IDAMCs), management developed the “checkers system” as a framework to enhance the monitoring role of the Head Office. The checkers system was initially introduced in the last quarter of the FY 2004/05 and full implementation commenced during the Year 2005/06.

# corporate performance for the year 2005/2006

## statement of the managing director

### External Services Expansion

During the previous year, we created the External Services Unit as a new business unit with the specific intent of marketing NWSC expertise through partnering with other utilities within the African region and beyond. This year, the unit continued to grow and to become a significant revenue centre for the Corporation. We continued to market strategic services within and outside the eastern and southern African region. It is planned that in the near future, this centre will grow into a fully pledged consulting and training centre.



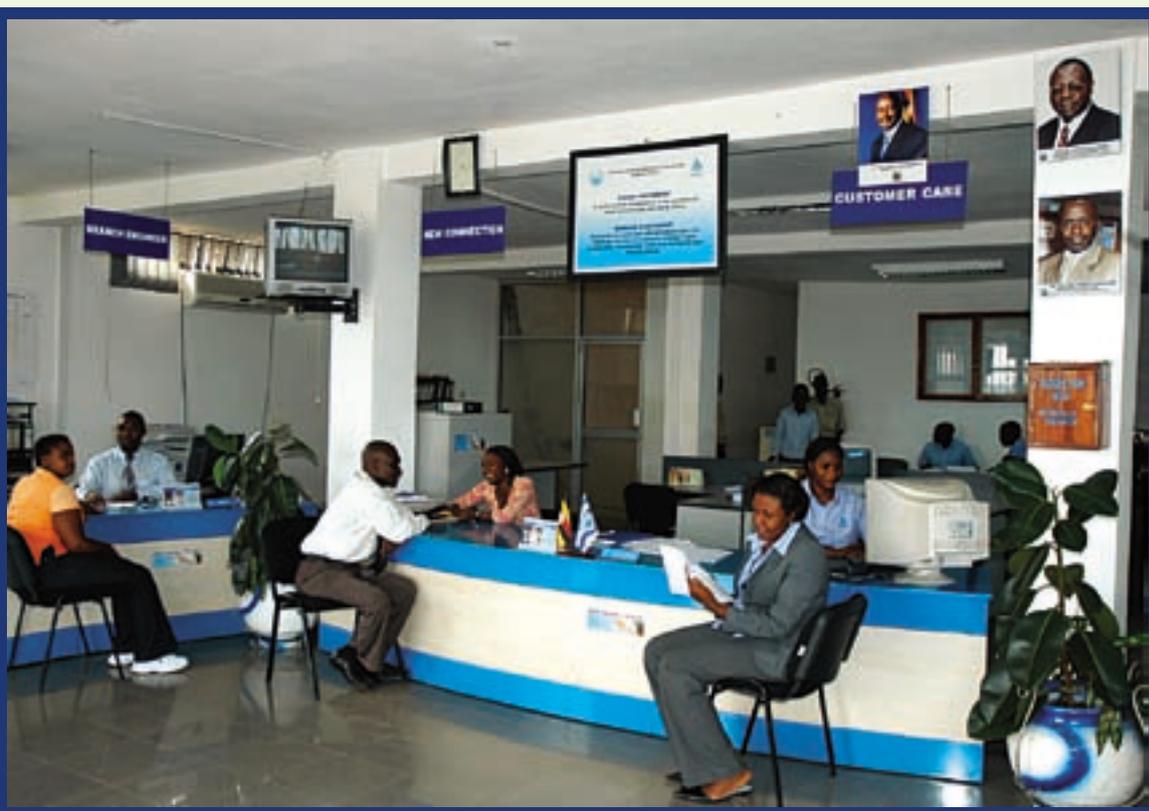
A Delegation from Athi Water Board, Kenya, studies the GIS system in the Kampala Area

## Refinement of the Simplified Water Connection Policy

The simplified water connection policy introduced in the FY 2004/05 was principally aimed at addressing the high level of water losses, and the need for accelerated service coverage; with special emphasis on serving the urban poor. The policy effectively commenced in September 2004. After one year of its implementation, this policy has had the effect of doubling the rate of connections for new subscribers from an average of 1,000 to 2,000 per month.

## Customer Care Improvements

During the financial year 2005/06, we launched a number of initiatives to improve customer care and to ensure that our services were delivered efficiently. For example, Customer Call Centres were established in Kampala to ensure improved access to customers. The second major achievement in regard to customer service improvements was the introduction of the Direct Debit system, and over the counter bill payment system with Commercial Banks. The policy is aimed at simplifying the payment of bills by customers through the banking system. We expect that the full implementation of the direct debit and over the counter collection system will result into prompt settlement of bills and consequently reduce the growth of arrears. The system will ease the burden on customers who will now go directly to banks instead of travelling to distant NWSC cash offices.



The Front Desk: Kampala Water's Kitintale Branch Office in the Suburbs of Kampala

## Operational Performance

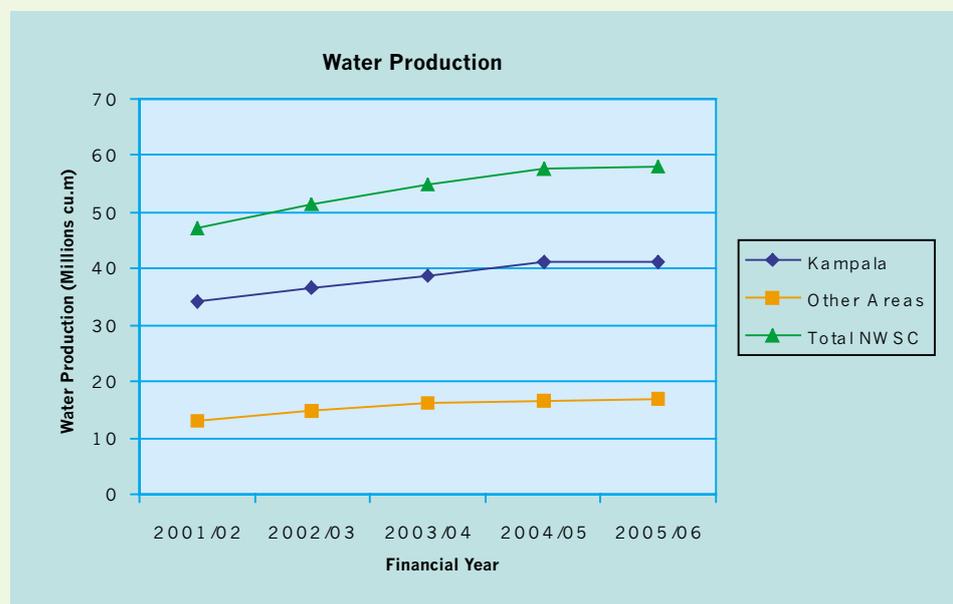
### Water Production

Over the past five years, the water production in the NWSC has increased from 47.0 million cubic meters to the current level of 58.1 million cubic meters a growth of 23%. This growth signifies increased availability of water to the ever-growing urban populations of Uganda. The increased production has been as a result of the increased capacity utilisation of the various existing schemes, and the installation of a number of new water schemes in the towns of Jinja/Njeru, Kabale, Mukono and refurbishments of the Gaba Plant in Kampala.

During the financial year 2005/2006, total water production increased slightly by 0.4 million cubic meters from 57.7 million cubic meters to 58.1 million cubic meters. The slight increase was as a result of the reduction in Non Revenue Water. This implies that water that was previously lost is now being consumed legitimately. Table 1 shows the trend of growth in water production in the last five years.

Table 1: Water Production: Millions Cubic Meters

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/06
Kampala	34.0	36.5	38.6	41.2	41.2
Other Areas	12.9	14.9	16.3	16.5	16.9
Total	47.0	51.4	54.9	57.7	58.1
Growth %	-	10%	7%	5%	1%



During the year the capacity utilisation of our water works increased from 72% in the financial year 2004/2005 to 73% this financial year as shown in Table 2. Areas of Kampala, Entebbe and Gulu indicate capacity utilisation above 80%. The water production in these towns is slated to increase with the completion of the on-going Gaba III Project and the Entebbe Water and Sewerage Expansion Project. Production in Kampala is targeted to increase by 80,000 cubic meters of water per day to 192,794 cubic metres, while in Entebbe, it is slated to increase by 12,000 cubic meters per day to 20,000 cubic meters. On the other hand, the detailed feasibility study for the rehabilitation and expansion of the Water and Sewerage Systems in Gulu Area has been completed, and funding for the construction works is being sought.

Table 2: Capacity Utilization in the Financial Year 2005/2006

AREA	Practical capacity m <sup>3</sup> /day	Average Production m <sup>3</sup> /day	Capacity Utilisation (%)
Kampala	117,000	112,794	96%
Jinja/Njeru	24,000	10,934	46%
Entebbe	8,855	7,080	80%
Tororo	5,914	2,668	45%
Mbale	14,408	4,312	30%
Mbarara	10,197	4,962	49%
Masaka	6,382	2,756	43%
Lira	8,586	2,447	28%
Gulu	2,880	2,402	83%
Kasese	2,368	1,574	66%
Fort Portal	2,171	1,554	72%
Kabale	3,600	1,393	39%
Arua	5,400	1,600	30%
Bushenyi/Ishaka	960	661	69%
Soroti	5,529	2,002	36%
Total NWSC	218,250	159,140	73%
Total other Areas(Excluding Kampala)	117,000	112,794	96%

### Water Distribution

In a bid to achieve the Poverty Eradication Action Plan (PEAP) objectives and the Millennium Development Goals (MDGs), the Corporation continued with its policy to extend its distribution network in all its areas of jurisdiction. As a result a total 135.2 kilometres were extended bringing the total pipe network length to 2,868 kilometres. All extensions were financed from NWSC internal sources.

Table 3: Water Mains Extensions

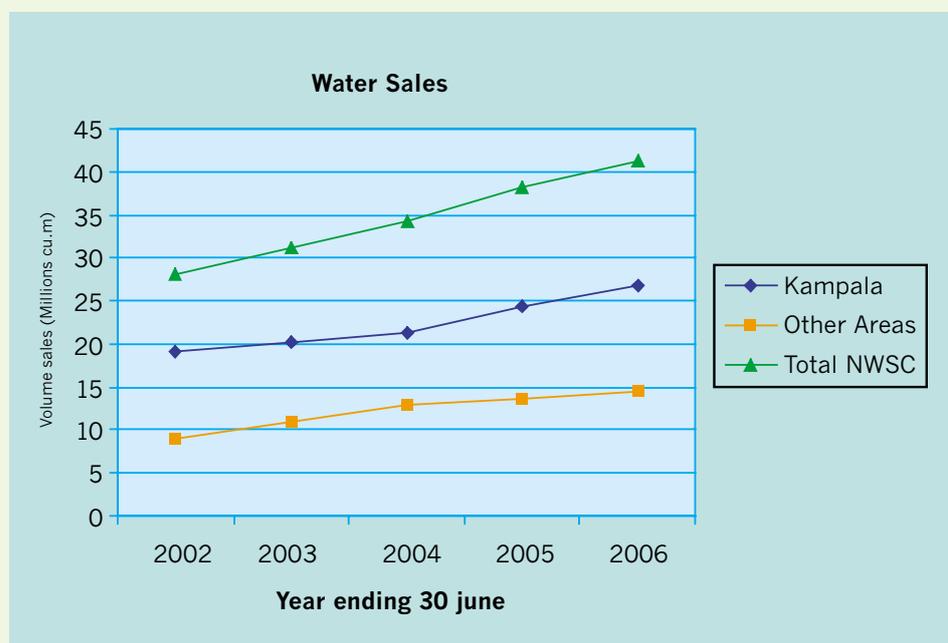
Year	2001/02	2003/04	2003/04	2004/05	2005/06
Annual Extensions (Kms )	154.0	354	268.0	294.6	135.0
Total Network Length (km)	2,160	2,170	2,438	2,733	2,868
% Increase	-	19%	12%	12%	5%

## Sales Volume

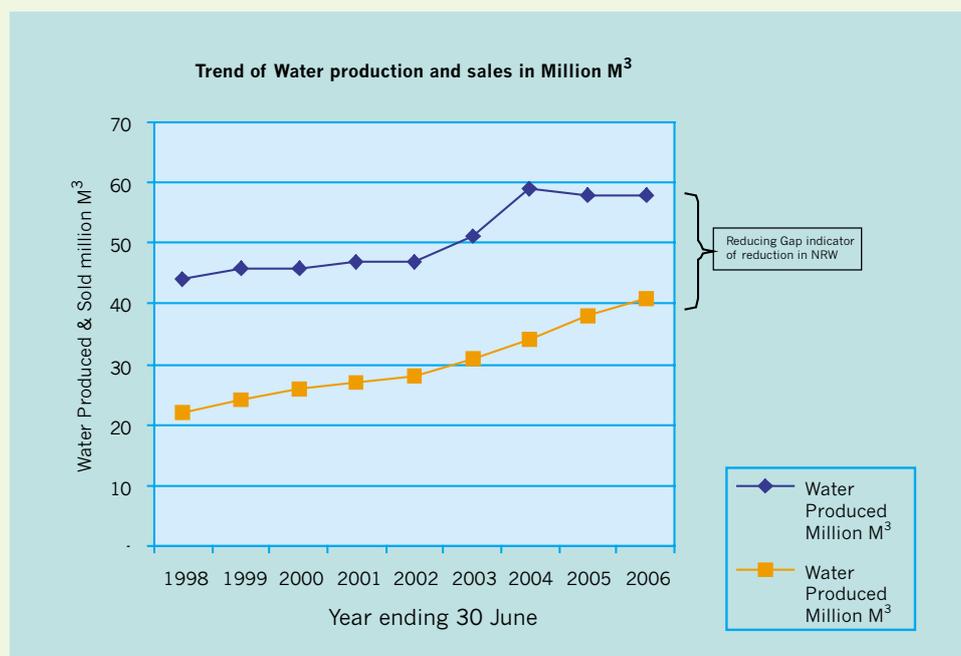
During the year the volume of water sold increased by 7% from 38.2 million cubic metres to 40.8 million cubic metres, representing an increase of 2.6 million cubic meters. The increase in sales was due to the rise in the number of water connections, which were a result of the new water connection policy that was introduced at the beginning of the financial year 2004/2005.

Table 4: Water Sales: Millions Cubic Metres

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/06
Kampala	19.0	20.3	21.3	24.4	26.5
Other Areas	9.0	10.9	12.9	13.7	14.3
Total	28	31.2	34.2	38.2	40.8
% Increase	-	11%	10%	12%	7%



The significant increase in water sales (7%) compared to water production (1%) during the year points towards two distinct achievements. Firstly, this implies that more people were able to access clean potable water from the Corporation, and secondly, when compared to the water production, the growth in sales was more as a result of the reduction in water losses, a sign of increased production efficiency. The graph below summarises the NWSC performance in this regard.



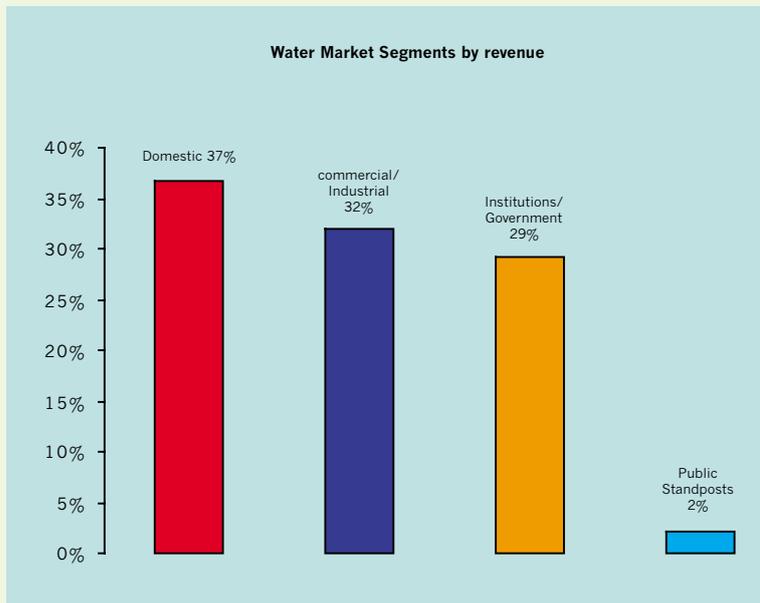
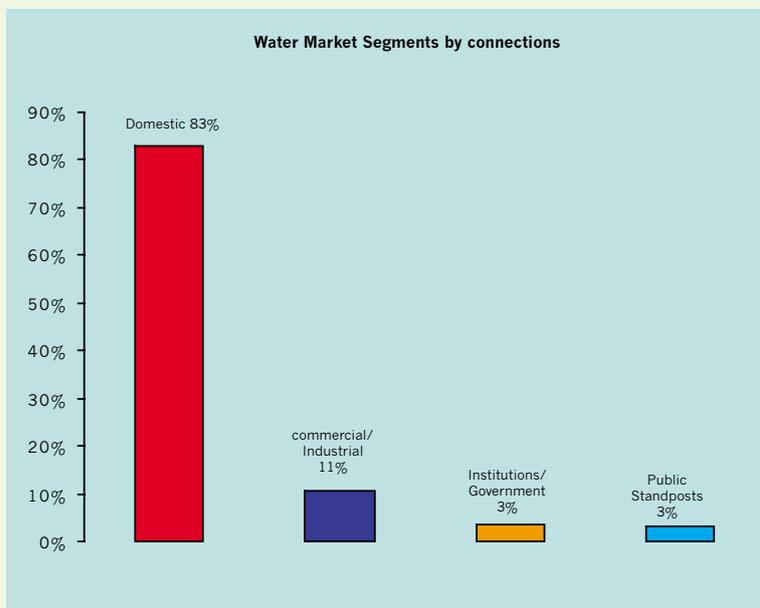
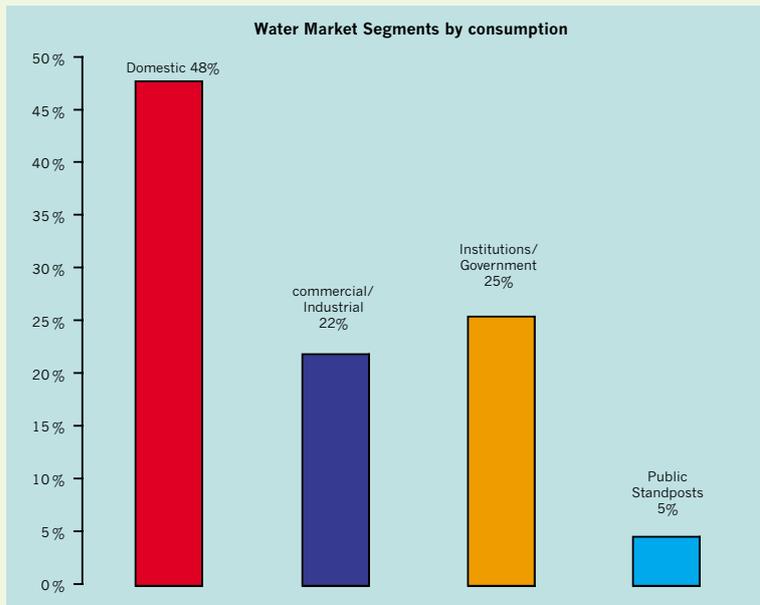
The reducing gap between water billed and sold is an indicator of reduced water losses

### Water Market Segments

In terms of the water consumption, domestic customers comprise the largest segment and account for 47.9% of the NWSC's total water consumption, followed by Institutions/Government (25.5%) and the Industrial/ Commercial sector (21.9%). Table 5 below and the graphs summarise the status of the NWSC market as at June 2006. In terms of connections, the domestic customers still constitute the largest customer base accounting for 82.8% of the total accounts followed by Industrial/ Commercial 10.6%. Institutions/Government account for 3.4% and Public stand posts constitute 3.2%. The lower percentages are to be improved through the Urban Poor Project and the simplified connection policy, especially the category of public stand posts.

Table 5: Water Market Segments as at June 2006

Consumer Category	No. of Connections	Market Share by Connections	Volume of Water billed (cubic meters)	Share of Market by Consumption	Billing Revenue (Shs.m)	Share of Market by Revenue
Public stand-pipes	4,868	3.2%	1,918,985	4.7%	11,360	2.1%
Domestic	125,970	82.8%	9,557,310	47.9%	19,853	36.7%
Institution/ Government	5,173	3.4%	10,411,512	25.5%	15,796	29.2%
Industrial/ Commercial	16,127	10.6%	8,941,651	21.9%	17,311	32%
<b>Total</b>	<b>152,138</b>	<b>100%</b>	<b>40,829,458</b>	<b>100%</b>	<b>54,096</b>	<b>100%</b>

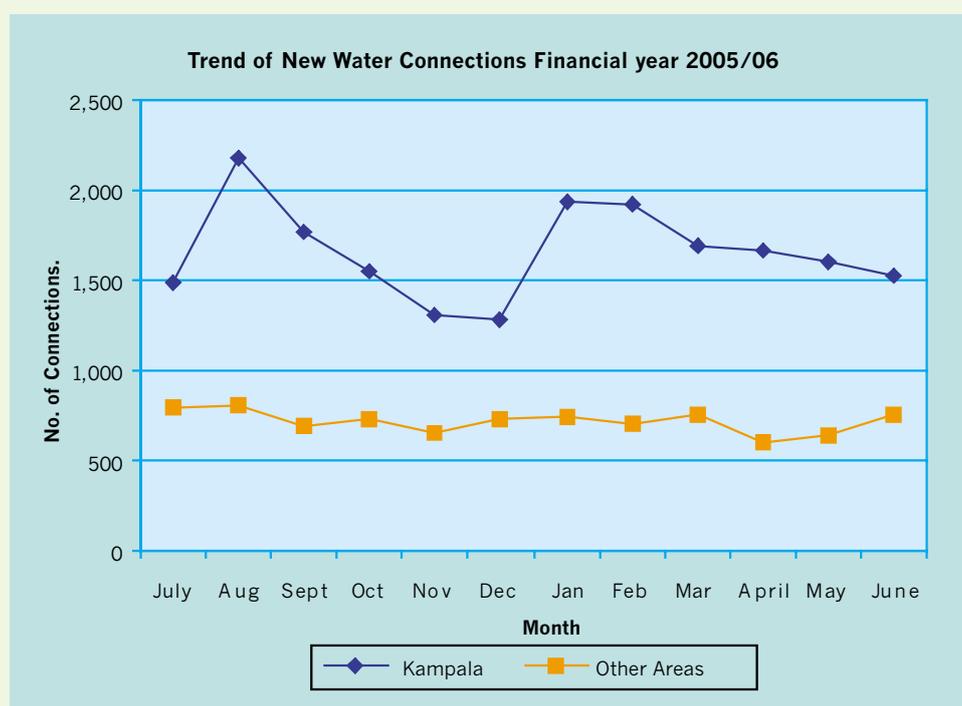


## Water Subscribers

During the Financial Year 2005/06, at a total of 28,521 new water connections were made bringing the total number of connections to 152,138. The detail of connections on a monthly basis is shown below.

Table 7: New Water Connections in NWSC Towns 2005/06

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Kampala	1,488	2,179	1,773	1,553	1,309	1,276	1,933	1,920	1,686	1,665	1,598	1,528
Other Areas	797	806	687	725	657	734	743	711	753	598	647	755
<b>Total</b>	<b>2,285</b>	<b>2,985</b>	<b>2,460</b>	<b>2,278</b>	<b>1,966</b>	<b>2,010</b>	<b>2,676</b>	<b>2,631</b>	<b>2,439</b>	<b>2,263</b>	<b>2,245</b>	<b>2,283</b>

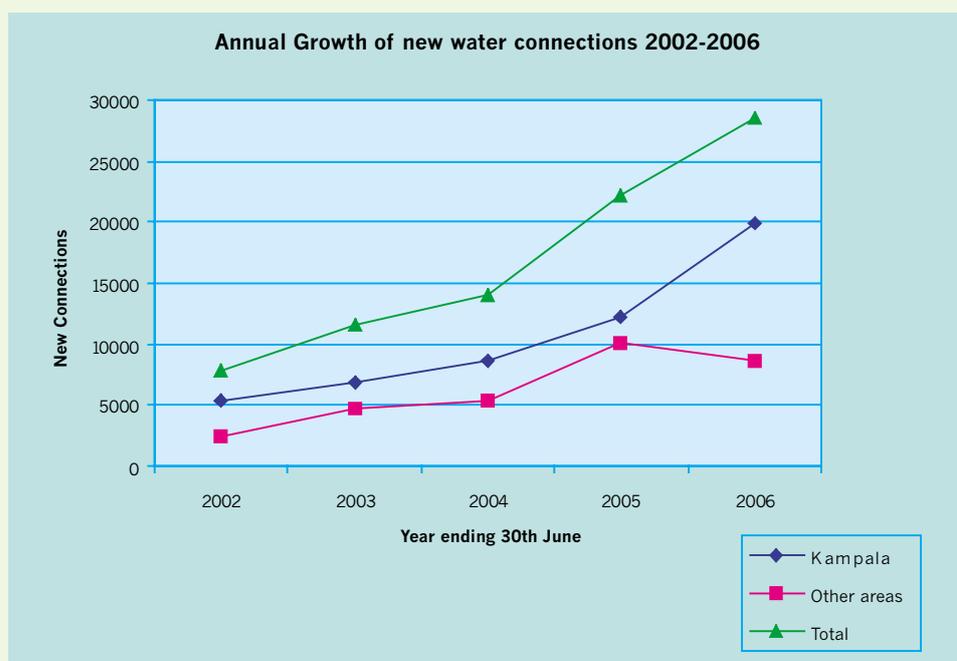


## Trend of New Water Connections

The number of new water subscribers has grown by 84,096 connections in the last five years, an average of 17,000 per annum. This further strengthens the notion that connection subsidies are more effective in promoting accessibility than price subsidies.

Table 8: Annual Growth of New Water Connections

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Kampala	5,390	6,821	8,720	12,174	19,908
Other Areas	2,374	4,727	5,325	10,044	8,613
<b>Total</b>	<b>7,764</b>	<b>11,548</b>	<b>14,045</b>	<b>22,218</b>	<b>28,521</b>
% Increase	-	15.4%	16.1%	22.1%	23.2%



### NWSC Equity Objectives and Actions

The equity principle in the NWSC context can be discerned on two fronts, the need to serve the poor and the need for equitable service across the various towns under the NWSC jurisdiction. In regard to service to the poor, as part of its obligations, the NWSC recognizes the need to serve the poor in line with the Poverty Eradication Action Plan (PEAP) and the Millennium Development Goals (MDGs).

Following a study financed by the German Government in regard to improving services to the urban poor in Kampala, it has been established that 70% of the residents in Kampala alone live in informal settlements. This points to the critical need to serve the less privileged. With the objective of providing water as a critical ingredient to the improvement in health standards, during the FY 2005/2006, a total of 1,255 standposts were installed. In Kampala alone, 1,172 public standposts were installed. This achievement was also in fulfilment of the president's pledge for extending water to the urban poor in Kampala.

Table 9: Trend of Public Standposts/kiosks Installed

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
New Kiosks	68	277	382	269	1,255
Total Kiosks	2,685	2,962	3,344	3,613	4,868
% Growth	-	10%	13%	8%	35%

Some of the strategic activities we have undertaken in respect to addressing the delivery of services to the urban poor include; intensification of the network, establishing public stand posts and installing yard taps within these settlements. In future, we intend to institutionalize and streamline the urban poor activities within the Corporation by creating a focal desk to handle all issues related to this segment. We also plan to involve the communities in the planning process so as to ensure stakeholder participation and co-ordination in formulating activities to serve the



A Typical Public Standpost unit with multiple outlets

poor. The key stakeholders to be involved in this strategy shall include: the local councils, the communities and the relevant Ministries.

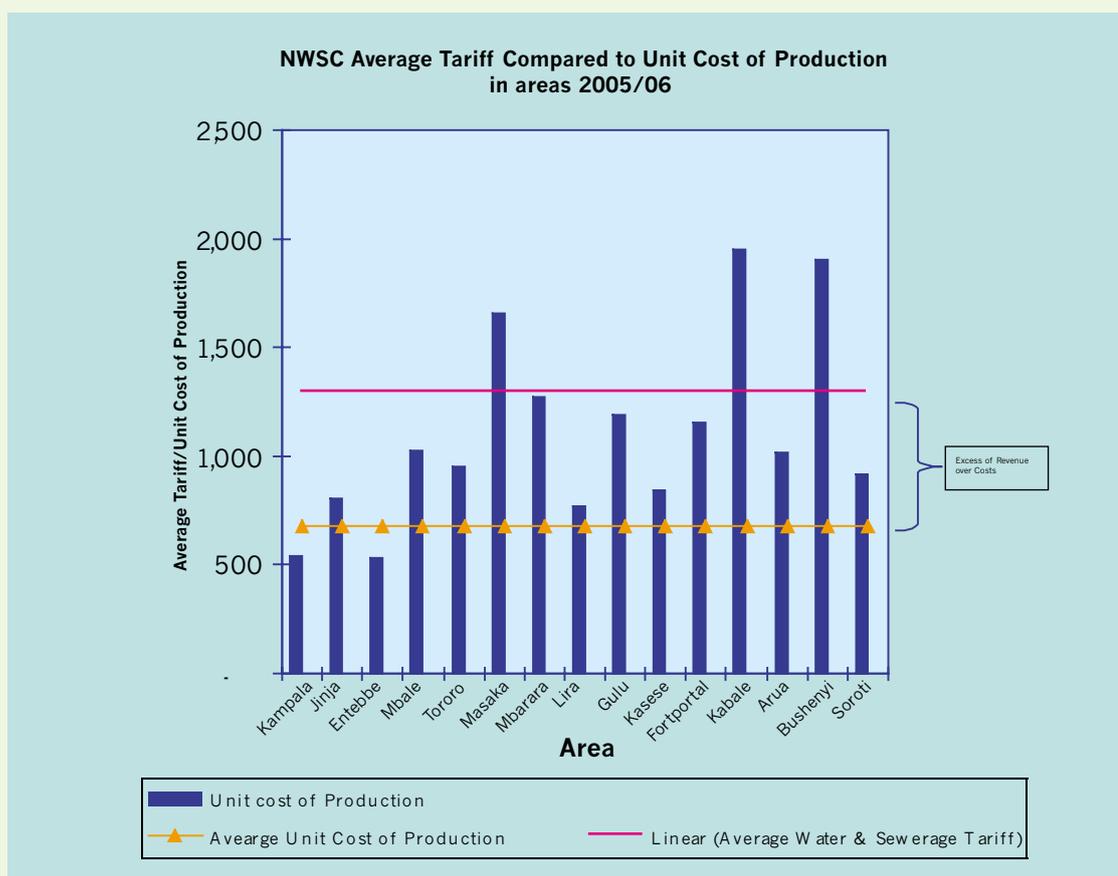
### NWSC Tariff Structure: Subsidy to the Poor

The NWSC tariff structure is equitable as partly evidenced by the subsidised tariff at the stand posts as shown in the table below:

Table 10: NWSC Tariff Structure 2005/06

Customer Category	Tariff Ush/m <sup>3</sup>
Public Standpipe	568
Domestic	879
Institution/Government	1,082
Commercial < 500 m <sup>3</sup> /month	1,462
Commercial 500-1500m <sup>3</sup> /month	1,462
Commercial > 1500 m <sup>3</sup> /month	1,324
Average Commercial	1,432
Average Water tariff	1,037

The NWSC maintains a uniform tariff policy for all its towns to ensure equity. The figure below illustrates the concept of cross subsidies within the NWSC operational framework. The towns of Masaka, Kabale and Bushenyi have higher unit costs of production than the average tariff. However, the overall average unit cost of production is lower than the average tariff, indicating that the corporation covers its operating costs, including depreciation, leaving an operating profit. This inter-area cross subsidy enables consumers in areas with higher costs of production access our services at a subsidised price.



The graph above also shows that most of the NWSC areas are able to cover their operational costs, including depreciation, based on the average tariff and their individual unit cost of production.

### Sewerage Services

Improvement in the provision of sewerage services remains a critical task for the Corporation. This is because the sewerage extensions and connections are constrained by a number of factors, which include: high installation costs of new sewer systems, poor urban planning and existence of alternative sanitation facilities such as septic tanks, and VIP latrines. These factors have retarded the growth of sewer extensions.

As a consequence, during the financial year 2005/06, a total of 229 sewer connections were installed. The table below shows the trend of sewerage connections over the last 5 years.

Table 11: Trend of Sewer Connections

Year	2001/02	2002/03	2003/04	2004/05	2005/06
New Sewerage Connections	95	104	153	262	229
Total Sewerage Connections	13,105	13,209	13,362	13,624	13,853
% Growth	-	1%	1%	2%	2%

In regard to the existing sewerage system, the Corporation has of now managed to respond timely to spillages and overflows, and improved the quality of sewerage effluent. In addition, most properties which use private on-site sanitation facilities are serviced indirectly by the Corporation through the use of private cesspool emptiers which discharge at our various treatment plants throughout the country.

Effective 1st July 2006, the Corporation is to implement a simplified sewerage connection policy as a short term strategy. Under this strategy, the NWSC will cater for all materials for the installation of sewer lines up to the customer premises, provided the customer is within 60 meters of NWSC installations. It is expected that the implementation of this program will increase the rate of sewer connections from about 240 to 706 per annum, thereby improving the sewerage coverage.

With the completion of the Sanitation Master Plans for both Kampala and other towns, plans are underway to implement the recommendations of both studies. In Kampala, it is proposed to establish four sewer sub zones in Bwaise, Nalukolongo, Kinawataka and Bugolobi. The total estimated cost for the Kampala works is US \$ 97.4 million, which is to be undertaken over a span of 30 years. The first phase, 2007 – 2012, will entail: the relocation of the Bugolobi Sewerage Treatment Plant, sewer mains extensions within the central business district, the implementation of a sanitation levy to improve management of excreta in the city, and the protection of the lake Victoria Basin, specifically the Murchison Bay. A total of 45 million Euro is required for the first phase of which the German Government has committed 6 million Euros. In the other towns outside Kampala, it is recommended that sewer systems with treatment facilities be installed for the central business districts, which will also serve to treat the effluent from the on-site sanitation facilities. An average of US \$ 2 million is required for each of the other towns and the Corporation is currently sourcing funds to implement the works.

### **Water Service Coverage**

In consonance with the MDG objectives, the NWSC strives to innovatively ensure that it achieves its service coverage targets. Service coverage within the large towns is based on the total number of connections and the population per connection (see notes below Table 12). The overall coverage of the 19 large towns served by NWSC now stands at about 70% as at June 2006. Coverage has increased by 2% from 68% in the financial year 2004/05. On average, coverage has been increasing at a rate of 2% - 3% per annum since 2001. The trend has mainly been impacted upon by the extensions made to the sparsely populated areas. Furthermore, there has been a progressive growth in the rate of new connections, averaging 2,000 per month. The increased growth is in part due to the introduction of the new water connection policy in which customers within a 50-meter radius are offered subsidised or free connections by the Corporation.

Table 12: Water Supply and Sewerage Coverage As at 30th June 2006

Town	Total No. of Connections	Pipe Network (Kms)	Target Population	Population Served	% Served (Water)	% Served (Sewerage)
Kampala	95,191	1,152.50	1,351,619	946,133	70%	5%
Jinja	10,007	270.53	150,823	120,658	80%	25%
Entebbe	7,283	159.83	61,940	44,597	72%	4%
Tororo/Malaba	2,841	88.80	47,777	32,966	69%	7%
Mbale	5,490	166.03	75,409	52,787	70%	29%
Masaka	4,353	146.43	64,670	51,736	80%	8%
Mbarara	6,228	124.40	78,978	63,972	81%	5%
Lira	3,608	130.83	119,945	77,964	65%	2%
Gulu	2,736	81.17	147,738	110,803	75%	7%
Fort Portal	2,769	130.87	42,837	32,128	75%	2%
Kasese	2,509	61.85	69,214	54,887	79%	0%
Kabale	2,415	106.70	51,173	29,681	58%	11%
Arua	2,775	104.73	54,955	29,676	54%	0%
Bushenyi/Ishaka	1,243	62.97	25,872	10,866	42%	0%
Soroti	2,690	80.63	41,595	16,638	40%	2%
<b>Total</b>	<b>152,138</b>	<b>2,868.27</b>	<b>2,384,546</b>	<b>1,675,492</b>	<b>70%</b>	<b>7%</b>

**Notes:**

- Population figures are derived from the 2002 Uganda Population 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.....25 households (each 8 persons)

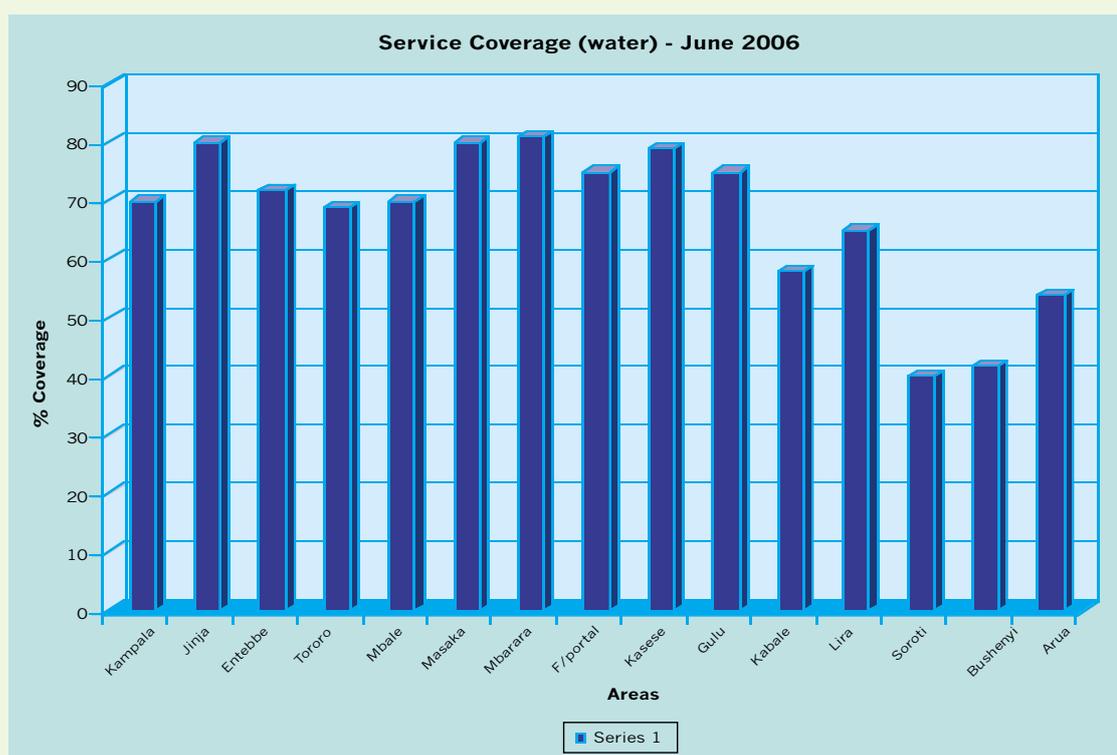
**Institutions:**

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

Medium towns.....500 persons/Institution

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

- Figures in the table exclude Lugazi (taken over in May 2005) and Iganga (yet to be taken over by the Corporation).
- Figures for Kampala include the suburbs of Mukono, Kajansi and Nansana



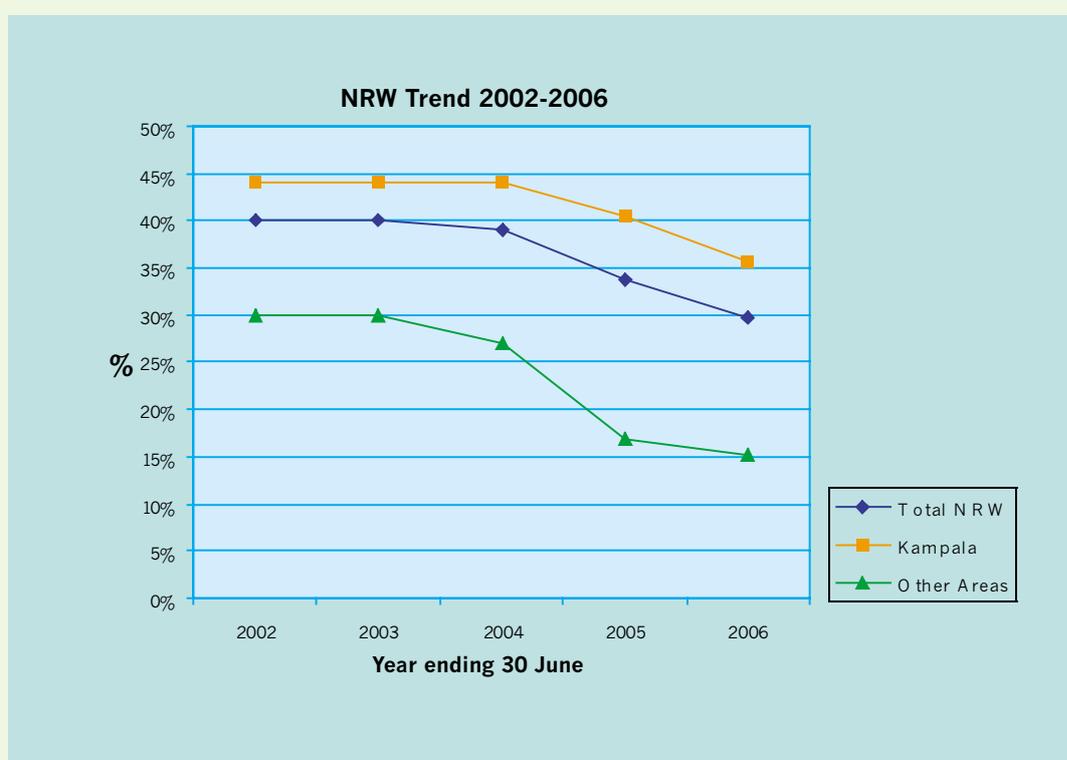
## Non-Revenue Water (NRW)

Non-revenue water (NRW) is the difference between the volume of water supplied and billed authorised consumption. In the past, the term non-revenue water and unaccounted for water (UfW) were used interchangeably. However, the International Water Association (IWA) now recommends the use of the term NRW instead of UfW in the water supply industry. Non-revenue water consists of unbilled authorised consumption, for example water consumed at fire hydrants (usually a very small percentage) and water losses through leakage and illegal activities.

As at June 2006, the overall NRW was 29.7%, compared to 33.8% at the end of the FY 2004/2005. In Kampala, the NRW averaged about 35.7% compared to 40.6% as at end of June 2005, while in the other areas, NRW was at an average of about 15.2% compared to 16.8% as at end of June 2005. During the year, NRW in other areas decreased by 1.6%, while in Kampala Area, the NRW reduced by 4.9%. The improvements in the areas especially in Kampala are due to the efforts undertaken in the IDAMC contracts.

Table 13: Non- Revenue Water Trend

Year	2001/02	2002/03	2003/04	2004/2005	2005/2006
Total NRW	40%	39.4%	37.6%	33.8%	29.7%
Kampala	44%	44.5%	44.7%	40.6%	35.7%
Other Areas	30%	26.7%	20.8%	16.8%	15.2%

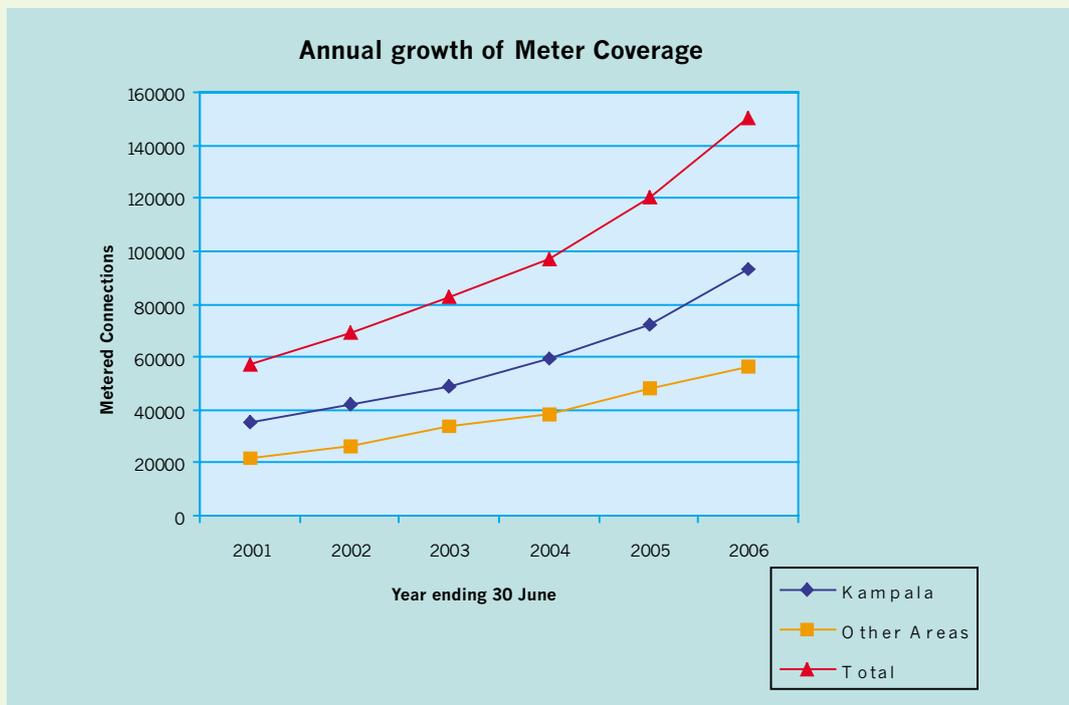


## Meter Coverage

As at June 2006, a total of 149,963 accounts were metered out of 152,138. This represents 99% meter coverage. All active accounts in all areas were metered by the same date. Meter coverage has increased from 92% in 2001/02 to 99% as shown in table 14 below.

Table 14: Metered Accounts

Year	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Kampala	42,249	48,952	59,022	72,231	93,305
Other Areas	26,519	33,746	38,004	47,823	56,658
Total metered	68,768	82,698	97,026	120,054	149,963
Total Accounts	74,797	87,172	100,475	123,046	152,138
% Metered Accounts	92%	95%	97%	98%	99%



A typical 15mm meter used for measuring domestic water consumption



## Staff Rationalisation

The Corporation had 1,093 employees as at 30th June 2005. As at 30th June 2006, staff numbers were 1,067. The staff as at June 2006 included 572 on permanent terms and 495 on contract terms, signifying a gradual shift from permanent to contract terms for all staff. In terms of gender, 21% of the staff are female, with the Corporation elevating more female staff to higher managerial posts. The decrease in staff in the year was mainly due to the rationalization of staff numbers through rightsizing and multi skilling. The staff productivity improved from 9 to 7 staff per thousand connections during the year.

Table 15: Staff Productivity Trends

Financial Year	2001/02	2002/03	2003/04	2004/05	2005/06
Staff Numbers	889	949	990	1,093	1,067
Staff/000 water connections	12	11	10	9	7



Table 16: Staff status as at June 2006

Area	Permanent Staff	Contract Staff	Male	Female	Female/ Total Staff Ratio	Total
Headquarters	98	88	127	59	32%	186
Kampala Water	206	234	346	94	21%	440
Jinja/Njeru	58	21	65	14	18%	79
Entebbe	33	13	36	10	22%	46
Tororo	20	1	18	3	14%	21
Mbale	40	7	41	6	13%	47
Masaka	25	14	35	4	10%	39
Mbarara	32	5	34	3	8%	37
Lira	15	10	22	3	12%	25
Gulu	12	14	20	6	4%	26
Kasese	12	3	13	2	20%	15
Fort Portal	12	8	14	6	30%	20
Kabale	2	19	17	4	19%	21
Arua	2	21	17	6	26%	23
Bushenyi/Ishaka	3	16	16	3	16%	19
Soroti	2	21	18	5	22%	23
<b>Total</b>	<b>572</b>	<b>495</b>	<b>840</b>	<b>227</b>	<b>21%</b>	<b>1,067</b>

## Financial Performance 2005/2006

### Income

In the year ended June 2006, our turnover grew by 7% from Shs 53.8 billion to Shs 58.5 billion. The operating profit before depreciation increased by 20% from Shs 13.3 billion, in the financial year ended June 2005 to Shs 14.0 billion in the financial year 2005/06. Furthermore, the operating profit after depreciation increased from Shs 3.8 billion in financial year 2004/2005 to Shs 4.2 billion during the financial year ended June 2006 an increase of 11%

Our performance trend for the last five years shows progressive growth in turnover and operating profit as indicated in the following table.

Table 17: Trend of Financial Performance

	2001/2002 Shs m	2002/2003 Shs m	2003/2004 Shs m	2004/2005 Shs m	2005/2006 Shs m
Operating Revenue	34,054	37,140	42,618	53,778	58,540
Operating Cost	27,104	29,037	31,599	40,477	44,523
Operating Profit before depreciation	7,021	8,103	11,019	13,301	14,017
Depreciation	6,985	7,315	9,723	9,545	9,780
Operating Profit after depreciation	36	788	1,296	3,757	4,237
Operating cost as % of Revenue	80%	78%	74%	75%	76%



### Collection Efficiency

Total cumulative collections for the financial year 2005/2006, amounted to Shs 59,169 million (inclusive of VAT) compared to billings of Shs 65,419 million. The collection efficiency was therefore 90%.

Table 18: Collection Efficiency Trend

Year ending 30 June	2001	2002	2003	2004	2005	2006
Collection Efficiency	85%	92%	92%	98%	89%	90%



Kampala Water Billing Section

## Performance of Capital Development Projects

### Entebbe Water Supply and Sewerage Expansion Project

The project commenced in January 2005. By year end June 2006, works at the water treatment plant were about 85% complete. The high level Reservoirs had been completed, 90% of the lower reservoirs were complete, and 75% of the sewerage works was complete. Construction work for redesigning the in-take commenced during the quarter April-June 2006. The project was initially planned for completion in December 2006. The delay for completion of project was caused by the re-designing of the intake and extension of the Kajjansi line. The Project completion date has now been revised to March 2007. The project will result in the expansion of water and sewerage systems in Entebbe, which will be able to serve the target population up to 2020.



The KfW Team Inspects New Water Pumping System for the Entebbe Project

### Rehabilitation And Expansion Of Gulu Water Supply And Sewerage System

The project is aimed at rehabilitating and expanding the water and sewerage systems in Gulu. The estimated total cost of the project is US \$ 11 million (shs 20 billion). The detailed designs for the project were funded from NWSC internally generated funds at a cost of Shs 2 billion. The detailed designs and tender documents were completed during the year and funding for the construction works is being sought from various avenues.

### **Kampala Sanitation Master Plan (Protection Of Lake Victoria)**

The Project aims at reducing the anthropogenic pollution of the Lake Victoria in the vicinity of the Kampala urban areas and it will contribute to the improvement of the living and sanitary conditions of the population living within the Kampala urban areas. The expected project cost is Euros 14 million (UShs. 32.9 billion). Funding of the project is by the Germany Government through KfW. The Kampala Sanitation Master Plan serves as the guideline for the present project proposal. The program will result; in decreasing pollution and nutrient discharge into the Inner Murchison Bay of Lake Victoria, improve the collection and treatment efficiency of the waterborne sewerage system, achieve 100% removal, disposal and treatment of septic tank sludge and will demonstrate ways for a cost effective, hygienic and environmentally friendly collection, haulage and disposal of pit latrine sludge.

### **Kampala Water Supply Network Rehabilitation Project**

The project aims at supporting Kampala Water Supply Service Area. The key objectives include; reduction of non revenue water (NRW) to less than 40%, increasing the customer base and strengthening the network in order to boost pressures in the remote areas and increase the viability of the Peri- Urban Extensions. The Project Cost is Euro 3.32 million (U shs. 7.64 billion) with the objective of strengthening the network and to boost pressure in the remote areas of Kampala. The Contract for the rehabilitation of reservoirs for Kololo, Makindye, Buziga and Kireka was signed in April 2006. By year end, the rehabilitation of the Reservoirs was in progress.

### **Lake Victoria Environmental Management Project (Industrial And Municipal Waste Water Management Component)**

The Project Objectives include: improving the management of industrial and municipal waste, assessing the contribution of urban run off to lake pollution, and alleviate the overall environmental degradation, investigating the viability of using constructed wetlands in the tertiary treatment of industrial wastes under a pilot scheme, investigating the viability of using a well managed natural wetland in the tertiary treatment of Industrial wastes, and the Rehabilitation of the Bugolobi Sewage Treatment Works. The project cost is US\$: 2.97 million (Ushs.5.5 billion) and the project is being funded by the World Bank through (IDA). As at end of the reporting period, phase I of the project was completed and the activities taking place are for the bridging period between Phase I and II (January 2006 and June 2007). Phase II of the project was expected to begin after December 2005, but it has been rescheduled to begin in June 2007.

### **Gaba III Water Plant**

The Project objective is to increase water production in Kampala by 80,000 cu.m that will be sufficient to meet the demand up to the year 2015. The project cost is Euros 13.8 million (Ushs.31.7 billion) being funded by the Germany Government through KfW, the Government of Uganda and NWSC. As at June 2006, 80% of the works were complete. Completion of the civil works and installation of electro-mechanical equipment is expected by end September 2006, and commissioning is envisaged in December 2006.

## Gaba Transmission Mains Project

The project objective is to improve the water supply in both the low and high-level systems in Kampala. The Project is being funded by the German Government, through KfW at a cost of US \$ 11.6 million. (Ushs 21 billion). The Contract commenced on November 1st 2005, and entailed laying 24 kms ( DN 900, DN 700, DN 500) of pipeline from the new plant to Gun Hill, Muyenga and Rubaga. As at end of June 2006, 65% of work was complete. The project completion is expected by September 2006.



Laying of the new Transmission Mains in progress along Gaba Road

## Mukono-Seeta Water Supply and Sanitation Project

The main objective of this project is to improve the health and socio-economic situation and thereby the productivity of the people of Mukono/Seeta through the provision of safe drinking water and promotion of sanitation. The project is to be implemented in three phases and the project cost is Ushs. 6.4 billion (Phase I) and Ushs. 4 billion (Phase II). Funding for the project is by NWSC. Phase I was completed and commissioned by H.E. the President in the financial year 2004/2005. Phase II will cover the construction of reservoirs and laying of a reinforcement transmission main from Mutungo to Namanve. As at end of June 2006, consultancy work on the detailed design for phase II had started and 50% of the work had been completed by the Consultant. Tender invitation for works is expected in December 2006.

## 14 Towns Sewerage/Sanitation Study

The purpose of the project is to develop Sewerage and Sanitation Master Plans for the towns other than Kampala. The project cost is US\$: 375,000 (Ushs.683 million). Funding for the project is being provided by the Canadian International Development Agency (CIDA)/Cowater. During the reporting period, feasibility studies for 12 towns were completed and full sanitation master plans for Kasese and Arua towns were produced. Funds are being sought for the implementation of the recommendations of the studies.

### Kampala Urban Poor Project

The project aims at improving the living conditions of the population residing in informal settlements in and around Kampala. The project will entail developing effective delivery systems and sustainable management systems for the public stand posts for the urban poor. The cost for the project is Ushs. 400 million and Euro 2.5 million (Ushs.6 billion). Funding for the project is by the German Government, the Government of Uganda, NWSC. Tenders for consultancy services for detailed design and supervision of works were received on 23rd August 2005. During the reporting period, the inception report was produced, and consultative meetings on the structure of the community management unit were held. In addition, an application was made to African Water Facility by NWSC for \$ 0.5 million for purposes of increasing access of water services to the urban poor hence meeting the MDG goals.

### Kampala Peri-Urban Project

The project aims at improving the living conditions of the urban poor in and around Kampala and developing effective delivery systems and sustainable management systems for the public standposts for the urban poor. Funding is from NWSC's Internally generated funds. The project cost is Ushs. 1.5 billion. As at reporting period, water mains extensions have been made in the areas of Kyanja, Kyeyagalire, Kirinya, Bulenga, Lubowa, Bunamwaya, Seguku, Nansana/Naalya, Kiwatule-Nabe Road, Bulenga—Kikaya, Buziga, Kiwatule, Mugongo Road, Kinawa-Mugongo, Kamwokya-Kifumbira, Kiteezi and Buddo/Nabbingo. The Peri-Urban project is under Kampala Water and about 12kms of water mains extensions is being extended to Matuga. Another 10kms of transmission mains has been extended to Buloba on Fort Portal-Mubende road. Other components for the project such as procurement of booster pumps will be effected during the financial year 2006/07.

## Way Forward

Our continued success will depend upon our ability to innovate and create opportunities within our existing environment. In line with our new Corporate Plan and the renewed performance Contract with Government, our strategic focus will be aimed at harnessing our internal resources while at the same time further improving our customer service.

In line with the Corporate plan for the period 2006- 2009, our strategic focus will cover four themes namely:

- Consolidation of Operational efficiency
- Raising the financial sustainability profile
- Increasing service coverage
- Maintaining the momentum of internal reforms.

Each of these themes spells out our quest to improve internal efficiency while at the same time providing efficient services to our customers. Under the theme of operational efficiency, we shall strive to ensure that the non revenue water is minimised, staff productivity further improved, customer care activities scaled up and the water quality maintained at international standards.

Under the financial sustainability theme, we have identified strategies which range from infrastructural improvements to commercial goals so as to realise our dream of a self sustaining organisation.

As pointed out in various policy documents, one of our major tasks is to ensure that service coverage is improved to 100% by the year 2015. It is in this context that our third theme will focus on improving coverage for both water and sewerage services. In line with this, we shall continue refining the implementation of the simplified water connection policy, and in regard to the sewerage services, we shall effective 1st July 2006 introduce a simplified sewerage connection policy for all those within a radius of 60 meters from our mains. These downstream activities will be backed by infrastructural improvements at the treatment plants.

Finally, it is our belief that a static organisation is one that eventually atrophies. It is in this context that we shall continue searching for new methods of carrying out our functions in the context of the sector wide reform tenets of improving efficiency and cost effectiveness. This will be flavoured with our external exploits as we promote south-to-south cooperation within the region.

We believe that with concerted effort, we shall realise our dream of being “One of the Leading Water Utilities in the World”.

Let me take this opportunity to thank our stakeholders, the Ministry of Water and Environment, the Ministry of Finance Planning and Economic Development, our Donor Partners and our esteemed customers who together, have supported our efforts this far and with whom we look forward to continued progress.



Dr William Tsimwa Muhairwe  
Managing Director

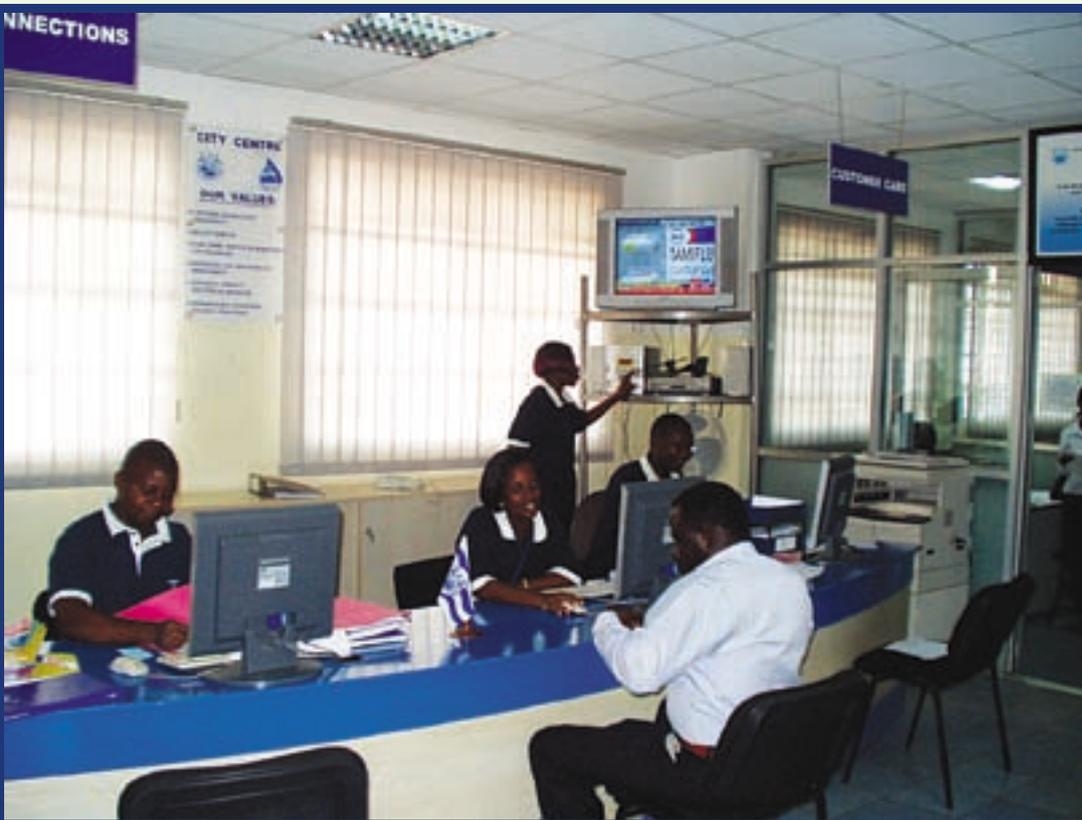
## Briefs on Individual Area Performance 2005/06

### Kampala Area: Kampala Water

The Kampala Area which accounts for about 70% of the Corporation activities is currently divided into 10 branches and these include: City Centre (Branch 1), Kansanga/Nsambya (Branch 2), Najjanankumbi (Branch 3), Bwaise (Branch 4), Ntinda (Branch 5), Kitintale (Branch 6), Nateete (Branch 8), Nansana (Branch 9), Mukono (Branch 10) and Kajjansi (Branch 11). The Area serves a population of about 946,133 people, a service coverage of about 70%.

The financial year 2005/06 coincided with the second year of the Kampala Water Internally Delegated Management Contract, in which the area took new strides in its bid to improve service delivery. Key among the strategies employed were;

- Carrying out of sensitization programs aimed at uplifting the NWSC public image in which zones carried out promotions, raffle draws and rewarded customers with various prizes.
- Institution of a Call Centre aimed at improving on the response time to customer complaints.
- Regular sampling of meter readings and un-announced meter audits in an attempt to improve on the quality of meter readings and increase billing, was carried out in the field.
- Training in customer care for all Kampala Water staff.
- Introduction of the “Checker’s System” in a bid to aid the Kampala Water headquarters effectively monitor the activities of the Branches



Kampala City Centre Customer Care Section

The following were the key technical activities undertaken during the year:

- A contract was signed with NORPLAN to design the sewerage system to mitigate problems in Katanga. The design report was finalized during the year.
- A 1 km sewer line extension to Namuwongo was initiated in August 2005 in a bid to increase the extent of sewerage coverage in Kampala. The contractor had completed over 70% of the works by the end of the FY2005/06.
- Implementation of mains extension and intensification in the Branches was carried out and during the reporting period a total of about 70km of pipeline ranging from DN40 to DN 100 was laid.
- The Kitante Trunk Main was completed and commissioned boosting water supply to Kampala North especially in the areas of Bwaise and Kawempe.
- A contract was signed for the rehabilitation of the reservoirs in Kololo, Makindye, Buziga and Kireka. The Contract effectively commenced in April 2006 and will result in improved reliability of water supply in the areas served by the reservoirs.
- Effectively carried out the Illegal Use Reduction Programme during the year.

As a result of these activities, the Kampala area was able to sustain service delivery. This was despite the problems confronted during the year including the deteriorating raw water quality, the declining lake water levels, and the power load shedding among others. The area produced an average of 113,000 m<sup>3</sup>/day through out the year and installed a total of 19,908 new water connections a growth of 26% from the previous year. The total pipe network reached 1,152 kms. The customer base has steadily grown to 95,191 water connections, of which over 3,000 are public stand-posts serving the urban poor.

### **Jinja/Njeru Area: Kiira Water Partnership**

The Jinja service area covers the towns of Lugazi, Njeru, Iganga, and greater Jinja. The total estimated population in the service area is 300,000 inhabitants. Key installations include 430 km of pipe network, water treatment plant and sewerage treatment plant. The present service coverage for the Jinja/Njeru and Lugazi is 80% and 60% respectively. Jinja/Njeru Area was the first Area in NWSC to get ISO 9001:2000 QMS certification in 2004 emphasizing continuous improvement and customer focus. Major achievements and highlights of performance for the year 2005/2006 include the following:

- Kiira Water Partnership successfully renewed the contract for the management of the service area for the period July 2006- July 2008. KWP successfully bid to manage the water supply for Lugazi town, which was a new town gazetted to NWSC.
- The customer base grew by 13% from 9,000 to 10,200 accounts. This can largely be attributed to the smooth implementation of the New connection policy.
- Turnover grew from a Shs 4.39 billion to Shs 4.96 billion, or an increase of 13%, while profits before tax increased by 69% from Shs. 1,026 to Shs.1.72 billion.
- In partnership with the Jinja district administration, the area extended 5km of water mains.
- The area commissioned a hydro geological study on Lugazi water supply and

measures to improve the production capacity of the works. As a result of the study, the Area is in the process of finalizing installation of a fourth borehole which is expected to improve water supply in Lugazi by 30%.

- The area hosted local and international delegates of water utilities from Malawi, Kenya, Zambia, the Netherlands, Tanzania and Rwanda, in the spirit of benchmarking, partnering and external services.

### **Entebbe: Greater Entebbe Water Partnership**

During the financial year 2005/06, the area registered a number of achievements as highlighted below:

- The Area continued to operate viably, registering a profit before taxation of Shs. 1.34 billion (Shs. 1.32 billion in the previous year).
- The Direct Debit system which allows customers to pay for their water bills conveniently was launched in the area at a workshop at Golf Inn, and attended by all our major stakeholders. The Entebbe Municipality Member of Parliament Hon. Kawuma Ahmend officiated at the function, which saw a number of customers embrace the system. The area now collects about Ushs 4 million monthly using the Direct Debit system.
- During the year, the area addressed the problem of the falling Lake Victoria levels that had caused a lot of water shortage as a result of “hanging” suction pipes. Pipes were laid directly into the lake i.e. bypassing the sump, in order to access more water. In so doing, we were able to increase production and supply as well as improve customer satisfaction.



The Entebbe Municipality Member of Parliament Hon. Mohammed Kauma launches the Direct Debit Agreement in Entebbe Area.

- Through continued network intensification in the suburbs such as Kitinda and Nalugala coupled with aggressive marketing of our services, the area achieved good customer growth. A total of 970 new customers were connected to our grid thereby raising the customer base to 10,007 subscribers.
- In line with the Corporation policy of safeguarding her assets, the area was able to secure titles to the Corporation land in Entebbe. In total, 5 titles were secured for land which had not had titles for a long time.
- During the year, the area merged with Kajjansi. The merger is envisaged to not only bring services closer to our customers and ease administration, but also to bring in gains associated with economies of scale, among others.

### **Tororo/Malaba Area: Rock Water Partnership**

Tororo Area is located in the Eastern part of Uganda, and serves about 32,966 people of the or 69% of the targeted population. It has a pipe network length of about 89 kms, a water treatment plant and one sewerage plant. The Area has a customer base of 2,841 accounts. During the year 2005/06, the Area realised the following achievements among others:

- Installed 310 new water connections,
- Reduced NRW from 11% to 9%.
- Reduced suppressed accounts from 320 to 97
- Reduced response time to customer complaint from 6 hours to 2 hours.
- Added to the network length by extending 30kms of water mains extensions.
- Turnover for the Area increased from Ushs.920 million to Ushs.974 million or percentage increase of 6%, while profit before taxation increased from a loss of Shs 33 million in 2004/05 to a profit of 40 million.
- A new zone was created in Malaba with 250 connections and
- The Area maintained it's ISO Certification.

### **Mbale Area: Elgon Water Partnership**

Mbale Area serves about 52,787 people, or 70% of the targeted population. The Area has a pipe network of 166 kms. During the financial year 2005/06, the Area made the following achievements:

- Installed 691 new water connections.
- Reduced NRW from 11% to 8%.
- Installed 30 kms of water mains extensions.
- Increased turnover by 19% during the year from Ushs.1.66 billion to Shs. 1.98 billion, while profit before tax was up to Shs.365 million from Shs. 151 million or an increase of 2.4 times.
- A New Booster Station was installed at Nkoma suburb and was launched by the president in a prestigious ceremony. In abid to extend services to the poor, public stand posts were extended to Nakaloke and to Kolonyi suburbs of Mbale town.

As part of its continuous process for expansion, the Area plans to create a new zonal office at Nakaloke, extend water mains to Nabumali High School and to improve

its marketing strategies, among others. Plans are also underway to put up another reservoir, upgrade human resources by implementing the human resources plan on training and utilising the link with Tororo Area to avoid duplication of activities.

### **Masaka Area: Buddu Water Partnership**

The financial year 2005/2006 was an eventful year for Masaka Area. During the year the 18km Water mains extension to Katigondo/Villa Maria was completed at a total cost Shs 640 million. The following Institutions in Katigondo/Villa Maria were subsequently connected during the period: Katigondo Major Seminary, Villa Maria Hospital, four secondary schools, five primary schools, Mother House at Bwanda (a Major Convent), and 94 house connections. Over 5,000 people are being served by the new extension.

The simplified water connections policy was entrenched in the Area during the year 2005/06, resulting into an average of 70 water connections installed on a monthly basis compared to an average of 35 monthly connections in the FY 2004/2005. The turnover for the Area increased by 9% from Shs. 1.09 billion to Shs. 1.19 billion.



The Masaka Area Manager Mr. Joel Wandera and his team handing over a standpipe at St. Theresa Girls Secondary School Bwanda.

### **Mbarara Area: Rwizi Water Partnership**

Mbarara Area is located in the Western Region of Uganda. It currently has service coverage of 80% representing 6,228 customers, and has a pipe network length of about 124 kms.

During the financial year 2005/06, the area made significant advancements in its operations. Key among the achievements were the sustenance of the Non Revenue

Water at 7%, the growth in turnover by 6% from Shs. 2.08 billion to Shs. 2.20 billion, the increase in connections per month from 70 to 80, which resulted into a total of 1,054 new water connections for the year compared to 917 connections made in the financial year 2004/05.

In line with increasing service coverage and increasing access to safe water especially to the urban poor, the area extended 11 kms of water pipe line. The Area also extended 1.2 kms of sewage mains extensions. The area has a meter coverage of 100% and has reduced inactive connections from 585 to 292.

### **Lira Area: Lira Urban Water Partnership**

During the financial year 2005/2006, Lira Area managed to improve performance tremendously. This was due to the team spirit the workers exhibited in the Area. The Area installed 588 new water connections. NRW was maintained at 8% throughout the year. Billings increased to Shs. 74.9 million. Staff productivity improved to 7 from 8 workers per 1000 connections. The Area continued with the social mission of supplying water to the IDP camps within Lira Municipality. The Area also managed to deliver relief items to Internally Displaced Peoples Camp of Ambalal Camp.

### **Gulu Area: Gulu Water Partnership**

Gulu Area is located in the Northern of Uganda and it serves about 75% of the targeted population in Gulu. The Area has pipe network length of 81 kms. The Area made a number of achievements including, extending 2.7 kms of sewer mains. Annual turnover increased by 13% from Shs.0.97 billion to Shs. 1.09 billion while pre tax profit increased from Shs 2 million to Shs 42 million. To cater for the reducing water levels during the dry season, the area installed 2 km of water mains from the treatment plant to the intake at Oytino Dam. The Area has reduced its Non-Revenue Water by 2% during the year from 7% to 5%. Average monthly connections have increased from 30 to 60 connections bringing the total number of accounts for the Area to 2,736 accounts.

### **Kasese Area: Margherita Water Partnership**

The financial year 2005/2006 has been one of outstanding progress in which Kasese Area moved strongly ahead in its performance. The area achieved the following:

- Annual turnover increased by 21% from Shs. 419 million to Shs. 507 million while pre tax profit increased from a loss of Shs. 134 million to a profit of Shs. 20 million.
- Plant capacity utilisation increased from an average of 67% to 73%.
- The area increased its active connections from 2,020 to 2,424
- Reduced its suppressed accounts from 103 to 83.
- During the year 2005/06 Kasese Area won the trophy for customer care in the third quarter ending September 2006.

### **Fort Portal Area: Rwenzori Water Partnership**

Fort Portal located in the Western part of Uganda serves about 32,128 people or 75% of the targeted population. The financial year 2005/2006 in Fort Portal Area was a year characterized by team building and winning. This helped the area make the

following achievements; Annual turnover increased by 11% from Shs. 601 million to Shs. 668 million, while the pretax profit rose from a loss of Shs. 22 million to a profit of 11 million. Major capital projects in the year included construction of reservoirs at Kihembo and Karambi to improve the water pressure in these suburbs.

### **Kabale Area: Bunyonyi Water Partnership**

Kabale Area serves a population of about 29,681 or 58% of the targeted population. The area has pipe network length of about 107 kms and has a customer base of 2,415 accounts. During the financial year 2005/06, the area laid different strategies to meet its targets. These included among others, sensitization of customers, and strategic alliance with civic leaders boost collections, pumping during off-peak periods to minimise energy cost, strategic zoning and monitoring of zonal bulk meters to minimize NRW. The area management also used work rotation for marketing assistants and carried out meter audit checks, to ensure all customer meters are read and billed monthly, marketing of the simplified connection policy in the gravity water zones and exemption of deposit fees to attract new customers.

As a result of the above strategies, the area achieved the following in the year: An additional reservoir of 1,200m<sup>3</sup> was installed to mitigate the effect of unreliable power supply and to ensure reliable water supply to customers. The area added four new small boosters equal to 25m<sup>3</sup> reservoirs to supply the hilly areas of Rugarama, Rushoroza, Bubare and Kagarama. In order to expand the service area, an additional 20 kms of water mains were extended during the year. The area was able to reduce its NRW from 26% to 17%. Turnover increased by 24% from Shs. 474 million to Shs. 589 million.



Water Storage tank in Kabale Area.

## Arua Area: Nile Water Partnership

Arua water supply service area was taken over by NWSC in 2002. The Area serves about 29,676 people or 54% of the targeted population. The area has registered both operational and financial progress during the year 2005/06. During the year the area increased its network by 10.9 km through extensions to the suburbs on: - Pakwach Road (To Kuluva), on Adroa Road, Adalafu, Prison Cell, Mutu, Asoru, Mutukula Road. As a result of the extensions, 567 new water connections were made, or an average of 47 accounts per month, bringing the total number of accounts to 2,775. The area turnover rose by 23% from Shs 482 million to Shs 593 million. For the first time since its takeover, the area recorded an operating profit before depreciation of Shs 75 million compared to a loss of Shs. 11 million in the previous year. The area's greatest achievement for the year was block mapping of the Area Network, which has eased operations. Although the area has no sewerage system as of now, land was secured for the proposed sewerage treatment ponds and the sewerage development master plan was completed during the year. The Area plans to complete water supply extension to Kuluva Hospital and Ringili University and erection of the Giligili Reservoir and Booster Station installation to serve Giligili and Pokea suburbs in the FY 2006/07. These two projects will greatly boost the Area's



The Main water storage tank in Arua

revenue and customer base.

Bushenyi/Ishaka Area: Nyaruzinga Water Partnership

The year 2005/2006 saw Bushenyi/Ishaka Area achieve greater efficiencies in major areas of operation as compared to the previous year's performance as follows;

- Water sales increased from Shs 221 million to Shs 260 million, a rise of 18%
- Customer base increased by 216 customers

In regard to capital investments, the following were achieved:

- 6 km of mains extensions were made
- The Katungu reservoir which had been seriously leaking was refurbished

Under the IDAMC 1 framework, the area won the IDAMC 1 trophy for overall improvement in performance for the July 2005 - September 2005 quarter

Customer care has improved in the area, for example response to revenue complaints went up to 100% while response to technical complaints improved from 88% to 96%. The area held 8 strategic alliances meetings with various categories of customers, such as Public stand post operators, washing bay operators, lodge proprietors, Schools and domestic customers, in which customers were educated about the need to clear all their bills promptly every month, customers were sensitised about



Floating Intake at Nyaruziga Swamp, Bushenyi

the dangers of illegal consumption, and urged to report leaks and bursts.

Soroti Area: Soroti Water Partnership

Since the Corporation began operation in Soroti in June 2002, the Area has made tremendous improvements. Of particular significance has been increase in network coverage, level of service, revenue collection, billings, new connections and reduction in NRW.

During the financial year ended 30th June 2006, the area made the following achievements:

- Increased turnover from Shs. 627 million to Shs 675 million despite constrained water production and load shedding
- Increased the customer base from 2,147 to 2,690
- Laid 6.4 km of water mains
- Reduced NRW from an average of 33% to 32%
- The Area introduced the idea of raffle draws and instant prizes to well paying customers in a bid to improve revenue collection. This exercise contributed to the increase, revenue in collection.



NATIONAL WATER AND SEWERAGE CORPORATION

## Directors' Report and Financial Statements For The Year Ended 30 June 2006

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## Directors

Mr. Ganyana Miiro - Chairman  
Dr. Elizabeth Madraa - Deputy Chairman  
Dr. William Tsimwa Muhairwe - Managing Director  
Ms. Christine Nandyose  
Mr. Stephen Kabuye  
Eng. Yorokamu Katwiremu  
Mr. David Ssebabi  
Eng. Sottie M. Bomukama  
Mr. Victor Kobel  
Mr. James Ssegane Member (ex-officio)

## Principal Place Of Business And Registered Office

Plot 39, Jinja Road  
P O Box 7053  
Kampala

## Bankers

Stanbic Bank Uganda Limited  
Plot 45, Kampala Road  
P.O. Box 7131  
Kampala

Crane Bank Limited  
P. O. Box 25572  
Kampala

Standard Chartered Bank Uganda Limited  
Plot 5 Speke Road  
P. O. Box 7111  
Kampala

Nile Bank Limited  
Plot 22, Jinja Road  
P.O. Box 2834  
Kampala

DFCU Bank Limited  
13 Kimathi Avenue  
P. O. Box 70  
Kampala

## Secretary

Mr. D. M. Kakuba  
Plot 39, Jinja Road  
P. O. Box 7053  
Kampala

## Auditors

Deloitte & Touche  
3rd Floor, Rwenzori House  
1 Lumumba Avenue  
P. O. Box 10314  
Kampala

The directors present their report and audited financial statements for the year ended 30 June 2006.

## Activities

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

## Results

	2006 Ushs '000	2005 Ushs '000
<b>Operating profit before depreciation and finance costs</b>	<b>14,017,034</b>	<b>13,301,621</b>
Depreciation	(9,779,601)	(9,544,820)
<b>Operating profit before finance costs</b>	<b>4,237,433</b>	<b>3,756,801</b>
Net finance costs	(9,247,152)	(9,309,182)
<b>Operating loss before reversal of impairment</b>	<b>(5,009,719)</b>	<b>(5,552,381)</b>
Impairment adjustment	-	26,263,498
<b>Net (loss)/profit before tax</b>	<b>(5,009,719)</b>	<b>20,711,117</b>
Taxation	(12,190,027)	3,658,184
<b>Net (loss)/profit for the year</b>	<b>(17,199,746)</b>	<b>24,369,301</b>

### Operating profit before depreciation and finance costs

The Corporation recorded an increase in operating profit before depreciation of approximately 5% from Ushs 13.3 billion in the previous year to Ushs 14.0 billion.

### Operating profit before finance costs

The operating profit before finance costs was approximately Ushs. 4.2 billion (Ushs. 3.8 billion in the previous year). This implies an increase of 12.8% and the results indicate that for the third year running, the Corporation has been able to markedly cover all its operating costs including depreciation.

### Operating loss before impairment adjustment

Net finance costs relating to interest charge on Government of Uganda loans amounted to Ushs 9.2 billion (Ushs. 9.3 billion in 2005). This was responsible for the net operating loss of approximately Ushs 5.0 billion (Ushs. 5.6 billion in 2005). Although the interest charges are recognised in the financial statements, the Corporation signed a performance contract with the Government in December 2003, whereby the loan servicing was frozen indefinitely. Negotiations between National Water & Sewerage Corporation and Government is presently in final stages whereby out of the loan stock of UShs. 84.9 billion and interest arrears of UShs. 68.6 billion, the loan stock of Shs. 84.9 billion shall be retained as the outstanding loan while the interest arrears shall be converted to Government equity. The restructured loan shall be payable over a period of 30 years at 0% interest rate.

### Impairment adjustment

In 2001, the directors assessed the recoverable amount of the Corporation property, plant and equipment and determined an impairment provision for static plant of UShs. 42 billion. Since then, however, the financial performance has improved due to various turnaround strategies such that an average growth rate of 8.4% in

turnover has been recorded for the past five years. In the year 2002 an impairment credit of Shs. 15 billion was adjusted leaving a balance of Shs. 26 billion. The recoverable amounts for static plant was assessed during the year under review on the basis of value in use calculations and the results indicated that the static plant's recoverable amounts far exceeds the carrying value. On the basis of this assessment, the balance of impairment loss of Shs. 26 billion was reversed in the year 2005.

No impairment adjustments have been considered necessary for the year 2006

### **Net loss for the year**

The net loss for the year after taking into account the tax adjustment for the year of Shs. 12.2 billion amounted to Shs. 17.2 billion.

### **Cash flow**

The cash flow statement further explains the actual performance of the Corporation during the period ended 30 June 2006.

During the year, the Corporation was able to generate total cash inflow from operating activities of Shs. 9.1 billion as compared to Shs 9.9 billion the previous year.

This has resulted in cash on hand of Ushs 6.2 billion as compared to last year at Ushs 7.1 billion. Management will continue to devise means of investing this cash in short-term ventures to maximise the returns before actual utilisation.

### **Income**

#### **Water Consumption and Sewerage Service Income**

Water consumption and sewerage income increased by 13% from approximately Ushs. 50.9 billion to Ushs. 57.3 billion in 2006. This improvement is attributed to the increase in customer numbers due to the increased investment in the network system. The continuation of the Internally Delegated Area Management Contracts (IDAMCs) played a leading role in improving the financial performance of the Corporation. In addition the new connection policy introduced at the beginning of the year 2004/05 substantially increased demand for new water connections, leading to higher consumption.

#### **Other Incomes**

In the current year, UShs. 0.4 billion was realised from debtors who were initially categorised as bad and doubtful debts, compared to UShs. 1.3 billion in the previous year. No grants from Government for the subsidy of newly acquired areas was received compared to approximately UShs. 0.1 billion in the previous year. The total revenue from other incomes therefore decreased by approximately UShs. 1.0 billion from UShs. 1.6 billion to UShs. 0.6 billion.

### **Operating Costs**

#### **Staff Costs**

During the year 2005/06 staff numbers decreased by 2% from 1,093 employees to 1,067 while staff productivity improved from 9 to 7 staff per 1,000 water connections. Staff costs however, increased by Ushs. 1.5 billion from

approximately Ushs. 14.8 billion to Ushs. 16.3 billion. The increase in staff costs was largely due to the conversion of senior staff engagement term from permanent to contract scales.

### **Administrative Costs**

Administrative expenses increased by approximately Shs. 2.5 billion from UShs. 5.7 billion to UShs. 8.2 billion. The rise is largely attributed to increase in the provision for bad and doubtful debts from Shs. 0.2 billion in the previous year, to Shs. 2.7 billion.

The geographic spread of the Corporation's branches and the addition of new towns to the Corporation, necessitates travels for supervision and management purposes. During the current financial year, frequent travels were necessary for mobilizing staff in all the areas for seminars and performance evaluation workshops under the Internally Delegated Area Management Contracts (IDAMCs) and other performance improvement programmes. Local travelling expenses for supervision of area operations therefore remained high at UShs. 1.3 billion (UShs. 1.1 billion in 2005).

### **Static Plant and Pipe Network Maintenance**

Static plant and pipe network maintenance costs increased by Ushs. 2.3 million from approximately Ushs.7.3 billion in the previous year to Ushs. 9.6 billion. The increase is mainly attributed to the rise in the cost of electricity in the treatment works – up from Ushs. 4.3 billion to Ushs. 5.8 billion and increase in the level of network repairs and maintenance, from Shs. 0.9 billion to Shs. 1.6 billion.

### **Supplies and Services**

Supplies and services costs increased by approximately Ushs. 1.2 billion. The increase was partly due to a relative rise in cost of water treatment chemicals from UShs. 2.0 billion in the previous year to approximately Shs. 2.5 billion. During the year, the corporation extended data connectivity to all areas resulting in another rise in the cost of telephones and lease of communication lines from UShs. 0.1 billion in the previous year to approximately UShs. 0.56 billion.

### **Premises Maintenance Costs**

Premises maintenance costs remained relatively stable at UShs. 1.92 billion (previous year UShs. 1.96 billion).

### **Net Finance Costs**

Interest rates on the Government of Uganda loans are largely pegged to the Treasury Bill rate. Due to a relative decrease in the Treasury Bill rates during the year, interests payable on the loans decreased by approximately Ushs. 1 billion from (Ushs. 10 billion on 2005 to Ushs. 9 billion). The full impact of the interest costs was however mitigated exchange gain and interest received during the year amounting to UShs. 0.2 billion.

### **Dividends**

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

## Outstanding Issues

### Unaccounted for Water/Non-revenue Water

The Corporation continued with strategies to address the issue of unaccounted for water (UfW), which included, among others, intensified leak detection, repairs and replacement of defective networks, in addition to reactivating inactive accounts. As a result of these activities, the level of UfW has continued to decrease from 51% in 1998 to 29.7% (33.8% previous year) in the current year. Unaccounted for water in all areas excluding Kampala averaged 15.2% (down from 16.8% in the previous year).

In Kampala, UfW averaged 35.7% (40.6% in the previous year). To reduce the level of unaccounted for water in Kampala, the Kampala Network Rehabilitation Project was launched in 2002. The project took off effectively from 2003 and was extended into the current financial year.

### Title Deeds

During the year under review, progress continued to be made towards acquisition of title deeds. Full titles were acquired for three properties in Entebbe, Gulu and Kabale while lease offers were obtained for another two properties in Lira. Progress in acquisition of land titles was hampered by the fact that the District Land Boards were not meeting regularly to deal with applications, thus as of June 30th 2006, a number of our applications to land titles were pending with the various land boards.

The present membership of the Board of Directors is shown on page 1.

## Auditors

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.

The Auditors, Deloitte & Touche, were appointed by the Auditor General's office to act on its behalf and have expressed their willingness to continue in office.

By order of the Board



David Mpango Kakuba, FCIS  
CORPORATION SECRETARY  
KAMPALA

22nd November 2006

## 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, Lands and Environment on the performance of the Corporation.
- Overseeing the performance of senior management.

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

The Directors, other than the Managing Director, are appointed by the Minister of Water, Lands and Environment for three-year terms and are not full time officers of the Corporation.

In accordance with the National Water and Sewerage Corporation Act, the Directors have expertise in finance, commerce, business, and environmental management and public health, 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 and Audit Committee

During the year the Finance and Audit Committee Directors were:

Mr. Gabriel Opio (Chairman)  
Mr. David Ssebabi  
Dr. William T. Muhairwe  
Mr. B. Ganyana Miiro  
Dr. Elizabeth Madraa

The Finance and Audit Committee, which reports its findings to the Board is authorized to:

- Monitor the integrity of the annual financial statements and the quarterly financial reports.
- Review the corporation's financial controls and internal control and its management systems.

- Establish and oversee the Corporation's relationship with external auditors.
- Monitor and review the effectiveness of the Corporation's internal audit function.
- Approve major procurements and disposals.

During the year 2004/2006, the Finance and Audit Committee met regularly. The issues discussed by the Committee and the conclusions reached were reported by the committee chairman to the next board meeting.

### The Administration Committee

During the financial year 2005/2006, the Administration Committee Directors were;

Ms. Christine Nandyose (Chairperson)

Mr. Stephen Kabuye

Dr. Wiliam T. Muhairwe

Mr. B. Ganyana Miuro

Dr. Elizabeth Madraa

The Administration Committee is responsible for, among other things; periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff and negotiations with the workers' union.

### The Technical Committee

The Technical Committee Directors comprised the following directors:

Eng. Y. B. Katwiremu (Chairman)

Mr. Sottie Bomukama

Dr. William T. Muhairwe

Mr. B. Ganyana Miuro

Dr. Elizabeth Madraa

The Technical Committee has a particular focus on issues arising from NWSC's stewardship of essential infrastructure. It reviews the condition and performance of NWSC's technical assets including projects.

### Directors

The following Directors held office for the year 2005/2006:

Mr. B. Ganyana Miuro	Chairman
Dr. Elizabeth Madraa	Deputy Chairperson
Eng. Yorokamu Katwiremu	Member
Eng. Sottie M. Bomukama	Member
Mr. Stephen Kabuye	Member
Ms. Christine Nandyose	Member
Dr. William Tsimwa Muhairwe	Managing Director
Mr. David Ssebabi	Member
Mr. Victor Kobel	Member
Mr. James Ssegane	Member (ex officio)
Mr. Gabriel Opio	Member

Mr. Gabriel Opio retired in July 2006 having been elected as member of Parliament and following his appointment as the Minister of State for Higher Education. Mr. Opio was duly replaced by Mr. Victor Kobel in August 2006.

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

**Dr. Elizabeth Madraa** – Dr. Madraa is a medical doctor by profession who joined the Uganda Public Service as a Medical Officer in 1980 and has been in service since then. She is currently the Head of AIDS Control Programme.

**Eng. Y. B. Katwiremu** – Eng. Katwiremu is an engineer by profession. He served as Chief Engineer at Nile Breweries Ltd. for five years and in Lake Victoria Bottling Company Ltd. for another five years after which he became the General Manager of Uganda Consolidated Properties Ltd. He was a Member of Parliament in the 6th Parliament of Uganda where he served as Chairman of the Works, Housing and Communications Committee. Currently he is a Special Presidential Assistant for AGOA and Trade. Eng. Katwiremu was reappointed to the new Board in July 2006

**Eng. Sottie M. Bomukama** – Eng. Bomukama is an engineer by profession and is the Director of the Directorate of Water Development (DWD). He was reappointed to the new Board in July 2006.

**Mr. Stephen Kabuye** – Mr. Kabuye is an experienced administrator and is currently the Mayor of Entebbe Municipal Council, a position he has held since 1992. He has been member of the Board of Directors for the last three and a half years. Mr. Kabuye was reappointed as a member of the new Board in July 2006.

**Mr. David Ssebabi** – Mr. Ssebabi holds the position of Team Leader in Uganda's largely successful Privatization and Utility Reform Project under the Ministry of Finance, Planning and Economic Development. He is an experienced financial analyst with extensive experience in Banking, Parastatal Monitoring and Utility Reform and Restructuring. He possesses a B. Com (Hons) degree of Makerere University, Kampala, and a MSc. Finance from Strathclyde University, Glasgow. Mr. Ssebabi was reappointed as a full member of the Board in July 2006.

**Mr. James Ssegane** – Mr. Ssegane holds a Master of Arts degree in Social Sector Planning and Management of Makerere University. He is currently the Town Clerk of Kampala City Council. Mr. Ssegane is an ex officio member representing Kampala City Council.

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

## Directors' Remuneration

The total remuneration paid to the Board of Directors in 2005/2006 was Ushs.223 million, (Ushs. 218 million in 2004/05). 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 and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the corporation and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control for the prevention and detection of fraud and other irregularities.

The directors certify that to the best of their knowledge, the information furnished for the auditors for the purpose of the audit was correct and is an accurate presentation of the corporation's financial transactions. Nothing has come to the attention of the directors to indicate that the corporation will not remain a going concern for at least the next twelve months from the date of this statement.



Chairman



Managing Director



Director

22nd November 2006

In accordance with section 17 (1) of the Public Enterprises Reform and Divestiture Act (Cap 98), I am required to audit the accounts of National Water and Sewerage Corporation (NWSC). Under the section 17(4) of the same act, I appointed M/s Deloitte & Touche Certified Public Accountants, to audit the accounts on my behalf and report to me so as to enable me report to Parliament in accordance with Article 163 (4) of the Constitution.

## Report

1. The financial statements on pages 63 to 83 for the year ended 30th June 2006 have been audited. All the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

2. Respective responsibilities of the Directors and the Independent Auditors

As described on page 53, the directors are responsible for the preparation of financial statements based on the audit. The responsibility of the Auditor is to express an independent opinion based on the audit.

3. Basis of opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

4. Qualifications

As indicated in note 18 (b) to the financial statements, the corporation has properties with net book value of approximately Ushs 4.01 billion (2005:approximately Ushs 3.76 billion) for which it does not have title deeds. Adequate assurance over the ownership of these properties could not be obtained. However, it is understood that the corporation is currently in the process of making arrangements to obtain the relevant title deeds.

5. Due to technical and non-technical losses in the supply system, the corporation is not able to bill all the water produced from the pumping stations. As at 30 June 2006, the unaccounted for water was 29.7% (2005: 33.8%). Because of this limitation, it was not possible to place reliance on the system for the purposes of testing the accuracy and completeness of the corporation's water revenue. There were no other practical procedures that could be adopted for this purpose. However, once water has been supplied and billed as income in the corporation's financial records, such income is subjected to adequate accounting and control procedures.

6. There were discrepancies noted in the valuation of inventory held in the company's stores. We noted that different stores were using different values for similar inventory items. Due to the large volume of inventory and the high number of transactions involving inventory, the amount of misstatement occasioned by different valuations could not be accurately determined.

7. Included under land and buildings balance of Ushs 18,308,536 (Note 18(a), are leasehold properties shown at valuation, this contravenes International Accounting Standard No 17 (IAS 17) on leases. IAS 17 requires that leasehold land be separately disclosed as an operating lease at cost, and recognized as an expense in the income statement on a straight-line basis over the lease term.

## Opinion

Except for the matters referred to in paragraphs 4 to 7 above, in my opinion, proper books of account have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the financial affairs of the corporation at 30 June 2006 and of the loss and cash flows for the year then ended and comply with the National Water and Sewerage Corporation Act and International Financial Reporting Standards.

## Emphasis of matter

Attention is drawn to note 2(a) to the financial statements which gives disclosures concerning the going concern of the company. The current liabilities (long term loans) were shs 83.8 billion (Shs . 50.9 billion : 2005). Due to the significance of this matter, we consider it important to bring it to your attention but my opinion is not qualified in this respect.



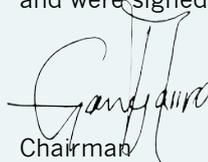
G. Singh  
Ag. AUDITOR GENERAL  
22nd November 2006

NATIONAL WATER AND SEWERAGE CORPORATION  
 INCOME STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 Ushs '000	2005 Ushs '000
<b>Income</b>			
Water and sewerage income	4	57,347,723	50,934,817
Other income	5	632,257	1,589,212
Deferred income recognised	6	560,173	1,254,308
		<b>58,540,153</b>	<b>53,778,337</b>
<b>Expenditure</b>			
Staff costs	7	(16,322,253)	(14,767,918)
Service gratuity	8	(1,722,933)	(3,035,025)
Terminal Benefits	9	-	(2,535,555)
Administrative costs	10	(8,242,555)	(5,700,344)
Static plant and pipe network maintenance	11	(9,612,548)	(7,312,071)
Supplies and services	12	(4,814,334)	(3,619,467)
Premises maintenance	13	(1,922,711)	(1,964,423)
Transport and mobile costs	14	(1,885,785)	(1,541,913)
		<b>(44,523,119)</b>	<b>(40,476,716)</b>
<b>Operating profit before depreciation</b>		<b>14,017,034</b>	<b>13,301,621</b>
Depreciation and amortisation	15	(9,779,601)	(9,544,820)
<b>Operating profit before finance costs</b>		<b>4,237,433</b>	<b>3,756,801</b>
Net finance costs	16	(9,247,152)	(9,309,182)
<b>Operating profit before reversal of impairment</b>		<b>(5,009,719)</b>	<b>(5,552,381)</b>
Reversal of impairment		-	26,263,498
<b>Net (loss)/ profit before tax</b>		<b>(5,009,719)</b>	<b>20,711,117</b>
Taxation (charge)/credit	17	(12,190,027)	3,658,184
<b>Net (loss)/profit for the year</b>		<b>(17,199,746)</b>	<b>24,369,301</b>

	Note	2006 Ushs '000	2005 Ushs '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	18	230,438,239	223,107,633
Capital work-in-progress	19	11,094,331	9,061,042
Intangible assets	20	191,934	227,073
Deferred tax asset	17	-	3,658,184
		241,724,504	236,053,932
<b>Current assets</b>			
Inventories	21	7,504,120	7,427,944
Trade and other receivables	22	22,327,966	21,613,655
Tax recoverable		1,353,612	1,322,225
Short term bank deposits	23	1,741,336	3,238,246
Cash and bank balances	24	4,430,755	3,833,535
		37,357,789	37,435,605
<b>Total Assets</b>		<b>279,082,293</b>	<b>273,489,537</b>
<b>Equity and Liabilities</b>			
<b>Equity and reserves</b>			
Government funding	25	65,718,868	57,300,768
Revaluation reserve		4,383,996	4,871,414
Retained earnings		7,944,801	28,109,679
		78,047,665	90,281,861
<b>Non-current liabilities</b>			
Borrowings	26	43,609,610	65,737,897
Service gratuity	8	4,415,840	5,554,550
Terminal Benefits	9	1,156,968	1,611,876
Deferred tax liability	17	8,531,843	-
Deferred income	6	22,114,138	21,963,464
		79,828,400	94,867,787
<b>Current Liabilities</b>			
Trade and other payables	27	6,692,834	7,830,562
Interest payable	28	68,597,020	59,570,205
Borrowings	26	41,376,252	18,932,952
Deferred income	6	560,173	560,173
Service gratuity	8	2,692,066	522,318
Terminal Benefits	9	1,287,884	923,679
		121,206,229	88,339,889
<b>Total equity and liabilities</b>		<b>279,082,293</b>	<b>273,489,537</b>

The financial statements on pages 63 to 83 were approved by the board of directors on 22nd November, 2006 and were signed on its behalf by:

  
Chairman  
22nd November 2006

  
Managing Director

  
Director

NATIONAL WATER AND SEWERAGE CORPORATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2006

	<b>Government Funding Ushs 000</b>	<b>Revaluation Reserve Ushs 000</b>	<b>Retained Earnings Ushs 000</b>	<b>Total Equity Ushs 000</b>
At 1 July 2004	57,300,768	5,358,832	3,252,960	65,912,560
Transfer revaluation surplus realised to retained earnings	-	(487,418)	487,418	-
Net profit for the year	-	-	24,369,301	24,369,301
At 30 June 2005	57,300,768	4,871,414	28,109,679	90,281,861
At 1 July 2005 as previously reported	57,300,768	4,871,414	28,109,679	90,281,861
Prior year adjustment (note 22)	-	-	(3,452,550)	(3,452,550)
At 1 July 2005 (Restated)	57,300,768	4,871,414	24,657,129	86,829,311
Government assets taken over	8,418,100	-	-	8,418,100
Transfer revaluation surplus realised to retained earnings	-	(487,418)	487,418	-
Net loss for the year	-	-	(17,199,746)	(17,199,746)
At 30 June 2006	65,718,868	4,383,996	7,944,801	78,047,665

NATIONAL WATER AND SEWERAGE CORPORATION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006

	<b>2006</b>	<b>2005</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
Reconciliation of operating profits to cash generated from operations		
Operating profits	4,237,433	3,756,801
Adjustments for:		
Depreciation	9,692,920	9,450,110
Amortisation of accounting and billing software	86,681	94,710
Deferred income	(560,173)	(1,254,308)
Adjustments in fixed assets	144,874	.
Prior year adjustment for bad debts error	(3,452,550)	.
Operating profit before working capital changes	10,149,185	12,047,313
Increase in inventories	(76,176)	(3,645,323)
Increase in trade and other receivables	(714,311)	(7,551,355)
Increase in accounts payables	(1,137,728)	4,527,676
Increase in service gratuity	1,031,038	2,185,316
(Decrease)/Increase in terminal benefits	(90,703)	2,535,555
Tax paid	(31,387)	(155,135)
Net cash generated from operating activities	9,129,918	9,944,047
<b>Investing Activities</b>		
Additions to capital work-in-progress	(9,237,224)	(10,799,866)
Purchase of property, plant and equipment	(1,546,365)	(7,866,688)
Purchase of computer software	(51,542)	(65,374)
Net cash used in investing activities	(10,835,131)	(18,731,928)
<b>Financing Activities</b>		
Donor grants	.	4,839,226
Government of Uganda Grants	710,847	573,245
Interest received	94,676	655,856
Net cash generated from financing activities	805,523	6,068,327
<b>Net Decrease in Cash and Cash Equivalents</b>	(899,690)	(2,719,554)
Cash and cash equivalents brought forward	7,071,781	9,791,335
Cash and cash equivalents at 30 June	6,172,091	7,071,781

## 1. Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted remain unchanged from the previous year and are stated below:

### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

### (b) Revenue Recognition

Revenue from water consumption and sewerage services is recognized when water and sewerage services are delivered to customers and billed by the corporation. They are recognized net of Value Added Tax.

### (c) Property, Plant and Equipment

#### (i) Valuation in financial statements

The Property, plant and equipment are stated at cost or valuation less accumulated depreciation. The cost of purchased property, plant and equipment is the value of consideration given to acquire the asset and the value of other directly attributable costs, which have been incurred in bringing the asset to the location and the condition necessary for their intended use.

Increases in the carrying amount arising on valuations are credited to the revaluation reserve. Decreases that offset previous increases of the same assets are charged against the revaluation reserve; all other decreases are charged to the income statement.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Gains on revaluation are capitalized and amortized over the remaining useful life of the revalued assets. On disposal of revalued assets, amounts in the revaluation reserve relating to the assets are transferred to retained earnings.

#### (ii) Valuation of properties acquired from local municipalities

Property, plant and equipment taken on from district municipalities were valued and recorded in the balance sheet as at 30 June 1998 based on Open Market Valuation.

The basis of valuation for accounts is the "Deprival Value" which means, "what loss would the organization suffer if deprived of the asset in question?" The loss would equal the cost of purchasing an equivalent asset in the open market. Deprival value is the open market value of the property in its existing use, including any potential for development that is within that use.

Furniture and equipment was valued and recorded in the balance sheet as at 30 June 2001 based on Depreciated Replacement Cost (DRC) basis, as the conditions above were not applicable.

- Those properties due to their specialized nature are rarely if ever, sold on the open market for single occupation for a continuation of their existing use, except as part of a sale of the business in occupation. Their specialized nature may arise from the construction, arrangement, size or location of the property, or a combination of these factors, or the function or the purpose to which the buildings are put,

- Standard properties particularly those in remote areas from main business centres, located there for occupational or business reasons, which are of such an abnormal size that either there would be no market for such buildings or there is no competing market demand from other organizations wishing to use these types of property in the locality.

**(iii) Recoverable amount of non-current assets**

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amounts. Assets may be reviewed more regularly if an event or a change in circumstances indicates that the carrying amount of an assets may not be recoverable. If the asset is determined to be impaired, an impairment loss will be recorded and the asset written down, based on the amount by which the asset carrying amount exceeds the higher of the net realizable value and the estimated recoverable amount. Estimated recoverable amount is determined using the discounted cash flow method.

**(iv) Depreciation of property, plant & equipment**

Depreciation is calculated to write off the cost or the revalued amounts of property, plant and equipment on a straight-line basis over the assets expected useful lives. The annual rates generally in use are:

Leasehold land and buildings	1%
Static plant	3%
Motor vehicles and mobile plant	20%
Furniture and equipment	20%

**(d) Intangible Assets**

Intangible assets comprise the accounting and billing software that is stated at cost less accumulated amortization. The software is amortized of on straight-line basis over 5 years.

**(f) Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Cost is determined on a weighted average cost basis. Provisions are made for all anticipated stock losses and charged to the income statement.

**(g) Foreign Currency Translation**

Assets and corresponding liabilities expressed in foreign currencies are translated into Uganda shillings at the exchange rates ruling at the balance sheet date. Individual transactions during the year are converted into Uganda shillings at the exchange rate ruling at the time of each transaction and realised gains/losses relating to these transactions are dealt with through income statement.

**(h) Bad and Doubtful Debts**

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

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

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

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.

**(i) Retirement Benefits Scheme**

**National Social Security Fund**

The corporation contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act (1985). The company's obligations under this scheme are limited to specific contribution regulated from time to time and currently stated at 10% of the employee's gross pay. The company's contributions are charged to the income statement in the year to which they relate.

**Service Gratuity**

The corporation operates an in-house service gratuity scheme. Service gratuity is based on an employee's gross salary at the end of the financial period, and number of complete years of employment. Provisions for gratuity are charged to the income statement.

**(j) Capital and Revenue Grants**

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

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

Where the grant relates to an asset, (Capital) the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

**(k) Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an out flow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the corporation expects a provision to be reimbursed, for example under insurance, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

**(l) Deferred Income**

The landed cost or estimated market values of assets obtained through grants are credited to deferred income account on receipt, and systematically released to the income statement on issuance or through annual depreciation of the relevant assets respectively.

**(m) Bank borrowings**

Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any differences between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the company's policy on borrowing costs.

**(n) Taxation**

**Current Taxation**

Taxation is provided in the income statement on the basis of the results included therein adjusted in accordance with provisions of the Income Tax Act, 1997.

**Deferred Taxation**

Deferred taxation is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax is computed using the liability method for all temporary differences arising between the tax base of assets and liabilities. It is recognised for all temporary differences, carry forward losses of unused tax losses and credits.

**(o) Cash and Cash Equivalents**

For purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand, and balances held with the banks, net of bank over drafts.

**(p) Comparative information**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

**2 Going Concern**

As at 30 June 2006 the corporation had net current liabilities of Ushs 83.8 billion (2005: Ushs 50.9 billion) mainly due to the current portion of the long-term loans from various lenders through the Government of Uganda and the related accrued interest. The Corporation is negotiating with the Governments of Uganda for the loans and the related interest to be converted to Government equity, based on this, the directors consider the going concern basis of accounting appropriate.

	2006 Ushs'000	2005 Ushs'000
<b>3 Operating Profit</b>		
The operating profit has been arrived at after charging:		
Depreciation and amortisation	9,779,601	9,544,820
Directors' emoluments	223,808	267,912
Increase in provision for specific bad and doubtful debts	2,713,451	195,623
Increase in provision for obsolete stock	-	221,431
Auditors' remuneration	180,312	155,736
and crediting:		
Decrease in provision for specific bad and doubtful debts	431,927	1,302,364
Reversal of impairment loss	-	26,263,498
<b>4 Water Consumption And Sewerage Services Income</b>		
Water and sewerage charges	52,781,900	47,134,735
Service charges	2,475,148	1,952,056
Connection fees	1,682,355	1,531,782
Reconnection fees	144,962	80,558
Other water and sewerage income	263,358	235,686
	57,347,723	50,934,817
<b>5 Other Income</b>		
Grants from Government of Uganda	-	88,801
Decrease in provision for bad and doubtful debts	431,927	1,302,364
Other income	200,330	198,047
	632,257	1,589,212
<b>6 Deffered Income</b>		
At July	22,523,637	18,365,474
EDF grants	-	4,145,091
Kfw grants	-	694,135
Government of Uganda Grants	710,847	573,245
	23,234,484	23,777,945
Released to income statement	(560,173)	(1,254,308)
At 30 June	22,674,311	22,523,637
Less: Due with one year	(560,173)	(560,173)
Due after more than one year	22,114,138	21,963,464

	<b>2006</b>	<b>2005</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>7 Staff Costs</b>		
Basic pay	7,874,337	5,492,301
Housing expense	1,586,511	1,629,236
Medical expense	1,205,052	1,027,500
National Social Security Fund contributions	1,251,973	1,135,154
Lunch, transport and soap allowance	725,950	766,269
Car and cycle allowance	350,587	1,067,502
Performance/attendance bonus and overtime	339,213	454,025
Work bonus	2,261,035	1,974,548
Responsibility and dirty work allowance	21,057	352,222
Leave transport and allowance	449,876	204,571
Servant's allowance	1,198	199,937
Workmen's compensation	168,535	108,493
Water, telephone and electricity allowance	14,804	286,041
Shift allowance and gross wages	43,978	49,780
Special emergency allowances	-	579
Funeral expenses	28,147	19,760
	<b>16,322,253</b>	<b>14,767,918</b>
<b>8 Service Gratuity</b>		
At 1 July	6,076,868	3,891,852
Charge for the year	1,722,933	3,035,025
Less service gratuity paid during the year	(691,895)	(850,009)
Service gratuity at 30 June	7,107,906	6,076,868
Less due within one year	(2,692,066)	(522,318)
Due after more than one year	4,415,840	5,554,550
<b>9 Terminal Benefits</b>		
At 1 July	2,535,555	-
Charge for the year	-	2,535,555
Payments during the year	(90,703)	-
At 30 June	2,444,852	2,535,555
Less due within one year	1,287,884	923,679
Due after more than one year	1,156,968	1,611,876
	<b>2,444,852</b>	<b>2,535,555</b>

	<b>2006</b>	<b>2005</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>10 Administrative Expenses</b>		
Board expenses	223,808	267,912
Meeting expenses	306,530	288,116
Local travels on supervision monitoring and co-ordination	1,331,160	1,062,170
Foreign travels on seminars, workshops and short courses	394,500	582,983
G.O.U. performance contract review expenses	83,692	-
Publicity	396,515	389,772
Entertainment	83,674	80,571
General insurance	149,546	170,903
Legal and professional expenses	89,445	124,296
Training expenses and allowances	132,099	135,430
Audit fees	180,312	155,736
Donations and subscriptions	163,559	215,926
Lunch and transport for weekends/public holidays	915,154	827,798
Contribution to staff sports	61,164	41,071
Process bench marking	32,131	72,107
Security	722,512	639,544
Bad debts - water services	2,713,451	195,623
Stock losses	-	83
Staff transfer	5,501	12,577
Other professional charges	121,767	73,291
Provision for obsolete stock	-	221,431
Bank charges	136,035	143,004
	<b>8,242,555</b>	<b>5,700,344</b>
<b>11 Static Plant and Pipe Network Maintenance</b>		
Electricity	5,893,102	4,272,774
Plant repairs & maintenance	1,520,161	1,632,991
Pipe network repairs & maintenance	1,587,712	904,671
Fuel and lubricants	357,358	278,294
Insurance	193,942	124,281
Sand	27,984	31,544
Water abstraction permits	32,289	67,516
	<b>9,612,548</b>	<b>7,312,071</b>
<b>12 Supplies And Services</b>		
Water treatment chemicals	2,451,895	1,969,305
Equipment repairs and minor purchase	536,521	506,160
Printing and stationery/publications	592,704	500,304
Tools and light plant	135,198	133,031
Uniforms and protective wear	108,255	97,459
Computer license	66,469	51,604
Office supplies	354,533	228,461
Telephone and lease of data communication links	568,759	133,143
	<b>4,814,334</b>	<b>3,619,467</b>

	<b>2006</b>	<b>2005</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>
<b>13 Premises</b>		
Rent, rates and telephone	807,753	636,967
Repairs and maintenance	729,148	829,578
Insurance	73,001	132,198
Cleaning materials	127,314	127,928
Electricity	100,404	116,524
Water	27,886	27,435
Fixtures and fittings	57,205	93,793
	<b>1,922,711</b>	<b>1,964,423</b>
<b>14 Transport And Mobile Plant Costs</b>		
Fuel and lubricants	1,128,741	748,596
Repairs and maintenance	433,340	463,082
Hire of transport	72,896	66,376
Insurance	182,506	203,760
License, road toll and taxes	68,302	60,099
	<b>1,885,785</b>	<b>1,541,913</b>
<b>15 Depreciation</b>		
Depreciation - premises	232,012	195,354
Depreciation - static plant	8,316,594	7,928,835
Depreciation - transport and mobile plant	252,482	299,943
Depreciation - furniture and equipment	891,832	1,025,977
	<b>9,692,920</b>	<b>9,450,110</b>
Amortisation of accounting software	86,681	94,710
	<b>9,779,601</b>	<b>9,544,820</b>
<b>16 Net Finance Costs</b>		
Interest payable	9,026,815	10,073,711
Exchange (loss)/gain	315,014	(108,673)
Interest receivable on bank deposits	(91,689)	(651,287)
Interest receivable on staff loans	(2,988)	(4,569)
	<b>9,247,152</b>	<b>9,309,182</b>

## 17 Taxation

### (a) Taxation (charge)/credit

	2006 Ushs'000	2005 Ushs'000
Deferred taxation - Current	(959,094)	3,658,184
Deferred taxation - Prior	(11,230,933)	-
	<u>(12,190,027)</u>	<u>3,658,184</u>

### (b) Reconciliation of taxation (credit)/charge:

Accounting profit/(loss) before taxation	(5,009,719)	20,711,117
Tax effect at the applicable rate of 30%	1,502,916	(6,213,335)
Tax effect of non-taxable income	-	402,933
Tax effect of expenses not deductible	(2,462,010)	(107,198)
Prior year under-provision of deferred taxation	(11,230,933)	9,575,785
Deferred income tax liability not recognised	-	-
Taxation (charge)/credit	<u>(12,190,027)</u>	<u>3,658,184</u>

### (c) Deferred income tax (liability)/asset

Deferred income taxes are calculated on all temporary differences under the liability method at the applicable rate of 30%. The net deferred tax asset is made up as follows:

	2006 Ushs'000	2005 Ushs'000
Accelerated capital allowance	(61,310,387)	(47,824,984)
Accumulated tax loss	48,051,120	48,551,606
Revaluation reserve	(1,315,199)	(1,461,424)
Provision for bad debts	2,908,395	1,602,670
Provision for obsolete stock	173,897	173,897
Retirement benefit	2,865,827	2,583,817
Unrealised exchange loss	94,504	32,602
	<u>(8,531,843)</u>	<u>3,658,184</u>

The movement in the deferred income tax liability is as follows:

At 1 July	3,658,184	-
Income statement (charge)/credit	(12,190,027)	3,658,184
At 30 June	<u>(8,531,843)</u>	<u>3,658,184</u>

	Land and Buildings Ushs '000	Static Plant Ushs '000	Furniture & Equipment Ushs '000	Motor Vehicles & Mobile Plant Ushs '000	Total Ushs '000
<b>18.(a) Property, Plant &amp; Equipment</b>					
<b>COST OR VALUATION</b>					
At 1 July 2004	19,376,526	249,336,769	3,904,430	3,636,547	276,254,272
Additions	35,449	6,064,787	1,190,353	576,099	7,866,688
Reclassification from WIP	105,240	9,140,025	-	-	9,245,265
As at 1 July 2005	19,517,215	264,541,581	5,094,783	4,212,646	293,366,225
Additions	253,374	854,778	199,692	238,521	1,546,365
Government assets taken over	768,500	7,649,600	-	-	8,418,100
Reclassification from WIP	157,037	6,567,445	405,679	73,774	7,203,935
Adjustments	-	-	-	(808,883)	(808,883)
At 30 June 2006	20,696,126	279,613,404	5,700,154	3,716,058	309,725,742
<b>COMPRISING</b>					
At cost	18,972,626	262,268,576	4,595,066	3,416,115	289,252,383
At valuation	1,723,500	16,529,376	1,105,088	299,943	19,657,907
	20,696,126	278,797,952	5,700,154	3,716,058	308,910,290
<b>DEPRECIATION</b>					
At 1 July 2004	1,959,984	53,810,365	1,900,700	3,137,433	60,808,482
Charge for the year	195,355	7,928,835	1,025,977	299,943	9,450,110
At 1 July 2005	2,155,339	61,739,200	2,926,677	3,437,376	70,258,592
Charge for the year	232,251	8,316,594	891,832	252,243	9,692,920
Adjustments	-	-	(17,062)	(646,947)	(664,009)
At 30 June 2006	2,387,590	70,055,794	3,801,447	3,042,672	79,287,503
<b>NET BOOK VALUE</b>					
At 30 June 2006	18,308,536	209,557,610	1,898,707	673,386	230,438,239
At 30 June 2005	17,361,876	202,802,381	2,168,106	775,270	223,107,633

### 18.(a) Property, Plant & Equipment (Continued)

Katuramu & Company Consulting Surveyors revalued the property, plant and equipment assets taken over by the corporation from district municipalities on the open market value basis, existing use basis and Depreciated Replacement Cost on the dates indicated below, on the assumption that the National Water and Sewerage Corporation is a going concern and will have surplus sufficient enough to absorb the revalued amounts. These revaluations were reflected in the financial statements for the year ended 30 June 1998. The corporation subsequently obtained a professional valuation for all furniture and equipment as at 20 April 2001. The total value of the revaluation surplus has been credited to the capital reserve. The details of the asset revaluations on the different dates and locations are as follows:

Location	Name of Consultant	Basis of Valuation	Assets Valued	Date of Valuation
Plot 43-49 Sixth Street Industrial Area Kampala	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building	16-Nov-92
Plot 43-49 Sixth Street Industrial Area Kampala	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Furniture and equipment	20-Jan-04
Kasese, Fort Portal, Jinja, Mbarara, Masaka	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building Plant and Machinery	30-Nov-97
All area offices including Head Office	M/S Katuramu & Company Consulting Surveyors	Depreciated Replacement Cost	Furniture and equipment	24-Apr-01
Kabale	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building Plant and Machinery	23-Mar-04
Arua	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building Plant and Machinery	8-Aug-03
Soroti	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building Plant and Machinery	26-Jun-03
Bushenyi/ Ishaka	M/S Katuramu & Company Consulting Surveyors	Open Market Value	Land and Building Plant and Machinery	26-Jun-03

## 18.(b) Property, Plant & Equipment (Continued)

Leasehold land and buildings include the following properties for which the Corporation has no title deeds:

Plot No/Area	Cost	Net Book Value	Net Book Value
	Ushs'000	2006 Ushs'000	2005 Ushs'000
43-49 Sixth Street/Central Stores/Workshop (Kampala)	353,000	300,352	303,882
M80 Naguru, Building for Reservoir (Kampala)	12,600	10,721	10,847
5 Kome Crescent Residential (Kampala)	120,000	-	-
133&135 Mutungo Tank (Kampala)	-	-	8,806
74 Nsamizi road (Entebbe)	16,930	-	15,152
2,4,6 Byatike road residential (Entebbe)	9,900	8,718	8,817
10-12 Goma road (Gulu)	-	-	182,868
6 Martin road (Jinja)	186,000	158,267	160,127
Ojwina Lagoon (Lira)	12,000	10,330	10,450
Namatala Lagoons (Mbale)	10,208	8,990	9,092
Kabazaire Road, Plot 11-19 (Mbarara)	753,046	685,794	693,324
3 Galt Road Office (Mbarara)	443,700	404,072	408,509
Sewerage Lagoons (Mbarara)	6,600	5,747	5,813
Doko Sewerage treatment ponds (Mbale)	558,000	375,367	380,947
Malaba reservoirs (Tororo)	582,000	391,511	397,331
Malaba pumping station (Tororo)	1,451,284	976,278	990,791
12 Lake Bunyonyi (Kabale)	36,500	34,310	34,675
7,8 Kiyooro (Kabale)	-	-	26,600
10, Makanga hill (Kabale)	40,500	38,070	38,475
Golf course, Makanga (Kabale)	38,000	35,720	36,100
47 Jackson road (Makanga, Kabale)	-	-	9,975
Sewerage treatment land, bwankosya by-pass (Kabale)	30,000	28,200	28,500
PLOTS 62-66 Nile Crescent	71,000	60,350	-
PLOTS M11-12, OLD PORT BELL ROAD	566,340	481,476	-
	5,297,608	4,014,272	3,761,081

## 19 Capital Work-In-Progress

Capital Work in Progress relates to on-going development work for Ggaba I refurbishment Project (GRP), Lake Victoria Environmental Management Project (LVEMP), Kabale Water Project (KWP), Kampala Network Rehabilitation Project (KNRP), and Small Towns Water and Sanitation Project –Part B (STWSP).

## 19 Capital Work-In-Progress (Continued)

	<b>1-Jul-05 Total</b>	<b>Additions</b>	<b>Reclassified to Property, Plant, and Equipment</b>	<b>30-Jun-06 Total</b>
	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>	<b>Ushs'000</b>
Kampala Network Rehabilitation Project	1,631,088	-	-	1,631,088
Gaba III Project	506,173	222,932	-	729,105
Lake Victoria Environment Management Project	104,605	-	(104,605)	0
Other Capital Work in Progress	462,467	7,767,769	(7,099,330)	1,130,906
Mukono Water Supply Project	5,551,950	813,921	-	6,365,871
Entebbe II Project	65,855	24,219	-	90,074
Gulu Water Supply Project	738,904	408,383	-	1,147,287
<b>Total</b>	<b>9,061,042</b>	<b>9,237,224</b>	<b>(7,203,935)</b>	<b>11,094,331</b>

## 20 Intangible Assets

### Cost

At 1 July	475,409	410,035
Additions	51,542	65,374
<b>At 30 June</b>	<b>526,951</b>	<b>475,409</b>

### Amortisation

At 1 July	248,336	153,626
Charge for the year	86,681	94,710
<b>At 30 June</b>	<b>335,017</b>	<b>248,336</b>
<b>Net book value at 30 June</b>	<b>191,934</b>	<b>227,073</b>

Intangible assets relate to the accounting software, which is being amortised over 5 years.

## 21 Inventories

Water fittings	4,854,793	4,198,868
Chemicals	1,676,586	519,669
Spare parts	361,268	385,671
Stationery	136,058	164,637
Others	133,539	73,665
	7,162,245	5,342,510
Goods in transit	921,533	2,665,091
	8,083,777	8,007,601
Provision for slow moving and obsolete stock	(579,657)	(579,657)
	<b>7,504,120</b>	<b>7,427,944</b>

## 22 Trade And Other Receivables

	2006 Ushs'000	2005 Ushs'000
Water and Sewerage debtors	30,874,746	26,094,220
Other receivables	1,147,868	861,671
	32,022,614	26,955,891
Provision for bad debts	(9,694,648)	(5,342,236)
	22,327,966	21,613,655
Provision for bad debts		
Balance b/f	5,342,236	7,964,927
Prior year adjustment	3,452,550	-
Charge for the year	2,713,451	195,623
Bad debts realized	(431,927)	(1,302,364)
Bad debts written off	(1,381,662)	(1,515,950)
	9,694,648	5,342,236

The prior year adjustment relates to the reversal of an error in the write-off of bad debts in 2005.

## 23 Short Term Deposits

Nile Bank Limited	925,216	1,807,045
DFCU Bank fixed deposit	619,927	1,431,201
Crane Bank Limited	196,193	-
Fixed deposits	1,741,336	3,238,246

The corporation holds a short-term investment account with Nile Bank Limited and dfcu Bank Limited, which will be held to maturity. The interest rate is negotiated from time to time as the deposit is being refixed.

## 24 Cash and Bank

Cash at hand	8,472	9,909
Cash collection accounts	2,561,206	2,700,882
Cash in transit	41,202	176,787
Bank balances	1,819,875	945,957
	4,430,755	3,833,535

## 25 Government Funding

At 1 July	57,300,768	57,300,768
Assets taken over during the year	8,418,100	-
At 30 June	65,718,868	57,300,768

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

- The value of assets taken over by the Corporation whenever new towns are handed over to the Corporation.
- Portions of loans extended to Government of Uganda for various Corporation projects but which government passed on to the Corporation as part of equity.
- Direct equity contributions by Government of Uganda.

## 26 Borrowing

	2006 Ushs'000	2005 Ushs'000
Loans from:		
International Development Association (IDA)- CR2124	36,022,942	36,022,942
Government of Austria (GOA)	27,772,208	27,772,208
International Development Association (IDA)- CR2583	17,470,758	17,470,758
Government of the French Republic (GFRP) denominated in French Francs	3,719,954	3,404,941
	84,985,862	84,670,849
Less: Loans due within one year	(41,376,252)	(18,932,952)
	43,609,610	65,737,897
The loans are due as follows:		
Due within one year	41,376,252	18,932,952
Due between one and two years	4,723,453	4,760,406
Due between two and five years	14,170,360	11,579,499
Due after five years	24,715,797	49,397,991
	84,985,862	84,670,848
At 1 July	84,670,849	84,779,522
Exchange loss/(gain)	315,013	(108,673)
At 30 June	84,985,862	84,670,849

### International Development Association (IDA)- CR2124

IDA loans amount to Ushs.36,022,942 was obtained through the Government of Uganda on 30 November 1990, to finance the activities of the Uganda Second Water Supply Project. It is repayable in semi-annual instalments for a period of 25 years of which 5 years are a grace period. The interest rate on this loan is charged at the prevailing minimum Treasury bill rate, plus 3%.

### Government of Austria (GOA)

This loan of Ushs.27,772,207 was obtained through the Government of Uganda on 30 November 1992, to finance the activities of the Uganda Second Water Supply Project. It is repayable in semi annual instalments for a period of 20 years of which 5 years are a grace period. The interest rate on this loan is charged at the prevailing minimum Treasury bill rate, plus 3%.

### Government of the French Republic (GFRP)

This loan of Ushs.3,513,614,147 was obtained through the Government of Uganda on 21 November 1997, to finance activities of Namasuba Hill Pilot Water and Supply Project. It is repayable in semi-annual instalments over a period of 15 years. Interest rate is charged at a fixed rate of 10%.

### Debt Restructuring Negotiations

A memorandum of understanding (MOU) between NWSC and GOU has been drafted and is yet to be signed, where out of a loan of Ushs 84.98 billion and interest arrears of Ushs 68.6 billion, Ushs 84.98 billion would be retained as the outstanding of loan stock due to government. this will be payable over a 30 year period at an interest rate of 0%.

## 27 Trade and Accounts Payable

	2006 Ushs'000	2005 Ushs'000
Trade payables	2,878,251	4,918,627
Valued Added Tax	779,774	580,594
Rechargeable works	1,145,201	1,025,420
Accruals and provisions	1,509,153	750,951
Sundry creditors	380,455	554,970
	6,692,834	7,830,562

## 28 Interest Payable

Interest payable on loans	68,597,020	59,570,205
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## 29 Related Party Disclosures

The top management of the corporation received the following remuneration in the period:

Short –term employee benefits	586,201	693,492
Performance bonuses	68,388	60,972
Terminal benefits	146,550	212,211
	801,139	966,675

## 30 Commitments

Contracted and provided for in the financial statements

Mukono project	2,800,000	5,551,950
Gulu project	800,000	738,904
Entebbe project	150,000	65,855
	3,750,000	6,356,709

## 31 Contingent Liabilities

Pending legal cases	109,274	228,168
Car loan scheme and motorcycle guarantee	-	1,056,532
	109,274	1,284,700

### 32 Cash and Cash Equivalents

For the cash flow statement, the cash and cash equivalents comprises of the following

Cash at hand  
 Cash at bank  
 Short-term deposits

	2006 Ushs'000	2005 Ushs'000
	8,472	9,909
	4,422,283	3,823,626
	1,741,336	3,238,246
	<b>6,172,091</b>	<b>7,071,781</b>

### 33 Financial Instruments

#### Foreign Exchange

The corporation's operations are in Uganda where the currency is subjected to gradual devaluation against the major currencies. All water consumption and sewerage services charges are invoiced in Uganda Shillings. The majority of the corporation's equipment and material purchases are denominated in US dollars and UK pound Sterling. The corporation does not hedge its foreign currency risk.

#### Interest

The corporation has long-term fixed and variable rate borrowings (note10) used to fund ongoing activities.

#### Credit Risk

In the normal course of its business, the corporation incurs credit risk from financial institutions and accounts receivable. The credit risk exposure is, however, limited due to the management's constant monitoring of the status of financial institutions where deposits are maintained and the ongoing procedures, which monitor the credit worthiness of its large customer base.

### 34 Currency

The financial statements are presented in Uganda shillings (Ushs'000).

	KAMPALA Ushs '000'	ENTEBBE Ushs '000'	JINJA Ushs '000'	MBALE Ushs '000'	TORORO Ushs '000'	MASAKA Ushs '000'	MBARARA Ushs '000'	LIRA Ushs '000'	Sub-total C/F Ushs '000'
Income	38,517,825	2,707,726	4,960,229	1,980,305	973,579	1,190,031	2,203,474	957,609	53,490,778
Total operating Expenses	27,163,479	1,211,959	2,316,376	1,433,347	793,017	1,020,818	1,683,384	752,785	36,375,165
Profit / (loss) before Depre- ciation	11,354,346	1,495,767	2,643,853	546,958	180,562	169,213	520,090	204,824	17,115,613
Depreciation	4,348,602	151,359	926,489	182,148	140,780	648,814	628,973	546,270	7,573,435
Profit / (loss) before Taxa- tion	7,005,744	1,344,408	1,717,364	364,810	39,782	(479,601)	(108,883)	(341,446)	9,542,178

	Sub total B/F Ushs '000'	GULU Ushs '000'	KASESE Ushs '000'	F/ PORTAL Ushs '000'	KABALE Ushs '000'	BUSHENYI Ushs '000'	Sub- total C/F Ushs '000'
Income	53,490,778	1,090,812	506,919	667,925	588,619	261,880	56,606,933
Total operating Expenses	36,375,165	741,907	387,416	520,673	473,194	398,079	38,896,434
Profit / (loss) before Depreciation	17,115,613	348,905	119,503	147,252	115,425	(136,199)	17,710,499
Depreciation	7,573,435	307,115	99,175	135,782	523,489	62,699	8,701,695
Profit / (loss) before Taxation	9,542,178	41,790	20,328	11,470	(408,064)	(198,898)	9,008,804

	Sub total B/F Ushs '000'	SOROTI Ushs '000'	ARUA Ushs '000'	HEADQUARTERS Ushs '000'	2006 Ushs '000'	2005 Ushs '000'
Income	56,606,933	674,796	593,011	665,413	58,540,153	80,041,836
Total operating expenses	38,896,434	556,321	518,127	13,799,389	53,770,271	49,786,201
Profit / (loss) before Depreciation	17,710,499	118,475	74,884	(13,133,976)	4,769,882	30,255,635
Depreciation	8,701,695	137,429	76,420	864,057	9,779,601	9,544,818
Profit / (loss) before Taxation	9,008,804	-18,954	(1,536)	(13,998,033)	(5,009,719)	20,710,817

**Kampala**

**Income**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
Water sales	27,600,589	23,956,509
Sewerage services	7,965,958	7,764,507
Connection fees	1,256,909	902,105
Service Charge	1,493,368	1,162,845
Septic Tank emptying	80,717	67,024
Other sewerage income	-	11,417
Rent from Offices/ Residential premises	18,921	-
Bad debt recovery	-	853,553
Released from deferred income	-	694,135
Other incomes	101,363	163,789
	<b>38,517,825</b>	<b>35,575,884</b>

**Operating Expenses**

Staff costs	7,346,258	5,840,757
Premises Maintenance	676,194	552,625
Static plant and pipe network maintenance	5,565,119	4,065,651
Transport and mobile plant costs	606,535	429,452
Supplies and services	1,875,526	1,507,370
Administrative costs	2,069,151	521,018
Financing costs	9,024,696	10,071,567
	<b>27,163,479</b>	<b>22,988,440</b>

**Profit before Depreciation**

	11,354,346	12,587,444
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Depreciation

	4,348,602	4,245,486
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**Profit before Taxation**

	<b>7,005,744</b>	<b>8,341,958</b>
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**Entebbe**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	2,142,092	1,996,657
Sewerage services	299,735	326,656
Connection fees	59,045	121,714
Service Charge	133,196	106,092
Septic Tank emptying	307	352
Other sewerage income	-	-
Bad debt recovery	59,273	76,140
Other incomes	14,078	9,508
	<b>2,707,726</b>	<b>2,637,119</b>
<b>Operating Expenses</b>		
Staff costs	593,311	604,500
Premises Maintenance	29,841	70,493
Static plant and pipe network maintenance	415,058	287,183
Transport and mobile plant costs	35,990	33,007
Supplies and services	47,484	68,812
Administrative costs	89,502	110,045
Financing costs	773	937
	<b>1,211,959</b>	<b>1,174,977</b>
<b>Profit before Depreciation</b>	<b>1,495,767</b>	<b>1,462,143</b>
Depreciation	151,359	140,221
<b>Profit before Taxation</b>	<b>1,344,408</b>	<b>1,321,922</b>

**Jinja**

**Income**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
Water sales	3,278,479	3,052,591
Sewerage services	1,162,329	1,107,817
Connection fees	75,645	73,832
Service Charge	168,436	139,922
Septic Tank emptying	10,261	10,631
Deferred income recognition	-	
Bad debt recovery	234,093	
Other incomes	30,986	7,859

	4,960,229	4,392,652
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**Operating Expenses**

Staff costs	834,088	806,584
Premises Maintenance	192,475	258,997
Static plant and pipe network maintenance	649,141	586,546
Transport and mobile plant costs	157,563	140,633
Supplies and services	212,432	191,248
Administrative costs	261,577	280,190
Financing costs	9,100	161,613

	2,316,376	2,425,811
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**Profit before Depreciation**

	2,643,853	1,966,841
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Depreciation

	926,489	949,510
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**Profit before Taxation**

	1,717,364	1,017,331
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**Mbale**

**Income**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
Water sales	1,219,950	1,030,130
Sewerage services	580,998	462,463
Connection fees	41,819	61,004
Service Charge	100,360	84,967
Septic Tank emptying	-	-
Other sewerage income	-	-
Bad debt recovery	34,572	16,598
Other incomes	2,606	2,320

	1,980,305	1,657,482
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**Operating Expenses**

Staff costs	552,353	575,890
Premises Maintenance	90,424	78,680
Static plant and pipe network maintenance	401,817	247,847
Transport and mobile plant costs	69,645	88,561
Supplies and services	150,490	166,802
Administrative costs	162,617	156,777
Financing costs	6,001	6,062

	1,433,347	1,320,619
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**Profit before Depreciation**

	546,958	336,863
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Depreciation

	182,148	185,850
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**Profit before Taxation**

	364,810	151,013
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**Tororo**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	888,796	843,218
Sewerage services	33,851	41,144
Connection fees	7,802	3,780
Service Charge	42,284	30,704
Septic Tank emptying	-	-
Other sewerage income	-	-
Bad debt recovery	-	1,293
Other incomes	846	32
	<b>973,579</b>	<b>920,171</b>
<b>Operating Expenses</b>		
Staff costs	365,193	362,630
Premises Maintenance	42,714	70,127
Static plant and pipe network maintenance	148,642	162,419
Transport and mobile plant costs	35,301	24,486
Supplies and services	110,653	106,769
Administrative costs	88,078	85,733
Financing costs	2,436	3,545
	<b>793,017</b>	<b>815,709</b>
<b>Profit before Depreciation</b>	<b>180,562</b>	<b>104,462</b>
Depreciation	140,780	137,935
<b>Profit before Taxation</b>	<b>39,782</b>	<b>(33,473)</b>

**Masaka**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	873,951	807,248
Sewerage services	176,416	145,035
Connection fees	46,729	53,906
Service Charge	71,833	58,664
Septic Tank emptying	-	82
Bad debt recovery	9,836	5,717
Rent from Offices/ Residential premises	6,840	-
Other incomes	4,426	15,053
	<b>1,190,031</b>	<b>1,085,705</b>
<b>Operating Expenses</b>		
Staff costs	447,787	392,290
Premises Maintenance	64,383	39,680
Static plant and pipe network maintenance	205,898	277,127
Transport and mobile plant costs	31,721	18,855
Supplies and services	183,271	169,871
Administrative costs	83,574	94,519
Financing costs	4,184	4,729
	<b>1,020,818</b>	<b>997,071</b>
<b>Profit before Depreciation</b>	<b>169,213</b>	<b>88,634</b>
Depreciation	648,814	628,349
<b>Profit before Taxation</b>	<b>(479,601)</b>	<b>(539,715)</b>

**Mbarara**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	1,785,666	1,688,152
Sewerage services	220,459	191,697
Connection fees	61,625	64,385
Service Charge	110,124	90,596
Septic Tank emptying	5,151	7,386
Other incomes	20,449	34,599
	<b>2,203,474</b>	<b>2,076,815</b>
<b>Operating Expenses</b>		
Staff costs	533,397	617,912
Premises Maintenance	36,603	34,811
Static plant and pipe network maintenance	467,467	307,890
Transport and mobile plant costs	45,174	37,022
Supplies and services	397,201	190,738
Administrative costs	196,782	126,753
Financing costs	6,760	23,996
	<b>1,683,384</b>	<b>1,339,122</b>
<b>Profit before Depreciation</b>	<b>520,090</b>	<b>737,693</b>
Depreciation	628,973	633,851
<b>Profit before Taxation</b>	<b>(108,883)</b>	<b>103,842</b>

**Lira**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	752,753	668,651
Sewerage services	91,515	79,226
Connection fees	45,017	51,362
Service Charge	59,833	44,639
Bad debt recovery	-	27,236
Other incomes	8,491	14,413
	<b>957,609</b>	<b>885,527</b>
<b>Operating Expenses</b>		
Staff costs	299,006	273,328
Premises Maintenance	49,811	61,412
Static plant and pipe network maintenance	269,161	251,278
Transport and mobile plant costs	20,079	17,000
Supplies and services	42,587	35,799
Administrative costs	70,055	69,761
Financing costs	2,086	2,374
	<b>752,785</b>	<b>710,952</b>
<b>Profit before Depreciation</b>	<b>204,824</b>	<b>174,575</b>
Depreciation	546,270	545,666
<b>Profit before Taxation</b>	<b>(341,446)</b>	<b>(371,091)</b>

**Gulu**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	804,367	593,058
Sewerage services	140,371	136,129
Connection fees	43,210	37,915
Service Charge	48,277	35,750
Bad debt recovery	52,860	149,789
Other incomes	1,727	14,278
	<b>1,090,812</b>	<b>966,919</b>
<b>Operating Expenses</b>		
Staff costs	262,223	236,737
Premises Maintenance	30,830	53,390
Static plant and pipe network maintenance	233,181	185,109
Transport and mobile plant costs	23,748	20,482
Supplies and services	88,905	74,437
Administrative costs	99,560	86,557
Financing costs	3,460	3,850
	<b>741,907</b>	<b>660,562</b>
<b>Profit before Depreciation</b>	<b>348,905</b>	<b>306,357</b>
Depreciation	307,115	304,209
<b>Profit before Taxation</b>	<b>41,790</b>	<b>2,148</b>

**Kasese**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	433,336	335,289
Connection fees	20,743	20,650
Service Charge	43,116	37,975
Septic Tank emptying	8,212	16,842
Bad debt recovery	-	7,594
Other incomes	1,512	317
	<b>506,919</b>	<b>418,667</b>
<b>Operating Expenses</b>		
Staff costs	183,419	191,486
Premises Maintenance	31,788	20,822
Static plant and pipe network maintenance	65,174	88,935
Transport and mobile plant costs	26,090	35,290
Supplies and services	30,070	55,522
Administrative costs	48,514	58,038
Financing costs	2,361	3,017
	<b>387,416</b>	<b>453,110</b>
<b>Profit before Depreciation</b>	<b>119,503</b>	<b>(34,443)</b>
Depreciation	99,175	99,631
<b>Profit before Taxation</b>	<b>20,328</b>	<b>(134,074)</b>

**Fort Portal**

	2006 Ushs '000'	2005 Ushs '000'
<b>Income</b>		
Water sales	567,188	502,816
Sewerage services	21,745	17,785
Connection fees	20,463	31,230
Service Charge	49,877	40,860
Septic Tank emptying	5,331	2,766
Bad debt recovery	1,843	784
Other incomes	1,478	4,501
	<b>667,925</b>	<b>600,742</b>
<b>Operating Expenses</b>		
Staff costs	241,292	259,777
Premises Maintenance	31,037	31,906
Static plant and pipe network maintenance	130,957	77,163
Transport and mobile plant costs	25,623	28,267
Supplies and services	31,080	35,839
Administrative costs	57,045	53,969
Financing costs	3,639	2,916
	<b>520,673</b>	<b>489,837</b>
<b>Profit before Depreciation</b>	<b>147,252</b>	<b>110,905</b>
Depreciation	135,782	132,474
<b>Profit before Taxation</b>	<b>11,470</b>	<b>(21,569)</b>

**Kabale**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	402,671	325,781
Sewerage services	99,183	74,263
Connection fees	27,118	23,622
Service Charge	42,513	34,538
Septic Tank emptying	13,586	12,132
Other incomes	3,548	3,608
	<b>588,619</b>	<b>473,944</b>
<b>Operating Expenses</b>		
Staff costs	221,380	202,149
Premises Maintenance	20,044	17,797
Static plant and pipe network maintenance	99,137	76,695
Transport and mobile plant costs	29,915	25,179
Supplies and services	18,824	16,207
Administrative costs	81,157	65,648
Financing costs	2,737	13,522
	<b>473,194</b>	<b>417,197</b>
<b>Profit before Depreciation</b>	<b>115,425</b>	<b>56,747</b>
Depreciation	523,489	581,569
<b>Profit before Taxation</b>	<b>(408,064)</b>	<b>(524,822)</b>

**Bushenyi - Ishaka**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	214,285	190,572
Sewerage services	93	-
Connection fees	22,710	11,630
Service Charge	23,032	18,499
Grants from GOU	-	48,245
Bad debt recovery	1,060	-
Other incomes	700	2,425
	<b>261,880</b>	<b>271,371</b>
<b>Operating Expenses</b>		
Staff costs	207,939	171,800
Premises Maintenance	8,508	10,314
Static plant and pipe network maintenance	77,780	72,942
Transport and mobile plant costs	9,414	15,823
Supplies and services	59,355	42,383
Administrative costs	33,496	44,521
Financing costs	1,587	6,186
	<b>398,079</b>	<b>363,969</b>
<b>Profit before Depreciation</b>	<b>(136,199)</b>	<b>(92,598)</b>
Depreciation	62,699	29,402
<b>Profit before Taxation</b>	<b>(198,898)</b>	<b>(122,000)</b>

**Soroti**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	490,238	362,652
Sewerage services	53,219	51,618
Connection fees	41,091	26,119
Service Charge	36,543	28,616
Grants from GOU	-	-
Other sewerage income	-	-
Bad debt recovery	50,309	152,821
Other incomes	3,396	5,199
	<b>674,796</b>	<b>627,025</b>
<b>Operating Expenses</b>		
Staff costs	219,314	215,768
Premises Maintenance	30,900	29,251
Static plant and pipe network maintenance	171,691	206,405
Transport and mobile plant costs	9,460	10,917
Supplies and services	56,823	70,555
Administrative costs	65,013	55,198
Financing costs	3,120	3,040
	<b>556,321</b>	<b>591,134</b>
<b>Profit before Depreciation</b>	<b>118,475</b>	<b>35,891</b>
Depreciation	137,429	39,495
<b>Profit before Taxation</b>	<b>(18,954)</b>	<b>(3,604)</b>

**Arua**

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Water sales	481,662	383,070
Sewerage services	-	-
Connection fees	57,391	48,527
Service Charge	52,360	37,090
Rent from Offices/ Residential premises	1,080	-
Bad debt recovery	-	10,840
Other incomes	518	2,793
	<b>593,011</b>	<b>482,320</b>
<b>Operating Expenses</b>		
Staff costs	250,597	243,459
Premises Maintenance	20,205	14,934
Static plant and pipe network maintenance	117,741	118,995
Transport and mobile plant costs	22,804	18,659
Supplies and services	51,436	51,130
Administrative costs	53,339	43,563
Financing costs	2,005	2,645
	<b>518,127</b>	<b>493,385</b>
<b>Profit before Depreciation</b>	<b>74,884</b>	<b>(11,065)</b>
Depreciation	76,420	30,024
<b>Profit before Taxation</b>	<b>(1,536)</b>	<b>(41,089)</b>

## Headquarters

	<b>2006</b>	<b>2005</b>
	<b>Ushs '000'</b>	<b>Ushs '000'</b>
<b>Income</b>		
Released from deferred income	560,173	560,173
Miscellaneous income	71,730	34,212
Rent from Offices/ Residential premises	37,260	85,281
Profit on sale of stock/scrap	1,604	51
Grant from GOU	-	26,278
Impairment adjustment	-	26,263,498
Other incomes	(5,354)	-
	<b>665,413</b>	<b>26,969,493</b>
<b>Operating Expenses</b>		
Staff costs	5,487,629	9,343,731
Premises Maintenance	566,953	619,184
Static plant and pipe network maintenance	594,584	300,113
Transport and mobile plant costs	736,719	598,279
Supplies and services	1,458,198	835,760
Administrative costs	4,732,849	3,287,913
Financing costs	222,457	(440,675)
	<b>13,799,389</b>	<b>14,544,305</b>
<b>Profit before Depreciation</b>	<b>(13,133,976)</b>	<b>12,425,188</b>
Depreciation	864,057	861,147
<b>Profit before Taxation</b>	<b>(13,998,033)</b>	<b>11,564,041</b>

## UNIT COST OF WATER PRODUCTION 2005/06

	ANNUAL PRODUCTION M3		TOTAL COSTS (SHS)				COST PER M3 SHS		2005/06		COMPARATIVE 2004/05	
	(Comparative) 2005/06	2004/05	OPERATING EXPENSES ONLY 000' shs	OPERATING EXPENSES+ DEPRECIATION 000' shs	OPER. EXPS+ DEPR+HQ EXPENSES 000'shs	OPERATING EXPENSES ONLY	OPER. EXPS + DEPRECIATION	(FINAL) OP. EXP+ DEPR+HQ EXPENSES	SHS OP. EXP+ DEPR+HQ EXPENSES	% CHANGE from 2004/2005 to 2005/06	Average	Average
KAMPALA	41,169,798	41,194,784	18,138,783	22,487,385	32,268,019	441	546	784	722	9%		
JINJA	3,991,000	3,937,000	2,316,376	3,242,865	4,191,000	580	813	1,050	1,093	-4%		
ENTEBBE	2,584,144	2,683,756	1,211,959	1,363,318	1,977,228	469	528	765	739	4%		
MBALE	1,574,000	1,548,000	1,433,347	1,615,495	1,989,427	911	1,026	1,264	1,050	20%		
TORORO	974,000	990,303	793,017	933,797	1,165,188	814	959	1,196	1,328	-10%		
MASAKA	1,006,000	993,001	1,020,818	1,669,632	1,908,626	1,015	1,660	1,897	1,999	-5%		
MBARARA	1,811,000	1,801,157	1,683,384	2,312,357	2,742,593	930	1,277	1,514	1,446	5%		
LIRA	893,011	898,000	752,785	1,299,055	1,511,206	843	1,455	1,692	1,743	-3%		
GULU	876,820	719,845	741,907	1,049,022	1,257,327	846	1,196	1,434	2,419	-41%		
KASESE	574,480	529,865	387,416	486,591	623,069	674	847	1,085	1,425	-24%		
FORTPORTAL	567,100	550,667	520,673	656,455	791,180	918	1,158	1,395	1,557	-10%		
KABALE	508,560	474,710	473,194	996,683	1,117,501	930	1,960	2,197	2,822	-22%		
ARUA	583,892	534,790	518,127	594,547	733,261	887	1,018	1,256	1,320	-5%		
BUSHENYI	241,404	255,462	398,079	460,778	518,128	1,649	1,909	2,146	2,040	5%		
SOROTI	730,805	626,376	556,321	693,750	867,366	761	949	1,187	1,097	8%		
<b>TOTAL</b>	<b>58,086,014</b>	<b>57,737,716</b>	<b>30,946,186</b>	<b>39,861,730</b>	<b>53,661,119</b>	<b>Average 533</b>	<b>Average 686</b>	<b>Average 924</b>	<b>Average 846</b>	<b>9%</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

## 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 Branch Offices

### Branch 1 - City Centre

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

### Branch 2 - Nsambya

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

### Branch 3 - Najjanankumbi

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

### Branch 4 - Bwaise

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

### Branch 5 - Ntinda

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

### Branch 6 - Kitintale

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

### Branch 7 - Nateete

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

## Kampala Areas Sub-Zones

### Mukono

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

### Kajjansi

Tel: (+) 256 41 315 693  
Mob: (+) 256 772 498158

### Nansana

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

## Other Areas

### Jinja Area-Kiira Water Partnership

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

### 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

### Mbale Area-Elgon Water Partnership

Plot 49, Republic Street  
P.O. Box 2548 Mbale  
Tel: (+) 256 45 33709, 33742  
(+) 256 772 468 828  
Fax: (+) 256 45 33742

### Mbarara Area- Rwizi Water Partnership

Plot 3, Galt Road  
P.O. Box 1371 Mbarara

Tel: (+) 256 485 20723  
(+) 256 772 517 272  
Fax: (+) 256 485 21304

### 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

### Kasese Area- Margherita Water Partnership

Rukidi Street  
P.O. Box 353 Kasese  
Tel: (+) 256 39 548282  
(+) 256 772 656278  
Fax: (+) 256 483 44876

### Fort Portal Area- Rwenzori Water Partnership

Water Works- Fort Portal  
P.O. Box 203 Fort Portal  
Tel: (+) 256 382 274423  
(+) 256 772 656278  
Fax: (+) 256 483 22606

### Soroti Area- Soroti Water Supply

Plot No.1, Station Road  
P.O. Box 377 Soroti  
Tel: (+) 256 45 61968/ 61306  
(+) 256 772 685314  
Fax: (+) 256 45 61968

### Tororo Area- Tororo Rock Water Supply

Plot 13, Bazaar Street  
P.O. Box 889 Tororo  
Tel: (+) 256 045 45105/45172  
(+) 256 772 494 236  
Fax: 45105

### Bushenyi Ishaka Area- Nyaruzinga Bushenyi Water

Tank Hill- Bushenyi  
P.O. Box 339 Bushenyi  
Tel: (+) 256 485 42339/43245  
(+) 256 712 503566

### Lira Area-Lira Urban Water Partnership

Plot 10/12, Maruzi Road  
P.O.Box 243 Lira  
Tel: (+) 256 473 20111/20311  
(+) 256 772 489607

### Arua Area-Nile Water

Plot 13/15, Pakwach Raod  
P.O. Box 980 Arua  
Tel: (+) 256 039 672979  
(+) 256 772 672 979

### Gulu Area-Gulu Water Partnership

Coronation Road  
P.O. Box 167 Gulu  
Tel: (+) 256 471 32381  
(+) 256 772 589743

### Kabale Area-Bunyonyi Water Partnership

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

### Mubende Area

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

### Hoima Area

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

### Masindi Area

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



