

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
COAST WATER SERVICES BOARD

FOR THE YEAR ENDED
30 JUNE 2016

COAST WATER SERVICES BOARD



OFFICE OF THE AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE

RECEIVED
MOMBASA HUB

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI

07 FEB 2017

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

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BOARDS INFORMATION

Establishment

The Coast Water Services Board is a corporate body established under the Provisions of the Water Act 2002 of the laws of Kenya and it is domiciled in Kenya.

Registered Office and Principal Place of Business

Mikindani Street
Off Nkrumah Road
P.O Box 90417,80100
MOMBASA

Bankers

KCB Bank
Treasury Square
P.O. Box 90254, 80100
MOMBASA

Independent Auditors

Auditor - General
Anniversary Towers
P.O Box 30084-00100
NAIROBI

Principal Legal Advisor

The Attorney - General
State Law Office
Harambee Avenue
P .O BOX 40112
City Square 00200
NAIROBI

DIRECTORS DURING THE FINANCIAL YEAR

Mr. Granton Samboja
P. O. Box 848-00621
NAIROBI

Chairman

From 26th April. 2015

MEMBERS

Mr .Gharib S. Gharib
P. O. Box 97-80500
LAMU

From 17th April 2015

Mrs Jane M. kibati
P. O. Box 379-00517
NAIROBI

From 19th September 2013

Faustin M. Mghendi
P.O Box 204-80300
VOI

From 17th April 2015

Hon. Joseph Kingi Kahindi
P.O Box 1004
KILIFI

From 17th April 2015

Mrs. Mary Chiriba
P.O Box 275-80108
KILIFI

From 17th April 2015

Mrs. Umi Kugula
P.o Box
KWALE

Up to 2nd December 2015

Mr. Fadhili Firhri
P.O Box 84
LAMU

Up to 2nd December 2015

COAST WATER SERVICES BOARD

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Dr Mathis Kai
P.O Box
KILIFI

From 3rd December 2015

Sureya Ali Hersi
P.O Box
KILIFI

From 3RD December 2015

Gharib S Gharib
P.O Box 98082 -80100
MOMBASA

From 17th April 2015

Permanent Secretary
Ministry of Water and Irrigation
P.O Box 49720
NAIROBI

Permanent Secretary
The National Treasury
P. O Box 30007
NAIROBI

Joseph Omwange
Ag.Chief Executive Officer
P.O Box 90417
MOMBASA

MANAGEMENT TEAM

- | | | | |
|----|------------------------|---|-----------------------------|
| 1. | Mr. Joseph Omwange | - | Ag. Chief Executive Officer |
| 2. | Mr. Martin Tsuma | - | Technical Manager |
| 3. | Mr. Stephen. M. Kivuva | - | Ag. Finance Manager |
| 4. | Mr. Simon Charo | - | Human Resource Manager |
| 5. | Miss .Fatma Gakuria | - | Corporate Manager |
| 6. | Mr. Alex Masake | - | Company Secretary |

CHAIRMANS STATEMENT

The mandate of CWSB is to efficiently and economically provide water and sanitation services within its area of jurisdiction as provided by section 53(1) of the Water Act 2002. One of the priorities of the Kenya Government within the overall policy framework in the Kenya Vision 2030 is increasing accessibility to sustainable, quality and affordable water services. In performing its mandate CWSB has continued to improve the water situation in the region.

The future seems promising after the finalization of the Water Supply Master Plan for Mombasa and other towns within the Coast Region. This will see the gap between demand and supply tremendously narrowed.

The government has increasingly been funding the drought mitigation projects to counter the adverse effects generated by the vagaries of our Kenyan climate. Though the UNICEF programme that has been successfully implemented since 2008 is coming to an end we are remain hopeful that other donors will come on board to fund other stand-alone programs in drought hit areas and those without piped water.

Coast Water Services Board recently prepared its 2013/2018 Strategic Plan and intends to implement it to boost the water production.

On behalf of the Board of Directors, I would like to extend our sincere gratitude to all our stakeholders who have reposed great trust in us and in our Work. I also thank the various central and county governments for supporting us in our activities and helping us achieve our mandate.



GRANTON SAMBOJA

CHAIRMAN

REPORT OF THE CHIEF EXECUTIVE OFFICER

During the year under review, strategies aimed at securing adequate water supply, expanding water access to Coast region consumers, improving the quality of supply and service to our customers, as well as the financial performance, took the centre-stage of our operations. Accordingly, the Board fast tracked a World Bank funded project (WaSSIP-AF) investment activities with an aim of raising the production and distribution

Financing

To meet our strategic objectives and capacity expansion plan, we have continued to engage various development financial institutions to acquire affordable long-term financing to fulfil CWSB's vision of providing quality water and sewerage services. In this regard we wish to record our appreciation to the Government for its continued support to secure concessional loans from the development Partners.

Outlook

I am greatly encouraged as I reflect on the strides we have made this year, and the pace at which they have been achieved. We shall continue implementing the Water Supply Master Plan for Mombasa and other towns within the Coast Region. This will see the gap between demand and supply tremendously narrowed.

I extend my appreciation to the Government including National Treasury, the National Assembly and our parent Ministry, the Ministry of Environment, Water and Natural Resources for their continued support and insights. I would also like to thank the CWSB Board of directors and the staff and management for their determination and commitment to the company.

Above all, I extend my thanks to all staff of CWSB, WSPs and the county water officers who have made it possible to keep the water flowing and are continuously working to ensure we bring more water projects in the pipeline. Over the next year, Kenya will rely on this highly talented team to use all the skills and resources at our disposal to ensure that we meet our targets.


JOSEPH OMWANGE

Ag. CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STATEMENT

Coast Water Services Board is committed to the values and principles of good corporate governance. Good Corporate governance requires that The Board of Directors governs the State Corporation with integrity and enterprise in a manner that entrenches and enhances its mandate.

Board of Directors

The Board of Directors exercises leadership, enterprise, integrity and judgment in directing Coast Water Services Board. The Board is mandated with determining the purpose and values of coast Water Services Board, the strategy to achieve that purpose, and the implementation of its values.

The Board of Directors is expected to enhance the corporate governance practices in running of coast Water Services Board and to bring the level of governance in the corporation in line with international standards. The essence of corporate governance is to protect stakeholder interests including the Government, water services providers during the transition period, consumers and the communities during the transition period.

The Board of Directors has been trained on Corporate Governance and procurement procedures to ensure that the board is run effectively and efficiently.

Role of the Chairperson and Chief Executive

Local and international best practices require a separation of the roles of the Board and the Management.

The Board is headed by the chairperson who is appointed by the Cabinet Secretary in charge of Environment Water and Natural resources under the Water Act 2002 for a period not exceeding three years as specified in the instrument of his appointment and is eligible for reappointment from time to time. All the directors are also appointed by the Cabinet Secretary in charge of Environment Water and Natural resources according to the Water Act 2002.

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

The responsibility for execution of the Board's policies and resolutions lies with the management headed by the Chief Executive Officer. The Chief Executive Officer's role is to provide the strategic leadership for the organization and act as the link between staff and the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Coast Water Services Board, we are committed to conducting our business in a socially responsible and ethical manner. We recognize our responsibility to contribute positively to the community that supports us.

Coast Water acts beyond its legal obligations and integrates social, environmental and ethical concerns into business process. It recognizes our corporate and social responsibilities to our employees, customers and suppliers and ensures that Coast Water is committed to conducting business in a way which will achieve sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts.

Through stakeholder engagement, we have listened to and talk with employees, customers, investors, regulators, suppliers, Non-governmental Organizations (NGOs) and community representatives, who have helped us to identify and tackle our key issues and ensure that we are dealing with what matters most to our business and those involved with it.

Coast Water has re-considered its CSR priorities and further structured the approaches to three principal areas that this policy will focus on:

- **Environment:** Taking good care of our planet, Climate change, Health and Hygiene, Water and Waste Management and Sustainability.
- **Society:** Taking good care of our customers, colleagues (employees), communities, work and neighbors. This also includes offering scholarships to students in our area of jurisdiction and employees
- **Business:** Taking good care as we go about our business (sourcing, supply, engagement)

REPORT OF DIRECTORS

The Directors submit their report together with the audited Boards financial statements for the year ended 30 June 2016 which show the state of the Corporation's affairs.

Activities

The core business of the parastatal continues to be the Bulk production and distribution of water to the Water Service Providers who sale to the final consumers on retail and construction and rehabilitation of new and old water infrastructure in the Coast Region.

Results

The results of the 2015/2016 financial year's performance are set out on pages 15-16. Investment Activities which involve the construction and rehabilitation of water sources and infrastructure are usually funded by the government and donors while the recurrent expenditures are met from funds generated by the board.

Directors

The members of the Board of Directors who served during the year are shown on page 4 and 5. In accordance with regulations given by Water Regulatory Board and State Corporation guidelines directors serve for a period of 3 years that can be renewed.

Auditors

The Auditor General is responsible for the statutory audit of the Boards books of accounts in accordance with Sections 35 of the Public Audit Act, 2015, which empowers the Auditor-General to nominate other auditors to carry out the audit on his behalf. This year's financial statements will be audited by Auditor General Kenya.

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The Board Members are required to prepare financial statements which give a true and fair view of the state of affairs of the Board as at the end of each financial year and of its surplus or deficit for that year. The Board Members are required to ensure that the Board maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Board Members accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Public Sector Accounting Standards - Accrual

The Board Members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Coast Water Services Board as at 30th June 2016 and of its surplus for the year then ended. The Board Members further confirm the accuracy and completeness of the accounting records maintained by the Board which have been relied upon in the preparation of financial statements, as well as adequacy of the internal controls.

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

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


Mr. Granton Samboja
CHAIRMAN

Date 26/1/2017


Mr. JOSEPH OMWANGE
Ag.CHIEF EXECUTIVE OFFICER

Date 26/1/2017

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COAST WATER SERVICES BOARD FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Coast Water Services Board set out on pages 15 to 31, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Report of the Auditor-General on the Financial Statements of Coast Water Services Board for the year ended 30 June 2016

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

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

Basis for Qualified Opinion

1.0. Property, Plant and Equipment - Excluded Assets

As previously reported, the property, plant and equipment balance of Kshs.1,356,447,793 as at 30 June 2016 (2014/2015 Kshs.1,392,615,690) excludes assets of undetermined value transferred to the Board from the Ministry of Water and Irrigation and National Water Conservation and Pipeline Corporation pursuant to Legal Notice No.101 of 12th August, 2005. Further, the land and office buildings acquired while undertaking various Water and Sanitation Services Improvement Project (WASSIP) and institutional projects such as Mkanda Dam of at least 53.79 hectares and acquired at a cost of Kshs.10,832,423 have been excluded in these financial statements and have also not been updated in the fixed assets register. In addition, scrutiny of land status report revealed that approximately more than one third of Coast Water Services Board land has been encroached by private developers, including 22 acres of land occupied by staff houses in Shanzu, Mombasa. The land has been apportioned into 42 title deeds and issued to private developers. There is no evidence to the effect that the Board has raised the issue with the National Land Commission. This is indicative that the management has not played its custodial role and the Board's assets have not been properly safeguarded in accordance with Section 72(1) (a) of the Public Finance Management Act, 2012, which states that the Accounting Officer for national government entity shall be responsible for the management of the entity's assets and liabilities.

In the circumstances, the accuracy, validity and completeness of the property, plant and equipment balance of Kshs.1,356,447,793 as at 30 June 2016, could not be confirmed.

2.0 Trade and Other Receivables

As similarly reported in the previous years, the trade and other receivables balance of Kshs.2,532,953,026 as at 30 June 2016 (2014/2015 Kshs.2,121,971,031) includes long overdue debts of Kshs.84,427,767 due from Mombasa Water and

Sewerage Company Limited and further a sum of Kshs.4,807,409 and Kshs.2,312,284 relating to overdue outstanding imprest and unrecovered salary advances respectively. As reported previously, no reason has been provided for the failure to have the receivables recovered. Further and as previously reported, the Water Service Providers balances reflected in the Board's financial statements as at 30 June 2016 differ by Kshs.805,209,332 as shown in the books of respective Water Service Providers below:

| Water Service Provider | Balance as per Board (Kshs) | Balance as per Water Company (Kshs) | Difference (Kshs) |
|---|-----------------------------|-------------------------------------|--------------------|
| Mombasa Water and Sewerage Company | 1,156,446,496 | 837,861,947 | 318,584,549 |
| Malindi Water and Sewerage Company | 388,885,167 | 271,967,586 | 116,917,581 |
| Kilifi-Mariakani Water and Sewerage Company | 426,494,985 | 329,948,848 | 96,546,137 |
| Kwale Water and Sewerage Company | 221,378,556 | 71,876,648 | 149,501,908 |
| Taveta Water and Sewerage Company | 322,976,472 | 201,932,076 | 121,044,396 |
| Lamu Water and Sewerage Company | 6,593,586 | 3,978,826 | 2,614,760 |
| Total | 2,522,775,262 | 1,717,565,931 | 805,209,331 |

The total difference amounting to Kshs.805,209,331 has not been reconciled or explained.

In the circumstances, the accuracy and valuation of the trade and other receivables balance of Kshs.2,532,953,024 as at 30 June 2016 could not be ascertained.

3.0 Trade and Other Payables

3.1 Unremitted Statutory and Other Deductions

As similarly reported in the previous years, included in the trade and other payables balance of Kshs.961,148,142 as at 30 June 2016 (2014/2015 Kshs.850,499,465) are unremitted statutory and other deductions of Kshs.61,587,916 and Kshs.94,496,967 in respect of the Paymaster General and Ukulima and other deductions respectively. The balances have been increasing over the years and there is no evidence of settlement.

In addition, no provision in respect of penalties and interest resulting from non-payment of these deductions have been provided for in these financial statements.

Consequently, the accuracy and completeness of the trade and other payables balance of Kshs.961,148,142 as at 30 June 2016 could not be confirmed.

3.2 Audit Fees

Included in the trade and other payables balance of Kshs.961,148,142 as at 30 June 2016 is provision for audit fees balance of Kshs.6,753,481 owed to the Office of the Auditor-General. However, records maintained by the Office of the Auditor-General indicated a balance of Kshs.7,150,000 as at 30 June 2016 resulting to unexplained and unreconciled variance of Kshs.396,519. This is contrary to Section 41 of the Public Audit Act, 2015, which requires that the funds of the Office of the Auditor-General shall consist of audit fees charged at rates prescribed by the Auditor-General. Consequently, the Board is in breach of the law.

4.0 World Bank Loan

As similarly reported in the previous years, included in the statement of financial position as at 30 June 2016 as reported in note 18 to the financial statements is an amount of Kshs.6,753,636,870 (2014/2015 Kshs.5,754,658,653) in respect of a World Bank Loan. In the year 2008, the Government of Kenya entered into a financing agreement with the World Bank to finance water and sanitation services in Coast Province through Coast Water Services Board and agreed to disburse USD 45,203,760 at an interest rate of 1.5 per cent per annum. The repayment period was given as thirteen (13) years with effect from 30 March, 2013, with an annual repayment being USD 4,906,636 for which the principal amount was USD 3,168,030 and interest USD 1,738,606. Records confirming repayment of the loan were not provided for audit verification. In addition, during the year under review, it was observed that the loan under IDA-4376-KE credit was denominated in foreign currency. International Public Sector Accounting Standards (IPSA) 4 paragraph 27 requires foreign currency monetary items to be translated using the closing rate. However, the loan balance was translated on transaction date rate hence foreign exchange gain/loss was not determined. Further, the accounting policy on translation of foreign denominated transactions and balances was not disclosed in the notes to the financial statements in line with the accounting standards.

Consequently, it has not been possible to confirm whether the management is in conformity with the terms of the loan and that the loan balance of Kshs.6,753,636,870 as at 30 June 2016 is fairly stated.

5.0 Board Expenses

The statement of comprehensive income for the year ended 30 June 2016 indicated that Kshs.19,617,680 had been incurred as board expenses against a budget of Kshs.15,000,000. The approval of the excess expenditure of Kshs.4,617,680 was not availed for audit verification. The board members were also observed to have attended public events and other unplanned activities thus incurring expenses

outside the Board calendar amounting to Kshs.5,129,931 for the year ended 30 June 2016.

Further, the board was observed to have a membership of eleven (11), exceeding the recommended number by the Code of Governance – Mwongozo, Chapter 1, paragraph 1.1, which recommends a board membership of minimum of seven (7) and maximum of nine (9).

Consequently, the Board was in breach of the Code of Governance on maximum membership and the propriety and validity of payment amounting to Kshs.9,747,611 for the year ended 30 June 2016 could not be ascertained.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Coast Water Services Board as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Water Act, 2002.

Other Matter

1. Staff Acting More than 6 Months

Perusal of human resource records revealed that senior management positions of the Board are being held by staff in acting capacity. Six (6) members of staff had been in acting capacity for more than six (6) months in contravention of the Human Resource Policy Manual, Section 4.6 which states that the acting appointment shall automatically lapse after six months from the date of the appointment unless the Chief Executive Officer reviews the same.

The table below indicates management positions occupied by staff in acting capacity:

| Item No. | Number of officer | Designation | Department | Job Group | Acting Capacity Duration |
|----------|-------------------|--|----------------------------|-----------|--------------------------|
| 1 | one | Ag. Chief Executive Officer | Legal Department | 4 | 8 Months |
| 2 | one | Ag. Technical Manager | Technical Services | 3 | 10 Months |
| 3 | one | Ag. Finance Manager | Finance and Administration | 3 | Over 1 year |
| 4 | one | Ag. Managing Director – Mazeras Bulky Water Supply | Technical Services | 4 | Over 1 year |
| 5 | one | Ag. Internal Audit Manager | Internal Audit | 3 | 8 Months |
| 6 | one | Ag. O & M Engineer | Technical Services | 4 | Over 1 Year |

In addition, since January 2015, three (3) persons have been appointed by the Board of Directors as acting Chief Executive Officers.

Despite the Board placing two (2) advertisements with the Standard Group and the Daily Nation for recruitment of the Chief Executive Officer on 25 November and 10 December, 2015 respectively, for more than a year now, the Board has not filled this position. Consequently, the Board is in breach of the Human Resource Policy Manual and delayed appointment of a substantive Chief Executive Officer may lead to delays in implementation of the Board's strategic development plans.



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

Nairobi

10 March 2017

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Statement of Comprehensive Income
For the year ended 30th June 2016

| Description | Notes | 2016 Kshs. | 2015 Kshs. |
|---------------------------------|-------|----------------------|----------------------|
| REVENUE | | | |
| Operational Income | 2 | 1,058,302,272 | 1,011,450,470 |
| Grants | 4 | 122,643,035 | 671,469,368 |
| Other Incomes | 3 | 10,041,485 | 3,965,762 |
| TOTAL REVENUE | | 1,190,986,792 | 1,686,885,600 |
| EXPENDITURE | | | |
| Administrative Expenses | 10 | 209,520,113 | 278,096,863 |
| Board Expenses | 11 | 19,617,680 | 12,495,049 |
| Staff Costs | 6 | 181,300,056 | 177,993,629 |
| General Expenses | 7 | 22,521,774 | 14,128,974 |
| Operational Expenses | 5 | 467,913,377 | 453,152,889 |
| Project Costs | 8 | 177,579,959 | 233,940,442 |
| Finance Costs | 9 | 99,084,806 | 406,800,000 |
| TOTAL EXPENDITURE | | 1,177,537,765 | 1,576,607,846 |
| Surplus/(Loss)before Tax | | 13,449,027 | 110,277,754 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016


Statement of Financial Position
As at 30th June 2016

| ASSETS | Note | 2016 Kshs | 2015 Kshs |
|---|-------------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Inventories | 13 | 10,657,502 | 16,612,932 |
| Trade and Other Receivables | 16 | 2,532,953,026 | 2,121,971,031 |
| Cash and Bank Balances | 12 | 128,806,358 | 425,945,844 |
| TOTAL CURRENT ASSETS | | 2,672,416,886 | 2,564,529,807 |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 14 | 1,356,447,793 | 1,392,615,690 |
| Work in Progress | 15 | 4,957,780,977 | 3,906,424,238 |
| TOTAL NON CURRENT ASSETS | | 6,314,228,770 | 5,299,039,928 |
| TOTAL ASSETS | | 8,986,645,656 | 7,863,569,735 |
| CURRENT LIABILITIES | | | |
| Trade and other Payables | 17 | 961,148,142 | 850,499,465 |
| TOTAL CURRENT LIABILITIES | | 961,148,142 | 850,499,465 |
| NON-CURRENT LIABILITIES | | | |
| World Bank Loan | 18 | 6,753,636,870 | 5,754,658,653 |
| TOTAL NON CURRENT LIABILITIES | | 6,753,636,870 | 5,754,658,653 |
| TOTAL LIABILITIES | | 7,714,785,012 | 6,605,158,118 |
| NET ASSETS | | 1,271,860,644 | 1,258,411,617 |
| ACCUMULATED SURPLUS | | 1,271,860,644 | 1,258,411,617 |
| TOTAL NET ASSETS AND LIABILITIES | | 1,271,860,644 | 1,258,411,617 |

The Financial Statements set out on pages 15 and 16 were signed on behalf of Directors by:


Mr. Gratton Samboja
CHAIRMAN

Date: 26/1/2017


Mr. Joseph Omwange
Ag.CHIEF EXECUTIVE OFFICER

Date: 26/1/2017

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Statement of Changes in Net Assets
For the Year Ended 30 June 2016

Attributable to the owners of the controlling entity

| | Accumulated surplus Kshs | Reserves Total Kshs |
|--------------------------------|-------------------------------------|--------------------------------|
| Balance as at 30.6.2015 | | |
| Surplus for the period | 1,148,133,863 | 1,148,133,754 |
| | 110,277,754 | 110,277,754 |
| Balance as at 1.7.2016 | | |
| Surplus for the period | 1,258,411,617 | 1,258,411,617 |
| | 13,449,027 | 13,449,027 |
| Balance as at 30.6.2016 | 1,271,860,644 | 1,271,860,644 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Statement of Cash Flows
For the Year Ended 30th June, 2016

| Cash flows from operating activities | | 2016 | 2015 |
|---|--------------|------------------------|------------------------|
| | Notes | Kshs. | Kshs. |
| Surplus for the year | | 13,449,027 | 110,277,754 |
| Adjust for: | | | |
| Depreciation | 14 | 135,757,078 | 112,058,779 |
| | | <u>149,206,105</u> | <u>222,336,533</u> |
| Changes in Working Capital | | | |
| Decrease/(increase) in Inventory | | 5,955,430 | (9,479,527) |
| Decrease/Increase) in Trade and Other Receivables | | (410,981,996) | (424,970,527) |
| (Decrease)/increase in Trade and Payables | | 110,648,677 | 580,726,684 |
| | | <u>(294,377,889)</u> | <u>146,277,147</u> |
| Net cash flows from operating activities | | (145,171,784) | 368,613,680 |
| Cash flows from investing activities | | | |
| Projects/Work in Progress | | (1,051,356,739) | (285,856,243) |
| Purchase of Computers, Furniture and Equipment | | (99,589,180) | (1,217,409,010) |
| Net cash flows from investing activities | | (1,150,356,739) | (1,503,265,253) |
| Cash flows from financing activities | | | |
| World Bank Loan | | 998,978,217 | 1,000,000,000 |
| Net cash flows from financing activities | | 998,978,217 | 1,000,000,000 |
| Net increase in cash and cash Equivalents | | (297,139,487) | (134,651,572) |
| Cash and Cash Equivalent at 1.07.2015 | | 425,945,844 | 560,597,417 |
| Cash and Cash Equivalent at 30.06.2016 | | 128,806,358 | 425,945,844 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Year Ended 30th June, 2016

| DETAIL | ACTUAL kshs | BUDGET kshs |
|--|----------------------|----------------------|
| Bulk Water Sales | 880,163,226 | 918,071,908 |
| Administration Fees | 178,139,046 | 194,570,710 |
| Grants from GoK Development | 122,643,035 | 200,000,000 |
| Total Grants | 122,643,035 | 200,000,000 |
| Tender Sales | 400,500 | |
| Rent Income | 971,000 | |
| Miscellaneous Income | 8,551,985 | 3,184,404 |
| Laboratory Income | 118,000 | |
| Total Other Income | 10,041,485 | 3,184,404 |
| Gross Total | 1,190,986,792 | 1,315,827,022 |
| Telephone, Fax, Internet, Courier and email | 720,129 | 1,013,774 |
| Travelling and accommodation | 20,199,169 | 20,652,555 |
| Travelling and accomm foreign | | 1,000,000 |
| Subscription to newspaper | 237,960 | 304,374 |
| Advertising & publicity | 15,715,249 | 17,330,378 |
| Trade show & exhibitions | 0 | |
| World Bank operations | | |
| Hire of transport, equipment & machinery | 118,200 | 1,132,580 |
| General office supplies | 3,664,262 | 3,683,962 |
| Laboratory expenses | 47,190 | 1,300,000 |
| Hospitality | 2,725,698 | 3,000,000 |
| Fuel & lubricants | 3,202,385 | 3,774,720 |
| Legal fees & related expenses | 3,944,000 | 9,071,033 |
| Fines and penalties | | |
| Contracted professional services | 12,662,540 | 15,000,000 |
| Audit fees | 1,172,760 | 1,172,620 |
| Maintenance expenses- vehicles | 3,375,590 | 3,500,000 |
| Maintenance of office furniture & equipment | 1,262,799 | 1,685,586 |
| Maintenance of buildings & stations | 741,208 | 3,000,000 |
| Baricho clinic expenses | | 500,000 |
| Stationery office | 2,276,895 | 1,346,948 |
| Depreciation of Motor Vehicles | 53,020,548 | 53,020,548 |
| Depreciation of Furniture | 1,435,388 | 1,435,388 |
| Depreciation of Office Equipment | 4,862,675 | 4,862,675 |
| Depreciation of Plant and Machinery | 10,887,002 | 10,887,002 |
| Depreciation of Computers | 6,736,627 | 6,736,627 |

COAST WATER SERVICES BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

| | | |
|--|----------------------|----------------------|
| Depreciation expense for pipelines | 27,004,303 | 27,004,303 |
| Depreciation of Pumps | 2,915,283 | 2,915,283 |
| Depreciation of Motors | 7,250 | 7,250 |
| Depreciation of Bulk Meters | 23,759,001 | 23,759,001 |
| Depreciation of Water Tanks | 5,129,000 | 5,129,000 |
| Board expenses | 18,573,680 | 20,000,000 |
| Honoraria | 730,800 | 1,044,000 |
| Basic Salary | 91,471,517 | 159,283,877 |
| Medical Allowance | 5,246,995 | 6,000,000 |
| Commuter Allowance | 9,093,400 | 10,000,000 |
| Top up Allowances | 1,548,378 | 2,000,000 |
| Leave Allowance | 1,679,900 | 2,805,564 |
| Hardship Allowance | 3,954,300 | 4,500,000 |
| Acting Allowance | 1,718,458 | 1,500,000 |
| Airtime Allowance | 1,056,000 | 1,246,000 |
| Training expenses | 653,718 | 1,000,000 |
| World Bank staff Training | 16,465,651 | 20,000,000 |
| Staff Welfare | | 2,000,000 |
| Transfer Allowance | 353,680 | 1,000,000 |
| Special Duty Allowance | 265,440 | 650,000 |
| Employer NSSF Contributions | 510,200 | 532,800 |
| Employer Pension Contributions | 4,079,832 | 15,150,036 |
| Employer WSIP Pension | 7,024,770 | |
| Medical Cover | 5,824,931 | 6,133,652 |
| Gratuity | 1,634,886 | 2,064,153 |
| Membership Fees, dues and subscription | | 500,000 |
| House Allowance | 28,718,000 | |
| Office electricity | 487,607 | 2,110,262 |
| Motor Vehicle Insurance | 5,580,383 | 5,514,462 |
| WB Compensation | 5,714,291 | 12,453,080 |
| Security expenses | 10,647,960 | 10,123,920 |
| Electricity – Operations | 364,183,202 | 371,603,667 |
| Chemicals & other related | 29,685,375 | 27,000,000 |
| Bank interest | 99,489,539 | 99,489,539 |
| Maintenance of water assets | 52,921,962 | 55,107,087 |
| Water user charges | 21,122,838 | 21,780,049 |
| Lamu Projects | 21,853,271 | 21,853,271 |
| Mariakani – KIDDP Project | 7,712,137 | 7,712,137 |
| Mkanda Dam | 81,424,183 | 100,000,000 |
| Drought mitigation expenses | 3,140,476 | 3,140,476 |
| Unicef activities | 2,297,659 | 2,297,659 |
| Small dams and pans | 61,152,234 | 61,152,234 |
| Bank charges & commissions | 1,697,001 | 2,000,000 |
| TOTAL | 1,177,537,765 | 1,282,863,272 |

Notes to the Financial Statements
For the Year Ended 30th June 2015

1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below:

a) Basis of Preparation

The Financial Statements have been prepared in accordance with International Public Sector accounting Standards - Accrual

b) Revenue Recognition

The Board adopts the modified accrual basis of accounting for grants. Revenue is recognized when grants are received from the Government of Kenya or other donor agencies. Self-generating income is recognized when it is earned. Expenses are recognized when incurred.

c) Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

| | % per Annum |
|---------------------------------|--------------------|
| Equipment | 12.5 |
| Furniture, Fittings | 12.5 |
| Computers | 33.33 |
| Water Infrastructure | 2.5 |
| Water Equipment | 2.5 |
| Motor Vehicles and Motor Cycles | 25 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued
Receivables

Accounts receivable are recognized and carried at original cost less any unrecoverable amounts.

d) Reporting Currency

All transactions are reported in Kenya Shillings

NOTE 2.

| Revenue | 2016 | 2015 |
|---------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Bulky Water Sales | 880,163,226 | 845,834,810 |
| Administrative Fees | 178,139,046 | 165,615,660 |
| Total | 1,058,302,272 | 1,011,450,470 |

The Board's major sources of revenues are the water sales which are earned from the sale of water to the Water Service Providers and Administrative fees that is earned from the lease of its assets to the Water Service Providers. The Board does not sale water directly to the customers.

NOTE. 3

Other Income

The Board earned miscellaneous income from Laboratory, rent collection from its houses at Sabaki and from sale of tender documents.

| | 2016 | 2015 |
|---------------|-------------------|------------------|
| | Kshs | Kshs |
| Laboratory | 118,000 | 95,000 |
| Rental Income | 971,000 | 1,393,500 |
| Tender Sales | 400,500 | 427,000 |
| Other income | 8,551,985 | 2,050,262 |
| Total | 10,041,485 | 3,965,762 |

COAST WATER SERVICES BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE 4

Grants

| | 2016 Kshs | 2015 Kshs |
|---------------------------------|--------------------|--------------------|
| Government of Kenya Development | 122,643,035 | 651,471,521 |
| Unicef – Donor | | |
| Water Services Trust Fund | | |
| Italy Debt | | 19,997,847 |
| TOTAL | 122,643,035 | 671,469,368 |

NOTE .5

Operating Expenses

| | 2016 Kshs | 2015 Kshs |
|-------------------------------|--------------------|--------------------|
| Electricity | 364,183,202 | 394,176,401 |
| Water Use Charges | 21,122,838 | 10,370,844 |
| Cost of Specialized Materials | 29,685,375 | 15,844,007 |
| Maintenance Of Water Assets | 52,921,962 | 32,761,637 |
| Total | 467,913,377 | 453,152,889 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE 6

| Staff Cost | 2016 | 2015 |
|------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries and Wages | 154,421,850 | 154,391,588 |
| Staff Leave Allowance | 1,679,900 | 2,257,589 |
| Other Staff Allowances | 6,444,051 | 1,035,109 |
| Staff Training | 17,119,369 | 19,609,343 |
| Gratuity | 1,634,886 | 700,000 |
| Total | 181,300,056 | 177,993,629 |

NOTE 7

| General Expenses | 2016 | 2015 |
|---------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Office Electricity | 579,140 | 864,021 |
| Motor Vehicles Insurance | 5,580,383 | 3,760,074 |
| Resettlement compensation | 5,714,291 | 1,125,000 |
| Security Expense | 10,647,960 | 8,379,879 |
| Total | 22,521,774 | 14,128,974 |

NOTE 8

| Project Costs | 2016 | 2015 |
|--------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Lamu Projects | 21,853,271 | 30,736,506 |
| Small dams and Pans | 61,152,234 | 88,787,547 |
| Mkanda Dam | 81,424,183 | 68,140,038 |
| Drought mitigation | 3,140,476 | 11,609,993 |
| Unicef Activities | 2,297,659 | 9,329,972 |
| Marikani – Kiddp project | 7,712,137 | 25,336,386 |
| Total | 177,579,959 | 233,940,442 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE 9

| Finance Cost | 2016 | 2015 |
|---------------------|-------------|-------------|
| | Kshs | Kshs |
| Financing cost | 99,084,806 | 406,800,000 |

The Finance cost relates to interest payable on the World Bank Loan as per treasury letter REF.DGIP/P/7/50. Bank charges have been treated as Administrative costs and thus adjusted accordingly.

NOTE 10

| Administrative Expenses | 2016 | 2015 |
|---|-------------|-------------|
| | Kshs | Kshs |
| Telephone, Fax, Internet, Courier and Email | 720,129 | 1,062,630 |
| Travelling and accommodation- local | 20,199,169 | 18,477,043 |
| Travelling & accommodation foreign | | 1,505,025 |
| Subscription to newspaper & magazine | 237,960 | 285,900 |
| Advertising & Publicity | 15,715,249 | 12,102,814 |
| World Bank Operations | | 37,907,995 |
| Hire of transport equipment & machinery | 118,200 | 954,340 |
| General office supplies | 3,664,262 | 3,743,056 |
| Laboratory expenses | 47,190 | 398,427 |
| Hospitality | 2,725,698 | 2,353,859 |
| Fuel & Lubricant | 3,202,385 | 2,975,906 |
| Legal fees & related expenses | 3,944,000 | 7,004,540 |
| Bank charges | 1,697,001 | 323,607 |
| Contracted professional services | 12,662,540 | 71,303,116 |
| Audit fees | 1,172,760 | 1,172,761 |
| Maintenance expenses – vehicles | 3,375,590 | 2,700,055 |
| Maintenance of office furniture & equipment | 1,262,799 | 704,314 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

| | | |
|-------------------------------------|--------------------|--------------------|
| Maintenance of buildings & stations | 741,208 | 116,677 |
| Stationery office | 2,276,895 | 946,019 |
| Depreciation | 135,757,078 | 112,058,779 |
| TOTAL | 209,520,113 | 278,096,863 |

NOTE 11

| Board Expenses | 2016 | 2015 |
|-----------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Board Allowances | 18,573,680 | 12,354,259 |
| Honoraria | 1,044,000 | 140,790 |
| TOTAL | 19,617,680 | 12,495,049 |

NOTE 12

| Cash and Cash Equivalent | 2016 | 2015 |
|---------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Development | 903,660 | 138,350,804 |
| Operations | 747,031 | 4,147,702 |
| KWSP | 40,278 | 45,678 |
| Administration | 15,363,299 | 3,108,948 |
| Projects | 81,878,369 | 260,239,216 |
| World Bank IDA – 4376KE | 120,050 | 125,450 |
| Drought Mitigation | 980,689 | 1,230,288 |
| Administration Fees | 2,221,714 | 153,374 |
| Unicef | 191,432 | 2,499,897 |
| World Bank – AF | 2,830,001 | 3,836,196 |
| Italy Debt | 4,489,763 | 12,208,290 |
| KCB KISSIP | 19,040,070 | |
| Total | 128,806,358 | 425,945,844 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE 13

| Inventories | 2016 Kshs. | 2015 Kshs. |
|-------------------------------|-----------------------|-----------------------|
| Machinery, Pipes and Fittings | 3,594,164 | 5,880,052 |
| Chemicals | 3,534,750 | 6,156,000 |
| Stationery | 3,303,212 | 4,576,880 |
| Telephone ,Fax | 182,876 | |
| Maintenance Motor Vehicle | 42,500 | |
| Total | 10,657,502 | 16,612,932 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE. 14

Property, Plant and Equipment

| | Motor Vehicles | Computers | Office Equipment | Furniture and Fittings | Water Equipment | Water Infrastructure | Land | Total |
|-----------------------|----------------|------------|------------------|------------------------|-----------------|----------------------|---------|---------------|
| Rates | 25% | 33.33% | 12.5% | 12.5% | 12.5% | 2.5% | | |
| COST | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| As at 1.7.2014 | 72,891,412 | 37,163,721 | 15,360,482 | 8,764,266 | 370,086,542 | | 150,000 | 504,416,423 |
| Additions | 90,844,800 | | 21,463,875 | 8,921,195 | 16,007,014 | 1,080,172,125 | | 1,217,409,009 |
| As at 30.6.2015 | 163,736,212 | 37,163,721 | 36,824,357 | 17,685,461 | 386,093,556 | 1,080,172,125 | 150,000 | 1,721,825,432 |
| Additions | 98,294,280 | 1,294,900 | | | | | | 99,589,180 |
| As at 30.6.2016 | 262,030,492 | 38,458,621 | 36,824,357 | 17,685,461 | 386,093,556 | 1,080,172,125 | 150,000 | 1,821,414,612 |
| Depreciation | | | | | | | | |
| As at 1.7.2014 | 60,220,325 | 24,519,802 | 6,981,700 | 6,348,032 | 119,081,102 | | | 217,150,964 |
| Charge for the year | 28,446,978 | 6,335,733 | 4,884,894 | 1,468,293 | 43,918,577 | 27,004,303 | | 112,058,778 |
| As at 30.6.2015 | 88,667,306 | 30,855,535 | 11,866,594 | 7,816,325 | 162,999,679 | 27,004,303 | | 329,209,742 |
| Charge for the year | 53,020,548 | 6,736,627 | 4,862,675 | 1,435,388 | 42,697,537 | 27,004,303 | | 135,757,078 |
| As at 30.6.2016 | 141,687,854 | 37,592,162 | 16,729,269 | 9,251,713 | 205,697,216 | 54,008,606 | | 464,966,820 |
| Net Book Value | | | | | | | | |
| As at 30.6.2015 | 75,068,906 | 6,308,186 | 24,957,763 | 9,869,136 | 223,093,877 | 1,053,167,822 | 150,000 | 1,392,615,690 |
| As at 30.6.2016 | 120,342,638 | 866,459 | 20,095,088 | 8,433,748 | 180,396,340 | 1,026,163,519 | 150,000 | 1,356,447,792 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE 15

| | 2016 | 2015 |
|---------------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Work In Progress | | |
| Balance b/f | 3,906,424,238 | 3,620,567,994 |
| World Bank Informal | 121,315,117 | 96,588,424 |
| World Bank – wsp | 37,370,028 | 285,242,252 |
| World Bank – Bulky | 137,283,129 | 442,924,205 |
| World Bank – Drought | 186,190,963 | 299,571,285 |
| World Bank WSP | 51,417,662 | 16,222,922 |
| World Bank wip Baricho | 58,453,740 | 52,471,935 |
| World Bank wip msa lot .2 | 374,315,197 | 173,007,346 |
| World Bank Taveta | 7,953,920 | |
| World Bank Sewarage | 70,383,681 | |
| World Bank Kibokoni | 6,673,302 | |
| TRANSFER | | (1,080,172,125) |
| Total | 4,957,780,977 | 3,906,424,238 |

COAST WATER SERVICES BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

NOTE.16

| | 2016 | 2015 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| Trade and Other Receivables | | |
| Mombasa Water and Sewerage Company Ltd | 1,156,446,497 | 1,007,818,274 |
| Malindi Water and Sewerage Company Ltd | 388,885,168 | 346,778,414 |
| Kilifi Mariakani Water and Sewerage Ltd | 426,494,985 | 371,019,659 |
| Kwale Water and Sewerage Company Ltd | 221,378,556 | 110,430,875 |
| Taveta Water and Sewerage Company Ltd | 322,976,472 | 274,219,605 |
| Lamu Water and Sewerage Company Ltd | 6,593,586 | 4,707,569 |
| Salary Advances | 2,312,284 | 1,581,749 |
| Prepaid Internet Services | | 509,820 |
| Provision for Bad Debt | | |
| Prepaid Motor Insurance | 3,058,069 | |
| Staff Imprest | 4,807,409 | 4,905,065 |
| TOTAL | 2,532,953,026 | 2,121,971,031 |

NOTE 17

| | 2016 | 2015 |
|---------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Trade and Other Payables | | |
| Creditors | 803,629,498 | 677,858,875 |
| Provision for Audit Fees | 1,433,761 | 1,433,761 |
| Paymaster General | 61,587,916 | 48,414,090 |
| Ukulima and Other Deductions | 94,496,967 | 122,792,740 |
| TOTAL | 961,148,142 | 850,499,466 |

COAST WATER SERVICES BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

Notes to the Financial Statements, Continued

| NOTE 18 | 2016. | 2015. |
|------------------------|----------------------|----------------------|
| World Bank Loan | Kshs | Kshs |
| Balance B/F | 5,754,658,653 | 4,754,658,653 |
| Disbursements | 998,978,217 | 1,000,000,000 |
| TOTAL | 6,753,636,870 | 5,754,658,653 |