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REPORT

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DATE	18/10/2022
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COMMITTEE	_____
CLERK AT THE TABLE	Ms. Marya Adjibodun

OF

THE AUDITOR-GENERAL

ON

**KIRANDICH WATER COMPANY
LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2021**



KIRANDICH WATER COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Kirandich Treatment Works



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2021

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**

KIRANDICH WATER COMPANY LIMITED
Annual Reports and Financial Statements
For the year ended June 30, 2021.

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kirandich Water Company is established in Kenya as a Public limited Company under the provisions of the Company's Act Cap 486 on 7th July 2015 and started its operations on 1st July 2017 after award of certificate of operation by Water Services Regulatory Board (WASREB) on 29th June 2017. It took over the Management of Kabarnet Water Supply which was formerly managed by Rift Valley Water Services Board as a Service Provider and commission data capture and documentation in preparation for takeover of the water supplies within the Jurisdiction of Baringo Central, Baringo North and Baringo South constituencies prior to signing a Service Provision Agreement (SPA) with the Rift Valley water services Board (Licensee)

It gets its water supply from Kirandich Dam which has a conventional treatment plant treating 14,000m³ per day.

The Company is Wholly Owned by Baringo County Government, Currently the Company Operation Covers Kabarnet Municipality.

Vision

“To be the Leading Water Utility in the Kenya”

Mission

“To provide quality, Adequate, sustainable water and sanitation service to the delight of our customers”

Core Values

Our Core values include the following:

Customer Focus

Professionalism

Integrity

Team Work

Innovation & Creativity

(b) Principal Activities

The principal activity/mission/ mandate of the *entity* is to ...

- To ensure that it possesses and retains all the necessary expertise necessary to the technical, commercial, financial and administrative functions.

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- To provide the services within its Defined Service Area.
- To meet all the required water standards, guidelines and provisions of the Service Provision Agreement (SPA)
- To obtain all necessary licenses, permits and warranties necessary to carry out its obligations in accordance with statutes in force.
- To maintain the assets in good working condition and not to dispose of any assets without the authorization of the Licensee.
- To prepare proposals for improvement of the assets so as to enhance service delivery.
- To propose tariff adjustments to the Licensee and Regulator.

(c) Key Management

The *entity's* day-to-day management is under the following key organs:

- Board of Directors
- Managing Director
- Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Philip Sogoti Chepsat
2.	Head Human Resource	Rose Ruto
3.	Head of Finance	CPA Johnstone Kimosop Toroitich

(e) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering :

- *Audit and Risk Committee of the Board of Kirandich Water Company ltd*
- *Finance and Administration committee of the Board Kirandich Water Company ltd*
- *Technical Service Board Kirandich Water Company ltd*
- *Baringo County assembly water Oversight Committee*
- *Development partner*
- *Other oversight arrangements*

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(f) Entity Headquarters

Maji plaza,
Off Kabarnet-Kabartonjo high way,
P.O. Box 377-30400,
Kabarnet.

(g) Entity Contacts

Telephone: (254) 713 779 355
E-mail: kirandichwatercompany@gmail.com
Website: Kirandichwater.co.ke

(h) Entity Bankers

1. Kenya Commercial Bank Kenya,
Kabarnet Branch,
P.O. Box 175-30400,
Kabarnet.
2. Access Bank
Kabarnet Branch
p.o box ----30400
Kabarnet

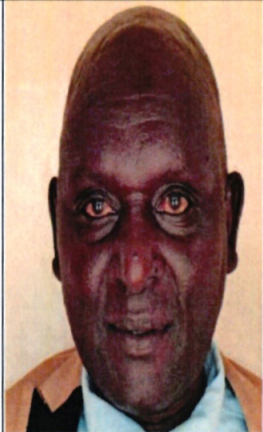
(i) Independent Auditors

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

2. THE BOARD OF DIRECTORS

Directors	Details
<p>1.</p>  <p>Mr. William Chebii NON-EXECUTIVE CHAIRMAN</p>	<p>Mr Chebii, 55, was appointed on 3rd February 2016 to represent Resident organisations and he is the Chairman of the Board.</p> <p>He was formerly the of Wolrd Vision Kenya, Central Rift Region Koloa ADP . Chebii has a Degree in Bachelor of Administration/Human Resource.MrChebii has attended various courses in leadership and corporate governance and project management.</p> <p>Mr Chebii has business interests in Kabarnet Town and he has a vast experience in Management and Corporate Planning of over 20 year .</p>
<p>2.</p>  <p>Mr. Philemon Kiptukyo Non-Executive Director</p>	<p>Mr Kiptukyo, 67, was appointed on 3rd February 2016 to represent Resident organisations and he is the Non Executive director.</p> <p>He was formerly of TSC as High school Teacher and Lecturer at Garisa University College . Mr Kiptukyo has a Degree in Bachelor of Education.</p> <p>Mr Kiptukyo has business interests in Kabarnet Town and he has a vast experience in education and Management of over 30 years.</p>
<p>3.</p> <p>Mrs. Elizabeth Chesang Non-Executive Director</p>	<p>Age 51 years</p> <p>Over 30 years' experience educationist.</p> <p>Community leader Bachelor of Arts (Education)</p>

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Mr John Kidogo
CO Water & Irrigation



Mr Philip Sogoti Chepsat
Managing Director

Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK).

Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.

3. MANAGEMENT TEAM

No	Management	Details
1.	 <p>Mr Philip Sogoti Chepsat Managing Director</p>	<p>Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK).</p> <p>Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.</p>
2.	 <p>CPA Johnstone Toroitich ACCOUNTANT</p>	<p>Johnstone Joined Kirandich Water Company in October 2019. He has Bachelor of Commerce from Kisii University, CPA (K) and CIFA and a Member of Certified Public of Kenya (ICPAK), He has over 8 Years working experience both private and public sector in Accounting and Finance.</p>
3.	 <p>Mrs. Rose Ruto, HUMAN RESOURCE OFFICER</p>	<ul style="list-style-type: none"> •Bachelor of Business Management – Human Resource •Diploma in Human Resource Management

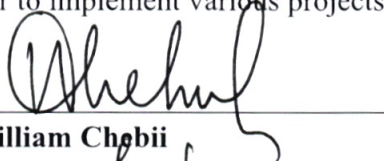
4. CHAIRMAN'S STATEMENT

It is my pleasure to present the Annual Report and Financial Statements of Kirandich Water Company for the year ended 30th June 2021.

The organization has continued to perform its key function of provision of quality, clean water and sanitation services Probably to Begin in earnest in 2023 as the Phase II is completed.

The Constitution of Kenya recognizes access to water as a basic human right to all citizens. The Company is aware that this presents a challenge to ensure customer satisfaction and needs to respond effectively to the demands.

In order to improve service provision, the Company, in collaboration with Ministry of Water and Irrigation-County Government of Baringo and other stakeholders have partnered together to implement various projects within its area of jurisdiction.



Mr. William Chobii
Chairman

Date: 10/6/2022

5. REPORT OF THE MANAGING DIRECTOR

To start, I am deeply thankful to those who contributed to the Kirandich water company during the past years as the Managing Director. Without the trust of the board of management and stage we would have not made such a remarkable progress both in operation and development of the organization despite slow down on the onset of the COVID 19 at the third and fourth quarter of 2019-2020 financial year. These were ministry of water directives which hampered revenue collection which the company quickly as a strategy to improve revenue collection and adhere to the presidential directives on cashless payment, the company adopted the cashless payment through M-pesa payment and also disseminated water bills through SMS. The company intervened the lower revenue collection in the third glance we are happy to report to you that the new adoption has improved though not to desired mark.

I also wish to reinstate that the company has been able to purchase water treatment chemical, on behalf of the company I wish to thank the county government for its continuous support on the payment of electricity bill. At Kirandich we are happy to report to you that the company is implementing three projects currently on the ongoing courtesy of donor funding of EDE CIPRA programmer where Baringo county is one of the 8 counties to benefit EDE CIPRA program facilitated on the water sector fund transfer WSFT from donation of EU and contributions from the nation government and the county government the water project identified shall benefit 33000 residents of 3 wards including a total of 175000 livestock. This project once completed easily next year will tremendously improve the water coverage in the county in the other accompanying projects and purely sanitization in nature and modern in construction of PSF at Marigat town in under way and once completed will improve sanitization in the town serve the residence. It is worth noting that 6 villages at the water catchment area was Also identified for the CLTS project and once complete it will be declared ODF.

I am also happy to report to you during this financial year two other major project have begun at Kirandich phase II which which the contractors are at site and the last mile connectivity which is at procurement stage. These two projects shall increasingly improve the water supply and coverage within the Kirandich water company foundation.

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I also wish to report that three of the dedicated member of staff are retiring this year after a long service to the nation and on behalf of the company I wish to thank them for the long life dedication to servicing the nation ,way forward is that the company is working forward to over sustainable water scheme within the foundation and in the last quarter of this financial year the company is in the process of identifying such focusing on Marigat Town,Seretunin and Ngetmoi which are currently under the department of water and irrigation of Baringo county government.

kirandich Water Company Ltd is a beneficiary of an ongoing project under the Last mile connectivity project on kenya Towns sustainability program. The said program covers Kabarnet Town and its environs. on completion the project will benefit a huge percentage of the population and shall fundamentally increase revenue inching towards sustainability.



Mr.Philip SogotiChepsat
Managing Director

Date 10/6/2022

6. CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Kirandich Water Company are appointed through a rigorous process of interviews for a period of three years. They are drawn from the county Government and private sector representing a wide cross section of stakeholders within the company's area of jurisdiction with a mix of skills, age, qualifications, gender and experience.

The Board of Directors have the responsibility of enhancing corporate governance practices to bring the level of governance in line with International Standards. The essence of good corporate governance practice is to promote and protect stakeholders' interests. These includes the County Government, Water Services Boards, The Regulatory Board, other Statutory Institutions, Other Water Services Providers, development Partners, Communities and water consumers.

The Board of Directors should exercise leadership, enterprise, integrity and judgment in directing the company and act in its best interest in a transparent, accountable and responsible way. The Board is governed at policy level by a three(3) member Board of Directors, drawn from a cross-section of Stakeholders and (two) 2 number from the County Government Departments of the Ministry of Water & Irrigation and the Ward Administrator-Kabarnet town.

Board Committees

To ensure the efficient running of the company's operations, the Board has established three standing Committees which meet and make recommendations to the full Board on issues delegated to them. Each Committee has a Charter to guide its operations.

During the year under review the Board had the following Committees in place;

1. Corporate Services Committee
2. Technical Services Committee
3. Audit and Risk Management Committee

The Board of Directors are paid sitting allowance for every meeting attended as well as accommodation allowance while on Company duty as per Government guidelines.

Mr. William Chebii
Chairman

Date: _____

8. MANAGEMENT DISCUSSION AND ANALYSIS

- **Service Delivery**
Operational and Financial Performance

On Service Delivery the following was achieved against the set targets:

Target Description	Target	Actual	Comments
Water Coverage (%)	93	50	The water coverage was maintained because during the period under review the company did not have new sources of water until the year 2026 when Kirandich Dam Phase II project is expected to provide a consistent supply of water to an increased customer coverage. However for the last one year the works were stopped due to the financial difficulties facing the contractor.
Water quality standards (%)	100	97.7	The company achieved 97.7% against the required 100%. This is mainly due to turbidity levels in bulk water supply from Kirandich mainly during the rainy season. Samples taken from consumer points in raw water supply system do not meet drinking water quality standard mainly during the wet seasons.
Non Revenue Water (NRW) (%)	50	69	This was not achieved mainly because of the dilapidated water infrastructure which is old and dilapidated and infrastructure damaging due to a lot of road construction

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			works. During the also a Last mile connectivity for our town started and it will upgrade all our distribution system.
Hours of Supply (Hrs)	17.5	18	This was achieved due to more bulk supplier (Kirandich water Company) of water increased their average supply from 2000M ³ against a target 3000M ³ per day.
Metering ratio (%)	96	73	This was not achieved due to high flat ratev customers owing to historical data but in the attempt by the company is that through the Last Mile project we will get over 1200 replacement of meters and new consumer meters.
Collection Efficiency (%)	100	99.6	This was achieved due to the efforts which company has put in place to achieve 100% collection efficiency. However we have a challenge in collecting revenue from the County Government of Baringo and Department of Housing and Kabarnet High school who are not paying their water bills promptly and are in arrears of Kshs 7.1m and 1.1Million respectively

1. Key Projects/ Investments Decisions Implemented or Ongoing

i. Ol arabal Water Supply(Rehabilitation) Project

During the year under review the company has continued with the implementation of Ol arabal water supply rehabilitation with assistance from Baringo County Government, National Government and EU through Water Sector Trust fund and

The overall responsibility of the lead partner was project planning, implementation and management whereas the other agencies are the oversight for the project. The Project as now is at 85% implementation phase.

ii KIRANDICH PHASE II.

Scope of the proposed Kirandich phase II Project

Kirandich dam and the existing treatment works have adequate capacity to meet water demand for Kabarnet and Kabartonjo town with their environs up to the year 2030.

Kirandich phase II water project to be financed by a loan from the Italian Government at a cost 18,856,000 Euros and includes the following components:

- Extension of pipelines to the un – served areas of Kabarnet namely: Kabasis, Kituro, Kapkut, Kapsoo and Kabartonjo
- Sewerage system for Kabarnet town
- Protection of the dam from siltation by construction check dams within the dam’s watershed area
- Rehabilitation of the dam’s control instruments and instrumentation.
- Hydropower generation at the Dam to reduce power costs which are currently unsustainable.
- Capacity building for the Water Service Provider that will manage the water and sewerage facilities.
- Construction of emergency spillway and repair of draw off system.

It is expected that on completion of these components, **population served will increase to 65,000 people and improved sewage management in Kabarnet Town.**

All these components have been started briefly and works has stopped and need follow up with the national Government.

iii. LAST MILE CONNECTIVITY INITIATIVE PROJECT

On last mile water connectivity, CRVWDA has hired services of a consultant to work on last mile proposal for Kabarnet Towns. Contractor has been sourced and works for Kabarnet Town and environ has started with the Pipes already delivered at the Site. The Contractor has worked on

several pipelines and exaction has started in other lines. Also the Contractor has started procuring the items indicated in the contract.

IV. Compliance with Statutory Requirements

The company is compliant with the various statutory requirements including:

- **Salaries Deductions-** The salaries and allowances were paid on time and remittances of statutory deductions to Pension Scheme, KRA, NSSF, NHIF and SACCOs were done before due dates. Except the Pension deduction which we delayed in 2020 due to the impact of COVID 19.
- **CORPORATION TAX** return has not been filed as required
- **WASREB** levies were not remitted.
- **WARMA** water abstraction fee was not paid due to Low revenue collection. But after receiving the CLSG grant we paid KES 318,000.00
- **NITA** the Company has not yet registered with NITA hence we don't recover the training fee in tax purposes.

2. Major Risks Facing the Organisation

Various major risks are currently facing the company. These include:-

i. Water Bills Amount Owed by the County Government of Baringo- Kshs7.1M

The County Government of Baringo currently owes the company several months' water bills amounting to Kshs 7.1m which they have not settled despite several meetings and reminders. This has caused a challenge to the company in meeting its financial obligations.

ii. Un predictable Increase of Kenya Power Monthly bills ranging between Kshs2.5m to Kshs3.5m

99% of the water that the company supply is from Kirandich Dam. The dam is at an high of 351m Head to the resorviour Tank that distribute to our system and thus expensive to run in terms of energy costs (electricity). In addition the cost of electricity is unpredictable as it keeps on rising while our water tariff is fixed for a period and old. Our monthly electricity cost currently varies between Kshs2.5m to Kshs 3.5m. In addition there is no special tariff for the water sector that would make the services cheaper given that we offer a social good.

iii. Old Pumbs

A 6 km long,400mm diameter water pumping main conveys treated water to the main storage tank of capacity 6,000m³ in Kabarnet town.
Pump details at the treatment works are as follows:

KIRANDICH WATER COMPANY LIMITED

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- 4No. high lift pumps each with a capacity of 180m³/hr at a head of 351m in the four new Pump has been taken for repair hence it we use old rehabilitated Pump.
- 2 No. backwash pumps each with capacity of 20m³/hr at a head of 24m are okey and function well.

Pump Station No.2

Water from the 6,000m³ storagetank is pumped through a 1.6km long, 200mm diameter rising main to 3No.high level tanks with a total storage capacity of 800m³ inMumol area and then distributed by gravity to consumers in Kabarnet and its environs. Pump Details are as follows: 2N0. High lift pumps each with a capacity of 56m³/hr at a head of 57m. Hence the reason why our electricity bill is High.

iv. Water Loss through Old and Dilapidated Water Infrastructure.

The Company loses a lot of water through technical means as arising from old and dilapidated water infrastructure. The role of the company is limited to proper management and introduction of efficiency measures which the RVWSB/County Government is supposed to provide the infrastructure. The bulk of the water is lost through dilapidated network which was built many years ago and requires over Kshs 100 million to replace. This is the work of the National Government through Rift Valley Water Services Board (RVWSB) who is the asset developer. We are only an agent who is provided with the assets to provide water services.

v. Destruction of Forests Around Water Sources thus Affecting Water Levels

The Company is located between the Tarambas,Kinyo and Chepartigon forests whose ecosystem has been interfered with by the cutting of the trees and human settlements. If the two forests are not restored there is a likely hood of affecting the surface and underground water levels in the future.

vi. Un Accounted for Water (UFW)- 69%

The water sector is faced with the challenge of water losses which is at 47% nationally and 69% at our company level with the acceptable level being below 25%. This contributes to loss of revenues for water companies thus making water expensive. The water losses occur through technical and commercial ways. In the technical ways water is lost through leaks and bursts while in the commercial ways water is lost through illegal connections and meter tampering.

7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kirandich Water Company exists to provide a basic fundamental Commodity within Kabarnet and its Environs Water. 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 clean Quality water for drinking and domestic use, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The management through the office of the managing director

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

iii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

8. REPORT OF THE DIRECTORS

KIRANDICH WATER COMPANY LIMITED
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The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the *entity's* affairs.

i) Principal activities

The principal activities of the entity are provision of water.

ii) Results

The results of the Company for the Year ended 30th June, 2021 are set out on page 1 to 34. The net profit/Loss for the period of Kshs (4,389,079.00) **has** been added to retained earnings. The directors do not recommend the payment of dividend.

iii) Directors

The Directors who held office during the year and to the date of this report are shown on page iv In accordance with Company Memorandum and Articles of Association, Directors serve for a term not exceeding 3 years renewable for another one term.

iv) Auditors

The Company Auditor is the Office of the Auditor General, (OAG) of P.O BOX 30084 Nairobi as provided for by the Public Audit Act 2015.

By Order of the Board

Name: Philip Sogoti Chepsat

Signature



Date

10/6/2022

Corporate Secretary/Secretary to the Board

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES OF KIRANDICH WATER COMPANY LIMITED

Section 81 of the Public Finance Management Act, 2012 and Water Act, 2016 require the Directors to prepare financial statements in respect of Kirandich Water Company Limited, which give a true and fair view of the state of affairs of the *Kirandich* at the end of the financial year/period and the operating results of the *Kirandich* for that year/period. The Directors are also required to ensure that the *Kirandich Water Company Ltd* 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 *Kirandich Water Company Ltd*.

The Directors are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2021. 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 *Kirandich Water Company Ltd*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Kirandich Water Company Ltd* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and Water Act). The Directors are of the opinion that *Kirandich Water Company Limited* financial statements give a true and fair view of the state of *Kirandich Water Company Limited* transactions during the financial year ended June 30, 2021, and of the *Kirandich Water Company Ltd* financial position as at that date.

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The Directors further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *Kirandich Water Company Ltd* 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 *Kirandich Water Company Ltd* 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 Kirandich Water Company Ltd financial statements were approved by the Board on 29th September 2021 and signed on its behalf by:


Signature:

Name: William Chebii
Chairperson of the Board

Signature : 

Name: Philip Sogoti Chepsat
Managing Director

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRANDICH WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kirandich Water Company Limited set out on pages 16 to 30, which comprise the statement of financial position as at 30 June, 2020, and statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and the 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Material Uncertainty Related to Going Concern

During the year under review, the Company incurred a loss of Kshs.1,072,177 (2019 - Kshs.554,800) which brought the accumulated revenue reserves to negative Kshs.1,626,977, as at 30 June, 2020. In addition, grants of Kshs.31,130,136 from Baringo County Government accounted for 55% of total revenue. This state of affairs is an indicator of acute financial challenges facing the Company which raises significant doubts on its ability to operate as a going concern.

Therefore, the Company's going concern assumption is threatened and its continued existence depends on financial support by the County Government, its creditors and bankers.

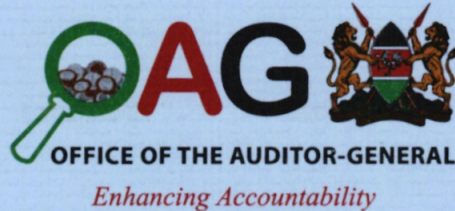
2. Errors in Annual Report and Financial Statements

The annual report prepared and presented for audit did not meet the presentation framework issued by the Public Sector Accounting Standards Board as highlighted below: -



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRANDICH WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2021

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 Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on 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, the risk management environment, and the 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

Disclaimer of Opinion

I have audited the accompanying financial statements of Kirandich Water Company Limited set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2021, and statement of financial performance, statement of changes in net assets, statement of cash flows, and the 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Unsupported Production Cost

The statement of financial performance as disclosed under Note 23 to financial statements reflects production cost of Kshs.33,558,165. However, payment vouchers and procurement documents were not provided for audit verification.

Under the circumstances, the validity, accuracy, and completeness of production cost expenditure of Kshs.33,558,165 for the year ended 30 June, 2021 could not be confirmed.

2.0 Presentation of the Financial Statements

The financial statements presented for audit were not prepared in line with the recommended reporting format issued by the Public Sector Accounting Standards Board (PSASB) as shown below: -

- a) The financial statements submitted for audit are prepared under International Public Sector Accounting Standards (Accrual Basis) instead of International Financial Reporting Standards (IFRS) meant for Companies.
- b) The Corporate Social Responsibility statement/sustainability reporting, appendix on inter-entity transfers and appendix on recording of transfers from other government entities have not been incorporated in the annual reports and financial statements.
- c) The statement of changes in net assets balance is incorrectly presented contrary to the reporting requirement as the capital fund is not disclosed.
- d) The statement of comparison of budget and actual amounts for the year ended 30 June, 2021, reflects repairs and maintenance and general services actual amounts that were incorrectly stated.

In the circumstances, the financial statements as prepared and presented does not comply with the requirements of International Financial Reporting Standards as prescribed by PSASB for the year ended 30 June, 2021.

3.0 Inaccuracies in the Financial Statements

3.1 Statement of Financial Position

The statement of financial position reflected variances between prior year amounts and the audited financial statements as analysed below:

		Audited Report 30 June, 2020	Comparative Balance 30 June, 2021	Variance
Component	Note	2019-2020	2019-2020	
		(Kshs.)	(Kshs.)	(Kshs.)
Total Current Assets		43,534,728	45,534,728	2,000,000
Total Assets		45,722,520	47,722,520	2,000,000
WASREB	21	471,424	243,086	228,338
WARMA	21	9,274,903	13,309,484	(4,034,581)

3.2 Statement of Changes in Net Assets

The retained earnings amount of Kshs.(5,481,973) reflected in the statement of changes in net assets differs with the accumulated deficit balance of Kshs.(5,554,807) reflected in the statement of financial position resulting to an unexplained and unreconciled variance of Kshs.(72,834).

3.3 Variances Between the Financial Statements and the General Ledger

A review of financial statements provided for audit revealed variances between the financial statements balances and supporting general ledgers balances as shown below:

Item	F/S Figures (Kshs.)	G/L Balance (Kshs.)	Variance (Kshs.)
Sales of Water	22,663,635	22,851,820	(188,185)
Employees Costs	20,436,458	20,599,869	(163,411)
Licenses and Permits	1,261,290	-	1,261,290
Work in Progress	48,167,430	42,905,783	5,261,647
Receivables from Exchange Transactions	40,216,994	10,735,559	29,481,435
Trade and Other Payables	23,628,769	7,812,659	15,816,110

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

4.0 Material Uncertainty Related to Going Concern

The Company incurred a loss of Kshs.4,389,079 bringing the accumulated revenue reserves to a negative Kshs.5,554,807 as at 30 June, 2021. In addition, grants of Kshs.31,899,848 received from Baringo County Government accounted for 55% of total revenue. This state of affairs is an indicator of acute financial challenges facing the Company which raises significant doubts on its ability to operate as a going concern.

In the circumstances, the Company's going concern assumption is threatened as its continued existence depends on financial support by the County Government, its creditors and bankers.

5.0 Unsupported Balances

5.1 Fuel and Operations

Included in the general expenses amount of Kshs.3,077,148 as disclosed in Note 9 to the financial statements is fuel and operations expenditure of Kshs.851,926 incurred on fuel and lubricants which were not supported with detail orders, fuel registers, detailed delivery for each invoice per vehicle and motorcycle, work tickets and supplier statements.

5.2 Cash and Cash Equivalents

The statement of financial position as disclosed under Note 16 to the financial statements reflects cash and cash equivalents balance of Kshs.1,411,203. However, the cash books, bank balance confirmation certificates, bank reconciliation statements, and M-PESA playbill statement were not provided for audit verification. Further, bank balances totaling to Kshs.17,397,070 for five (5) bank accounts relating to projects were not reported or disclosed in the financial statements.

5.3 Inventories

The statement of financial position reflects inventories balance of Kshs.2,178,039 as at 30 June, 2021, which was not supported with stocks ledgers and stock taking sheets.

5.4 Trade and Other Payables

The statement of financial position as disclosed in Note 21 reflects trade and other payables balance of Kshs.23,628,769 which is an increase of Kshs.4,847,574 from the previous financial year. However, the supporting schedules and other documents which include invoices, aging analysis and supplier statements were not provided for audit verification.

5.5 Receivables from Exchange Transactions

The statement of financial position as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.Kshs.40,216,994 as at 30 June, 2021. However, the receivables from exchange transactions have not been supported with aging analysis and no provisions for doubtful debts has been made.

5.6 Property, Plant and Equipment

The statement of financial position as disclosed in Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.1,897,688. However, the cost, valuation and depreciation method have not been disclosed. Further, the assets register

indicating the cost, purchase date, depreciation rate, location of the assets, depreciation, disposals and the net book value of the property, plant and equipment was not provided for audit verification.

Under the circumstances, the validity, accuracy and existence of the balances reflected in the financial statements as at 30 June, 2021 could not be confirmed.

6.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.79,750,400, erroneously indicated as Kshs.77,830,400 and Kshs.55,364,705 respectively resulting to under-funding of Kshs.24,385,695 or 31% of the budget. Similarly, the Company expended Kshs.58,091,068 against an approved budget of Kshs.73,989,512, erroneously indicated as Kshs.70,989,512 resulting to under-expenditure of Kshs.15,898,444 or 21% of the budget. The Management ought to relook at the budget preparation process with a view to making it as effective and realistic as possible in order to achieve its objective.

The statement of comparison of budget and actual amounts reflects total revenue and expenses final budgets of Kshs.79,750,400 and Kshs.73,989,512 respectively resulting to an unbalanced budget surplus of Kshs.5,760,888. In addition, the approved budget estimates were not provided for audit verification.

Under the circumstances, the validity and accuracy of the statement of comparison of budget and actual amounts for the year ended 30 June, 2021 could not be confirmed.

7.0 Investments Work in Progress

The statement of financial position as disclosed in Note 5(b) to the financial statements reflects investments work in progress balance of Kshs.48,167,430 relating to projects funded by Water Sector Trust Fund and the County Government of Baringo at Kshs.39,149,903 and Kshs.9,017,527 respectively. However, the amount was not supported with payment vouchers, grant agreement, and procurement records such as bills of quantity, tender advertisement, list of prequalified suppliers, tender evaluation, tender award, letter of offer, acceptance letter, inspection and acceptance report, interim and completion certificates. In addition, no analysis was provided on the respective fixed asset items that made up the amount.

Under the circumstances, the validity, accuracy ownership and completeness of work in progress balance of Kshs.48,167,429 as at 30 June, 2021 could not be confirmed.

8.0 Lack of an Operating License

Examination of records provided revealed that the Company has been providing water services without a valid operating license contrary to Section 78(1) of the Water Act, 2016 which requires that a company providing water services within a specified geographical area to obtain an operating license.

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

9.0 Lack of Risk Management Policy

The Company did not have a risk management policy that guides on assessment and evaluation of risk and subsequent development of the strategies to mitigate them in the year under review and as reported in the previous period. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the Company Management is in breach of law and its operations may be adversely affected if the risks are not proactively identified and mitigated accordingly.

10.0 Lack of Strategic Plan

The Company does not have a strategic plan in place to provide guidance on the broader objectives that are to be achieved by it and the responsibilities as stipulated in Section 149(2)(g) of the Public Finance Management Act, 2012 which require that every Accounting Officer designated for County Government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

In the circumstance, the operations of the Company may not be moving in a coherent manner for lack of formal guidance.

11.0 Lack of Internal Audit Function and Audit Committee

The Company does not have an internal audit department to guide and evaluate its internal controls. This is contrary to the Public Finance Management Act, 2012 Section 155(1) which states that a county government entity shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board. In addition, the Company has not been established an audit committee. This is contrary to Public Finance Management (County Governments) Regulation, 2015 Section 167(1) which states that subject to paragraph (2) of this regulation, each County Government entity shall establish an Audit Committee.

In the circumstances, the adequacy of internal controls in place and their effectiveness could not be confirmed.

12.0 Lack of Staff Establishment

The statement of financial performance as disclosed in Note 10 reflects employee cost of Kshs.20,436,458. However, the Company does not have an approved staff establishment contrary to the requirements of Section B 5(2) of the County Public Service Human

Resource Manual which provides that all vacancies shall be declared in a prescribed format which shall include: the number of vacancies; when the vacancy occurred; whether the vacancy is within the authorized establishment and other relevant details.

In the circumstances, the number of employees and the positions they hold are not based on any staff establishment.

13.0 Lack of a Procurement Plan

During the year under review, the Company operated without a procurement plan. This is contrary to Section 50(3) of the Public Finance Management (County Governments) Regulation, 2015 which provides that the Accounting Officer shall make an expenditure commitment only against the procurement plan approved for the entity in accordance with Public Procurement and Asset Disposal Act and Regulations made there under.

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

14.0 Non-Revenue Water

The statement of financial performance as disclosed in Note 6 to the financial statement reflects sale of water totaling to Kshs.22,663,635. A review of the water records revealed that the Company produced 1,264,690 cubic meters (M3) of water out of which 440,400 M3 was billed to customers resulting to unbilled water of 824,290 M3 (or 65%) of the produced water or Non-Revenue Water (NRW). This exceeds the set threshold of 25% by 40% according to the Water Services Regulatory Board (WASREB) guidelines. The excess Non-Revenue Water (NRW) over and above the allowable threshold of 25% amounted to 505,876 cubic meters which would have earned the Company Kshs.25,293,800 equivalent at the average billing rate of Kshs.50 per cubic meter.

In the circumstances, the Company did not get value for the water that was not billed.

15.0 Staff Pension

Included in the trade other payables balance of Kshs.23,628,769 as disclosed in Note 21 to the financial statements is unremitted staff pension contributions for the year of Kshs.1,382,613. Failure to remit pension by the employer is contrary to Section 53A(1) of the Retirement Benefits Act, 1997, which require pension deductions to be remitted within fifteen days of the deduction.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in

Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Conclusion of Internal Controls, Risk Management and Governance section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Companies Act, 2015, because of the significance of the matters under the Basis for Disclaimer of Opinion section of my report, I report based on my audit; that:

- i. I have not obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have not been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are not in agreement with the 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 control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing 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 to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the 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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and overall governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kirandich Water and Sanitation Company Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 July, 2022

KIRANDICH WATER COMPANY LIMITED
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11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	5	31,899,848.00	31,130,136.00
Revenue from exchange transactions			
Sale of Water	6	22,663,635.00	24,308,610.20
Rental revenue from facilities and equipment	7	230,400.00	230,400.00
Other income	8	570,822.00	788,385.00
Total revenue		55,364,705.00	56,457,531.20
Expenses			
Production cost	23	33,558,165.00	35,009,646.00
Employee costs	10	20,436,458.80	16,637,120.25
Remuneration of directors	11	84,680.00	506,250.00
Depreciation and amortization expense	12	461,944.00	461,194.00
Repairs and maintenance	13	544,756.00	1,288,533.00
General Expenses	9	3,077,148	1,863,967.00
Audit	14	300,000.00	300,000.00
Finance costs	15	29,342.00	19,912.00
Licenses and permits	25	1,261,290.00	1,999,999.55
Total expenses		59,753,784.00	57,529,707.80
Surplus/(deficit) for the period/year		(4,389,079.00)	(1,072,176.60)

The notes set out on pages 1 to 34 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 34 were signed on behalf of the Board of Directors by:



Accounting Officer/MD

Name: Philip Sogoti Chepsat

Date

10/6/2022



Chairman of the Board

Name: William Chebii

Date

10/6/2022

KIRANDICH WATER COMPANY LIMITED
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14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	1,411,202.00	562,278.00
receivables from exchange transactions	18	40,216,994.00	40,015,520.00
Receivables from non-exchange transactions		0	0
Inventories	19	2,178,039.00	2,956,930.05
Total Current Assets		43,806,235.00	45,534,728.90
Non-Current Assets			
Property, plant and equipment	20	1,897,688.00	2,187,792.00
Investments(Work in Progress)	5(b)	48,167,429.88	0
Intangible assets		0	0
Long term receivables from exchange transactions		0	0
Total Non- Current Assets		50,065,118.00	2,187,792.00
Total Assets		93,871,353.00	47,722,520.9
Liabilities			
Current Liabilities			
Trade and other payables	21	23,628,769.00	19,631,900.00
Refundable deposits from customers	22	427,222.00	53,664.50
Total Current Liabilities		24,055,991.00	19,685,564.50
Non-Current Liabilities			
Long term liability(Receivables inherited from RVWSB)	24	27,102,739.00	27,102,739.00
Total Non- Current Liabilities		27,102,739.00	27,102,739.00
Total Liabilities		51,158,730.00	46,789,303.50
Net assets			
Share Capital		100,000.00	100,000.00
Accumulated surplus/deficit		(5,554,807.00)	(1,165,728.60)
Capital Fund	5(b)	48,167,430.00	0
Total Net Assets		42,712,623.00	(1,065,728.60)
Total Net Assets and Liabilities		93,871,353.00	45,723,574.90

The Financial Statements set out on pages 8 to 34 were signed on behalf of the Board of Directors

by:

Accounting Officer/MD

Name: Philip Sogoti Chepsat

Date

10/6/2022

Chairman of the Board

Name: William Chebii

Date

10/6/2022

KIRANDICH WATER COMPANY LIMITED
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15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends
As at July 1, 2020		100,000.00	0	0	(1,165,728.60)	0
Issued new capital						
Revaluation gain						
Transfer of excess depreciation on revaluation						
Deferred tax on excess depreciation						
Fair value adjustment on quoted investments						
Surplus/ Deficit for the year					(4,389,079.00)	
Capital/Development grants received during the year		-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-		
As at June 30, 2021		100,000.00	0	0	(5,505,807.00)	0
As at July 1, 2021		100,000.00	0	0	(5,454,827.00)	0
Issue of new share capital						
As at June 30, 2021		100,000.00	0	0	(5,481,973.38)	0

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

CASH GENERATED FROM OPERATING ACTIVITIES		Kshs	Kshs
Profit/loss after income tax		(4,389,079.00)	(1,072,176.60)
Adjustments for:			
Depreciation on plant property and equipment	12	461,944	461,194
Amortization of prepaid operating lease rentals			
Changes in working capital			
Increase in Receivables and Prepayments	18	(201,474)	(7,317,918.80)
Increase in Payable and accrued expenses	21	3,993,129.00	5,742,198.40
Decrease in Non-current liability		-	
Decrease in Inventories	19	778,891.00	209,400
Net cash generated from/(used in) operating activities		598,152.00	(1,934,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(71,840)	0
Increase bank deposit	17	373,557	0
Investment in Fixed bank deposit			0
			0
Net cash generated from/(used in) investing activities		301,717	0
CASH FLOWS FROM FINANCING ACTIVITIES			
WSTF refund		-	
WSTF Input VAT disallowed			
Net cash generated from/(used in) financing activities			
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		848,924.00	(1,934,909)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16	562,278	2,497,187
CASH AND CASH EQUIVALENTS AT END OF THE	16	1,411,202.00	562,278

KIRANDICH WATER COMPANY LIMITED
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CASH GENERATED FROM OPERATING ACTIVITIES		Kshs	Kshs
Profit/loss after income tax		(4,389,079.00)	(1,072,176.60)
YEAR			
CASH GENERATED FROM OPERATING ACTIVITIES		Kshs	Kshs
Profit/loss after income tax		(4,389,079.00)	(1,072,176.60)
Net increase/(decrease) in cash and cash equivalents		848,924.00	(1,934,909)
Cash and cash equivalents at 1 JULY 2020	16	562,278	562,278.00
Cash and cash equivalents at 30 JUNE 2021	16	1,411,202.00	-

The Financial Statements set out on pages 1 to 34 were signed on behalf of the Board of Directors

by:

Accounting Officer

Name: Philip Sogoti Chepsat

Date

10/6/2022

Chairman of the Board

Name: William Chebii

Date

10/6/2022

Kirandich water Company Limited
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	41600000.00		41600000	31,899,848		
Levies, Fines, and penalties						
Public contributions and donations						
Property taxes revenue						
Licenses and permits						
Rendering of services						
Sale of goods	36,000,000.00	-	36,000,000.00	22,663,635.00	13,336,365.00	63%
Rental revenue from facilities and equipment	230,400.00	-	230,400.00	230,400.00	0	100%
Finance income						
Agency Income						
Other income	1,920,000.00		1,920,000.00	570,822		
Total income	77,600,000.00		77,830,400	55,364,705	22,465,695	
Expenses						
Production Cost	41600000.00	-	41600000.00	33,558,165	8,041,835	
Employee costs	20,449,512.20		20,449,512.20	20,436,458.80	13053.40	99%
Remuneration of directors	1440000		1440000.00	84,680.00	1,355,320.00	
Depreciation and amortization expense	500,000		500,000	461,944	38,056	
Repairs and maintenance	1,500,000		1,500,000	512,998	987,002.00	
General Services	5,50,0000		5,500,000	3036821.98	2,346,4857.02	

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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
Regulatory fees and audit	3,000,000		3,000,000	0	3,000,000	0%
Total expenditure	70,989,512.20		70,989,512.20	58,091,067.78		
Surplus for the period	6,610,487.80		6,610,487.80	(2,726,362.78)		

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kirandich entity is established by and derives its authority and accountability from Water Act. The entity is wholly owned by the County Government of Baringo and is domiciled in Kabarnet. The entity's principal activity is provision of water.

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity'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 in Note 5 of these financial statements.

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

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The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
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<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in</p>
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model

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Standard	Effective date and impact:
	develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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.

Rendering of services

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The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

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b) Budget information

The original budget for FY 2020-2021 was approved by the Board of Director on *10th July 2021*.. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

Summary of Significant Accounting Policies

The entity'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 financial performance, 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 financial performance.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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. Depreciation is calculated using the straight line method to write down the cost of the assets to their residual value over the estimated useful lives, as follows;

Asset Description	% annum	Per Years
Motor Vehicles	25	4
Furniture and fittings	12.5	8
Plant and Machinery	12.5	8
Computers and office equipment	33.3	3
Sewerage line	5	20
Buildings	2	50
Water Reservoirs & Storage	2	50
Boreholes	2	50
Intangible Assets	33.3	3

d) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Impairment of financial assets

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The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest

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method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

f) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

g) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

h) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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Comparative figures

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

i) 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, 2021.

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 from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

NOTES OF FINANCIAL STATEMENT

5. Transfers from Other(Water Sector Trust Fund and County Government of Baringo)

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
a) Operational grant		0
b) County Governement-Baringo	31,899,848.00	31,130,136.00
Total Unconditional Grants		
Conditional grants		
Total government grants and subsidies	31,899,848	31,130,136.00

(The Funding above is for Electricity for Pumping Water to our Reserve Tank)

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b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2020/21	Prior year 2019/2020
			KShs	KShs	KShs
WSTF	39149902.92		39149902.92	39149902.92	0
CGB	9017526.96		9017526.96	9017526.96	0
Total	48,167,429.88		48,167,429.88	48,167,429.88	0

6. Sale of Goods

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Sale of water	22,663,635.00	24,308,610.20
Total revenue from the sale of goods	22,663,635.00	24,308,610.20

7. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	KShs	KShs
Staff houses	230,400	230,400
Total rentals	230,400	230,400

8. Other Income

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Description	2020-2021	2019-2020
	KShs	KShs
New Registration and reconnection fee	570,822	788,385
Total other income	570,822	788,385

9. General Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Fitting & Maintenance	1,024,070.00	0
Fuel And Operations	851,926.00	199,800.00
General Office Supply	91,320.00	17,440.00
Insurance Motor Vehicle	21,095.00	21,095.00
Internet Bundle	54,567.74	41,350.00
Meals And Entertainment	24,000.00	
Newspaper And Library	16,380.00	5,520.00
Postage	40,090.00	12,760.00
Printing And Stationery	312,924.20	146,060.00
Staff Training	21,200.00	26,450.00
Staff Welfare	479,375.00	0
Telephone Expense	28,900.00	21,300.00
Travel and accommodation	101,300.00	1,003,215.00
Marketing and Advertisement	10,000.00	45,000.00
Total	3,077,148.00	1,539,990.00

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10. Employee Costs

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	20,262,508.60	16,637.120.25
Casuals	173,950	0
Employee costs	20,436,458.80	16,637.120.25

11. Board /Council Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Sitting allowances	84,680	506,250.00
Total	84,680	506,250

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12. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	461,944	461,194
Total depreciation and amortization	461,944	461,194

13. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Equipment and machinery	400,998	0
Vehicles & Motobike	111,450	0
Furniture and fittings	0	0
Computers and accessories	32,308	103,748.00
Repairs Pipes	0	1,184,785.00
Total repairs and maintenance	544,756	1,288,533.00

14. Audit Cost

Description	2020-2021	2019-2020
	KShs	KShs
Audit fee for the year	300,000	300,000
Total other income	300,000	300,000

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15. Finance Cost

Description	2020-2021	2019-2020
	KShs	KShs
Bank Charges	29,342.80	19,912.00
Total	29,342.80	19,912.00

16. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account Expenditure	349,266.35	67,817
Savings account Revenue	359,160.00	312,289
On - call deposits	427,221.50	53,664.50
Others(specify)	275,555.00	89,381.00
Total cash and cash equivalents	1,411,202.85	562,278

17. (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank Expenditure	1211860272	349,266.35	312,289.00
KCB Revenue	1211859827	359,160.00	67,817.45
Sub- total		708,426.35	380,106.45
b) On - call deposits			
Kenya Commercial bank	1211858308	427,221.50	53,664.50

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		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
Sub- total		427,221.50	53,664.50
c) Others(specify)			
Cash in transit			
cash in hand		0	39,127.00
Mobile money accounts	4016733	275,255.00	89,381.00
Sub- total		275,555.00	128,508.00
Grand total		1,411,202.85	562,278.45

Sub- total		427,221.50	53,664.50
d) Others(specify)			
Cash in transit			
cash in hand		0	39,127.00
Mobile money accounts	4016733	275,255.00	89,381.00
Sub- total		275,555.00	128,508.00
Grand total		1,411,202.85	562,278.45
e)Projects			
Olarabal Water Supply Project	0140100000207	5,897,100.65	0
PSF Marigat Project	0140100000199	2,073,739.70	0
Kapropita Kabarnet Boreholes Project account	0140100000164	9,094,820.00	0
CLTS project	140100000202	331,409.80	0
CLSG	0140100000342	0	0
Grand Total		17,397,070.15	0

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18. Receivables from Exchange Transactions

	2020-2021	2019-2020
	KShs	KShs
Current receivables		
water debtors	40,216,993.85	40,015,520.85
Other exchange debtors	-	-
Total current receivables	40,216,993.85	40,015,520.85

19. Inventories

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	64,150.00	187,501
Spare parts and Pipes	1,998,870.00	2,703,000
Chemicals	115,019.00	166,429
Total inventories at the lower of cost and net realizable value	2,178,039.00	2,956,930.00

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20. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30th June 2020	0		36,000.00	348,180.00	0	2,726,000.00		3,110,180.00
Additions			6,000.00	65,840.00	0	0	48,167,429.88	48,239,269.88
Disposals								
Transfer/adjustments								
As at 30th June 2021			42,000	414,020		2,726,000	48,167,429.88	51,277,609.88
Depreciation and impairment								
As at 30 June 2020	0	0	9000	231888	0	681500	0	922,388
Depreciation			5,250	115,944		340,750		461,944
Disposals								
Impairment								
Transfer/adjustment								
As at 30th June 2021			14,250	347,832		1,022,250	0	1,384,332
Net book values								
As at 30th June 2021			27,750.00	166,188.00	0	1,703,750.00		1,897,688.00
As at 30th June2020								

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21.Trade and Other Payables

Description	2020-2021	2019-2020
	KShs	KShs
Staff Pension	1,382,612.90	0
Rift Electricals	164,180.00	118,766.00
Kenya Post Bank(Salary Deduction)	39,000.00	0
Alphilis Investment Kobil Petrol station(Fuel)	111,756.00	0
Kenya Power	2,486,814.00	2,847,949.00
WARMA	17,775,546.13	13,309,484.60
Auditor General	1,344,000.00	648,000.00
Rent	76,800.00	0
Wasreb	243,086.10	243,086.10
Postal Corporation of Kenya	4,974.30	3,740.00
Total	23,628,769.43	19,635,640

22.Refundable Deposits and Prepayments from Customers

Description	2020-2021	2019-2020
	KShs	KShs
Customer deposits	427,221.50	53,664.50
Total deposits	427,221.50	53,664.50

23. PRODUCTION COST

Description	2020-2021	2019-2020
	KShs	KShs
Electricity For the year	32,021,248.00	33,784,336.00
Chemical cost	1,536,917.00	1,225,310.00
Totals	33,558,165.00	35,009,646.00

24. LONG TERM LIABILITIES

Description	2020-2021	2019-2020
	KShs	KShs
Long Term Liability(Receivable inherited from RVWSB)	27,102,739.00	27,102,739.00
Totals	27,102,739.00	27,102,739.00

25. Licenses and Permit to WARMA

Description	2020-2021	2019-2020
	KShs	KShs
WARMA	1,261,290.00	1,199,999.45
TOTAL	1,261,290.00	1,199,999.45

26. Events after the Reporting Period

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

27. Ultimate and Holding Entity

The entity is a Semi- Autonomous County Government Agency under the department of water and Irrigation. Its ultimate parent is the Baringo County Government.

28. Currency

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

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Ol arabal water Supply Rehabilitation	WSTF	18months		No	yes
2	PSF	WSTF	9Months		No	Yes

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Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Ol arabal water Supply Rehabilitation	67Million	70%	86%	69Million	42Million	WSTF/BCG
2	PSF	4.1Million	50%	99%	5.7	2Milion	WSTF/BCG
3	CLTS	0.6million	100%	100%	0.6million	0.6Million	WSTF

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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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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Basis of Qualified Opinion

Presentation and accuracy of financial Statement	The description of key fiduciary oversight arrangements. The Board of Director's information has not been fully disclosed in the recommended Format.4.Management Discussion and Analysis is not accurately presented .5 Report of Directors on page 17 reflects net Loss of Kshs. 679,079.00 which Vary with the net loss of Kshs 4,389,079.00 reflected in the statement of Financial performance resulting to unexplained variance of Kshs 3,709,109.00	Financial Statement has been amended to reflect the sited inaccuracies. The Net loss has been 4,389,079.00 as per the Financial statement. The Report is aligned to reflect the correct format in all the cited areas.	Johnstone Toroitich Accountant	Resolve	June 2022
Variance between the Financial Statement and General Ledger	A review of financial statement submitted for audit revealed variance between the financial statement figures and supporting general ledgers balance.	The Accounting software used to was new and complex pit and hence it had to use excel in some case to reconcile and posted to the p&l hence the reconciliation was posted manually. The Items has been reconciled to reflect correct figures post to P& L.	Johnstone Toroitich Accountant	Resolved	June, 2022

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Reference No. on the internal audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Production Cost	The Statement of Financial Position reflects Production cost figure of Kshs.33, 558,165.00 as disclosed under note 16 to financial statements. However, payment vouchers and procurement documents were not availed for audit in support of the expenditure were not availed for verification.	The statement Notes have been amended to reflect the correct format and Production Cost involves the Chemicals and Electricity at T/works and the documentations are available it's under Note 23 figures as Chemicals Kshs 1,536,917.00 and Electricity amount of Kshs.32,021,248 and the documents are available for scrutiny.	Johnstone Kimosop Toroitch Accountant	Resolved	June 2022
Cash and Cash Equivalent	The statement of Financial position reflect cash and cash equivalent balances 1,411,202.85 and Further bank balances of 17,397,070 for project accounts	The Certificates of Balances are attached in the management letter to validate the balances as indicated under Note 17 (a),(b),(c),(d),(e)	Johnstone Toroitch Accountant	Resolved	June 2022
Receivable from Exchange Transaction	The statement of financial position reflects receivable from exchange transaction balances of Kshs 40,216,994.00 relating of water debtors as disclosed in Note 18 of the corrected FS has not been supported by with aging analysis and provision of for doubtful debts has been made.	The receivables from exchange transaction is pulled from the Billing system and it has its aging analysis according to arrears periods but for the doubtful debts the Board of Directors are already discussed since it has never been dine and will approve the rate for implementation	Philip Sogoti Chepsat Managing Director	Unresolved	Aug 2022
Inventories	The statement of financial position reflects balance of 21478039 which vary with the computed figure of Kshs 2,626,427 for inventory items reflected in corrected note 19 for	The statement of Financial Position has been amended to reflect the correct figure of Kshs 2,178,039.00 as at June 2021	Johnstone K. Toroitch Accountant	Resolved	June 2022

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Reference No. on the Internal audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the financial statement resulting to a variances of 448,388				
Property, Plant and Equipment	The Statement of financial position reflects property, Plant and equipment balance Kshs,1,897,688 as disclosed in Note 20 .However ,the cost/valuation and depreciation method have not been disclosed.	The Depreciation is resolve as indicated on the amended Financial Position and the Asset register is in hard copy hence the management has undertaken to list all assets of the company.	Johnstone Toroitich Accountant	Unresolved	August 2022
Investment(Work in Progress)	The Statement of financial position reflects investment (Work in Progress) balance of Kshs 48,167,430.00 which relate to work in progress for projects funded by water sector Trust fund and County Government of baringo.	The company received funding from water sector trust fund and Baringo county government to rehabilitate ol arabal water supply. The documents and report submitted to water Sector trust fund are available.	Johnstone Toroitich Accountant	Unresolved	July 2022
Budget and Budgetary Controls	The statement of comparison of budget and actual amounts reflect total and final budget of Kshs. Budgeted surplus of 6610488.further, the budget estimate were not availed for audit verification.	The Budget estimate is available and it was approved by the board and management have attached the Minutes of the board resolution and budget approval.	Philip Sogoti Chepsat Managing Director	Resolved	June 2022
Trade and Other Payables	The Statement of Financial position reflects trade and other payables balance of 23,628,769.00 which is an increase of Kshs 3,993,129.00 from Kshs 19,635,640.00 However, supporting documents such as invoices, aging analysis and supplier's statement were not availed for audit verification.	The Company in the year was still reeling with coved 19 effects hence the company was not in position to meet its obligation hence the increase of Payables by Kshs 3,993,129.Furthermore, the Company inherited abstraction fee of 13million from former Kabarnet Municipal Council, WARMA, Kirandich and Baringo County Government had payment Formula to clear outstanding	Philip Sogoti Chepsat Managing Director	Unresolved	June 2023

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ference No. on the Internal audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		bill especially by County Government.			
) Share Capital	The Statement of Financial Position reflects share capital of Kshs 100,00.00 which has not been supported by share certificate, c12, register of members or any relevant documentary evidence. Further, memorandum of association indicates that baringo county government and its officials have subscribed for the shares.however,no documentary evidence was availed to confirm that shares were fully issued and paid for	The Company has the CR12 and it will be availed as and when required that indicates its shareholding and ownership as for payment follow up need to be done to confirm the same	Philip Sogoti Chepsat Managing Director	Resolved	June 2022
) Lack of Control on Information Technology System	It was observed that the company does not have functional ICT department.Secondly, the entity uses e-pay and resources and water billing pro for payroll and billing respectively. Analysis of the system reveals that the entity does not have full rights of the systems and it's controlled by rift valley water service board, who donated the company.	The company is in the process of establishing its ICT department by recruiting necessary staff and equipping with necessary equipment	Philip Sogoti Chepsat Managing Director	Unresolved d	June 2023

B. REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

1.0 Operating License	The Company has been Providing Water without a valid operating license contrary to Section 78(1) of the Water Act, 2016 which requires a company providing water services within a specified geographical area to obtain an operating license.	Kirandich Water Company Has initiated the process of renewing its License already has paid the Fees, we are awaiting WASREB.	Philip Sogoti Chepsat Managing Director	Not resolved	December 2022
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2.0 Staff Pension	Included in the Trade Payables Figure of Kshs 23,628,769.00 reflected in the statement financial position is unremitted staff pension contribution for the year of Kshs 1,382,613.00 as reflected in Note 32 to the Financial statement .Failure to remit pension by employer is contrary to section 53A (1) of the retirement Benefits Act which require pension deduction to be remitted within fifteen day of deduction.	During Covid 19 the Company Was not able to pay its obligation, but it has entered an agreement with the Pensioner to pay current and arrears every month	Philip Sogoti Chepsat Managing Director		
3.0 Non Revenue Water	The Statement of Financial Performance reflect sale of water figure of Kshs.22,663,635.A review of records availed for audit revealed that 1,264,690 cubic meters (M3) of water was produced and 440,400M3 was billed to customers resulting to unbilled water of 824,290 m3 or 65% of produced water.	The Company initiated a team to undertake overhaul system audit of all connection within our area of Jurisdiction from December 2021 and as at today our NRW has dropped to 58% as at April 2022 hence we are Optimistic that these model will yield results and Kirandich is Targeting 40% by December 2022	David Kimuron Ngetich Technical Manager	Not resolved	Dec 2022
4.0 Lack of procurement Plan	The statement of financial performance reflects total expense figure Kshs 59,753,784 However, a Procurement plan as stipulated in section 50(3) of the public finance Management	The Procurement plan is available and can be availed anytime	Felistus Kulei Procurement assistant	Resolved	June 2022

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