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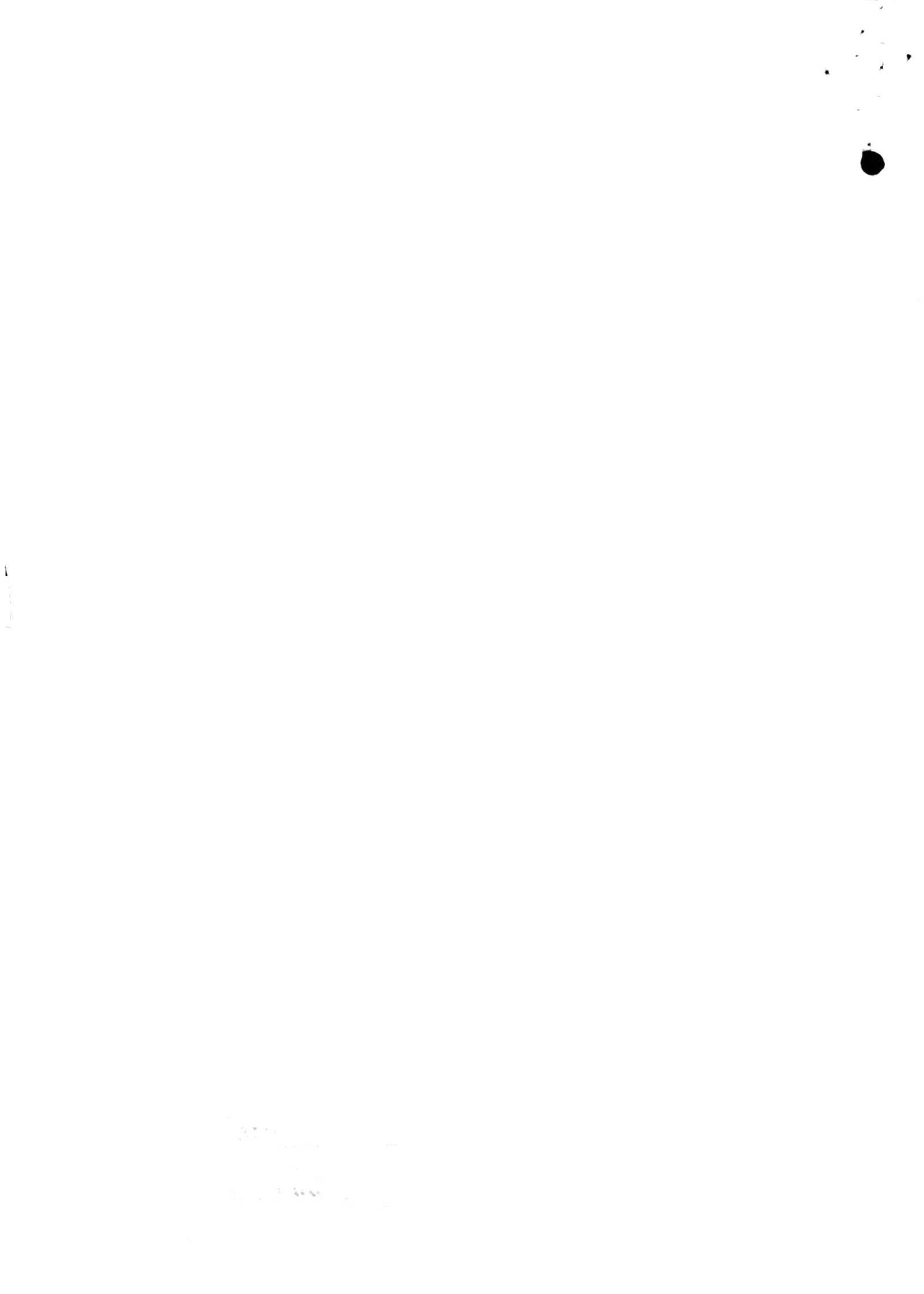
THE AUDITOR-GENERAL

ON

UASIN GISHU COUNTY - BURSARY AND SKILLS DEVELOPMENT SUPPORT FUND

FOR THE YEAR ENDED 30 JUNE, 2020

PAPERS LAID	
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Oolaiser Water

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OLOOLAISER WATER AND SEWERAGE COMPANY

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June, 2020**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
03 MAY 2021
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Oololaiser Water and Sewerage Company Limited

Reports and Financial Statements

For the year ended 30th June, 2020

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Oololaiser Water and Sewerage Company Limited

Reports and Financial Statements For the year ended 30th June, 2020

1. KEY ENTITY INFORMATION

Background information

Oololaiser Water and Sewerage Company was established under the Company's Act (CAP.486) on the Thirtieth day of June Two Thousand and Six.

Principal Activities

The principal activity of Oololaiser Water and Sewerage Company Limited is to provide safe and reliable water services to customers.

Directors

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

- | | |
|----------------------|---|
| 1. Patrick Mugo | Board Chairman |
| 2. Elizabeth sopiato | Board vice chairperson. |
| 3. Kakai Nakitare | Member |
| 4. Eunice Kamweru | Member |
| 5. Solomon Kereku | Member |
| 6. Moses Ngusa | Member |
| 7. David Kobai | Member |
| 8. Michael Semera | Member (CECM Water & Irrigation Kajiado County Gvt) |

Corporate Secretary

Wanjau and Wanjau Advocates
P.O. Box 15382-00100
Nairobi

Corporate Headquarters

P.O. BOX.333-00206
Isalu Centre Ground Floor
Magadi Road
Rongai.

Corporate Contacts

Telephone: (+254)724310714
(+254)202012075

E-mail: info@oololaiser.co.ke

Oloolaiser Water and Sewerage Company Limited

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Corporate Bankers

Kenya Commercial Bank
Ongata Rongai
Private Bag
Ongata Rongai

Independent Auditors

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









Principal Legal Advisers

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

Oololaiser Water and Sewerage Company Limited

Reports and Financial Statements For the year ended 30th June, 2020

2. BOARD OF DIRECTORS

	<ol style="list-style-type: none">1. Name: Patrick Mugo2. Position: Chairman3. DoB: 01.09.19674. Qualification: Master of Environment Planning and Management5. Work Experience: 27 years of work experience
	<ol style="list-style-type: none">1. Name: Elizabeth Sopiato2. Position: Vice Chairman3. DoB: 19774. Qualification: BA Sciences of Human Development5. Work Experience:
	<ol style="list-style-type: none">1. Name: Kakai Nakitare2. Position: Member3. DoB: 19604. Qualification: Diploma in Water Supply Technology5. Work Experience: Chief Superintendent Water Engineering Kajiado County
	<ol style="list-style-type: none">1. Name: Eunice Kamweru2. Position: Member3. DoB: 19614. Qualification:5. Work Experience: Chief Superintendent Water Engineering Kajiado County
	<ol style="list-style-type: none">1. Name: Solomon Kereku2. Position: Member3. DoB:4. Qualification: Master in Leadership and Policy in Education5. Work Experience: Sub County Administrator Kajiado County
	<ol style="list-style-type: none">1. Name: Bishop Moses Ngusa2. Position: Member3. DoB: 13.03.19654. Qualification: Doctor of Divinity (Hon), Bachelor of Administration5. Work Experience: Sub County Administrator Kajiado County
	<ol style="list-style-type: none">1. Name: David Kobaa2. Position: Member3. DoB:4. Qualification:5. Work Experience: Municipal Manager
	<ol style="list-style-type: none">1. Name: Michael Semera (CECM Water & Irrigation Kajiado County Gvt)2. Position: Member3. DoB:4. Qualification:5. Work Experience:








Oloolaiser Water and Sewerage Company Limited

**Reports and Financial Statements
For the year ended 30th June, 2020**



1. Name: Dickson Ntikoisa
2. Position: Managing Director
3. Academic Qualification: BSC Civil Engineering

3 MANAGEMENT TEAM

	<ol style="list-style-type: none">1. Name: Dickson Ntikoisa2. Position: Managing Director3. Academic Qualification: BSC Civil Engineering
	<ol style="list-style-type: none">1. Name: Antony Muriuki2. Position: Finance Manager3. Academic Qualification: BBM (Finance and Banking), Member of ICPAK
	<ol style="list-style-type: none">1. Name: Dennis Mwangi2. Position: Ag Technical Manager3. Academic Qualification: BSC Civil Engineering
	<ol style="list-style-type: none">1. Name: Solomon Saruni2. Position: Ag Commercial Manager3. Academic Qualification: BA (Economics and Statistics)
	<ol style="list-style-type: none">1. Name: Faith Lekato2. Position: Human Resource and Administration Officer3. Academic Qualification: BBM (Human Resource Management), Diploma (Personnel Management), Member of IHRM
	<ol style="list-style-type: none">1. Name: Kelly Marina2. Position: Procurement Officer3. Academic Qualification: BBM (Purchasing and Supplies Management), Advanced Dip in Logistics and Transport, Member of KISM
	<ol style="list-style-type: none">1. Name: John Wekesa2. Position: Internal Auditor3. Academic Qualification: BCOM (Finance), Member of ICPAK

Oloolaiser Water and Sewerage Company Limited

Reports and Financial Statements
For the year ended 30th June, 2020

4. CHAIRMAN'S STATEMENT

Oloolaiser Water and Sewerage Company Ltd (OWSCO) remains committed to its mission of providing water and waste water services that are economically viable, environmentally friendly, socially responsible and responsive to customers' needs and expectations.

We have faced challenges of meeting customer demand due to limited sources of water, aged and dilapidated reticulation system, limitation of the pipeline coverage scope, high non-revenue water and increased operating costs which outstretch the available resources. Some of these challenges have been addressed through internally generated resources and the National Government of Kenya through the Ministry of Water and Irrigation, and its agencies, such as the Water Services Trust Fund.

The Board is committed to the insistence on good Governance and accountability to overcome these inevitable challenges. The Board shall continue to transform the Company into a dynamic, pro-active, and consumer conscious organization so as to prevail over existing and emerging challenges and also to attain its vision *"To be the industry leader and water service provider of choice"*.

OWSCO has an on-going project under the Nairobi Satellite Towns-Water and Sanitation Department Programme (Kiserian-Ongata Rongai Water Supply Project) which will address the challenges mentioned above to make it achieve its mission and vision in the foreseeable future. The project is anticipated to increase water production capacity by 6,500 cubic/day, connect 8,240 consumers with digital meters and rehabilitate 205kms of pipeline of various diameter. This will go a long way in addressing customer demand and non-revenue water challenges the Company is currently facing.

Finally, I am humbled and sincerely express my gratitude and appreciation to all stake holders who include: Our esteemed customers, my fellow Directors, the Management team, staff, Government of Kenya, regulators, investment partners, and our valued suppliers for their continued support which has contributed to achieving our mandate as a water service provider.

Thank you



Arch. Patrick Mugo Karugo
Chairman

Oloolaiser Water and Sewerage Company Limited

Reports and Financial Statements For the year ended 30th June, 2020

5. REPORT OF THE MANAGING DIRECTOR

The water company, under license of operation issued by Water Services Regulatory Board and through the provisions of the Constitution and the County Governments Act (County Corporation) provides water and waste water services within Kajiado North and Kajiado West Sub - Counties of Kajiado County and has a coverage area of approximately 716km² targeting an estimated population of 307,455 persons.

The Company has achieved a service coverage of 89km² and 172,175 persons being an achievement of 12.4% and 48% respectively, the low coverage is attributed to a limited reticulation networks which is majorly present within the urban areas of Ongata Rongai, Kiserian, Ngong and Matasia and their immediate environs, for instance Olkeri and Bulbul areas. Water is a key driver of social-economic development, during the year under review, the Company centered on demand focused distribution of water, albeit inadequate, while still ensuring accessibility to all, this has enhanced reliability coupled with improved customer service.

The financial year 2019-2020 has been particularly difficult due to numerous destruction of water pipelines by road construction contractors, high costs especially on some operational costs and the challenge of high Non-Revenue Water Levels. Challenges of an old dilapidated reticulation networks, poor designs coupled with wrong sizing of pipes and poor class of materials has contributed to physical water losses. Other contributions of water loss has been through poor meter installation techniques, aged consumer meters, wrong meter positioning, meter inefficiencies, incidences of illegal reconnections, meter by passes and water theft hence increasing the Company's component of Non-Revenue Water caused by commercial losses.

As the utility is charged with the responsibility of providing water and sewerage services within Kajiado North and Kajiado West Sub Counties, the people of this sub counties look upon us to deliver, I am pleased to state that through the years, we have set for ourselves ambitious performance goals and have consistently delivered against them. Though the years have been exceptionally challenging, we have substantially increased our customer base through investments in the expansion of our infrastructure and improvements in the quality of service to our customers

Ladies and Gentlemen, The Company has intensified explorations, planning, designing and implementation of system expansions targeted at improving the quality and reliability of the service by construction of pipeline extensions of various diameters and additional storage tanks. I therefore want to assure everyone that Oloolaiser Water and Sewerage Company will always have a reliable and sustainable water supply system for all members of the two sub-counties under its operational license.

Thank you



Dickson Ntikoisa
Managing Director

6. REVIEW OF OLOOLAISER WATER AND SEWERAGE COMPANY LIMITED PERFORMANCE FOR FY 2019/2020

Oloolaiser Water and Sewerage Company Limited has 6 strategic pillars and objectives within its Strategic Plan for the FY 2016/2017- 2021/2022. These strategic pillars are as follows:

Pillar 1: Water and sewerage infrastructure

Pillar 2: Non-revenue water

Pillar 3: Customer service

Pillar 4: Operational efficiency

Pillar 5: Financial sustainability

Pillar 6: Institutional capacity

Oloolaiser Water and Sewerage Company Limited develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Company* achieved its performance targets set for the FY 2019/2020 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Water and Sewerage Infrastructure	<ol style="list-style-type: none"> Increase production from 7,500 to 44,000 by 2022 Ensure compliance with water quality standards Increase total population served from 51% in 2017 to 60% by 2022 Enhance waste management 	<p>Increase in quantity of water produced</p> <p>High water quality for consumption</p> <p>Increased in population served</p> <p>Establishment of decentralized treatment facility</p>	<p>-Sinking of more boreholes</p> <p>Water quality tests</p> <p>Expansion of water supplies</p> <p>-Enhance water connection</p> <p>Operationalization of DTF</p>	<p>5 boreholes sunk</p> <p>Water tests done on a monthly basis</p> <p>Ongata Rongai DFT functioning</p>
Pillar 2: Non-Revenue Water	Reduce non-revenue water from 33% in 2017 to 22% in 2022	Reduction of NRW	Quick response to water bursts. Enforce policies on illegal connection. Establish NRW unit	Established an rapid response initiate team to identify all illegal consumptions connections

Oloolaiser Water and Sewerage Company Limited

Reports and Financial Statements
For the year ended 30th June, 2020

Pillar 3: Customer Service	Increase customer satisfaction index from 75% in 2017 to 85% in 2022	Improved customer satisfaction	Streamline new connection process, Ensure adherence to service charter timelines	Training of customer service team which has improved customer relationship
Pillar 4: Operational Efficiency	Enhance operational efficiency	Reduction of costs, Improved use of ICT	Use of solar power in pumping, Provision of adequate office space	Construction of an office block commenced
Pillar 5: Financial Sustainability	<ol style="list-style-type: none"> Increase annual revenue from 163.7m in 2017 to 621m in 2022 Increase collection efficiency from 96% in 2017 to 98% in 2022 	<p>Increase in active connections, Improved revenue</p> <p>Improved revenue collection</p>	<p>Activation of inactive accounts Commercialization of DTF</p> <p>Enhance accurate and timely billing, Enhance debt management</p>	<p>DTF operationalized</p> <p>Developed a debt management policy</p>
Pillar 6: Institutional Capacity	<ol style="list-style-type: none"> To attract and retain skilled, motivated and productive staff 	<p>Reduction on staff turnover, increased staff motivation</p>	<p>Review the organization structure, scheme of service and grading structure</p> <p>Enhance staff management</p>	<p>Developed a scheme of service</p> <p>Improved staff management through performance contracting</p>

7. CORPORATE GOVERNANCE STATEMENT

The Board of Directors regard corporate governance as pivotal to the successes of the company and are unreservedly committed to ensuring that as a public service institution, the company's decisions are guided by the core tenets as prescribed in the code of conduct. Accordingly, the Board of Directors and the established Committees of the Board regularly evaluate the standard of service so as to continuously deliver on our mandate and remain a sustainable and viable entity.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The company's financial performance was adversely affected by the effects of covid-19 pandemic and also the drought that was experienced in the year 2019 which resulted in reduction of water level in the main sources. Though the company is experiencing financial challenges it is expected to remain a going concern through the strategies put in place to address the issues currently being faced, there are ongoing and identified projects in place to help improve the financial stability some of them being a KFW project which is ongoing and is expected to increase the production capacity by 5,000 cubic meters per day and also reduce the non-revenue water to below 15%

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Oloolaiser Water and Sewerage Company recognize that we must be responsible towards our stakeholders, society and our environment in order to achieve a sustainable system in Kenya. As a Company we acknowledge our responsibility to the environment and to our local communities in which we operate. We aim to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including customers, employees, investors, communities and others. The Company actively encourages our staff to recognise those responsibilities and behave in a responsible manner toward the society in which we function. We regard the setting of good examples as an important practice in this regard. Below are some examples of how the Company and its staff have shown commitment to practice responsible corporate behaviour and to establish and support initiatives in the offices.

Environment

The Company seek to participate and contribute to a cleaner environment and hence involved in community exercises which include clean up exercises especially in towns within its areas of jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations. The company also contributes to the society by giving donations especially during public national holidays.

Oloolaiser Water and Sewerage Company Limited

**Reports and Financial Statements
For the year ended 30th June, 2020**

Employees

The success of the company is based on its people. The Company seek to recruit, retain, reward and develop the best talent in the company. It recognises the need to inculcate among our employees the culture of being sensitive to safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. It train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity. Further, it continually seeks to improve its employees through structured programs for personal and professional development.

Health and Safety

The Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation, regulations and best practice guidelines recommended by national health and safety authorities. It also liaise with staff regarding policies and practices so that it can continue to maintain a healthy, safe and enjoyable work environment.

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 164 of the Public Finance Management Act, 2012 and section 208 of the PFM County regulations act, require the Directors to prepare financial statements in respect of Oolaiser Water and Sewerage Company Limited, which give a true and fair view of the state of affairs of Oolaiser Water and Sewerage Company Limited at the end of the financial year/period and the operating results of Oolaiser Water and Sewerage Company Limited for that year/period. The Directors are also required to ensure that Oolaiser Water and Sewerage Company Ltd keeps proper accounting records which disclose with reasonable accuracy the financial position of Oolaiser Water and Sewerage Company Limited. The Directors are also responsible for safeguarding the assets of Oolaiser Water and Sewerage Company Limited.

The Directors are responsible for the preparation and presentation of Oolaiser Water and Sewerage Company Limited financial statements, which give a true and fair view of the state of affairs of Oolaiser Water and Sewerage Company Limited for and as at the end of the financial year (period) ended on June 30, 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 Oolaiser Water and Sewerage Company Limited; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Oolaiser Water and Sewerage Company Limited financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Oolaiser Water and Sewerage Company Limited financial statements give a true and fair view of the state of Oolaiser Water and Sewerage Company Limited transactions during the financial year ended June 30, 2020, and of Oolaiser Water and Sewerage Company Limited financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Oolaiser Water and Sewerage Company Limited, which have been relied upon in the preparation of Oolaiser Water and Sewerage Company Limited financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

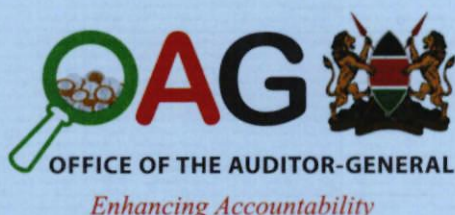
Oolaiser Water and Sewerage Company Limited financial statements were approved by the Board of Directors on and signed on its behalf by:


Chairman


Managing Director

REPUBLIC OF KENYA

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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Oololaiser Water and Sewerage Company Limited set out on pages 16 to 40, which comprise the statement of financial position as at 30 June, 2020 and the statement of profit and loss and other comprehensive income, statement of cash flows, statements of changes in equity, statement of comparison of budget and actual amounts and a summary of significant accounting policies and other explanatory information in accordance with the provision of Article 229 of the Constitution of Kenya and Section 35 of the Public 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 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 Oololaiser Water and Sewerage 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 and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

Note 9 to the financial statement reflects a balance of Kshs.7,779,501 in respect of property, plant and equipment. However, the balance excludes property of undetermined value including land, buildings, water treatment plant, machinery, water tanks, vehicles and motor bike used for income generation thereby understating the total assets of the Company. The Note reflects a depreciation charge for the year of Kshs.3,462,201, but the depreciation computation schedule was not provided for audit review.

Further, Note 6 (b), to the financial statements reflects a negative general reserve figure of Kshs.124,497,486 while the ledger balance reflects a figure of Kshs.101,634,423 resulting to an unexplained difference of negative Kshs.22,863,063. Further, the Note reflects opening balance of Kshs.101,634,423 whereas the previous audited financial

statements had a balance of Kshs.107,847,263, resulting to an unreconciled difference of Kshs.6,212,840.

In addition, the statement of cash flows reflects a figure of Kshs.2,700,227 being net increase in cash and cash equivalents for the financial year 2018/2019 whereas the audited statement of cash flows for the year 2018/2019 reflected a balance of Kshs.2,273,828. Further, the recalculated net increase in cash and cash equivalent figure was Kshs.2,288,328. The resultant variance has not been reconciled.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

2.0 Undisclosed Material Uncertainty Related to Going Concern

As previously reported, the statement of financial position reflects current liabilities of Kshs.196,643,673 against the current assets of Kshs.76,064,022 resulting to a negative working capital of Kshs.120,579,651. This is an indication that the Company is experiencing financial difficulties that has impacted on its sustainability and is edging towards bankruptcy which Management has not disclosed in the financial statements.

Further the statement of profit or loss and other comprehensive income reflects a loss of Kshs.22,863,063 (2019 – Kshs.25,635,491) which brought accumulated loss to Kshs.120,579,650 (2018 – Kshs.97,716,578). The necessary disclosures for the material uncertainty relating to going concern have not been incorporated in the financial statements.

Consequently, the negative trend casts significant doubt in the future existence of the Company to continue to operate as a going concern.

3.0 Contingent Liability

The statement of financial position as at 30 June, 2020 reflects liabilities of Kshs.196,643,674 in respect of trade and other creditors, customer deposits and contingent liabilities. The contingent liabilities of Kshs.50,970,980 relates to monies owed to Tanathi Water Services Board for license administration and licenses fee. The balance was not settled on instructions from the Governor. However, it was not clear why the balance is referred to as contingent liability yet the amounts are certain and can be measured reliably.

In the circumstances, the classification of the balance was not within the ambit of definition of contingent liabilities according to IAS 37.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Oloolaiser Water and Sewerage 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 Information

The Board of Directors is responsible for the other information. The other information comprises the report of Board of Directors as required by the Companies Act, 2015, and the statement of the Board of 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. The other information does not include the financial statements and the auditor's report thereon.

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. If based on the work, I have performed, 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.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.200,564,254 and Kshs.140,197,414 respectively resulting to an under collection of Kshs.60,366,840 or 30% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.218,078,941 and Kshs.163,060,478 respectively resulting to an under expenditure of Kshs.55,018,464 or 25% of the budget. The budget was not balanced and no explanation was provided on how the deficit could be financed.

Based on the approved estimates, under funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several audit issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

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

1.0 Non Compliance with Non-Revenue Water Guidelines

During the year under review, the Company produced 2,405,526m³ of water, out of this, only 1,467,147m³ was billed, resulting into unaccounted for water balance of 938,379 m³ or 39% that was 14% above the 25% stipulated by the Water Services Regulatory Board (WASREB) on non-revenue water loses ceiling. The probable cause for the additional unaccounted for water was not provided.

The Management was therefore in breach of the Law.

2.0 Long Outstanding Debts

Note 8 to the financial statements on trade and other payables reflects a balance of Kshs.196,643,674 which includes Kshs.47,955,986 (33%) being unremitted statutory deductions. The balance also includes Kshs.21,435,116 and Kshs.10,823,695 owed to Kenya Power and Lighting Company and WASREB respectively which have not been cleared for long time and no reasons were given as why they were still outstanding.

This is contrary to Section 22(2a) of the Public Financial Management (County Governments) Regulations,2015.

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

3.0 Irregular Withdrawal from Deposit Account

Note 8 to the financial statement reflects trade and other payables amount of Kshs.196,643,674 which includes Kshs.15,124,450 borrowed from the costumers' deposit account for operational expenses over a period of time. However, details of the loan agreement, approvals for the loans were not provided for audit review. In case of sudden increase of demand for refund of the deposit, the Company may face challenges.

In the circumstances, the Company 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 has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 Lack of Risk Management and Information Communication Technology Policies

During the year under review, risk management and ICT policy had not been developed and subsequently risk assessment for the period was not done, contrary to Section 158(1a&b) of the Public Finance Management (County Government) Regulations 2015.

In the circumstances, it was not possible to assess risks the Company was likely to encounter during its operations and how the risks could have been mitigated.

2.0 Lack of Staff Establishment

The Company did not provide for audit review, the approved staff establishment and therefore, it was not clear the criteria which the staff recruitment, appointment, placement, and compensation were based on.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii In my opinion, adequate accounting records have been kept by the Company , so far as appears from the examination of those records; and

- iii The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing 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 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

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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Oololaiser Water and Sewerage Company 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

01 February, 2022

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

	NOTES	2019/2020	2018/2019
		Kshs	Kshs
OPERATING INCOME	1	140,197,414	156,206,456
EXPENSES			
Administration	4	21,942,105	28,478,114
Staff Expenses	2	78,426,715	73,240,103
Directors Expenses	3	2,618,148	7,361,834
Operational Expenses	5	60,073,510	72,761,896
TOTAL EXPENDITURE		163,060,478	181,841,947
Profit/(Loss) before tax		(22,863,063)	(25,635,491)
Finance Costs		0	0
Tax		0	0
Profit/(Loss) for the year		(22,863,063)	(25,635,491)

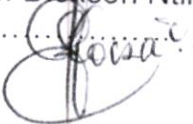
Oloolaiser Water and Sewerage Company Limited

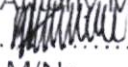
Reports and Financial Statements
For the year ended 30th June, 2020

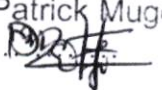
14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020.

		2019/2020	2018/2019
	Note		
		Kshs	Kshs
ASSETS			
Non current assets			
Property Plant & Equipment	9	7,779,501	7,011,342
Intangible Assets		0	0
		7,779,501	7,011,342
Current assets			
Trade & Other Debtors	7	67,422,886	52,410,645
Cash & Cash Equivalent	10	861,635	4,277,891
		68,284,521	56,688,536
Total assets		76,064,022	63,699,879
EQUITY AND LIABILITIES			
Share Capital	6.(a)	100,000	100,000
Capital Reserve	6.(b)	3,817,836	3,817,836
General Reserve		(124,497,486)	(101,634,422)
Total Equity		(120,579,650)	(97,716,587)
Liabilities			
Trade and Other Payables	8	144,986,725	109,466,968
Customer Deposits		686,167	978,718
Contingent Liability		50,970,780	50,970,780
Total Equity and Liabilities		196,643,673	161,416,466
Total Liabilities		76,064,022	63,699,879

The financial statements were approved by the Board onand signed on its behalf by:

Managing Director
Name: Dickson Ntikoisa
Sign: 

Finance Manager
Name: Antony Muriuki
Sign: 
ICPAK M/No.

Chairman
Name: Patrick Mugo
Sign: 

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

	Note	Share Capital		Revenue Reserve		Capital Reserve		Total
		Kshs		Kshs		Kshs		Kshs
As at 30th June 2018		100,000		(75,998,932)		3,817,836		(72,081,096)
Prior year adjustments				0				
Restated Balance								
Amortization								
Additions for the year								
Profit/(loss) for the year for the year				(25,635,491)				(25,635,491)
As at 30th June 2019	6. A	100,000		(101,634,423)		3,817,836		(97,716,587)
As at 30th July 2019		100,000		(101,634,423)		3,817,836		(97,716,587)
Prior year adjustments								
Restated Balance								
Accumulated Amortization								
Additions for the year								
Profit/(loss) for the year for the year	6. B			(22,863,063)				(22,863,063)
As at 30th June 2020		100,000	0	(124,497,486)		3,817,836	0	(120,579,650)

Oloolaiser Water and Sewerage Company Limited

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For the year ended 30th June, 2020

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2019/2020	2018/2019
		Kshs.	Kshs.
OPERATING ACTIVITIES			
Operating (Deficit)/surplus for the year		(22,863,063)	(25,635,491)
Prior year adjustments			-
Prior year adjustments		-	
Add :			
Depreciation		3,462,201	3,160,519
Operating surplus before working capital changes		(19,400,862)	(22,474,972)
Change in receivables		(15,012,241)	(17,049,245)
Change in staff debtors			-
Change in payables		35,227,207	44,935,745
NET CHANGE IN WORKING CAPITAL		20,214,966	27,886,500
NET CASH FROM OPERATIONS		814,103	5,411,528
INVESTING ACTIVITIES			
Purchase of Fixed Asset	9	(4,230,360)	(3,123,200)
NET CASH USED IN INVESTING ACTIVITIES		(4,230,360)	(3,123,200)
FINANCING ACTIVITIES			
NET CASH FROM FINANCING ACTIVITIES			
ADJUSTMENTS IN THE DEPRECIATION			
NET INCREASE IN CASH AND CASH EQUIVALENTS		(3,416,256)	2,700,227
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		4,277,891	1,577,665
CASH AND CASH EQUIVALENTS AT END OF YEAR		861,635	4,277,891
ANALYSIS OF CASH AND CASH EQUIVALENTS :			
Bank and Cash Balance	10	861,635	4,277,891

Oloolaiser Water and Sewerage Company Limited

Reports and Financial Statements

For the year ended 30th June, 2020

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020

ITEM	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ANNUAL INCOME AND EXPENDITURE TOTALS	ANNUAL INCOME AND EXPENDITURE VARIANCE	ANNUAL PERFORMANCE RATING	REMARKS
INCOME							
Total Billing	193,333,140.00		193,333,140.00	132,405,074.83	(60,928,065.17)	68%	Decline in billing was caused by Non functional water meters and destroyed pipes within the financial year
Other Incomes							
News connection fees	1,950,000.00		1,950,000.00	709,600.00	(1,240,400.00)	36%	The Company did not have enough funds to purchase water meters and so new connections were fewer than budgeted figure
Grants		3,000,000.00	3,000,000.00	5,000,000.00	2,000,000.00	167%	Payments done by County Government to Kenya power to settle outstanding bills
VAT refunds		1,995,106.00	1,995,106.00	1,586,106.00	(409,000.00)	79%	Kenya Revenue Authority reduced the budgeted refund after returns audit
Others	286,008.00		286,008.00	496,633.40	210,625.40	174%	There were unbudgeted commissions from insurance Companies and some income to rehabilitate destroyed pipes.
Total Income projection	195,569,148.00	4,995,106.00	200,564,254.00	140,197,414.23	(60,366,839.77)	70%	Decrease in revenues as per above stated reasons
Total Administration Expenses	25,619,005.00	6,061,975.97	31,680,980.97	21,942,105.46	9,738,875.51	69%	Due to low income, some expenses were not incurred like staff medical cover
Total Board Expenses	6,008,916.00	300,000.00	6,308,916.00	2,618,148.00	3,690,768.00	41%	Due to low income, the Board members did not have medical cover also the members did not attend Corporate Governance training as per expectations
Total operational Expenses	75,451,084.00	4,271,834.00	79,722,918.72	60,073,509.72	19,649,409.00	75%	Operations were low as a result of low income.
Staff Costs	98,048,126.00	(430,000.00)	97,618,126.28	78,426,714.54	19,191,411.74	80%	As per th above reasons related to low income some costst were forfeited like staff uniforms
Minor Investments	6,508,050.00	(3,760,050.00)	2,748,000.00	1,540,215.88	1,207,784.12	56%	low rate of investments following low income
Grand Expenditure	211,635,181.00	6,443,759.97	218,078,941.97	153,060,477.72	55,018,464.25	75%	
Income less expenses	(16,066,033.00)	(1,448,653.97)	(17,514,687.97)	(22,863,063.49)	(5,348,375.52)		

PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

18. NOTES TO FINANCIAL STATEMENT

18.1. GENERAL INFORMATION

Oololaiser Water and Sewerage Company Ltd is established by and derives its authority and accountability from Water Act No. 43 of 2016. The entity is wholly owned by the County Government of Kajiado and is domiciled in Kenya. The entity's principal activities of are to provide safe and reliable water services to customers in Rongai, Kiserian and Ngong Towns and their environs. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

18.2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost. 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 Oololaiser Water and Sewerage Company Ltd accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Oololaiser Water and Sewerage Company Ltd.

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

18.3 APPLICATION OF NEW AND REVISED STANDARDS

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

IFRS 16: Leases

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

IFRIC 23: Uncertainty Over income tax treatments

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

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations

- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

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

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure prepay able financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

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

The amendments, applicable to annual periods beginning on or after 1st January 2020, 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 2020, 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 2020, 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 2020, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

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

The amendments, applicable to annual periods beginning on or after 1st January 2020, 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 2019)

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 2020, 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.

ii) Early adoption of standards

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

18.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES& NOTES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to *Oloolaiser Water and Sewerage Company Ltd* and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of *Oloolaiser Water and Sewerage Company Ltd* activities, and when specific criteria have been met for each of the *Oloolaiser Water and Sewerage Company Ltd* activities as described below.

- i) **Revenue from the sale of Water** is recognised in the year in which the *Oloolaiser Water and Sewerage Company Ltd* bills the customer after the customer has consumed water and collectability of the related receivables is reasonably assured.
- ii) **VAT refunds from Kenya Revenue Authority** are recognised in the year in which the *Oloolaiser Water and Sewerage Company Ltd* actually receives after claiming for input tax
- iii) **Reimbursement from National Industrial Training Authority** is recognized in the year which the company has received as a result of offering attachment Internship services.
- iv) **Grants from National and County Government and other Donors** are recognised in the year in which Oloolaiser Water and Sewerage Company Ltd actually receives such grants.
- v) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to Oloolaiser Water and Sewerage Company Ltd in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, personnel services etc. Where the financial value received for in-kind contributions can be reliably determined, Oloolaiser Water and Sewerage Company Ltd 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.

d) Depreciation and impairment of property, plant and equipment

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

Intangible assets	33.3%
Water Metres	33.3%
Computers	30%
Office Furniture and equipment	12%
Pumps and equipment	30%
Water tanks	30%

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

g) Trade and other debtors

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. A provision of doubtful debts is made on doubtful receivables above 180 days based on a review of all outstanding amounts at the year end. There is no policy of Bad debts being written off after all efforts to recovery have been exhausted.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Commercial Bank of Kenya and at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests.

i) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, less any payments made to the suppliers.

j) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2012. The scheme is administered by Lap trust and Standard Chartered and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 12% Employee contribution and 15% Employer contribution per employee per month for the lap trust also at 7.5% Employee and 12% Employer for the Standard chartered.

K) Budget information

The original budget for FY 2019-2020 was approved by the Board of Directors.

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 upon approval of the board.

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

L) Comparative figures

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

M) 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, 2019.

18.5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity'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.

a) The Entity Assumption

Oololaiser Water and sewerage Company Ltd is considered to be an accounting entity that controls resources and engages in economic activities and is assumed to be separate and distinct from all other entities regardless of the form of the organization. The affairs of the Oololaiser Water and sewerage Company are distinguished even from those of its owners and information is compiled for the entity alone and the accounting and reporting process is concerned with the transactions and events that affect it.

b) The 'Going – concern' or Continuity Assumption.

Oololaiser Water and Sewerage Company Ltd is assumed that it will continue in operation for the foreseeable future and that it has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations. This assumption provides the foundation for accrual accounting where, revenues are to be recognized when the effort to earn that revenue is complete or substantially completed irrespective of whether cash is received or not and expenses are recognized when incurred irrespective of whether cash has been received or not. The Company has measures in place to increase its revenue and cut costs which will help improve the negative working capital. Some of the measures include development projects such as Kimuka, Ngurumani, Iloodariak and KWF water projects.

c) The Monetary or Unit of Measure Assumption.

Oololaiser Water and Sewerage Company Ltd has considered money as its standard of measure to bring financial transactions together in a meaningful way as it considers money as the best for the purpose of measuring financial transactions in terms of stability.

In Kenya the monetary unit is the shilling.

Oloolaiser Water and Sewerage Company Limited

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For the year ended 30th June, 2020

NOTES ON FINANCIAL STATEMENTS

1. OPERATING INCOME	2019/2020	2018/2019
	Kshs.	Kshs.
Water	132,405,075	147,712,302
Connection fees	709,600	1,475,900
Grants from Kajiado County	5,000,000	6,100,000
Other Collections	172,631	0
VAT refund	1,586,106	584,246
Bacterial tests	10,800	
Staff rent	313,202	334,008
Total	140,197,414	156,206,456

2. STAFF COSTS	2019/2020	2018/2019
	Kshs.	Kshs.
Staff Salary	65,697,914.35	60,964,171
Employer Pension Contribution NWC	865,762.00	1,063,966
Leave and Passage	1,204,808.41	1,218,537
Staff Welfare	-	384,500
Staff Medical	574,567.34	0
N S S F (Employer Contribution)	287,600.00	285,000
Gratuity provision	1,584,277.44	
WASCA Sports	464,700.00	66,600
Employer Contribution to laptrust	6,964,885.00	6,851,709
Standby Allowances	770,000.00	2,370,920
Casual Wages	12,200.00	34,700
Total	78,426,714.54	73,240,103

Choolaiser Water and Sewerage Company Limited

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For the year ended 30th June, 2020

3. DIRECTORS EXPENSES			
		2019/2020	2018/2019
		Kshs.	Kshs.
Board Allowances		2,015,812	5,463,056
Chairman's Honoraria		342,852	314,281
Other Board Expenses		259,484	1,584,497
Total		2,618,148	7,361,834

4. ADMINISTRATION			
		2019/2020	2018/2019
		Kshs.	Kshs.
Consultancy & Professional fees		5,000	1,514,865
Auditor's Remuneration		232,000	232,000
Telephone, Postage and Telegram		493,644	952,413
Travel & Accommodation		3,429,430	4,372,725
Office Electricity & Water		233,022	37,202
Membership to professional bodies		241,600	107,400
Advertising & Promotions		182,960	837,860
Insurance		205,411	4,790,727
Library Expenses		56,040	70,505
Office Tea & Cleaning		364,844	576,317
Office Stationery		289,164	139,229
Printing and Photocopying		29,248	64,958
Bank Charges		215,983	248,626
Provision for doubtful debts		820,218	652,192
Revenue Collection Expenses		1,321,720	341,720
Security Services		5,843,560	5,587,300
General Office Expenses		103,233	68,320
Office Rent		1,979,888	1,740,000
Depreciation		3,462,201	3,160,519
Donations		0	1,000,000
IT Expenses		1,524,110	1,326,992
Maintenance of Office Equipment		45,950	150,343
Purchase of office furniture & equipment		0	8,052
Uniforms And Protective Clothing		61,400.00	7,450
Staff Training		145,250.00	199,000
Workshops and Seminars		74,400.00	291,400
Covid 19 Expenditure		581,830	0
Total		21,942,105	28,478,114

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5. OPERATIONAL	2019/2020	2018/2019
	Kshs.	Kshs.
Maintenance of W/Supplies	3,543,967	6,042,511
Maintenance of buildings & Stations	19,975	0
Maintenance of pumps and equipment	1,535,304	1,976,430
Power costs	36,150,105	45,458,052
Maintenance of M/Vehicles	158,340	267,600
Chemicals	10,399,620	12,260,662
M/Vehicle Fuel Expenses	245,820	76,100
Regulatory levy	5,342,294	4,222,689
Permit and Abstraction Fee	2,405,515	1,152,311
Water quality tests	162,360	453,967
Bulk Water	-	547,575
Hire of Motor Vehicles/Plant & Equipment	110,210	304,000
Total	60,073,510	72,761,896

	2019/2020	2018/2019
	KShs.	Kshs.
6. SHARE CAPITAL		
6. (a) Authorized		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
Issued:		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
6.(b) Reserves		
Capital Reserve	3,817,836	3,817,836
General Reserve	(124,497,486)	(101,634,423)
	(120,579,650)	(97,716,587)

7. TRADE & OTHER DEBTORS		
Water Supply Debtors	85,863,838	69,823,390
Provision for doubtful debts	(18,865,419)	(18,045,201)
Electricity Deposit	2,500	2,500
Rent Deposit	296,040	296,040
Water Deposit	1,500	1,500
W.S.T.F Accounts	6,000	6,000
STAFF DEBTORS	118,427	326,416
	67,422,886	52,410,645

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8. TRADE & OTHER PAYABLES		
Trade Creditors	50,103,715	40,386,268
Net Salaries	6,138,917	3,649,316
N.H.I.F	2,453,909	2,450,909
N.S.S.F	44,820	47,600
Board Allowances Net	(240,000)	-
NITA	112,200	37,450
Paymaster General	2,808,868	2,364,853
Customers' Deposits	686,168	978,718
Laptrust	38,616,146	26,079,353
Honoraria Net	40,000	-
KCGWU	463,600	116,800
OWSWA Welfare Association	528,000	117,000
Liberty Life Assurance	2,476	14,544
COTU	186,795	56,745
ICEA Lion Insurance	7,635	12,725
Pan African Insurance	653	653
Gratuity	1,584,277	-
Sanlam life assurance	10,938	19,456
Agencies Unreceipted Deposits	649,618	-
Standard Chatered	5,312,744	4,014,101
Ukulima Sacco	146,629	274,409
Staff creditors	875,608	3,480,491
Auditor General	1,334,000	1,102,000
KRA Withholding	79,970	-
Loan from Deposit account	15,124,450	14,124,450
Prepaid Water	2,347,803	2,296,876
WASREB	10,823,695	5,381,401
W.R.M.A	3,214,278	1,220,790
Higher Education Loans Board	-	(2)
Kenindia	-	3,800
Tanathi Water Servises Board-Licensee's remuneration	50,970,780	50,970,780
Commissioner of Income Tax	2,214,980	2,214,980
	196,643,674	161,416,466

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9. PROPERTY PLANT AND EQUIPMENT							
	Intangible Assets	Water Meters	Furniture & Office Equipment	Computers	Tanks	Pumps & Equipment	Total
Rate	33.30	33.30	12.00	30.00	30.00	30.00	
COST		Kshs.	Kshs.	Kshs.			Kshs.
As at 30th July 2017	295,471	16,143,138	1,560,820	1,518,006	247,254	7,050,026	26,814,715
Additions	-	1,750,000	84,000	315,000	-	777,620	2,926,620
Disposals	-	-	-	-	-	-	-
As at 30th June 2018	295,471	17,893,138	1,644,820	1,833,006	247,254	7,827,646	29,741,335
As at 1 July 2018	295,471	17,893,138	1,644,820	1,833,006	247,254	7,827,646	29,741,335
Additions	-	1,900,000	-	76,000	-	1,147,200	3,123,200
Disposals	-	-	-	-	-	-	-
As at 30th June 2019	295,471	19,793,138	1,644,820	1,909,006	247,254	8,974,846	32,569,064
As at 1 July 2019	295,471	19,793,138	1,644,820	1,909,006	247,254	8,974,846	32,569,064
Additions at cost	-	1,209,616	-	330,600	861,600	1,828,544	4,230,360
Disposal	-	-	-	-	-	-	0
As at 30 June 2020	295,471	21,002,754	1,644,820	2,239,606	1,108,854	10,803,390	37,094,895
DEPRECIATION							
As at 1 July 2017	295,471	10,905,903	965,988	905,155	149,085	6,294,993	19,516,595
Charge for the year	-	2,327,017	81,460	278,355	29,451	459,796	3,176,079
As at June 2018	295,471	13,232,920	1,047,448	1,183,510	178,536	6,754,789	22,692,674
As at 1 July 2018	295,471	13,232,920	1,047,448	1,183,510	178,536	6,754,789	22,692,674
Charge for the year	-	2,184,553	71,685	217,649	20,615	666,017	3,160,519
As at June 2019	295,471	15,417,473	1,119,133	1,401,159	199,151	7,420,806	25,853,193
As at 1 July 2019	295,471	15,417,473	1,119,133	1,401,159	199,151	7,420,806	25,853,193
Charge for Year	-	1,859,899	63,082	251,534	272,911	1,014,775	3,462,201
As at 30 June, 2020	295,471	17,277,372	1,182,215	1,652,693	472,062	8,435,581	29,315,394
NET BOOK VALUE							
As at 1 July 2017	-	5,237,235	594,832	612,851	98,169	755,033	7,298,120
As at 30 June, 2018	-	4,660,218	597,372	649,496	68,718	1,072,857	7,048,661
As at 1 July 2018	-	4,660,218	597,372	649,496	68,718	1,072,857	7,048,661
As at 30 June, 2019	-	4,375,665	525,687	507,847	48,103	1,554,040	7,011,342
As at 30 June 2019	-	4,375,665	525,687	507,847	48,103	1,554,040	7,011,342
As at 30 June, 2020	-	3,725,382	462,605	586,913	636,792	2,367,809	7,779,501

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10. Cash Balances			
Cash at Bank		2019/2020	2018/19
			Kshs.
K.C.B. Ongata Rongai -Revenue		274,830	429,740
K.C.B. Expenditure Account		(1,192,860)	103,775
K.C.B. Deposit Account		689,533	978,718
Posta Corporation		57,450	227,187
Post Bank		547,572	62,736
MPESA		475,167	2,050,566
WSTF		4,714	411,899
		856,407	4,264,621
Cash In Hand			
Office Petty Cash		5,228	13,270
		5,228	13,270
		861,635	4,277,891

11. NOTES TO THE STATEMENT OF CASH FLOWS

	2019-2020	2018-2019
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Operating loss	(22,863,063.00)	(25,635,491.00)
Depreciation	3,462,201.00	3,160,519.00
Operating loss before working capital changes	(19,400,862.00)	(22,474,972.00)
Increase in receivables	(15,012,241.00)	(17,049,245.00)
increase in payables	35,227,207.00	44,935,745.00
Cash generated from/(used in) operations	814,103.00	5,411,528.00
(b) Analysis of cash and cash equivalents		
Cash at bank	856,407.00	4,264,621.00
Cash in hand	5,228.00	13,270.00
Balance at end of the year	861,635.00	4,277,891.00

NOTES TO THE FINANCIAL STATEMENTS

12. RELATED PARTY DISCLOSURES

The County Government of Kajjado is the principal shareholder of Oloolaiser Water and Sewerage Company Ltd, holding 100% of the equity interest.

Transactions with related parties

a) Transfers from other Government entities.

	2019-2020	2018-2019
Grant from the County Government	5,000,000	6,100,000

b) Key management staff compensation

	2019-2020	2018-2019
Directors emoluments	2,358,664.00	5,777,337.00
Compensation to Managing Director	4,080,000.00	2,405,765.00
Compensation to key management staff	6,165,510.00	7,493,663.00

13. FINANCIAL RISK MANAGEMENT

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

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

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	66,998,419	17,368,002	49,630,417	
Receivables from non-exchange transactions	424,467	424,467		
Bank balances	856,407	856,407		
Total	68,279,293	18,648,876	49,630,417	
At 30 June 2019				
Receivables from exchange transactions	51,778,189	13,462,329	38,315,860	
Receivables from non-exchange transactions	632,456	632,456		
Bank balances	4,264,621	4,264,621		
Total	56,675,266	18,359,406	38,315,860	

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

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

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ii) Liquidity risk

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months shs	Total Kshs
At 30 June 2020				
Trade payables	3,507,261	4,509,334	42,087,120	50,103,715
Other payables	8,353,574	11,353,904	75,861,701	95,569,179
Total	11,860,835	15,863,238	117,98,821	145,672,894
At 30 June 2019				
Trade payables	2,659,120	3,418,868	31,909,442	37,987,432
Other payables	6,333,478	8,608,257	57,516,517	72,458,253
Total	8,992,599	12,027,125	89,425,960	110,445,686

iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

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a) Foreign currency risk

The entity has transactional currency exposures

b) Interest risk

The entity has transactional currency exposures

c) Capital risk

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve		
Retained earnings	(124,497,486)	(101,634,422)
Capital reserve	3,817,836	3,817,836
Total-funds	(120,679,650)	(97,816,586)
Total borrowings		
Less: cash and bank balances	(861,635)	(4,277,891)
Net debt/(excess cash and cash equivalents)		
Gearing	0%	0%

INCOPORATION

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

CURRENCY

The financial statements are presented in Kenya Shillings

TAXATION

The Company is subjected to Corporation Tax at a rate of 30% per annum

Goolaiser Water and Sewerage Company Limited

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2016/2017					
1	Undisclosed material uncertainty related to going concern	Management concurred and adjusted the financial statements for the disclosure. Strategies in place to resolve the issue of going concern were given.	Eng. Dickson Ntikoisa Managing Director	Ongoing	June 2021
2.	Non-Revenue Water (Unaccounted for Water)	The high non-revenue water was due to dilapidated pipeline that the Company uses in distribution. There is an ongoing project that will replace the old pipeline with a new one hence addressing the issue of non-revenue water	Technical Manager Dennis Mwangi	Ongoing	March 2022
3	Trade and Other Debtors	The management has set up a team responsible for ascertaining the actual Company debtors so that the collection can be done on outstanding amounts and the process of writing off uncollectable amounts initiated.	Solomon Saruni Commercial Manager	Ongoing	December 2021
	Budget and budgetary controls	The management provided the board of directors minutes approving the budget though the actual budget document was not signed			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Cash and cash equivalents – Donor Account balance of Kshs. 411,899 not disclosed and the Deposit account balance of Kshs. 978,718 Not in line with certificate of balance which reflected balance of Kshs. 964,218.	The Management concurred with this and disclosed the Donor account in the notes, and the financial statements were adjusted to include the said amount of Kshs. 964,218 in the certificate of balance.	Muriuki Finance Manager	Resolved	
2.	Going concern status of the Company not disclosed in the financial statements	Management concurred and adjusted the financial statements for the disclosure. Strategies in place to resolve the issue of going concern were given.	Eng. Dickson Ntikoisa Managing Director	Ongoing	June 2021
3.	Irregular Expenditure-cash withdrawn of Kshs. 1,890,000 and not showing the evidence of works done, the Amount going above the ceiling set by Audit committee of Board amounting to Kshs. 150,000	The Board of directors with the Managing Director followed up the matter, after which the concerned staff faced the disciplinary action including dismissal from work. The petty cash withdrawal never goes above Kshs. 150,000 as per the set ceiling in of the Audit committee.	Eng. Dickson Ntikoisa Managing Director	Resolved	

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4.	<p>I) Missing Payment Vouchers Amounting to Kshs. 19,815,516 not availed for audit review</p> <p>II) vouchers without supporting documents amounting to Kshs. 2,942,262</p>	<p>The vouchers were later availed and reviewed, the supporting documents were also availed by sending them to the office of the Auditor General. The attachments were traced together with the missing vouchers after which they were presented for review. It was a result of miss filed items and were all traced.</p>	<p>John Wekesa- Internal Auditor.</p>	<p>Resolved</p>
1.	<p>Excess Expenditure on Board Expenses of Kshs. 7,361,834 Against budgeted amount of Kshs. 6,77,472 showing variance of 8% above the budgeted figure.</p>	<p>The management concurred with this expenditure, it was as a result of un expected events of key staff dismissal which attracted extra sittings thus exceeding the expected times, the management agreed that this should never again be repeated, and the current situation has changed. Despite the above facts, the company ensured that the expenditure does not exceed the 10% threshold as guided by section 43 (2) (c) of the public finance management Act</p>	<p>Resolved</p>	<p>Eng. Dickson Ntikoisa Managing Director</p>
	<p>Award of tenders to Non-qualified suppliers</p>	<p>The management Concurred with this, however, we wished to clarify that one of the</p>		

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2. Companies presented in the list ie Sasahost should be considered as low value procurement in line with section 107 of Public Procurement and Disposals Act 2015 with the listed amount of Kshs. 5,220 which is paid annually for company's website support. All the remaining five Companies were engaged by the Company through a service provision contract agreement due to the uniqueness of the services they offer and were found cheaper than the ones provided in the market.

<p>Company's Non-revenue water was above the regulator's recommendation of 8.34% above the industry ceiling of 25%</p>	<p>The high non-revenue water was due to dilapidated pipeline that the Company uses in distribution.</p>	<p>Technical Manager Dennis Mwangi</p>	<p>Ongoing</p>	<p>March 2022</p>
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Managing Director



Chairman of the Board

Date.....

Date..... 



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Break down of Transfers from the State Department of Kajiado County				
FY 2019/2020				
a. Recurrent Grants				
		<u>Bank Statement</u>		
		<u>Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
		31/10/2019	3,000,000	2019/2020
		31/03/2020	2,000,000	2019/2020
		Total	5,000,000	



APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Performance	Capital Fund	Deferred Income	Receivables	
County Government of Kajado	31/10/2019	Recurrent	3,000,000		00	00	00	3,000,000
County Government of Kajado	31/03/2020	Recurrent	2,000,000		00	00	00	2,000,000
Total			5,000,000		00	00	00	5,000,000

