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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**FORT BEVERAGE INDUSTRIES  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2018**

Filed by: Senate Minority Whip

Date: 4<sup>th</sup> Nov. 2021

Committee:

Chair at the table: Kawata M. M. M. M.

kanasZ

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30184 - 00100, NAIROBI  
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**ANNUAL REPORT &  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2018**

**Prepared in accordance with the Accrual Basis of Accounting Method under  
the International Financial Reporting Standards(IFRS).**



**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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# FORT BEVERAGE INDUSTRIES COMPANY LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

### I. CORPORATE INFORMATION

#### Incorporation

The company was incorporated on 28<sup>th</sup> December 2016 under the companies Act 2015. It is a private company limited by shares. These shares are allotted to the natural person and held in trust for the holding company. The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. The company started its independent operations in May 2017

#### Principal Activity

The company produces and sells bottled water.

#### THE BOARD OF DIRECTORS

<u>NAME</u>	<u>DESIGNATION</u>
Dr. P. K. Munga	Chairman
Eng. D. Ng'ang'a	Managing Director
H. M. Mwithiga	Member
J. K. Mwirigi	Member
S. Karina	Member
M. Gichomo	Member
P. Kiguta	Member
E. Gathima	Member
B. Wanjeri	Member
P. Macharia	Member

#### COMPANY SECRETARY

Gichuke Ribathi & Company Advocates  
P.O BOX 5556-00200  
NAIROBI

#### REGISTERED OFFICE

Muwasco Building, Murang'a  
Kangema Road  
P. O. Box 1050 - 10200  
MURANG'A.

#### COMPANY CONTACTS

Telephone-0712292544  
E-Mail-managingdirector@muwasco.co.ke  
Website-www.muwasco.co.ke

#### CORPORATE BANKERS






1. Equity Bank Ltd.  
P. O. BOX 1060 - 10200,  
MURANG'A.

#### AUDITORS

Office of Auditor General  
P.O. Box 30084 - 00100  
NAIROBI.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**II. THE BOARD OF DIRECTORS**

 <p>DR. P.K. MUNGA</p>	<p>He is an industrialist and a business man with interests in banking, manufacturing, insurance among others. He has vast experience in both public and private sector and has been contributing immensely to the community in scholarships and other social wellbeing. He is a former chairman of Equity bank and a member of boards of various blue-chip companies. He is the proprietor of Equatorial Industrial Park and Pioneer group of schools among others.</p> <p>He is a qualified Certified Public Secretary (CPSK) and holds many other certificates in management and corporate governance. He is chairman to the board.</p>
 <p>ENG. D. NG'ANG'A</p>	<p>He is the current Managing Director of Murang'a Water &amp; Sanitation Company since the company's inception in 2007. He has huge experience in the water sector and also has worked in the private sector. He is a registered engineer, has a BSC civil engineering degree, Executive Masters degree in Business Administration and a diploma in Community Development. He has attended numerous managerial and administration courses both locally and abroad.</p>
 <p>H.M. MWITHIGA</p>	<p>He has vast experience in both the public and private sector having worked for many years with BAT rising to the post of Area Marketing Manager. He founded and is the current proprietor of Murang'a Tobacco Distributors. He has served in many schools management boards as well as ACK church council committees in various capacities.</p> <p>He holds various post high school certificates in sales, management and corporate governance. He is the chairman audit and risk management committee of the board.</p>
 <p>J.K. MWIRIGI</p>	<p>He is an experienced finance manager who has served in the public sector for more than 10 years and is currently the Murang'a Town Manager for the last four years. He served with the now defunct County Council of Murang'a in the capacity of Marketing superintendent and later as Senior Accountant.</p> <p>He holds a Bcom in Finance. He is also a qualified accountant (CPAK) and also a qualified public secretary (CPSK) and has studied various management and administration courses.</p>
 <p>S. KARINA</p>	<p>She has vast experience in community development and the founder and current director of an NGO called Friends For The Abused People International (FOTAPI). She has also worked in various capacities with: NACADA, ECK, Uwezo Kenya, Joyful Women, Probation office and been a member of school boards.</p> <p>She holds a bachelors degree in social work and administration and has numerous certificates in community development related courses from various institutions. She is a member of finance and administration committee of the board.</p>








**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
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 <p>M. GICHOMO</p>	<p>She is a career journalist with experience in journalism and social work. She has also worked as an assistant director at Radio Maria station. She has been involved in various youth development programs and represented the youth in various capacities. She is also a founder member of Murang'a Active Youth Group.</p> <p>She is a diploma holder in Journalism and diverse certificates from various institutions. She is a member of Audit and risk management committee of the board.</p>
 <p>P. KIGUTA</p>	<p>A career accountant, he has enormous experience in the private sector as well as participated in many social and community development activities. He is currently a partner with Ruhii &amp; Associates CPAs. He has been the chairman of the Murang'a chapter of the Chamber of Commerce and Industry, organizing secretary of Kikuyu council of elders (Murang'a). He has also served in various capacities in religious organizations.</p> <p>He has various post high school certificates. He is the chairman of the finance and administration committee of the board.</p>
 <p>E. GATHIMA</p>	<p>He has many years of experience in representing the physically challenged persons in various capacities. He has served in the capacities of treasurer, secretary and chairman in various groups of the physically challenged.</p> <p>He has attained certificates in food production, evangelism &amp; discipleship and computer packages. He is a member of finance and administration committee of the board.</p>
 <p>B. WANJERI</p>	<p>She represents Maendeleo ya wanawake. She is a diploma holder in human resource and guidance and counseling from university of Nairobi. She has also undergone short courses in local government supervisory management and effective supervision course. She has worked as a human resource officer, administrative officer and senior secretary. She is a member of Audit and risk management committee of the board.</p>
 <p>P. MACHARIA CECM WATER &amp; IRRIGATION MURANG'A</p>	<p>He is a holder of Master of Science in Human Resources Management from the Jomo Kenyatta University of Agriculture and Technology. He is also a holder of Master of Business Administration majoring in Finance and Accounting from Mount Kenya University. He has undertaken an undergraduate degree in Bachelor of Commerce (Accounting Option) from the Kenyatta University. He is currently pursuing a PHD in finance from the Jomo Kenyatta University. He is a Certified Public Accountant (CPA-K). He also worked as the Chief Executive Officer of the Murang'a County Initiative Co. Ltd. He has served as Business Development Manager at the Pioneer International University.</p>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**III. MANAGEMENT TEAM**

The Company's senior management team is as follows:

1.	 ENG. D. NGA'NG'A	BSC CIVIL ENGINEERING, EMBA, DIP. COMMUNITY DEVELOPMENT	MANAGING DIRECTOR
2.	 CPA .J. MAINA	CPA(K), B.COM, MASTER OF PUBLIC POLICY AND ADMINISTRATION	COMMERCIAL MANAGER
3.	 E. MAINA	BSC CIVIL ENGINEERING	TECHNICAL MANAGER
4.	 CPA. P. NJERU	B.COM CPA(K)	HEAD OF INTERNAL AUDIT
5.	 J. MBUTHIA	BMC, DIPLOMA IN JOURNALISM & MEDIA STUDIES	ACTING MANAGING DIRECTOR/HEAD OF CORPORATE AFFAIRS
6.	 P. MWANGI	DIPLOMA IN ENVIRONMENTAL TECHNOLOGY, CERTIFICATE IN M&E	HEAD OF MONITORING AND EVALUATION
7.	 E. NG'ANG'A	BED(ARTS) ,MBA(HRM)	HEAD OF HUMAN RESOURCES & ADMINISTRATION

#### **IV. CHAIRMAN'S STATEMENT**

##### **General Overview**

Fort beverage industry was commissioned in our endeavors to improve our revenue streams. The company operate independently and only the market forces of supply and demand can influence its prices hence has a higher opportunity of making business though competitive products in the market. The company envisages introducing other product in beverage industry in foreseeable future to compliment bottled water and though it is a subsidiary wholly owned by Murang'a Water and Sanitation Company its operations are distinct in that the parent company tariffs are regulated but the subsidiary prices are only affected by competitor's prices in the market. In order to penetrate the ever competitive market quality will be our fore front.

##### **Future Plans**

With favorable operating environment, support from our stakeholder and financial partners we expect to penetrate market and our presence felt. Having presented the first annual report we expect the future report will have a remarkable improvement in terms of revenue recorded as we will set marketing budgets in order to penetrate the market.

##### **Tribute**

I salute all our partners including Fort beverage Board of Directors, the national and County Governments, Tana Water Services Board, the ministry of water and sanitation, our staff and also customers for their support. I urge the management to continue pursuing the penetration of our products in the market so that we build a strong brand which will not only compete in the local market but also internationally.

  
**DR. P. K. MUNGA**  
**CHAIRMAN**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**V. MANAGING DIRECTOR STATEMENT**

**General Overview**

A fort beverage industry is a subsidiary wholly owned by Murang'a Water and Sanitation Company Limited which is the parent company. It is envisaged that the company will be able to operate commercially and be able to make returns which will be reinvested in the parent Company thereby reduce the cost of piped water and make it affordable to residents of Murang'a town and its environs.

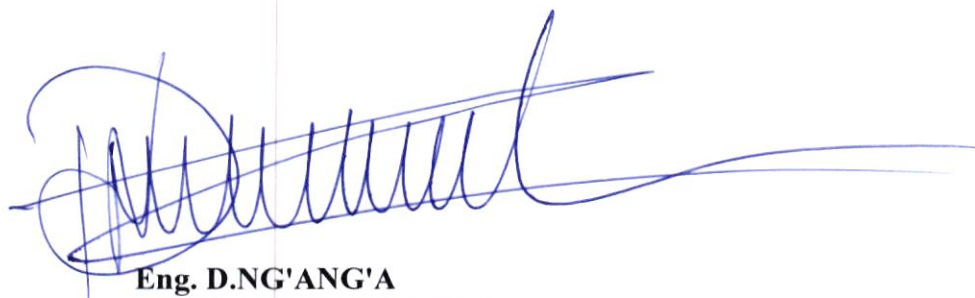
I am proud to present to you the annual performance of Fort Beverage Industries. This is the first year that the company is presenting the first sets of accounts. The foundation is now set and as you can see from the results of our operations the company has not been able to break even but given that all the systems are now set the future can always be bright. The economy of our country is at a critical stage and we have to position our self strategically in order to penetrate the already concentrated market. Our quality and market niche will be our competitive edges as we plan how we will penetrate the market.

**Company Performance**

No.	ITEM	2017/2018 Ksh Million
1	Bottled water sales	5.3
2	Operating Expenses	9.9
3	Capital expenses	0.2

With guidance of our vision and mission coupled with your dedication, I am confident that our strategic plan will help us build on our success, navigate the challenges and the threats we face and ultimately ensure the future of our services.

Commitment to quality service must be lived by everyone. We must all understand that we exist to serve our customers and therefore must join hands as family to support fellow colleagues in delivering this service. In transforming to "A world class bottled water services provider that transforms livelihoods", we must perform our functions well and as effectively and efficiently as possible.



**Eng. D. NG'ANG'A  
MANAGING DIRECTOR**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**VI. CORPORATE GOVERNANCE STATEMENT**

Corporate governance is the process and structure used to direct and manage business affairs of the company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing stockholder's long term value.

**Board of Directors**

The composition of the Board is compliant with good corporate governance practices . The roles of the Chairman and the Managing Director are segregated. The Managing Director is in charge of the day to day running of the business of the company. A non-executive director acts as the chairman of the Board. The current Board is composed of Managing Director and nine other directors drawn from various stakeholders. The Board is therefore composed of committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience at Board level.

**Board meetings**

Board Meetings are held every quarter and in exceptional circumstances as dictated by demand and exigencies of company operations. The following are the number of Board meetings held:

<b>TYPE OF MEETING</b>	<b>NO</b>
Special Board Meeting	2
Full Board Meeting	4
Finance and Admin Committee Meeting	4
Audit Committee Meeting	3
<b>Total</b>	<b>13</b>

**Board committees**

The Board has approved the delegation of certain authorities to the Board sub committees where applicable, and to the management.

The Board has three committees which are guided by clear terms of reference. The committees are instrumental in monitoring the company operations, systems and internal controls. The committees are as follows:

**Audit and risk management committee**

The members of this committee are all non-executive directors. All the members meet minimum financial literacy standards. The committee meets at least four times in a year and the internal auditor serves as the secretary of the committee.

The committee is responsible for ensuring that the Company's internal controls are adequate and that the assets at the disposal of the company are safe-guarded. It ensures that proper policies and internal control procedures are in place and also helps to ensures that the set policies and procedures are adhered to and advices on improvements and introduction of new control procedures.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**CORPORATE GOVERNANCE STATEMENT(Continued)**

**Finance and administration committee**

The committee comprises of three non executive directors and C.E.O Tana water services Board as an ex-official. The committee is chaired by a non-executive director and meets four times a year.

The role of the committee is to monitor and review the operational and financial performance of the company against key performance indicators, identifying shortcomings and ensuring corrective measures and action are taken. The committee also reviews the company's investment plans in capital expenditure and recommends to the board for approval. The committee has also the responsibility of ensuring that the systems of financial controls are effectively administered.

This committee as well has the responsibility of ensuring the company has the right staff, at the right place and doing the right thing. More so, the committee will ensure that staff welfare is guaranteed.

Their terms of reference includes but not confined to human resource planning, employee welfare, recruitment, training, performance appraisal, discipline, health and safety and HIV/AIDS.

**Technical committee**

The committee comprises of three non executive directors and C.E.O Tana water services Board as an ex-official. The committee is chaired by a non-executive director and meets four times a year.

This committee oversees planning, coordination and execution of development and rehabilitation projects to ensure expansion of reticulation system and to improve efficiency in water production and distribution including sewerage network

**Directors' Remuneration**

The remuneration of non-executive directors consists of sitting allowances in connection with Board and committee meetings.

**Attendance of Board meetings**

DATE	MEETING	PETER MUNGA	C.E.O TWSB	H.M.MWITH IGA	PETER KIGUTA	ESTON GATHIMA	SUSAN KARINA	M. GICHOMO	BEATRICE WANJERI	JEREMIAH KAMAU	C.E.C WATER	C.E.C FINANCE
05/07/17	SPECIAL FULL BOARD		✓	✓	✓	✓	✓	✓	✓			
20/07/17	FULL BOARD		✓	✓	✓	✓	✓	✓	✓	✓		
29/08/2017	FIN & ADMN COMMITTEE		✓		✓	✓	✓					
29/08/2017	AUDIT COMMITTEE		✓	✓				✓	✓			
05/09/2017	FULL BOARD		✓	✓	✓	✓	✓	✓	✓	✓		
30/10/2017	AUDIT COMMITTEE		✓	✓				✓	✓			
30/10/2018	FIN & ADMN COMMITTEE		✓		✓	✓	✓					
01/11/2017	FULL BOARD	✓	✓	✓	✓	✓	✓	✓	✓			
12/02/2018	SPECIAL FULL BOARD	✓	✓	✓	✓	✓	✓	✓	✓	✓		
20/03/2018	AUDIT COMMITTEE		✓	✓				✓	✓			
20/03/2018	FIN & ADMIN COMMITTEE		✓		✓	✓	✓					
15/05/2018	FIN & ADMN COMMITTEE		✓		✓	✓	✓					
27/06/2018	FULL BOARD	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**Process of appointment and removal of directors**

A third of directors retire on rotation every year. Election of directors starts with advertisement in the media, their applications are considered by stakeholders selection committee and this committee do a recommendation to the stakeholders. The recommendations are taken to the Annual General Meeting. The stakeholders at the AGM are at liberty to agree with the recommendation to agree, amend or to disagree with the recommendations.

**Induction and training**

After every Annual General Meeting, the directors undergo an induction and training.

**Ethics and conduct of directors**

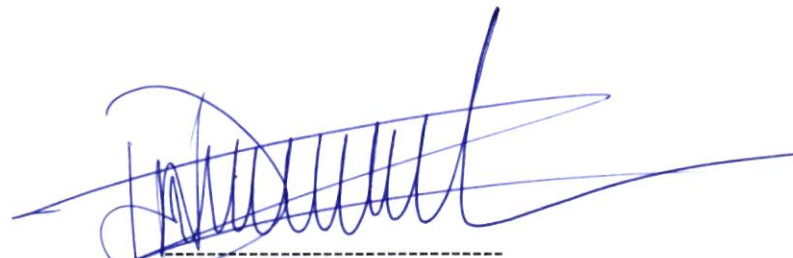
To show commitment of proper utilization and management of public resources and proper running of corporation's affairs, Murang'a Water And Sanitation Company has developed a code of ethics to be signed by all board members. A code of ethics provide guidance and direction in the manner in which members of the board of directors are expected to conduct themselves when handling matters relating to the company. This code is guided by the company's strategic plan.

**Going concern**

The directors confirm that the company has adequate resources to continue in business for the foreseeable future and therefore the continued use of the going concern as a basis when preparing financial statements.

SIGNED:

  
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for CHAIRMAN

  
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MANAGING DIRECTOR

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**VII. BOARD OF DIRECTORS REPORT**

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The Board of Directors has the pleasure in submitting their annual Report and Financial Statements for the period ended 30<sup>th</sup> JUNE 2018.

**PRINCIPAL ACTIVITY**

The company produces and sells bottled water.

**INCOME**

The results of activities for the year show a loss of **(Kshs 4,839,997)** as set out on page fifteen of the accounts.

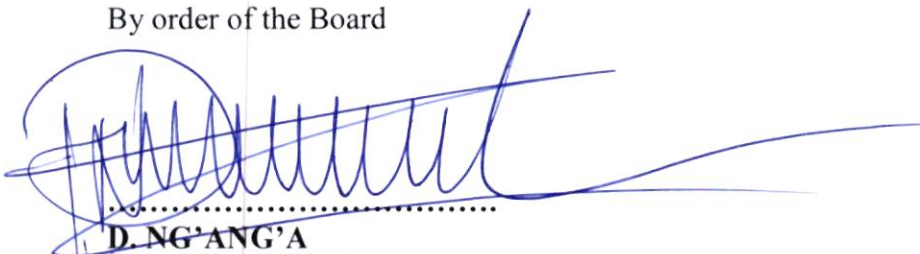
**THE BOARD OF DIRECTORS**

The board members who held office during the year were as indicated on pages four and five of the accounts.

**AUDITORS**

The auditor general is responsible for the statutory audit of the company's financial statements in accordance with Article 229 of the constitution of Kenya and the Public Audit Act 2015

By order of the Board



.....  
**D. NG'ANG'A**  
**MANAGING DIRECTOR**

**VIII. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors are responsible to prepare financial statements for each 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 the results of the activities for that year. The Board should ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Board is also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30<sup>th</sup>, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2018, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

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

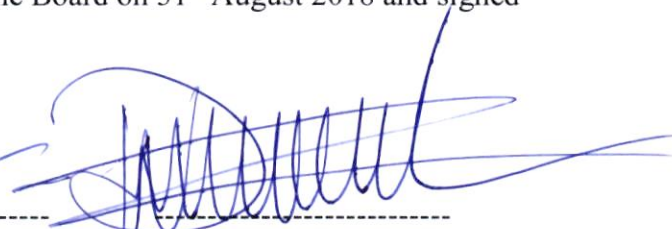
**Approval of the financial statements**

The company's financial statements were approved by the Board on 31<sup>st</sup> August 2018 and signed on its behalf by:

SIGNED:

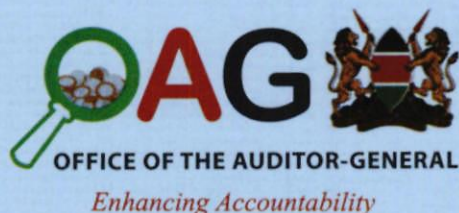
  
for **P.K MUNGA**  
**CHAIRMAN**

  
**P. KIGUTA**  
**DIRECTOR**

  
**D. NG'ANG'A**  
**MANAGING DIRECTOR**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON FORT BEVERAGE INDUSTRIES COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2018**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Fort Beverage Industries Company Limited set out on pages 14 to 27, which comprise the statement of financial position as at 30 June, 2018, and the statement of comprehensive income, statement of changes in equity, 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Fort Beverage Industries Company Limited as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015, and the Water Act, 2016.

#### **Basis for Qualified Opinion**

##### **1. Incomplete Share Capital Disclosure**

The nominal share capital of the Company is comprised of 1,000 shares of Kshs.100 each, as disclosed in Note 1 to the financial statements. However, the Directors have not disclosed whether the shares are fully paid up and further, the share capital is not reflected in the statement of financial position as at 30 June, 2018 and the statement of changes in equity for the year then ended.

As a result, the disclosure on the share capital of the Company made in the financial statements is inappropriate.

##### **2. Misstated Accounting Period**

Although, as reflected in Note 1, the Company commenced business in May, 2017, the financial statements are titled 'for the year ended 30 June, 2018 instead of 'for the fourteen-month period' then ended.

As a result, the title to the financial statements does not provide a fair reflection of the period of the Company's existence under audit review.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Fort Beverage Industries Company Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

### **Other Information**

The Directors are responsible for the other information. The other information comprises the report of Directors as required by the Companies Act, 2015, and the statement of the Directors' responsibilities which are obtained prior to the date of this report, and the annual report which is expected to be made available after that date.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance thereon.

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **Lack of Disclosure on Procurement of Supplies**

Examination of expenditure records indicated the Management spent Kshs.2,640,445 on purchase of various production and maintenance materials in the year under review. However, procurement records showing how the suppliers were appointed were not presented for audit review.

In view of the foregoing, it was not possible to confirm whether the purchases complied with the Public Procurement and Asset Disposal Act, 2015 and whether value for money was attained on the expenditure incurred thereon.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND OVERALL GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **Lack of Human Resource Policy and Scheme of Service**

During the year under review, the Company did not have a documented Human Resources policy and scheme of service to guide management of its human resources. Available records indicated that the Company had informally adopted the scheme of service for the holding Company, Murang'a Water and Sanitation Company Limited. Further, job descriptions and salary scales for staff were not documented.

In view of the omission, the risk of human resources deployed by the Company not being managed in an effective way was high.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015, I report based on the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit.
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books.
- (iii) The Company's statement of financial position and statement of comprehensive income are in agreement with books of account.

### **Responsibilities of Management and those Charged with Governance**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for maintaining effective internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors are aware of the intention to liquidate the Company, or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the ability of the Company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Fort Beverage Industries Company Limited to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**18 October, 2021**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**X. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

<b>REVENUES</b>	<b>NOTES</b>	<b>2017/2018 ( Kshs)</b>
Bottled water sales	1	5,244,023
<b>OTHER INCOME</b>		
Amortization of capital grants	2	837,685
<b>TOTAL REVENUES</b>		<b>6,081,708</b>
<b>OPERATING EXPENSES</b>		
Personal emoluments	3	3,749,226
Administration expenses	4	2,249,187
Production and maintenance expenses	5	3,439,821
General office expenses	6	601,827
Depreciation and amortization	7 & 8	881,643
<b>Total Operating Expenses</b>		<b>10,921,705</b>
<b>PROFIT/(LOSS)BEFORE TAXATION</b>		<b>(4,839,997)</b>
INCOME TAX EXPENSES/(CREDIT)		-
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(4,839,997)</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**XI. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2018**

<b>NON CURRENT ASSETS</b>	<b>NOTES</b>	<b>2017/2018 Kshs</b>
Property, plant and Equipment	7	19,700,987
Intangible assets	8	89,600
<b>Total non current asset</b>		<b>19,790,587</b>
<b>CURRENT ASSETS</b>		
Receivables	9	1,519,129
Cash and cash equivalent	10	106,452
Inventory	11	845,683
<b>Total current assets</b>		<b>2,471,264</b>
<b>TOTAL ASSETS</b>		<b>22,261,851</b>
<b>EQUITY AND LIABILITIES</b>		
Revenue Reserves	12	(4,839,997)
<b>Total Capital and reserves</b>		<b>(4,839,997)</b>
<b>NON CURRENT LIABILITIES</b>		
Defered income	13	18,881,367
<b>CURRENT LIABILITIES</b>		
Defered income	13	769,317
Trade and other payables	14	7,451,164
<b>Total Current Liabilities</b>		<b>8,220,481</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,261,851</b>

The financial statements on pages 14-27 were approved by the board of directors on 31/08/2018 and were signed on its behalf by:

*for*  
  
 DR.P.K MUNGA  
 CHAIRMAN

  
 P. KIGUTA  
 DIRECTOR

  
 ENG. D. NG'ANG'A  
 MANAGING DIRECTOR

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**XII. STATEMENT OF CHANGES IN EQUITY**

	<b>NOTES</b>	<b>REVENUE RESERVES ( Kshs)</b>	<b>TOTALS ( Kshs)</b>
Balance at 1 <sup>st</sup> July 2016		-	-
Surplus for the year		-	-
<b>Balance at 30<sup>th</sup> June 2017</b>		-	-
Loss for the year	12	(4,839,997)	(4,839,997)
<b>Balance at 30<sup>th</sup> June 2018</b>		(4,839,997)	(4,839,997)

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**III. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

	<b>Notes</b>	<b>2017/2018 (Kshs)</b>
<b>Cash Flows from operating activities</b>		
Surplus generated from operating activities		(4,839,997)
<b>Adjustment for: Non cash items</b>		
Depreciation and amortisation	7 & 8	881,644
Amortisation of capital grants		(837,685)
<b>Adjusted Surplus From operating Activities Before Working Capital changes</b>		<b>(4,796,038)</b>
<b>Changes in working capital</b>		
(Increase)/(Increase) in inventory	11	(845,683)
(Increase)/(Increase) in receivables	9	(1,519,129)
	14	
Increase)/Increase in short term liabilities		7,451,164
<b>Net cash flows From Operating Activities</b>		<b>290,314</b>
<b>Cash flows from Investing Activities</b>		
Purchase of P.P.E and Intangible asset	7 and 8	(183,862)
<b>Net Cash flows from investing activities</b>		<b>(183,862)</b>
<b>Net Cash flows from Financing Activities</b>		<b>-</b>
Net Decrease/increase in cash & cash equivalents		106,452
Cash and Cash equivalent at start of year		-
<b>Cash and Cash equivalents at end of year</b>	10	<b>106,452</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

					<b>%AGE</b>	
	<b>ACTUAL AMOUNT</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VARIANCE</b>		<b>REMARKS</b>
<b>ACCOUNT NAME</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>			
BOTTLED WATER SALES	5,244,023	53,464,800	(48,220,777)	(90)		stiff competition in the market
<b>ACCOUNT NAME</b>						
PRODUCTION MATERIALS	3,096,176	3,146,556	(50,380)	(2)		
SALARIES	3,577,642	6,000,000	(2,422,358)	(40)		No motor bike purchased
CASUAL LABOUR	135,000	1,734,000	(1,599,000)	(92)		Fewer casuals engaged as the sales budget was not met
NSSF COMPANY CONTRIBUTIONS	21,800	19,200	2,600	14		some casuals given contracts
PENSION	14,784	-	-	-		
TRAINING	1,950	-	1,950	100		Nita training fees
SUBSISTENCE ALLOWANCES	264,000	5,160,000	(4,896,000)	(95)		standby allowances strapped
ADVERTISING & MARKETING	265,580	6,087,805	(5,822,225)	(96)		Financial constraints due to lower sales than budgeted
CATERING SERVICES	55,313	70,800	(15,487)	(22)		Office tea not offered in some months
COMMUNICATION EXPENSES	162,780	1,920,000	(1,757,220)	(92)		use of calling buddies
CONTRACTED GUARDS SERVICES	292,000	1,080,000	(788,000)	(73)		Fewer guards engaged
COURIER & POSTAL SERVICES	600	120,000	(119,400)	(100)		Use of emails
FUEL AND MAINTENANCE EXPENSES-M/VEHICLES	905,877	2,086,080	(1,180,203)	(57)		No motor bike purchased
TRAVEL COSTS	66,170	144,000	(77,830)	(54)		Fewer travels as sales budgeted decreased
PROFESSIONAL SERVICES	2,900	1,800,000	(1,797,100)	(100)		Financial constraints due to lower sales than budgeted
BANK SERVICE COMMISSION & CHARGES	28,262	120,000	(91,738)	(76)		Most customers pay through mpesa
GENERAL OFFICE SUPPLIES	158,417	78,000	80,417	103		Increased cost of customised labels

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

STAFF UNIFORMS	446,410	-	<b>446,410</b>	<b>100</b>	Need for uniform while marketing
ELECTRICITY AND WATER BILLS	221,045	96,000	<b>125,045</b>	<b>10</b>	
MAINTENANCE OF PPE	122,600	522,130	<b>(399,530)</b>	<b>(77)</b>	Reduced maintenane cost as the assets are new
LICENCE	46,900	420,000	<b>(373,100)</b>	<b>(89)</b>	Kebs licence to be paid in the next financial year
TAX	153,855	-	<b>153,855</b>	<b>100</b>	Lower sales than budgeted
TOTAL EXPENDITURE	<b>10,040,061</b>	<b>30,604,571</b>			
SURPLUS FOR THE PERIOD	(4,796,038)	22,860,229			
<b><u>RECONCILATION ITEMS NOT IN THE BUDGET</u></b>					
DEPRECIATION	(881,644)				
AMORTISATION	837,685				
PROFIT BEFOR TAXATION	<b>(4,839,997)</b>				
<b>CAPITAL EXPENDITURE</b>					
PLANT MACHINE	-	1,200,000	(1,200,000)	<b>(100)</b>	Financial constraits due to lower sales than budgeted
COMPUTER, SOFTWARE AND NETWORKING	183,862	1,000,000	(816,138)	<b>(82)</b>	Financial constraits due to lower sales than budgeted
FURNITURE AND FITTINGS	-	800,000	(800,000)	<b>(100)</b>	Financial constraits due to lower sales than budgeted
MOTOR CYCLES	-	800,000	(800,000)	<b>(100)</b>	Financial constraits due to lower sales than budgeted

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**XV. NOTES TO THE FINANCIAL STATEMENTS**

**1.GENERAL INFORMATION**

The company is a subsidiary of Muranga water and sanitation company. It was incorporated on 28<sup>th</sup> December 2016 under the companies Act 2015. It is a private company limited by shares. These shares are allotted to the natural person and held in trust for the holding company.

The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. The company started its independent operations in May 2017.

The company produces and sells bottled water.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Revenue Recognition**

The company adopts the accrual basis of accounting for revenue. Revenue is recognized when it is earned.

**b. Property ,Plant and Equipment**

Property plant and equipment are stated at historical cost less accumulated depreciation.

**c. Depreciation, impairment and amortization of Property, plant and Equipment**

Depreciation and amortization is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

<b>Per Annum</b>	<b>RATE</b>
	<b>%</b>
-Computers	30
-Computer software	20

Depreciation and amortization is provided for the full year irrespective of the month of purchase but no depreciation charged to works in progress and in the year of disposal.

Amortization is provided for the intangible assets like computer software.

**d. Reserves**

Reserves of the company comprise revenue reserves which represents the excess of the income over recurrent expenditure.

**e. Taxation**

The company pays income tax at the rate of 30%.

**f. Related party transactions**

Fort beverage industries co. ltd is a subsidiary of Muranga Water and sanitation company. Other related parties are as stipulated in note 12

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**g. Inventory**

The company recognizes inventory at the lower of cost and net realizable value using first in first out method of inventory valuation.

**h. Cash and Cash Equivalent**

Cash and cash equivalents include cash on hand and cash at bank. Bank account balances include amount held at Equity bank and Mpesa at the end of financial year.

**i. Trade and other Payables**

The liability for accounts payable and other payables are non-interest bearing and are carried at cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the company or not, less any payments made to suppliers.

**j. Financial risk management**

The board of directors is the primary risk supervisor, exercising its role through various board approved committees. The company's internal audit section plays a vital role within governance processes by keeping the Board and senior management aware of risk and control issues and assessing the effectiveness of risk management. Reporting to the Audit and risk management committee of the Board, the section objectively and independently evaluates the existing risk and control framework and analyses department's processes and associated controls.

**k. Liquidity risk management**

The company has various obligations and liabilities as outlined in note 11 of the accounts. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flow.

**l. Market risk**

The company had no interest bearing financial obligation as at the end of financial year.

**m. Significant judgments and sources of estimation**

The directors are responsible for selecting and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**n. Taxation**

Judgment is required in determining the tax liability due to the complexity of legislation. There are many transactions and calculations for which tax determination is uncertain during ordinary course of business. The company recognizes tax liability for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from amounts that were initially anticipated, such difference will impact the income tax in the period in which such determination is made.

**o. Useful lives and residual values of property plant and equipment**

The company tests annually whether the useful life and residue value were appropriate and in accordance with its accounting policy. Useful lives and residual values of PPE have been determined based on previous experience and anticipated disposal values when assets are disposed.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**p. Reporting currency**

The financial statements are presented in Kenya Shillings(Ksh).

**q. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2018.

**r. Incorporation**

The entity is incorporated in Kenya under the Kenya Companies Act and domiciled in Kenya.

**s. Ultimate and holding entity**

The entity is a subsidiary of Muranga water and sanitation company.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**EXPLANATORY NOTES TO THE ACCOUNTS**

**1) BOTTLED WATER SALES**

These are sales for 300 ml,500ml,1 ltr,1.5 ltr, 2ltr, 3ltr, 5 ltr, 10 ltr, 18.9 disposable and 18.9 hard.

**2) AMORTIZATION**

Amortization is on capital grants from the parent company(Muwasco).These assets include buildings, furniture,computers and computer accessories and bottling equipments.The amortization amount is as per note 13.

	<b>2017/2018</b>
	<b>Ksh.</b>
<b>3) <u>PERSONEL EMOLUMENTS</u></b>	
SALARIES	3,577,642
NSSF COMPANY CONTRIBUTIONS	21,800
PENSION CONTRIBUTION	14,784
CASUAL WAGES	135,000
<b>TOTAL PERSONEL EMOLUMENTS</b>	<b>3,749,226</b>
<b>4) <u>ADMINISTRATION EXPENSES</u></b>	
TRAINING	1,950
ADVERTISING AND MARKETING	265,580
MOTOR VEHICLE EXPENSES	905,877
CONSULTANCY/PROFESSIONAL FEES	2,900
COURIER & POSTAL SERVICES	600
COMMUNICATION AND INTERNET EXPENSES	162,780
LICENCES & PERMITS	46,900
CATERING SERVICES	55,313
CONTRACTED GUARDS SERVICES	292,000
BANK/M-PESA CHARGES	28,262
MEETING COSTS ,CONFERENCES & SEMINARS	3,000
TRAVEL COST	66,170
SUBSISTENCE ALLOWANCES	264,000
VAT	153,855
<b>TOTAL</b>	<b>2,249,187</b>
<b>5) <u>PRODUCTION &amp; MAINTENANCE EXPENSES</u></b>	
PRODUCTION MATERIALS	3,096,176
ELECTRICITY AND WATER BILLS	221,045
OPERATING AND MAINTENANCE COST	122,600
<b>TOTAL</b>	<b>3,439,821</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

	2017/2018
<b>6) <u>GENERAL OFFICE EXPENSES</u></b>	Ksh
STAFF OFFICE EXPENSES	446,410
GENERAL OFFICE SUPPLIES	134,537
NEWSPAPERS, MAGAZINES & PERIODICALS	20,880
<b>TOTAL</b>	<b>601,827</b>

**7) PROPERTY PLANT AND EQUIPMENT**

COSTS	BUILDINGS	FURNITURE	4)COMPUTERS & ACCESSORIES	EQUIPMENT	TOTAL
	Ksh	Ksh	Ksh	Ksh	Ksh
Cost as at 1st July 2017	-	-	-	-	-
additions during the year	-	-	71,862	-	-
Transfer from Muwasco	17,478,737	167,046	140,070	2,702,516	20,560,231
<b>TOTAL</b>	<b>17,478,737</b>	<b>167,046</b>	<b>211,932</b>	<b>2,702,516</b>	<b>20,560,231</b>
<b>COST AS AT 30TH JUNE 2018</b>	<b>17,478,737</b>	<b>167,046</b>	<b>211,932</b>	<b>2,702,516</b>	<b>20,560,231</b>

**DEPRECIATION**

Accumulated depreciation as at 1st July 2017	-	-	-	-	-
charge for the year	436,968	20,881	63,580	337,815	859,243
Total accumulated depreciation	436,968	20,881	63,580	337,815	859,243

**NET BOOK VALUES**

<b>As at 30th June 2018</b>	<b>17,041,768</b>	<b>146,165</b>	<b>148,352</b>	<b>2,364,702</b>	<b>19,700,987</b>
As at 30 <sup>th</sup> June 2017	-	-	-	-	-

-The company's buildings lies on government land but its yet to be transferred by Tana Water Works Development Agency to County Government Of Muranga.

-The motor vehicle used in the operators of the company also belongs to Tana Water Works Development Agency and is not yet transferred to the County Government Of Muranga.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**8) INTANGIBLE ASSETS (PAYROLL SOFTWARE)**

**COST:**

Cost as at 1 <sup>st</sup> July 2017	-
Additions during the year	112,000
<b>Total cost as at 30<sup>th</sup> June 2018</b>	<b>112,000</b>

**AMORTISATION:**

As at 1 <sup>st</sup> July 2017	-
Charge for the year	22,400
<b>Total accumulated amortization as at 30<sup>th</sup> June 2018</b>	<b>22,400</b>

**NET BOOK VALUE:**

As at 30 <sup>th</sup> June 2018	89,600
As at 30 <sup>th</sup> June 2017	-

**2017/2018**

**9) RECEIVABLES**

**( Kshs)**

Trade Receivables	1,519,129
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**10) CASH & CASH EQUIVALENT**

The make-up of bank balances and short term deposits is as follows:

<b>Financial institution</b>	<b>Account /Till number</b>	
<b>a) Current accounts</b>		
Equity bank	0220272638432	49,252
<b>Sub- total</b>		<b>49,252</b>
<b>d) Others</b>		
e) M-PESA	795410	25,540
h) Cash at hand		31,660
<b>Sub- total</b>		<b>57,200</b>
<b>GRAND TOTAL</b>		<b>106,452</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

<b>11) <u>INVENTORY</u></b>	<b>2017/2018</b>
	Ksh
Finished goods	169,550
Empty bottles	341,867
Labels	152,656
Seals	9,860
Shrink wraps	49,950
Catridges	121,800
<b>TOTAL</b>	<b>845,683</b>

**12) REVENUE RESERVES**

Brought forward	-
Current period	(4,839,997)
Carried forward	(4,839,997)

**13) DEFERED INCOME**

Brought forward	-
Grants from Muwasco	20,488,369
Amorisation	(837,685)
<b>TOTALS</b>	<b>19,650,684</b>
Deferred income amortizable within one year	769,317
Deferred income amortizable after one year	18,881,367
<b>Total deferred income</b>	<b>19,650,684</b>

**14) TRADE AND OTHER PAYABLES**

Suppliers creditors	283,876
Other creditors	476,276
Muwasco payables	6,691,012
<b>TOTALS</b>	<b>7,451,164</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**15) RELATED PARTY DISCLOSURES**

The following are the related parties of Fort beverage industries Ltd

- (a) Murang'a Water and sanitation company
- (b) County Government of Murang'a
- (c) Key Management
- (d) Board of Directors