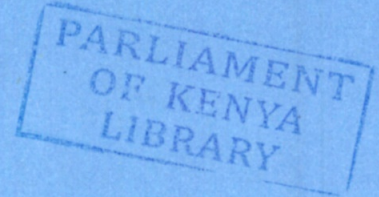


REPUBLIC OF KENYA



*Enhancing Accountability*



## REPORT

PAPERS LAID	
DATE	23/04/2024
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COMMITTEE	
CLERK AT THE TABLE	CAROLYN E. C.

OF

**THE AUDITOR-GENERAL**

ON

**KIRINYAGA WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**KIRINYAGA WATER AND SANITATION COMPANY LIMITED**

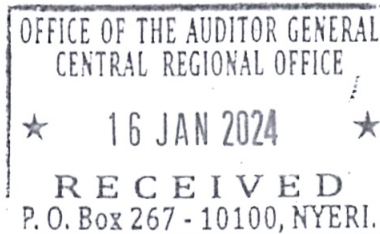
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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



**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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## **1. Acronyms and Glossary of Terms**

*Provide Acronyms and glossary of terms that appear in this annual report and financial statements.*

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>KIRIWASCO</i>	<i>Kirinyaga Water and Sanitation Company</i>
<i>NRW</i>	<i>None Revenue water</i>
<i>WSTF</i>	<i>Water Sector Trust Fund</i>
<i>KERRA</i>	<i>Kenya Rural Roads Authority</i>
<i>KENHA</i>	<i>Kenya National Highways Authority</i>
<i>KURA</i>	<i>Kenya Urban Roads Authority</i>
<i>DTF</i>	<i>Decentralised Treatment Facility</i>
<i>CLSG</i>	<i>Conditional Liquidity Support Grant</i>
<i>WRA</i>	<i>Water Resources Authorities</i>

## **2. Key Entity Information**

### **Background information**

Kirinyaga Water and Sanitation Company Limited (KIRIWASCO) was established and registered by guarantee under CAP 486 law of Kenya (*The Company Act 2015*) by a certificate of incorporation No. 124009 dated 6<sup>th</sup> April 2006. It became operational on 23<sup>rd</sup> May 2006, as an agent of Tana Water Services Board as per the *water act 2002*. After the promulgation of Kenyan *Constitution 2010* and enactment of *Water Act 2016* the company become an agent of the county government as per Water Act 2016 clause 77 “*Establishment of Water Service Provider*”. At County level, the Company is represented by the County Executive Committee Member Environment water and natural resources together with County Director of water, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kirinyaga County and has been mandated to provide efficient and economical water and sanitation services in Kirinyaga County as per the service provision agreement (SPA) signed between the company and Water services Regulatory Board (WASREB) for the service arrears defined by the licence.

### **Principal Activities**

The principal activity of the Company is provision of water and sanitation services in efficient and economical way within its area of jurisdiction.

### **Main Business Operating Objectives**

The Company’s main business operating objectives include, but not limited to, the following:

- (a) Increase stake holder’s awareness on water sector reforms
- (b) Improve access to sustainable and safe water
- (c) Increase the demand for available safe water
- (d) Increase the access to improved sanitation
- (e) Achieve operational financial sustainability

#### **(a) Vision**

‘To be a reputable water and sanitation service provider’

#### **(b) Mission**

‘To provide sustainable, safe and affordable water and sanitation services to our customers through expertise, technology and innovation’

### **Strategic Objectives**

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company’s financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

## **Directors**

The Directors who served the entity during the year were as follows:

1.	Mr. James Karuri Kihia	Chairman	Appointed on	23 <sup>rd</sup> March,2018
2.	Ms.Veronica Wangari Waweru	CEC	Appointed on	23 <sup>rd</sup> January 2023
3.	Mr. Robert Nganga Munyua	Member	Appointed on	23 <sup>rd</sup> January 2023
4.	Mr. Robert Githinji Njagi	Member	Appointed on	23 <sup>rd</sup> March,2018
5.	Mr. Peter Muriithi Gichirah	Member	Appointed on	23 <sup>rd</sup> March, 2018
6.	Ms. Lilian Wanja Kagea	Member	Re-appointed on	5 <sup>th</sup> November 2021
7.	Mr. Erastus Waihura Wanhohi	Member	Appointed on	5 <sup>th</sup> November 2021
8.	Mr. Dickson Kinyua Ngari	Member	Appointed on	17 <sup>th</sup> February 2023
9.	Ms. Ivy Priscan Wangari karanja	Member	Appointed on	17 <sup>th</sup> February 2023
10.	Ms. Purity Njeri Githinji	Member	Left on	17 <sup>th</sup> February 2023
11.	Mr. Jakan Gutu	CEC	Left on	23 <sup>rd</sup> January 2023

## **Company Secretary**

Gikuhi Kiana & company  
Kangaru Annex Building  
Kimathi Street  
P.O Box 1271-10100

## **NYERI**

## **Registered Office/Headquarters**

Kirinyaga Water and Sanitation Company  
P O Box 360-10300  
Kerugoya. opposite Kerugoya Stadium

## **Corporate Contacts**

Telephone:(254) 0746555368/0715413591  
Website: [www.kiriwasco.co.ke](http://www.kiriwasco.co.ke)  
Email: [info@kiriwasco.co.ke](mailto:info@kiriwasco.co.ke)

## **Corporate Bankers**

### **Co-operative Bank of Kenya**

Kerugoya Branch  
P O Box 635-10300  
Kerugoya

### **Equity Bank**

Kerugoya Branch  
P.O Box 1056-10300  
Kerugoya

### **Sidian Bank**

Kerugoya Branch  
P.O Box 1041-10300  
Kerugoya 1020-10300

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Post Bank**

Kerugoya Branch  
P.O Box 30311-10300  
Kerugoya

**Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P O Box 30084-00100  
Nairobi





**Principal Legal Advisers**

The Attorney General  
State Law Office  
Harambee Avenue City Square 00200  
P.O Box 40112  
Nairobi, Kenya

**Magua & Mbatha Advocates**

P.O Box 2159-10100  
Nyeri




### 3. The Board of Directors

Directors	Details
 Mr. James Kihia Karuri	<p><b>Chairman, Full Board</b></p> <p><b>Date of Birth:</b>1970</p> <p>He was appointed on 23<sup>rd</sup> March 2018 as a Director representing Business Community and has 20 years’ experience in Business administration and Diploma in Business Administration. He is an independent Director</p>
 Mr. Dickson Kinyua Ngari	<p><b>Chairman, Fin, HR&amp;Admin and Proc.Comm</b></p> <p><b>Date of Birth:</b> 9<sup>th</sup> May 1989</p> <p>He was appointed on 17<sup>th</sup> February 2023 as a Director representing the special interest group and has seven year experience in Business Administration. Holds a Bachelors of International Business Administration. He is an independent Director</p>
 Mr. Peter Muriithi Gichira	<p><b>Chairman, Technical Services Committee</b></p> <p><b>Date of Birth:</b>1978</p> <p>He was appointed on 23<sup>rd</sup> March 2018 as Director representing farmer’s organisations and has 9 years’ experience in Administration Consultant. Holds Diploma in Business Administration. He is an independent Director</p>
 Mr. Erastus Waihura Wanhohi	<p><b>Chairman, Audit Committee</b></p> <p><b>Date of Birth:</b>7<sup>th</sup> April 1965</p> <p>He was appointed on 5<sup>th</sup> November 2021 as a Director representing Religious organisation. Holds Master of Education in Educational Administration Has 36 year working experience in teaching profession. He is an independent Director</p>




**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Directors	Details
 <p>Mr. Robert Githinji Njagi</p>	<p><b>Member, Audit Committee</b>  <b>Date of Birth:</b>18<sup>th</sup> June 1981</p> <p>He was appointed on 23<sup>rd</sup> March 2018 as a Director representing Business community. Holds Masters in Business Administration (Strategic Management) and Bachelors in Business Administration. Has 16 years’ experience in marketing, accounting and strategic management. Currently working as Parliamentarian Assistant. He is an independent Director</p>
 <p>M/s Lilian Wanja Kagema</p>	<p><b>Member, Audit Committee</b>  <b>Date of Birth:</b>1968</p> <p>She was re -appointed on 5<sup>th</sup> November 2021 as a Director representing Professional Bodies. Holds Masters in Business Administration (Aviation) and Higher diploma in Electrical engineering. Worked as an engineer within technology division in various capacity and as a Manager in service operations in Safaricom. Currently working as an Agile Coach network technology. She is an independent Director.</p>
 <p>M/s Ivypriscan Wangari Karanja</p>	<p><b>Member, Fin, HR&amp;Admin and Proc./Technical Committee</b>  <b>Date of Birth:</b>17<sup>th</sup> April 1998</p> <p>She was appointed on 17<sup>th</sup> February 2023 as a Director representing Women Organisation. She holds Bachelor of Agribusiness management. Has seven years working experience in Business Administration. She is an independent Director.</p>
 <p>Mr. Robert Nganga Munyua</p>	<p><b>Member, Technical Committee</b>  <b>Date of Birth:</b>1973</p> <p>He was appointed on 23<sup>rd</sup> January 2023 as a Director representing the County Government of Kirinyaga. Holds Masters in Business Administration (Finance).Currently he is the County Director of water and has 20years working experience in water sector.</p>





**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Directors	Details
 <p data-bbox="188 701 571 734"><i>M/s Veronica Wangari Waweru</i></p>	<p data-bbox="794 286 1281 320"><b>Member, Finance &amp; HR Committee</b></p> <p data-bbox="794 342 1050 376"><b>Date of Birth:</b>1960</p> <p data-bbox="794 398 1474 678">She was appointed on 23<sup>rd</sup> January 2023 as a Director representing County Government of Kirinyaga. Holds Masters in Planning Policy and Administration, Bachelor’s degree in Educational Administration. Currently she is the County Executive Committee Member environment, energy, climate change, natural resources, water&amp; irrigation.</p>
 <p data-bbox="188 1126 443 1160">Mr. Ephantus Maina</p>	<p data-bbox="794 757 1058 790"><b>Managing Director</b></p> <p data-bbox="794 813 1169 846"><b>Date of Birth:</b>18<sup>th</sup> July 1979</p> <p data-bbox="794 869 1474 1025">He is an executive director in charge of the overall business strategy and directions. Serves as the Managing Director and Secretary to the Board of Directors.</p> <p data-bbox="794 1037 1474 1149">Holds a bachelor in civil &amp; Water Engineering and has 15 years working experience in engineering and water sector.</p>
 <p data-bbox="196 1877 507 1910">FCS Richard K. Gikuhi</p>	<p data-bbox="794 1182 1050 1216"><b>Company Secretary</b></p> <p data-bbox="794 1238 1058 1272"><b>Date of Birth:</b>1952</p> <p data-bbox="794 1294 1474 1574">FCS Richard K. Gikuhi is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University.</p> <p data-bbox="794 1597 1474 1888">He is currently the Managing Partner at Gikuhi Kiana &amp; Company, Certified Secretaries. For over 25 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building.</p> <p data-bbox="794 1910 1002 1944"><b>ICPSK No. 285</b></p>

**4. Key Management Team**

Managers	Details
 <p>Mr. Ephantus Maina</p>	<p><b>Responsibility:</b> Managing Director</p> <p><b>Qualification:</b> Bachelor in Civil &amp; Water Engineering</p> <p>In charge of the overall business strategy and directions. Serves as the managing director and secretary to the board of directors.</p>
 <p>FCS Richard K. Gikuhi</p>	<p><b>Responsibility:</b> Company Secretary</p> <p><b>Qualification:</b> MBA, MKIM, Accredited Governance Auditor, HSC</p> <p>He is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management. Has advanced Practical Course in Management of Urban Development from Birmingham University.</p> <p><b>ICPSK No. 285</b></p>
 <p>Mr. Paul Njau</p>	<p><b>Responsibility:</b> Technical Services Manager</p> <p><b>Qualification :</b> Bachelors of Science ( Bio-Systems Engineering)Water Resource engineering</p> <p>In charge of the technical Services which encompassed water production, treatment, waste water treatment, design &amp; construction and quality control.</p> <p><b>EBK No. B15778</b>  <b>IEK No.10667</b></p>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

 <p>CPA Jane W. Murage</p>	<p><b>Responsibility:</b> Ag. Finance &amp; Resource Mobilization Manager</p> <p><b>Qualification:</b> Bachelor of Business Administration Management (Finance), CPA(K)          In charge of finance and revenue/debt collection and Information technology.  <b>ICPAK No. 22144</b></p>
 <p>Mr. Anthony Ndung'u Murigi</p>	<p><b>Responsibility :</b>Distribution and sales Manager</p> <p><b>Qualification: :</b>Bachelors of Science ( Bio-Systems Engineering)          In charge of the operations and maintenance of the water distribution systems , NRW and meter reading  <b>EBK No. B16119</b></p>
 <p>HRP.Susan Wacuka Ngatia</p>	<p><b>Responsibility :</b>Human Resource &amp; Administration Manager</p> <p><b>Qualification:</b> Bachelor of Arts in International Relations, Diplomacy Peace and Conflict Resolutions and Development studies          Diploma in Human Resource Management.           In charge of Human resource and administration.  <b>IHRM NO.16871</b></p>
 <p>CPA. Joseph Mwangi,</p>	<p><b>Responsibility :</b> Internal Auditor &amp; Risk Manager</p> <p><b>Qualification:</b> MBA (Finance), Bachelor of commerce accounting option, CPA (K), CIFA section 5, CISA.           In charge of the Company's Internal Audit department within the directorate.  <b>ICPAK No. 31817</b></p>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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Mr. Peterson Murage

**Responsibility :**Procurement Manager

**Qualification:** MSC procurement &Logistics  
Bachelor of Purchasing and supplies management

In charge of procurement and supply chain.

**KISM/M/69035**

## 5. Chairman's Statement



On behalf of the Board of Directors, I am gratified to present the financial statement of Kirinyaga Water and Sanitation Company for the year ended 30<sup>th</sup> June 2023. The statement gives details of the company's performance for the last one year. This forms the basis for evaluating the company's status and determination of the company's direction in the subsequent year.

The National Government of Kenya in conjunction with the County Government of Kirinyaga has ambitiously invested in a major water project, Kerugoya/Kutus Water Supply and Sanitation Infrastructure Project. This will inject 30,000m<sup>3</sup>/day of treated water and provide 5,000m<sup>3</sup>/day of sewerage treatment services within our area of operation. This will increase water and sewerage coverage within Kirinyaga County. In addition, the company through collaboration of the County Government of Kirinyaga and the National Government are working on proposals for, Mwea water supply project, Kagio and Sagana Sewerage project and last mile connectivity for water and sewerage within Kirinyaga.

The company enjoys big customer base, and efforts are made to ensure better services to all our customers. This is through increasing production, increase coverage, building staff capacity and increased customers/ stakeholder's engagement. For the past few years the country has experienced high inflation rate, increased cost of energy/fuel, increased cost of water treatment chemicals and material for operation and maintenance. To ensure the company is able to meet its obligation well. The company revised its Water tariff as mandated by WASREB, which became operational effective 5<sup>th</sup> March 2023. The company also received a five (5) year water operator's license from WASREB which took effect 16<sup>th</sup> December 2022. The company continue to implement the 5-years strategic plan (2021-226) to ensure the plans to improve water and sanitation coverage within Kirinyaga County are attained.

During the year the Company witnessed challenges reminiscent across most of water utilities in the country. This included high level of non- Revenue water (NRW), low water supply against high water demand, financial constrain, vandalism of water supply infrastructure, adverse climatic conditions among others.

Within the year the company in it's pursue to improve water and sanitation service delivery to the residents of Kirinyaga County, was able to achieve the following;

- a) Increased its annual revenue from KShs. 155,973,302 for the year ended 30<sup>th</sup> June 2022 to KShs. 162,556,627 for the year ended June 2023.
- b) Increase water coverage within our area of jurisdiction from 56% to 58% through extending water services to unserved areas.
- c) Reduced Non-Revenue Water from 58% to 55%.
- d) Secured KShs. 21.4M grant from WSTF for construction of improved sanitation facilities at Kimbimbi and line extension for Rurie water supply.
- e) Worked with Tana Water Works Development Authority to fast track the completion of Kerugoya and Kutus Water and sanitation infrastructure projects, with a production capacity of 30,000m<sup>3</sup>/day for water and 5,000m<sup>3</sup>/day for sewerage, the projects are expected to be operation by September 2023.

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**


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- f) Carried out Board of Directors evaluation to determine its effectiveness in management of the company on 2<sup>nd</sup> September 2022.
- g) The company in compliance with water act 2016, changed its ownership structure from a company limited by guarantee to a company limited by share (100% owned by Kirinyaga County Government). This was ratified through a stakeholders meeting held on 17<sup>th</sup> July 2023.

I, therefore, call upon all company's stakeholders to continue supporting the company for better water and sanitation service delivery within Kirinyaga.

Finally, I wish to extend my sincere gratitude to the County Government of Kirinyaga and all stakeholders, the company's Board of Directors, company management and all staff, for their dedicated support.

Thank you.



James Kihia

**CHAIRMAN BOARD OF DIRECTORS**

**6. Report of the Managing Director**



**Introduction**

Kirinyaga Water and Sanitation Company Limited (KIRIWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company is mandated to supply water and sanitation services with Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County.

**Performance during the Year**

During the year the company was able to grow its billing from **Ksh 160,688,478** for the year ended June 2022 to **Ksh 163,526,626** for the year ended June 2023. Additionally, the company registered growth on water connection from 31,048 to 32,846 in the same period. The comparison of company performance for the years end 30<sup>th</sup> June 2022 and 30<sup>th</sup> June 2023 is as below;

*Summary of the company performance*

No.	ITEM	2021/2022	2022/2023
1.	Billing (Ksh)	160,688,478	163,526,626
2.	Revenue (Ksh)	155,973,302	162,556,627
3.	Water production (m <sup>3</sup> )	6,341,902m <sup>3</sup>	6,042,151
4.	Non- Revenue Water	58%	55%
5.	Number of active connections	31,048	32,846
6.	Creditors (Ksh)	71,715,967	91,309,829
7.	Debtors (Ksh)	153,609,231	161,875,160

**Development Projects**

Within the year the company was able to carry out several development project. This was attained through the company internally generated funds, support from Kirinyaga County Government, Water Sector Trust Funds and the National Government.

*Recent completed development projects*

	Project	Total project Cost Ksh	Sources of funds	Project Impact
1	Kimicha-Kangai water pipeline extension	927,000	Internal	Increased water coverage to 3000 households
2	Thiba Primary school Sanitation project	3,200,000	WSTF	Improved sanitation for the school through construction of modern VIP latrines
3	DTF- Decentralized treatment facility	27,654,469	WSTF	Improved Sanitation.
4	Relocation of OD 110mm pvc pipeline along Kutus Mjini-Kimbimbi road, and	631,000	Internal	Restoration of water supply for the 340

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

reinstatement of OD 50mm HDPE service line,90mm pvc pipes at site and service zone in Kerugoya scheme			connections affected by roadwork
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**Ongoing development projects**

	Project	Total project Cost	Sources of funds	Project Impact
1	Smart metering project	3,965,000	Internal	Improved efficiency in meter reading and reduction of non-revenue water
2	Kimbimbi public sanitation facility project	6,199,219	WSTF	Improved sanitation in Kimbimbi market
3	Rurie water supply project	19,361,580	WSTF	Increase water coverage in Rurie and Wamumu low income areas
4	Kiriwasco bottling plant	10,000,000	Internal	Increase company's revenue base
5	Reinstatement of Ngaru-Gatuto pipeline	5,160,411	Internal	Restoration of water supply for 410 connections affected by roadwork's
6	Relocation and reinstatement of water supply infrastructure along Kutus Kiarie road	2,324,513	KURA	Restoration of water supply for the 220 connections affected by roadwork
7	Kerugoya and Kutus water infrastructure Construction of 5000m <sup>3</sup> /day water supply system for Kerugoya, Kutus, Kagio and Sagana towns.The project is at 95%Complete.	1.17 B	ADB Thru TWWDA	To improve water quality and quantity
8	Construction of 5000m <sup>3</sup> /day sewerage system for Kerugoya and Kutus town. The project is at 93% complete	500,000,000	ADB Thru TWWDA	To improve Sanitation level for Kerugoya and kutus town.
9	Replacement of 474 No. Faulty Meter	1,185,000	Internal	Reduction of Commercial Losses

### **Tarrifs**

As per the Water Services Regulations 2021, Part VI, the company applied for the tariff review through WASREB. This was approved and gazetted on 3<sup>rd</sup> February 2023. The company is implementing the approved tariff for the period 2022/23 to 2024/25.

### **Licence**

As per the Water Services Regulations 2021, Part IV, the company applied for operation licence from WASREB. This was approved and the company was issued with a 5 years' operator's licence for the period 16<sup>th</sup> December 2022 to 15<sup>th</sup> December 2027.

### **Company ownership**

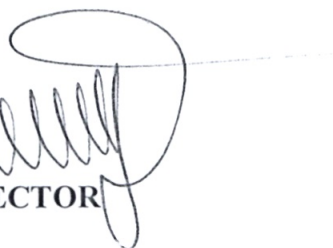
The Water Act clause 77 and the Water Services Regulation 2021 Part III, required County Government to establish water services provider. The water services providers should be wholly owned by the county government. In this regard the Board of Directors initiated the process of transforming Kirinyaga Water and Sanitation Company Limited from private company limited by guarantee to a public company limited by shares. Where the county Government will hold all the shares on behalf of the people of Kirinyaga. This was ratified through a stakeholders meeting held on 17<sup>th</sup> July 2023. The County Government of Kirinyaga, initiated the registration of Kirinyaga County Water and Sanitation Company Limited, which will take over the operation, assets and liability and staff of Kirinyaga Water and Sanitation Company Limited.

I take great pleasure to appreciate, the County Government of Kirinyaga for their support, the Board of Directors for their golden guidance, management and staff for their dedication to service delivery and to all our esteem customers and stakeholders for their continued support to the company.

Thank you

Ephantus Maina

**MANAGING DIRECTOR**



**7.Statement of Performance against Predetermined Objectives for FY 2022/23**

Kirinyaga Water and Sanitation Company has seven strategic pillars and objectives within the current Strategic Plan for FY 2021/2022 - FY 2025/2026. These strategic pillars/ themes/ issues are as follows:

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company’s financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

Kirinyaga Water and Sanitation Company develops its annual work plans based on the above seven pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The company achieved its performance targets set for the FY 2022/2023 period for its seven strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Increased Water Coverage	To increase the population accessing clean and safe drinking water supply through an increase in water coverage from 56% to 75.4% to serve 52,696 people by 2026	Increase the number of customer connections and water coverage	Construction of Kerugoya- Kutus water supply last mile connectivity <ul style="list-style-type: none"> <li>• Activate 9,553 dormant connections translating to a population of 38,212.</li> <li>• 450 households to be connected along Kianjege Kiaga pipeline( 8.5km of Kianjege kiaga pipeline to be extended).</li> <li>• 311 households to be connected along Ngaru Gatuto pipeline ( 9.32km of Ngaru Gatuto pipeline to be extended).</li> <li>• 200 households to be connected along Kandongu-Mutithi pipeline( 8.6km of Kandongu Mutithi pipeline to be extended).</li> </ul>	<ul style="list-style-type: none"> <li>• Increased water coverage from 56% 58.4%</li> <li>• Increased the number of active connections from 31,048 to 32,846</li> <li>• Reinstated 6km of Ngaru-Gatuto pipeline and 33households connected with water</li> </ul>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Increased sewerage coverage	To increase urban population accessing sewerage services from 1.49% to 2.89% to benefit 15,208 people by 2023	No. of connections  Design Report  Proposal	Construction of Kerugoya - Kutus sewerage project last mile connectivity. (Sewer all 8,227 registered active connections) <ul style="list-style-type: none"> <li>89 institutional connections to be connected to sewer system.</li> <li>1,189 individual connections to be connected to sewer.</li> <li>Construction of Kagio-Sagana sewerage project. Detailed design and proposal to be developed for sourcing of funds.</li> <li>Develop proposal for construction of 300No. toilets for Sagana households</li> </ul>	<ul style="list-style-type: none"> <li>The company has developed proposals to TTWDA for last mile connectivity for kerugoya kutus sewerage project</li> </ul>
Reduced NRW levels	To reduce NRW levels from 59% to 52.2% by 2023	No of Meters replaced  No. of master meter installed  No. of installed benches  No. of flow meters No. of leak equipment procured	Rehabilitation of old water supply system. They include: <ul style="list-style-type: none"> <li>3km asbestos Githioro Kerugoya pipeline;</li> <li>1.5km asbestos Ndiriti-Mukangu pipeline;</li> <li>9km Kerugoya towndistribution network;</li> <li>7km Kagio town distribution network;</li> <li>4km of wanguru town distribution network.</li> </ul> Replacement of 7,500 faulty consumer meters.  Installation of 11 master meters and 23 zonal meters  Installation one meter testing bench  Procurement of one clamp on ultrasonic flow meter  Procure one of leak detection equipment	Reduced NRW from 59% to 55.7%  Replaced 414 faulty meters  Installed 11 master meters and 23 zonal meters  Received two ultrasonic flow meters from TWWDA

**Kirinyaga Water and Sanitation Company Limited**  
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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Grow the company's financial and commercial position	Enhance efficiency and innovativeness in revenue generation and collection and ensure prudent management of funds	BCP plan  Training reports  Billing system upgraded  No. of proposals  No. of connections  Audit  Revenue	<ul style="list-style-type: none"> <li>Implement our business continuity plan</li> <li>Capacity build our ICT in the integration of the current software with compatible systems in the company</li> <li>Upgrade the current billing system</li> <li>Seek the support of development partners through actively writing proposals for project development</li> <li>Increase the water connections to match projected demand every year</li> <li>Ensuring the company complies with good accounting practices</li> <li>Expand the company's revenue base through networks and other services</li> </ul>	<ul style="list-style-type: none"> <li>Upgraded the meter reading app &amp; billing software</li> <li>Written two proposals to WSTF and awarded three projects (kimbimbi Rurie&amp; rurumi)</li> <li>Increased water connections from 31,048 to 32,846</li> <li>Complied with IFRS accounting standard</li> <li>Increased revenue from 162M to 163M</li> </ul>
Strengthen institutional capacity	Improve the organisational structures, processes and capacity building to enhance operational efficiency, and organizational sustainability	No of trainings  No. of Policies developed  Performance management system  No. of trainings & Training reports  No. of team building activities undertaken	<ul style="list-style-type: none"> <li>Initiate the process of certification towards ISO 9001-2015 QMS in order to streamline procedures so as to allow efficiency.</li> <li>Develop and review 15No. Policies to suit the strategic intent of better communication, resource mobilization, ICT, pro-poor, metering, NRW, procurement, CSR, water safety, stakeholder engagement and finance;</li> <li>Development a performance management system to ensure activity</li> </ul>	<ul style="list-style-type: none"> <li>Have approved ICT and Risk management policies</li> <li>Trained Board of directors on corporate governance annually.</li> <li>Done 10 trainings on staff on various areas</li> <li>Have the annual</li> </ul>

**Kirinyaga Water and Sanitation Company Limited**  
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		<p>No of qualified and experienced staff</p> <p>List of procured tools and equipment</p> <p>No. of motorcycles and motor vehicles procured</p>	<p>implementation and monitoring</p> <ul style="list-style-type: none"> <li>• Implement annual staff training plans</li> <li>• Train the Board of Directors on corporate governance annually</li> <li>• Conduct staff training on change management annually</li> <li>• Undertake team building activities annually</li> <li>• Retain and source for talented Human Resource</li> <li>• Procure and renewal of tools and equipment annually</li> <li>• Procure 30No. Motorcycles and 3No. motor vehicles</li> </ul>	<p>performance contract and evaluation conducted semi annually</p> <ul style="list-style-type: none"> <li>• Procured tools and equipments.</li> <li>• The company has 163 qualified and experienced staff</li> </ul>
Customer service and stakeholder engagement	Enhance customer service and stakeholder engagement	<p>Communication strategy developed</p> <p>Developed stakeholder engagement framework</p> <p>No. of CSR activities</p> <p>Customer relations report</p> <p>Recognition program</p>	<ul style="list-style-type: none"> <li>• Develop and implement communication strategy</li> <li>• Develop stakeholder engagement framework</li> <li>• Undertake CSR activities</li> <li>• Develop innovative ways of enhancing service delivery ,obtaining and acting on customers feedback</li> <li>• Develop and implement customer recognition program</li> </ul>	<ul style="list-style-type: none"> <li>• Established public relations office for effective communication.</li> <li>• Under taken CSR activities( tree planting and donation to children's home</li> <li>• Have media platform where customers can launch their complaint.</li> </ul>
Research and development	Gather, store and analyse adequate data and information for planning for growth.	<p>Database</p> <p>No of activities compliance</p>	<ul style="list-style-type: none"> <li>• Gather, store and use reliable data and information for planning for growth</li> <li>• Proactively participate in water sector activities to benchmark and compete with other water services providers</li> <li>• Improve on regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarked with other water companies.</li> <li>• Improved on regulatory compliance( have an approved tariff and licence)</li> </ul>

## **8. Corporate Governance Statement**

KIRIWASCO is committed to operate under a clear governance framework and strongly adheres to sound management and control practices.

KIRIWASCO is committed in ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory corporate governance requirements. Essential to the establishment of a good governance framework are formal governance structures designed to ensure accurate reporting to the Board to facilitate an informed decision making process, assessment and improvement of conformances. KIRIWASCO has Board of Directors Charter which defines the Board role and responsibilities as well as functions and structure in a way that supports the members in caring out their strategic oversight function.

Board meetings are held at least 4 times a year and not more than 4 months shall elapse between the date of one meeting and the day of the next meeting. A schedule of the dates of the meetings are agreed upon by the Board members and set out in the Board work plan.

The new Board members undergo induction training in order to familiarize them with their responsibilities as directors, general principals of corporate governance and Board practices. The Board conduct an annual evaluation to appraise its performance and has kept a record of conflicts of interest declared for accountability purposes. To provide efficiency and act as an incentive to improve performance at oversight level, the Board is entitled to a remuneration of 2% of the annual turnover or Ksh 7,000,000 per annum whichever is higher.

### **Composition of Board of Directors**

The structure of KIRIWASCO starts with the Board members representing various stakeholders' interests. The Board members exercise leadership, enterprise, integrity and judgment in directing KIRIWASCO. The Board of Directors are expected to determine the purpose and values of KIRIWASCO, determine the strategy to achieve that purpose and implement its values in order to ensure the Company survives and thrives.

The structure of the Board is as per the corporate governance guidelines issued by the Water Services Regulatory Board (WASREB). The Board of Directors comprises of 9 members nominated by respective stakeholder institutions where 2 are from the county government executive. The directors are appointed for terms of up to three years and are eligible for re-appointment.

The Board members are expected to enhance the corporate governance practices in running of KIRIWASCO to bring the level of governance in the Company in line with international standards. The essence of corporate governance is to protect stakeholder's interest including the government, consumers and the community.

In ensuring that corporate governance is enhanced and that the power of KIRIWASCO is exercised in the stewardship of the Company's total portfolio of assets and resources with the objective of maintaining stakeholder's values, the board of directors had constituted the following committees:

#### **1) Human Resources & Administration, Finance and Procurement**

The committee comprises of 3 board members whose duty is to ensure that KIRIWASCO has the right staff at the right place and doing the right thing. More so, the committee ensures that the staff welfare is guaranteed.

The Committee oversees the financial reporting process, Company's internal controls and efficient allocation and utilization of resources.

**1) Technical Committee**

The Technical committee comprises of 3 board members who ensure that there is adequate asset development, maintenance and infrastructure improvement to ensure sustainability of all water and sewer infrastructure. The committee also proposes investment and funding programs for the organization.

**2) Audit Committee**

It's the duty of this committee to ensure that the internal audit department performs its function of an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## 9. Management Discussion and Analysis

### Introduction

Kirinyaga Water and Sanitation Company Limited (KIRIWASCO) is a water and sanitation services provider registered under the company's Act 2015 of the law of Kenya. The company is an agent of the County Government of Kirinyaga (CGK) as per the amended (2019) Memorandum and Articles of Association. This is in line with the requirement by the Constitution of Kenya (GoK) 2010 and the Water Act 2016. The company is regulated by Water Services Regulatory Board (WASREB) and operates under License for provision of water and sanitation services. The company is mandated to supply water with Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County

### Financial Performance

During the Financial year 2022/2023, the Company performed fairly well despite the effects of inflation.

A comparative analysis of the Company performance for the last 6 years is tabulated below;

Financial Year	Income
2017/2018	152,894,275
2018/2019	169,850,748
2019/2020	159,433,044
2020/2021	177,343,545
2021/2022	214,156,994
2022/2023	206,343,382

### *Key Projects*

The Company through financing by various Institutions and donors has started the following projects

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Reinstatement of Ngaru-Gatuto pipeline(6km)	6,000,000	5,160,411	95%	6,000,000	5,160,411	Internal
2	Kimicha-Kangai water pipeline extension	927,000	927,000	100%	927,000	927,000	Internal
3	Thiba Primary school sanitation project	3,200,000	3,200,000	100%	3,200,000	2,599,979	WSTF
4	Relocation and reinstatement of water supply infrastructure along Kutus Kiarie road	2,324,513	2,411,220	98%	2,324,513	2,411,220	KURA

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
5	Smart metering project	3,965,000	800,000	10%	4,000,000	800,000	Internal
6	Kimbimbi public sanitation facility project	6,199,219	1,752,048	70%	2,000,000	1,752,048	WSTF
7	Rurie water supply project	19,361,580	262,600	15%	6,200,000	262,600.00	WSTF
8	Kiriwasco bottling plant	10,000,000	122,878	2%	4,500,000	122,878	Internal

**Major risks facing the entity**

The major risks facing the entity are:-

**(a) Strategic**

Risks that are associated with achieving the strategic objectives of the company as a whole. This threatens an organisations ability to deliver expected outcomes which can harm the organisations ability to grow.

**(b) Liquidity**

Risks that the company may not meet its financial obligations as liabilities fall due.

**(c) Governance**

Failure to comply with all statutory and regulatory requirements and best practices. This may lead to withdrawal of company's licence, adverse audit opinion and high litigation cost.

**(d) Operational**

Risks that are associated with the day to day operations, projects or programmes deviating from and not achieving the short medium and long Company's goals.

**(e) Market risk**

The company is exposed to market risk due to unhealthy competition from the Community water projects. This has effects on reduction in revenue

**(f) Environmental risk**

This is caused by deforestation and climate change. This leads to reduction of water thus affecting the water supply.

**(g) Technological risk**

Inadequate technological skills and fast emerging technology. This has impact in inefficiency in performance and lack of competitive edge.

## **10. Environmental and Sustainability Reporting**

Kirinyaga Water and Sanitation Company exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The company has continued to ensure that there is sustainability by having framework to focus investment and drive performance as well as engaging internal and external stakeholders. This is driven by our mission to provide safe and clean water through, reliable, affordable and sustainable water services to our customers by developing facilities and managing systems in the most efficient and effective manner.

The company has continued to ensure that there is sustainability in terms of water supply to meet multiple needs for our customers through effective management of water resources. The Company gets its revenue from sales of water and therefore without proper management of the water resources the company would not meet its financial goals.

The company has framework with clear programmes, targets and key performance indicators for each aspect. It also ensures effective implementation by providing guidance to employees following extensive consultation and putting in place systems of governance, external feedback and regular review. Also KIRIWASCO ensures that infrastructure investments are cost effective over their lifecycle resource efficient.

### **ii) Environmental performance**

The company is guided by the Environmental Management and Coordination Act (EMCA) which provide appropriate legal and institutional framework for the management of the environment and conservation. EMCA establishes among others the following institutions; National Environment Management authority, public complaints committee, national environment tribunal national environment action plan committee and county environment committees. The National Environment Management Authority (NEMA) was established as the principal instrument of Government charged with the implementation of all policies relating to the environment and to exercise general supervision and coordination over all matters relating to the environment.

The act provides for environmental protection through;

- Environmental impact assessment
- Environmental audit and monitoring
- Environmental restoration orders, conservation orders and easements.

Through NEMA and ecosystem management the company has continued to provide training to its staff and the key stake holders on environment conservation by applying best practices on waste management and increase in forest coverage.

Kiriwasco also ensures that projects funded comply with the National Environmental Management Authority (NEMA) requirements.

### **iii) Employee welfare**

KIRIWASCO operates under a Human Resource and Procedures manual that is guided by WASREB on key areas. This guides in the hiring process of employees taking into account the 1/3 ratio on gender. Positions that fall vacant in the company are officially advertised through the newspaper.

KIRIWASCO undertakes Training Needs Assessment to determine staffs that require more skills as well as allowing staffs in improving their career skills by allowing them to get back to school. Appraisals are carried out on quarterly basis and best performing units are awarded tokens at the end of the year.

Kiriwasco has a Workplace Environmental Policy and continues to implement environmental awareness programmes among staff and stakeholders, customers, employees, the community

**(iv) Market place practices-**

The organization should outline its efforts to:

**a) Responsible competition practice.**

KIRIWASCO operates in a way that safeguards it against unfair business practices. We believe that a responsible approach in developing relationships between company and the communities we serve is a vital part of delivering business success.

When carrying out our business, in consultation with our customers, we determine the environmental, social and economic issues and continually review our policies and business practices to encourage engagement with customers and key stakeholders.

**b) Responsible Supply chain and supplier relations**

The company follows all the rightful procedures in procurement of Goods, Works and Services as per the Public Procurement and Asset Disposal Act 2015 (PPDA) and Public Procurement and Asset disposal regulations 2020 (PPAD).

The Accounting officer ensures that the company complies with the Act in the performance and responsibility under sub section 1 of the Asset and disposal Act. The accounting officer also has established systems and procedures to facilitate decision making for procurement and asset disposal.

This is by ensuring that the tendering process is done in accordance with the Asset and disposal Act. The Company reserves a prescribed percentage of its procurement budget which is not less than 30% to the disadvantaged groups.

The company treats its own suppliers responsibly by honouring contracts and maintains clear and consistent communication with the suppliers to build a stronger supplier relationship. The suppliers are given orders in good and appropriate time frame to deliver goods, works and services in the company. The company ensures that all the suppliers are paid in good time as per the credit period indicated in their tender documents.

**c) Responsible marketing and advertisement**

KIRIWASCO has continued to make efforts on attracting consumers who want to make a positive difference by having safe and clean water. This has been done through holding customer care Barazas and also using social media and web site platform to

promote and sensitize customers on company procedures and benefits of using safe and clean water.

**d) Product stewardship**

KIRIWASCO through partnership with the environmental organisations has continued to promote and safeguard water catchment areas and also promote good environmental practices on waste disposal among employees, stakeholders and customers.

This is through planting trees and also by ensuring that available water is properly utilized. Kiriwasco ensures that it complies with the given regulations on waste disposal management to safeguard the environment.

The company also ensures that customer rights are not infringed by having an affordable water tariff for the product.

**iv) Corporate Social Responsibility / Community Engagements**

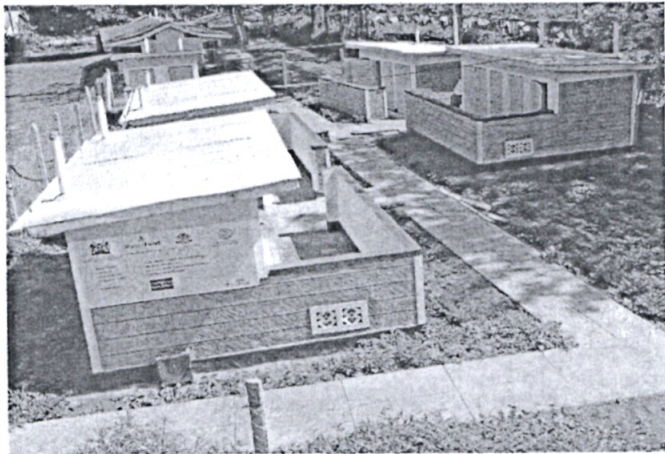
KIRIWASCO has a CRS policy whose purpose is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. The CSR policy applies throughout all our policies and processes and governs our approach to all our activities. In implementing this policy we aim to be responsible; and be an exemplar of good practice.

KIRIWASCO participates in various activities such as tree planting to increase forest cover in efforts to conserve water and Participating in National events such as the World Water Day. We recognize that good CSR embraces all aspects of sustainable development and the way we affect people through our business operations. The company has participated in various Corporate Social Responsibility such as visiting Good Hope children and donating to them children items and donated drinking water to environmental Law court during their 10yr anniversary. Also during world aids day and world environment day the company provided drinking water.

The company with development partner Water Sector Trust Fund has constructed sanitation facility in Thiba Primary and Kimbimbi public sanitation facility. This has improved sanitation in Thiba School and Kimbimbi community and thus eradicating water borne diseases and exercising our Madate in provision of sanitation services.



Visiting Good Hope children home



Thiba Primary School Sanitation facility



Tree planting during world water day

## **11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the company's affairs.

### **i) Principal activities**

The principal activity of KIRIWASCO is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in Kirinyaga District and parts of Mbeere District.

The Company's main business operating objectives include, but not limited to, the following:

- a) Increased water coverage
- b) Increased sewerage coverage
- c) Reduced NRW levels
- d) Grow the company's financial position and commercial position
- e) Strengthen institutional capacity
- f) Enhance customer service and stakeholder engagement
- (a) Research and Development

### **ii) Results**

The results of the company for the year ended June 30, 2023 are set out on page 1 below is summary of the profit or loss made during the year.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page vi - viii In accordance with Regulations of the company's Articles of Association.

**iv) Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....  
**FCS Richard K. Gikui**  
**Company Secretary/Secretary to the Board**  
**Date:**

## **12. Statement of Directors' Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2023. 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 responsibility for the Company 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 PFM Act, 2012, water act 2016 and companies Act 2015)

**Statement of Directors' Responsibilities (Continued)**

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, 2023, 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 financial statements as well as the adequacy of the systems of internal financial control.

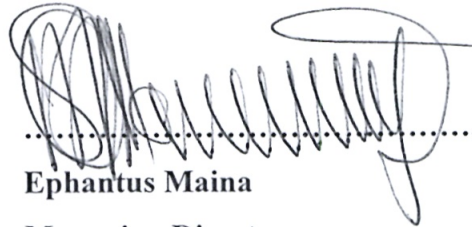
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The company financial statements were approved by the Board on 28/09/ 2023 and signed on its behalf by:



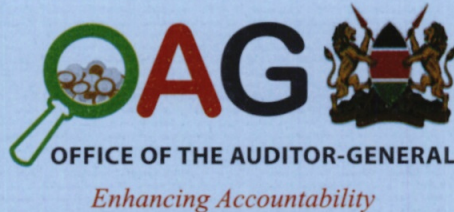
.....  
**James Kihia**  
**Chairperson of the Board**



.....  
**Ephantus Maina**  
**Managing Director**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kirinyaga Water and Sanitation Company Limited set out on pages 1 to 60, which comprise of the statement of financial

position as at 30 June, 2023 and the statement of profit or loss and other 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 Kirinyaga Water and Sanitation Company Limited as at 30 June, 2023 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, the Water Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Understated Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.97,000,586 and as disclosed in Note 20 to the financial statements. However, review of the asset register provided for audit revealed that the Company owned thirty-four (34) parcels of land and twenty-nine (29) water tanks whose values were not included in the assets register and subsequently in the property, plant and equipment schedule. Further, ownership documents for the thirty-four (34) parcels of land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership status of the property, plant and equipment balance of Kshs.97,000,586 could not be confirmed.

#### **2. Long Outstanding Trade and Other Receivables**

The statement of financial position reflects net trade and other receivables of Kshs.148,799,649 and as disclosed in Note 29 to the financial statements. However, the balance includes an amount of Kshs.121,282,980 in respect of receivables, which were outstanding since 2021/2022 financial year and earlier years.

In the circumstances, the accuracy and recoverability of the long outstanding receivables balance of Kshs.121,282,980 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kirinyaga Water and Sanitation Company Limited Management in accordance with ISSAI 130 on the 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.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.236,271,519 and actual revenue of Kshs.206,343,382, resulting in an underfunding of Kshs.29,928,137 representing 12.7% of the budget.

The underfunding affected the implementation of the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **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 Information**

The Directors are responsible for the other information, which comprises of the Chairman's Statement, Report of the Managing Director, Review of the Company's Performance for financial year 2022/2023 against the Predetermined Objectives, Report of the Directors and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

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

## **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 matters 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**

#### **1. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables of Kshs.91,591,313 as disclosed in Note 42 to the financial statements. The amount includes trade payables amounting to Kshs.46,675,399 which were outstanding since 2021/2022 financial year and earlier years.

The Company may end up paying additional amounts due to litigations, fines, penalties and interests on the long outstanding payables.

## **2. High Level of Non-Revenue Water**

During the year under review, the Company produced a total of 6,206,774 cubic meters (M<sup>3</sup>) of water out of which only 2,618,120 M<sup>3</sup> were billed to customers. However, the difference of 3,588,654 M<sup>3</sup> of the total water produced or approximately 57.82% of the total water production represented Non-Revenue Water (NRW), which was 32.82% over and above the allowable threshold of 25% as per Water Services Regulatory Board Guidelines.

The high level of NRW may negatively impact on the Company's profitability and ability to sustain service delivery to the public.

## **3. High Personnel Costs**

The statement of profit or loss and other comprehensive income reflects staff costs of Ksh.113,311,414 representing approximately 51% of the total expenditure of Ksh.223,242,901. The percentage was 16% higher than the recommended threshold of 35% by the Water Services Regulatory Board (Section 3.9.10 of the Corporate Governance Guidelines, 2018) for the category of large companies under which the Company falls. According to the guidelines, the total staff expenditure for each financial year must not exceed 35% for large companies.

The high level of personnel costs may negatively impact on the Company's profitability and sustainability of services. In addition, Management was in breach of the Water Services Regulatory Board Corporate Governance Guidelines, 2018.

## **4. Exceeded Limit for Board Expenses**

The statement of profit or loss and other comprehensive income reflects board expenses of Kshs.12,504,820 and as disclosed in Note 13 to the financial statements. The board expenses exceeded the recommended threshold of 35% by the Water Services Regulatory Board (Section 3.4.6 of the Corporate Governance Guidelines, 2018) of Kshs.7,000,000. According to the guidelines board expenses for companies with an annual turnover of up to Kshs.500,000,000 are capped at the higher of 2% of the turnover and Kshs.7,000,000 per annum.

In the circumstances, Management was in breach of the Water Services Regulatory Board Corporate Governance Guidelines, 2018.

## **5. Delay in Completion of Project**

The statement of financial position reflects plant property and equipment balance of Kshs.97,000,586 as disclosed in Note 20 to the financial statements, which includes capital work in progress balance of Kshs.13,674,157. Included in the balance is an amount of Kshs.262,600 in respect of construction of Rurrie Water Supply. The tender for the project was awarded to a contractor at a contract price of Kshs.18,100,102 on

20 September, 2022 and was scheduled to be completed in April, 2023. However, inspection of the project carried out in the month of November, 2023, six months after the expected completion date revealed that the project was approximately 25% complete despite the contract period having been extended twice.

In the circumstances, it was not possible to confirm whether the Company got value for money spent on the project.

## **6. Non-Compliance with the Law on Ethnic Composition**

The Company had a total of one hundred and sixty-two (162) staff members as at 30 June, 2023. However, one hundred and fifty (150) or 93% of the staff members were from the dominant ethnic community. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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 effective processes and systems of internal controls, risk management and overall 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 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, adequate accounting records have been kept by the Company, so far as appears from the examination of those books; and
- (iii) The Company's financial statements are in agreement with accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or 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 also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 Company's financial reporting process, reviewing the effectiveness of how Management 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 overall 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 Company's 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 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 Company's ability 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 to continue 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 the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 March, 2024

Kirinyaga Water and sanitation Company Limited  
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	171,166,079	*166,930,153
Grants Income	7	25,698,824	*42,072,756
Other Income	8	9,433,381	*5,154,084
Finance income	9	-	-
Other gains/(losses)	10	45,098	-
<b>Total Revenue</b>		<b>206,343,382</b>	<b>214,156,994</b>
<b>Expenses</b>			
Staff Costs	11	113,311,414	*106,912,034
General and Operations expenses	12	55,892,518	*56,858,227
Board Expenses	13	12,504,820	11,751,989
Maintenance Expenses	14	28,437,943	*33,081,281
Depreciation and Amortization expenses	15	13,096,206	*6,833,486
Finance Costs	16	-	-
<b>Total Expenses</b>		<b>223,242,901</b>	<b>215,437,017</b>
<b>Profit/(Loss) Before Taxation</b>		<b>(16,899,519)</b>	<b>(1,280,024)</b>
<b>Income Tax Expense/(Credit)</b>	17	-	-
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
<b>Other Comprehensive Income</b>			
<b>Profit/(Loss) After Taxation</b>		<b>(16,899,519)</b>	<b>(1,280,024)</b>
Surplus or Deficit on Revaluation Of PPE		-	-
Remeasurement of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
<b>Total Comprehensive Income for The Year</b>		<b>(16,899,519)</b>	<b>(1,280,024)</b>

*Note on changes on the previous year figures*

Asterisk\* - Due to the changes in the reporting template, figure in the previous notes have changed due to consolidation and splitting of figures as per the new template.

**Kirinyaga Water and Sanitation Company Limited.**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement of Financial Position as at 30 June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	97,000,586	105,822,107
Intangible assets	21	1,639,823	2,257,825
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
<b>Total non-current assets</b>		<b>98,640,409</b>	<b>108,079,932</b>
<b>Current assets</b>			
Inventories	28	9,097,184	11,013,934
Trade and receivable	29	148,799,649	146,013,737
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Bank and cash balances	32	17,758,062	19,096,010
<b>Total current assets</b>		<b>175,654,895</b>	<b>176,123,681</b>
<b>Total Assets</b>		<b>274,295,304</b>	<b>284,203,613</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	33	-	-
Capital reserve	34	43,587,914	43,587,914
Capital Grant	35	55,695,267	77,431,596
Revenue Reserve/Retained earnings	36	5,708,510	22,603,029
<b>Capital and Reserves</b>		<b>104,991,691</b>	<b>143,622,539</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			

**Kirinyaga Water and Sanitation Company Limited.**

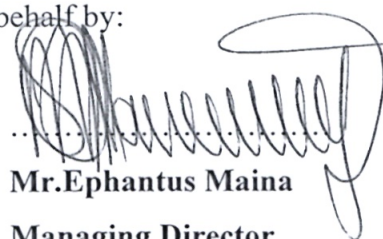
**Annual Report and Financial Statements for the year ended June 30, 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
Deferred tax liability	37	-	-
Borrowings	38	147,518	147,518
Lease liability	39	-	-
Provisions	40	3,176,474	*1,167,975
Retirement benefit obligations	41	29,103,925	*15,842,459
Trade and other payables	42	91,591,313	*71,715,967
Refundable deposits and Prepayments	43	45,097,997	*44,257,175
Deferred income	44	-	7,263,595
Dividends payable	45	-	-
Taxation	46	186,386	186,386
<b>Total current liabilities</b>		<b>169,303,613</b>	<b>140,581,076</b>
<b>Total equity and liabilities</b>		<b>274,295,304</b>	<b>284,203,614</b>

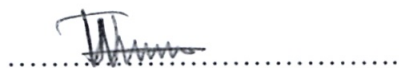
*Note on changes on the previous year figures*

**Asterisk\*** - Due to the changes in the reporting template, figure in the previous notes have changed due to consolidation and splitting of figures as per the new template.

The financial statements were approved by the Board on 28/09/ 2023 and signed on its behalf by:



**Mr. Ephantus Maina**  
**Managing Director**



**CPA Jane Murage**  
**Head of Finance**

ICPAK M/No:22144



**Mr. James Kihia**  
**Chairman of the Board**

Kirinyaga Water and Sanitation Company Limited  
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Equity for the Year Ended 30 June 2023

	Notes	Capital reserves	Revenue Reserve	Capital grant	Total
<b>As at July 1, 2021</b>		<b>43,587,914</b>	<b>4,286,515</b>	<b>78,878,407</b>	<b>126,752,836</b>
					-
Profit/ (loss) for the year			(1,280,024)		(1,280,024)
					-
Capital/Development grants received during the year					-
					-
Transfer of depreciation/amortisation from capital fund to retained earnings				(1,446,811)	(1,446,811)
					-
Prior year adjustments			19,596,537		19,596,537
<b>As at June 30, 2022</b>		<b>43,587,914</b>	<b>22,603,029</b>	<b>77,431,596</b>	<b>143,622,539</b>
<b>As at July 1, 2022</b>		<b>43,587,914</b>	<b>22,603,029</b>	<b>77,431,596</b>	<b>143,622,539</b>
					-
Profit/ (loss) for the year			(16,899,519)		(16,899,519)
					-
Capital/Development grants received during the year				-	-
					-
Transfer of depreciation/amortisation from capital fund to Revenue reserve (retained earnings)				(8,922,382)	(8,922,382)
Prior year adjustments			5,000	(12,813,947)	(12,808,947)
<b>At June 30, 2023</b>		<b>43,587,914</b>	<b>5,708,510</b>	<b>55,695,267</b>	<b>104,991,691</b>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Note:**

1. *Prior year adjustment amounts relate to.*

<b>Date</b>	<b>Description</b>	<b>Adjustment Amount</b>	<b>Explanation</b>
1-July-22	Opening Balances	<b>22,603,029.00</b>	
30-Jun-23	Wasreb (creditor )	250,000.00	Correction of payment posted in Wasreb levy account instead of Wasreb creditor account
30-Jun-23	Wasreb (creditor)	250,000.00	
30-Jun-23	Bank charges	-165,000.00	Correction of Charges for performance guarantee instead expensing
30-Jun-23	Salary account	-20,000.00	Correction of error of posting net salary instead of Gross salary for contract staffs who had salary advance
30-Jun-23	Salary account	-15,000.00	
30-Jun-23	Salary account	-20,000.00	
30-Jun-23	Salary account	-30,000.00	
30-Jun-23	Salary account	-18,000.00	
30-Jun-23	Salary account	-5,000.00	
30-Jun-23	Salary account	-30,000.00	
30-Jun-23	Salary account	-28,000.00	
30-Jun-23	Salary account	-25,000.00	
30-Jun-23	Salary account	-19,500.00	
30-Jun-23	Salary account	-10,000.00	
30-Jun-23	Salary account	-5,000.00	
30-Jun-23	Salary account	-12,500.00	
30-Jun-23	Salary account	-32,000.00	
30-Jun-23	Salary account	-25,000.00	
30-Jun-23	Salary account	-35,000.00	
30-Jun-23	Capital grant account	6,730,351.50	Correction of error of posting grant to capital grant that was ment for improving sanitation (corporate social responsibility)
30-Jun-23	Capital grant account	6,083,595.00	
30-Jun-23	Work in progress account	-6,730,351.50	Correction of error of posting expenses to work in progress that was ment for improving sanitation to low income areas (corporate social responsibility)
30-Jun-23	Work in progress account	-6,083,595.00	
	<b>Restatement opening balance</b>	<b>22,608,029.00</b>	

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Statement Of Cash Flows for The Year Ended 30 June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts		162,900,150	156,052,723
Grants Income		18,435,228	42,072,756
Finance Income			
Other Income		556,098	3,707,273
Customer Deposits		2,353,000	2,714,500
<b>Total Receipts</b>		<b>184,244,476</b>	<b>204,547,252</b>
<b>Payments</b>			
Staff Costs		102,243,489	102,497,722
General And Operation Expenses		33,910,507	59,146,976
Board Expenses		12,393,377	11,751,989
Maintenance Expenses		20,468,519	29,970,562
Finance Costs			
Refund Of Customer Deposits		141,000	-
<b>Total Payments</b>		<b>169,156,892</b>	<b>203,367,249</b>
<b>Net Cash From/ (Used In) Operating Activities</b>	<b>47</b>	<b>15,087,584</b>	<b>1,180,004</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)		(16,224,852)	(12,883,559)
Proceeds From Disposal Of PPE			
Purchase Of Intangible Assets		(200,680)	(765,205)
Purchase Of Investment Property			
Purchase Of Quoted Investments			
Proceeds From Disposal of Quoted Investments			
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(16,425,532)</b>	<b>(13,648,764)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds From Issues of New Share Capital			
Proceeds From Borrowings	35	-	-
Repayment Of Borrowings	35	-	-
Dividends Paid	41	-	-
Net Cash From/(Used In) Financing Activities			
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>(1,337,948 )</b>	<b>(12,468,760 )</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<b>47</b>	<b>19,096,010</b>	<b>31,564,770</b>
Effects Of Foreign Exchanges Rate Fluctuations			
<b>Cash And Cash Equivalents At End of the Year</b>	<b>47</b>	<b>17,758,062</b>	<b>19,096,010</b>

Kirinyaga Water and Sanitation Company Limited  
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= e-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	Xxx%
<b>Revenue</b>						
Operating Revenue	241,000,000	(40,457,110)	200,542,890	171,166,079	29,376,811	85%
Non-Operating Revenue	8,150,000	1,380,000	9,530,000	9,433,381	96,619	99%
Grants	30,971,070	(4,818,441)	26,152,629	25,698,824	453,805	98%
Finance Income	-	-	-	-	-	
Other gains		46,000	46,000	45,098	902	98%
	-	-	-	-		
<b>Total Revenue</b>	<b>280,121,070</b>	<b>(43,849,551)</b>	<b>236,271,519</b>	<b>206,343,382</b>	<b>29,928,137</b>	<b>87%</b>
<b>Expenses</b>						
Staff Costs	112,328,864	986,336	113,315,200	113,311,414	3,786	100%
Board Expenses	6,940,800	59,200	7,000,000	12,504,820	(5,504,820)	179%
General and operations Expenses	63,424,901	458,499	63,883,400	68,988,724	(5,105,324)	108%
Maintenance	47,919,809	-21,151,859	26,767,950	28,437,943	(1,669,993)	106%
Finance costs	-	-	-	-	-	-
<b>Total Recurrent Expenditure</b>	<b>230,614,374</b>	<b>(19,647,824)</b>	<b>210,966,550</b>	<b>223,242,901</b>	<b>(12,276,351)</b>	<b>106%</b>
<b>Profit or Loss</b>	<b>49,506,696</b>	<b>(24,201,727)</b>	<b>25,304,969</b>	<b>(16,899,519)</b>	<b>42,204,488</b>	<b>-66%</b>
Capital Expenditure	49,506,696	(24,201,727)	25,304,969	19,264,494	6,040,475	76%
<b>Total Expenditure</b>	<b>280,121,070</b>	<b>(43,849,551)</b>	<b>236,271,519</b>	<b>242,507,395</b>	<b>(6,235,876)</b>	<b>103%</b>

Kirinyaga Water and Sanitation Company Limited  
Annual Report and Financial Statements for the year ended June 30, 2023

*Notes on difference actual and budgeted amounts*

- 1. Operating Revenue: Didn't attain the estimated revenues due to delay in completion of the Bulk water project and sewer which we expected to be complete by November 2022. This would have increased the number of new connections thus increase the consumption. There is also a challenge with the New tariff due to inflation it's not being able to meet the operation cost.*
- 2. Board expenditure: There were more meetings than anticipated and other activities in the financial year.*

*Notes on changes between original and final budget*

- 1. Revenue: There was shortfall in revenue projected.*
- 2. Expenditure: There was reallocation of funds from votes that were underutilized to over utilized votes in the financial year.*
- 3. Capital expenditure: Due to low income most of the investments were not done during the year thus being moved to the next financial year.*

## **19. Notes to the Financial Statements**

### **1. General Information**

Kirinyaga water and Sanitation Company Ltd is established by and derives its authority and accountability from Companies Act Cap 486 of the laws of Kenya. The Company is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The Company's principal activity is mandated through a Service Provision Agreement (SPA) to carry out water and sewerage services in both urban and rural areas of Kirinyaga County . For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016 and the Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

- i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2023.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.  <i>The Company does not issue insurance contracts.</i>	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.  <i>(entity to state the effect of amendments on their financial statements for the year ended.)</i>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.  <i>(Entity to state whether this has brought about changes to the accounting policies disclosed)</i>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise	The amendments are effective for annual periods beginning on or after January 1, 2023.

**Kirinyaga Water and Sanitation Company Limited**  
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Title	Description	Effective Date
Single Transaction (issued in May 2021)	to equal taxable and deductible temporary differences.	

*The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements (Continued)**

**Application of New and Revised International Financial Reporting Standards (IFRS)**

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

*The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.*

*iii. Early adoption of standards*

Kirinyaga water and sanitation Company did not early – adopt any new or amended standards in year under review.

**Notes to the financial statements (continued)**

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- ii) Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the Company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, utilities or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded but disclosed.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Buildings and civil works	50	2%
Water infrastructure	10	10%
Water tank	5	20%
Water meters	5	20%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings, dozers	8	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies.**

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI).

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange. These are measured at fair value through profit or loss (FVTPL).

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on note 29 of this report.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**n) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the profit or loss statement. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

**s) Trade and other payables**

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

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**t) Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month.

**u) Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue. A provision is made for the estimated liability for annual leave at the reporting date.

**v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**w) Budget information**

The original budget for FY 2022-2023 was approved by the Board of Directors on 19<sup>th</sup> May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Kshs (43,849,551) on the 2022-2023 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 18 of these financial statements.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**x) Service concession arrangements**

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**y) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**z) 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 June 30, 2023.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value for disposal:

- The condition of the asset based on the assessment of experts employed by the Company.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the assets.

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

The company has estimated provision for bad debts at 10% of the closing receivables.

The estimated provision for bad debts based on historical growth for the last 7 years in the amount of debtors.

Notes to the financial statements (continues)

6. Operating Revenue

	2022/2023	2021/2022
	Kshs	Kshs
Water sales	163,532,453	160,688,478
Reconnection fee	3,431,700.00	2,305,400
Surcharges/Illegal connections	1,499,226	758,775
Capital works	2,702,700	3,177,500
<b>Total</b>	<b>171,166,079</b>	<b>166,930,153</b>

*Billing for other services refers to income generated from services such as reconnection fees, illegal connection, meter testing, meter replacement, connection charges etc.*

7. Grants Income

	2022/2023	2021/2022
	Kshs	Kshs
WSTF Thiba Primary Shool Sanitation Project	1,280,000	1,920,000
Kimbimbi Public Sanitation Facility Project	1,983,750	-
WSTF UPC 8th Call-Rurie Water Supply project	6,195,706	-
Conditional Liquidity Grant	-	36,111,746
Compensation of damages -KERRA	7,566,195	-
Compensation of damages -RFB Project	-	4,041,010
Training fee-TWWDA	3,261,600	-
Compensation of damages -KURA	2,324,513	-
Compensation of damages /Supervision KENHA	3,087,060	-
<b>Total</b>	<b>25,698,824</b>	<b>42,072,756</b>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continues)**

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2022/2023 KShs
WSTF-Thiba project	1,280,000	-	-	1,280,000	1,280,000
WSTF-kimbimbi project	1,983,750			1,983,750	1,983,750
WSTF-rurie project	6,195,706			6,195,706	6,195,706
KERRA	302,600	7,263,595		7,566,195	7,566,195
Tana works	3,261,600			3,261,600	3,261,600
KURA	2,324,513			2,324,513	2,324,513
KENHA	3,087,060			3,087,060	3,087,060
<b>Total</b>	<b>18,435,229</b>	<b>7,263,595</b>	<b>-</b>	<b>25,698,824</b>	<b>25,698,824</b>

Notes to the financial statements (continued)

**8. Other Income**

	2022/2023	2021/2022
	Kshs	Kshs
Amortization of capital grants	8,922,381	1,446,811
Exhauster services	511,000	674,500
Compensation from Insurance	-	3,032,773
<b>Total</b>	<b>9,433,381</b>	<b>5,154,084</b>

**9. Finance Income**

The company had no finance income in the financial year.

**10. Other Gains and Losses**

	2022/2023	2021/2022
Description	Kshs	Kshs
Gain on sale of fixed assets	45,098	-
<b>Total</b>	<b>45,098</b>	<b>-</b>

**11. Staff Costs**

Description	2022/2023	2021/2022
	Kshs	Kshs
Regular Salary	95,560,962	82,908,267
Casual Wages	-	353,802
Staff Medical Cover	487,654	6,978,578
Employer's contributions to social security schemes	2,052,360	1,968,191
Employer's contributions to pension scheme	8,391,172	7,463,160
Gratuity	3,234,447	2,277,710
Staff bonus	-	857,680
National industrial Training	95,100	91,350
leave allowance	2,550,158	2,058,519
Staff Welfare	939,561	1,954,777
<b>Total</b>	<b>113,311,414</b>	<b>106,912,034</b>
<b>The average number of employees during the year</b>	<b>159</b>	<b>151</b>

**Kirinyaga Water and Sanitation Company Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the financial statements (continued)**

**12. General and Operations Expenses**

	2022/2023	2021/2022
Description	Kshs	Kshs
Chemicals	5,885,873	4,525,467
Electricity for productions	1,376,631	350,994
Electricity for Lighting	357,518	1,344,259
Transport fuels and diesel	6,917,778	6,529,035
Library expenses	169,180	143,460
Stationery & printing	1,405,215	1,221,314
Uniforms & Other PPES	9,949	1,526,339
Staffs Airtimes	1,492,495	1,244,155
Postage, SMS, EMS Expenses	1,310,580	1,139,650
Internet & Telephone Expenses	1,189,569	1,110,389
Water bill	43,554	-
Insurance of Motor Vehicles & Other assets	344,837	383,165
Rental/leases	194,000	308,000
Hire of machinery & equipment	59,650	33,900
Insurance Claim	-	3,032,773
Travel Allowances	5,919,124.00	3,763,424
Training Allowances & Capacity Building	286,000	1,548,550
Training funded by TWWDA	2,214,900	-
Subscription fees to Professional Bodies	56,400	62,100
Bank Charges	426,190	333,650
Security Expenses	6,492,000	4,634,000
Revenue collection charges	88,829	106,721
Public Relations	523,244	401,393
Advertising and publicity	808,596	912,290
Provision for Audit fees	464,000	464,000
legal charges	1,691,714	2,315,255
Consultancy	86,400	-
Water Regulatory Board Levies	1,635,325	1,606,947
Subscription to Water Services Providers Association (WASPA)/NEMA/WRUA	233,000	210,000
Water Permits and subscriptions (WRA Levy)	2,287,976	3,637,122
Renewal of water tariff & License	-	1,211,756
Sports & games	222,650	3,552,286
AGM expenses	1,177,780	1,120,343
Strategic Plan/Business plan	-	5,489,764
Corporate Social Responsibilities	89,730	-
Donation	-	645,100

Notes to the financial statements (continued)

Description	2022/2023	2021/2022
	KShs	KShs
Office consumables	1,613,646	-
Staff Meetings	623,575	617,274
Staff End of year party & Awards	1,523,842	-
WSTF administration cost	11,000.00	137,110
WSTF Toilets Subsidy & admin cost	5,142,952	-
Debt collection	-	108,500
External Debt collection services	95,000	-
Bad debt W/O for staff debtor, staffs loan & advance	595,223	-
Increase/(Decrease) in Provision for bad debts	826,593	1,087,742
<b>Total</b>	<b>55,892,518</b>	<b>56,858,227</b>

**13. Board Expenses**

Description	2022/2023	2021/2022
	KShs	KShs
Board meetings & conferences	7,208,602	7,801,955
Board Tour & Training	3,809,274	2,802,064
Other board Expenses	794,882	455,862
Board Medical cover	692,062	692,108
<b>Total Board Expenses</b>	<b>12,504,820</b>	<b>11,751,989</b>

**14. Maintenance Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Maintenance of plant equipment	55,620	11,680
Office Repairs, Painting & Renovation	215,053	535,730
Water supplies rehabilitation augmentation & maintenance works	15,523,711	20,548,923
Project extension-CLSG	24,750	2,193,154
Project Extensions - Kimicha-Kangai water pipeline extension	927,000	-
Rerouting of pipeline network	-	89,840
Rerouting of pipeline network(KERRA)	1,023,300	3,095,730
Rerouting of pipeline network(KENHA)	3,086,300	1,605,000

**Notes to the financial statements (continued)**

Description	2022/2023	2021/2022
	KShs	KShs
WSTF - Thiba primary school	2,599,979	528,290
WSTF – Rurrie water supply project	-	-
WSTF- Kimbimbi public sanitation facility	-	-
NRW management	13,300	-
Computers & printers maintenance Expenses	462,106	547,471
Computer software & printers annual maintenance fee	1,426,003	1,382,272
Upgrading of LAN and maintenance of Website	-	18,500
Maintenance of furniture and fittings	2,550	-
Motor vehicles & Motor cycle repairs and maintenance	2,753,731	1,972,126
Office Cleaning, detergent & Materials	324,540	552,564
<b>Total Maintenance Expenses</b>	<b>28,437,943</b>	<b>33,081,281</b>

**15. Depreciation and Amortization Expenses**

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant, and equipment	12,277,524	5,706,266
Intangible assets	818,682	1,127,220
Investment property carried at cost	-	-
<b>Total Depreciation and Amortization</b>	<b>13,096,206</b>	<b>6,833,486</b>

**16. Finance costs**

The company had no existing loan or interest in the current financial year

**17. Income Tax Expense/(Credit)**

**Current taxation**

	2022/2023	2021/2022
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes to the financial statements (continued)**

**18. Earnings Per Share**

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**19. Dividend Per Share**

There were no dividend per share in the financial year.

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**20. Property, Plant and Equipment**

2021/2022	Computers & Mobile Phones	Work in progress	furniture , plant & equipment	Motor Vehicle/ cycles	Water Meters	Water Infrastruct ure	Water Storage	Office Building	Total
<b>Cost Or Valuation</b>									
At July 1, 2021	8,493,179	69,332,245	4,605,060	7,823,645	45,323,930	-	-	17,889,477	153,467,536
Additions	659,770	2,050,797	841,000	3,792,850	5,539,142	-	-	-	12,883,559
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>At June 30, 2022</b>	<b>9,152,949</b>	<b>71,383,042</b>	<b>5,446,060</b>	<b>11,616,495</b>	<b>50,863,072</b>	<b>-</b>	<b>-</b>	<b>17,889,477</b>	<b>166,351,095</b>
<b>Depreciation</b>									
At July 1, 2021	6,788,456	-	3,606,906	7,363,587	34,240,890	-	-	2,822,884	54,822,721
Charge For the Year	787,376	-	229,894	1,063,227	3,324,436	-	-	301,332	5,706,266
Impairment Loss	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
<b>At June 30, 2022</b>	<b>7,575,832</b>	<b>-</b>	<b>3,836,800</b>	<b>8,426,814</b>	<b>37,565,326</b>	<b>-</b>	<b>-</b>	<b>3,124,215</b>	<b>60,528,987</b>
<b>Net Book Value At June 30, 2022</b>	<b>1,577,117</b>	<b>71,383,042</b>	<b>1,609,260</b>	<b>3,189,681</b>	<b>13,297,745</b>	<b>-</b>	<b>-</b>	<b>14,765,262</b>	<b>105,822,107</b>

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**Property, Plant and Equipment (Continued)**

2022/2023	Computers & Mobile Phones	Work in progress	furniture , plant & equipment	Motor Vehicle/ cycles	Water Meters	Water Infrastructure	Water Storage	Office Building	Total
<b>Cost Or Valuation</b>									
At July 1, 2022	9,152,949	71,383,042	5,446,060	11,616,495	50,863,072			17,889,477	166,351,095
Additions	440,800	10,704,115	-	-	5,149,537			-	16,294,452
Transfers		(68,413,000)	13,483,550			16,045,200	15,851,640	10,218,663	(12,813,947)
Disposals	(185,600)								(185,600)
<b>At June 30, 2023</b>	<b>9,408,149</b>	<b>13,674,157</b>	<b>18,929,610</b>	<b>11,616,495</b>	<b>56,012,609</b>	<b>16,045,200</b>	<b>15,851,640</b>	<b>28,108,140</b>	<b>169,646,000</b>
<b>Depreciation</b>									
At July 1, 2022	7,575,832	-	3,836,800	8,426,814	37,565,326			3,124,215	60,528,987
Charge For the Year	610,162		1,886,602	797,420	3,689,457	3,209,040	1,585,164	499,679	12,277,524
Disposal	(161,098)								(161,098)
<b>At June 30, 2023</b>	<b>8,024,896</b>	<b>-</b>	<b>5,723,402</b>	<b>9,224,234</b>	<b>41,254,783</b>	<b>3,209,040</b>	<b>1,585,164</b>	<b>3,623,894</b>	<b>72,645,414</b>
<b>Net Book Value At June 30, 2023</b>	<b>1,383,253</b>	<b>13,674,157</b>	<b>13,206,208</b>	<b>2,392,261</b>	<b>14,757,826</b>	<b>12,836,160</b>	<b>14,266,476</b>	<b>24,484,246</b>	<b>97,000,586</b>

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**Work in progress entails**

	Details	Opening Balance	Additional	Transfer to PPE	Transfer to P&L	Closing Balance
1	Kamweli VCD project-Pipeline	2,901,947		(2,901,947)		-
2	Mukangu VCD project-Pipeline	13,143,253		(13,143,253)		-
3	Kirinyaga Household Sanitation (PHASE I)-DTF	26,672,255	174,360	(21,703,663)	(5,142,952)	
4	Wanguru Water Supply Elevated Tank	15,851,640		(15,851,640)		-
5	Kirinyaga Household Sanitation Project (PHASE II)	6,730,352			(6,730,352)	-
6	Kirinyaga Household Sanitation Project (PHASE III)	6,083,595			(6,083,595)	-
7	Clsg Supply and instalation of solar		1,998,551	(1,998,551)		
8	Line Reinstatement		5,160,411			5,160,411
9	Kutus-Kiarie Line		2,411,220			2,411,220
10	Smart meters		3,965,000			3,965,000
11	Bottling Plant		122,878			122,878
12	WSTF – Rurrie water supply project		262,600			262,600
13	WSTF- Kimbimbi public sanitation facility		1,752,048			1,752,048
		<b>71,383,042</b>	<b>15,847,068</b>	<b>-55,599,054</b>	<b>-17,956,899</b>	<b>13,674,157</b>

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**Notes to the financial statements (continued)**

**Valuation**

The valuation of Property, Plant and Equipment was not carried out in the current financial year.

**20 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	28,108,140	3,623,894	24,484,246
Plant and machinery, furniture, and fittings	18,929,610	5,723,402	13,206,208
Motor vehicles, including motorcycles	11,616,495	9,224,234	2,392,261
Computers and related equipment	9,408,149	8,024,896	1,383,253
Water Meters	56,012,609	41,254,783	14,757,826
Water Infrastructure	16,045,200	3,209,040	12,836,160
Water Storage	15,851,640	1,585,164	14,266,476
<b>Total</b>	<b>155,971,843</b>	<b>72,645,413</b>	<b>83,326,430</b>

Notes to the financial statements (continued)

**21. Intangible Assets**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Cost</b>		
<b>At July 1</b>	6,707,432	5,942,227
Additions	200,680	765,205
Disposals	-	-
<b>At June 30</b>	<b>6,908,112</b>	<b>6,707,432</b>
<b>Amortization</b>		
<b>At July 1</b>	<b>4,449,607</b>	<b>3,322,387</b>
Charge for the year	818,682	1,127,220
Disposals	-	-
Impairment loss	-	-
<b>At June 30</b>	<b>5,268,289</b>	<b>4,449,607</b>
<b>Net book value</b>		
<b>At June 30</b>	<b>1,639,823</b>	<b>2,257,825</b>

*Notes on intangible assets*

*Intangible assets constitutes the Billing software, meter reading software, printer software and accounting software*

**22. Investment Property**

The company did not undertake investment

**23. Right-of-use assets**

Not applicable

**24. Biological Assets**

Not applicable

**Notes to the financial statements (continued)**

**25. Fixed Interest Investments (Bonds)**

*The company did not invest in Fixed bonds*

**26. Quoted Investments**

*The company did not invest in Quoted Investment*

**27. Unquoted Investments**

*The company did not invest in unquoted Investment*

**28. Inventories**

	2022/2023	2021/2022
	Kshs	Kshs
Telephone	-	1,596
Chemicals	563,975	395,793
Motor Vehicle/Cycles Spares	92,443	142,620
Meter Maintenance/Scrap	2,151,586	4,872,969
Water Supply Rehabilitation	4,807,939	4,042,486
Buildings Repair & Renovation	603,321	1,115,045
Stationery	840,656	757,785
Other inventories	28,012	(260,440)
Cleaning materials	9,252	(53,920)
Less: Impairment of stocks	-	-
<b>Total</b>	<b>9,097,184</b>	<b>11,013,934</b>

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**Notes to the financial statements (continued)**

**29. Trade and Other Receivables**

	2022/2023	2021/2022
	KShs	KShs
Trade receivables (note (29a))	161,875,160	153,609,231
WSP performance guarantee-Collateral for SPA	2,511,061	2,165,000
Rental prepaid	18,000	-
Minimum tax recoverable	408,132	408,132
Staff receivables (note 29 (b))	84,810	5,074,295
BOD debtors	90,000	118,000
Inventory Take on	2	2
Inventory Issues Accrual	-	-
<b>Gross trade and other receivables</b>	<b>164,987,165</b>	<b>161,374,660</b>
Provision for bad and doubtful receivable (29a))	(16,187,516)	(15,360,923)
<b>Net trade and other receivables</b>	<b>148,799,649</b>	<b>146,013,737</b>

**29. (a) Trade Receivables**

	2022/2023	2021/2022
	Kshs	Kshs
Gross trade receivables	161,875,160	153,609,231
Provision for doubtful receivables	(16,187,516)	(15,360,923)
<b>Net trade receivables</b>	<b>145,687,644</b>	<b>138,248,308</b>
<b>As at June 30, the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	12,151,153	13,053,971
Between 30 and 60 days	3,820,737	5,558,130
Between 61 and 90 days	3,276,708	4,513,595
Between 91 and 120 days	2,855,643	5,095,850
Over 120 days	139,770,919	125387685
<b>Total</b>	<b>161,875,160</b>	<b>153,609,231</b>

**29. (b) Staff Receivables**

	2022/2023	2021/2022
	Kshs	Kshs
Gross staff debtors and advances	84,810	5,074,295
Provision for impairment loss	-	-
<b>Net staff debtor</b>	<b>84,810</b>	<b>5,074,295</b>
Less: Amounts due within one year		-
<b>Amounts due after one year</b>	<b>84,810</b>	<b>5,074,295</b>

Notes to the financial statements (continued)

**30. Tax Recoverable**

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Income tax charge for the year (note 17)	-	-
Under/(over) provision in prior year/s (note 17)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

*[There are matters unresolved with KRA which we are making follow up]*

**31. Short Term Deposits**

Not applicable

**32. Bank and Cash Balances**

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Cash at bank	17,154,426	18,163,511
Cash in hand	188,476	196,990
M-pesa account	415,160	735,509
	<b>17,758,062</b>	<b>19,096,010</b>

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**Notes to the financial statements (continued)**

**Detailed analysis of the cash and cash equivalents**

Financial institution	Account number	2022/2023	2021/2022
		KShs	KShs
<b>a) Current account</b>			
Savings Account (Cooperative Bank)	01100035120700	4,078,159	12,128,919
Current Account (Cooperative Bank)	01120035120700	4,014,346	1,398,622
DTF (Cooperative Bank)	01120567380300	102,807	2,554,187
Rurie Water Supply account (Cooperative Bank)	01192035120701	7,109,346	-
Kimbimbi Public Sanitation account (Cooperative Bank)	01192035120700	794,963	-
Coop Collection account (Cooperative Bank)	01100035120702	26,010	-
Thiba WSTF (Cooperative Bank)	01120035120703	59,517	1,458,308
Current Account (Equity Bank)	0100291489991	227,189	215,603
CLSG Account (Equity bank)	0100280407693	-	45
Current Account (Equity Bank-KERRA)	0100277709818	59,239	59,499
Post bank	0744130011342	675,376	322,798
Sidian bank account-Current	01013090014941	7,475	25,531
<b>Sub- total</b>		<b>17,154,426</b>	<b>18,163,511</b>
<b>b) Others(specify)</b>		-	-
Cash in transit		-	-
Cash in hand		188,476	196,990
M-pesa account (Paybill No. 350850)	350850	415,160	735,509
<b>Sub- total</b>		<b>603,636</b>	<b>932,499</b>
<b>Grand total</b>		<b>17,758,062</b>	<b>19,096,010</b>

**33. Ordinary Share Capital**

Not applicable as the Company is registered by guarantee under CAP 486 law of Kenya (**The Company Act 2015**) thus there were no shares issued in the financial year.

**Notes to the financial statements (continued)**

**34. Capital Reserves**

Capital reserves represent net assets capitalized at the formation of the company and represent the book values of those assets.

**35. Capital Grants**

G.O.K capital grants relates to Motor bikes and water meters donated by Tana Water Services Board and also an amount of subsidy on a loan given to the organization under the “Maji ni Maisha” World Bank funded project and also funds from Water Sector Trust Fund(WSTF) for various projects as depicted in note 19. Amortization on these grants is calculated on reducing balance basis on cost over the life of the asset.

**36. Revenue reserves/Retained Earnings**

Revenue reserves represent the excess of the income over recurrent expenditure. This is as a result accumulation of surplus and deficits over the years.

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**Notes to the financial statements (continued)**

**37. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%.

**38. Borrowings**

No borrowing was done in the financial year

**39. Lease Liability**

There was no lease agreement done in the financial year

**40. Provisions (Gratuity)**

Description	Leave Provision	Bonus Provision	Gratuity provisions	Total
	KShs		KShs	KShs
Balance at the beginning of the year	-	-	1,167,975	1,167,975
Additional Provisions	-	-	2,264,113	2,264,113
Provision utilised	-	-	(255,614)	(255,614)
Change due to discount and time value for money	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>3,176,474</b>	<b>3,176,474</b>

**Gratuity Provisions details**

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Portion of Provisions	3,176,474	1,167,975
Long-term portion of Provisions	-	-
<b>Total</b>	<b>3,176,474</b>	<b>1,167,975</b>

Notes to the financial statements (continued)

**41. Retirement Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2022/2023	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	29,103,925	-	-	29,103,925	15,842,459
Non-current benefit obligation	-	-	-	-	-
<b>Total</b>	<b>29,103,925</b>	<b>-</b>	<b>-</b>	<b>29,103,925</b>	<b>15,842,459</b>

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2018. The scheme is administered by in-house team and is funded by contributions from both the company and its employees.

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month and the company contribute the same. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 15% while employers contribute 12% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

**42. Trade and Other Payables**

	2022/2023	2021/2022
	Kshs	Kshs
Trade payables	31,897,241	23,231,869
Accrued expenses	44,326,257	40,733,736
Payroll deductions	15,357,094	7,579,051
Purchases accrual	-	170,444
2% withholding	10,717	863
Supplier taken on	4	4
<b>Total</b>	<b>91,591,313</b>	<b>71,715,967</b>

**Note:** Due to changes in the reporting template, the figures for the previous year has changed as payroll deductions were split in to two components (pay roll deductions and retirement benefit obligation).

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**Notes to the financial statements (continued)**

**Aging Analysis for Trade and other Payables**

	2022/2023	% of the total	2021/2022	% of the total
Under one year	29,004,730	38	23,064,277	31
1-2 years	8,666,252	11	7,777,951	10
2-3 years	7,778,653	10	10,848,869	15
Over 3 years	30,773,863	41	22,274,508	30
<b>Total</b>	<b>76,223,498</b>		<b>63,965,605</b>	

**43. Refundable Deposits and Prepayments**

	2022/2023	2021/2022
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	41,938,970	39,726,970
Prepayments by customers	3,157,474	4,238,582
Prepayments by staffs debtor	1,553	-
Post Bank	-	291,623
<b>Total</b>	<b>45,097,997</b>	<b>44,257,175</b>

**44. Deferred Income**

Description	2022/2023	2021/2022
	KShs	KShs
KERRA-Deferred income	-	7,263,595
<b>Total deferred income</b>	<b>-</b>	<b>7,263,595</b>

The deferred income movement is as follows:

	County government	International funders	KERRA-Deferred income	Total
Balance brought forward	-	-	7,263,595	7,263,595
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	(7,263,595)	(7,263,595)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Notes to the financial statements (continued)**

**45. Dividends Payable**

The company had not issued any shares thus no dividend to declare

**46. Taxation**

	2022/2023	2021/2022
	Kshs	Kshs
At beginning of the year	186,386	186,386
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	-	-
At end of the year	<b>186,386</b>	<b>186,386</b>

**47. Notes to The Statement of Cash Flows**

	2022/2023	2021/2022
	Kshs	Kshs
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations</b>		
Profit or loss before tax	(16,899,519)	(1,280,024)
Depreciation	12,277,524	5,706,266
Amortization	818,682	1,127,220
(Gain)/loss on disposal of property, plant and equipment	(45,098)	-
Provisions for Bad Debts & Bad written off	1,421,816	1,087,742
Amortization of capital Grants	(8,922,382)	(1,446,811)
Prior year adjustment	5,000	19,596,537
	<b>(11,343,977)</b>	<b>24,790,930</b>
Working capital changes:		
(Increase)/decrease in inventories	1,916,751	645,727
(Increase)/decrease in trade and other receivables	(4,207,728)	(10,136,410)
Increase/(decrease) in trade and other payables	28,722,537	(14,120,243)
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
<b>Cash generated from/ (used in) operation</b>	<b>15,087,583</b>	<b>(1,180,001)</b>
<b>b) Analysis of cash and cash equivalents</b>		
Cash at bank & M-Pesa	17,569,586	18,899,020
Cash in hand	188,476	196,990
	<b>17,758,062</b>	<b>19,096,010</b>

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**Other Disclosures**

**48. Related Party Disclosures**

**County Government of Kirinyaga**

The County Government of Kirinyaga is the principal shareholder of the Company, holding 100% of the Company's equity interest. The County of Government of Kirinyaga has provided full guarantees to all long-term lenders of the Company, both domestic and external.

Other related parties include:

- The County Department in charge of Water
- County Government of Kirinyaga
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WRA (Water Resources Authorities)
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

**Transactions with related parties**

	2022/2023	2021/2022
	Kshs	Kshs
<b>a) Sales to related parties</b>		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	6,383,335	6,305,710
Others (Specify)	-	-
<b>Total</b>	<b>6,383,335</b>	<b>6,305,710</b>
<b>b) Purchases/expense from related parties</b>		
Water Regulatory Board Levies	1,635,325	1,606,947
Subscription to Water Services Providers Association (WASPA)/NEMA/WRUA	233,000	210,000
Water Permits and subscriptions (WRA Levy)	2,287,976	3,637,122
<b>Total</b>	<b>4,156,301</b>	<b>5,454,069</b>

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	2022/2023	2021/2022
	Kshs	Kshs
<b>b) Grants from the Government</b>		
WSTF-Funding	9,459,456	27,964,024
Donations in kind	-	-
<b>Total</b>	<b>9,459,456</b>	<b>27,964,024</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for zero employees	-	-
Payments for goods and services for zero	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Key management compensation</b>		
Management Salaries	13,272,714	9,343,610
Gratuity	3,234,447	2,277,710
Directors' emoluments	12,504,820	11,751,989
<b>Total</b>	<b>29,011,981</b>	<b>23,373,309</b>

#### 49. Capital Commitments

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2022/2023	2021/2022
	Kshs	Kshs
Amounts authorized and contracted for	35,050,312	-
Amounts authorized but not contracted for	16,000,000	-
Less: Amounts included in Work in progress	11,659,509	-
	39,390,803	-

#### 50. Contingent Assets and Liabilities

*There were no contingent assets and liabilities in the financial years*

**Notes to the financial statements (continued)**

**51. Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from Kshs 1,000.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Company's directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	7,132,134	12,814,899	56,276,465	76,223,498
Payroll deductions	8,535,318	3,683,836	3,137,940	15,357,094
Gratuity	218,462	436,924	2,521,088	3,176,474
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>15,885,914</b>	<b>16,935,659</b>	<b>61,935,493</b>	<b>94,757,066</b>
<b>At 30 June 2022</b>				
Trade payables	11,775,296	5,218,365	46,971,944	63,965,605
Payroll deductions	3,925,432	1,296,329	2,357,290	7,579,051
Gratuity	248,845	474,470	444,660	1,167,975
Deferred income	-	-	7,263,595	7,263,595
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>15,949,573</b>	<b>6,989,164</b>	<b>57,037,489</b>	<b>79,976,226</b>

**(iii) Market risk**

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments..

The company had no any interest bearing the financial instrument or obligation as at the end of financial year and there was no significant currency risks as no foreign transaction ensued during the year.

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**Notes to the financial statements (continued)**

**iv) Capital Risk Management**

The objective of the Company's capital risk management is to safeguard the Board's ability to continue as a going concern. The Company's capital structure comprises of the following funds:

	2022/2023	2021/2022
	Kshs	Kshs
Capital Grants	55,695,267	77,431,596
Revenue reserve/Retained earnings	5,708,510	22,603,029
Capital reserve	43,587,914	43,587,914
<b>Total funds</b>	<b>104,991,691</b>	<b>143,622,539</b>
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**52. Incorporation**

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

**53. Events After the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**20. Appendices**

**Appendix 1: progress on follow up of auditor recommendations.**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<b>Long Outstanding Receivables:</b> As reported in the previous year, the statement of financial position and as disclosed in Note 8 of the financial statement reflects Kshs 146,013,737 in respect to trade receivable which include Kshs. 1,127,805 in respect to salary advance and Kshs. 170,114 for staff loans to four (4) former officers to purchase laptops. The supporting documentation including approvals and evidence that the Management has initiated recovery of the salary advances and staff loans were not provided. In the circumstances the accuracy and completeness of salary and staff loan totalling to Ksh 1,297,919 could not be confirmed.	<ul style="list-style-type: none"> <li>Evidence that the management has initiated the recovery process is available and also reconciliation has been done and out of Ksh 1,127,805 only Ksh12,002 has not been recovered as the staff are deceased.</li> <li>On Staff loan we have written off the amount as it has proofed to be unrecoverable.</li> </ul>	Resolved	
2.0	<b>Unsupported Property, Plant and Equipment:</b> The statement of financial position reflects Ksh 105,822,107 in respect of property plant and equipment. However, the Company has not acquired title deed or ownership documents for parcels of land both at the Company's headquarters offices in Kerugoya and the regional office in Baricho Sub-location of Ndia Location. Further, the Company had in possession several parcels of land, buildings, various water installations, machines, water treatment plant, water tanks, equipment and motorcycles and other assets spread across Kirinyaga County whose details	<ul style="list-style-type: none"> <li>The company has written several letters to TWWDA in connection to ownership document for all asset acquired through the Ministry of water and those acquired through TWWDA.</li> </ul>	Not resolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	and documentation in regard to ownership status were not provided. In the circumstances the accuracy completeness and ownership status of the property, plant and equipment balance of Ksh 105,822,107 could not be confirmed.			
3.0	<p><b>Unsupported Short-Term Loan:</b> as reported in the previous year, the statement of financial position and as disclosed in Note 13 (c) to the Financial statements reflect Kshs. 147,518 in respect of short-term loan. However, details on the lending institution, interest charged, period of repayment, principal payments, Board approval and other terms and conditions for the loan were not provided Hence, the validity, accuracy, and completeness of the short-term loan totalling to Kshs.147,518 as at 30 June, 2022 could not be confirmed. In the circumstances the validity accuracy and completeness of the short term loan balance of ksh 147,518 could not be confirmed.</p>	<ul style="list-style-type: none"> <li>All the supporting documents are available and confirmation done from the bank that the loan has been cleared.</li> </ul>	Resolved	
4.0	<p><b>Long Outstanding Trade Creditors:</b> The statement of financial position and as disclosed in note 13(a) to the financial statements reflects Ksh 88,726,401 in respect of creditors and accruals as at 30<sup>th</sup> June 2022 which includes trade creditors balance of Kshs 63,965,605 out of which, Kshs.16,743,785, Kshs.12,194,690 and Kshs.8,251,860 are for Tana Water Works Development Agency levies, WASREB levies and WARMA levies respectively, that have been outstanding since</p>	<ul style="list-style-type: none"> <li>The company has committed itself to pay the outstanding levies by entering into payment plans via MOU with the relevant regulatory bodies</li> </ul>	Not resolved	June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	2017.No plausible reason was provided for non-payment.			
5.0	<p><b>Unsupported Expenditure</b></p> <p>The statement of profit or loss and other comprehensive income and as disclosed in Note 18(b) to the financial statements reflects total administration and staff training expenses of Kshs 40,947,120. Included in the amount is ksh 5,489,764 in respect of strategic and business plan expenses and Kshs. 3,357,907 for travelling and accommodation all totalling to Ksh 9,253,188.However review of payment vouchers reviewed that payment amounting to Ksh 3357907 were not supported by relevant documents such as motor vehicles work tickets, meeting minutes, workshop reports, attendance registers and signed payment schedules. In the circumstances the validity accuracy and completeness of payments totalling to Kshs 3357907 in respect to strategic and business plan and travelling and accommodation could not be confirmed.</p> <p>Appendix 1</p>	<ul style="list-style-type: none"> <li>All the vouchers are well supported by relevant documentations</li> </ul>	Resolved	
	<b>Other matters</b>			
1.0	<p><b>Progress on Follow-up of Prior Year Audit Matters:</b> The progress on follow up on auditors' recommendations section of the financial statements does not list all the prior year audit issues. It also excludes key columns for identifying focal point person to resolve the issue, status on whether the issue is resolved or not and the time frame within which the issue(s) will be addressed as required by The National Treasury circular referenced AG.4/16/2 Vol.3 (72) dated 7 July, 2022 issued</p>	<ul style="list-style-type: none"> <li>All prior year Audit Matters have been listed and includes all the key columns.</li> </ul>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	regarding the preparation of annual financial statements for the year under audit.			
	<b>Key Audit matters</b>			
1.0	<p><b>Excessive Non- Revenue Water:</b> The Company produced 6,341,902 cubic meters (m3) of water and out of this volume only 2,614,686 m3 was billed (sold) to customers. The balance of 3,727,216 m3 or approximately 59% of the total volume of water produced represents Non-Revenue Water (NRW) which is 34% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board guidelines</p>	<ul style="list-style-type: none"> <li>The company has elaborate NRW reduction plan, which identify critical areas and contributors of NRW, action plans, resources required, responsible persons and target results</li> <li>Established collaboration with EACC and DCI in fighting/ curbing corruption and enhancing ethical behaviors in water provision.</li> <li>The company is working in conjunction with Police Water Unit in order to arrest and taking legal actions to those who are involved in illegal water connection and vandalism of water infrastructure.</li> <li>Company has been able to reduce NRW from 58% as at June 2022 to 55% as at June 2023.</li> </ul>	Not resolved	June 2026
2.0	<p><b>Non-Approved Water Tariffs :</b>The Company has been operating without an approved water tariff structure from the Water Services Regulatory Board (WASREB) with effect from 2019/2020 financial year upon expiry of the previous tariff structure and which had not been renewed as at the time of audit</p>	<ul style="list-style-type: none"> <li>The company initiated process of tariff renewal application in the year 2018. This was followed by a series of activities which involved WASREB as regulator and on 9<sup>th</sup> March 2022 public participation was carried out after getting clearance from WASREB. After that the process was under WASREB until 3<sup>rd</sup> February 2023 when</li> </ul>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		it was gazetted by WASREB. Currently the company has effected the newly approved and gazetted tariff structure for the period 2022/2023 to 2024/2025..		
3.0	<p><b>Flat Rate Billing:</b> The statement of profit or loss and other comprehensive income and as disclosed in Note 14 (a) the financial statements reflects an amount of Ksh 160,688,478 in respect of water sales. However, analysis of the customers records indicates that the Company had a total of 31,048 active connections as at 30 June, 2022, out of which 30,892 metered customers were each charged a flat rate of Kshs.500 per month irrespective of actual consumption and 156 active connections were not metered</p>	<ul style="list-style-type: none"> <li>According to the company water tariff structure the charges are determined by the volume consumed by customer. A consumer is charged a flat rate of Ksh. 250 for Consumption of between 0-6 units. Charges for any additional consumption is charged depending on volume consumed. Hence they were charged as per the company's approved water tariff structure. In addition all accounts are metered.</li> </ul>	Resolved	
4.0	<p><b>High Wage Bill Above Allowed Threshold:</b> The statement of profit and loss and other comprehensive income and as disclosed in Note 16 to the financial statements reflects an amount of Ksh 97,978,679 in respect in respect of personnel expenses out of the total expenditure of Kshs. 215,330,296 which translate to approximately 46% of total expenditure. However, this is higher than the recommended ratio of 35% prescribed by the water Service regulatory Board. (WASREB)</p>	<ul style="list-style-type: none"> <li>The company had a staff establishment of 159 staff where technical department had a total of 107 staff and support staff were 52 in the FY 2021/2022. Since the company offers essential service which requires more technical Staff for efficient public service delivery therefore it's important to retain the total number of 157 staff. As per WASREB bench mark guideline, the company was at 5% staff per thousand connections which is within the set benchmark.</li> <li>The company has put the following measures to attain 35% as per the provisions of Regulation 25(1) (a) and (b)</li> </ul>	Not Resolved	June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>of the Public Finance Management (County Governments) Regulations, 2015.</p> <ul style="list-style-type: none"> <li>- Increase in water coverage ratio without increasing workforce.</li> <li>- The current CBA is based on performance which will ensure the staff salary increment is commensurate on revenue growth.</li> <li>- Improve on collection efficiency.</li> </ul>		
5.0	<p><b>Staff Ethnic Diversity:</b> The company has 153 employees as at 30<sup>th</sup> June 2022. However, 146 members of staff or 95% were from the dominant ethnic Community. This is contrary to Section 7 (1) &amp; (2) of the national cohesion and Integration ACT 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<ul style="list-style-type: none"> <li>• Most of our staff were recruited during the company's inception in year 2006 when Section 65(1) (e) of the County Governments Act, 2012 was not in place.</li> <li>• During the year under review the COMPANY BOARD advertised for various positions in Kirinyaga Water and sanitation company website and newspaper of national circulation clearly indicating that the Company is an equal opportunity employer and received responses from interested applicants.</li> <li>• However, most of the applicants were from the dominant community resulting in employment of large population from the same communities.</li> <li>• It also important to note that most of the staff in the Company were inherited from National Water which had a staff establishment that was dominated by the local ethnic community in the Company.</li> <li>• The Company Respects Section 65 1(e) of the County Government Act, 2012 and is working towards meeting the legal requirement for</li> </ul>	Not resolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		diversity. Currently the Company it's at 3% and undertake to improve despite the recruitment challenges.		
6.0	<b>Non-Payment of Corporation Tax:</b> As reported in the previous year, the statement of financial position and as disclosed in Note 13 (d) reflects Kshs.186,386 in respect of taxation relating to tax payable for the 2018/2019 financial year which has not been remitted to the Kenya Revenue Authority Further the Company has not filed returns since incorporation in 2006. This is contrary to section 92 (a) of the income tax Act 2012 which states that where any person is required to furnish a return under section 52b the tax chargeable thereunder shall be due and payable on the last day of the fourth month following the end of the year of income or accounting period.	The process is ongoing to ensure the company is compliant with KRA regulations The company has sent a letter to KRA requesting for amendment of income tax return for FY 2015/2016 in order to capture tax deficit amounting to ksh. 10,261,527 B/F. after approval the company will file the subsequent years.	Not resolved	June 2024
7.0	<b>Non-Remittance of Statutory Deductions:</b> The statement of financial position and as disclosed in Note 13 (a) to the financial statements reflects Ksh 88,726,401 in respect of creditors and accruals as at 30th June 2022 which includes Ksh 23,421,510 out of which Kshs. 14,625,219 is in respect of unremitted Lap Trust pension deductions for deductions from employees' salaries for the financial years 2017/2018, 2018/2019, 2019/2020 and 2021/2022 .No plausible explanations was provided for failure to remit the statutory deductions.	<ul style="list-style-type: none"> <li>Company has held meetings with lap trust and has an MOU on payment plan for the arrears</li> </ul>	Not Resolved	June 2026
8.0	<b>Excessive Directors Costs:</b> The statement of profit and loss and other comprehensive income and as disclosed in note 17 to the	<ul style="list-style-type: none"> <li>The company has put measures in place to ensure that the Board of Directors</li> </ul>	Resolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	financial statements reflects Directors costs of Kshs. 11,751,989 for the year ended 30 June, 2022. However, the Directors costs of Kshs. 11,751,989 are higher than the recommended annual limit of Kshs. 7,000,000 by Kshs. 4,751,989 or 68%. This is contrary to Paragraph 3.4.6 of the WASREB's Corporate Governance Guidelines for the Water Services Sector, 2018	Cost doesn't exceed the recommended threshold.		

**Name:** Ephantus Maina

**Signature:** .....

Managing Director

**Date:**.....15/10/12024.....

**Appendix II: Projects Implemented by the Company**  
**Projects**

Projects implemented by the Company Funded by development partners.

Project Number	Project title	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Thiba Primary school sanitation project	WSTF	9Months	3,200,000	Yes	Yes
2	Kimbimbi public sanitation facility project	WSTF	12Months	5,207,343.88	Yes	Yes
3	Rurie water supply project	WSTF	12Months	16,263,727.20	Yes	Yes
4	Relocation and reinstatement of water supply infrastructure along Kutus Kiarie road	KURA	3 Months	2,324,513	No	No

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Reinstatement of Ngaru-Gatuto pipeline	5,160,411.20	5,160,411.20	95%	6,000,000	5,160,411.20	Internal (customer Deposits)
2	Kimicha-Kangai water pipeline extension	927,000	927,000	100%	927,000	927,000	Internal
3	Thiba Primary school sanitation project	3,200,000	3,200,000	100%	3,200,000	3,200,000	WSTF
4	Relocation and reinstatement of water supply infrastructure along Kutus Kiarie road	2,324,513	2,411,219.60	98%	2,324,513	2,411,219.60	KURA

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	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
5	Smart metering project	3,965,000	800,000	10%	4,000,000	800,000	Internal
6	Kimbimbi public sanitation facility project	6,199,218.90	1,752,047.50	70%	2,000,000	1,752,047.50	WSTF
7	Rurie water supply project	19,361,580	262,600	15%	6,200,000	262,600.00	WSTF
8	Kiriwasco bottling plant	10,000,000	122,878	2%	4,500,000	122,878	Internal

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**Appendix III- Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 20xx				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 <sup>th</sup> June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary entity:**

Name ..... *Jane Muriage* ..... Sign ..... *[Signature]* ..... Date ..... *16/01/2024* .....

**Appendix IV: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix V: Reporting Disaster Management Expenditure**

Date:						
Entity:						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

*(Attach forms from each transferring Government entity.)*

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Water Sector Trust Fund-Kimbimbi-project	March 2023	Donor Fund	1,983,750	1,983,750	-	-	-	-	1,983,750
Water Sector Trust Fund-Rurie Project	May 2023	Donor Fund	6,195,706	6,195,706	-	-	-	-	6,195,706
Water Sector Trust Fund-Thiba Project	Aug 2022	Donor Fund	1,280,000	1,280,000	-	-	-	-	1,280,000
Kenya Urban Roads Authority	xxx	Recurrent	2,324,513	2,324,513	-	-	-	-	2,324,513
Kenya National Highways Authority		Recurrent	3,087,060	3,087,060					3,087,060
Tana works		Recurrent	3,261,600	3,261,600					3,261,600
<b>Total</b>			<b>18,132,629</b>	<b>18,132,629</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,132,629</b>