

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	16.05.2024
TABLED BY	Sen. Methu on behalf of SML
COMMITTEE	
CLERK AT THE TABLE	Ms. Krame

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**RUKANGA WATER AND SANITATION
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL
CENTRAL REGIONAL OFFICE
★ 23 FEB 2024 ★
RECEIVED
P. O. Box 267 - 10100, NYERI



RUKANGA WATER AND SANITATION COMPANY LIMITED.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Table Of Contents	Page
1. Acronyms and Glossary of Terms.....	ii
2. Key Entity Information.....	iii
3. The Board of Directors.....	vi
4. Key Management Team.....	ix
5. Chairman’s Statement.....	x
6. Report Of the Managing Director.....	x
7. Statement Of Performance Against Predetermined Objectives for FY 2022/2023.....	xv
8. Corporate Governance Statement.....	xxi
9. Management Discussion and Analysis.....	xxii
10. Environmental And Sustainability Reporting.....	xxii
11. Report Of the Directors.....	xxiv
12. Statement Of Directors’ Responsibilities.....	xxvi
13. Report Of the Independent Auditors for the financial statements of <i>Rukanga Water and Sanitation Company Limited</i>	xxviii
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.....	1
15. Statement Of Financial Position As at 30 June 2023.....	2
16. Statement Of Changes in Equity for the Year Ended 30 June 2023.....	4
17. Statement Of Cash Flows for The Year Ended 30 June 2023.....	5
18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2023....	7
19. Notes To the Financial Statements.....	9
20. Appendices.....	68

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

Provide Acronyms and glossary of terms that appear in this annual report and financial statements.

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>

2. Key Entity Information

Background information

Rukanga Water and Sanitation Company started as a community water project in 1989. It was financed by IFAD through Kenya Government and the Rukanga community. The area coverage is 75 Km² and currently serves a population of approximately 15,000 people.

The enactment of Water Act 2002, led to the creation of Water Services Regulatory Board (WASREB), Water Works Development Agencies and Water Services Providers to spearhead the water sector reform programme. We are Water Service Provider Limited by guarantee and incorporated under the Companies Act Cap 486 of the laws of Kenya on 16th May 2008. The Company operates under the supervision of Water Services Regulatory Board (WASREB).

Rukanga Water and Sanitation Company Limited has been mandated by Water Services Regulatory Board (WASREB) to carry out water and sanitation services in both urban and rural areas of Kirinyaga County, Mwea west Sub-County, Makutano Location, Rukanga sub-Location. The Company takes charge of public resources in order to provide quality, affordable, reliable, sustainable and portable water in the target community. Rukanga Water and Sanitation Company Limited is owned by the County Government of Kirinyaga.

Principal Activities

The principal activity of the Company is to ensure efficient and sustainable provision of quality and affordable water and sanitation services in Rukanga sub-Location and its environs. The Company's Vision being, To Excel in Water Services Provision and its Mission is to provide affordable, reliable safe drinking water and improved sanitation services while applying environmentally friendly technologies. To achieve our mission and vision, the following core values are our guiding principles

- Customer focus
- Accountability
- Transparency
- Integrity
- Commitment of teamwork

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Directors

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

1. Antony Mathenge Muchiri - Chairman - Appointed on 11th December 2019.
2. Hon. Dr Jackan Gutu - CECM Water-Kirinyaga County
3. Jared Migwi - Member- Appointed on 6th July 2020.
4. Veronica Waweru - CECM Water Kirinyaga County-Appointed on 19th May, 2023.
5. Peter Murimi - Chief Officer Kirinyaga County-Appointed on 19th May, 2023.
6. Phyllis Nyaguthii - Member - Appointed on 26th November 2020.
7. Moses Mwangi Kinyua - Member - Appointed on 11th December 2019.
8. Benvon Mbirua - Member - Appointed on 26th November 2020.
9. Lucy Kibera - Member - Appointed on 11th December 2019.
10. David Njoroge - BOD Secretary - Appointed on 11th April 2022.
11. FCS Richard k. Gikuhi - Company Secretary –Appointed on 2019

Company Secretary

Mr. Richard K Gikuhi

P.O. Box 1271-10100

Nyeri.

Registered Office

Rukanga Water and Sanitation Company (2022) Limited

Riandira Shopping Centre, Makutano-Sagana highway

P.O. Box 311-10230,

Sagana.

Tel: 0702609597

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Corporate Bankers

Co-operative Bank of Kenya

Kerugoya Branch

P.O. Box 635-10300,

Kerugoya

Equity Bank

Kagio Branch

P.O. Box 134-10306,

Kagio

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue





P.O. Box 40112

City Square 00200





Nairobi, Kenya

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023




3. The Board of Directors

Directors		Details
1.	 Mr. Anthony Mathenge Muchiri	<p>Y.O.B 1978, CPA – K, B.O.D Chairman. Non-Executive member.</p>
2.	 Mrs. Veronica W. Waweru	<p>Y.O.B 1960, Executive master’s Degree in leadership and policy in Education.</p> <p>Bachelor of Education (ARTS) from Katarina University.</p> <p>Diploma in Education from Kisii Teachers Training College.</p>
3.	 Mr. Peter Murimi Njeru	<p>Y.O.B 1986</p> <p>Bachelor of Education (ARTS)</p>
4.	 Hon. Dr Jackan Gutu	<p>Y.O.B 1956, Doctorate in Business Administration</p> <p>Many years’ experience in management. CECM member Ministry of water Kirinyaga County.</p> <p>Board Member</p>

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023




5.	 <p>Mr. Jared Migwi</p>	<p>Y.O.B 1973, Bachelor of Commerce</p> <p>Associate Kenya Institute of Bankers</p> <p>Experience in banking and finance; Chief Officer, Ministry of Water.</p> <p>Board Member. Member Audit and Finance Committee.</p>
6.	 <p>Mrs. Phyllis Nyaguthii</p>	<p>Y.O.B 1978, KCSE C Minus, Board Member.</p> <p>Member Audit and Finance Committee. Non-Executive member of the board.</p>
7.	 <p>Mr. Moses Mwangi Kinyua</p>	<p>Y.O.B 1989, Certificate in Human Resource Management.</p> <p>Board Member. Member Technical Committee. Non-Executive member of the board.</p>
8.	 <p>Mr. Benvon Mbirua</p>	<p>Y.O.B 1965, KCE Division 3, Computer Packages. Board Member. Chairperson Audit and Finance Committee. Non-Executive member of the board.</p>

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

<p>9.</p>	 <p>Mrs. Lucy Kibera</p>	<p>Y.O.B 1972, Certificate in Business Management. Board Member. Chairperson Technical Committee. Non-Executive member of the board.</p>
<p>10.</p>	 <p>FCS Richard K. Gikui</p>	<p>Company Secretary, Master's degree in Business Administration, Member of Institute of Certified Secretaries of Kenya, an accredited Governance Auditor, member of the Kenya Institute of Management. Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years.</p>
<p>11.</p>	 <p>CPA David Njoroge</p>	<p>Managing Director, Bachelor of Commerce (BCOM) accounting option, CPA-K, CFE.CA Over 15 years of experience in Financial management, corporate governance and strategic planning. Member of ICPAK & ACFE</p>

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

4. Key Management Team

Managers	Details
 <p>CPA David Njoroge</p>	<p>Managing Director, Bachelor of Commerce (BCOM) accounting option, CPA-K, CFE.CA Over 15 years of experience in Financial management, corporate governance and strategic planning. Member of ICPAK & ACFE</p>
 <p>Kennedy M. Ng'endo</p>	<p>Y.O.B 1989, Accountant (RUKANGA WATER AND SANITATION COMPANY LIMITED), CPA II SECTION IV.</p>
 <p>FCS Richard K. Gikuhi</p>	<p>Company Secretary, Master's degree in Business Administration, Member of Institute of Certified Secretaries of Kenya, an accredited Governance Auditor, member of the Kenya Institute of Management. Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years</p>

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

5. Chairman's Statement

On behalf of Rukanga Water and Sanitation Company Limited Board of Directors, management, staff and all stakeholders, it is with great honor that I provide this report that provides a comprehensive overview of our company's financial performance and highlights the key factors that influenced our results during this period.

Overview

The Year 2022/2023, will be remembered as a year when Kenya's political landscape was faced with a change in political leadership, a process and a situation that many will observe had a negative economic impact to the majority of Kenyans, before, then and even now.

We noted, the Kenya Shilling exchanged to the dollar at Ksh. 117 in July 2022, but closed the year June 2023 at Ksh. 140. This has seen prices of Electricity, Chemicals and other operating costs increase. In addition, the water use charges paid to Water Resources Authority were increased from ksh 0.5 per cubic meter to kshs 5 per cubic meter.

We also experienced climate change effects; delayed rainfall and drought were experienced in most parts of Kenya, which resulted to hunger, drought and depressed incomes and livelihoods. Rukanga Water and Sanitation Company Limited experienced the impact directly when our only intake at River Ragati almost dried up around February/march 2023.

Our commitment to providing water and sanitation services aligns with the Government of Kenya's Vision 2030 and the Sustainable Development Goals (SDGs). These frameworks underscore the significance of water access, sanitation, and water quality as key development indicators. As we contribute to these ambitious agendas, we must remain steadfast in our pursuit of excellence through:

a) Company formation

The company have evolved over time in effort to establish an appropriate legal, economic and institutional environment that will allow the company to thrive in advancing realization of universal coverage in safe, clean water in adequate quantities and reasonable standard of sanitation.

- ❖ July 1989 Registered as community project
- ❖ January 2006 Registered as Rukanga water society (Water Act 2002)
- ❖ January 2007 Rukanga water & Sanitation company Limited (by shares)
- ❖ May 2008 Rukanga water & Sanitation company Limited (by guarantee)
- ❖ October 2022 Rukanga water & Sanitation company (2022) Limited by guarantee
- ❖ As per the Water act 2016 requires to further transform company limited by shares and fully owned by the county government of Kirinyaga which the process is underway

b) Corporate Governance

The company through its board of directors have continuously overtime implemented corporate governance guideline provided by sector regulator Water Service Regulatory Board (WASREB)

As per WASREB Rukanga water & Sanitation company Limited is categorized as Small scale water service provider hence its board of directors shall have a maximum of five (5) board members where

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

two are from county Government executive. As board we have agreed in the next AGM will comply with the regulation for both directors from current 7 board members to 5 and stakeholders to be reduced from 81 to 42 to promote the company efficiency and effectiveness,

c) Business Development

The Company internally generated revenue increased from 8.7M to 11.6M due robust mechanism employed which realized efficiency and effectiveness in our business model. We also realized the operating cost increasing from 9.7M to 12.8M due high cost of operation fueled by high inflation and additionally, the water abstraction charges paid to Water Resources Authority were increased from ksh 0.5 per cubic meter to ksh 5 per cubic meter among other factors.


d) Operating license

As per the provisions of water Act 2016 section 85 and 86 Rukanga water & sanitation company has been issued with three (3) year operating license. (16th December 2022 to 15th December 2025)

e) Makutano Sanitation project

Rukanga water & Sanitation project have been awarded a project by Water Sector Trust Fund (WSTF) at a cost 21M where WSTF will contribute 84% (18.4M) while the company will contribute 16% (2.67M). The project is referred to as Up – scaling Basic Sanitation for the urban poor (UBSUP) which focuses on household and plot level sanitation. The DTF will be constructed on public plot allocated by County Gov't of Kirinyaga in Kaminji area (0.375Ha i.e. 0.926 acres)

In conclusion I sincerely wish to appreciate all our stakeholders; the County Government of Kirinyaga (CGK) and all other development partners for your solid commitment and support during the year, our esteemed customers, for your loyalty and support and finally to the Board of Directors, Management and staff for your hard work and dedicated effort to make 2022/2023 financial year a success.

Sign:  Date: 21/02/2024

Anthony Mathenge Muchiri

Board Chairman.

RUKANGA WATER AND SANITATION COMPANY LIMITED

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report Of the Managing Director

Introduction

RUKANGA WATER AND SANITATION COMPANY LIMITED is licenced by WASREB as small scale water service provider based in Kirinyaga county and was started as a community water project in 1989.

In the fiscal year 2022/2023, the company navigated through a dynamic landscape while achieving commendable progress. Our financial statements indicate a remarkable revenue growth while also the operating cost have also gone up considerably. The revenue growth can be attributed to improved operating efficiency, and prudent financial management.

This growth is a testament to our unwavering commitment to providing quality water and sanitation services to our community. Our focus on optimizing investment strategies and exploring opportunities has borne fruit

Our prudent financial management practices have enabled us to maintain healthy cash reserves and manage our liabilities effectively. We continue to optimize our revenue collection processes while ensuring transparency and accuracy.

Our commitment to a skilled and motivated workforce is reflected in the increased investment into personnel training and remuneration that ensures the effective delivery of our services.

In the last fiscal year, the company's financial position has evolved in response to dynamic market conditions and a steadfast commitment to our mission.

a) Water Production

Our only water intake from River Ragati design have challenges in the following aspects, which make them susceptible to malfunctions during low water levels due to its position not in an ideal location and its Inadequate anchoring of the weir into the abutments.

The Elevation from the treatment works to the end point of the mainline has an elevation of 68m. This is very small headroom to sustain the water flow by pressure to the Kaminji unit which is on high ground.

Below are our water production & billing data for the last 3 years.

YEAR	PRODUCTION M3	BILLING M3	NRW
2019/2020	185,649.00	124,555.00	61,094.00
2020/2021	192,015.00	156,415.00	35,600.00
2021/2022	192,138.00	149,048.00	43,090.00
2022/2023	223,278.00	185,407.00	37,871.00

b) Rukanga Water and Sanitation Company Limited Total Revenue and Expenditure

COMPREHENSIVE INCOME AND EXPENDITURE (KSHS.)			
YEAR	2020/2021	2021/2022	2022/2023
REVENUE	8,986,269.00	8,728,728.00	11,623,249.00
TOTAL EXPENDITURE	8,885,446.00	9,773,893.00	12,814,491.00
PROFIT/LOSS	100,823.00	(1,045,165.00)	(1,191,242.00)

Other Statistical data

PARTICULARS	2020/2021	2021/2022	2022/2023
Average water production m3	16,001	16,011	18,606
Registered connections	2120	2,172	2,391
Active connections	1,767	1,819	2,034
Inactive connections	353	353	357
New connection	71	34	65

The constrained resources have limited our ability to invest in critical infrastructure upgrades and expansion projects. Inadequate income has restricted our financial flexibility to undertake capital-intensive initiatives that are essential for enhancing our service delivery.

To address this challenge we are exploring partnerships and seeking funding from County Government of Kirinyaga and other development partners.

c) Customer Service

Continued feedback and support from our customers is our expectation that enables the company serve our customers better and improve our services and thus;

The Company has a dedicated customer care line (**0702609597**) and an Email ruwasco@gmail.com). We have also effected a bulk SMS billing.

We also have a communication desk with very hospitable and friendly staff as well as suggestion box.

d) Commitment to Sustainability

Despite the challenges we face, our unwavering commitment to financial sustainability remains our driving force. We continue to invest in our infrastructure from internally generated resource to provide uninterrupted water and sanitation services to our community.

In line with this the company has undertaken several water pipe repairs in Ngothi and Kaminji branches vandalized by on-going road construction by KURA/KERRA

e) Stakeholder Collaboration

Our success would not be possible without the steadfast support and valued partnerships with the community, County Government of Kirinyaga, and development partners and we remain committed to meeting and exceeding your expectations.

f) Adverse performance Trends

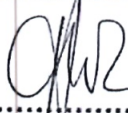
The adverse performance trends, as indicated by the decrease in profitability, have presented obstacles in sustaining and expanding our operations. These trends can impact our ability to maintain service levels and meet operational expenses.

In response, we are focusing on enhancing our revenue generation strategies. We are geared to refining our billing and collection processes, exploring on acquisition of billing software and review our tariff to cost recovery models, and actively engaging with our customers to promote timely payments.

In conclusion;

Our staff remains dedicated to efficient maintenance and repair of water supply infrastructure. We are investing in training programs to enhance our team's skills and ensuring that essential operations continue without compromise.

While our financial statements highlight the difficulties we have encountered, they also underscore our commitment to transparency and accountability. We are steadfast in our pursuit of innovative solutions, strategic partnerships, and prudent financial management to overcome these challenges and emerge stronger. With the collective support of our stakeholders, especially our county government of Kirinyaga on funding, we are confident in our ability to navigate these hurdles and continue our journey towards sustainable growth.

Sign:  Date: 25/09/2023

David Njoroge

Managing Director

RUKANGA WATER AND SANITATION COMPANY LIMITED

7. Statement Of Performance Against Predetermined Objectives for FY 2022/2023

Rukanga Water and Sanitation Company Limited has 7 strategic pillars/ themes/issues and objectives within the Strategic objectives . These strategic pillars/ themes/ issues are as follows:

1. Increased water coverage.
2. Embark on sanitation coverage.
3. Reduce NRW levels.
4. Grow the company' financial position and commercial position.
5. Strengthen institutional capacity.
6. Enhance customer service and stakeholders.
7. Research and Development.

The company develops its annual work plans based on the above 7 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan ideally should be done on an annual basis. The company achieved its performance targets set for the FY 2022/2023 period for its 7 strategic pillars, as indicated in the diagram below:

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Increased water coverage	To increase the provision of accessing clean and safe drinking water supply through an increase in water production.	Increase the number of customer connections. Increase no. hours water is supplied.	1. Developed and submitted for project funding on climate change NAWASSIP program. i.e. Earth Dam, water intake, Storage Tanks, Water Distribution network 2. Developed and submitted proposal for drilling and solar power installation to the CDF office 3. Application of bulk water connection from TWWDA/KIRIWASCO	The company has developed proposals to county government of Kirinyaga, WSTF, National Govt, CDF – Mwea West
2. Embark on sewerage coverage	To increase sewerage coverage from 0% to 5%	Initiate and commence on sewer connections.	1. Developed and submitted for project funding on sanitation by Water Sector Trust Fund – UBSUP program. i.e. construction of 200 No. Toilets and 50m ³ Decentralized Treatment Facility (DTF)	The company has developed proposals to county government of Kirinyaga & Water Sector Trust Fund (WSTF)

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
3. Reduced NRW levels	1. Enhance efficiency and effectiveness in operations	1. Procure leak detection equipment and install master meter, rehabilitate and replace old water supply lines.	1. Develop and implement a NRW management policy 2. Develop funding proposals for NRW management 3. Installation of one meter testing bench 4. Installation of 40 bulk smart water meters 5. installation of 2038 smart water meter for consumers	1. The company has developed a Non-revenue department hence increased on monitoring and surveillance. 2. The company has acquired 1 No. ultrasonic flow meter. 3. The company has continuously replaced the faulty meters and servicing consumer metres.

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
4. Grow the company's financial and commercial	<p>1.Enhance efficiency and innovativeness in revenue generation and collection and ensure ethical management of funds</p> <p>2.Develop and implement a Procurement policy</p>	<p>1.Obtain and comply with licence from the regulator.</p> <p>2. Procurement of billing software.</p> <p>3.Increase number of connections hence increase in revenue.</p> <p>4.Increase collection efficiency.</p> <p>5.Reduce cost of production.</p>	<p>1. Review water tariff from the current pro-poor tariff.</p> <p>2.Develop and Implement strategic plan and business continuity plan.</p> <p>3. Procure billing software.</p> <p>4. Capacity Build ICT officer – from TWWDA or employ internally</p> <p>5. Undertake timely billing and improve revenue collection efficiency</p> <p>6. Increase water connections to meet the demand every year.</p> <p>7. Seek support from development partners through</p>	<p>1.The company is licensed by WASREB valid from 16th Dec 2022 – Dec 2025 (3 years)</p> <p>2. Developed debt recovery and management policy.</p> <p>3. Developed and Implemented a risk and disaster management policy</p>

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

			submission of project proposals 8. Implement & Empowerment of debt collection policy and staff 9. Ensuring that the company complies with good accounting practices	
--	--	--	---	--

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
5. Strengthen institutional capacity	1.Improve the organisational structures, processes and capacity building to enhance operational efficiency, and organizational sustainability.	1.Review of organisation structure 2.Increase number of trainings and capacity building 3.Obtain asset ownership documents	1.Review the organisational structure to ensure that it fits the strategic intent. 2.Implement annual staff training plans. 3.Retain and source for talented human resource 4.Train the board of directors on cooperate governance annually	1.The company is reviewing the organisational structure 2.The company has developed asset management policy 3.The company has been seconded technical and commercial staff from TWWDA.

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
6. Enhance customer service and stakeholder engagement	1. Offer timely, quality and reliable services and engage stakeholder where legally required and instances where their participation is necessary	1. Develop stakeholder engagement framework 2. Undertake customer satisfaction survey 3. Undertake CSR activities 4. Development of communication strategy	1. Develop and implement a communication strategy 2. Develop stakeholder engagement framework 3. Develop innovative ways of enhancing service delivery and engaging customers 4. Undertake CSR activities annually 5. Mapping of our stakeholders using GIS. 6. Develop a Company website	1. The Company has collaborated with stakeholders in CSR activities such tree planting. 2. Customer engagement on license renewal.

8. Corporate Governance Statement

The company through its board of directors have continuously overtime implemented corporate governance guideline provided by sector regulator Water Service Regulatory Board (WASREB)

As per WASREB Rukanga water & Sanitation, company Limited is categorized as Small-scale water service provider hence its board of directors shall have a maximum of five (5) board members where two are from county Government executive. As board we have agreed in the next AGM will comply with the regulation for both directors from current 7 board members to 5 and stakeholders to be reduced from 81 to 42 to promote the company efficiency and effectiveness,

9. Management Discussion and Analysis

RUKANGA WATER AND SANITATION COMPANY LIMITED is a water and sanitation services provider registered under the company's Act 2015 of the law of Kenya. The company is an agent of the County Government of Kirinyaga (CGK). This is in line with the requirement by the Constitution of Kenya (GoK) 2010 and the Water Act 2016.

10. Environmental And Sustainability Reporting

The company is firmly committed to advancing environmental sustainability in Kenya and aligning itself with the government's global climate initiatives. Below is an overview of Rukanga's policies and actions that bolster sustainability and environmental performance:

i) Sustainability strategy and profile -

The senior management take a proactive role in advocating and championing sustainable practices within the organization. They remain abreast of the wider political and macroeconomic trends that impact sustainability priorities. Rukanga Water and Sanitation Company Limited consistently adheres to international best practices and conducts periodic assessments to gauge the success and areas requiring improvement in their sustainability endeavours.

ii) Environmental performance

Environmental Policy:

The Company is in the process of developing a robust environmental policy that will serve as a guiding principle for its operations. This policy explicitly outlines the company's unwavering commitment to responsible environmental stewardship.

Biodiversity Conservation:

Recognizing the critical value of biodiversity, the company actively participates in local conservation initiatives, including tree planting exercises and protection of water catchment areas, to protect and preserve ecological diversity.

Waste Management:

Rukanga Water and Sanitation Company Limited has a comprehensive waste management policy designed to minimize waste generation and advocate for recycling and proper disposal practices. The company proactively implements measures to reduce its waste output, such as curbing the use of single-use plastics and promoting recycling among both its employees and customers.

Reducing Environmental Impact:

Rukanga Water and Sanitation Company Limited is steadfast in its efforts to reduce the environmental footprint associated with its services. This includes initiatives to enhance water conservation, decrease energy consumption, and optimize its infrastructure for improved efficiency.

iii) Employee welfare

Recruitment and Gender Equality:

The Company adheres to the Human Resource and Procedures manual, which is guided by regulatory bodies such as WASREB. The organization maintains a commitment to gender diversity in its workforce and fosters equal opportunities for all. Vacant positions are officially advertised through various channels to ensure transparency and fairness.

Training and Development:

The Company regularly conducts Training Needs Assessments to identify employees in need of additional skills or training. The company actively supports its staff in enhancing their career skills, offering opportunities for further education and development. Annual performance appraisals are carried out, and high-performing employees receive recognition and rewards at the end of each year.

Workplace Environmental Awareness:

The Company upholds a Workplace Environmental Policy that nurtures environmental consciousness among its staff and stakeholders, encompassing customers, employees, and the community. The company conducts ongoing environmental awareness programs to educate and engage employees in sustainable practices.

In addition to these measures, the company actively collaborates with government agencies and engages in community-driven sustainability initiatives to bolster its commitment to environmental sustainability in Kenya, in alignment with global climate agendas.

11. Report Of the Directors

The structure of the company starts with the Board members representing various stakeholders' interests. The Board members exercise leadership, enterprise, integrity and judgment in steering the company.

They are expected to determine the purpose and values of the company, determine the strategy to achieve that purpose and implement its values in order to ensure the Company survives and thrives.

The Board members are expected to enhance the corporate governance practices in running of the company to bring the level of governance in the Company in line with international standards. The essence of corporate governance is to protect stakeholder's interest including the county government, Water service regulatory board, consumers and the communities.

i) Principal activities

The principal activities of the Company are to ensure efficient and sustainable provision of quality and affordable water and sanitation services in our area of jurisdiction.

ii) Results

The entity's results for the year ended 30th June 2023 are set out on page 1.

iii) Dividends

The company has not declared dividends for the year ended June 30th 2023.

iv) Directors

The members of the Board of Directors who served during the year are shown on page Viii and Ix In accordance with Regulations of the company's Articles of Association.

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

v) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the Company for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



DAVID NJOROGE

Name

Company Secretary/Secretary to the Board

Date:

12. Statement Of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2023. 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 responsibility for the Company 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, water act 2016 and companies Act 2015).

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

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 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 financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern and nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The company financial statements were approved by the Board on 25/9/2023 and signed on its behalf by:

Anthony Mathenge

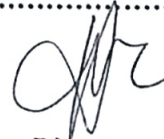
Name



Chairperson of the Board

DAVID NJOROGE

Name



Managing Director

REPORT OF THE AUDITOR-GENERAL ON RUKANGA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rukanga Water and Sanitation Company Limited set out on pages 1 to 70, which comprise the statement of financial position as at 30 June, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the

provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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 Rukanga Water and Sanitation Company Limited as at 30 June, 2023 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 Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.26,108,287 in respect of property, plant and equipment as disclosed in Note 20 to the financial statements. Review of the asset register provided for audit revealed that the Company has 8 parcels of land out of which 2 parcels of land have not been valued. Further, the ownership documents (title deeds) for the two parcels of land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership status of the property, plant and equipment could not be confirmed.

2. Long Outstanding Trade Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.1,842,222 as disclosed in Note 29 to the financial statements. However, the balance includes water debtors amount of Kshs.1,630,681 relating to the financial year 2021/2022 and early years and had been outstanding for long without being recovered. Further, no provision for bad and doubtful receivables was made in the financial statements.

In the circumstances, the accuracy and recoverability of the long outstanding trade receivable balance of Kshs.1,630,681 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Rukanga Water and Sanitation Company Limited Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis amounts of Kshs.14,050,000 and Kshs.11,623,249 respectively, resulting in revenue under-collection of Kshs.2,426,752, or 17% of the budgeted total revenue amount.

The under-collection of revenue negatively affected the Company's planned activities and service delivery to the public.

My opinion is not modified in respect of this matter.

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 Directors are responsible for the other information, which comprises the Chairman's Statement, Report of the Managing Director, Review of the Company's Performance for financial year 2022/2023 against the Predetermined Objectives, Report of the Directors and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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. Lack of Approved Water Tariff Structure

The Company did not provide for audit review the approved water tariff structure that was implemented in the year to bill the various customers supplied with water. This was contrary to Section 72 (l)(b) of Water Act, 2016 which states that the powers and functions of the Regulatory Board shall be to evaluate and recommend water and sewerage tariffs to the County water services providers and approve the imposition of such tariffs in line with consumer protection standards.

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

2. Non-Conformity with Law on Ethnic Composition

During the year under review, the Company had fifteen (15) staff members out of which, thirteen (13) or 87%), were from the dominant ethnic community. This was contrary to Section 65(e) of the County Governments Act, 2012 which requires the County Governments to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

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

3. Non-Conformity to Gender Rule

During the year under review, the Company had fifteen (15) staff members out of which twelve (12), or 80%, were of the same gender. This was contrary to Article 59(b) of the Constitution of Kenya, which seeks to promote gender equality and equity generally and to coordinate and facilitate gender mainstreaming in national development.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and the Board of Directors

The 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, the 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 cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

I communicate with 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.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 March, 2024

Rukanga Water and sanitation Company Limited .
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue			
Operating Revenue	6	11,431,901	8,57,8372
Grants Income	7	-	-
Other Income	8	-	-
Finance income	9	191,348	150,356
Other gains/(losses)	10	-	-
Total Revenue		11,623,249	8,728,728
Expenses			
Staff Costs	11	5,305,715	3,619,338
General and Operations expenses	12	2,834,349	2,248,188
Board Expenses	13	608,060	533,480
Maintenance Expenses	14	3,355,248	2,623,138.50
Depreciation and Amortization expenses	15	711,118	749,748.58
Finance Costs	16	-	-
Total Expenses		12,814,491	9,773,893
Profit/(Loss) Before Taxation		(1,191,242)	(1,045,165)

Financial reporting template. NB Opening balance from previous financial has been combine in order to comply with June 2023

Rukanga Water and Sanitation Company Limited .
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement Of Financial Position As at 30 June 2023


	Note	2022-2023	2021-2023
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	26,108,287	26,819,405
Intangible assets	21	-	-
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		26,108,287	26,819,405
Current assets			
Inventories	28	-	-
Trade and receivable	29	1,842,222	1,630,681
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Bank and cash balances	32	3,388,338	3,208,035
Total non-current assets		5,230,560	4,838,716
Total Assets		31,338,847	31,658,121
Equity and liabilities			
Equity			
Capital reserve	33	35,159,218	35,159,218
Capital grants	34	-	-
Revenue reserve	35	(5,197,076)	(4,005,834)
Total equity	36	29,962,142	31,153,384
Non-current liabilities			
Deferred tax liability	37	-	-
Borrowings	38	-	-
Lease liability	39	-	-
Provisions	40	-	-

Rukanga Water and Sanitation Company Limited .
Annual Report and Financial Statements for the year ended June 30, 2023

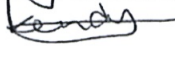
	Note	2022-2023	2021-2023
		Kshs	Kshs
Retirement benefits	41	-	-
Total non-current liabilities			
Current liabilities		-	-
Borrowings	38	-	-
Lease liability	39	-	-
Provisions	40	-	-
Retirement benefit obligations	41		
Trade and other payables	42	1,327,538	448,727
Refundable deposits and Prepayments	43	49,167	56,010
Deferred income	44	-	-
Dividends payable	45	-	-
Taxation	46	-	-
Total current liabilities		1,376,705	504,737
Total equity and liabilities		31,338,847	31,658,121

The financial statements were approved by the Board on _____ 2023 and signed on its behalf by:


DAVID NDO ROGE

 Name 
 Managing Director

Kennedy Muriuki

 Name 
 Head of Finance
 ICPAK M/No:.....

Anthony Mathenge

 Name 
 Chairman of the Board

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Changes in Equity for the Year Ended 30 June 2023

	Notes	Capital reserves	Revenue reserves	Total
Balance as at 1 July 2021		35,159,218	(2,960,669)	32,198,549
Profit / (Loss) for the year			(1,045,165)	(1,045,165)
Capital Grants				-
Prior year adjustments				-
Balance as at 30 June 2022		35,159,218	(4,005,834)	31,153,384
Balance as at 1 July 2022		35,159,218	(4,005,834)	31,153,384
Profit / (Loss) for the year			(1,191,242)	(1,191,242)
Capital Grants				-
Prior year adjustments				-
Balance as at 30 June 2023		35,159,218	(5,197,076)	29,962,142

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement Of Cash Flows for The Year Ended 30 June 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	6	11,220,360	8,433,032
Grants Income	7	0	0
Finance Income	9	191,348	150,356
Other Income	8	0	0
Customer Deposits		0	0
Total Receipts		11,411,708	8,583,388
Payments			
Staff Costs		5,305,715	3,619,337
General And Operation Expenses		2,822,349	2,248,188
Board Expenses		608,060	533,480
Maintenance Expenses		2,686,627	2,623,139
Finance Costs		0	0
Refund Of Customer Deposits		0	0
Total Payments		11,422,751	9,024,145
Net Cash From/ (Used In) Operating Activities	47	(11,045)	(440,756)
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		0	0
Proceeds From Disposal Of PPE		0	0
Purchase Of Intangible Assets		0	0
Purchase Of Investment Property		0	0
Purchase Of Quoted Investments		0	0
Proceeds From of Quoted Investments		191,348	150,356
Net Cash From/ (Used In) Investing Activities		191,348	150,356
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		0	0
Proceeds From Borrowings	35	0	0
Repayment Of Borrowings	35	0	0
Dividends Paid	41	0	0
Net Cash From/(Used In) Financing Activities		0	0
Increase/(Decrease) In Cash and Cash Equivalentents	47	180,303	(290,400)

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash And Cash Equivalents At Beginning Of Year	47	3,208,035	3,498,435
Effects Of Foreign Exchanges Rate Fluctuations	47	0	0
Cash And Cash Equivalents At End of the Year	47	3,388,338	3,208,035

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
						f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Water Charges	8,364,235	3,835,765	12,200,000	10,061,101	2,138,899	82%
Development fee	347,500	152,500	500,000	383,000	117,000	77%
Application fee	106,500	43,500	150,000	127,500	22,500	85%
Fines/ Penalties	700,400	299,600	1,000,000	860,300	139,700	86%
Interest Income	70,000	130,000	200,000	191,348	8,653	96%
Total Revenue	9,588,635	4,461,365	14,050,000	11,623,249	2,426,752	83%
Expenses						
Staff Costs	4,453,702	1,270,898	5,724,600	5,305,715	418,885	93%
Board Expenses	488,600	41,400	530,000	608,060	-78,060	115%
General Administration Exp	2,296,550	1,450,000	3,746,550	2,834,349	912,201	76%
Operational Expenditure	1,340,725	504,275	1,845,000	2,094,048	-249,048	113%
Total Operational Expenditure	8,579,577	3,266,573	11,846,150	10,842,172	1,203,978	92%
Maintenance Expenditure	679,070	635,930	1,315,000	1,261,200	53,800	96%
Total Operation maintenance	9,258,647	3,902,503	13,161,150	12,103,372	1,257,778	92%
Minor Investments	329,988	558,862	888,850		650,000	
Total Expenditure	9,588,635	4,461,365	14,050,000	12,103,372	1,907,778	86%
Profit or Loss	0	0	0	-480,124	518,974	

NOTES TO ITEMS THAT EXCEED TO BUDGET PROVISION

A). BOARD EXPENSE:

We over spent on board expense due to fact that in this year we held several board meeting to plan for stakeholders forum for licence renewal and AGM for the year

B). OPERATION EXPENDITURE:

It was high due a fact that the inflation and dollar was high hence procuring thing was at high price.

C). TOTAL REVENUE

We missed our revenue target due to the on going construction of Kenol –Sagana –Marua road which keep interfering with our main water supply and also climate change affecting our

catchment area example the month of February/march we experienced declined water intake from the river Ragati

19. Notes To the Financial Statements

1. General Information

Rukanga Water and Sanitation Company Limited is established by and derives its authority and accountability from the Companies Act Cap 486 of the laws of Kenya. The Company is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The Company's principal activity is to ensure efficient and sustainable provision of quality and affordable water and sanitation services in Rukanga sub-Location and its 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.

2. Statement of Compliance and Basis of Preparation

The financial statements of the year ended 30 June 2023 figures has been combined in order to comply with financial Reporting Template.

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016 and the Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the financial statements (continued)

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

i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2023.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p><i>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has had the following effects: (Amend as appropriate)</i></p>	Effective for annual periods beginning on or after 1 st January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p><i>(entity to state the effect of amendments on their financial statements for the year ended.)</i></p>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	<p>The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.</p> <p><i>(Entity to state whether this has brought about changes to the accounting policies disclosed)</i></p>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed	The amendments are effective for annual

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Title	Description	Effective Date
Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	periods beginning on or after January 1, 2023.

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....)

Notes to the Financial Statements (Continued)

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

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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

iii. **Early adoption of standards**

(The entity) did not early – adopt any new or amended standards in year under review.

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

Notes to the financial statements (continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land	2022/2023	0%
Buildings and Water supply assets	2022/2023	2.5%
Fixtures and fitting meters	2022/2023	12.5%
Fencing and other operational assets	2022/2023	25%
Computer Software and hardware	2022/2023	30%
Electrical installation	2022/2023	10%
Test equipment	2022/2023	15%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Notes to the financial statements (continued)

Summary of Accounting Policies

f) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from de recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Notes to the financial statements (continued)

Summary of Accounting Policies

h) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI). *(Whichever is applicable)*.

j) Quoted investments

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

Notes to the financial statements (continued)

Summary of Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange. These are measured at fair value through profit or loss (FVTPL).

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct Labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method/ FIFO (*Whichever is applicable*). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted.

Notes to the financial statements (continued)

Summary of Accounting Policies

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the profit or loss statement. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Notes to the financial statements (continued)

Summary of Accounting Policies

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Notes to the financial statements (continued)

Summary of Accounting Policies

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

r) Borrowings

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

s) Trade and other payables

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

Notes to the financial statements (continued)

Summary of Accounting Policies

t) Retirement benefit obligations

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

u) Provision for staff leave pay

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

v) Exchange rate differences

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

Notes to the financial statements (continued)

Summary of Accounting Policies

w) Budget information

The original budget for FY 2022-2023 was approved by the Board of Directors on 02/08/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented.

Notes to the financial statements (continued)

Summary of Accounting Policies

x) Service concession arrangements

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

y) Comparative figures

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

z) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made e.g.

Notes to the financial statements (continued)

Summary of Accounting Policies

a) Estimates and assumptions

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

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value for disposal:

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. .

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

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the financial statements (continues)

6. Operating Revenue

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Water Sales	10,061,101	7,532,871
Application fee	127,500	46,000
Development	383,000	524,701
Fines /Penalties	860,300	474,800
Gain on Disposal(Insurance Compensation)	-	-
Total	11,431,901	8,578,372

7. Grants Income

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	-	-
Capital grants amortised	-	-
Donations from County Governments	-	-
In Kind contribution/donations from other agencies	-	-
Total	-	-

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2022-2023 KShs
Department	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the financial statements (continued)

8. Other Income

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Sale of Tender	-	-
Fine and penalties	-	-
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (specify)	-	-
Total	-	-

9. Finance Income

	<i>2022-2023</i>	<i>2021-2022</i>
Description	Kshs	Kshs
Interest income from treasury bills	191,348	150,356
Interest income from treasury bonds	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	-
Interest on staff loans	-	-
Dividends	-	-
Total	191,348	150,356

10. Other Gains and Losses

	<i>2022-2023</i>	<i>2021-2022</i>
Description	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	-	-

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

11. Staff Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Gross Salary and Allowances	5,305,715	3,574,338
Casual workers' Wages	-	-
Medical insurance schemes	-	-
Employer's contributions to social security schemes	-	-
Employer's contributions to pension scheme	-	-
Provisions for Leave pay	-	-
Gratuity provisions	-	45,000
Fringe Benefit tax	-	-
Staff welfare	-	-
Other allowances	-	-
Total	5,305,715	3,619,338
The average number of employees during the year		

12. General and Operations Expenses

	2022-2023	2021-2022
Description	Kshs	Kshs
Administrative costs		
Library expenses	-	-
Rent & Rates	15,000	15,000
Email And Internet	73,239	69,668
Postage	53,409	22,750
AGM expenses	324,785	-
Public Relations	39,500	1,000
Bank Charges	55,185	37,860
Meeting and Conference	-	-
Telephone Expenses	117,968	56,664
Staff Welfare	61,050	29,851
Insurance	78,045	11,464
Staff Meetings	-	64,100
Travelling & Accommodation	1,231,950	1,352,446
Professional Fees	84,750	30,000
Other Admin Costs	-	-
Security Expenses	603,100	500,640
Computer Maintenance	44,009	53,060
Uniforms	34,310	3,685
Training expenses(capacity building)	18,050	-
Total Administrative Costs	2,834,349	2,248,188

Notes to the financial statements (continued)

13. Board Expenses

	2022-2023	2021-2022
Description	KShs	KShs
Chairman Honoraria	-	-
Board meetings and conferences	608,060	533,480
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Other allowances	-	-
Total Board Expenses	608,060	533,480

14. Maintenance Expenses

	2022-2023	2021-2022
Description	Kshs	Kshs
Water supplies rehabilitation augmentation and maintenance works.	1,261,200	1,484,610
Increase/(Decrease) in Provision for bad debts	-	-
Provision for accrued NSSF PENALTY	-	-
Buildings	-	-
Infrastructural networks	-	-
Grounds	-	-
Motor vehicles	-	-
Software	-	-
ICT (Information Communication Technology)	-	-
Furniture	-	-
Water Meter maintenance costs	-	-
Maintenance of access roads	-	-
Totals	1,261,200	1,484,610
Operation Costs		
Electricity for Lighting	20,003	15,525
Chemicals	493,489	603,780
Transport fuels and diesel	274,563	197,376
Stationery Printing & Publishing	111,581	77,095
WRUA / WASPA	40,000	20,000
WARMA	393,554	116,354
WASREB	486,430	75,349
Transport Operating Expenses	38,140	11,500
Transport Hire	29,900	21,550
Office Repairs ,Painting and Renovation	206,388	-
Total	2,094,048	1,138,528
Total Maintenance Expenses	3,355,248	2,623,138.50

15. Depreciation and Amortization Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Provision for Depreciation for Property, plant, and equipment	711,119	749,749
Right of Use Assets	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation and Amortization	711,119	749,749

16. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

17. Income Tax Expense/(Credit)

Current taxation

	2022-2023	2021-2022
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
Total	-	-

Rukanga Water and Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year over-provision	-	-
Total	-	-

Notes to the financial statements (continued)

18. Earnings Per Share

This is not applicable in our Company date.

19. Dividend Per Share

This is not applicable in our Company date.

Notes to the financial statements (continued)

20. Property, Plant and Equipment

FY 2022/2023	Freehold land	Buildings & water Supply Assets	Fixtures & Fittings Meters	Fencing and other operation assets	Computers & related equipment	Computers & related equipment	Test Equipment,	Total
Cost Or Valuation								
At July 1, 2022	1,938,269	32,697,662	666,530	744,727	417,489	40,040	1,200,000	37,704,717
Additions	-	-	-	-	-	--	-	-
Transfers	-	--	-	-	-	-	-	--
Disposals	-	-	-	-	-	-	-	-
At June 30, 2023	1,938,269	32,697,662	666,530	744,727	417,489	40,040	1,200,000	37,704,717
Depreciation								
At July 1, 2022	0	8,473,723	395,682	611,379	411,417	29,361	963,751	10,885,313
Charge For the Year	0	605,598	33,856	33,337	1,822	1,068	35,437	711,118
Impairment Loss	-	-	-	--	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
At June 30, 2023	0	9,079,321	429,538	644,716	413,239	30,429	999,188	11,596,431
Net Book Value At June 30, 2023	1,938,269	23,618,341	236,992	100,011	4,250	9,611	200,812	26,108,286

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

FY 2021/2022	Freehold land	Buildings & water Supply Assets	Fixtures & Fittings ,Meters	Fencing and other operation assets	Computers & related equipment	Computers & related equipment	Test Equipment,	Total
Cost Or Valuation								
At July 1, 2021	1,938,269	32,697,662	666,530	744,727	417,489	40,040	1,200,000	37,704,717
Additions	-	-	-	-	-	--	-	-
Transfers	-	--	-	-	-	-	-	--
Disposals	-	-	-	-	-	-	-	-
At June 30, 2022	1,938,269	32,697,662	666,530	744,727	417,489	40,040	1,200,000	37,704,717
Depreciation								
At July 1, 2021	0	7,852,596	356,989	566,929	408,815	28,174	922,060	10,135,563
Charge For the Year	0	621,127	38,693	44,450	2,602	1,187	41,691	749,749
Impairment Loss	-	-	-	--	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
At June 30, 2022	0	8,473,723	395,682	611,379	411,417	29,361	963,751	10,885,312
Net Book Value At June 30, 2022	1,938,269	24,223,939	270,848	133,349	6,072	10,679	236,249	26,819,405

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Valuation

The company did not engage valour

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-
	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

21. Intangible Assets

	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Disposals	-	-
At June 30	-	-
	-	-
Amortization		
At July 1	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	-	-
Net book value		
At June 30	-	-

[Provide short appropriate explanations as necessary in relation to what constitutes the intangible assets]

22. Investment Property

	2022-2023	2021-2022
	Kshs	Kshs
Opening valuation	-	-
Movements during the year		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation		
	-	-
Depreciation (if at cost)		
At July 1	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	-	-
Net book value		
At June 30 2023	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

23. Right-of-use assets

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2022	-	-	-	-
Additions	-	-	-	-
As at 30 June 2023	-	-	-	-
Additions	-	-	-	-
As at 30 June 2023	-	-	-	-
	-	-	-	-
Accumulated Depreciation	-	-	-	-
As at 1 July 2022	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2023	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2023	-	-	-	-
	-	-	-	-
Carrying Amount	-	-	-	-
As at 30 June 2023	-	-	-	-
As at 30 June 2023	-	-	-	-

24. Biological Assets

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
Total	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

25. Fixed Interest Investments (Bonds)

	2022-2023	2021-2022
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond (give details)	-	-
CD Corporate Bond (give details)	-	-
Total	-	-

[The movement in investment during the year is as follows:]

Details	2022-2023	2021-2022
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Fair value gain/(loss) – if measured at FVOCI/FVTPL	-	-
Balance at 30 June	-	-

(state whether these investments are carried at amortized cost or at FVTOCI or at FVTPL). Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

26. Quoted Investments

	2022-2023	2021-2022
	Kshs	Kshs
Opening valuation	-	-
	-	-
Movements during the year	-	-
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-

[Provide short appropriate explanations as necessary, including make-up of the investments in the table below] Disclose also the amount of dividends received with respect to quoted investments and the valuation methodology).

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

27. Unquoted Investments

	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
At June 30	-	-
Impairment		
At July 1	-	-
Disposals	-	-
Impairment loss in the year	-	-
At June 30	-	-
Net book value	-	-

Provide short appropriate explanations as necessary, including make-up under the table below]. Disclose any dividends received with respect to unquoted investments and the valuation methodology. ⁽⁰⁸⁾

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Name of entity where investment is held	No of shares			Nominal value of shares/ purchase price	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year Shs	Prior year Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

28. Inventories

	2022-2023	2021-2022
	Kshs	Kshs
General stores	-	-
Chemicals & Laboratory items	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	-	-
Finished goods	-	-
Work in progress	-	-
Less: Impairment of stocks	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

28. a) Reconciliation of Impairment Allowance for Inventories

Description	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. Trade and Other Receivables

	2022-2023	2021-2022
	KShs	KShs
Trade receivables (note (29a))	1,842,222	1,630,681
Deposits and prepayments	-	-
VAT (Value Added Tax) recoverable	-	-
Staff receivables (note 29 (c))	-	-
Other receivables	-	-
Gross trade and other receivables	1,842,222	1,630,681
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	1,842,222	1,630,681

29. (a) Trade Receivables

	2022-2023	2021-2022
	Kshs	Kshs
Gross trade receivables	1,842,222	1,630,681
Provision for doubtful receivables	-	-
Net trade receivables	1,842,222	1,630,681

As at June 30, the ageing analysis of the gross trade receivables was as follows:

Less than 30 days	-	-
Between 30 and 60 days	158,150	-
Between 61 and 90 days	240,120	-
Between 91 and 120 days	345,160	-
Over 120 days	1,098,792	1,630,681
Total	1,842,222	1,630,681

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

29. (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. (c) Staff Receivables

	2022-2023	2021-2022
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

29. (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

30. Tax Recoverable

	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 17)	-	-
Under/(over) provision in prior year/s (note 17)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

31. Short Term Deposits

	2022-2023	2021-2022
	Kshs	Kshs
Commercial banks		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (specify)	-	-
	-	-

[Provide short appropriate explanations as necessary]. Example: The average effective interest rate on the short-term deposits as at June 30, 20xx was xx% (2023: xx %).

32. Bank and Cash Balances

	2022-2023	2021-2022
	Kshs	Kshs
Cash at bank	-	-
Cooperative Bank	375,916	212,893
Recurrent (Equity Bank)	27,202	318,319
Equity Bank	359,918	144,673
Treasury Bills	2,500,000	2,500,000
M-pesa	121,423	30,340
Cash in hand	3,880	1,810
Total	3,388,338	3,208,035

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Detailed analysis of the cash and cash equivalents

		2022-2023	2021-2022
Financial Institution	Account Number	Kshs	Kshs
a) Current account			
Cooperative Bank	01100272011801	375,916	212,893
Recurrent (Equity Bank)	0420299470198	27,202	318,319
Equity Bank	0420299470176	359,918	144,673
Treasury Bills	01100272011801	2,500,000	2,500,000
M-Pesa pay bill	522425	121,423	30,340
Cash at hand		3,880	1,810
Sub- total		3,388,338	3,208,035
b) On – call deposits			
Commercial banks		-	-
Others		-	-
Sub- total		-	-
c) Fixed deposits account			
Other Commercial banks		-	-
Others		-	-
Sub- total		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand	Pety cash	3,880	1,810
Mobile money account		-	-
Sub- total		3,880	1,810
Grand total		3,388,338	3,208,035

33. Ordinary Share Capital

	2022-2022	2021-2022
	Kshs	Kshs
Authorized:		
2023 ordinary shares of Kshs. par value each	-	-
Issued and fully paid:		
2023 ordinary shares of Kshs. par value each	-	-

Notes to the financial statements (continued)

34. Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

35. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

36. Retained Earnings

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

37. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2022-2022	2021-2022
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability	-	-

The movement on the deferred tax account is as follows:

	2022-2022	2021-2022
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

38. Borrowings

Description	2022-2022	2021-2022
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
C) Total Balance at end of the period c = a+b	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

The analyses of both external and domestic borrowings are as follows:

	2022-2022	2021-2022
	KShs	KShs
External Borrowings		
Dollar denominated loan from ‘ Organization’	-	-
Sterling Pound denominated loan from ‘ organization’	-	-
Euro denominated loan from organization’	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

Description	2022-2022	2021-2022
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 43 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). [Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year]

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

39. Lease Liability

Description	2022-2022	2021-2022
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity analysis	2022-2022	2021-2022
	Kshs	Kshs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-
	-	-
Less: unearned interest	-	-
	-	-
Analysed as:		
Non-Current	-	-
Current	-	-

40. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Provisions details

Description	2022-2022	2021-2022
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
Total	-	-

41. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2022-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2023. The scheme is administered by CPF while Net bank are the custodians of the scheme. The scheme is based on 12% percentage of Basic salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was not carried out as at 30th June 2023 by independent actuarial valour's. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

	<i>2022-2022</i>	<i>2021-2022</i>
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Comprehensive Income

	<i>2022-2022</i>	<i>2021-2022</i>
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	<i>2022-2022</i>	<i>2021-2022</i>
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognized	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of basic salary or upper limit of KSH 1,080 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by CPF Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

42. Trade and Other Payables

	2022-2022	2021-2022
	Kshs	Kshs
Trade Creditors	150,703	34,522
Gratuity	45,000	45,000
Payroll deductions	128,723	52,244
Levies	1,003,112	316,961
Total	1,327,538	448,727

Aging Analysis for Trade and other Payables

	2022-2023	% of the total	2021-2022	% of the total
Under one year	862,900	65%	-	0%
1-2 years	265,507	20%	224,364	50%
2-3 years	109,203	8%	134,614	30%
Over 3 years	89,928	7%	89,745	20%
Total	1,327,538		448,727	

43. Refundable Deposits and Prepayments

	2022-2023	2021-2022
	Kshs	Kshs
Customer deposits	-	-
Prepayments by water sales customers	49,167	56,010
Retention/Contract deposits	-	-
Others (Specify)	-	-
Total	49,167	56,010

Aging Analysis for Refundable Deposits and Prepayments

	2022-2023		% of the total	2021-2022	% of the total
Under one year	-	49,167	100%	56,010	100%
1-2 years	-		%	-	%
2-3 years	-		%	-	%
Over 3 years	-		%	-	%
Total	-	49,167		56,010	

44. Deferred Income

Description	2022-2022	2021-2022
	KShs	KShs
National/County government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

45. Dividends Payable

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below.

	2022-2022	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

Dividend Payable analysis

	2022-2022	% of the total	2021-2022	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

Dividends payable to ordinary shareholders amounts to Kshs.00 while dividends payable to preference shareholders amounts to Kshs 00.

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

46. Taxation

	2022-2022	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	-	-
At end of the year	-	-

[Provide short appropriate explanations as necessary]

47. Notes to The Statement of Cash Flows

	2022-2023	2021-2022
	Kshs	Kshs
(Deficit)/Surplus before Tax	(1,191,242)	(1,045,165)
add Provision for Depreciation	711,118	749,749
Operating Activities profit /(loss)	(480,124)	(295,416)
Interest Income(Net)	(191,348)	(150,356)
(Increase)/Decrease in Receivables	(211,541)	(90,870)
Increase/(Decrease) in Prepayments	(6,843)	(16,143)
Increase/(Decrease) in Creditors & Accruals	878,811	112,029
Net Cash From /(Used IN)Operating Activities	(11,044)	(440,756)
Cash flow from Investing Activities		
Purchase of property, plant & equipment		
Interest Income(Net)	-	-
Net Cash From (used IN)Financing Activities	191,348	150,356
(b) Net Increase/(decrease) in Cash and Cash Equivalentents	180,303	(290,400)
Balance at the start of the year	3,208,035	3,498,435
Balance at the end of the year	3,388,338	3,208,035

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

Other Disclosures

48. Related Party Disclosures

County Government of Kirinyaga

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

Other related parties include:

- The County Department in charge of Water
- County Government of kirinyaga
- Tana Water works Development Agency
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

Transactions with related parties

	2022-2023	2021-2022
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-
Interest income from T-bills and Bonds	191,348	150,356
Others (Specify)	-	-
Total	191,348	150,356
b) Purchases from related parties		
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

	2022-2023	2021-2022
	Kshs	Kshs
Training and conference fees paid to govt. agencies	-	-
Bank charges paid to Govt Commercial banks	-	-
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt Agencies	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 2023 employees	-	-
Payments for goods and services for 2023	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	608,060	533,480
Compensation to key management	1,080,000	360,000
Total	1,688,060	893,480

49. Capital Commitments

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2022-2023	2021-2022
	Kshs	Kshs
Amounts authorised and contracted for	-	-
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	-	-
	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

50. Contingent Assets and Liabilities

Contingent Assets

	2022-2023	2021-2022
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

Contingent Liabilities

	2022-2023	2021-2022
	Kshs	Kshs
Contingent liabilities	-	-
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs (Public Private Partnership)	-	-
Others (Specify)	-	-
Total	-	-

In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.

51. Financial Risk Management

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

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the 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 but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2023				
Trade Receivables	-	-	-	-
Other Receivables				
Investments	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022 (previous Year)				
Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Credit Risk (Continued)

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 company has significant concentration of credit risk on amounts due .

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.

ii) Liquidity risk management

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

The table below 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	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June current year				
Trade payables	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June previous year				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk (*Tailor as appropriate*)

The board has put in place an internal audit function to assist it in assessing the risk faced by the Company 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 Department in charge of risk management 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 Company's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

(iii) Market risk (Continued)

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June Current Year			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The Company manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June Previous year			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Notes to the financial statements (continued)

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022-2023			
Euro	10%	-	-
USD	10%	-	-
2021-2022			
Euro	10%	-	-
USD	10%	-	-

c) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises from interest rate movements on the company's deposits.

i) Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Notes to the financial statements (continued)

ii) Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii)** Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2023 Current FY	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 2022				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year.

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Notes to the financial statements (continued)

iv) Capital Risk Management

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

	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

52. Incorporation

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

53. Events After the Reporting Period

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

20. Appendices

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of a Risk Management Policy and Disaster Recovery and Business Continuity Plan	We acknowledge the importance of developing the risk based management in detection and prevention of fraud mechanism hence management have developed the risk management policy and Disaster recovery plan which have been approved by the board	Resolved	
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of an internal audit Function.	We acknowledge the importance of internal audit function and the board of management have established the audit committee within the board to give an assurance and advisory services as well as oversight on the financial operations of the company	In Progress	
REF: CEN/HUB/W/	Progress on Follow-up of Prior Year Audit Matters	The management has embraced transformative	In Progress	

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date w/ you expect th issue to be resolved)
RUKANGA WATER/15G		approach for progressively addressing them over time with prudent management of constrained resources.		
REF: CEN/HUB/W/ RUKANGA WATER/15G	Lack of Strategic Plan	The management is recognizance of the importance of strategic management plan in an organization and hence it's working on it as prescribed by Public Finance Management Act 2012.	In Progress	
REF: CEN/HUB/W/ RUKANGA WATER/15G	Budgetary Control and Performance	The management acknowledged deficiencies in budget making process in the past and hence have deployed more robust mechanism as well as formulating procurement policy and processes to enable have a realistic budget. The management will also introduce supplementary budget to accommodate unforeseen factors within the operations.	Resolved	

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REF: CEN/HUB/W/ RUKANGA WATER/15G	Presentation of Financial Statement	The Management is working to have subsequent year annual reports and financial statements aligned as per Public Finance Management Act, 2012 and prescribed by Public Sector Accounting Service Board financial reporting template	Resolved	
REF: CEN/HUB/W/ RUKANGA WATER/15G	Misclassification of Expenditure	The management is working toward revising the chart of account coding to allow the classification of item by nature or its function to reflect the correct information categorization.	Resolved	

Name **DAVID NJOROGE**

Signature



Managing Director

Date

25/09/2023

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project ID	Project Name	Units	Period started	Period completed	Appropriation reporting required by partner agreement (Yes/No)	Disbursement to fund financial activities (Yes/No)
1	-	-	-	-	-	-
2	-	-	-	-	-	-

Status of Projects completion

(Summarise the status of project completion at the end of the reporting period, i.e., total costs incurred, stage which the project is etc.)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-

Rukanga Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2023

Appendix III- Inter-Entity Confirmation Letter

The *Rukanga Water* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2023				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name Sign Date

Appendix IV: Reporting of Climate Relevant Expenditures

Rukanga Water and Sanitation Company Limited
 Annual Reports and Financial Statements
 For the year ended June 30, 2023

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

Appendix V: Reporting Disaster Management Expenditure

Date:						
Entity:						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

(Attach forms from each transferring Government entity.)

Rukanga Water and Sanitation Company Limited
 Annual Reports and Financial Statements
 For the year ended June 30, 2023

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/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 Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-