

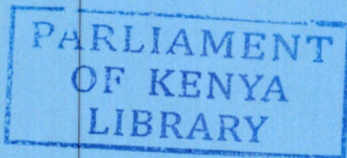
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



OF

THE AUDITOR-GENERAL

ON

**FORT BEVERAGE INDUSTRIES
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2020**

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	CAROLYNE CHROP

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**ANNUAL REPORT &
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2020**

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

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

TABLE OF CONTENTS	PAGE
I. CORPORATE INFORMATION	2-3
II. THE BOARD OF DIRECTORS	4-6
III. MANAGEMENT TEAM	7
IV. CHAIRMAN'S STATEMENT	8
V. MANAGING DIRECTOR'S STATEMENT	9-10
VI. CORPORATE GOVERNANCE STATEMENT	11-13
VII. BOARD OF DIRECTORS REPORT	14
VIII. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES	15
IX. REPORT OF THE EXTERNAL AUDITOR	16
X. STATEMENT OF COMPREHENSIVE INCOME	17
XI. STATEMENT OF FINANCIAL POSITION	18
XII. STATEMENT OF CHANGES IN EQUITY	19
XIII. STATEMENT OF CASH FLOW	20
XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	21-22
XV. NOTES TO FINANCIAL STATEMENTS	23-31
XVI. APPENDIX 1 : PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS	32-33

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

I. CORPORATE INFORMATION

Incorporation

The company was incorporated on 28th December 2016 under the companies Act 2015. It is a private company wholly owned by Murang'a Water and Sanitation Company and it is limited by shares. These shares are allotted to the natural person and held in trust for the holding company. The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. The company started its independent operations in July 2017.

Principal Activity

The company produces and sells bottled water.

THE BOARD OF DIRECTORS

<u>NAME</u>	<u>DESIGNATION</u>
Dr. P. K. Munga	Chairman
Eng. D. Ng'ang'a	Managing Director
H. M. Mwithiga	Member
J. K. Mwirigi	Member –Left the board in December 2019
S. Karina	Member
M. Gichomo	Member
P. Kiguta	Member
E. Gathima	Member
B. Wanjeri	Member
P. Macharia	Member
J. Kamwaga	Member- Joined the board in October 2019
A. Mutiria	Member- Joined the board in October 2019

COMPANY SECRETARY

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

REGISTERED OFFICE

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

COMPANY CONTACTS

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

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

CORPORATE BANKERS

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

AUDITORS

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

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

I. THE BOARD OF DIRECTORS

 <p>DR. P.K. MUNGA</p>	<p>He is an industrialist and a business man with interests in banking, manufacturing, insurance among others. He has vast experience in both public and private sector and has been contributing immensely to the community in scholarships and other social wellbeing. He is a former chairman of Equity bank and a member of boards of various blue-chip companies. He is the proprietor of Equatorial Industrial Park and Pioneer group of schools among others.</p> <p>He is a qualified Certified Public Secretary (CPSK) and holds many other certificates in management and corporate governance. He is chairman to the board.</p>
 <p>ENG. D. NG'ANG'A</p>	<p>He is the current Managing Director of Murang'a Water & Sanitation Company since the company's inception in 2007. He has huge experience in the water sector and also has worked in the private sector. He is a registered engineer, has a BSC civil engineering degree, Executive Masters degree in Business Administration and a diploma in Community Development. He has attended numerous managerial and administration courses both locally and abroad.</p>
 <p>H.M. MWITHIGA</p>	<p>He has vast experience in both the public and private sector having worked for many years with BAT rising to the post of Area Marketing Manager. He founded and is the current proprietor of Murang'a Tobacco Distributors. He has served in many schools management boards as well as ACK church council committees in various capacities.</p> <p>He holds various post high school certificates in sales, management and corporate governance. He is the chairman audit and risk management committee of the board.</p>
 <p>J.K. MWIRIGI</p>	<p>He is an experienced finance manager who has served in the public sector for more than 10 years and is currently the Murang'a Town Manager for the last four years. He served with the now defunct County Council of Murang'a in the capacity of Marketing superintendent and later as Senior Accountant.</p> <p>He holds a Bcom in Finance. He is also a qualified accountant (CPAK) and also a qualified public secretary (CPSK) and has studied various management and administration courses. He left the Board on December 2019.</p>
 <p>S. KARINA</p>	<p>She has vast experience in community development and the founder and current director of an NGO called Friends For The Abused People International (FOTAPI). She has also worked in various capacities with: NACADA, ECK, Uwezo Kenya, Joyful Women, Probation office and been a member of school boards.</p> <p>She holds a bachelors degree in social work and administration and has numerous certificates in community development related courses from various institutions. She is a member of finance and administration committee of the board.</p>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

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

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**



J. KAMWAGA

She represents women organizations. She holds certificates in Community rehabilitation, Population management and integrated family life. She has vast experience in Project profile preparation, entrepreneurship and strategic planning. She has experience in civic education and has participated in constitution review process as a district delegate in Bomas of Kenya. She has also worked with various Government agencies, NGOs and private institutions as a consultant and trainer on community empowerment programs. She has also served as a chairperson in various positions including National Council of women of Kenya Kiharu branch, National Council of women of Kenya Murang'a County Chapter, Murang'a county peace Committee and Family Health Options Kenya. She is a member of National Council of Women of Kenya (NCWK) and a member of Finance and administration committee of MUWASCO Board.









A. MUTIRIA

He is a holder of B.Ed (Arts) from Kenyatta university and currently pursuing his Masters in Linguistics in the same institution. He also hold senior management certificate from Kenya School of Government with vast experience in management of both private and public institutions. He has served in Thika Technical Training Institute (TTTI) as chief Technical and Vocational Trainer and also in Gitugi Girls High School as dean of studies. He commands business acumen and has experience with Royal Media Services Limited as a regional sales representative. He is a member of Public Relations Society of Kenya and a member of Audit and risk management committee of MUWASCO board.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

II. MANAGEMENT TEAM

The Company's senior management team is as follows:

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

III. CHAIRMAN'S STATEMENT

General Overview

I am humbled to present, FBIL'S annual report and financial statements for the year ending June 2020. Fbil is a subsidiary wholly owned by Murang'a Water and Sanitation Company while its operations are distinct in that the parent company tariffs are regulated but the subsidiary prices are only affected by competitor's prices in the market. The water bottling plant has a capacity to produce two thousand (2000) litres of water per hour.

Operations

We continue navigating our operational front towards a stable, strong and deep rooted economic base by creating and exploiting business opportunities. Last year, we reported a steady demand for our bottled water which was as a result of growth initiatives we implemented which has remained our core output this year. On the operational front, we started the year with the determination to see our business grow. We have managed to reduce our loss incurred last year significantly and we are optimistic that we will break even during the current financial year.

Achieving a steadfast corporate image, brand visibility and feedback will ultimately enhance our financial performance. We endeavor establishing a strong personality with our stakeholders through communication and feedback by sustaining a culture of mutual value as a strategy.

Future plans

As we grow as a company we expect to automate our processes, this will reduce operating costs as we improve our output. In addition this will improve our compliance with relevant authorities as well as improved quality.


DR. P. K. MUNGA
CHAIRMAN

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

IV. MANAGING DIRECTOR STATEMENT

I am delighted as the Managing Director of Murang'a Water and Sanitation Company Ltd to release our subsidiary's Company Fort Beverage Industries Ltd annual report and financial statements for the year ended 30th June 2020

The company's performance has continued to improve despite the many challenges facing it. The performance has largely been affected by the National Environment Management Authority's ban on use, import or manufacture of plastic materials which subsequently raised the cost of production materials. The implementation of the excisable goods management system by the Kenya Revenue Authority which is in accordance with section 28 of excise duty Act 2015 and legal notice 53 of 30th March,2017 and Value Added Tax has raised the cost of production despite the fact that bottled water business in Kenya continues existing unregulated. This has continued to attract pitiful competition from dishonest bottlers who have no regard to quality and health standards.

HUMAN RESOURCE

The company has five members of staff who are currently on contract .However, Murang'a Water and Sanitation Company has seconded four members of staff to enhance the company's brand management, sales, marketing and the overall productivity.

FUTURE OUTLOOK

We have purposed to automate our bottling system in order to improve Speed, Consistency , Reliability and versatility of the machines in order to hit specific production goals . This presents us with an opportunity to easily upgrade and diversify our product assortment in **future** by accommodating changing product lines. The automation will accommodate a fully equipped aqua-sense quality monitor that will be configured to arrest and prompt-to- fix any quality nonconformist (bacterial screening) occurring at any bottling process.

We will embark on a recruitment exercise to distributors and wholesalers as well as assisting them commission Fort Aqua refill stations all over Kenya, introduce a fighter brand and improve our brand placement in the market. This interventions will enable us achieve a revenue base of Ksh 15,829,195.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

CONCLUSION

We acknowledge that this company can grow and play a major role in the socio – economic development of our county. It is in the backdrop of this belief that we continue to actively pursue strategies aimed at strengthening our brand positioning and reputation in production of quality bottled water.

A handwritten signature in blue ink, consisting of a large, stylized initial 'D' followed by a series of loops and a long horizontal tail.

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

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

V. CORPORATE GOVERNANCE STATEMENT

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

Board of Directors

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

Board meetings

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

TYPE OF MEETING	NO
Special Board Meeting	1
Full Board Meeting	4
Finance and Admin Committee Meeting	3
Audit Committee Meeting	3
Total	11

Board committees

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

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

Audit and risk management committee

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

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

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

CORPORATE GOVERNANCE STATEMENT(Continued)

Finance and administration committee

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

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

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

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

Technical committee

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

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

Directors' Remuneration

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

Attendance of Board meetings

DATE	MEETING	PETER MUNGA	C.E.O TWSB	H.M.MWITHIGA	PETER KIGUTA	ESTON GATHIMA	SUSAN KARINA	M. GICHOMO	BEATRICE WANJERI	JEREMIAH KAMAU	ANTONY MUTIRIA	JANE KAMWAGA	C.E.C WATER	C.E.C FINANCE
09/08/2019	FULL BOARD		✓	✓	✓	✓	✓	✓	✓					
10/09/2019	AUDIT COMMITTEE		✓	✓				✓	✓					
10/09/2019	FIN & ADMIN COMMITTEE		✓	✓	✓	✓	✓	✓	✓					
16/09/20219	FULL BOARD			✓	✓	✓	✓	✓	✓					
18/10/2019	A.G.M	✓	✓	✓	✓	✓		✓	✓					
04/02/2020	FIN & ADMIN COMMITTEE		✓		✓	✓	✓							
04/02/2020	AUDIT COMMITTEE		✓	✓				✓	✓					
18/02/2020	FULL BOARD	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		
15/06/2020	AUDIT COMMITTEE		✓	✓				✓	✓		✓			
15/06/2020	FIN & ADMIN COMMITTEE		✓		✓	✓	✓					✓		
29/06/2020	FULL BOARD		✓		✓	✓	✓	✓	✓		✓	✓	✓	

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

CORPORATE GOVERNANCE STATEMENT(Continued)

Process of appointment and removal of directors

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

Induction and training

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

Ethics and conduct of directors

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

Going concern

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

SIGNED:



for CHAIRMAN



MANAGING DIRECTOR

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

VI. BOARD OF DIRECTORS REPORT

The Board of Directors has the pleasure in submitting their annual Report and Financial Statements for the period ended 30th June 2020

PRINCIPAL ACTIVITY

The company produces and sells bottled water.

INCOME

The results of activities for the year show a loss of **(Kshs 8,160,506)** as set out on page seventeen of the accounts.

THE BOARD OF DIRECTORS

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

AUDITORS

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

By order of the Board



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

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

VII. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors are responsible to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of the activities for that year. The Board should ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Board is also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30th, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

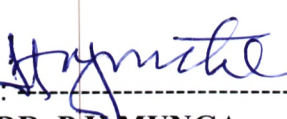
The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2020, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

Though the company has accumulated losses, we expect the company to remain a going concern. The company's sales have improved due to opening of hotels and schools which had previously closed due to covid 19 pandemic. With the inception of regulation of bottled water and beverages through the Kenya's Finance Act 2020, unfair competition in the sector will cease and therefore we will be able to penetrate more in the market and therefore increase sales.

Approval of the financial statements

The company's financial statements were approved by the Board on 29th September 2020 and signed on its behalf by:

SIGNED:

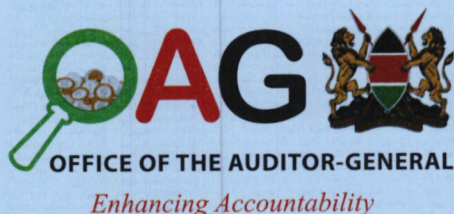

for **DR. P. K. MUNGA**
CHAIRMAN


P. KIGUTA
DIRECTOR


ENG. D. NG'ANG'A
MANAGING DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON FORT BEVERAGE INDUSTRIES COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Fort Beverage Industries Company Limited set out on pages 17 to 33, which comprise the statement of financial position as at 30 June, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Fort Beverage Industries Company Limited as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1. Failure to Disclose Material Uncertainty in Relation to Going Concern

During the financial year ended 30 June, 2020, the Company recorded an operating loss of Kshs.8,160,506 (2019 loss: Kshs.2,345,884). In addition, the current liabilities balance of Kshs.19,628,842 exceeded the current assets balance of Kshs.3,540,734, resulting in a negative working capital of Kshs.16,088,108 as at 30 June, 2020. This precarious financial position is an indication of the existence of a material uncertainty on the Company's ability to continue as a going concern and to meet its financial obligations as and when they fall due. However, the material uncertainty in relation to going concern and any mitigating measures put in place by the Company's Directors to reverse the undesirable trend have not been disclosed in the financial statements.

2. Failure to Disclose Share Capital

As previously reported, the Company has a nominal share capital of Kshs.100,000 divided into 1000 shares of Kshs.100 each as disclosed under corporate information on page 2 of the financial statements. However, the Directors have not disclosed whether the shares are fully paid up and the share capital has not been reflected in the statement of financial position as at 30 June, 2020 and the statement of changes in equity for the year then ended. No explanation has been provided for the omission or anomaly.

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

Key Audit Matters

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

Other Matter

Under Collection of Revenue

The statement of comparison of budget and actual amounts reflects an approved revenue budget of Kshs.18,157,802 in respect of water sales and actual sales of Kshs.7,489,484 resulting into an under-collection of Kshs.10,668,318 or 59%. Although Management attributed the poor performance to stiff competition, measures in place to improve the performance have not been provided.

Other Information

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

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

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on

the other information obtained prior to the date of this auditor's report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I report in this regard that the Directors conclusion under the statement of Board of Directors responsibilities that, nothing has come to their attention to indicate that the Company will not remain a going concern for at least the next twelve months is not consistent with the operating results and working capital reflected in the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unauthorized Expenditure

During the year ended 30 June, 2020, the Company incurred expenditure of Kshs.16,360,599 against an approved budget of Kshs.17,552,418 resulting into an overall under-expenditure of Kshs.1,191,819. Further, the Company over spent on eight items by Kshs.5,265,017 without the Board's approval for reallocation as follows:

Item	Budgeted Amount (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)
Administration Expenses	2,514,900	6,433,921	3,919,021
Operating and Maintenance Cost	378,400	762,367	383,967
Staff uniforms	76,700	361,631	284,931
Vehicle Expenses	804,000	984,357	180,357
Consultancy	108,000	342,684	234,684
License & Permits	47,000	86,534	39,534
Catering Services	48,000	69,505	21,505
Subsistence Allowances	19,200	220,218	201,018
Total	3,996,200	9,261,217	5,265,017

In view of the unauthorized expenditure, 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and the Board of Directors

The Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for maintaining effective internal control as the 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 assessment of the effectiveness of internal control, risk management and governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the Company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of 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 the 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

02 February, 2022

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

IX. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020


REVENUES	NOTES	2019/2020 (Kshs)	2018/2019 (Kshs)
Bottled water sales	1	7,489,484	8,889,878
OTHER INCOME			
Amortisation of capital grants	2	710,609	769,317
TOTAL REVENUES		8,200,093	9,659,195
OPERATING EXPENSES			
Personal emoluments	3	4,376,712	4,269,917
Administration expenses	4	6,433,921	2,398,151
Production and maintenance expenses	5	4,331,353	4,208,680
General office expenses	6	483,114	326,003
Depreciation and amortization	7 & 8	735,499	802,328
Total Operating Expenses		16,360,599	12,005,079
PROFIT/(LOSS) BEFORE TAXATION		(8,160,506)	(2,345,884)
INCOME TAX EXPENSES/(CREDIT)		-	-
PROFIT/(LOSS) AFTER TAXATION		(8,160,506)	(2,345,884)

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020


X. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

NON CURRENT ASSETS	NOTES	2019/2020 Kshs	2018/2019 Kshs
Property, plant and Equipment	7	18,195,416	18,916,579
Intangible assets	8	57,344	71,680
Total noncurrent asset		18,252,760	18,988,259
CURRENT ASSETS			
Receivables	9	1,914,763	2,281,441
Cash and cash equivalent	10	365,664	93,297
Inventory	11	1,260,307	1,207,367
Total current assets		3,540,734	3,582,105
TOTAL ASSETS		21,793,494	22,570,364
EQUITY AND LIABILITIES			
Revenue Reserves	12	(15,346,387)	(7,185,881)
Total Capital and reserves		(15,346,387)	(7,185,881)
NON CURRENT LIABILITIES			
Deferred income	13	17,511,039	18,170,758
Total non current liabilities		17,511,039	18,170,758
Current liabilities			
Deferred income	13	659,719	710,609
Trade and other payables	14	18,969,123	10,626,335
Bank overdraft	10	-	248,542
Total Current Liabilities		19,628,842	11,585,487
TOTAL EQUITY AND LIABILITIES		21,793,494	22,570,364

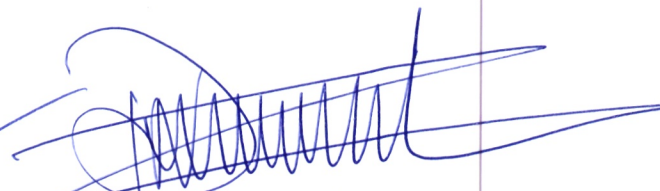
The financial statements on pages 17-33 were approved by the board of directors on 29/09/2020 and were signed on its behalf by:



DR. P. K. MUNGA
CHAIRMAN



P. KIGUTA
DIRECTOR



ENG. D. NG'ANG'A
MANAGING DIRECTOR

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

XI. STATEMENT OF CHANGES IN EQUITY

	NOTES	REVENUE RESERVES (Kshs)	TOTALS (Kshs)
Balance at 1 st July 2018	12	(4,839,997)	(4,839,997)
Loss for the year	12	(2,345,884)	(2,345,884)
Balance at 30th June 2019		(7,185,881)	(7,185,881)
Balance at 1st July 2019			
Loss for the year	12	(8,160,506)	(8,160,506)
Balance at 30th June 2020	12	(15,346,387)	(15,346,387)

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

XII. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2020

		2019/2020	2018/2019
Cash Flows from operating activities	Notes	(Kshs)	(Kshs)
Surplus generated from operating activities		(8,160,506)	(2,345,884)
Adjustment for: Non cash items			
Depreciation and amortization	7 & 8	735,499	802,328
Amortisation of capital grants	13	(710609)	(769,317)
Adjusted Surplus From operating Activities			
Before Working Capital changes		(8,135,616)	(2,312,873)
Changes in working capital			
(Increase)/(Decrease) in inventory	11	(52,940)	(361,684)
Increase/(Decrease) in receivables	9	366,677	(762,312)
Increase/Decrease) in short term liabilities	14	8,342,788	3,423,714
Net cash flows From Operating Activities		520,910	(13,155)
Cash flows from Investing Activities			
Purchase of P.P.E and Intangible asset	7 and 8	-	-
Net Cash flows from investing activities		-	-
Net Cash flows from Financing Activities		-	-
Net Decrease/increase in cash & cash equivalents		520,910	(13,155)
Cash and Cash equivalent at start of year		(155,246)	106,452
Cash and Cash equivalents at end of year	10	365,664	93,297

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 2020

	ACTUAL	BUDGET	VARIANCE	VARIANCE %	EXPLANATION OF MATERIAL VARIANCE
INCOME	Ksh	Ksh	Ksh		
SALES	7,489,484	18,157,802	(10,668,318)	(59)	Stiff competition in the market
EXPENDITURE					
SALARIES	4,036,768	4,110,780	(74,012)	(2)	
NSSF COMPANY CONTRIBUTIONS	23,200	26,400	(3,200)	(12)	No new employees as the sales demand was low
PENSION CONTRIBUTION	44,190	-	44,190	100	Staff joined the pension scheme during the year
CASUAL WAGES	176,210	180,000	(3,790)	(2)	
Leave allowance	96,344	89,225	7,119	8	
TRAINING	6,250	6,600	(350)	(5)	
MOTOR VEHICLE EXPENSES	984,357	804,000	180,357	22	More fuel consumed due to more marketing needs
CONSULTANCY/PROFESSIONAL FEES	342,684	108,000	234,684	217	Compliance of NEEMA requirement
COURIER & POSTAL SERVICES	1,863	4,800	(2,937)	(61)	Use of emails
COMMUNICATION AND INTERNET EXPENSES	163,807	288,000	(124,193)	(43)	Use of calling bundles
LICENCES & PERMITS	86,534	47,000	39,534	84	Registration of excise duty licence
CATERING SERVICES	69,505	48,000	21,505	45	Increase in prices of catering items
CONTRACTED GUARDS SERVICES	269,359	288,000	(18,641)	(6)	
BANK/M-PESA CHARGES	74,927	113,000	(38,073)	(34)	Decrease in mpesa transaction
INSURANCE	0	30,000	(30,000)	(100)	Cost incurred by muwasco
SUNDRY /DONATIONS	0	40,000	(40,000)	(100)	No donation made due to financial constraint

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

ADVERTISING	0	80,000	(80,000)	(100)	No advertisement made during the the year
TRAVEL COST	166,120	192,000	(25,880)	(13)	Change of marketing strategy
SUBSISTENCE ALLOWANCES	220,218	192,000	28,218	15	Increase in marketing needs.
FIRST AID EXPENSES	12,000	31,500	(19500)	(62)	Reduced staff injuries while on duty
TAXES	3,737,651	1,506,750	2,230,901	(64)	Excise duty arrears
PRODUCTION MATERIALS	3,400,544	8,176,003	(4,775,459)	(58)	less materials procured due to decrease in demand
ELECTRICITY AND WATER BILLS	168,442	431,760	(263,318)	61	Less demand than budgeted.
CHEMICALS	0	71,900	(71,900)	(100)	No procurement need during the year
OPERATING AND MAINTENANCE COST	762,367	378,400	383,967	101	More repair needs of bottling equipments
STAFF UNIFORMS	361,361	76,700	284,931	371	Increased marketing needs
GENERAL OFFICE SUPPLIES	121,483	231,600	(110,117)	(48)	Decreased cost of printing materials
B.O.D EXPENSIS	85,716	0	85,716	100	FBIL Board committee formed in the year
TOTAL EXPENDITURE	15,412,170				
DEFICIT	(7,922,685)				
<u>RECONCILIATION ITEMS NOT IN THE BUDGET</u>					
DEPRECIATION	(735,499)				
AMORTISATION	710,609				
BAD DEBTS	(212,930)				
PROFIT BEFORE TAXATION	(8,160,506)				

Explanation of variances is on +/- 10%

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

XV NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The company produces and sells bottled water.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

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

b. Property, Plant and Equipment

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

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

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

Per Annum	RATE
	%
-Computers	30
-Computer software	20
-Buildings	2.5
-Furniture	12.5
-Equipments	12.5

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

Amortization is provided for the intangible assets like computer software.

FORT BEVERAGE INDUSTRIES COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

d. Reserves

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

e. Taxation

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

f. Related party transactions

Fort beverage industries co. ltd is a subsidiary of Muranga Water and Sanitation Company. Other related parties are as stipulated in note 15

g. Inventory

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

h. Cash and Cash Equivalent

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

i. Trade and other Payables

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

j. Financial risk management

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

k. Liquidity risk management

The company has various obligations and liabilities as outlined in note 14 of the accounts. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flow.

l. Market risk

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

m. Significant judgments and sources of estimation

The directors are responsible for selecting and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

n. Taxation

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

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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

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

p. Reporting currency

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

q. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

r. Incorporation

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

s. Ultimate and holding entity

The entity is a subsidiary of Muranga water and Sanitation Company.

t. Share capital

Fort Beverage Industries Limited is a private company wholly owned by Murang'a Water and Sanitation Company and it is limited by shares. These shares are allotted to the natural person and held in trust for the holding company. The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. This share capital is not paid up.

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

EXPLANATORY NOTES TO THE ACCOUNTS

1) BOTTLED WATER SALES

These are sales for 300 ml, 500ml, 1 ltr, 1.5 ltr, 2ltr, 3ltr, 5 ltr, 10 ltr, 18.9 disposable and 18.9 hard. The total sales for the year was Ksh. 7,489,484 exclusive of VAT

2) AMORTIZATION

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

3) <u>PERSONEL EMOLUMENTS</u>	2019/2020 Ksh.	2018/2019 Ksh.
SALARIES	4,036,768	4,106,356
NSSF COMPANY CONTRIBUTIONS	23,200	23,000
PENSION CONTRIBUTION	44,190	15,273
CASUAL WAGES	176,210	55,800
Leave allowance	96,344	69,488
TOTAL PERSONEL EMOLUMENTS	4,376,712	4,269,917

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019/2020	2018/2019
	Ksh	ksh
4) <u>ADMINISTRATION EXPENSES</u>		
TRAINING	6,250	5,300
MOTOR VEHICLE EXPENSES	984,357	786,973
CONSULTANCY/PROFESSIONAL FEES	342,684	183,612
COURIER & POSTAL SERVICES	1,863	3,804
COMMUNICATION AND INTERNET EXPENSES	163,807	240,872
LICENCES & PERMITS	86,534	54,100
CATERING SERVICES	69,505	55,498
CONTRACTED GUARDS SERVICES	269,359	288,483
BANK/M-PESA CHARGES	74,927	102,859
MEETING COSTS ,CONFERENCES & SEMINARS	-	
TRAVEL COST	166,120	233,180
SUBSISTENCE ALLOWANCES	220,218	102,130
FIRST AID EXPENSES	12,000	12,450
PROVISION FOR BAD DEBT	212,930	
B.O.D EXPENSIS	85,716	-
TAXES	3,737,651	328,890
TOTAL	6,433,921	2,398,151
5) <u>PRODUCTION & MAINTENANCE EXPENSES</u>		
PRODUCTION MATERIALS	3,400,544	3,704,774
ELECTRICITY AND WATER BILLS	168,442	253,103
OPERATING AND MAINTENANCE COST	762,367	250,803
	4,331,353	4,208,680

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

• **TOTAL**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019/2020	2018/2019
	Ksh.	Ksh.
<u>6) GENERAL OFFICE EXPENSES</u>		
STAFF UNIFORMS	361,631	72,900
GENERAL OFFICE SUPPLIES	121,483	253,103
TOTAL	483,114	326,003

7) PROPERTY PLANT & EQUIPMENTS (KSHs)

	1)Buildings (Kshs)	2)Furniture (Kshs)	3)Computer & accessories (Kshs)	4)Equipments (Kshs)	TOTALS (Kshs)
COSTS					
Cost as at 1 st July 2018	17,478,737	167,046	211,932	2,702,516	20,560,231
Additions during the year	-	-	-	-	-
Total Cost As At 30th JUNE 2019	17,478,737	167,046	211,932	2,702,516	20,560,231
Cost as at 1 st July 2019	17,478,737	167,046	211,932	2,702,516	20,560,231
Additions during the year	-	-	-	-	-
Total Cost As At 30th JUNE 2020	17,478,737	167,046	211,932	2,702,516	20,560,231
DEPRECIATION					
As at 1 st July 2018	436,968	20,881	63,580	337,815	859,243
charge for the year	426,044	18,271	44,506	295,588	784,408
Accumulated depreciation As at 1st July 2019	863,013	39,151	108,085	633,402	1,643,652
Charge for the year	415,393	15,987	31,154	258,639	721,173
Total Accumulated Depreciation As At 30th June 2020	1,278,406	55,138	139,239	892,041	2,364,825
NET BOOK VALUE					
As at 30 th JUNE 2020	16,200,331	111,908	72,693	1,810,475	18,195,406
As at 30 th JUNE 2019	16,615,724	127,894	103,847	2,069,114	18,916,579

-The company's buildings lies on government land but its yet to be transferred by Tana Water Works Development Agency to Muranga'a Water And Sanitation Company.

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

-The motor vehicle used in the operations of the company also belongs to Tana Water Works Development Agency and is not yet transferred to the Muranga's Water And Sanitation Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8) INTANGIBLE ASSETS (PAYROLL SOFTWARE)

COST:	Ksh.
Cost as at 1 st July 2019	112,000
Additions during the year	-
Total cost as at 30th June 2020	112,000
AMORTISATION:	
As at 1 st July 2019	40,320
Charge for the year	14,336
Total accumulated amortization as at 30th June 2020	54,656
NET BOOK VALUE:	
As at 30th June 2020	57,344
As at 30th June 2019	71,680

	2019/2020	2018/2019
9) <u>RECEIVABLES</u>	Ksh.	Ksh.
Trade debtors	2,127,693	2,281,441
Less allowance for credit risk	(212,930)	-
Net trade debtors	1,914,763	2,281,441

10) CASH & CASH EQUIVALENT

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

Financial institution	Account /Till number		
a) Current accounts			
Equity bank	0220272638432	34,167	(248,542)
Fixed deposit		300,000	-
Sub- total		334,167	(248,542)
d) Others			

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

e) M-PESA	795410	6,866	17,463
h) Cash at hand		24,631	75,834
Sub- total		31,497	93,297
GRAND TOTAL		365,664	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019/2020	2018/2019
	Ksh	Ksh.
11) <u>INVENTORY</u>		
Finished goods	154,282	634,600
Empty bottles	986,390	544,162
Labels	11,617	17,140
Seals	16,747	3,161
Shrink wraps	28,247	8,304
Heat gun	63,024	-
TOTAL	1,260,307	1,207,367
12) <u>REVENUE RESERVES</u>		
Brought forward	(7,185,881)	(4,839,997)
Current year	(8,160,506)	(2345,884)
Balance carried forward	(15,346,387)	(7,185,881)
13) <u>DEFERRED INCOME</u>		
Brought Forward	18,881,367	19,650,684
Amortisation	(710,609)	(769,317)
TOTALS	18,170,758	18,881,367
Deferred Income amortizable within one yr	659,719	710,609
Deferred income amortizable after 1 yr	17,511,039	18,170,758
Total Deferred Income c/f	18,170,758	18,881,367
14) <u>TRADE AND OTHER PAYABLES</u>		
Suppliers creditors	624,863	161,367
Other creditors	2,542,104	255,935

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Muwasco payables	15,802,156	10,209,034
TOTALS	18,969,123	10,626,336

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15) RELATED PARTY DISCLOSURES

The following are the related parties of Fort beverage industries Ltd

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

TRANSACTIONS WITH RELATED PARTIES

-During the year, Muranga water and sanitation company transferred funds amounting to ksh 5,175,000 from its bank account to the fort beverage bank account.

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

FORT BEVERAGE INDUSTRIES COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020



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