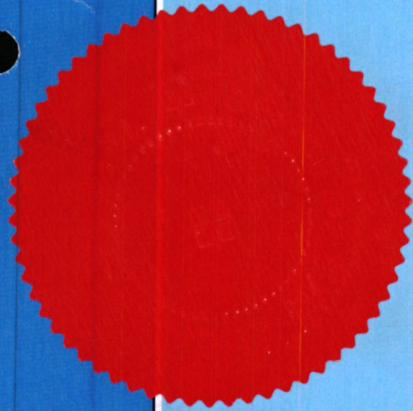


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**REPORT**

PAPERS LAID	
DATE	09/11/2022
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COMMITTEE	_____
CLERK AT THE TABLE	Ms. MACHARIA

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MBOONI WATER AND SANITATION  
COMPANY LIMITED**

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



**Mbooni Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**International Financial Reporting Standards**

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**MBOONI WATER AND SANITATION COMPANY LIMITED**

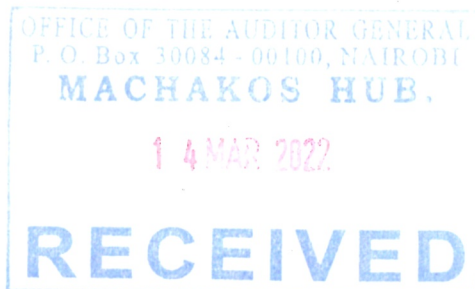
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**(AMENDED)**

**FOR THE FINANCIAL YEAR ENDING**  
**JUNE 30, 2021**

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



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## KEY COMPANY INFORMATION

### Background information

Mbooni Water and Sanitation Company (MBONWASCO) is a private company limited by shares and incorporated on March 8, 2012 as a legal company under the company's Act Cap.486 law of Kenya as a public limited company guaranteed by the Government of Kenya with no shareholding but with stakeholders. This was as a result of enactment of water Act 2002 which ushered in the reforms in the water sector. The Company was formed by County Council of Makueni with two shareholders, each with one share, holding the shares as trustees for the people of Makueni but not on their own capacity. The company main office located at Mbumbuni water office as the proposed office in Tawa is yet to be constructed.

The company supplies water to parts of Tulimani ward, Kisau Kiteta ward and Kako Waia ward with a combined population of 136,080 people and covering a service area of 506.2km<sup>2</sup>. There is no Operating Licence with Water Resources Regulatory Board (WASREB).

MBONWASCO has three (3) water sources and a borehole that is not operational due to low yield and breakdown. The three main water sources include: Mbumbuni, Mukundi and Mulima. The company estimates that 200m<sup>3</sup>/day is produced from water sources. Water from Mukundi and Mulima water supply sources is untreated. The company currently supplies water to approximately 14,000 people, which is 10.2% of the total population in its service area. MBONWASCO has a total of 1,314 registered connections, of which 743(56%) are active and 573(44%) are in-active.

## VISION AND MISSION

### Vision and Core Values

Sustainable access to adequate, potable and affordable water supply and sanitation services for all.

### Mission

MBONWASCO's mission is to provide potable, reliable and sustainable water and sanitation services to our customers through continuous development.

### Core Values

Core values are the principles that guide the conduct and rules of engagement of MBONWASCO representatives. The core values guiding MBONWASCO are:

- **Integrity:** being principled in all situations while demonstrating transparency, trust, faithfulness and honesty.
- **Professionalism:** calls for respect towards others, efficient and effective service coupled with creativity and innovation.
- **Dedication:** committed to provision of excellent water and sanitation services to all.
- **Customer focus:** giving priority to customer needs and expectations in the services given.
- **Teamwork:** working together as a company and be pro-active in establishing synergies with relevant actors to enhance MBONWASCO's strengths and capitalize on opportunities.

**Mbooni Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the year ended June 30, 2021**

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**‘Principal Activities’**

**MBONWASCO’s ‘Principal Activities’ are;-**

- Provision of water services in its area of jurisdiction as defined by their SPA and
- Expansion of county assets for water service provision.

Deputy County Commissioner’s compound  
P.O. Box 1-90127  
**MBUMBUNI.**

**Corporate Headquarters**

Deputy County Commissioner’s compound,  
P.O. Box 1-90127,  
**MBUMBUNI.**

**Corporate Contacts**

P.O BOX: 77-90133, TAWA, MBOONI.  
E-mail: mbonwasco@gmail.com

**Corporate Bankers**

Kenya Commercial Bank  
P.O. Box 400-90101  
**MASII**

**Independent Auditors**

Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**Principal Legal Advisers**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**Mbooni Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**BOARD OF DIRECTORS**

The Company did not have Directors during the year under audit.

**MANAGEMENT TEAM**

The day to day operations of the Company is run by Corporate Management Team (CMT) headed by an Ag. Managing Director.

The following is the Corporate Management Team.

<p>Stephen K. Munyao.</p> 	<p><b>Ag.MANAGING DIRECTOR</b>                  He's is 54 years old. He was seconded to the Company by the County, Department of water and Sanitation on 13<sup>th</sup> September 2019 as an Acting Managing Director. He holds a certificate in water supply technology from Kenya Water Institute He has a wide range of experience having worked with Homegrown (Kenya) as a Water Technician. Worked in Koibatek District as Operator in Charge of Mogotio Water supply as well as in charge of other water schemes in Mogotio and Kisanana Divisions. He also has wide knowledge on management of water supplies having worked as a Divisional Water Extension officer in Larger Kathonzweni District, a Deputy DWO.later worked as a Ward Water Officer, being involved in implementation of water projects;- earth dams, piped schemes and boreholes.</p>
<p>Elizabeth M. Kyengo.</p> 	<p><b>TECHNICAL MANAGER</b>                  She is48 years old. She holds a certificate in water supply technology from Kenya Water Institute .She was seconded to the Company by the County, Department of water and Sanitation on 13<sup>th</sup> September 2019 as a Technical manager. She has a wide Experience having worked in the in Mbumbuni and Mulima water supplies which now form Mbonwasco supplies. She has also worked in Tulimani as a Divisional water Officer. She has worked as a Ward Water Officer in Kalawa, being involved in implementation of water projects as well as supervising donor funded water projects.</p>
<p>1. Richard N. Kamwea</p> 	<p><b>COMMERCIAL MANAGER</b>                  He is 73 years old.He has worked in the Company as a Commercial manager since2012.Previously, Heworked with Ministry of Defence at Kahawa Barracks –central ordinance Depot at stores and later at Support group H/Quarters –Gilgil. He later worked as stores clerk in Mombasa. In 1994, He was employed by MulimaSHG,currently one of Mbonwasco s water supply as a manager, He is trained as a stores Accountant, stores and materials handling. He has attended several courses on water supply management.</p>
<p>2. Antony MutungaMutuku</p>	<p><b>ACCOUNTS CLERK.</b>                  He is 42 years old. He has worked as an Accounts clerk in the Company since2012. He has done CPA part 1, KATC FINAL. He</p>

**Mbooni Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**



has vocational training on F&B-stores control and accounting at AmboseliSopa Lodges.

**Mbooni Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**CHAIRMAN'S STATEMENT**

The Company did not have Board of Directors during the year under audit.

## REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present to you an overview of the annual report and financial statements of the Company for the year ended 30<sup>th</sup> June 2021. This is the 5<sup>th</sup> annual report and financial statements for the Company despite the challenges the Company faces.

During the period under review, the company received funds from KeRRA pipeline compensation which saw pipeline extensions making more customers getting our water services.

### CHALLENGES

During the year, the Company had several challenges which slowed its operations. The challenges were as follows:-

1. **Low coverage due to damaged pipeline networks**  
-A total of 6.65Km of pipeline has been damaged affecting 269 consumers.
2. **Our Creditors.**  
-The Company has accumulated debts amounting to Kshs.6,103,947.38 by 30<sup>th</sup> June 2021.
3. **Electricity Low voltage.**  
-The electricity supply at Kinze has been unreliable most of the times registering low voltage  
-The cost of fuel for the standby generator has increased greatly making pumping very expensive.
4. **COVID-19 Pandemic challenges.**  
-The pandemic greatly affected the Company's revenue collection. The pandemic also affected some of our consumer's livelihoods making it hard for them to pay for the water consumed. This reduced our revenue collection greatly.
5. **Non-revenue water**-This is due to frequent pipe bursts due to old age and damage due to encroachment on pipelines.
6. **Old/dilapidated infrastructure**-This leads to constant bursts leading to NRW and also reduced water supply limiting our supply capacity.
7. **Competition for water consumers with private water service providers**-Losing business to our competitors.
8. **Lack of way leaves and rampant encroachments**-leading to pipe damages and NRW
9. **Lack of Board of Directors**-This affects the Company due to lack of policy formulation and oversight duty.

The company is facing financial challenges and strategies have been put in place to improve on the liquidity of the Company by:-

- Enhancing revenue collection by doing timely meter reading, billing, bills distribution and revenue collection exercises.
- Reducing non-revenue water to good level .by carrying out prompt repairs to bursts and leakages, line patrolling, meter servicing.
- Rehabilitation of 6km pipeline network damaged by road construction Company.
- Collection of outstanding debts.

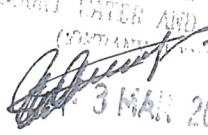
### FUTURE PLANS

Since its formation, the company has demonstrated unstable growth of revenue and asset base. However, the company's revenue has increased from Kshs. 0.817 Million to Kshs. 3.327 Million from the financial year 2019/2020 to financial year 2020/2021. This positive growth was due to the sustainable water sources during the year with no one dying up, timely meter reading, billing and revenue collection and enhanced quality of services to the customers.

The company future plans are envisioned in the following strategic objectives

- a). Improve service delivery to customers by adopting new technology.
- b). Expand coverage by 10% of the area of jurisdiction by 2023.
- c). Increase water production capacity from 200m<sup>3</sup> to 1,000m<sup>3</sup>/day
- d). Rehabilitation /augmentation of existing network and extensions.
- e). Enhance capacity of management team and staff.
- f). Strengthen institutional/framework and capacity by having a board.

With support from the county government and other development partners the company will put efforts and mitigation measures in addressing the main challenges of mentioned above. The company will also continue to extend its services to un-served residents in all the schemes.

  
3 MAY 2022  
**MANAGING DIRECTOR**  
P.O. Box 77, TAWA

**CORPORATE GOVERNANCE STATEMENT.**

The Company did not have Board of Directors during the year under audit.

The daily operations of Mbonwasco is being carried out by the Corporate management team (CTM) headed by the Ag. Managing Director

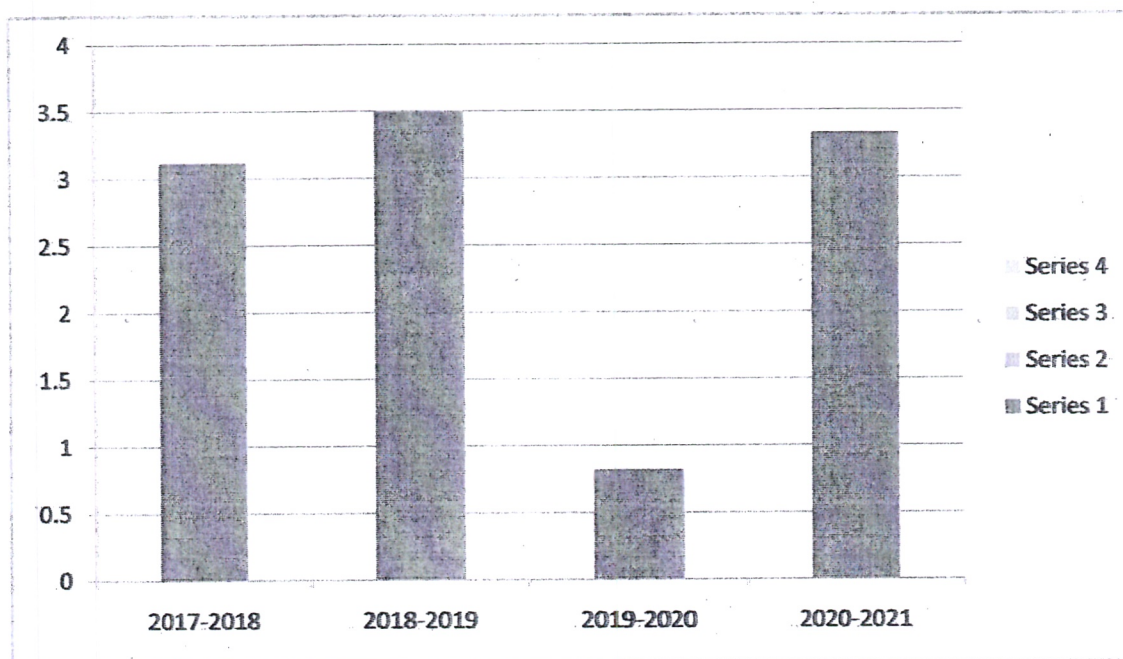
The County Government has initiated the process of appointing Board of directors.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Revenue/Income**

During the Financial year 2020-2021, the company registered an increase in its revenue by Kshs.2.514M representing a 307% increase in growth compared to the financial year 2019-2020. The increase in growth was largely because of increased water production considering that none of our water sources dried up during this period, Enhanced meter reading, billing, issue of bills and revenue collection exercises.

Year	2017/2018	2018/2019	2019/2020	2020/2021
Amount(Kshs 'm')	3.116	3.495	0.817	3.331



**Customer Base**

The company increased its registered connections by 109 during the year.

**Assets**

The assets of the Company continued to grow as a result of purchase of plastic water tank, pipeline extensions and improvement of intake. These assets were developed through the support of Government of Makueni County

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

As a company we recognize our responsibility to the environment and the society in which we operate in. The company encourages its staff to actively recognize those responsibilities and to behave in a responsible manner towards the society in which we operate.

**Employees**

The success of Mbonwasco is based on our staff and we seek to recruit, retain, reward and develop the best skills in our organization. We seek to continually improve through training our employees on the identified needs.

However, during the year, the Company did not have resources to sponsor its employees to attend any training.

**Mbooni Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**THE REPORT OF THE DIRECTORS**

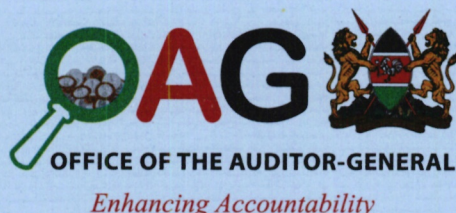
The Company did not have Directors during the year under audit.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Company did not have Directors during the year under audit.

# 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 MBOONI WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Mbooni Water and Sanitation Company Limited set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2021 and the statement of profit or loss and other comprehensive

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*Report of the Auditor-General on Mbooni Water and Sanitation Company Limited for the year ended 30 June, 2021*

income and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Mbooni Water and Sanitation Company Limited as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and do not comply with the Water Act, 2016, the Companies Act, 2015, and the Public Financial Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Un-Disclosed Material Uncertainty Related to Going Concern**

The statement of profit or loss and other comprehensive income indicates that the operations of the Company resulted into a loss of Kshs.91,351 which is a continuation of loss making trend recorded over the years. In addition, the statement of financial position reflects current liabilities balance of Kshs.6,392,328 which exceeds current assets balance of Kshs.2,466,917 by Kshs.3,925,411 implying that the Company is technically insolvent. Further, the statement of financial position indicates that trade and other payables increased by Kshs.862,503 from the previous year which is indicative of inability by the Company to settle obligations as and when they arise.

These factors indicate that the Company is experiencing financial difficulties which casts significant doubt on its ability to continue as a going concern. However, Management has not disclosed in the financial statements the uncertainty to going concern and measures in place to reverse the negative trend.

In the circumstances, the Company is technically insolvent and may not be able to meet its current obligations as and when they fall due and the survival of the Company depends on support from its stakeholders.

#### **2. Incomplete Financial Statements**

The financial statements presented for audit were incomplete, as they do not include the components required under the International Financial Reporting Standards (IFRS) as follows:

- i. Statement of Changes in Equity
- ii. Statement of Cash Flows
- iii. Statement of Comparison of Budget and Actual Amounts

In addition, the financial statements were not approved by the Board of Directors.

In the circumstances, the accuracy, completeness and regularity of the financial could not be confirmed.

### **3. Unreconciled Revenue from Water Sales**

The statement of profit or loss and other comprehensive income as disclosed in Note 5 to the financial statements reflects revenue amount of Kshs.3,328,765 relating to water sales. However, the documents provided in support of the revenue, contained actual receipts from water sales which is contrary to the provisions of the International Financial Reporting Standards which requires revenue to be recognized on accrual basis. Further, comparison of customer's ledgers with monthly billings for Mbumbuni region revealed a variance of Kshs.45,725 for which no reconciliation was provided to explain the difference.

In the circumstances, the accuracy and completeness of revenue totaling to Kshs.3,328,765 cannot be confirmed.

### **4. Unbalanced Trial Balance**

The trial balance which was presented in support of the financial statements reflected debit and credits totals of Kshs.7,277,932 and Kshs.6,210,010 respectively with a resultant unexplained variance of Kshs.1,067,922.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **5. Unbalanced Statement of Financial Position**

The statement of financial position reflects balances of Kshs.2,466,917 and Kshs.6,392,328 in respect to total assets and total liabilities respectively resulting to unexplained variance of Kshs.3,925,411. In addition, the statement indicates Nil balance for retained earnings. However, the Company has been in operation since 2012 and the combined surpluses or deficits recorded over the years should have been recognized in the statement of financial position.

In the circumstances, the accuracy of the statement of financial position could not be confirmed.

### **6. Inaccuracies in Property, Plant and Equipment**

The statement of financial position reflects Nil balance in respect of property, plant and equipment and as disclosed on Notes 13 and 14 to the financial statements. However, Appendix 2 to the financial statements provides a schedule of the assets owned by the Company including equipment for water generation, storage and distribution, office equipment and motor cycles whose values should have been determined and disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the statement of the financial position could not be confirmed.

### **7. Unsupported Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.2,409,773 as disclosed in Note 15 to the financial statements. However, the

supporting documents in the form of schedules, ageing analysis and debtors ledger were not provided for audit review.

In the circumstances, the accuracy and completeness of trade and other receivables balance of Kshs.2,409,773 could not be confirmed.

#### **8. Inaccuracies in Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.57,144 comprising of Kshs.44,714 and Kshs.12,430 in respect to cash at bank and cash in hand respectively as disclosed in Note 16 to the financial statements. However, the cashbook reflected cash in hand balance of Kshs.50,219 representing un-deposited cash collections from water sales resulting to an unexplained and unreconciled variance of Kshs.37,789. Further, Management did not provide the cashbook, bank statements and bank reconciliations in support of one bank account.

In the circumstances, completeness and accuracy of cash and cash equivalents balance of Kshs.57,144 could not be confirmed.

#### **9. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.6,392,328 as disclosed in Note 18 to the financial statements. Review of the documents provided in support of the balance revealed that amounts of Kshs.147,428 and Kshs.2,310,957 in respect to trade payables and other payables respectively were not supported creditors ledger and listing.

Further, salary arrears totalling to Kshs.3,642,625 owed to twenty-six (26) officers of the Company have been outstanding for a long period of time with some dating back to the year 2017. No explanation was provided for failure to settle the salary arrears and no documents were provided to support the balance.

In addition, the reported balance excludes audit fees provision for two years, thereby understating the current liabilities.

In the circumstances, the accuracy, completeness of trade and other payables balance of Kshs.6,392,328 as not be confirmed.

#### **10. Unsupported Customers Deposits**

The statement of financial position as disclosed in Note 18 to the financial statements reflects trade and other payables balance of Kshs.6,392,328 which includes customers deposits of Kshs.109,000. However, it was noted that the Company does not maintain a separate bank account for customers' deposits and it was therefore not possible to confirm accountability over the same. Further, documents reviewed revealed that there was a total of 1,313 customers as at 30 June, 2021 each of whom is required to pay a connection fee of Kshs.1,000. This implies that a total of Kshs.1,313,000 had been paid as customers deposits and should have been disclosed in the financial statements.

In the circumstances, the accuracy, of customers' deposits of Kshs.109,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mbooni 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Late Submission of Financial statements**

The Management of the Company submitted financial statements for the year ended 30 June, 2021 to the office of the Auditor-General on 10 December, 2021 which was more than two months after the 30 September date stipulated under Section 149(2)(k) of the Public Finance Management Act, 2012.

In the circumstances, Management was in breach of the law

## **2. Non-Compliance with the Reporting Format**

Review of the financial statements presented for the year ended 30 June, 2021, revealed sections of non-compliance with the contents and format prescribed by the Public Sector Accounting Standards Board (PSASB) as follows:

- i. The cover page indicates financial statements as amended.
- ii. Table of contents has duplicated the entries for Board of Directors, Management team and Chairman's statement.
- iii. The numbering in the table of contents is not consistent with the actual pages with non-financial information.
- iv. The statement of performance against predetermined objectives is not included in the financial statements as required.
- v. Under Note 21 regarding financial risk management, credit risk details have not been tabulated as required. Further, liquidity risk management details have not been analyzed to show ageing analysis of payables.
- vi. Management discussion and analysis in page xii indicates the current year revenue as Kshs.3.331M instead of Kshs.3,329M as disclosed in the financial statements.
- vii. Page 3 is repeated in the financial statements.

In the circumstances, the financial statements as prepared and presented do not comply with the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB).

## **3. Unclear Ownership of the Company**

Background information to the financial statements indicates that the Company was formed on 8 March, 2012 as private company limited by shares and that upon enactment of the Water Act, 2016, the ownership was supposed to be transferred to the County Government of Makueni. However, no document was provided to confirm who the shareholders of the Company were and that shares formerly held by trustees for the County Council of Makueni were transferred to the County Government of Makueni as required.

In the circumstances, the ownership of the Company and compliance with the law could not be confirmed.

## **4. Lack of Board of Directors**

Review of the Company records revealed that the Company has been operating without a Board of Directors since 2016 when the term of the last Board which was appointed in 2012 lapsed. This is contrary to the provision of Section 79(1) of the Water Act, 2016 which requires a water services provider to have a board of directors constituted in accordance with the companies Act 2015 and nominated to serve on the board in accordance with the company's memorandum and articles of association.

In the absence of a Board of Directors, the Company lacks arrangements for policy direction and oversight of the Management activities and is also a breach of the law.

#### **5. Lack of Approved Budget**

In the year under audit, the Company realized revenue totalling Kshs.3,328,765 and incurred expenditure of Kshs.3,925,411 resulting to an operating deficit of Kshs.91,351 as reflected in the statement of profit or loss and other comprehensive income. However, the Company did not have an approved budget to form the basis for revenue collection and expenditure as required under Section 128(1) of the Water Act, 2016, which requires that three months before the commencement of each financial year, each body corporate established under this Act shall cause to be prepared estimates of the revenue and expenditure of the body corporate for that year.

In the absence of approved budget, the Company was in breach of law.

#### **6. Weaknesses in Human Resource Operations**

In the year under review, the Company incurred expenditure of Kshs.2,006,955 on staff costs as disclosed in Note 10(b) to the financial statements. However, review of the human resource documents and staff operations revealed the following anomalies:

- i. The Company did not have in place key human resource management policy documents such as; human resource manual, approved staff establishment structure, terms and conditions of service and salaries grading structure. It was therefore not possible to determine the basis for recruitment and remuneration of employees and how related decisions such, disciplinary matters and career progression were made.
- ii. The Company does not maintain personnel files for its staff, it was therefore not possible to ascertain how they were recruited, and if they were qualified for the positions held.
- iii. Salaries were paid in cash instead of cheques or bank transfers as provided for in the financial regulations. Further, salary advances were paid without evidence of formal requests and approvals.
- iv. Management team information on page vi shows that, the Commercial Manager was 73 years old. This is contrary to the provisions of Section D 21 of PSC Human Resource Policies and Procedures Manual for Public Service, 2016 which stipulates that all officers shall retire from service on attaining the mandatory retirement age of 60 years or 65 years for persons with disabilities.

In the circumstances, the Company is in breach of the law on human resources operations.

#### **7. Non-Compliance with National Hospital Insurance Fund (NHIF) Act, 2012**

Review of the payroll for the year revealed that the Company does not deduct and remit National Hospital Insurance Fund (NHIF) contributions from its employees. Further, no documents were provided to confirm that the Company is registered with the Fund. This

is a contravention of the provisions of Section 16(1) of the National Hospital Insurance Fund Act, 2012 which provides that an employer shall deduct from the salary or other remuneration of any person employed by him the amount of any standard contribution paid by him or to be paid by him and remit within one month of such deduction, on behalf of that person. Further, employees are disadvantaged since they cannot benefit from the medical bailout offered by NHIF.

Consequently, the Company was in breach of the law and may attract penalties for non-compliance.

#### **8. Non-Revenue Water**

In the year under review, the Company produced a total of 64,972 cubic meters(M<sup>3</sup>) of water out of which only 42,612 M<sup>3</sup> worth Kshs.3,328,765 was billed leaving the balance of 22,360 M<sup>3</sup> (or 34%) as Non-Revenue Water. The level of Non-Revenue Water is above the allowable threshold of 25% set by Water Services Regulatory Board (WASREB) and resulted in loss of revenue estimated at Kshs.1,746,719.

In the circumstances, Management failed to put in place appropriate measures to control Non-Revenue Water resulting to poor financial performance.

#### **9. Unapproved Water Tariff**

Review of the billing documents revealed that the Company has adopted three different water tariffs of Kshs.150, Kshs.60 and Kshs.50 per cubic meter in Mumbuni, Mulima and Mukindi zones respectively. However, the basis for the tariffs in use could not be established as the same had not been approved and gazzeted by the Water Services Regulatory Board.

In the circumstances, the regularity of the tariffs applied by the Company could not be determined.

#### **10. Failure to File Returns with the Registrar of Companies**

Background information indicates that the Company was established in 8 March, 2012 as a limited company under the Companies Act. However, no documents were provided to confirm that the Company has been filing annual returns with the Registrar of Companies as stipulated under Section 705(1) of the Companies Act, 2015.

In the circumstances, the Company is in breach of the law.

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Internal Audit Function and an Audit Committee of the Board**

The Company has not established an internal audit function and an Audit Committee of the Board. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the Company did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the Company was in breach of law

### **2. Lack of Risk Management Policy and Disaster Recovery Plan**

The Company Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations. In addition, the Company did not have in place a disaster recovery plan.

In the circumstances, the Company lacks blue print for identifying, preventing and mitigating against risks and disasters in case of unforeseen events.

### **3. Failure to Automate the Key Functions and Lack of Information Communication and Technology (ICT) Policy**

Review of Company's systems revealed the Company operates manual records for billing and collection of revenue. In addition, the other functions including accounting and finance, human resource management, project management, assets management and cash management were also not automated. Further, the Company lacks a comprehensive information communication technology (ICT) policy to ensure efficient and effective operations including investment and management of ICT assets.

In the circumstances, failure to automate the key functions and lack of ICT policy, exposes the Company to risk of errors in the records which may not be detected when they occur..

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of 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 (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless Management is aware of 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**08 September, 2022**

Mbooni Water and Sanitation Company Ltd  
 Annual Reports and Financial Statements  
 For the year ended June 30, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR  
 THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	kshs
<b>REVENUES</b>			
Revenue	5	3,328,765.00	817,321
Cost of Sales(Chemicals supplies)	6	85,505.00	41,920-
<b>GROSS PROFIT</b>		<b>3,243,260.00</b>	<b>775,401</b>
Grants from the County Government	7	-	488,342
Interest income	8	-	-
Other Income	9	590,800.00	-
<b>TOTAL REVENUES</b>		<b>3,834,060.00</b>	<b>1,263,763</b>
<b>OPERATING EXPENSES</b>			
Administration Costs	10a	3,925,411.00	1,607,827
Selling and Distribution Costs		-	-
Finance Costs		-	-
<b>TOTAL OPERATING EXPENSES</b>		<b>3,925,411.00</b>	<b>1,649,747</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(91,351.00)</b>	<b>(344,064)</b>
<b>INCOME TAX EXPENSE/(CREDIT)</b>			
<b>PROFIT/(LOSS) AFTER TAXATION</b>			

Mbooni Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the year ended June 30, 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		-	-
Intangible assets		-	-
Investment property		-	-
Prepaid operating lease rentals		-	-
Fixed interest investments (bonds)		-	-
<b>Total Non-Current Assets.</b>		-	
<b>Current Assets</b>			
Inventories			
Trade and other receivables	15	2,409,773.00	2,504,798
Short-term deposits			-
Bank and cash balances	16	57,144.00	118,858
			-
<b>Total Current Assets</b>		<b>2,466,917.00</b>	<b>2,623,656</b>
			-
<b>TOTAL ASSETS</b>		<b>2,466,917.00</b>	<b>2,623,656</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Retained earnings		-	-
Capital Grants		-	-
<b>Total Capital and Reserves</b>		-	-
			-
<b>Non-Current Liabilities</b>			
Borrowings			-
Deferred Grant			-
			-
<b>Total Non-Current Liabilities</b>			-
			-
<b>Current Liabilities</b>			
Borrowings		-	-
Trade and other payables	18	6,392,328.38	5,529,825.38
Retirement benefit obligations			-
Provision for leave pay		-	-
Dividends payable		-	-
<b>Total Current Liabilities</b>		<b>6,392,328.38</b>	<b>5,529,825.38</b>

Mbooni Water and Sanitation Company Ltd  
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TOTAL EQUITY AND LIABILITIES		6,392,328.38	5,529,825.38

The financial statements were approved by the Board on \_\_\_\_\_ 2021 and signed on its behalf by:

Director General/C.E.O/M.D/Head of Finance

Name: *S.K. Mung'ao*

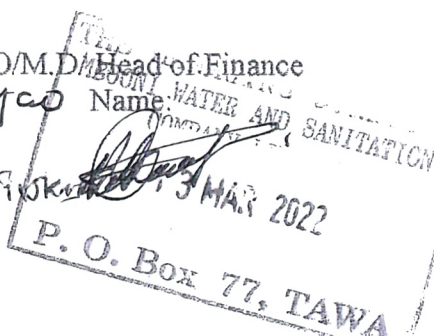
Name: ICPAK M/NO

Chairman of the Board

Name:

*ANTHONY MURIKI*

*AM*



**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Mbooni Water and Sanitation Company Ltd was established by and derives its authority and accountability from the Company's Act. After the new constitution came into effect, the company moved from County Council of Makueni to Government of Makueni County; The Company is wholly owned by the Government of Makueni County and is domiciled in Kenya. The company's principal activity is Water and Sanitation services.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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

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

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

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

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

- i) **Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

***IFRS 16: Leases***

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019(Continued)

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. The company did not have right-of-use assets or lease liabilities during the year.

*IFRIC 23: Uncertainty Over income tax treatments*

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

*Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)*

The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

*Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that a company applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

*Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017.*

The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019(Continued)

*Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when a company obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests

*Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the company originally recognised the transactions to which they are linked.

*Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

*Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)*

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an company to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the company re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

*IFRS 17 Insurance Contracts (Issued 18 May 2017)*

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

*Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2018- Applicable for annual periods beginning 1 January 2020)*

Together with the revised **Conceptual Framework** published in March 2018, the IASB also issued **Amendments to References to the Conceptual Framework in IFRS Standards**. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC-19, IFRIC-20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised **Conceptual Framework**. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised **Conceptual Framework**.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

- iii) Early adoption of standards

The company did not early – adopt any new or amended standards in year 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) **Revenue recognition**

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the *company* and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the *company's* activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the *company's* activities as described below.

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

b) **In-kind contributions**

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

c) **Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

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

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

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

Buildings and civil works	2.5% or the unexpired lease period	Pipeline and Extensions	-
	12.5%		
Plant and machinery	12.5%	Meter Testing Machine	12.5%
Motor vehicles, including motor cycles	25%	Water T. Equipment	12.5%
Computers and related equipment	30%		
Office equipment, furniture and fittings	12.5%		
Water Meters	20%		

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**e) Intangible assets**

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

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

Amortisation is calculated on the reducing balance basis over the estimated useful life of computer software.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment

loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the company, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

**h) Finance and operating leases**

Leases which confer substantially all the risks and rewards of ownership to the company are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

**i) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

**j) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts of recovery have been exhausted.

**k) Taxation**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the

reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred tax*

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**Mbooni Water and Sanitation Company Ltd**  
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Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority. The company did not have any tax liability during the year.

**l) 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 reporting period. 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.

**m) Borrowings**

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

**n) Trade and other payables**

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

**o) Retirement benefit obligations**

The company contributes to statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

**p) Provision for staff leave pay**

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

**q) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the company operates, Kenya Shillings.

**r) Budget information**

The original budget for FY 2020-2021 was approved by the Management on 19<sup>th</sup> August 2020. The company's budget and the income and expenditure are disclosed in the financial statements. The budget and the financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance.

**s) Service concession arrangements**

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

**t) Comparative figures**

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

**u) 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.

**4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could

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result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions**

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

**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:

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 14.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5 REVENUE**

	2020/2021	2019-2020
	Kshs	kshs
Revenue from water sale	3,328,765.00	817,321
Gross sales of services	-	-
Less: Value added tax on gross sales	-	-
<b>Total</b>	<b>3,328,765.00</b>	<b>817,321</b>

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6 COST OF SALES

	2020/2021	
	2020/2021	2019-2020
	Kshs	kshs
Cost of Sales(Chemicals supplies)	85,505.00	41,920
Cost of sales on services		-
<b>Total</b>	<b>85,505.00</b>	<b>41,920</b>

7 GRANTS FROM NATIONAL GOVERNMENT

	2020/2021		2019-2020	
	Kshs	kshs	Kshs	kshs
Reccurent grants received	-	-	-	-
Capital grants realized (see note below)	-	-	-	-
In Kind contributions/ donations	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Detailed analysis of grants received from the Government in the table below:

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 INTEREST INCOME

	2020/2021	2019-2020
Description	Kshs	kshs
Interest from commercial banks and financial institutions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

9 OTHER INCOME

	2020- 2021	2019-2020
Description	Kshs	kshs
Exhauster Services	-	-
Connection fees	-	-
Reconnection fees	-	-
Sale of Materials	-	-
Fines and penalties	-	-
Other miscellaneous receipts	-	-
Compensation from Road Works Contractor	590,800.00	-
<b>Total</b>	<b>590,800.00</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (a) ADMINISTRATION COSTS

	2020- 2021	2019-2020
Description	Kshs	kshs
Staff costs (note 2)	1,958,155.00	787,973
Directors' emoluments	-	-
Electricity and water	1,000.00	-
Electricity pump house	280,000.00	-
Fuel and oils	377,650.00	594,322
Chemical supplies	85,505.00	41,920
Communication services and supplies	10,905.00	3,850
Travelling & subsistence- Hospitality supplies and services, Daily Subsistence allowance and Transportation,	242,155.00	88,485

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travelling and subsistence		
Advertising, printing, stationery and photocopying	73,202.00	-
Rent expenses	-	-
Staff training expenses	-	-
Insurance costs	-	-
Bank charges and commissions	15,001.00	2,468
Office and general supplies and services	36,138.00	32,469
Auditors' remuneration	-	-
Consultancy fees	-	-
Repairs and maintenance	724,930.00	82,810
WASPA Annual Fees	35,000.00	-
Compulsory national social security Fund	48,800.00	-
Board Administration expenses	-	-
WSTF Project Administration Expenses	-	-
Security	-	-
<b>Other operating expenses</b>		
Motor vehicle maintenance	36,970.00	15,450
Warma fee		
Depreciation		
Provision for Bad & Doubtful Receivable		
Amortization of intangible assets		
<b>Total</b>	<b>3,925,411.00</b>	<b>1,649,747</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10(b) STAFF COSTS

Salaries and allowances of permanent employees	1,958,155.00	876,458
Wages of temporary employees	-	--
Compulsory national health insurance schemes	-	-
Compulsory national social security schemes& Pension	48,800.00	-
Seconded Staff county payment	-	-
Other pension contributions	-	-
Leave pay and gratuity provisions	-	-
Staff welfare& Uniforms- Employer	-	-
<b>Total</b>	<b>2,006,955.00</b>	<b>876,458</b>

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The average number of employees at the end of the year was:		
Temporary contracted employees	24	24
Government of Makueni County-Seconded Employees	5	5
<b>Total</b>	<b>29</b>	<b>29</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 SELLING AND DISTRIBUTION COSTS**

	2020- 2021	2019-2020
Description	Kshs	kshs
Inventory Issued	-	-
Tools and Consumables	-	-
Other selling and distribution costs	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**12 FINANCE COSTS**

	2020- 2021	2019-2020
Description	Kshs	kshs
Interest expense on loans	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 PROPERTY, PLANT AND EQUIPMENT

2020	Water Meters	Building & civil works	WTP, Lab Equipment & Tools	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Pipeline & Extensions	Meter Testing Machine	WSTP Tanks & Sanitation Block	Total
<b>COST OR VALUATION</b>	20%	2.5%	12.5%	25%	30%	12.5%	12.5%	12.5%	2.5%	
At July 1, 2020										
Additions										
At June 30, 2021										
<b>DEPRECIATION</b>										
At July 1, 2020										
Charge for the year										
At June 30, 2021										
<b>NET BOOK VALUE</b>										
At June 30, 2021										

Property, plant and equipment have not been valued. See appendix 2 list of Property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

2020	Water Meters	Buildings & civil works	WTP, Lab Equipment & Tools	Motor vehicles, including motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Pipeline & Extensions	Meter Testing Machine	WSTF Tanks & Sanitation Block	Total
<b>COST OR VALUATION</b>	20%	2.5%	12.5%	25%	30%	12.5%	12.5%	12.5%	2.5%	
At July 1, 2020										
Additions										
Transfers										
Disposals										
<b>At June 30, 2021</b>										
<b>DEPRECIATION</b>										
At July 1, 2020										
Charge for the year										
Impairment loss										
Eliminated on disposal										
<b>At June 30, 2021</b>										
<b>NET BOOK VALUE</b>										
At June 30, 2021										

Property, plant and equipment have not been valued. See appendix 2 for list of Property, plant and equipment.

15 TRADE AND OTHER RECEIVABLES

	2020-2021	2019-2020
	Kshs	kshs
Unpaid water bills	2,409,773	2,504,798

16 BANK AND CASH BALANCES

	2020-2021	2019-2020
	Kshs	kshs
Cash at bank	44,714.00	88,358.09

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Cash in hand	12,430.00	30,500
<b>Total</b>	<b>57,144.00</b>	<b>118,858.09</b>

*The cash at bank was held at Kenya Commercial Bank, the Company's banker.*

**17 BANK AND CASH BALANCES**

		2020-2021	2019-2020
		Kshs	kshs
<b>Current Accounts</b>			
Kenya commercial bank	1135156115	43,714.00	88,358.09
Kenya commercial bank	1172165912	1,000.00	
<b>Sub-total</b>		<b>44,714.00</b>	<b>88,358.09</b>
<b>b).(Others specify)</b>			
Cash in hand	12,430.00	12,430.00	30,500
<b>Sub-total</b>		<b>12,430.00</b>	
<b>Total</b>		<b>57,144.00</b>	<b>118,858.09</b>

*The cash at bank was held at Kenya Commercial Bank, the Company's banker.*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. TRADE AND OTHER PAYABLES**

	2020-2021	2019-2020
	Kshs	kshs
Trade payables-Supplier payables	147,428.00	147,428
Customer Deposits	109,000.00	42,000
Accrued expenses-salaries	3,642,625.00	3,315,475
Audit fees provision	182,318.00	-
Retention/ contract monies	-	-
Other payables-	2,310,957.38	1,837,522.38
customers credits	-	187,400
<b>Total</b>	<b>6,392,328.38</b>	<b>5,529,825.38</b>

The company has current liabilities of Kshs. **6,392,328.38**. which exceeded the current assets of Kshs. 2,466,917.00 resulting in a negative working capital of Kshs. **3,925,411.38**.The company is experiencing financial difficulties that has an impact on its sustainability.

## 19. RETIREMENT BENEFIT OBLIGATIONS

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

## 20 RELATED PARTY DISCLOSURES

### (a) County Government of Makueni

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

Other related parties include:

- i) The Parent Ministry;
- ii) Water Sector Trust Fund
- iii) Water Resources Authority
- iv) Water Services Regulatory Board
- v) Tana Water Works Development Agency
- vi) Key management;
- vii) Board of directors;

## 20. RELATED PARTY DISCLOSURES (Continued)

### Transactions with related parties

	2020- 2021	2019-2020
	Kshs	Kshs
<b>a) Grants from the Government</b>		
Grants from National Government (WSTF)	0	
Grants from County Government	0	488,342
Donations in kind	0	
<b>Total</b>	<b>0</b>	<b>488,342</b>
<b>b) Expenses incurred on behalf of related party</b>		
Due to Water Resources Authority	0	0
Due to Tana Water Works Development Agency	0	0
Due to Water Services Regulatory Board	0	0

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Total	0	0
	=====	=====
<b>c) Key management compensation</b>		
Compensation to key management	0	0
<b>Total</b>	<b>0</b>	<b>488,342</b>
	=====	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**21. FINANCIAL RISK MANAGEMENT**

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

The company's financial risk management objectives and policies are detailed below:

**iii) Credit risk**

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

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

The carrying amount of financial assets recorded in the financial statements representing the company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

**iv) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the company's directors, who have built an appropriate liquidity risk management framework for the management of

the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**iii).Capital Risk Management**

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

**22. INCOPORATION**

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

**23. EVENTS AFTER THE REPORTING PERIOD**

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

**24. CURRENCY**

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

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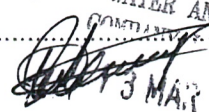
**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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)

Managing Manager

Date.....

THE MANAGING DIRECTOR  
 MBOONI WATER AND SANITATION COMPANY LTD  
  
 3 MAR 2022  
 P. O. Box 77, TAWA

Chairman of the Board

Date.....

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APPENDIX 2: LIST OF PROPERTY, PLANT AND EQUIPMENT.

<u>MBOONI WATER AND SANITATION COMPANY LIMITED</u>							
<u>ASSET REGISTER</u>							
<u>FY – 2019/2020.</u>							
DATE OF ACQUISITION	NAME OF ASSET	IDENTIFICATION NUMBER	NO. OF ITEMS	LOCATION OF ASSET	UNIT COST	TOTAL COST	STATUS
	(A). MBUMBUNI						
	1. Mbumbuni: OFFICE FURNITURE & EQUIPMENT AND BUILDINGS.						
2012	Chairs – 9 no. (ordinary chairs)		9NO	Mbumbuni Office		12,000	good
	Leather chairs with arms		5NO	Mbumbuni Office			good
	Ordinary chairs with arms		4NO	Mbumbuni Office			good
	Tables		8NO	Mbumbuni Office		40,000	good
	Senior executive chairs		2NO	Mbumbuni Office			
	Steel file cabinet		4NO	Mbumbuni Office		20,000	good

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Wooden cabinet		1NO	Mbumbuni Office	12,000	good
Dell laptop		1NO	Mbumbuni Office	50,000	Good
Air van		1NO	Mbumbuni Office		good
Coat hanger		1NO	Mbumbuni Office		Un serviceable
HP laser jet printer	p2015d	1NO	Mbumbuni Office	80,000	Good
Desk top with monitor, mouse and key board		1NO	Mbumbuni Office		serviceable
Paper punch		1NO	Mbumbuni Office		Good
stapler		1NO	Mbumbuni Office		Good
Managing Directors stamp		1NO	Mbumbuni Office		In use
Mbooni water & sanitation co. stamp		2NO	Mbumbuni Office		In use
Company seal		1NO	Mbumbuni Office		Good
Uni hut		1NO	Mbumbuni Office		In use
Mini hut		1NO	Mbumbuni Office		In use
Pit latrine (two doors)		1NO	Mbumbuni Office		In use
Company office block		1NO	Mbumbuni Office		In use
Car park		1NO	Mbumbuni Office		In use
Bicycle		1NO	Mbumbuni Office		Un serviceable
Die stock		1NO	Mbumbuni Office		Un serviceable
Tripod vice 1no.		1NO	Mbumbuni Office		Good
Pipe wrench		1NO	Kinze		Serviceable

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	48"						
	Pipe wrench 24"		1NO	Mbumbuni			Serviceable
	Dewatering pump -		2no.	Mbumbuni Office			
	Weighing machine – (scale) -1No.		1NO	Mbumbuni Office			Serviceable
	Steel cabinet	KIWASH DONATION.	1NO	Mbumbuni			In use
	Wall steel cabinet	KIWASH DONATION.	1NO	Mbumbuni			In use
	Office table with drawers	KIWASH DONATION.	1NO	Mbumbuni			In use
	Round table	KIWASH DONATION.	1NO	Mbumbuni			In use
	Office chair- fabric	KIWASH DONATION.	1NO	Mbumbuni			In use
	Visitors chair- leather	KIWASH DONATION.	1NO	Mbumbuni			In use
	Micro kid drip - 1250m		1NO	Mbumbuni Office			Good
	Motor bikes 17CG 210A- County		1NO	Mukundi			Serviceable
	Motor bike KMCN721K- Company		1NO	Mulima			Serviceable
	Motor bikes 17CG 175A- County		1NO	Mbumbuni			Serviceable
	<b>2. OFFICE FURNITURE &amp; EQUIPMENT- Kinze.</b>						
	Office table		1NO	Kinze Dam			In use
	Bicycle		2NO	Kinze Dam			Unservice able
	<b>3.PUMPING STATIONS- KINZE</b>						
	Pump house		3NO	Kinze Dam			-In use -2N in one

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						block
	Double block houses grade 9		1NO	Kinze dam		In use
	Land (plot no 355)		-	Kinze dam		In use
	Land		25mx24m	mbumbuni		In use
	Pit latrines		1mx2m	Kinze dam		In use
	<b>4.WATER KIOSKS ( MBUMBUNI)</b>					
	Water kiosks		10No.	Mbumbuni		2No in use
	Water kiosk -		2NO	Ngaa		1No in use
			1NO	Nduuni		Not serviceable
	<b>5.PLANT AND MACHINERY-KINZE</b>					
1980	Lister engineHR3		1NO	KINZE DAM		Not serviceable
1980	KSB pump ( 3 impellers) Centrifugal pump		1NO	KINZE DAM		Not serviceable
1980	Lister engine TS3		1NO	KINZE DAM		Not serviceable- In pieces
	Lister engineTR3		1NO	KINZE DAM		Not serviceable- In pieces
1980	Capirari multistage pump (7 impellers)		1NO	KINZE DAM		Not serviceable
1980	Lister engine 6.1 kw TR1		1NO	KINZE DAM		Not serviceable
1980	Submersible		1NO	KINZE		Not

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	pump			DAM			serviceable
1980	Multistage pump d46-30x6 brake power		1NO	KINZE DAM			Not serviceable
2013	Three phase induction motor		1NO	KINZE DAM			serviceable
2013	Control panel -37 kw		1NO	KINZE DAM			serviceable
	Kinze bore hole pump house	12'x 15'	1NO	KINZE DAM			In use
	pump						
	Lister engine-no. 10550	no. 10550	1NO	KINZE DAM			In use
	Alternator no. A10057129	no. A10057129	1NO	KINZE DAM			In use
	Control panel & main switch			KINZE DAM			In use
	Borehole fence (chain link) & steel gate			KINZE DAM			In use
2017/2018	Potise generator 3 phase 100KW.	County	1No.	KINZE DAM	1,189,950		In use
2017/2018	Change over.	County	1No.	KINZE DAM			In use
2017/2018	37KW motor -(wake).	2900rpm, S/No.128623 97 Kiwash	1No.	KINZE DAM			Not serviceable
2017/2018	Centrifugal pump (wake) KSB KWL37 KW.	50/7, S/No.15-4850 6-05/1 Kiwash	1No.	KINZE DAM			In use
2017/2018	Control panel 415v.	Kiwash	1No.	KINZE DAM			In use
	<b>6. GENERATOR &amp; WELDING MACHINE.</b>						
2000	PE welding machine		1No.	Mbumbuni Office			In use

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2000	Generator Honda 5.0 hp	1NO	Mbumbuni Office				In use
	<b>7.WATER TANKS ( MBUMBUNI)</b>						
1990	Masonry tank 25m <sup>3</sup>	1NO	Kyang'ond u				In use
1980	Masonry tank 100m <sup>3</sup>	1NO	Mbumbuni				In use
1980	Masonry sump tank 30m <sup>3</sup>	1NO	kinze				In use
2011	150 m <sup>3</sup> masonry sump tank/Clear water tank	1NO	kinze				In use
1980	Elevated steel tank 50m <sup>3</sup>	1NO	MBUMBUNI				In use but corroded
2006	Masonry composite filter 10m <sup>3</sup> /hr.	1NO	KINZE		2,000,000		In use
2009	Plastic ken tank 10m <sup>3</sup>	1NO	KWA KALENGA	80,000	80,000		In use
2009	Plastic ken tank 10m <sup>3</sup>	2NO	MBUMBUNI	80,000	160,000		1No-In use 1No-not serviceable
	Plastic ken tank 10m <sup>3</sup>	1NO	Usalala	80,000	80,000		1No
	Plastic ken tank 10m <sup>3</sup>	1NO	Kithongo	80,000	80,000		1No
1980	Metallic clear water sump 10m <sup>3</sup>	2NO	KINZE				Not serviceable
2009	Oxfam water tank 50m <sup>3</sup>	1NO	NDUUNI				Not serviceable
		1NO	Ngaa				Serviceable
	Plastic ken tank 16m <sup>3</sup>	1NO	Office				Not in use but serviceable
	<b>8.EARTH DAMS</b>						
	Kinze earth dam		Kinze				In use
	<b>9.PIPING SYSTEM (</b>						

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	<b>MBUMBUNI)</b>						
2000	P.E 4"- diameter pipeline		3km	mbumbuni			In use
2006	3"- diameter UPVC pipeline		2.6KM	Mbumbuni			In use
2006	3"- diameter UPVC pipeline		800M	Mbumbuni			In use
2006	3"- diameter UPVC & G.I pipeline		3km	Mbumbuni			In use
2006	3" & 2" diameter UPVC pipes		2km	Mbumbuni			In use
2006	2" & 1.5" diameter UPVC pipeline		3KM	Mbumbuni			In use
2000	63mm diameter PE pipeline		1.2km	Mbumbuni			Not In use
2006	1.5 " diameter UPVC pipeline		2.7km	Mbumbuni			In use
2006	2" diameter pipes UPVC pipeline		2km	Mbumbuni			In use
2006	2" & 1.5" diameter UPVC pipeline		2KM	Mbumbuni			In use
2006	2" diameter pipes UPVC pipeline		7km	Mbumbuni			In use
2000	110mm diameter pipeline		810m	Mbumbuni			In use
2006	3"- diameter UPVC & G.I pipeline		270	Mbumbuni			In use
	<b>(B). MULIMA</b>						
	<b>1. OFFICE FURNITURE &amp; EQUIPMENT- TULIMANI OFFICE:</b>						
	Ordinary Chairs		6NO	Tulimani office		12,000	Good
	Wooden tables		5NO	Tulimani		30,000	GOOD

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	Bench		2NO	office Tulimani office		2,000	good
	Wooden cupboard		2NO	Tulimani office		36,000	Good
	Tripod vice.		1NO	Tulimani office			In use
	Die stock		1NO	Tulimani office			Un serviceable
1980	Uni huts		2NO	Tulimani office			In use
	Type writer		1NO	Tulimani office		10,000	Un serviceable
	Pipe wrench 36"		1NO	Mulima			Serviceable
	<b>2. PUMPING STATIONS-INTAKE AND NGETHA.</b>						
	Land (plot no.LR 885)		-	TULIMANI-Where			In use
	Pump house		0.12 Hectares	Ngetha			In use
1980	Main control chamber house -1no.		1NO	Mulima earth dam			In use
	<b>3.PLANT AND MACHINERY-MULIMA</b>						
1980	Three stroke diesel lister engine		2NO	TULIMANI Ngetha pumping station			Not In use
1980	Centrifugal pump		1NO 2No handed over	TULIMANI Ngetha pumping station			Not In use
1980	Lister engine (Tawa bore hole)- gen set	-Lister engine TR3 A08 NO. 07022394-1no -Generator A1055801 part no. 064	1NO	Tawa-In Tulimani Office			Not In use

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		430841001				
	<b>4.WATER KIOSKS ( MULIMA)</b>					
1980	Water kiosks		21NO	TULIMANI		5No-serviceable. 16-unserviceable.
	<b>5.WATER TANKS ( MULIMA)</b>					
1980	Masonry 100m <sup>3</sup>		5NO	TULIMANI		In use
1980	Masonry 50m <sup>3</sup>		8NO	TULIMANI		In use
1980	Masonry 25m <sup>3</sup>		12NO	TULIMANI		In use
	<b>6.PIPING SYSTEM ( MULIMA)</b>					
1980	8" diameter G.I & UPVC pipelines	N/A	14km	Tulimani		In use
1980	6" diameter G.I & UPVC pipelines	N/A	10km	Tulimani		In use
1980	5" diameter G.I & UPVC pipelines	N/A	6km	Tulimani		In use
1980	4" diameter G.I & UPVC pipelines	N/A	11km	Tulimani		In use
1980	3" diameter G.I & UPVC pipelines	N/A	14km	Tulimani		In use in some areas.
1980	2.5" diameter G.I & UPVC	N/A	4km	Tulimani		In use in some areas.

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	pipelines					
1980	2" diameter G.I & UPVC pipelines	N/A	22km	Tulimani		In use in some areas.
1980	1.5" diameter G.I & UPVC pipelines	N/A	60.5k m	Tulimani		In use in some areas.
1980	1¼" diameter G.I & UPVC pipelines	N/A	9.5km	Tulimani		In use in some areas.
1980	1" diameter G.I & UPVC pipes	N/A	1km	Tulimani		In use in some areas.
	<b>7.EARTH DAMS</b>					
1980	Mulima earth dam			Mulima		In use
	<b>(C). MUKUNDI.</b>					
	<b>1.INTAKE MUKUNDI</b>					
	Intake Chamber		1NO	Mukundi		In use
	<b>2.WATER TANKS (MUKUNDI)</b>					
	100m <sup>3</sup> Masonry tank.		1NO			In use
	5 m <sup>3</sup> Plastic tank.		1NO			Not in use
	<b>3.PIPING SYSTEM (MUKUNDI)</b>					
	4" diameter G.I & UPVC pipelines	N/A	1.4km	Mukundi		In use
	3" diameter	N/A	1.4km	Mukundi		In use

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	G.I & UPVC pipelines					
	2.5" diameter G.I & UPVC pipelines	N/A	7km	Mukundi		In use
	2" diameter G.I & UPVC pipelines	N/A	3km	Mukundi		Not in use
	1.5" diameter G.I & UPVC pipelines	N/A	1.5km	Mukundi		In use
	<sup>3</sup> / <sub>4</sub> " diameter G.I & UPVC pipes	N/A	1.5	Mukundi		In use

Managing Director

Date.....

THE DIRECTOR GENERAL OF WATER AND SANITATION  
 3 MAR 2022  
 P. O. Box 77, TAWA

Chairman of the Board

Date.....

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APPENDIX 3:LIST OF CREDITORS.

S/No.	Name of creditor.	Amount owed.	Remarks
1.	Jarmerc Distributors	64,728.00	
2.	Whispers holdings	48,000.00	
3.	Joyland Villa	34,700.00	
4.	Wasreb	300,240.00	
5.	WRA	225,217.00	
6.	customer deposits	109,000.00	
7.	Nssf	340,060.00	
8.	Tanathi	1,179,671.38	
9.	WASPA	45,000.00	
10.	KPLC	220,769.00	
11.	Staff Salaries	3,642,625.00	
12.	Audit fees provision	182,318.00	
	<b>Total</b>	<b>6,392,328.38</b>	

Managing Director

Date.....

THE MANAGING DIRECTOR  
 MBOONI WATER AND SANITATION  
 COMPANY LIMITED  
 13 MAR 2022  
 P. O. Box 77, TAYBA

Chairman of the Board

Date.....