

THE NATIONAL WATER COMMISSION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002



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To the Commissioners of  
THE NATIONAL WATER COMMISSION

Auditors' Report

We have audited the financial statements set out on pages 2 to 14 and have obtained all the information and explanations which we required. The financial statements are the responsibility of the Commissioners and Management. In preparing the financial statements, the Commissioners and Management are required to select suitable accounting policies and apply them consistently, make judgments and estimates that are reasonable and prudent, follow applicable accounting standards, and apply the going concern basis unless it is inappropriate to presume that the Commission will continue in business for the foreseeable future. The Commissioners and Management are responsible for keeping proper accounting records, for safeguarding the assets of the Commission, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Commissioners, and evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with generally accepted accounting principles in Jamaica, give a true and fair view of the state of affairs of the Commission as at March 31, 2002 and of its results and cash flows for the year then ended.

*KPMG Peat Marwick*

January 9, 2003

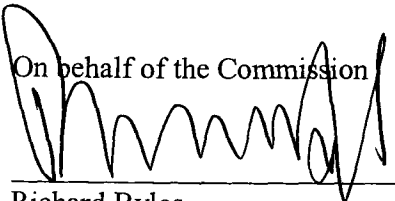


THE NATIONAL WATER COMMISSION

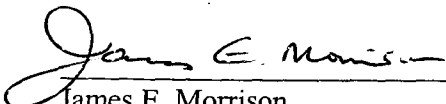
Balance Sheet  
March 31, 2002

		<u>Thousands of Dollars</u>	
	<u>Notes</u>	<u>2002</u>	<u>2001</u>
<b>CURRENT ASSETS</b>			
Cash resources	3	127,185	478,273
Consumers' accounts receivable	4	1,131,734	1,327,981
Due from Government of Jamaica		-	59,546
Other accounts receivable and prepaid expenses	5	296,876	216,496
Inventories	2(e)	<u>685,963</u>	<u>497,643</u>
		<u>2,241,758</u>	<u>2,579,939</u>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and loans	6	294,702	305,260
Current maturities of long-term liabilities	7	174,068	48,299
Deposits and retentions		79,850	54,778
Trade accounts payable		206,737	251,746
Other accounts payable	8	<u>908,266</u>	<u>1,405,011</u>
		<u>1,663,623</u>	<u>2,065,094</u>
<b>NET CURRENT ASSETS</b>		578,135	514,845
<b>FIXED ASSETS</b>	9	10,157,217	6,236,906
<b>LONG-TERM RECEIVABLE</b>	10	<u>822</u>	<u>822</u>
		<u>10,736,174</u>	<u>6,752,573</u>
Represented by:			
<b>RESERVES</b>			
Capital reserve	11	64,026	64,026
Capital grants	12	7,218,087	4,457,130
K Factor fund	13	213,702	233,711
Accumulated surplus		<u>1,091,233</u>	<u>1,852,280</u>
		8,587,048	6,607,147
<b>LONG-TERM LIABILITIES</b>	7	<u>2,149,126</u>	<u>145,426</u>
		<u>10,736,174</u>	<u>6,752,573</u>

On behalf of the Commission

  
 Richard Byles

Chairman

  
 James E. Morrison

Commissioner

The accompanying notes form an integral part of the financial statements.

THE NATIONAL WATER COMMISSION

Statement of Operations  
Year ended March 31, 2002

	<u>Notes</u>	<u>Thousands of Dollars</u>	
		<u>2002</u>	<u>2001</u>
Operating revenue	14	4,797,448	4,730,676
Operating expenses	15	<u>4,925,022</u>	<u>4,447,924</u>
		( <u>127,574</u> )	<u>282,752</u>
Miscellaneous income:			
Interest income		12,410	12,943
Project management fees		6,722	18,666
Gain on disposal of fixed assets		2,661	2,635
Other income		<u>40,851</u>	<u>29,770</u>
		<u>62,644</u>	<u>64,014</u>
		( <u>64,930</u> )	<u>346,766</u>
Other expenditure:			
Bank charges and interest		35,754	23,122
Loan interest		142,586	22,054
Depreciation		485,463	249,950
Foreign exchange loss		<u>52,323</u>	<u>526</u>
		<u>716,126</u>	<u>295,652</u>
Operating (loss)/profit for the year		( <u>781,056</u> )	51,114
Capital grants	12	<u>2,760,957</u>	<u>559,395</u>
Surplus for the year		<u>1,979,901</u>	<u>610,509</u>

The accompanying notes form an integral part of the financial statements.

THE NATIONAL WATER COMMISSIONStatement of Changes in Reserves  
Year ended March 31, 2002

	Thousands of Dollars				
	<u>Capital reserve (note 11)</u>	<u>Capital grants (note 12)</u>	<u>K Factor fund (note 13)</u>	<u>Accumulated surplus</u>	<u>Total</u>
Balance March 31, 2000	64,026	3,897,735	133,332	1,777,052	5,872,145
Surplus for the year	-	-	-	610,509	610,509
Cash inflows	-	-	124,493	-	124,493
Transfers	<u>-</u>	<u>559,395</u>	<u>( 24,114)</u>	<u>( 535,281)</u>	<u>-</u>
Balance March 31, 2001	64,026	4,457,130	233,711	1,852,280	6,607,147
Surplus for the year	-	-	-	1,979,901	1,979,901
Transfers	<u>-</u>	<u>2,760,957</u>	<u>( 20,009)</u>	<u>(2,740,948)</u>	<u>-</u>
Balance March 31, 2002	<u>64,026</u>	<u>7,218,087</u>	<u>213,702</u>	<u>1,091,233</u>	<u>8,587,048</u>

The accompanying notes form an integral part of the financial statements.

THE NATIONAL WATER COMMISSION

Statement of Cash Flows  
Year ended March 31, 2002

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for year	1,979,901	610,509
Adjustments to reconcile surplus for year to net cash provided by operating activities:		
Depreciation	485,463	249,950
Gain on sale of fixed assets	( 2,661)	( 2,635)
Unrealised foreign exchange losses on long-term liabilities	<u>51,700</u>	<u>-</u>
	2,514,403	857,824
(Increase)/decrease in current assets		
Consumers' accounts receivable	196,247	56,714
Due from Government of Jamaica	59,546	( 140)
Other accounts receivable and prepaid expenses	( 80,380)	( 100,227)
Inventories	( 188,320)	( 279,157)
(Decrease)/increase in current liabilities		
Deposits and retentions	25,072	9,846
Trade accounts payable	( 45,009)	178,352
Other accounts payable	( 496,745)	<u>321,239</u>
Net cash provided by operating activities	<u>1,984,814</u>	<u>1,044,451</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and project in progress	(4,408,495)	(1,088,726)
Proceeds from disposal of fixed assets	<u>5,382</u>	<u>4,543</u>
Net cash used by investing activities	<u>(4,403,113)</u>	<u>(1,084,183)</u>
Cash deficit before financing activities	(2,418,299)	( 39,732)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank overdrafts and loans	( 10,558)	169,827
Long-term loan received	2,125,793	123,732
Repayment of long-term liabilities	( 48,024)	( 5,045)
K-Factor fund	<u>-</u>	<u>124,493</u>
Net cash provided by financing activities	<u>2,067,211</u>	<u>413,007</u>
Net (decrease)/increase in cash resources	( 351,088)	373,275
Cash resources at beginning of year	<u>478,273</u>	<u>104,998</u>
<b>CASH RESOURCES AT END OF YEAR</b>	<u>127,185</u>	<u>478,273</u>

The accompanying notes form an integral part of the financial statements.

## THE NATIONAL WATER COMMISSION

Notes to the Financial Statements  
March 31, 2002

### 1. The Commission

The National Water Commission is a statutory body of the Government of Jamaica, which under the provisions of The National Water Commission Act, 1963, as amended by The Water Resources Act, 1995, with attendant regulations, is responsible for providing and operating water supply services in the urban and the rural areas of Jamaica. It also provides sewerage facilities in the same areas.

In 1985, the Commission was mandated to take over all the distribution aspects of water operations previously carried out by the Parish Councils. The Commission started billing the relevant consumers for domestic water in July of that year; however, no assets or liabilities of the Parish Councils were identified for takeover.

At March 31, 2002 the Commission's employees aggregated 2,359 (2001: 2,587).

### 2. Significant accounting policies and basis of disclosure

#### (a) Statement of compliance:

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) which are substantially codified in standards and recommendations issued by the Institute of Chartered Accountants of Jamaica.

#### (b) Basis of preparation:

The financial statements are prepared under the historical cost convention, modified for the inclusion of certain fixed assets at valuation.

These financial statements are presented in Jamaica dollars (\$), which is the functional currency of the Commission.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the income and expense for the year then ended. Actual amounts could differ from these estimates.

Where necessary, prior year comparatives have been restated and reclassified to conform to 2002 presentation.

#### (c) Cash resources:

Cash resources comprise cash and bank balances including short-term deposits with maturities ranging between one and twelve months from balance sheet date. For the purpose of the statement of cash flows, bank overdrafts are presented as financing activities.

#### (d) Accounts receivable:

Consumer and other accounts receivables are stated at cost less provisions for any doubtful debts likely to be incurred in realisation.

#### (e) Inventories:

Inventories, materially comprising of pipes, fittings and spare parts, are valued at the lower of cost, determined principally on a weighted average cost basis, and net realisable value.

THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

2. Significant accounting policies and basis of disclosure (cont'd)

(f) Accounts payable:

Trade and other payables, including provisions, are stated at expected settlement values.

(g) Revenue recognition:

Operating revenue represents amounts for the provision of water and sewerage services and is recognised when billings are made for these services.

(h) Depreciation:

Fixed assets, with the exception of land and land rights, on which no depreciation is provided, are depreciated on a straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Buildings and warehouses	2½%
Reservoirs pumps and sewerage plants:	
Raw water reservoirs, intakes, wells, mains and pumps	2% to 5%
Water treatment plants	2½%
Clear water reservoirs	2% to 3⅓%
Meters and pumps	10% and 15% (2001: 2½% and 15%)
Sewerage plants	1⅔% and 3⅓%
Motor vehicles and equipment	10% to 20%

(i) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling at that date. Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the statement of operations, except losses on loans for projects in progress, which are capitalised.

(j) Pension costs:

The Commission's payments for pension, applicable to a particular accounting period, are recognised as an expense in the statement of operations in the period in which these are incurred (note 18).

(k) Fair value of financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash resources and accounts receivable. Similarly, financial liabilities include accounts payable, deposits and retentions, bank overdrafts and loans.



THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

3. Cash resources

These include \$Nil (2001: \$333,039,000) of non-interest bearing local registered stocks issued by the Government of Jamaica to settle amounts owed by certain Government Agencies (note 4). These stocks were used to pay outstanding statutory deductions (note 8).

4. Consumers' accounts receivable

Consumers' accounts receivable are shown net of a provision for doubtful debts of \$2,062,049,000 (2001: \$1,959,545,000). Consumers' accounts receivable includes \$358,099,000 (2001: \$146,100,000) receivable from Government Agencies (note 3).

5. Other accounts receivable and prepaid expenses

Other accounts receivable are shown net of a provision for doubtful debts of \$4,775,000 (2001: \$7,065,000).

6. Bank overdrafts and loans

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
Bank overdrafts:		
Guaranteed by Government of Jamaica	75,000	75,000
Unsecured	<u>94,825</u>	<u>141,276</u>
	169,825	216,276
Bank loans:		
Guaranteed by Government of Jamaica	<u>124,877</u>	<u>88,984</u>
	<u>294,702</u>	<u>305,260</u>

Bank overdrafts and loans as indicated herein are subject to letters from the Ministry of Finance and Planning giving its irrevocable and unconditional undertaking to repay the amounts outstanding if the Commission is unable to do so from its own resources.

7. Long-term liabilities

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
(a) Caribbean Engineering Company Limited	275	3,299
(b) The Bank of Nova Scotia Jamaica Limited	104,000	59,446
(c) Government of Jamaica	(i) 66,694	66,694
	(ii) 573,620	64,286
(d) National Commercial Bank Jamaica Limited	(i) 575,578	-
	(ii) 163,483	-
(e) Chesapeake Global Trade & Finance Limited	239,544	-
(f) International Trust & Merchant Bank Limited	<u>600,000</u>	<u>-</u>
	2,323,194	193,725
Less: Current maturities	<u>174,068</u>	<u>48,299</u>
	<u>2,149,126</u>	<u>145,426</u>

THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

7. Long-term liabilities (cont'd)

- (a) This unsecured loan bears interest at 5%, and was scheduled to be repaid in equal monthly installments by July 1999.
- (b) This loan bears interest at 25% and is scheduled to be repaid by equal monthly installments of \$5 million commencing July 31, 2001. The loan is guaranteed by the Government of Jamaica.
- (c) (i) This unsecured loan, from the Government of Jamaica, is repayable in twenty equal semi-annual installments commencing September 30, 2002. The loan bears interest at LIBOR plus 3% for the first five years, with a nominal rate to be fixed thereafter for the remaining life of the loan. Interest is payable semi-annually and the first interest payment is due September 30, 2002. At March 31, 2002, the applicable rate was 5.03% (2001: 7.56%).
- (ii) This represents a US\$12,048,193 loan extended by the Government of China to the Government of Jamaica and which was on lent to the Commission for the procurement of pipes, fittings and valves. The loan is repayable in twenty-four equal semi-annual installments commencing January 1, 2006. It bears interest at 4%. The first interest payment was due September 20, 2001.
- (d) (i) This represents a US\$12 million loan which is scheduled to be repaid in sixteen equal quarterly installments commencing July 3, 2002. The loan bears interest at 10.75% per annum and is guaranteed by the Government of Jamaica.
- (ii) This loan is guaranteed by the Government of Jamaica and is repayable in twenty four equal quarterly installments commencing September 11, 2003. The loan bears interest at the weighted average rate of the 6 months Treasury Bill rate plus 1.75% per annum. At March 31, 2002, the applicable rate was 21%.
- (e) This represents a US\$5 million loan which is scheduled to be repaid by November 12, 2003. There was a net disbursement of US\$3.9 million, as US\$1.1 million which represents total interest charges, was deducted from the principal balance. The interest rate is 10.85% per annum and the loan is guaranteed by the Government of Jamaica.
- (f) This loan is guaranteed by the Government of Jamaica and is repayable in six semi-annual installments commencing December 4, 2003. The loan bears interest computed at the weighted average rate of the 6 month Treasury Bill rate plus 1<sup>7</sup>/<sub>8</sub>% per annum.

Based on a cabinet decision on June 3, 2002, the Government of Jamaica, through the Ministry of Finance and Planning, has assumed the servicing of the Commission's existing and future loans limited to \$3.4 billion subject to the proviso that debt-servicing shall revert to the Commission after the implementation of a new tariff regime which is subject to approval by the Office of Utilities Regulation.

THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

8. Other accounts payable

This comprises:

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
Statutory deductions (see note 3)	596,728	986,026
Other salary related accruals	61,468	116,120
Accruals for incentive payments	-	60,000
Accruals for retroactive pension	93,935	113,369
Interest payable	62,193	9,247
Other accruals	<u>93,942</u>	<u>120,249</u>
	<u>908,266</u>	<u>1,405,011</u>

9. Fixed assets

	<u>Thousands of Dollars</u>					
	<u>Land and land rights</u>	<u>Buildings and warehouses</u>	<u>Reservoirs, pumps and sewerage plants</u>	<u>Motor vehicles and equipment</u>	<u>Projects in progress (PIP)</u>	<u>Total</u>
At cost or valuation:						
March 31, 2001	154,843	82,247	5,881,273	717,153	550,252	7,385,768
Additions	193	17,339	3,101,202	23,299	1,266,462	4,408,495
Transfer from PIP	-	-	226,290	-	( 226,290)	-
Disposals/transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 11,133)</u>	<u>-</u>	<u>( 11,133)</u>
March 31, 2002	<u>155,036</u>	<u>99,586</u>	<u>9,208,765</u>	<u>729,319</u>	<u>1,590,424</u>	<u>11,783,130</u>
Depreciation:						
March 31, 2001	-	16,803	689,498	442,561	-	1,148,862
Charge for the year	-	5,846	399,495	80,122	-	485,463
Eliminated on disposal/transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 8,412)</u>	<u>-</u>	<u>( 8,412)</u>
March 31, 2002	<u>-</u>	<u>22,649</u>	<u>1,088,993</u>	<u>514,271</u>	<u>-</u>	<u>1,625,913</u>
Net book values:						
March 31, 2002	<u>155,036</u>	<u>76,937</u>	<u>8,119,772</u>	<u>215,048</u>	<u>1,590,424</u>	<u>10,157,217</u>
March 31, 2001	<u>154,843</u>	<u>65,444</u>	<u>5,191,775</u>	<u>274,592</u>	<u>550,252</u>	<u>6,236,906</u>

- (a) Land and land rights are shown at valuation of \$11,977,000 (2001: \$11,977,000) carried out by executive staff of the Commission during 1975, plus subsequent additions at cost.
- (b) Under Law 34 of 1936, certain of the lands are vested in the Commission but titles thereto are not registered in the name of the Commission, but are held by the Commissioner of Lands on its behalf.
- (c) Projects in progress include several projects that are being constructed by a related party and capital expenditure on these products totalled approximately \$554,964,000 (2001: \$10,500,000) at year end.

THE NATIONAL WATER COMMISSIONNotes to the Financial Statements (Continued)  
March 31, 200210. Long-term receivable

Long-term receivable represents contributions to the National Housing Trust up to July 31, 1979, recoverable in the years 2001/4.

11. Capital reserve

This primarily comprises the capitalised value of public mains in subdivisions taken over by the Commission.

12. Capital grants

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
Balance at beginning of year	<u>4,457,130</u>	<u>3,897,735</u>
Government of Jamaica	22,522	87,839
Caribbean Engineering Corporation Limited	<u>2,738,435</u>	<u>471,556</u>
	<u>2,760,957</u>	<u>559,395</u>
Balance at end of year	<u>7,218,087</u>	<u>4,457,130</u>

13. K Factor fund

Under the National Water Commission (Water Supply Services) (Rates and Charges) (Amendment) Regulations 1999, the Commission was empowered to impose a 4% charge, to be applied to water rates and charges for a period of two years. The amount so collected, termed the K factor, is to be used for the purpose of financing the Meter Installation and Pump Replacement Programme of the Commission. Effect was given to this directive between April 1, 1999 and February 28, 2001.

The fund is currently represented as follows:

	<u>Thousands of Dollars</u>	
	<u>2002</u>	<u>2001</u>
Fixed assets - pumps and meters, net of depreciation	213,702	152,842
Accounts receivable and cash	<u>-</u>	<u>80,869</u>
	<u>213,702</u>	<u>233,711</u>

14. Operating revenue

The Commission's revenue arises materially from the supply of water and sewerage services.



THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

18. Pension costs (cont'd)

While the Commissioners and management have been advised administratively that the Commission is responsible for all future post-retirement benefits, regardless of the option exercised by employees, appropriate legislative ratification and funding of past-service benefits appears to be pending. Consequently, no accruals for these benefits have been made in the financial statements.

Total expenses for the year aggregated \$119,930,000 (2001: \$83,818,000) of which \$9,169,000 (2001: Nil) represents employers' contribution under the contributory superannuation scheme.

19. Financial instruments

Exposure to financial instrument risk arises in the ordinary course of the Commission's business. Derivative financial instruments are not presently used to reduce exposure to fluctuations in interest and foreign exchange rates.

## (a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

For certain consumers, the Commission requires cash deposits, which generally cover their significant credit risk. Additionally, management has credit practices in place to minimise exposure to credit risk generally. This involves procedures for the disconnection of services to, and recovery of amounts owed by, defaulting customers.

There is concentration in respect of consumers' accounts receivable with agencies of the Government of Jamaica (see note 4) which at March 31, 2002, represented 30% (2001: 11%) of total consumers' accounts receivable.

## (b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Commission materially contracts financial liabilities at floating interest rates. These primarily relate to bank overdrafts and loans subject to interest rates fixed in advance, which may be varied by appropriate notice by the lenders.

At March 31, 2002, financial liabilities subject to interest aggregated \$2,423,198,000 (2001: \$498,985,000).

THE NATIONAL WATER COMMISSION

Notes to the Financial Statements (Continued)  
March 31, 2002

19. Financial instruments (cont'd)

## (c) Foreign currency risk:

The Commission incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaica dollar. The currency giving rise to this is primarily the United States dollar (US\$).

At March 31, 2002, net foreign currency liabilities aggregated approximately US\$31,178,000 (2001: US\$4,150,000).

## (d) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Commission will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Commission's material liabilities and significant receivables are guaranteed by or are otherwise with the Government of Jamaica as counter-party. Consequently, no material liquidity risk is assessed at balance sheet date.

## (e) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

At March 31, 2002, the Commission has no significant exposure to market risk.

## (f) Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The cost reflected in the financial statements for cash resources, accounts receivable, accounts payable, bank overdrafts and short-term loans are assumed to approximate to their fair values. Long-term liabilities are stated at contracted settlement values. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

THE NATIONAL WATER COMMISSION

SUPPLEMENTARY INFORMATION TO THE  
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002



THE NATIONAL WATER COMMISSION

Supplementary Information to the Financial Statements

Year ended March 31, 2002

Schedule I

Thousands of Dollars  
2002                      2001

OPERATING EXPENSES

Salaries, wages and related costs	(Schedule II)	2,259,751	1,937,337
Repairs and maintenance	(Schedule III)	663,583	634,398
Administration	(Schedule IV)	980,255	802,087
Electricity		887,886	939,743
Telephone		39,665	32,134
Fuel and lubrications		49,844	52,966
Purchases - water		<u>44,038</u>	<u>49,259</u>
		<u>4,925,022</u>	<u>4,447,924</u>

Schedule II

Thousands of Dollars  
2002                      2001

SALARIES, WAGES AND RELATED COSTS

Salaries and wages		1,421,965	1,268,733
Allowances	- Motor vehicle	112,590	91,646
	- Uniform	125,374	124,597
	- Other	229,805	166,129
Pension costs		119,930	83,818
Insurance (group)		66,595	59,323
Travelling and transportation		13,820	8,835
Statutory contributions		<u>169,672</u>	<u>134,256</u>
		<u>2,259,751</u>	<u>1,937,337</u>

THE NATIONAL WATER COMMISSION

Supplementary Information to the Financial Statements

Year ended March 31, 2002

Schedule III

Thousands of Dollars  
2002                      2001

REPAIRS AND MAINTENANCE

General repairs (pipes)	122,883	57,456
Material and supplies	55,638	72,503
Motor vehicles	76,271	75,001
Plant and equipment	233,280	223,133
Building	46,480	70,200
Chemicals	32,161	22,812
Equipment rental	50,519	56,533
Reinstatement of roads	34,317	38,833
Office furniture and equipment	3,818	5,667
Claims and contingencies	<u>8,216</u>	<u>12,260</u>
	<u>663,583</u>	<u>634,398</u>

Schedule IV

Thousands of Dollars  
2002                      2001

ADMINISTRATION

Bad debts	503,192	338,758
Rent, rates and taxes	63,073	61,933
Security services	70,924	86,922
Insurance charges	96,579	45,938
Donations	6,187	5,500
Computer services	33,332	36,375
Printing and stationery	15,470	18,486
Consultancy fees	73,761	97,950
Postage and cables	45,758	36,856
Overseas travel	2,603	708
Audit fees	4,170	3,800
Staff welfare	35,665	48,317
Miscellaneous expenses	15,672	7,766
Legal expenses	3,756	1,429
Advertising	<u>10,113</u>	<u>11,349</u>
	<u>980,255</u>	<u>802,087</u>