

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KERICHO COUNTY ALCOHOLIC DRINKS
CONTROL FUND**

**FOR THE YEAR ENDED
30 JUNE, 2017**

PAPERS LAID	
DATE	09/03/2022
TABLED BY	SNL
COMMITTEE	—
CLERK AT THE TABLE	CHEROP C.





COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENTS FOR
KERICHO COUNTY ALCOHOLIC DRINKS FUND
FOR THE PERIOD ENDED
30.06.2017

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



I. FOREWORD

This is the County Government of Kericho end of FY report as at 30th Jun 2017 for the Kericho County Alcoholic Drinks Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds on local collections and transfers in relation to liquor licensing.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that “A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly” The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

The guiding legislation is the Kericho County Alcoholic Drinks Fund, 2014 which was assented to on 29 April 2014 and commenced on 16th May, 2014. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is Meet capital and recurrent expenditure in carrying out operations of Alcoholic Drinks section under the department of trade.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.

CHALLENGES, WAY FORWARD AND CONCLUSION

Key challenges

The following key challenges were noted during the quarter.

- a) Lack of payments for liquor licensing
- b) Enforcement of collections by the security arm of the national government.

Way Forward

The County Treasury considers the following suggestions as a way forward for challenges faced to speed up liquor licensing process

- a) Timely collections and public participation to target groups
- b) Proper and timely training before implementation of Acts and related legislations.
- c) Consultative process in budget making process for timely conclusion of the budget cycle.

Conclusion

The collection of licences of the 2016-2017 financial cycles will be greatly determined by the enforcement of the same by the security arm of the national government. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai

**County Executive Committee Member- Finance and Economic Planning and
Head of County Treasury**

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 166 of the PFM Act requires that an Accounting Officer for a County Government entity prepares a report for each quarter of the financial year in respect of the entity. The County Executive Committee (CEC) member for finance being the head of the County Treasury is responsible for the preparation and presentation of the County Government of Kericho financial statements, which give a true and fair view of the state of affairs of the County Government of Kericho for and as at the end of the quarter ended on 30.06.2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government of Kericho; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government of Kericho financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that this report gives a true and fair view of the state of the County Government's transactions during the quarter ended 30.06.2017, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

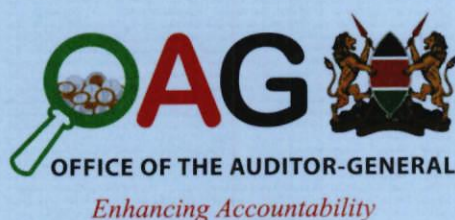
The County Government's financial statements were approved and signed by the CEC member for finance on 10.07.2017.



County Executive Committee member – Finance and Economic Planning

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kericho County Alcoholic Drinks Control Fund set out on pages 5 to 7, which comprise the statement of financial assets as at 30 June, 2017, statement of receipts and payments for the year then ended, and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation of Financial Statements

A review of the financial statements for the year ended 30 June, 2017 revealed the following anomalies contrary to the International Public Sector Accounting Standards (IPSAS) No. 1 and prescribed format by the Public Sector Accounting Standard Board (PSASB): -

- 1.1** Financial statements were prepared on Cash Basis as opposed to Accrual Basis of accounting.
- 1.2** The following statements and reports were not prepared and included in the financial statements
 - i) The statement of financial performance and statement of financial performance
 - ii) The statement of changes in net assets
 - iii) Statement cash flows
 - iv) Statement of comparison of budget and actual amounts

- v) A summary of significant accounting policies
- vi) Statement of performance against County entity's predetermined objectives
- vii) The Management committee
- viii) Key entity information and management
- ix) Report of the Fund administrator
- x) Board chairperson's report
- xi) Corporate governance statement
- xii) Corporate social responsibility statement/sustainability reporting
- xiii) Report of the Management
- xiv) Statement of Management's responsibilities

Consequently, the financial statements do not conform to the reporting requirements prescribed by the Public Sector Accounting Standards Board. In addition, the accuracy, validity and completeness of the financial statements could not be confirmed for the year ended 30 June, 2017.

2. Cash and Cash Equivalents

The Fund's statement of financial assets reflects a bank balance as at 30 June, 2017 of Kshs.5,401,390. However, cashbooks, bank reconciliation statements and bank confirmation certificates were not provided for audit verification.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.5,401,390 as at 30 June, 2017 could not be confirmed.

3. Unsupported Deposits from the Clients

As disclosed in Note 1 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2017 reflects deposits from the clients of Kshs.8,512,150 for the year under review. However, supporting documents including ledgers, schedules, invoices and receipts were not provided for audit verification.

Under the circumstances, the accuracy and completeness of licensing fees of Kshs.8,512,150 for the year ended 30 June, 2017 could not be confirmed.

4. Use of Goods and Services

The Fund's statement of receipts and payments reflects Kshs.3,007,600 on use of goods and services. However, a review of documents revealed the following anomalies;

- 4.1 Supporting documents for the Kshs.3,007,600 including ledgers, schedules and payment vouchers were not provided for audit.
- 4.2 The comparative use of goods and services balance of Kshs.775,000 differs with a nil balance reflected in the audited financial statements for the year ended 30 June, 2016 resulting to an unexplained variance of Kshs.775,000.

- 4.3 The comparative Fund administration expenses of nil balance differs with Kshs.1,908,050 balance reflected in the audited financial statements for the year ended 30 June, 2016 resulting to an unexplained variance of Kshs.1,908,050.
- 4.4 The comparative transfer to County revenue Fund of nil balance differs with the balance of Kshs.10,670,660 reflected in the audited financial statements for the year ended 30 June, 2016 resulting to an unexplained variance of Kshs.Kshs.10,670,660.
- 4.5 The comparative surplus of Kshs.26,900 differs with the Kshs.33,940 in the audited financial statements for the year ended 30 June, 2016 resulting to an unexplained variance of Kshs.Kshs.7,040.

Consequently, the accuracy of the use of goods and services balance of Kshs.3,007,600 for the year ended 30 June, 2017 could not be confirmed.

5. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2017 were submitted for audit on 3 March, 2020. This was contrary to Section 167(3) of the Public Finance Management Act, 2012 which requires that financial statements for a public county fund be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

Consequently, the Fund's Management breached the law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Funds ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund 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, 2017.

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 manner.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kericho County Alcoholic Drinks Control Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

COUNTY GOVERNMENT OF KERICHO**Financial Statement****As at 30st Jun 2017**

1. KERICHO COUNTY ALCOHOLIC DRINKD FUND**I. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-17	2015-16
		Kshs	Kshs
RECEIPTS			
Deposits from the Clients	1	8,512,150.00	12,601,000.00
Unspent funds	2	26,900.00	11,870.00
TOTAL RECEIPTS		8,539,050.00	12,612,870.00
PAYMENTS			
Use of goods and services		3,007,600.00	775,000.00
Reversed payments		125,000.00	
Other Payments (Bank Charges)	3	5,060.00	220.00
TOTAL PAYMENTS		3,137,660.00	12,585,970.00
SURPLUS/DEFICIT		5,401,390.00	26,900.00

II. STATEMENT OF FINANCIAL ASSETS

	Note	2016-17	2015-16
FINANCIAL ASSETS		Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	4	5,401,390.00	26,900.00
TOTAL FINANCIAL ASSETS		5,401,390.00	26,900.00
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions			
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd			
Surplus/Deficit for the quarter		5,401,390.00	26,900.00

COUNTY GOVERNMENT OF KERICHO

Financial Statement

As at 30st Jun 2017

NOTES TO THE FINANCIAL STATEMENTS

1-DIRECT DEPOSITS

During the close of the Financial Year a total of 8,512,150.00 was deposited to our Account for liquor licensing as evidenced in Annex 1

2 -OPENING BALANCES

At the beginning of the financial year the opening balance was Ksh 26,900 as seen in the attached documents in Annex I

3-BANK CHARGES

A total of Ksh 5,060.00 was incurred as bank charges as at the end of the FY as evidenced in Annex 1

4-CASH AND CASH EQUIVALENTS

This means therefore that the balance as at end of FY is Ksh 5,401,390.00 .



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To,

KERICHO COUNTY ALCOHOL DRINKS
FUND
P.O.BOX 112
KERICHO
KE
20200

Branch ID : 028
Customer Name : KERICHO COUNTY ALCOHOL DRINKS
FUND
Product Name : CAA
Currency : KES

Account Statement 0280263621889

Statement Period (From 01-07-2016 To 30-06-2017)

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
05-07-2016	05-07-2016	WNFRED KHAKAI T- BY /618714783440/05-07-2016 12:58		1,000.00	27,900.00
08-07-2016	08-07-2016	SMART WINE & SPIRIT		1,000.00	28,900.00
12-07-2016	12-07-2016	WNFRED KHAKAI T- BY /619414761591/12-07-2016 15:22		1,000.00	29,900.00
13-07-2016	13-07-2016	MKULIMA HARDWART- BY /619513967333/13-07-2016 15:45		1,000.00	30,900.00
14-07-2016	14-07-2016	SAMBA WINE & SPIRIT		1,000.00	31,900.00
15-07-2016	15-07-2016	MKULIMA HARDWART- BY /619713180895/15-07-2016 12:04		1,000.00	32,900.00
15-07-2016	15-07-2016	INKAS MAKUTI BAR & REST		25,000.00	57,900.00
19-07-2016	19-07-2016	MACHORWA BAR		30,000.00	87,900.00
20-07-2016	20-07-2016	CHEROTICH KOECH		15,000.00	102,900.00
21-07-2016	21-07-2016	HAVANNAS BAR		9,000.00	111,900.00
25-07-2016	25-07-2016	MARY NYAMBURA		15,000.00	126,900.00
26-07-2016	26-07-2016	MKULIMA HARDWART- BY /620814370173/26-07-2016 14:00		15,000.00	141,900.00
27-07-2016	27-07-2016	BROOK WINES AND SPIRIT		1,000.00	142,900.00
28-07-2016	28-07-2016	TRIPOLI SENATOR KEG		1,000.00	143,900.00
28-07-2016	28-07-2016	WINE AND SPIRIT -CHARLES		1,000.00	144,900.00
29-07-2016	29-07-2016	JOSEPH MWANGI		1,000.00	145,900.00
02-08-2016	02-08-2016	MARGRET KIKWAI		1,000.00	146,900.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

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EQUITY BANK (KENYA) LTD.
KERICHO BRANCH
CERTIFIED TRUE COPY
OF THE ORIGINAL.

Sign: *[Signature]* Date: 19/7/2016



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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
26-09-2016	26-09-2016	JARED KIPLANGAT SANG		1,000.00	328,400.00
26-09-2016	26-09-2016	MKULIMA HARDWART- BY:/627014327613/26-09-2016 13:07		1,000.00	329,400.00
03-10-2016	03-10-2016	PATRICK KIMANI T-BY:/627713404824/03-10-2016 13:35		20,000.00	349,400.00
04-10-2016	04-10-2016	BRILLIANT WINES & SPIRITS		1,000.00	350,400.00
06-10-2016	06-10-2016	MKULIMA HARDWART- BY:/628013865165/06-10-2016 10:46		15,000.00	365,400.00
07-10-2016	07-10-2016	SAPTET GARDENS		1,000.00	366,400.00
10-10-2016	10-10-2016	MKULIMA HARDWART- BY:/628413422018/10-10-2016 12:35		1,000.00	367,400.00
10-10-2016	10-10-2016	MKULIMA HARDWART- BY:/628414250453/10-10-2016 12:39		1,000.00	368,400.00
10-10-2016	10-10-2016	MKULIMA HARDWART- BY:/628414251191/10-10-2016 12:43		1,000.00	369,400.00
10-10-2016	10-10-2016	MKULIMA HARDWART- BY:/628413428139/10-10-2016 13:06		1,000.00	370,400.00
10-10-2016	10-10-2016	MKULIMA HARDWART- BY:/628414256289/10-10-2016 13:08		1,000.00	371,400.00
10-10-2016	10-10-2016	Interim statement printing charges	330.00		371,070.00
17-10-2016	17-10-2016	MKULIMA HARDWART- BY:/629113325851/17-10-2016 10:23		1,000.00	372,070.00
18-10-2016	18-10-2016	BERNARD S KIPTOT- BY:/629213502543/18-10-2016 13:36		7,000.00	379,070.00
19-10-2016	19-10-2016	COUNTY GARDENS		1,000.00	380,070.00
19-10-2016	19-10-2016	PARADISE BAR		1,000.00	381,070.00
19-10-2016	19-10-2016	SUNDOWNER BAR		1,000.00	382,070.00
19-10-2016	19-10-2016	SILENT BAR		5,000.00	387,070.00
21-10-2016	21-10-2016	MKULIMA HARDWART- BY:/629514532722/21-10-2016 10:10		1,000.00	388,070.00
21-10-2016	21-10-2016	BRILLIANT WINES & SPIRITS		1,000.00	389,070.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
24-10-2016	24-10-2016	MKULIMA HARDWART- BY:/629814809454/24-10-2016 09:55		1,000.00	406,070.00
24-10-2016	24-10-2016	MKULIMA HARDWART- BY:/629813187074/24-10-2016 11:41		1,000.00	407,070.00
24-10-2016	24-10-2016	WINFRED KHAKAI T- BY:/629813220800/24-10-2016 14:55		1,000.00	408,070.00
25-10-2016	25-10-2016	FANCY CHEPNGETIT- BY:/629913304704/25-10-2016 09:33		1,000.00	409,070.00
25-10-2016	25-10-2016	TESTAI BAR		5,000.00	414,070.00
25-10-2016	25-10-2016	MKULIMA HARDWART- BY:/629914945734/25-10-2016 11:40		1,000.00	415,070.00
25-10-2016	25-10-2016	MKULIMA HARDWART- BY:/629914955907/25-10-2016 12:51		1,000.00	416,070.00
25-10-2016	25-10-2016	MKULIMA HARDWART- BY:/629914956158/25-10-2016 12:53		1,000.00	417,070.00
25-10-2016	25-10-2016	MKULIMA HARDWART- BY:/629913340085/25-10-2016 12:55		1,000.00	418,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630013445034/26-10-2016 09:46		1,000.00	419,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630013445621/26-10-2016 09:49		1,000.00	420,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630013448699/26-10-2016 10:07		1,000.00	421,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630014054715/26-10-2016 10:45		1,000.00	422,070.00
26-10-2016	26-10-2016	WINFRED KHAKAI T- BY:/630013462804/26-10-2016 11:27		1,000.00	423,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630013466796/26-10-2016 11:50		1,000.00	424,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630014065195/26-10-2016 11:57		1,000.00	425,070.00
26-10-2016	26-10-2016	MKULIMA HARDWART- BY:/630014066399/26-10-2016 12:05		1,000.00	426,070.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

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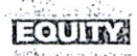
Account No. : 0280263621889

Customer Name : KERICO COUNTY ALCOHOL DRINKS FUND

TranDate	Value Date	Tran Particulars	Debit	Credit	Balance
27-10-2016	27-10-2016	BONIFACE CCHERUIYOT		1,000.00	447,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630114172918/27-10-2016 10:47		1,000.00	448,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630113599614/27-10-2016 11:15		1,000.00	449,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630114179247/27-10-2016 11:30		1,000.00	450,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630114181787/27-10-2016 11:48		1,000.00	451,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630114182032/27-10-2016 11:49		1,000.00	452,570.00
27-10-2016	27-10-2016	WINFRED KHAKAI T- BY:/630113611203/27-10-2016 12:23		1,000.00	453,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630114190533/27-10-2016 12:50		1,000.00	454,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630113632802/27-10-2016 14:38		1,000.00	455,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630113633248/27-10-2016 14:41		1,000.00	456,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630113633890/27-10-2016 14:45		1,000.00	457,570.00
27-10-2016	27-10-2016	MKULIMA HARDWART- BY:/630113637298/27-10-2016 15:05		1,000.00	458,570.00
27-10-2016	27-10-2016	WINFRED KHAKAI T- BY:/630113653359/27-10-2016 16:36		1,000.00	459,570.00
28-10-2016	28-10-2016	MKULIMA HARDWART- BY:/630213716173/28-10-2016 09:16		1,000.00	460,570.00
28-10-2016	28-10-2016	MKULIMA HARDWART- BY:/630214291520/28-10-2016 10:57		1,000.00	461,570.00
28-10-2016	28-10-2016	MKULIMA HARDWART- BY:/630213740847/28-10-2016 11:40		1,000.00	462,570.00
28-10-2016	28-10-2016	MKULIMA HARDWART- BY:/630213741663/28-10-2016 11:44		1,000.00	463,570.00

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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
03-11-2016	03-11-2016	MKULIMA HARDWART- BY /630814047282/03-11-2016 14:57		1,000.00	480,570.00
03-11-2016	03-11-2016	MKULIMA HARDWART- BY /630813627115/03-11-2016 15:43		6,000.00	486,570.00
04-11-2016	04-11-2016	MKULIMA HARDWART- BY /630913725082/04-11-2016 10:54		1,000.00	487,570.00
07-11-2016	07-11-2016	MKULIMA HARDWART- BY /631213179785/07-11-2016 11:08		1,000.00	488,570.00
07-11-2016	07-11-2016	MKULIMA HARDWART- BY /631213184846/07-11-2016 11:27		1,000.00	489,570.00
07-11-2016	07-11-2016	MKULIMA HARDWART- BY /631213205557/07-11-2016 12:49		1,000.00	490,570
08-11-2016	08-11-2016	MKULIMA HARDWART- BY /631313335172/08-11-2016 09:09		1,000.00	491,570.00
08-11-2016	08-11-2016	MKULIMA HARDWART- BY /631313335492/08-11-2016 09:11		1,000.00	492,570.00
08-11-2016	08-11-2016	MKULIMA HARDWART- BY /631314725182/08-11-2016 16:26		1,000.00	493,570.00
08-11-2016	08-11-2016	MKULIMA HARDWART- BY /631314725681/08-11-2016 16:29		1,000.00	494,570.00
09-11-2016	09-11-2016	MKULIMA HARDWART- BY /631413510085/09-11-2016 09:59		1,000.00	495,570.00
09-11-2016	09-11-2016	MKULIMA HARDWART- BY /631414808943/09-11-2016 11:04		1,000.00	496,570.00
09-11-2016	09-11-2016	MKULIMA HARDWART- BY /631414815937/09-11-2016 11:57		1,000.00	497,570.00
09-11-2016	09-11-2016	MKULIMA HARDWART- BY /631414816816/09-11-2016 12:02		1,000.00	498,570
09-11-2016	09-11-2016	MKULIMA HARDWART- BY /631414849035/09-11-2016 15:32		1,000.00	499,570.00
11-11-2016	11-11-2016	MKULIMA HARDWART- BY /631613858592/11-11-2016 12:42		1,000.00	500,570.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.

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HEAD OFFICE: P.O. Box 75104 - 00299 Nairobi Tel: 020-2242000 Fax: 3737275, Mpesa: 0711 026500 0732 112900. Email: info@equitybank.co.ke Website: www.equitybank.co.ke

Account No.: 0280263621889

Customer Name: KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
06-01-2017	06-01-2017	BURETI PHARMACET- BY:IMMACULATE/70061354105/06-01-		2,000.00	663,120.00
06-01-2017	06-01-2017	MKULIMA HARDWART- BY:/700614856193/06-01-2017 16:52		1,000.00	664,120.00
09-01-2017	09-01-2017	MICHAEL RONO 33360129		25,800.00	689,920.00
09-01-2017	09-01-2017	BURETI PHARMACET-BY:ANDREW LANGAT/700914269534/09-		12,000.00	701,920.00
09-01-2017	09-01-2017	MKULIMA HARDWART- BY:/700913959796/09-01-2017 16:12		1,000.00	702,920.00
09-01-2017	09-01-2017	MKULIMA HARDWART- BY:/700913973319/09-01-2017 16:27		1,000.00	703,920.00
09-01-2017	09-01-2017	BACKLANE BAR		18,000.00	721,920.00
10-01-2017	10-01-2017	JOYCE CHEPKOECH		50,000.00	771,920.00
10-01-2017	10-01-2017	KIPKORIR JACQUET- BY:/701014379573/10-01-2017 11:07		7,000.00	778,920.00
10-01-2017	10-01-2017	MKULIMA HARDWART- BY:/701013087154/10-01-2017 12:06		1,000.00	779,920.00
10-01-2017	10-01-2017	MKULIMA HARDWART- BY:/701014393153/10-01-2017 12:09		1,000.00	780,920.00
10-01-2017	10-01-2017	KIPKORIR JACQUET- BY:/701014395571/10-01-2017 12:20		10,000.00	790,920.00
10-01-2017	10-01-2017	COUNTY GATES INN		1,000.00	791,920.00
11-01-2017	11-01-2017	CORNER BAR BROOK		1,000.00	792,920.00
11-01-2017	11-01-2017	KIPKORIR JACQUET- BY:/701113264683/11-01-2017 14:00		2,000.00	794,920.00
12-01-2017	12-01-2017	SANG KIPKEMOI JT- BY:/701214662097/12-01-2017 09:26		38,000.00	832,920.00
12-01-2017	12-01-2017	MKULIMA HARDWART- BY:/701213377124/12-01-2017 11:26		1,000.00	833,920.00
12-01-2017	12-01-2017	CHARLES KOECH		12,000.00	845,920.00
12-01-2017	12-01-2017	KIPKORIR JACQUET- BY:/701214701501/12-01-2017 13:16		12,000.00	857,920.00

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CP/15/4730/0021/03/0213



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Account No : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Trans Date	Value Date	Tran Particulars	Debit	Credit	Balance
23-01-2017	23-01-2017	MKULIMA HARDWART- BY:/702313713359/23-01-2017 14:15		1,000.00	1,023,920.00
25-01-2017	25-01-2017	JOSHUA KOSKEI		12,000.00	1,035,920.00
26-01-2017	26-01-2017	MKULIMA HARDWART- BY:/702613043891/26-01-2017 10:30		1,000.00	1,036,920.00
26-01-2017	26-01-2017	GILBERT BETT		18,000.00	1,054,920.00
27-01-2017	27-01-2017	EDITH MIDEVA		50,000.00	1,104,920.00
27-01-2017	27-01-2017	TAIDY RESTAURANT		1,000.00	1,105,920.00
30-01-2017	30-01-2017	MKULIMA HARDWART- BY:/703014798853/30-01-2017 09:49		1,000.00	1,106,920.00
30-01-2017	30-01-2017	KIPKORIR JACQUET-BY:TUMAINI BAR/703014866356/30-01		12,000.00	1,118,920.00
30-01-2017	01-02-2017	Chq:246 STAGE MATTRESSES LIMITED		150,000.00	1,268,920.00
31-01-2017	31-01-2017	Cash Deposit from LITEIN		12,000.00	1,280,920.00
01-02-2017	01-02-2017	DEP BY BENJAMIN KIMUTAI RONO		12,000.00	1,292,920.00
02-02-2017	02-02-2017	KERICHO VALLEY HOTEL-LIQUOR LICENCE		50,000.00	1,342,920.00
02-02-2017	02-02-2017	BURETI PHARMACET- BY:/703314285740/02-02-2017 13:13		10,000.00	1,352,920.00
02-02-2017	02-02-2017	SKYLEX PHARMACYT- BY:/703314286027/02-02-2017 13:15		14,200.00	1,367,120.00
02-02-2017	02-02-2017	SKYLEX PHARMACYT- BY:/703313981348/02-02-2017 13:17		12,000.00	1,379,120.00
03-02-2017	03-02-2017	MKULIMA HARDWART- BY:/703413112771/03-02-2017 11:15		15,000.00	1,394,120.00
03-02-2017	03-02-2017	MKULIMA HARDWART- BY:/703414419820/03-02-2017 11:24		15,000.00	1,409,120.00
06-02-2017	06-02-2017	CENTRAL BAR		15,000.00	1,424,120.00
07-02-2017	07-02-2017	BURETI PHARMACET-BY ROY RONO/703813709751/07-02-20		12,000.00	1,436,120.00
07-02-2017	07-02-2017	BROOKE WINES		1,000.00	1,437,120.00
08-02-2017	08-02-2017	METRO BAR		15,000.00	1,452,120.00

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REF: 703003214032213



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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
13-02-2017	13-02-2017	JOHN OPIYO		1,000.00	1,786,520.00
13-02-2017	13-02-2017	KENNEDY LANGAT		15,000.00	1,801,520.00
14-02-2017	14-02-2017	KIPKORIR JACQUET- BY /7045136806/11/14-02-2017 13:57		12,000.00	1,813,520.00
14-02-2017	14-02-2017	ROADSIDE VILLA LTD		50,000.00	1,863,520.00
14-02-2017	14-02-2017	PAID BY MIDWAY		12,000.00	1,875,520.00
14-02-2017	14-02-2017	PAID BY SAROVA BAR		12,000.00	1,887,520.00
14-02-2017	14-02-2017	PAID BY CHORWA BAR AND RESTAURANT		32,000.00	1,919,520.00
15-02-2017	15-02-2017	KIPKORIR JACQUET- BY /704613766846/15-02-2017 08:57		28,000.00	1,947,520.00
15-02-2017	15-02-2017	KIPKORIR JACQUET- BY /704614078720/15-02-2017 09:37		22,000.00	1,969,520.00
15-02-2017	15-02-2017	MKULIMA HARDWART- BY /704613801122/15-02-2017 12:44		1,000.00	1,970,520.00
15-02-2017	15-02-2017	SOMBO F C S LTDT- BY /704613816677/15-02-2017 14:34		15,000.00	1,985,520.00
15-02-2017	15-02-2017	SANG KIPKEMOI JT- BY /704614123432/15-02-2017 14:37		38,000.00	2,023,520.00
16-02-2017	16-02-2017	ZEBRA WINES AND SPIRITS		30,000.00	2,053,520.00
16-02-2017	16-02-2017	SANG KIPKEMOI JT- BY /704713931206/16-02-2017 12:53		50,000.00	2,103,520.00
16-02-2017	16-02-2017	VICTOR LANGAT		1,000.00	2,104,520.00
16-02-2017	16-02-2017	SOWETO WINES AND SPIRITS		30,000.00	2,134,520.00
17-02-2017	17-02-2017	TOOT WINES		50,000.00	2,184,520.00
17-02-2017	17-02-2017	TRIPOLI SENATOR KEG		30,000.00	2,214,520.00
17-02-2017	17-02-2017	TRIPOLI BAR		50,000.00	2,264,520.00
17-02-2017	17-02-2017	MOSITET BAR		30,000.00	2,294,520.00
17-02-2017	17-02-2017	KIPKORIR JACQUET-BY ROMEO W 33/704814383725/17-02-2		30,000.00	2,324,520.00
17-02-2017	17-02-2017	OASIS NIGHT CLUB		40,000.00	2,364,520.00

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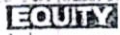
Account No. : 0280263621889

Customer Name : KERICO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
27-02-2017	27-02-2017	RIVERBANK BAR -KIPKELION		15,000.00	2,876,720.00
27-02-2017	27-02-2017	SWEET WATERS BAR		12,000.00	2,888,720.00
27-02-2017	27-02-2017	MKULIMA HARDWART- BY /705813217023/27-02-2017 14:21		1,000.00	2,889,720.00
27-02-2017	27-02-2017	KELUNET BAR		15,000.00	2,904,720.00
28-02-2017	28-02-2017	MKULIMA HARDWART- BY /705914535689/28-02-2017 11:35		1,000.00	2,905,720.00
28-02-2017	28-02-2017	BERNARD S KIPTOT- BY /705914645046/28-02-2017 12:19		15,000.00	2,920,720.00
28-02-2017	02-03-2017	Chq 3440 SARAMEK LTD		50,000.00	2,970,720.00
28-02-2017	28-02-2017	MKULIMA HARDWART- BY /705913342082/28-02-2017 12:39		1,000.00	2,971,720.00
28-02-2017	01-03-2017	REJECT.3439-INSUFFICIENT FUNDS - REFER TO DRAWER	50,000.00		2,921,720.00
28-02-2017	28-02-2017	Unpaid Cheque Commission	2,200.00		2,919,520.00
01-03-2017	01-03-2017	MKULIMA HARDWART- BY /705014775474/01-03-2017 10:00		1,000.00	2,920,520.00
01-03-2017	01-03-2017	ROME DRIVE IN GUEST HOUSE		50,000.00	2,970,520.00
01-03-2017	03-03-2017	Chq 394489 SO		100,000.00	3,070,520.00
01-03-2017	01-03-2017	JOSEPH MAINA		1,000.00	3,071,520.00
01-03-2017	02-03-2017	REJECT 3440-INSUFFICIENT FUNDS - REFER TO DRAWER	50,000.00		3,021,520.00
01-03-2017	01-03-2017	Unpaid Cheque Commission	2,200.00		3,019,320.00
02-03-2017	02-03-2017	BERNARD S KIPTOT- BY /706114940271/02-03-2017 10:17		15,000.00	3,034,320.00
03-03-2017	03-03-2017	SARAMEK LTD		54,400.00	3,088,720.00
04-03-2017	04-03-2017	KOKWET FRIENDS T- BY /706314274600/04-03-2017 10:29		15,000.00	3,103,720.00
07-03-2017	07-03-2017	EDWARD RONJO		50,000.00	3,153,720.00
07-03-2017	07-03-2017	SANSI KIPKEMOI JT- BY /706514783278/07-03-2017 11:35		50,000.00	3,203,720.00

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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
17-03-2017	17-03-2017	WILLY	1,370,200.00		2,592,220.00
17-03-2017	17-03-2017	Cash Withdrawal Charge	110.00		2,592,110.00
20-03-2017	20-03-2017	ERICK KIPLANGAT BETT		15,000.00	2,607,110.00
21-03-2017	21-03-2017	SAMWEL KORGOREN		50,000.00	2,657,110.00
21-03-2017	21-03-2017	HELEN CHELANGATT BY:708013456474/21-03-2017 10:54		12,000.00	2,669,110.00
21-03-2017	21-03-2017	LEONARD KIPLANGAT		15,000.00	2,684,110.00
23-03-2017	23-03-2017	TINTIN BAR		50,000.00	2,734,110.00
23-03-2017	23-03-2017	CAREN		50,000.00	2,784,110.00
23-03-2017	23-03-2017	CAREN		50,000.00	2,834,110.00
23-03-2017	23-03-2017	CAREN		30,000.00	2,864,110.00
24-03-2017	24-03-2017	SANG KIPKEMOI JT. BY:708314919734/24-03-2017 11:43		10,000.00	2,874,110.00
24-03-2017	24-03-2017	BERNARD S KIPTOT. BY:708313845481/24-03-2017 12:37		15,000.00	2,889,110.00
24-03-2017	24-03-2017	KIPKOPIR JACQUET. BY:708314945427/24-03-2017 14:38		18,000.00	2,907,110.00
27-03-2017	27-03-2017	EDNA NGOK T-BY:708613162330/27-03-2017 09:27		15,000.00	2,922,110.00
27-03-2017	27-03-2017	LOUNGE BAR'S KITCHEN		30,000.00	2,952,110.00
28-03-2017	28-03-2017	COOL BREEZE PUB		50,000.00	3,002,110.00
28-03-2017	28-03-2017	LILY CHEPNGENO T. BY:708713354266/28-03-2017 12:57		15,000.00	3,017,110.00
29-03-2017	29-03-2017	EXECUTIVE WIRES AND SPIRITS		24,000.00	3,041,110.00
29-03-2017	29-03-2017	ROYALHOTEL KCO LTD		50,000.00	3,091,110.00
29-03-2017	29-03-2017	ROYAL WINES & SPIRITS		50,000.00	3,141,110.00
29-03-2017	29-03-2017	BEST WINE & SPIRIT		1,000.00	3,142,110.00
29-03-2017	29-03-2017	SHARA GARDEN		1,000.00	3,143,110.00
30-03-2017	30-03-2017	KIMUTAI ARAP CHELELEI		15,000.00	3,158,110.00
31-03-2017	31-03-2017	KERICHO COUNTY ALCOHOLIC DRINK FUND		50,000.00	3,208,110.00

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CR2154720200219030213



Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
05-04-2017	05-04-2017	WINFRED KHAKAI T- BY /709514565190/05-04-2017 11 40		1,000.00	3,841,110.00
05-04-2017	05-04-2017	LILY CHEPNGENO T- BY /709513512770/05-04-2017 14 28		20,000.00	3,861,110.00
05-04-2017	05-04-2017	LILY CHEPNGENO T- BY /709514597058/05-04-2017 14 31		12,000.00	3,873,110.00
05-04-2017	05-04-2017	LILY CHEPNGENO T- BY /709513514053/05-04-2017 14 35		50,000.00	3,923,110.00
05-04-2017	05-04-2017	MARGARET MUTHONI BAR		15,000.00	3,938,110.00
06-04-2017	06-04-2017	MLOLONGO WINES		12,000.00	3,950,110.00
06-04-2017	06-04-2017	PAUL K KOECH		10,000.00	3,960,110.00
06-04-2017	06-04-2017	PAUL K KOECH		15,000.00	3,975,110.00
06-04-2017	06-04-2017	CALABASH BAR		15,000.00	3,990,110.00
06-04-2017	06-04-2017	NGOINO BAR		15,000.00	4,005,110.00
06-04-2017	06-04-2017	BERNARD KIPYEGON		30,000.00	4,035,110.00
07-04-2017	07-04-2017	SOSIOT MEDICAL T- BY /709713802069/07-04-2017 12 38		15,000.00	4,050,110.00
07-04-2017	07-04-2017	SOSIOT MEDICAL T- BY /709714887903/07-04-2017 12 43		12,000.00	4,062,110.00
07-04-2017	07-04-2017	LILIAN CHEPKURUT- BY /709713828719/07-04-2017 15 13		50,000.00	4,112,110.00
07-04-2017	07-04-2017	LILIAN CHEPKURUT- BY /709714914386/07-04-2017 15 16		15,000.00	4,127,110.00
07-04-2017	07-04-2017	PHILIP NGENO		1,000.00	4,128,110.00
10-04-2017	10-04-2017	PAUL KIPKIRUI		1,000.00	4,129,110.00
10-04-2017	10-04-2017	AGGREY MUSA MOGERU		1,000.00	4,130,110.00
11-04-2017	11-04-2017	BETTY CHEMUTAI TULUET		15,000.00	4,145,110.00
11-04-2017	11-04-2017	CHEMALUK BETTY CHEMUTAI		15,000.00	4,160,110.00
11-04-2017	11-04-2017	KAMASEGA BETTY CHEMUTAI		15,000.00	4,175,110.00
11-04-2017	11-04-2017	AINAMOI MARKET SOIN BAR		15,000.00	4,190,110.00

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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
13-04-2017	13-04-2017	SUNCITY BAR AND RESTORANT DAVID KITUR		10,000.00	4,476,110.00
13-04-2017	13-04-2017	WESSYDE LOUNGE LTD		50,000.00	4,526,110.00
18-04-2017	15-04-2017	WINFRED KHAKAI T- BY:/710513865600/15-04-2017 10:33		15,000.00	4,541,110.00
18-04-2017	18-04-2017	CORNER BAR		15,000.00	4,556,110.00
18-04-2017	18-04-2017	WINFRED KHAKAI T- BY:/710813162603/18-04-2017 10:37		30,000.00	4,586,110.00
18-04-2017	18-04-2017	ENOCK KIPRONO KT- BY:/710813187216/18-04-2017 12:50		1,000.00	4,587,110.00
18-04-2017	18-04-2017	ZANZIBAR BAR VINCENT KIPKORIR CHERUIYOT		30,000.00	4,617,110.00
18-04-2017	18-04-2017	WINFRED KHAKAI T- BY:/710814179515/18-04-2017 13:21		1,000.00	4,618,110.00
18-04-2017	18-04-2017	WINFRED KHAKAI T- BY:/710814181477/18-04-2017 13:32		20,000.00	4,638,110.00
18-04-2017	18-04-2017	MICHAEL MWANGI GIKONYO- BLUE BAR		15,000.00	4,653,110.00
18-04-2017	18-04-2017	KENETH KORIR - NGETAB KAM BAR		15,000.00	4,668,110.00
18-04-2017	18-04-2017	SAMWEL MWANGI		15,000.00	4,683,110.00
18-04-2017	18-04-2017	RAYS LIMITED		20,000.00	4,703,110.00
19-04-2017	19-04-2017	JOHN WAIHAKA WT- BY:/710913282505/19-04-2017 09:11		15,000.00	4,718,110.00
19-04-2017	19-04-2017	REVVILLY KIPLANGATT- BY:/710313583346/13-04-2017 08	17,000.00		4,701,110.00
19-04-2017	19-04-2017	WILLY KIPLANGATT- BY:/710914279305/19-04-2017 10:20		15,000.00	4,716,110.00
19-04-2017	19-04-2017	DAVID MARITIM		30,000.00	4,746,110.00
19-04-2017	19-04-2017	WINFRED KHAKAI T- BY:/710914304815/19-04-2017 12:48		1,000.00	4,747,110.00
19-04-2017	19-04-2017	PHILIP LANGAT ID 34591375		20,000.00	4,767,110.00
19-04-2017	19-04-2017	MARGARET WAMBUIT- BY:/710914305050/19-04-2017 12:56		15,000.00	4,782,110.00
19-04-2017	19-04-2017	THOMAS NGETICH		30,000.00	4,812,110.00

Note: Any discrepancy or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the Account will be presumed to be correct

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Account No. : 0280263621889

Customer Name : KERICOHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
26-04-2017	26-04-2017	WINFRED KHAKAI T- BY:/711613145276/26-04-2017 15:55		1,000.00	5,210,110.00
27-04-2017	27-04-2017	WILLY KIPLANGATT- BY:/711714199748/27-04-2017 09:52		15,000.00	5,225,110.00
27-04-2017	27-04-2017	WILLY KIPLANGATT- BY:/711714200220/27-04-2017 09:55		15,000.00	5,240,110.00
27-04-2017	27-04-2017	EAZZY-AGENT DEPOSIT/711784820920/27-04-2017 13:21		15,000.00	5,255,110.00
27-04-2017	27-04-2017	EAZZY-AGENT DEPOSIT/711734821366/27-04-2017 13:24		10,000.00	5,265,110.00
27-04-2017	27-04-2017	WINFRED KHAKAI T- BY:/711713260322/27-04-2017 14:38		1,000.00	5,266,110.00
27-04-2017	27-04-2017	WINFRED KHAKAI T- BY:/711714260383/27-04-2017 16:05		1,000.00	5,267,110.00
28-04-2017	28-04-2017	PATRICK KIMANI T-BY /711813353934/28-04-2017 10:50		15,000.00	5,282,110.00
28-04-2017	28-04-2017	GEORGE OTIENO ODUOR		15,000.00	5,297,110.00
28-04-2017	28-04-2017	ENOCK KIPRONO KT- BY:/711814365548/28-04-2017 13:11		50,000.00	5,347,110.00
28-04-2017	28-04-2017	KIMUTAI RUTOH VT- BY:/711814370103/28-04-2017 13:37		30,000.00	5,377,110.00
28-04-2017	28-04-2017	KIMUTAI RUTOH VT- BY:/711813383925/28-04-2017 13:40		50,000.00	5,427,110.00
28-04-2017	28-04-2017	KIMUTAI RUTOH VT- BY:/711814370988/28-04-2017 13:42		50,000.00	5,477,110.00
28-04-2017	28-04-2017	PATRICK KIMANI T-BY /711814408591/28-04-2017 17:00		15,000.00	5,492,110.00
29-04-2017	29-04-2017	WINFRED KHAKAI T- BY:/711914482155/29-04-2017 10:04		15,000.00	5,507,110.00
02-05-2017	30-04-2017	FANCY CHEPNGETIT- BY:/712013671322/30-04-2017 16:11		15,000.00	5,522,110.00
02-05-2017	02-05-2017	ROADSIDE BAR WINE AND SPIRIT		1,000.00	5,523,110.00
02-05-2017	02-05-2017	DAVID CHEPKWONY		50,000.00	5,573,110.00

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Account No. : 0280263621889

Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
10-05-2017	10-05-2017	WINFRED KHAKAI T- BY:/713014258708/10-05-2017 14:54		1,000.00	5,812,110.00
11-05-2017	11-05-2017	ROBRIC ENTERPRISES LIMITED -JOHN		1,000.00	5,813,110.00
12-05-2017	12-05-2017	SOMBO F C S LTDT- BY /713214519175/12-05-2017 11:48		15,000.00	5,828,110.00
12-05-2017	16-05-2017	Chq.180 SIMBA HILLS		130,000.00	5,958,110.00
12-05-2017	12-05-2017	HILLARY SIGEI		1,000.00	5,959,110.00
12-05-2017	12-05-2017	JOYLAND BAR		15,000.00	5,974,110.00
13-05-2017	13-05-2017	JANE MUTHONI		1,000.00	5,975,110.00
15-05-2017	15-05-2017	KIPLANGAT PATRICK NGENO 0704541904		1,000.00	5,976,110.00
15-05-2017	17-05-2017	Chq.376 TEA HOTEL LTD		60,000.00	6,036,110.00
15-05-2017	15-05-2017	ALICE TOO		30,000.00	6,066,110.00
16-05-2017	16-05-2017	CAROLYNE CHEMELI		1,000.00	6,067,110.00
16-05-2017	16-05-2017	BRILLIANT WINE AND SPIRIT		24,000.00	6,091,110.00
17-05-2017	17-05-2017	WINFRED KHAKAI T- BY:/713714174589/17-05-2017 11:34		1,000.00	6,092,110.00
17-05-2017	17-05-2017	REX INN ENTERPRISES		50,000.00	6,142,110.00
17-05-2017	17-05-2017	MUTHONI BAR MARGRRET		15,000.00	6,157,110.00
17-05-2017	17-05-2017	CHEBET CAROLINE		1,000.00	6,158,110.00
18-05-2017	18-05-2017	FANCY CHEPNGETIT- BY /713813319726/18-05-2017 12:13		1,000.00	6,159,110.00
19-05-2017	19-05-2017	TAIDY'S RESTAURANT -KAISUGU		20,000.00	6,179,110.00
22-05-2017	22-05-2017	MKULIMA HARDWART- BY /714213850995/22-05-2017 15:00		15,000.00	6,194,110.00
24-05-2017	24-05-2017	Cash Deposit from BUSIA		15,000.00	6,209,110.00
24-05-2017	24-05-2017	CAROLINE CHEBET		7,000.00	6,216,110.00
25-05-2017	25-05-2017	SION BAR AND RESTRAUNT		10,000.00	6,226,110.00
25-05-2017	25-05-2017	PETER I CHEPKWONY		30,000.00	6,256,110.00
25-05-2017	25-05-2017	PETER I CHEPKWONY		20,000.00	6,276,110.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.

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Account No. : 0280263621889
 Customer Name : KERICHO COUNTY ALCOHOL DRINKS FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
20-06-2017	20-06-2017	WINFRED KHAKAI T- BY /717113816372/20-06-2017 11:28		1,000.00	6,688,510.00
21-06-2017	21-06-2017	Cash Deposit from LITEIN		10,000.00	6,698,510.00
21-06-2017	21-06-2017	SHARON C. LILAN		1,000.00	6,699,510.00
22-06-2017	22-06-2017	LILY CHEPNGENO T- BY /717313077068/22-06-2017 11:37		9,000.00	6,708,510.00
22-06-2017	22-06-2017	KAPSOIT CHOMAZONE		10,000.00	6,718,510.00
22-06-2017	22-06-2017	KAPSOIT CHOMAZONE		12,000.00	6,730,510.00
22-06-2017	22-06-2017	PATRICK KIMANI T-BY /717313099629/22-06-2017 14:03		1,000.00	6,731,510.00
22-06-2017	22-06-2017	LANGAT PHILIPH		10,000.00	6,741,510.00
22-06-2017	22-06-2017	MKULIMA HARDWART- BY /717313114224/22-06-2017 15:37		50,000.00	6,791,510.00
22-06-2017	22-06-2017	MKULIMA HARDWART- BY /717314116666/22-06-2017 16:58		15,000.00	6,806,510.00
23-06-2017	23-06-2017	MKULIMA HARDWART- BY /717414186588/23-06-2017 10:37		30,000.00	6,836,510.00
23-06-2017	23-06-2017	KIMUTAI RUTOH VT- BY /717414243256/23-06-2017 15:57		20,000.00	6,856,510.00
23-06-2017	23-06-2017	KIMUTAI RUTOH VT- BY /717414243709/23-06-2017 16:00		12,000.00	6,868,510.00
23-06-2017	23-06-2017	CHEBET CATHERINT- BY /717414246280/23-06-2017 16:14		15,000.00	6,883,510.00
27-06-2017	26-06-2017	VINEAX SOLUTIONT- BY /717713607365/26-06-2017 12:30		7,500.00	6,891,010.00
27-06-2017	26-06-2017	MKULIMA HARDWART- BY /717713615325/26-06-2017 13:10		18,000.00	6,909,010.00
27-06-2017	27-06-2017	MOTOBO BAR		9,000.00	6,918,010.00
27-06-2017	27-06-2017	MANASEH NDONYI		1,000.00	6,919,010.00
27-06-2017	27-06-2017	SABU COOL SPORTS LOUNGE		30,000.00	6,949,010.00
27-06-2017	27-06-2017	WILLY CHIRCHIR	331,600.00		6,617,410.00

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

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In the circumstances, the accuracy and completeness of the other payables balance of Kshs.397,168,213 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

6. Trade Payables

As disclosed in Note 20 to the financial statements, the statement of financial position reflects trade payables totalling to Kshs.78,720,812. The balance includes staff deductions of Kshs.43,302,449 which had not been remitted to the relevant institutions. However, the balance excludes unremitted Pay As You Earn (PAYE) amounting to Kshs.2,701,279.

In the circumstances, the accuracy, completeness and validity of trade payables totalling to Kshs.78,720,812 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

7. Balances without Notes

The statement of financial position reflects Prepayments-WIBA amount of Kshs.81,660, short term borrowing amount of Kshs.1,333,333, share capital balance of Kshs.100,000, County Government of Kakamega amount of Kshs.87,000,000, capitalized inventory amount of Kshs.148,042,643. However, the balances were not explained with Notes to the financial statements.

In the circumstances, the completeness, accuracy and validity of the reported balances as at 30 June, 2020 could not be confirmed

8. Unsupported Conditional Grant

As disclosed in Note 7 to the financial statements, the statement of profit and loss and other comprehensive income reflects other income of totalling to Kshs.12,366,154. The balance includes conditional grants received from the County Executive of Kakamega amounting to Kshs.12,000,000. It was explained that the grant was meant to finance capital works in the subsequent year, 2020/2021 but the balance was used to pay salary arrears. However, the Management did not provide documents supporting the terms of the grant.

In the circumstances, the accuracy and validity of conditional grants amounting to Kshs.12,000,000 for the year ended 30 June, 2020 could not be confirmed.

9. Unsupported Property, Plant and Equipment

As disclosed in Note 16 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.16,227,156. The balance includes an amount of Kshs.3,364,570 paid to a local firm for the supply of ten (10) motorcycles. However, according to the 2019/2020 procurement plan, the Company was to procure six (6) motor bikes at an estimated cost of Kshs.900,000. The Company therefore overspent an amount of Kshs.2,464,570 which was not supported.

Further, as reported in the previous year, the Company had two motor vehicles which were not fitted with blue registration numbers and whose logbooks were still in the name of the first owner.

In addition, the Management did not maintain an assets register.

In the circumstances, the accuracy, completeness and validity of property, plant and equipment balance of Kshs.16,227,156 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kakamega County 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 qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.438,296,964 and Kshs.235,635,551 respectively, resulting to an underfunding amounting to Kshs.202,661,413 or 46% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.279,908,585 and Kshs.248,292,092 respectively, resulting to an underperformance amounting to Kshs. 31,616,493 or 11% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on the Company's profitability.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given satisfactory explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular reference No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

Other Information

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

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

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or

otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Revenue Water

During the year under review the Company produced a total of 4,325,687 cubic meters (M³) of water, out of which 2,396,818 M³ was billed to customers for a total of Kshs.220,172,004. The balance of 1,928,869 M³ or approximately 45% of the total volume produced represented non-revenue water which was 20% over the allowable loss of 25% in the guidelines issued by the Water Services Regulatory Board (WASREB). The significant level of non-revenue water of 847,448 M³ at the billing rate of Kshs.45 per M³ may have resulted in loss of sales estimated at Kshs.38,135,160 which has a negative impact on the Company's' profitability.

Consequently, the Management was in breached the WASREB guidelines.

2. Unremitted Statutory Deductions

As disclosed in Note 20 to the financial statements, the statement of financial position reflects trade and other payables balance of Kshs.475,889,024. The balance includes unremitted statutory deductions amount of Kshs.46,003,734. This is contrary to Regulation 22(2)(a) of the Public Finance Management (County Governments), Regulations, 2015 which states that an accounting officer shall comply with any tax, levy, duty pension, commitments, and audit commitments as may be provided by for legislation.

Consequently, the Management was in breach of the law.

3. Splitting of Contract in Procurement of Chemicals

Review of the procurement plan indicated that procurement of chemicals was to be done through open tenders. However, included in the cost of sales balance of Kshs.33,980,708 were purchases for chemicals totalling to Kshs.8,367,243 which were procured through quotations. This is contrary to Section 54(1) of the Public Procurement and Asset Disposal Act, 2015 which states no procurement entity may structure two or more procurements for the purpose of avoiding the use of a procurement procedure except where prescribed.

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

4. Procurement of Fuel and Lubricants

Included in the administrative expenses totalling to Kshs.29,718,693 is fuel expenses amount of Kshs.4,009,965 that was paid to a company for the supply of fuel. However, review of records revealed that the contract expired on 31 July, 2019 but a new contract or an extension of existing contract was not provided. This is contrary to Section 135 (5) of the Public Procurement and Asset Disposal Act, 2015, which requires that an accounting officer of a procuring entity shall not enter into a contract with any person or firm unless an award has been made.

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

5. Irregularities in the Appointment of Board Members

Review of records on appointment of Board of Directors especially staff from Kakamega County Executive and Lake Victoria North Water Works Agency revealed that appointment of Board of Directors was not done through a gazette notice and appointment letters issued. This contravened chapter one of the Mwongozo 2015, which states that each board member shall be formally appointed to the board by name and by notice in the Kenya Gazette and thereafter issued with an appointment letter.

Consequently, the Management was in breach of the law.

6. Irregular Payment of Allowances

Review of records revealed irregular payment of allowances amounting to Kshs.253,000 which included Kshs.40,000 for transport for an e-Board special meeting held on 14 May, 2020 and Kshs.213,000 for sitting allowances that were made to members who were not in attendance.

In the circumstances, the propriety of allowances totalling to Kshs.253,000 paid to the Board of Directors for the year ended 30 June, 2020 could not be confirmed.

7. Non-compliance with Budget Making Process

According to Section 128 (2) of the Public Finance Management Act, 2012 not later than 30 August in each year, the County Executive Committee member for finance shall issue a circular setting out guidelines to be followed by all the county government's entities in the budget process. According to the circular availed, on 28 August, 2018 the County Executive Committee Member for finance issued County Treasury Circular No. 2/2018 with guidelines of budget preparation and one of the requirements was to submit the budget proposals to the County Treasury by 15 March, 2018. There was no evidence of the company complied with the guidelines issued. As a result, it was not possible to tell the source of the estimates.

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

8. Non-compliance with the law on Reporting

During the audit, there was no evidence of quarterly reports having been prepared. This is contrary to Regulation 64 (1) of the Public Finance Management (County Governments) Regulations, 2015 which require such quarterly reports ought to be submitted to the County Treasury with a copy to the Auditor-General.

Further, the Management did not prepare monthly bank reconciliation statements and submitted copies to the Auditor-General by the 10 day of the following month. This is contrary to Regulation 90 (1) of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, the Management was 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of a Risk Management Policy

During the audit, there was no evidence that the company had an approved risk management policy. The Company did not perform a formal risk assessment for the year making it difficult for the entity to identify possible inherent risks that could interrupt the operations of the Company. The risk management strategies, include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

Consequently, I am unable to confirm existence of effective mitigation measures for risks in case they happen.

2. Weaknesses in Billing

Physical verification to the Tindinyo treatment plant in March, 2021 revealed that the treated water main meter was not functioning giving doubts on total water treated. In addition, the Internal Audit Report revealed that there were billing anomalies including accounts that were billed on estimates and 1,435 accounts that were operating without meters. However, there was no evidence that the Management has taken action to address the concerns raised in the Internal Audit Report.

In the circumstances, I am unable to confirm whether there exists effective internal controls on meters and billing.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records;
- (iii) The Company's financial statements are in agreement with those records and returns.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or 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 the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 February, 2022

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020


13. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020

	NOTES	2020 Kshs	2019 Kshs
SALES	6	223,269,397	239,444,801
Other income	7	12,366,154	4,827,320
less cost of sales	8	33,980,708	30,668,374
Gross profit		201,654,843	213,603,747
EXPENDITURES			
Staff cost	9	134,244,923	141,569,012
Board Expenses	10	3,231,601	4,013,980
Administrative expenses	11	29,718,693	39,281,094
Repairs & Maintenance	12	6,311,831	13,378,944
IT expenses	13	1,906,058	2,037,759
Establishment Expenses	14	13,189,685	20,609,551
Finance Costs	15	25,708,592	25,708,592
TOTAL COST		214,311,384	246,598,932
Profit before tax		(12,656,540)	(32,995,185)
Tax		-	-
Profit/ (loss) after tax		(12,656,540)	(32,995,185)

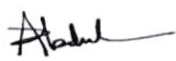
KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020


	NOTES	2020 Kshs	2019 Kshs
NON-CURRENT ASSETS			
Property, plant & equipment	16	16,227,156	9,817,825
CURRENT ASSETS			
Inventories	17	8,507,695	6,758,603
Trade & other receivables	18	229,569,292	203,006,433
Cash and bank balances	19	121,327,513	97,301,241
Prepayments (WIBA)		81,660	-
		359,486,160	307,066,277
CURRENT LIABILITIES			
Short term borrowing		1,333,333	1,333,333
Trade payables	20	78,720,812	404,403,270
		80,054,145	405,736,603
Net Current Assets		279,432,015	(98,670,326)
TOTAL ASSETS		295,659,171	(88,852,501)
REPRESENTED BY;			
CAPITAL EMPLOYED			
Share capital		100,000	100,000
Revenue reserve		(336,651,684)	(323,995,144)
County Government of Kakamega		87,000,000	87,000,000
Capitalized inventory		148,042,643	148,042,643
		(101,509,041)	(88,852,501)
LONG TERM LIABILITIES			
Other payables		397,168,213	-
TOTAL EQUITY		295,659,171	(88,852,501)



Chairman.....**Date**..... 19/04/21



Chief Executive Officer.....**Date**..... 19/04/21



Commercial & Finance Manager**Date**..... 19/04/21

**KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

15. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	SHARE CAPITAL	RETAINED EARNINGS	CAPITALIZED INVENTORY	KAKAMEGA COUNTY	TOTAL
At start of FY 2019	100,000	(290,999,959)	148,042,643	87,000,000	(55,857,316)
For the year Year ending 2019	-	(32,995,185)	-	-	(32,995,185)
	<u>100,000</u>	<u>(323,995,144)</u>	<u>148,042,643</u>	<u>87,000,000</u>	<u>(88,852,501)</u>
At start of FY 2020	100,000	(323,995,144)	148,042,643	87,000,000	(88,852,501)
For the year Year ending 2020	-	(12,656,540)	-	-	(12,656,540)
	<u>100,000</u>	<u>(336,651,684)</u>	<u>148,042,643</u>	<u>87,000,000</u>	<u>(101,509,041)</u>

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CASHFLOWS	Notes	2020 Kshs	2019 Kshs
Cash generated from operations			
Profit/(loss) before tax		(12,656,540)	(32,995,185)
Add: Non cash adjustments			
Add Depreciation	16	3,490,089	11,229,405
		(9,166,451)	(21,765,780)
Changes in working capital			
Increase in Creditors	20	70,505,692	39,018,267
Increase in Debtors	18	(26,562,859)	(5,830,458)
Prepayments		81,660	
Decrease in Stocks	17	(1,749,092)	596,168
Net Changes in working capital		42,275,400	
Net Cash from (used in) operating activities		33,108,949	33,783,977
Investing Activities			
Acquisition of Fixed Assets	16	(9,082,676)	(7,491,090)
Financing Activities			
County Government of Kakamega grant		-	
Net Cash from Financing Activities		-	
Net increase Cash and Cash Equivalents		24,026,273	4,527,107
Movement in Cash & Cash equivalents			
At the Start of the year		97,301,240	92,497,753
Increase/Decrease of cash at year end		24,026,273	4,527,107
Prior Year adjustment		-	276,380
Balance as at 30th June 2020		121,327,513	97,301,240

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

17. COMPARISON OF BUDGETS AND ACTUALS AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2020

	BUDGET	ACTUAL	VARIANCE	VAR %	A/F
	2020	2020			
	Kshs	Kshs	Kshs		
SALES	300,811,949	223,269,397	(77,542,552)	(26)	A
Other income	137,485,015	12,366,154	(125,118,861)	(91)	A
less cost of sales	41,713,704	33,980,708	(7,732,996)	(19)	A
Gross profit	396,583,260	201,654,843	(194,928,416)	(49)	A
EXPENDITURE					
Staff cost	163,950,382	134,244,923	29,705,459	18	F
Board Expenses	7,371,946	3,231,601	4,140,345	56	F
Administrative expenses	37,743,729	29,718,693	8,025,036	21	F
Repairs & Maintenance	20,825,570	6,311,831	14,513,739	70	F
IT expenses	3,183,254	1,906,058	1,277,196	40	A
Establishment Expenses	5,120,000	13,189,685	(8,069,685)	(158)	A
Finance Costs	-	25,708,592	(25,708,592)		A
TOTAL COST	238,194,881	214,311,384	23,883,497	10	F
Profit before tax	158,388,379	(12,656,540)	(218,811,914)	(59)	
Tax	-	-	-		
Profit/ (loss) after tax	158,388,379	(12,656,540)	(218,811,914)	138	

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

18. NOTES TO FINANCIAL STATEMENTS

1. General Information

Kakamega County Water and Sanitation Company (KACWASCO) is a County entity incorporated under the Company Act 2015. Kakamega County took over provision of water and sanitation services from Lake Victoria North Water Services Board (LVNWSB) from 1st July 2016, following the separation of the joint operations of the water supplies between Kakamega and Busia Counties; in line with the Constitution of Kenya 2010 that mandates provision of water and sanitation services to County Governments. The population served with clean, quality and enough water in Kakamega is about 253,983 against current population of 319,266 in the service area. This population is mainly in the urban areas as per Service Provision Agreement (SPA), but the total population of Kakamega County is approximately 2 million.

Kenya's Vision 2030 for Water and Sanitation is to ensure that improved water and sanitation are available and accessible to all by 2030. Kenya's Constitution entrenches water as a constitutional right by establishing a right to reasonable standards of sanitation and clean and safe water in adequate quantities. The Water Act 2016 aligns the water sector with the constitution. The Act defines roles and responsibilities in the delivery of water and sanitation services within the devolution framework.

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 entity's accounting policies.

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

**KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

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 recognize 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 recognize 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.

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

**KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 prepay able financial assets with negative compensation at amortized 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 an entity 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

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 an entity 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 recognized when a liability to pay a dividend is recognized, and that these income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions to which they are linked.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 entity 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 entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment 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)

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

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

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

b) In-kind contributions

In-kind contributions are donations that are made to the entity 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 entity 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 recognized 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 ongoing but incomplete works on buildings and other civil works and installations.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line 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	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

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

e) Intangible assets

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

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

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

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 entity, 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 entity 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 recognized 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 recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

i) Fixed interest investments (bonds)

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

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

j) Quoted investments

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

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

l) Inventories

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

m) Trade and other receivables

Trade and other receivables are recognized 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 at recovery have been exhausted.

n) 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 Entity 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.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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.

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

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

o) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Borrowings

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

q) Trade and other payables

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

r) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2019. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

s) Provision for staff leave pay

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

t) Exchange rate differences

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

u) Budget information

The original budget for FY 2019-2020 was approved by the Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance.

v) 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.

w) Comparative figures

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

x) 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, 2020.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

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

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 Entity 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 Entity. 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

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Provisions

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

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.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the entity delivers services to the customer, the customer has accepted the services and collectability of the related receivables is reasonably assured.

- ii) **Other income** is recognised as it accrues.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6: SALES

	2020 Kshs	2019 Kshs
JULY	18,188,048	21,281,297
AUGUST	18,715,622	19,302,021
SEPTEMBER	17,612,161	19,433,491
OCTOBER	18,418,568	20,410,413
NOVEMBER	19,925,229	22,590,604
DECEMBER	17,507,157	20,204,834
JANUARY	19,755,097	19,517,891
FEBRUARY	19,778,753	20,327,309
MARCH	17,619,572	18,311,843
APRIL	17,464,207	19,640,868
MAY	17,886,341	19,163,282
JUNE	17,301,250	19,260,650
TOTAL BILLING	220,172,004	239,444,502
BOWZER	1,182,001	3,591,619
EXHAUSTER	1,915,392	1,236,000
GROSS BILLING	223,269,397	244,272,121

NOTE 7: OTHER INCOME

	2020 Kshs	2019 Kshs
Conditional Grants	12,000,000	0
Miscellaneous income	366,154	0
Total	12,366,154	0

NOTE 8: COST OF SALE

	2020 Kshs	2019 Kshs
Add; opening stock		7,354,772
Electricity	10,872,952	13,132,528
Chemicals	14,035,946	14,423,653
WARMA	3,644,968	2,516,025
Net Stock Movement	5,426,842	(6,758,604)
Total cost of sales	33,980,708	30,668,374

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9: STAFF COSTS

	2020	2019
	Kshs	Kshs
Basic salary	76,805,950	76,369,400
Medical allowance	-	7,751,707
Leave allowance	2,041,900	1,763,933
Transfer allowance	846,600	254,600
Commuter allowance	6,630,000	7,622,000
House allowance	22,149,500	23,077,000
Airtime allowance	1,790,000	1,787,000
Provident Fund	13,591,570	12,788,223
NSSF Employer	2,268,000	2,372,760
Acting allowance	731,750	760,625
Special duty allowance	415,290	436,470
Casual wages	849,848	644,709
Gratuity	1,515,900	2,064,600
Non-practicing allowance	180,000	-
Performance reward	1,745,000	2,222,160
WIBA	363,055	472,300
Staff training expenses	973,560	1,006,325
Funeral expense	1,015,000	130,000
Games & Sport	332,000	45,200
	134,244,923	141,569,012.

NOTE 10: BOARD EXPENSES

	2020	2019
	Kshs	Kshs
Directors emoluments	2,626,601	3,333,980
Honoraria	605,000	680,000
	3,231,601	4,013,980

NOTE 11: ADMINISTRATION COSTS

	2020	2019
	Kshs	Kshs
Postage, Telephone and Internet	2,980,496	1,369,378
Transportation, Travelling & Subsistence	7,686,711	8,164,445
Printing, Stationary, Newspapers	2,345,630	1,764,070
Security services	7,854,400	8,376,032
Fuel	4,009,965	4,489,631

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Lab reagents	71,600	32,453
Domestic requisites	607,553	1,441,572
Social corporate responsibility	753,240	310,300
Motor vehicle repairs	1,308,368	4,075,692
Uniform & protective clothing	60,000	70,700
Subscription fees	866,400	525,250
Publicity & Advertisement	452,222	45,000
Consultancy/profession fees		8,178,000
Bank charges	221,765	
Motor vehicle insurance	500,343	438,571
	29,718,693	39,281,094
NOTE 12: REPAIRS & MAINTENANCE		
	2020	2019
	Kshs	Kshs
Operations & Maintenance	6,311,831	12,926,449
Office building repairs	-	452,495
	6,311,831	13,378,944
NOTE 13: IT EXPENSES		
	2020	2019
	Kshs	Kshs
Computer accessories	619,421	932,900
Software maintenance	1,286,637	1,104,859
	1,906,058	2,037,759
NOTE 14: ESTABLISHMENT EXPENSES		
	2020	2019
	Kshs	Kshs
Auditors' remuneration	536,894	456,000
Legal fees	355,822	1,349,243
WASREB	8,806,880	7,165,403
Kenya Forest service		409,500
Depreciation	3,490,089	11,229,405
	13,189,685	20,609,551
NOTE 15: FINANCE COSTS		
	2020	2019
	Kshs	Kshs
Finance cost	25,708,592	25,708,592

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 16: PROPERTY PLANT AND EQUIPMENT SCHEDULE

	Freehold Land	Buildings and Civil Works	Plant and Machinery	Motor Vehicles including motorcycles	Computers and related equipment	Office equipment, furniture and fittings	TOTAL
Cost as at 01/07/2018	0	24,161,995	1,209,226	17,598,706	2,823,780	4,530,957	50,324,664
Additions	0	5,384,760	576,759	-	932,900	596,671	7,491,090
Disposal	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
As on 30/06/2019	0	29,546,755	1,785,985	17,598,706	3,756,680	5,127,628	57,815,754
Depreciation	0	0	0	0	0	0	0
At start of year (1st July 2019)	0	17,153,788	799,079	12,486,383	2,823,780	3,505,496	36,768,524
Disposal	0	0	-	-	-	-	0
Charge for the year	0	6,412,046	178,599	4,399,677	-	239,084	11,229,405
Total depreciation at end of year	0	23,565,834	977,678	16,886,060	2,823,780	3,744,580	47,997,929
Net Book Value as on 30/06/2019	0	5,980,921	808,307	712,646	932,900	1,383,048	9,817,825
Disposal	0	0	0	0	0	0	0
Cost as at 01/07/2019	0	29,546,755	1,785,985	17,598,706	3,756,680	5,127,628	57,815,754
Additions	0	3,674,283	0	3,364,570	2,014,423	29,400	9,082,676
Disposal	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
As on 30/06/2020	0	33,221,038	1,785,985	20,963,276	5,771,103	5,157,028	66,898,430
Depreciation	0	0	0	0	0	0	0
At start of year (1st July 2019)	0	23,565,834	977,678	16,886,060	2,823,780	2,927,833	47,181,185
Disposal	0	0	0	0	0	0	0
Charge for the year	0	1,206,901	101,038	1,019,304	884,197	278,650	3,490,089
Total depreciation at end of year	0	24,772,735	1,078,716	17,905,364	3,707,977	3,206,483	50,671,274
Net Book Value as on 30/06/2020	0	8,448,303	707,269	3,057,912	2,063,126	1,950,545	16,227,155

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 17: STOCK

	2020 Kshs	2019 Kshs
a) Chemicals	941,302	513,310
b) Stationery	390,460	623,875
c) Pipes and Fittings	7,175,933	5,621,419
To Balance Sheet	8,507,695	6,758,604

NOTE 18: TRADE AND OTHER RECEIVABLES

	2020 Kshs	2019 Kshs
Trade and other receivables	229,569,292	203,006,433

DEBTORS AS AT 30TH JUNE 2020

Area/Scheme	Balance	> 9Months	3 Months	2 Months	Current
Kakamega	92,550,217	76,070,324	4,842,074	4,238,492	7,399,327
Shinyalu	6,053,934	4,400,692	467,992	499,668	685,582
Tindinyo	4,299,857	3,715,658	144,649	202,426	237,123
Muranda	718,824	303,991	101,705	133,696	179,432
Disconnected	38,027,023	37,968,753	28,323	22,376	7,571
Shitoli	31,340,627	29,333,604	598,070	565,072	843,881
Mumias	40,684,813	33,799,997	1,310,184	2,958,042	2,616,590
Butere	4,515,527	3,976,640	195,716	172,929	170,243
Navakholo	6,382,240	5,707,466	168,082	216,177	290,516
Lumakanda/Kipkaren	2,170,366	1,623,395	160,306	141,799	244,866
Malava	2,825,865	2,543,504	36,720	84,994	160,649
Total	229,569,292	199,444,022	8,053,819	9,235,672	12,835,778

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 19: CASH AND BANK BALANCES

BANK	A/C NUMBER	2020 Kshs.	2019 Kshs.
COOP BANK REVENUE	01100632410100	100,037	3,012,768
COOP BANK EXPENDITURE	01120632410100	-	-1,361,584
MPESA (KACWASCO)	772153	601,069	3,421,628
MPESA (LVNWSB)	894200	377,981	368,239
MPESA MALAVA/KIPKAREN (REVENUE)	882846	1,467,892	202,043
MPESA MALAVA/KIPKAREN (DEPOSIT)	883061	1,075,489	448,247
FAMILY BANK REVENUE	078000040724	355,909	392,585
KCB DEVELOPMENT A/C	1233504525	81,352,030	84,074,274
FAMILY BANK DEPOSIT	078000040459	4,179,474	5,263,447
FAMILY BANK PROJECT- NAVAKHOLO	078000040458	3,753,298	1,464,594
KCB WSTF	1266314725	1,727,014	-
KCB RURAL			15,000
KCB URBAN REVENUE	1273194454	506,095	-
KCB URBAN EXPENDITURE	1273194667	25,831,226	-
TOTAL		121,327,514	97,301,241

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 20: TRADE & OTHER
PAYABLES**

	2020	2019
	Kshs	Kshs
Trade Payables	78,720,812	404,403,270
Other Payables (Long term)	397,168,213	0
Total	475,889,025	404,403,270

21. Finance Cost-KSH 25,708,592

The amount charged in the profit and loss statements relates to KFW loan which was secured by the then Lake Victoria North Water Service Board (LVNWSB) through Treasury to develop Gravity Systems from Tindinyo (Nandi County) to Kakamega County.

The principal amount was Kshs 3,103,560,000 (Three Billion one hundred and three million five hundred and sixty thousand) and the repayment duration is 42 years.

The amount relates to Interest Accrued for the Financial Year 2019/2020 but has not been paid.

22. The Kakamega County Rural Water and Sanitation Corporation.

The Kakamega County Rural Water and Sanitation Corporation is a Corporation established as a County Corporation pursuant to the provisions of the Kakamega County Rural Water and Sanitation Act 2020. The KACWASCO offers technical support to the Rural Corporation.

In the financial year 2019/2020, the Kakamega County Water and Sanitation Company received Kshs, 15,000,000 (Fifteen Million only) meant to help to operationalize the Rural Corporation.

The funds were meant for operation and maintenance costs. These funds were held in the Rural Corporation accounts i.e. KCB Rural Revenue account, A/c no.1251924468. The Rural Corporation currently has three accounts which will be run and managed by the Rural Corporation once the Board and Management of the same is put in place. It also has 2No. M-pesa utility accounts i.e. pay bill 711512 and pay bill 736998.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

As at 30th June 2020, the expenditure under Rural Corporation was as follows;

RECURRENT EXPENSES	Amount Kshs
BOARD OF DIRECTORS EXPENSES	-
STAFF REMUNERATION (CASUALS)	209,722
OPERATION AND MAINTENANCE	1,905,583
ELECTRICITY	31,564
CHEMICALS	-
MOTOR VEHICLE EXPENSES	18,000
OFFICE RUNNING EXPENSES	1,796,375
TOTAL	3,961,244

CLOSING BALANCES RURAL CORPORATION

Account Name		Account No.	Balance Kshs
KCB REVENUE A/C -	RURAL	1251924468	11,242,582
KCB DEPOSIT A/C	RURAL	1251924336	56,695
MPESA PAYBILL	RURAL DEPOSIT	736998	177,500
MPESA PAYBILL	RURAL REVENUE	711512	165,540
KCB EXPENDITURE	RURAL	1251924549	547,026
Total			12,189,343

RURAL CORPORATION SALES FOR FY 2019/2020

Month	Amount Kshs
Jul-19	0
Aug-19	0
Sep-19	0
Oct-19	114,078
Nov-19	178,567
Dec-19	363,927
Jan-20	363,927
Feb-20	316,369
Mar-20	140,823
Apr-20	303,748
May-20	153,188
Jun-20	251,867
TOTAL	2,186,495

**KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Appendix I: Progress on follow up of Auditors Recommendations

1. Plant, Property and Equipment

1.1 Inaccuracies in Property, Plant and Equipment Balance

These has been corrected as per the attached PPE schedule in note 16

1.2 Depreciation

These has been corrected as per the attached PPE schedule in note 16

2. Receivables and Prepayments

The ledgers and supporting schedules have been reconciled awaiting audit.

3. Bank and Cash Balances

Bank balances as per note 19 are well supported with bank statements and confirmation certificates including reconciliation statements for each bank.

4. Inventories

The closing balance of inventory as per note 17 is well supported with end of year stock take report/ schedule.

5. Customer Deposits

The unsupported customer balance of Kshs.44, 692, 220 is currently being reconciled. A detailed report shall be availed once the exercise is completed.

6. Statement of Changes in Equity

Please find the revised statement of changes in equity as per the attached financial statement

7. Cost of Sales

Find attached cost of sales movement as per note 8. The supporting schedules are ready for audit

8. Administrative Expenses

Bank charges of Kshs 221,765 have been included

9. Suspense Account

This ledger has been reconciled and zero-razed

10. Going Concern

The Financial year 2019/2020 gives a positive net asset of Kshs 279,432,015 resulting to an improved liquidity position

Secondly going concern has a broader view such assured source of raw material and stability of market share, none of which is questionable or deemed to be dwindling at the moment.

11. Budget Control and Performance

The recurrent budget absorption rate for the financial year 2020 stood at 93%. The total budgeted cost was Kshs 279,908,585 against total actual cost of Kshs 260,292,092

**KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Appendix II: Projects Implemented by KACWASCO

PROJECT	
UBSUP Projects	The UBSUP project is on going The project aims at promoting basic sanitation standards within the informal settlements and it's funded by Water Sector Trust Fund.

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Appendix III -Inter-Entity Transfers

There were no inter entity transfers in the Financial Year 2019/2020

KAKAMEGA COUNTY WATER AND SANITATION COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Appendix IV - Recording of transfers from other Government entities

There were transfers from other Government entities in the Financial Year 2019/2020

