

Karuri Water and Sanitation Company

KAWSCO



**FINANCIAL STATEMENTS FOR
THE THIRTEEN (13) MONTHS PERIOD
ENDED 30TH JUNE 2009**

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**FINANCIAL STATEMENTS OF
KARURI WATER AND SANITATION
COMPANY LIMITED FOR THE
THIRTEEN (13) MONTHS PERIOD
ENDED 30 JUNE 2009**

KARURI WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

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KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

COMPANY INFORMATION

Karuri Water and Sanitation Company Limited is a public company which was registered under the Companies Act on 24th April 2007 and in accordance with the Water Act 2002. The Company started its operations on 1st June 2008 and its first board meeting on 4th November 2008. The company has seven directors and its core function is water delivery within Kiambaa division or Karuri Town Council area of jurisdiction which covers four administrative wards namely Kiambaa, Muchatha, Ndenderu and Kihara. Karuri Town Council is the share holder of the company. During the period under review, the company had five permanent staff. Two were seconded from the Ministry of Water and Irrigation while three were seconded from the Town Council of Karuri

REGISTERED OFFICE Karuri Water & Sanitation Company Limited
Behind Karuri Market
P.O Box 818-00219,
Karuri

AUDITORS Controller and Auditor General
P. O Box 30084-00100
NAIROBI

BANKERS Post Bank
Karuri Branch
Kenya Commercial Bank
Kiambu

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

BOARD OF DIRECTORS

The core functions of the board of directors is to formulate policies to ensure sustainability of the company, effective and efficient management of the company's resources geared towards equitable supply of water within the company's area of jurisdiction.

The board of directors who held office during the seven months to the date of this report is as follows:

- | | |
|-------------------------------|--|
| 1. Mr. George Wainaina | Chairman to the board.Representing Chamber of Commerce |
| 2. Eng. Andrew Muigai | Chairman Finance, Technical and Administrative Committee
Representing professionals |
| 3. Mrs. Peris N. Wanjiru | Representing farmers Association. |
| 4. Mrs. Peninnah Wakibi | Representing Maendeleo ya Wanawake. |
| 5. Mr. Patrick Mwaura | Town Clerk who replaced the former clerk Mr. D.G Macharia on
10th February 2009 |
| 6. Cllr. John Kimani Ngigi | Chairman Karuri Town Council. |
| 7. Canon Rev. John.M. Mutonga | Representing Community Water Projects. |

MANAGEMENT STAFF

The management staff during the seven months to the date of this report is as follows:

- | | |
|------------------------------|-----------------------|
| 1. Mr. John P. Karioki | Ag. Managing Director |
| 2. Mr. Stephen Gateru Mbugua | Ag. Technical Manager |

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2009

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profits or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose with reasonable accuracy the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept the responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Financial reporting Standards and the requirements of the companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the affairs of the company and of its surpluses/deficits. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

The directors submit their report together with the financial statements for the financial year ended 30th June 2009 which discloses the state of affairs of the company.

Mr. George wainaina

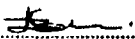
Chairman to the Board

Sign 

Date 14/4/2010

John P. Karioki

Managing Director

Sign 

Date 14th April 2010

REPUBLIC OF KENYA

Telephone +254 20-342330
Fax: +254 20 311482
E-mail: eag@kenao.go.ke
Website: www.kenao.go.ke



P. O. Box 30084-00100
NAIROBI

Date.....

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KARURI WATER AND SANITATION COMPANY LIMITED FOR THE THIRTEEN (13) MONTHS PERIOD ENDED 30 JUNE 2009

I have audited the accompanying financial statements of Karuri Water and Sanitation Company Limited set out at pages 6 to 14 which comprise the balance Sheet as at 30 June 2009, the income statement, the statement of changes in Equity and the cash Flow Statement for the thirteen (13) months period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of section 14 of the Public Audit Act, 2003. 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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

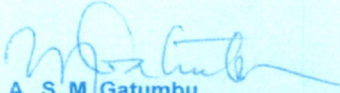
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2009, and its financial performance and its cash flows for the thirteen (13) months period then ended in accordance with the International Financial Reporting Standards and comply with the Water Act, 2002 and the Kenya Companies Act, Cap 486 of the Laws of Kenya.



A. S. M. Gatumbu
CONTROLLER AND AUDITOR GENERAL

Nairobi

27 April 2010

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

INCOME STATEMENT

	NOTES	KSHS.2009
INCOME		
TOTAL INCOME	9	9,509,628
EXPENDITURE		
Administrative Expenses	9	586,729
Board Expenses	11	117,500
General Expenses	12	312,837
Staff Expenses	13	2,461,391
Operational Expenses	14	4,559,119
Lease fee	15	408,045
TOTAL EXPENDITURE		8, 445,621
Surplus		1, 064,007

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

BALANCE SHEET AS AT 30TH JUNE 2009

	NOTES	KSHS. 2009
INCOME		
NON CURRENT ASSETS		
Property, Plant and Equipment	9	1,172,142
CURRENT ASSETS		
Debtors	3	1,862,274
Cash and Bank Balances	4	211,923
Total Current Assets		2,074,157
TOTAL ASSETS		<u>3,246,339</u>
EQUITY AND LIABILITIES		
CAPITAL AND CAPITAL RESERVES		
SHARE CAPITAL		
Authorized 5,000@Kshs. 20		
Issued Share Capital 2 shares @ Kshs. 20	5b	
Capital Reserve	5a	
Surplus	6	
Current Liabilities		
Creditors and Accrual	8	
TOTAL EQUITY AND LIABILITIES		

Mr. George Wainaina

Chairman to the Board

Sign 

Date 14th April 2010

John P. Kariuki

Managing Director

Sign 

Date 14th April 2010

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.
Starting Capital	40	371,138	—	371,178
Surplus for the period	—	—	1,064,007	1,064,007
Balance carried down as at 30th June 2009	40	371,138	1,064,007	1,435,185

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

CASH FLOW STATEMENT

	2009
	(Kshs.)
Cash flow from operating Activities	
Deficit/Surplus for the period	1,064,007
Adjustment for depreciation	42,062
Operating surplus before working	
Capital changes	1,106,069
(Increase/Decrease in Debtors)	(1,862,274)
Increase in Creditors	1,811,154
Net cash flow from operating activities	1,054,985
Investing Activities	
Purchase of Fixes Assets	(1,214,200)
Financing Activities	
Initial Capital	371,138
Cash and Cash equivalent at the Beginning of the year	—
Cash and Cash equivalent at the End of the year	211,923

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

Notes to the Financial Statement (CONT'D)

1. Accounting policies

The principal accounting policies adopted in the preparation of the statements set out as follows:

a) Basis of preparation

The Financial Statements are prepared under the historical cost convention and are in compliance with International Financial Reporting Standards.

b) Revenue recognition

Income is recognized in the year in which it is due.

c) Reporting Currency

The reporting currency is Kenya shilling.

d) Cash and cash equivalent

For the purpose of the cash flow statement, Cash and Cash equivalent comprise cash in hand and deposits held at call with local banks.

e) Property, Plant and Equipment

Depreciation is calculated on straight line basis on a pro-rata basis.

The annual depreciation rates are:

Office equipments-computers	33%
Plant equipment	10%
Furniture and Fittings	10%

f) Provisions

Provisions are recognized when a company has legal or constructive obligation as a result of past events and its probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

g) Taxation

Karuri Water and Sanitation Company is an agent of a state corporation (Athi Water Services Board) in the provision of essential services. Provision for taxation has not been made.

h) Grants

Grants received from the Government and other development partners are treated as revenue when funds are received.

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

Notes to the Financial Statements (CONT'D)

2. Fixed Assets scheduled for the thirteen months ended 30th June 2009

	Kshs. Cost	Kshs. Depreciation	Kshs. Net book value
Office Equipments	155,240	8,538	146,702
Plant Equipment	819,112	20,478	798,634
Furniture and Fittings	239,848	13,046	226,806
Total	1,214,200	42,062	1,172,142

The company also had a motor cycle valued kshs. 50,000 which is a property of Athi Water Services Board.

3. Debtors

Shareholders	40
Water sales Debtors	1,701,702
Kazi kwa Vijana	141,950
Staff Debtors	47,720
Prepayments; insurance	55,947
Less: Provision for bad debts as at 5%	(85,085)
Total	1,862,274

4. Cash and cash balances

Cash in hand	14,440
Cash in Bank	197,483
Total	211,923

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

Notes to the Financial Statements (CONT'D)

5. a) Revenue Reserve	-
Surplus	1,064,007
Total	1,064,007
b) Share Capital	
Authorized:	
5000 Ordinary shares of Kshs.20 each	100,000
Issued Ordinary shares of Kshs.20 each	40
6. Capital Reserve	
Debtors inherited from previous asset holders	759,491
Creditors inherited from previous asset holders less	
Electricity arrears inherited	(388,353)
Total	371,138
7. Grants Received	
Salaries for government and council employees	1,349,491
Electricity paid by the AWSB and the council	1,533,814
Total	2,883,305
8. Creditors and Accruals	
Trade and other payables	1,557,194
Refundable customer deposits	253,960
Total	1,811,154
9. Income	
Water sales	5,230,880
Miscellaneous Income	1,395,443
Grant from the government and council for salaries	1,349,491
Grant from AWSB and Karuri Town Council to pay electricity	1,533,814
Total	9,509,628

Karuri Water And Sanitation Company Limited Board of Governors



Front row Left to Right. Eng. Andrew Muigai, Mr. George Wainaina (**Chairman to the board**),
Mrs. Penninah W. Wakibi & Mrs. Peris W.Njenga

Back row Left to Right. Cllr. John K. Ngigi, Cannon John M. Mutonga , Mr. John P. Karioki
(**Ag. Managing Director**) & Mr. Patrick Mwaura

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

Notes to the Financial Statement (CONT'D)

10. Administrative Expenses

Rent	90,000
General Office maintenance	19,610
Stationery, Photocopying, Printing & Typesetting	85,794
Office Accessories	129,844
Telephone Expenses and Internet	88,970
Bank Charges	17,170
Fuel	29,613
Motorcycle Maintenance	27,007
Transport and carriage	10,700
Travelling Allowance and Bus fare	19,250
Security	57,581
Insurance	11,190
Total	586,729

11. General Expenses

Uniform	25,290
Miscellaneous	62,376
Benevolent Fund	10,000
Depreciation	42,062
Office tea & Entertainment	88,024
Provision for bad debts	85,085
Total	312,837

12. Board Expenses

Board Allowance	117,500
Total	117,500

13. Staff Costs

Salaries and Wages	995,300
Salaries paid to government employees	1,349,491
Other staff costs	116,680
Total	2,461,391

KARURI WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THIRTEEN MONTHS PERIOD ENDED 30 JUNE 2009

Notes to the Financial Statement (CONT'D)

14. Operational Cost

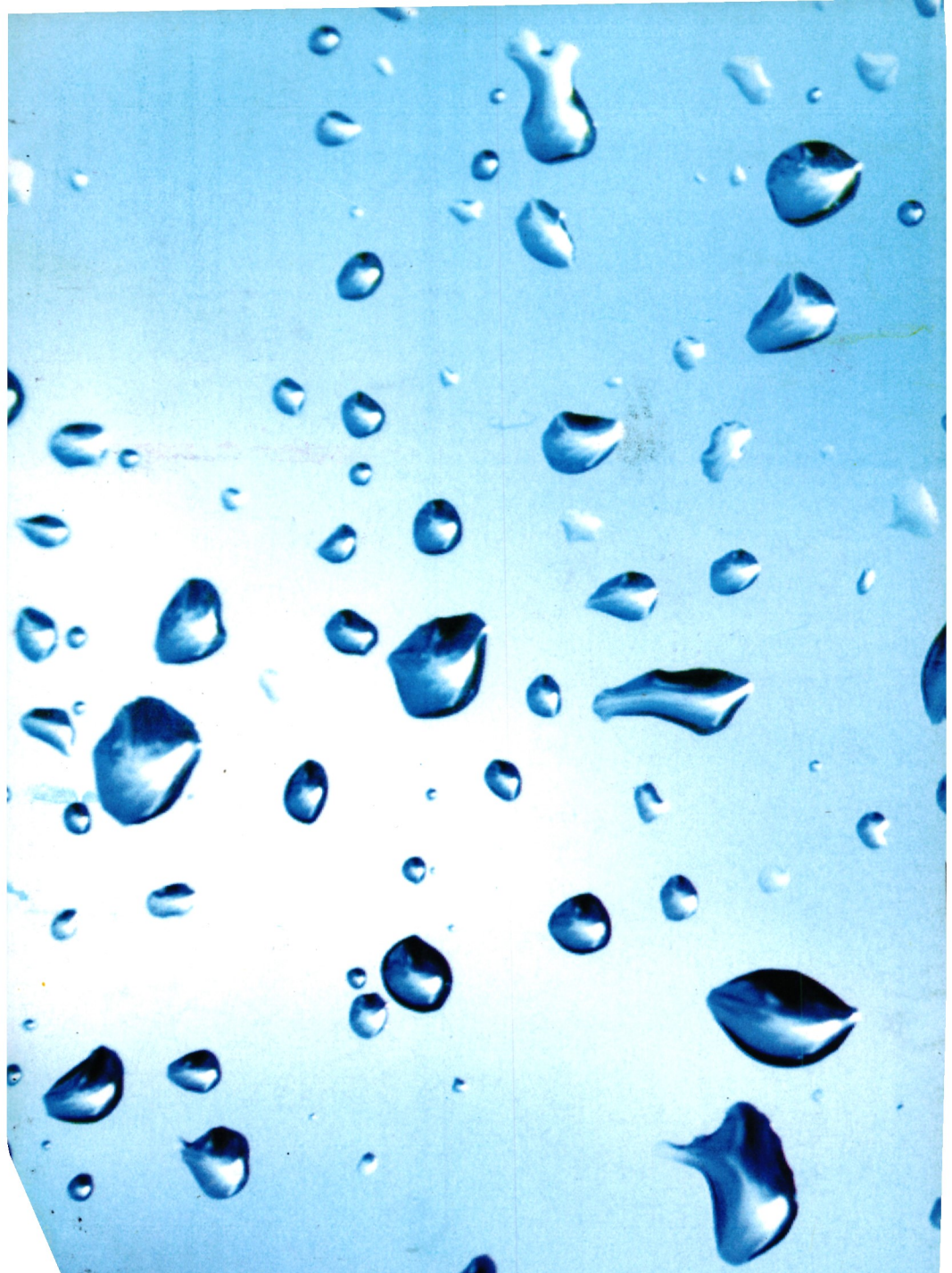
Electricity	2,251,496
Water Resource Management	5,000
Maintainance of water systems	1,450,367
Water Quality & Testing	17,400
Tools	44,420
Survey	47,900
Kiosk's Fixtures and Fittings	61,094
Bulk water	681,442
Total	4,559,119

15. Lease fee to AWSB 408,045

16. Comparative Information

There are no comparative figures as this is the first year of audit.





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