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OF

**THE AUDITOR-GENERAL**

**ON**

**GATUNDU WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



# **GATUNDU WATER AND SANITATION**

## **COMPANY LTD**

### **REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2019**

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

**Gatundu Water & Sanitation Company Limited**  
**Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2019**

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**KEY ENTITY INFORMATION**

**Background information**

Gatundu water and sanitation company limited is a public company (herein referred to as GATWASCO) like all other such water institutions is a child of water act 2002 and the promulgation of the new constitution which devolved the water function. Devolution transmitted the water function from water service boards to the county government. GATWASCO was further derived from a merger of Gatundu South Water and Sanitation Company (GASWASCO) and Karimenu Water and Sanitation Company (KARIWASCO). During the period under review, the company had one hundred and thirty two (124) permanent staff and Thirty two (32) staff under contract.

**Principal Activities**

- ❖ Provision of domestic, industrial and institutional water services.
- ❖ Provision of sewerage and sanitation services.

GATWASCO regional coverage includes Gatundu South, Gatundu North, parts of Githunguri sub-county and parts of Juja.

In terms of water service provision, the situation in the area can be categorized as

- ❖ Areas that are well served 24/7
- ❖ Areas that are under served
- ❖ Areas that are not served
- ❖ Areas that are served through community water projects

In terms of sewerage services, the situation is wretched since

- ❖ All areas are not served
- ❖ Some towns depend on septic tanks
- ❖ Rural areas depend on pit and VIP latrines

In terms of storage and conservation

- ❖ There is only one dam- Theta dam
- ❖ A lot of soil is lost through erosion
- ❖ A lot of water is lost to the Indian ocean through river flow
- ❖ A second dam (Karimenu II dam) is under way

**Vision**

To be the best in provision of potable rural water and sanitation services in the region and beyond.

**Mission**

To promote good health standards and raise economic level of our community through provision of quality, reliable, adequate and affordable water and sanitation services in an environmentally friendly manner while meeting expectations of our customers and other stakeholders.

**Audit committee activities**

An audit committee is appointed to assist the board in discharging its duties relating;

- To safeguard company assets
- Control processes.

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- The preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.
- The audit committee will be the principal governance watchdog in Gatundu Water Company. Its purpose is to provide additional focus on financial issues that are vital to the company but which often cannot be fully examined by the main board because of shortage of time available to the same.

**Finance & Technical committee activities**

- Prepare strategies and plans for attaining the Company's service delivery objectives
- Review proposals and plans for infrastructure development and improvement
- Consider, evaluate and review progress of implementation for infrastructure development programs
- Set up and review standards, procedures and controls for provision of water services
- Consider and evaluate applications for water services provision
- Being informed, vigilant and effective overseers of the financial reporting process and the company's internal controls.
- Reviewing the company's quarterly, half-yearly and year-end financial statements , focusing particularly on;
  - a) Any changes in accounting policies and practices
  - b) Any major variances between actual results and budget
  - c) Compliance with International Accounting Standards and other statutory obligations
- Ensure that accounting and financial management policies are in place and that they are implemented.
- Discussing the Company's budget, and recommending to the Board of Directors for discussion.
- The Finance Committee will spearhead fundraising activities of the board.

**Directors**

The director who served the entity during the year/period was:

1. Samuel G. Njuguna Chairman of the Board

**Company Secretary**

Gikuhi Kiana & Company

Certified Public Secretaries

P.O. Box 1271-10100

Nyeri

**Registered Office**

Gatundu Water Office

Gatundu Karinga Road

P.O. Box 140

**Gatundu Water & Sanitation Company Limited**  
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Gatundu, KENYA

**Company Contacts**

Telephone: (254) 0714623391

E-mail: [gatwasco@gmail.com](mailto:gatwasco@gmail.com)

Website: [www. Gatunduwater.co.ke](http://www.Gatunduwater.co.ke)

**Company Bankers**

1. Co-operative Bank of Kenya  
P.O. Box 82-01030,  
Gatundu Branch.
2. Co-operative Bank of Kenya  
P.O. Box 1815,  
Thika Branch.
3. Equity Bank of Kenya  
P.O Box 528-01030  
Gatundu Branch
4. Kenya Commercial Bank  
P O Box 420-00232  
Ruiru  
Gatundu Branch
5. Family Bank  
P O Box 481-01030  
Gatundu Branch

**Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**Gatundu Water & Sanitation Company Limited**  
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**Principal Legal Advisers**

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
  
2. Legal Counsel & Board Secretary  
Athi Water Works Development Authority  
P O Box 45283-00100  
Nairobi

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**THE BOARD OF DIRECTORS**

1. Samuel G. Njuguna



Chairman to the Board.

Date of birth: 1952

**Professional Qualifications:**


Business man, S 1 Teacher

**Work Experience**

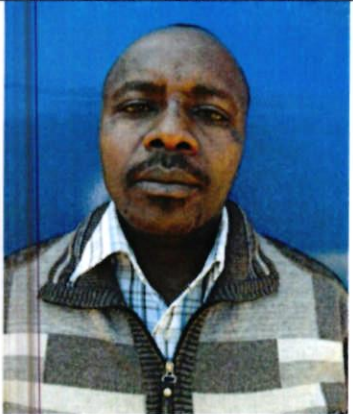


Retired teacher over 30Years Experience

**Gatundu Water & Sanitation Company Limited**  
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**MANAGEMENT TEAM**

<p>1. Patrick N. Mwangi</p> 	<p><u>Managing Director</u></p> <p><b>Professional Qualifications:</b></p> <p>Higher Diploma Water Engineering</p> <p><b>Experience :</b></p> <p>30yrs experience in water sector i.e. Ministry of water &amp; Karimenu Water, Gatundu Water</p>
<p>2. Joseph K. Kariuki</p> 	<p><u>Technical Manager</u></p> <p><b>Professional Qualifications:</b></p> <p>Water Engineering</p> <p><b>Academic Qualifications:</b></p> <p>Diploma in Water Engineering</p> <p><b>Experience :</b></p> <p>28yrs experience in water sector ministry of water &amp; Karimenu Water, Gatundu Water</p>
<p>3. Emmah W. Chege</p> 	<p><u>Finance Manager</u></p> <p><b>Professional Qualifications:</b></p> <p>Accountancy</p> <p><b>Academic Qualifications:</b></p> <p>CPA K, Bachelors of commerce</p> <p><b>Experience :</b></p> <p>9yrs experience in water sector Karimenu Water, Gatundu water</p>
<p>4. David G. Muigai</p>	<p><u>Commercial Manager</u></p>

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	<p><b>Professional Qualifications:</b></p> <p>Water Engineering</p> <p><b>Academic Qualifications:</b></p> <p>Diploma in water technology</p> <p>'O' Level Division two</p> <p><b>Experience :</b></p> <p>24yrs experience in water sector ministry of water &amp; Gatundu South Water company, Gatundu Water</p>
<p>5. Jessica N. Peter</p> 	<p><u>Procurement Officer</u></p> <p><b>Academic Qualifications:</b></p> <p>Bachelors of purchasing &amp; Supplies</p> <p><b>Experience :</b></p> <p>9yrs experience in water sector Gatundu South Water company, Gatundu Water</p>
<p>6. Nancy N. Waweru</p> 	<p><u>Human Resource Officer</u></p> <p><b>Academic Qualifications:</b></p> <p>Diploma in Human Resources &amp; Managements</p> <p><b>Experience :</b></p> <p>9years experience in water sector Karimenu Water, Gatundu Water</p>

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**CHAIRMAN'S STATEMENT**

It is with great pleasure that I present the chairman's report for year ended 30<sup>th</sup> June 2019. As you are aware our major mandate is to provide water and sanitation services within Gatundu South, Gatundu North, parts of Githunguri sub-county and parts of Juja and its environs.

During the year that ended 30<sup>th</sup> June 2019 the company experienced success and challenges in equal measures in its endeavor to fulfill its core mandate of provision of water to our esteemed customers.

During the year under review, the Company was faced with challenges as regards governance. In January 2018, the original board was dissolved by the Governor – Kiambu County Government where all the eight companies in Kiambu County were to merge into one. The hitherto companies were to become regions of the said Kiambu County Water and Sewerage Company.

To date, the merger process is not complete neither has the big company got a license from the regulator hence Gatundu Water and Sanitation Company have remained without a board other than just the Chairman.


The Chairman and the Management has however, progressed in terms of increase in coverage at connectivity in both water and sewerage. Athi Water Works Authority has contracted a Chinese contractor to do three water projects and one sewerage works in our area of operation.

The long awaited Karimenu II Dam that is meant to serve Ruiru and Nairobi has started. The on-going road works in many areas within our area of operation have damaged our water mains during the year under review. This has had a negative effect on our revenue. We are, however, engaging the roads department (KERRA) to reinstate the water systems.

During the financial year the company made a Loss of Kshs. (2,060,805) compared to a surplus of Kshs. 996,605 during the previous financial year. This was occasioned by high operational cost due to pipeline network destruction by roads construction. The company coverage is at around 65% of our area of jurisdiction

In the meantime we continue to be committed towards efficient water and sewerage service provision.

**SAMUEL G. NJUGUNA**  
**CHAIRMAN BOARD OF DIRECTORS**

SIGN  DATE 12-3-2020

**Gatundu Water & Sanitation Company Limited**  
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**REPORT OF THE CHIEF EXECUTIVE OFFICER**

On July 2014, the Management drafted a strategic plan which we have been implementing. The following is a brief update on progress during the report period.

**A) INTAKE WORKS**

The company has increased intake works from four to eight in the last five years.

The extra intakes are:

- |             |              |
|-------------|--------------|
| i) Theta    | iii) Mukurwe |
| ii) Ruabora | iv) Handege  |

We intend to increase further by doing Wamuguma and Ngenda through the ongoing projects

**B) RAW WATER MAINS**

During the same period, the company was able to construct and complete two raw water mains at Theta and Handege. The mains are 4.5km and 8km in length and 500mm and 225mm in diameter respectively. A third one at Karuri is underway. It is 6km long and 225mm in diameter.

**C) TREATMENT WORKS**

Within the last 5 years, the company was able to do Theta and Karure treatment works. We intend to construct corresponding treatment works at Handege, Wamuguma and Ngenda.

**D) DISTRIBUTION/EXTENSION**

It is to be noted that both water works shall require corresponding extension arrangement. During the year under review there was a lot of road works, this destroyed our distribution networks. The damage amounted to Kshs.78 Million and it affected our collection negatively. We were unable to serve 1/3 of our customers.

**E) OPERATIONS**

After purchase of 16 No. motor bikes and launching them, mobility has improved and we have trained our staff on motor cycle riding before giving them the bikes on loan.

The company has launched digital meter reading.

**PATRICK N.MWANGI**  
**MANAGING DIRECTOR**

Sign \_\_\_\_\_ Date \_\_\_\_\_

*[Handwritten Signature]*  
*[Handwritten Date: 12/31/2020]*

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**CORPORATE GOVERNANCE STATEMENT**

As from January 2018 the county Government of Kiambu resolved to merge all the water companies into one. The Governor organized for an extra ordinary Annual General Meeting in all the companies on 19<sup>th</sup> January 2018 where resolution to merge the companies into one and start dissolution of the existing one to commence.

All the eight companies held the extra ordinary meeting the same day.

Gatundu water & sanitation company Ltd as an entity have not had a board meeting since then.

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**PROJECTIONS/PROPOSALS AND WAY FORWARD**

a) The Management is in its final term on its technical strategic plan. We have analyzed specific proposals as detailed elsewhere and we strongly feel that we are on the right track.

b) Other than improving on domestic water supply, the company intends to

i) Construct the already designed Gatundu Sewerage works. Runji Consulting Engineers were contracted by Athi water works to offer consultancy services.

ii) We initiated design for Kamwangi and Gatukuyu Sewerage works but there is a challenge on land ownership.

Briefly, the proposed projects under our area of operation are;

- i) Gatundu-Mukinyi Water Projects
- ii) Installation of control and measuring devices
- iii) Handege-Kenyatta Road Water Project
- iv) Ngenda Water project

**DEVELOPMENT PROJECTS**

a) Africa Development bank in partnership with Government Of Kenya through Athi Water Works Development Authority is implementing a project under the Kenya Towns Programme.

Under the programme, we have the following projects as one project:

- Gatundu Sewerage project
- Handege water project
- Ruabora water project
- Ngenda water project

We are at 4% implementation stage.

b) Still through AWWD and in partnership with AXIM bank the GOK is doing Karimenu II dam.

We are at 6% implementation stage.

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**1.0 REVENUE AND BILLING**

Despite interruptions due to ongoing road construction we have had a steady increase in revenue collection during the year under review.

**BILLINGS SUMMARY AGAINST PAYMENTS PER QUARTER FY 20182019**

	<b>JUL-SEP 2018</b>	<b>OCT-DEC 2018</b>	<b>JAN-MAR 2019</b>	<b>APR-JUN 2019</b>	<b>TOTAL</b>
<b>GATUKUYU</b>	3,032,965	2,978,570	3,158,820	3,126,570	<b>12,296,925</b>
<b>GATUNDU TOWN</b>	7,881,920	9,910,875	10,167,815	8,855,055	<b>36,815,665</b>
<b>GITUAMBA</b>	3,267,070	3,308,340	3,335,925	3,585,935	<b>13,497,270</b>
<b>KAMWANGI</b>	3,561,410	3,916,495	3,893,395	4,811,535	<b>16,182,835</b>
<b>NDARUGU</b>	4,032,245	4,384,410	4,956,320	4,475,020	<b>17,847,995</b>
<b>RUABORA</b>	3,497,920	3,609,285	4,650,120	4,120,935	<b>15,878,260</b>
<b>THIRIRIKA</b>	6,076,235	5,627,415	6,301,860	5,357,805	<b>23,363,315</b>
<b>UNKNOWN</b>	71,050	69,150	65,500	64,250	<b>269,950</b>
<b>Payments</b>					
<b>GATUKUYU</b>	3,121,070	2,469,721	2,984,950	3,185,831	<b>11,761,572</b>
<b>GATUNDU TOWN</b>	7,813,012	7,370,970	8,212,736	7,876,566	<b>31,273,284</b>
<b>GITUAMBA</b>	3,392,880	3,286,104	3,128,162	3,237,130	<b>13,044,276</b>
<b>KAMWANGI</b>	3,538,672	3,485,482	3,566,898	3,492,916	<b>14,083,968</b>
<b>NDARUGU</b>	4,595,381	4,150,904	4,478,735	4,239,356	<b>17,464,376</b>
<b>RUABORA</b>	2,654,339	3,025,039	2,792,090	2,772,866	<b>11,244,334</b>
<b>THIRIRIKA</b>	4,926,934	3,914,936	5,070,178	5,289,705	<b>19,201,753</b>
<b>UNKNOWN</b>	23,115	4,250	19,550	6,300	<b>53,215</b>

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**HUMBLE APPEAL**

Kenya is a water scarce country. Use the valuable resource sparingly. Report any water leakage and never leave your tap running. Please remember, everybody lives downstream.

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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Gatundu water has ensured that the locals have enjoyed the existence of the company by employing some of the local with qualifications. The company also ensures it promotes and is sensitive on preservation and protection of the environment by playing part on planting of trees.

**CHILDREN'S HOME**

The Management team and some of the company staff from various schemes visited Gatundu Children's Home and Familia Moja Children's home during Easter season whereby they donated cheques amounting to Twenty thousand (20,000) and bought foodstuffs worth Fifty thousand Shillings (50,000) for the children.

**MASHUJAA DAY**

The company donated packets of drinking water amounting to Kshs. 1,140 during the Mashujaa day celebration function held at Deputy county commissioner Gatundu on 20<sup>th</sup> October 2018.

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**REPORT BY THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the company affairs.

**Principal activities**

The principal activity of the company is to ensure efficient and effective provision of water and sanitation Services in its area of jurisdiction

**Results**

The results of the company for the year ended June 30, 2019 are set out in pages 19 to 22.

**Directors**

The Chairman of the Board of Directors who served during the year is shown on page 5 In accordance with Regulation of the company Articles of Association.

**Auditors**

The Auditor General is responsible for the statutory audit of the company in accordance with the Section 15 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors are required to prepare financial statements in respect of Gatundu Water and Sanitation Company, which give a true and fair view of the state of affairs of the company at the end of the financial year and the operating results of the company for that year. The Directors are also required to ensure that Gatundu Water and Sanitation 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 Gatundu Water and Sanitation Company financial statements, which give a true and fair view of the state of affairs as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Gatundu Water and Sanitation Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS). The Directors are of the opinion that Gatundu Water and Sanitation Company financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2019, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

**Approval of the financial statements**

Gatundu Water and Sanitation Company financial statements were approved by the Board of Directors on 30<sup>th</sup> August 2019 and signed on its behalf by:


**SAMUEL N.GATAMA**

**CHAIRMAN BOARD OF DIRECTORS**

Sign  Date 12-3-2020

**PATRICK N.MWANGI**

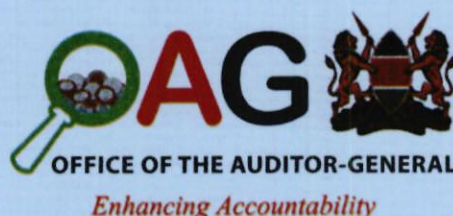
**DIRECTOR/SECRETARY**

Sign  Date \_\_\_\_\_



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON GATUNDU WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Gatundu Water and Sanitation Company Limited set out on pages 17 to 44, which comprise the statement of financial position as at 30 June, 2019, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Gatundu Water and Sanitation Company Limited as at 30 June, 2019, 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 Water Act, 2016 and the Kenyan Companies Act, 2015.

#### **Basis for Qualified Opinion**

##### **1. Fixed Assets**

The statement of financial position reflects fixed assets with a net book value of Kshs.28,574,551, as further disclosed under Note 8 to the financial statements. However, as similarly reported in the previous year, additional fixed assets of undetermined value that include water intake and treatment works, motor vehicles, computers and furniture were not included in the balance or disclosed in the financial statements.

Further, the fixed assets balance includes land and buildings with a net book value of Kshs.9,796,058 as at 30 June, 2019 and which include the plot on which the Head Office of the Company is located. However, titles and valuation reports to all, and the locations for some of the plots of land reported to be owned by the Company as at 30 June, 2019, were not presented for audit verification. Further, several buildings with a book value of Kshs.3,762,764 were built on a plot of land whose ownership by the Company was not confirmed.

In view of these issues, the accuracy, completeness, ownership, and valuation of the fixed assets totaling Kshs.28,574,551 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

## **2. Trade and Other Payables**

The statement of financial position reflects trade and other payables totalling Kshs.52,938,041 as further disclosed in Note 16 to the financial statements. Included in the balance are payables totalling Kshs.45,051,823 as at 30 June, 2019 owed to Athi Water Works Development Agency(Kshs.42,721,540) and the Water Services Regulatory Board (Kshs.2,330,283). Management did not provide a satisfactory explanation for the failure to settle the debts.

Further, records of the two entities indicated that the debt balances owed by the Company as at 30 June, 2019 were materially different from those reported in these financial statements. Athi Water Works Development Agency reported debts totalling Kshs.30,267,129 and the Water Services Regulatory Board Kshs.2,258,148 which amounts differed by Kshs.12,454, 411 and Kshs.72,135 with the respective payables that the Company reported as owed to the two entities on 30 June, 2019.

In view of these differences, the accuracy, completeness and validity of the payables balance totalling Kshs.52,938,041 reflected in the statement of financial position as at 30 June, 2019 has not been confirmed.

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

### **Key Audit Matters**

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

### **Other Information**

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

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

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness, 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**

#### **Non-Revenue Water**

Records on water production and sales indicated that the Company produced 7,060,860 cubic meters (m<sup>3</sup>) of water during the year under review. However, out of this volume, only 4,676,721m<sup>3</sup> were billed to customers. The balance amounting to 2,384,139m<sup>3</sup> or approximately 34% of the total water produced, represented Non-Revenue -Water (NRW) and was nine percentage points above the allowable ratio of 25% set in guidelines issued by the Water Services Regulatory Board.

Deduction from the average unit sales price of Kshs.28.46m<sup>3</sup> charged by the Company during the year indicated that the NRW may have resulted in loss of income estimated at Kshs.67,852,596 or 58% of the Company's sales for the year totalling Kshs.132,988,732. The high volume of NRW suggests that the Company's water distribution system is inefficient and the water put into the system may not be properly accounted for. In addition, because of its loss making effect, the NRW poses a significant risk to the ability of the Company to make profit and sustain its services.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Failure to Appoint Board of Directors**

A review of the activities of the Board revealed that as at 30 June, 2019, the Company had only one Board Member, the Chairman, in office. Eight positions in the Board had not been filled as of February, 2020. As a result, strategic leadership required to help formulate the Company's policies and oversee their implementation, as well as the functioning of its governance systems, were severely hampered. Therefore, the Board, as constituted, did not fulfill requirements for Boards set in Section 79(1) of Water Act, 2016.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of internal control, 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 to 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

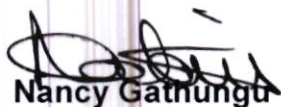
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 Directors.
- Conclude on the appropriateness of 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**25 August, 2021**

**Gatundu Water & Sanitation Company Limited**  
**Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2019**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

		<b>2018/2019</b>	<b>2017/2018</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Income</b>			
Water Sales	1	132,988,732	128,755,752
Other Incomes	2	1,810,540	3,401,113
		<hr/>	<hr/>
		<b>134,799,272</b>	<b>132,156,865</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure</b>			
Operation Cost	3	35,807,933	40,142,709
Staff Cost	4	81,210,738	73,754,201
Administrative Cost	5	15,369,996	12,083,955
Board Expenses	6	351,000	872,360
General Expenses	7	4,120,409	4,307,035
<b>Total Expenditure</b>		<hr/> <b>136,860,077</b> <hr/>	<hr/> <b>131,160,260</b> <hr/>
<b>Profit (Loss) for the Year</b>		<b>(2,060,805)</b>	<b>996,605</b>

**Gatundu Water & Sanitation Company Limited**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2019**

ASSETS		2018/2019	2017/2018
Non-current assets	Notes	Kshs	Kshs
Fixed Assets	8	28,574,551	27,139,272
Intangible assets	9	83,837	119,767
<b>Total Non-current assets</b>		<b>28,658,388</b>	<b>27,259,039</b>
<b>Current assets</b>			
Cash and Bank Balances	10	37,257,193	34,943,441
Inventory	11	1,647,277	1,780,445
Debtors	12	106,208,060	97,487,111
<b>Total Current Assets</b>		<b>145,112,530</b>	<b>134,210,998</b>
<b>TOTAL ASSETS</b>		<b>173,770,918</b>	<b>161,470,037</b>
<b>EQUITY AND RESERVES</b>			
Capital & Reserves	13	19,542,952	19,542,952
Retained Income	14	66,833,338	68,894,143
<b>Shareholders' funds</b>		<b>86,376,290</b>	<b>88,437,095</b>
<b>Current liabilities</b>			
Customer Deposits	15	34,456,587	31,615,587
Trade & Other payables	16	52,938,041	41,417,355
<b>Total current Liabilities</b>		<b>87,394,628</b>	<b>73,032,942</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>173,770,918</b>	<b>161,470,037</b>

**SAMUEL N.GATAMA**  
**CHAIRMAN BOARD OF DIRECTORS**

Sign  Date 12-3-2020

**PATRICK N.MWANGI**  
**DIRECTOR/SECRETARY**

Sign  Date 12/3/2020

**EMMAH CHEGE**  
**HEAD OF FINANCE**  
**ICPAK NO 7827**

Sign  Date 12/3/2020

**Gatundu Water & Sanitation Company Limited**  
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**STATEMENT OF CHANGES IN EQUITY**

	Ordinary Share Capital Kshs	Capital Reserve Kshs	Revenue Reserve Kshs	Total Kshs
As at 1.7.2015	100,040	19,442,912	68,333,934	87,876,886
Profit(Loss) for the year			-1,437,214	-1,437,214
Prior year adjustment			215,175	
<b>Restated Balance As at 30.6.2016</b>	100,040	19,442,912	67,111,895	86,439,672
As at 1.7.2016	100,040	19,442,912	67,111,895	86,439,672
Profit(Loss) for the year			785,644	785,643
<b>As at 30.6.2017</b>	<b>100,040</b>	<b>19,442,912</b>	<b>67,897,539</b>	<b>87,225,316</b>
As at 1.7.2017	100,040	19,442,912	67,897,539	87,225,316
Profit(Loss) for the year			<b>996,605</b>	<b>996,605</b>
<b>As at 30.6.2018</b>	<b>100,040</b>	<b>19,442,912</b>	<b>68,894,143</b>	<b>88,221,921</b>
As at 1.7.2018	100,040	19,442,912	68,894,143	88,221,921
Profit(Loss) for the year			<b>(2,060,805)</b>	<b>-2,060,805</b>
<b>As at 30.6.2019</b>	<b>100,040</b>	<b>19,442,912</b>	<b>66,833,338</b>	<b>86,161,116</b>

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**STATEMENT OF CASHFLOW**

	Notes	2018/2019	2017/2018
	Kshs.	Kshs.	Kshs.
<b>OPERATING ACTIVITIES</b>			
Cash generated from Operations	17	6,655,999	(3,087,722)
<b>Net cash generated from operating activities</b>		<b>6,655,999</b>	<b>(3,087,722)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property plant & Equipments	8	(4,342,247)	(2,641,300)
<b>Net cash generated from Investing Activities</b>		<b>(4,342,247)</b>	<b>(2,641,300)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>2,313,752</b>	<b>(5,729,022)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>			
		<b>34,943,441</b>	<b>40,672,463</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>			
		<b>37,257,193</b>	<b>34,943,441</b>



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**Gatundu Water & Sanitation Company Limited**  
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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2019**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Variance</b>
Total Income	137,000,000	134,799,272	2,200,728
Operation Cost	36,000,000	35,807,933	192,067
Staff Cost	81,250,000	81,210,738	39,262
Administrative Cost	15,500,000	15,369,996	130,004
Board Expenses	400,000	351,000	49,000
General Expenses	150,000	148,525	1,475
Total Expenditure	270,300,000	267,687,464	2,612,536



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**SUMMARY OF SIGNIFINANT ACCOUNTING POLICIES**

**1. GENERAL INFORMATION**

Gatundu Water Company Ltd (GATWASCO) was incorporated under the Companies Act (Cap. 486) on 8<sup>th</sup> October 2014 is a child of the promulgation of the new constitution which devolved the water function. Devolution transmitted the water function from national service boards to the county government. GATWASCO was further derived from the merger of Gatundu South Water and Sanitation Company (GASWASCO) and Karimenu Water and Sanitation Company (KARIWASCO) GATWASCO regional coverage includes Gatundu South, Gatundu North, parts of Githunguri sub-county and parts of Juja. It is currently owned by County Government of Kiambu.

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

The financial statements have been prepared on a historical cost basis. 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 judgment in the process of applying the company accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company and all values are rounded to the nearest shillings.

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

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

<b>Standard/Amendment to a standard</b>	<b>Effective date</b>	<b>Impact</b>
Amendments to IAS 16 and IAS 38 titled <i>Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)</i>	1 <sup>st</sup> Jan 2016	The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.  (no impact on the financial statements)



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Standard/Amendment to a standard	Effective date	Impact
Amendment to IFRS 7 <i>(Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014</i>	1 <sup>st</sup> Jan 2016	The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. (no impact on the financial statements)
Amendments to IAS 1 titled <i>Disclosure Initiative (issued in December 2014)</i>	1 <sup>st</sup> Jan 2016	The amendments, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. (no impact on the financial statements)
<i>Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12</i>	1 <sup>st</sup> Jan 2017	<p>The amendments clarify that:</p> <ul style="list-style-type: none"> <li>• Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</li> <li>• The carrying amount of an asset does not limit the estimation of probable future taxable profits.</li> <li>• Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</li> </ul> <p>An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. (no impact on the financial statements)</p>

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<b>Standard/Amendment to a standard</b>	<b>Effective date</b>	<b>Impact</b>
<i>Disclosure Initiative (Amendments to IAS 7: Statement of Cash flows)</i>	1 <sup>st</sup> Jan 2017	The amendments' objective is that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. (no impact on the financial statements)

<b>Standard</b>	<b>Effective Date</b>	<b>Impact</b>
<i>FRS 15 Revenue from Contracts with Customers (issued in May 2014)</i>	1 Jan 2018	The new standard, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.
<i>IFRS 9 Financial Instruments (issued in July 2014)</i>	1 Jan 2018	This standard will replace IAS 39 (and all the previous versions of IFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition: <ul style="list-style-type: none"> <li>• IFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.</li> <li>• o For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as</li> </ul>



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		<p>at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch</p> <ul style="list-style-type: none"> <li>• For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.</li> <li>• For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.</li> <li>• The derecognition provisions are carried over almost unchanged from IAS 39.</li> </ul>
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**ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

IFRS 16: <i>Leases (issued in January 2016)</i>	1 Jan 2019	The new standard introduces a new lessee accounting model, and will require a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.
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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 2019.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue recognition**

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

- i) **Revenue from the sale of water** is recognized in the year in which the company delivers services to the customer, the customer has accepted the services and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognized in the year in which the company actually receives such grants. Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method
- iv) **Other income** is recognised as it accrues. These other incomes are new customer connection fees, Reconnection fees, meter replacement, penalties to customers and sale of tender documents
- v) **Deferred income** is recognized when the company receives Governments grants. The grants are recognized in profit or loss on a systematic basis over the periods in which the company recognizes as expenses the related costs for which they are intended to compensate. Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis

**(b) In-kind contributions**

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

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the



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proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

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

Depreciation is charged so as to write off the cost of property, plant and equipment to their residual values over their expected useful lives, using the reducing balance method at the following:

The annual depreciation rates in use are:

Water Infrastructure	8 years	(12.5%)
Motor vehicles, including motor cycles	4 years	(25%)
Computers and related equipment	3 years	(30%)
Office equipment,	3 Years	(30%)
Furniture and fittings	8 years	(12.5%)

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

**e) Intangible assets**

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

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

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

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises purchase price and is determined on first in first out price method.

**h) Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. A provision of 10% on general debtors has been provided. A specific provision of doubtful debt amounting to Kshs.12, 869,571 has also been provided. These are part of debts inherited from Ministry of Water when the company was incorporated. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**i) Taxation**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.



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The company has been making losses in the prior years and therefore going by the history of company's performance no advance tax (quarterly installments tax) was provided for or paid. The company made a Loss of Kshs. 2,060,805 in the financial year 2018-2019.

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, Bank account balances include amounts held at various commercial banks at the end of the financial year.

**k) 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 company or not, less any payments made to the suppliers.

**l) Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue to the employees. A provision is made for the estimated liability for annual leave at the reporting date. All leave allowances was paid by the closure of year.

**m) Retirement benefit obligations**

The company adopted Lap trust defined pensions' schemes for all its employees from 1<sup>st</sup> January, 2016. The employees contribute 10% of the Basic salary and house allowance and the employer contributes 10% of the basic salary and house allowance.

The company also contributes to the statutory National Social Security Fund (NSSF) for employees on employed on casual basis and those on probation. This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.s.400 per employee per month.

**n) Budget information**

The original budget for FY 2018-2019 was approved by the Chairman of Board of Director on 19<sup>th</sup> of January 2018. 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 entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the 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.



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

**o) Comparative figures**

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

**p) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019

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

The preparation of the Company 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.

**Financial Instruments**

Financial assets and financial liabilities, in respect of financial instruments, are recognized on the company statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at cost through profit or loss are recognized immediately in profit or loss.

**Remuneration of Key Management Personnel**

Key management personnel is defined in the Gatundu water co ltd Human resource manual as persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director of that company. Key Management personnel typically comprise not only board members, but also the Managing Director, Technical manager, Commercial manager, Finance manager, Procurement officer and Human Resources Officer.

Key management personnel are shown in the company's organization structure. The company is required to disclose the remuneration directors as this is a requirement under company's Act companies while remuneration of other key management is reported under staff Expenses

**Sources of estimation uncertainty**

An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a



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material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) Their nature, and
- (b) Their carrying amount as at the end of the reporting period

The management is cognizant to the fact that any estimation or judgment that might result to material adjustments of assets and liabilities in the following year shall be disclosed. However during the year under review there were no estimation done and that all the data used was actual and certain. Therefore there is no anticipated material adjustment in the following year.

**Critical accounting estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain accounting estimates. It also requires directors to exercise judgment in the process of applying the company's accounting policies. In the process of applying the company's accounting policies, directors have made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

**Useful lives and residual values**

**(i) Property and equipment**

Critical estimates are made by directors in determining the useful lives of property, plant and equipment based on the intended use and economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

**(ii) Depreciation and impairment of property, plant and equipment**

Depreciation is charged so as to write off the cost of property, plant and equipment to their residual values over their expected useful lives, using the reducing balance method at the following:

The annual depreciation rates in use are:

Water Infrastructure	8 years	(12.5%)
Motor vehicles, including motor cycles	4 years	(25%)
Computers and related equipment	3 years	(30%)
Office equipment,	3 Years	(30%)
Furniture and fittings	8 years	(12.5%)

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

**Provision for bad debts**

The company made a general provision on doubtful debt at 10% of debtors and a specific provision of doubtful debt amounting to Kshs. 12,869,571. These are part of debts inherited from Ministry of Water when the company was incorporated. 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



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

Notes	2018/2019 Kshs	2017/2018 Kshs
<b>1 Water sales</b>	<b>132,988,732</b>	<b>128,755,752</b>
<b>2 OTHER INCOMES</b>		
Interest Received	-	1,529,162
Connection fees	1,547,540	1,318,863
Reconnection fees	37,300	347,088
Others	225,700	206,000
	<b>1,810,540</b>	<b>3,401,113</b>
<b>3 OPERATION AND MAINTENANCE COST</b>		
Chemicals	6,167,270	8,210,963
Electricity operations	1,718,523	1,125,139
Compensation	248,015	135,444
Maintenance of plant and equipment	525,630	169,830
Hire of plant and motor vehicle	6,000	6,000
Planning and designs	3,400	2,700
Fuel oil and lubricants	3,769,537	3,421,525
Maintenance of motor vehicles	379,810	972,039
Maintenance of motorcycles	45,400	113,520
O&M of pipes	4,861,894	6,066,765
O&M of tools	118,151	56,500
O&M of fittings	1,706,563	1,901,135
O&M of materials	808,982	696,440
Treatment Milk	88,900	85,935
Casual wages	4,198,390	4,059,650
License fees & Permits	1,928,534	2,751,443
Lease Fees-AWSB	9,232,934	10,367,682
	<b>35,807,933</b>	<b>40,142,709</b>
<b>4 STAFF COST</b>		
Salaries	74,562,051	67,706,338
Company pension / NSSF contribution	6,648,687	6,047,863
	<b>81,210,738</b>	<b>73,754,201</b>
<b>5 ADMINISTRATION EXPENSES</b>		
Electricity-office	203,346	209,112
Advertising and publicity	170,712	207,263
Entertainment and office tea	373,161	311,698
Printing and stationeries	323,771	303,857
Billing expenses	1,131,047	1,233,600
Bank & M- pesa charges	306,737	167,334
Security services	1,772,467	1,699,920
Travelling lunch and accommodation	2,475,590	2,401,650
Postage and courier	9,450	22,930



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Telephone Network & internet charges	866,786	658,373
Repairs & maintenance Office premises	73,950	305,000
Repairs & maintenance Office furniture	-	4,140
Repairs and maintenance Computers	134,450	121,650
Maintenance of intangible assets	81,192	100,400
Christmas party	-	408,350
Audit fees	232,000	-
Legal fees	43,406	241,000
Consultancy fees	-	3,980
Subscription fees	21,192	228,200
Regulatory Levies-WASREB	4,068,408	1,151,967
Conference & Workshops	279,815	233,270
AGM expenses	-	280,780
Training and education	182,028	170,610
Staff uniforms & Game Items	843,608	8,634
Staff Welfare	782,190	738,000
Staff Insurance	921,864	780,151
Office general expenses	72,826	92,086
	<b>15,369,996</b>	<b>12,083,955</b>

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**BOARD EXPENSES**

B.O.D allowances	91,000	594,000
B.O.D honoraria allowance	-	9,000
B.O.D other expenses	260,000	269,360
	<b>351,000</b>	<b>872,360</b>

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**GENERAL EXPENSES**

Insurance motorcycle	77,385	75,327
Corporate social responsibility	71,140	170,510
Provision for bad debts	1,028,987	1,278,134
Depreciations	2,942,898	2,783,064
	<b>4,120,409</b>	<b>4,307,035</b>



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NOTE

8 FIXED ASSETS MOVEMENT SCHEDULE

COST/VALUATION 20182019	Land & Building	Furniture & Fittings 0.13	Computer Equipments 0.30	Office Equipment 0.30	Motor Cycle 0.25	Water Infrastructure 0.13	Water Meters 0.13	TOTAL
	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs
As At 1.07.18	9,796,058	1,244,570	992,500	2,828,333	1,493,542	6,414,407	18,455,306	41,224,716
Additions			225,000				4,117,247	4,342,247
Cost As At 30.06.19	9,796,058	1,244,570	1,217,500	2,828,333	1,493,542	6,414,407	22,572,552	45,566,962
<b>DEPRECIATION</b>								
Acc Dep As At 1.07.18	-	760,148	593,971	2,437,647	1,343,164	2,623,279	6,327,235	14,085,443
Charge for the Year	-	60,553	187,059	117,206	37,595	473,891	2,030,665	2,906,968
Acc Dep as at 30.06.19		820,701	781,030	2,554,853	1,380,758	3,097,170	8,357,900	16,992,411
<b>NET BOOK VALUE</b>								
As At 30.06.19	9,796,058	423,869	436,470	273,480	112,784	3,317,237	14,214,652	28,574,551
As At 30.06.18	9,796,058	484,422	398,529	390,686	150,378	3,791,128	12,128,070	27,139,272

COST/VALUATION 20172018	Land & Building	Furniture & Fittings 0.13	Computer Equipments 0.30	Office Equipment 0.30	Motor Cycle 0.25	Water Infrastructure 0.13	Water Meters 0.13	TOTAL
	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs
As At 1.07.17	9,796,058	1,244,570	992,500	2,776,533	1,385,542	6,414,407	15,973,806	38,583,416
Additions				51,800	108,000		2,481,500	2,641,300
Cost As At 30.06.18	9,796,058	1,244,570	992,500	2,828,333	1,493,542	6,414,407	18,455,306	41,224,716
<b>DEPRECIATION</b>								
Acc Dep As At 1.07.17	-	690,945	423,173	2,270,210	1,293,037	2,081,690	4,594,654	11,353,708
Charge for the Year	-	69,203	170,798	167,437	50,126	541,590	1,732,581	2,731,736
Acc Dep as at 30.06.18		760,148	593,971	2,437,647	1,343,164	2,623,279	6,327,235	14,085,443
<b>NET BOOK VALUE</b>								
As At 30.06.18	9,796,058	484,422	398,529	390,686	150,378	3,791,128	12,128,070	27,139,272
As At 30.06.17	9,796,058	553,625	569,328	506,323	92,505	4,332,717	11,379,152	27,229,708

**NOTES TO THE FINANCIAL STATEMENT  
CONTD.**

**9. INTANGIBLE ASSETS**

	2018/2019 KSH	2017/2018 KSH
<b>COST</b>		
1 July	531,500	531,500
Additions	-	-
Disposals	-	-
<b>At June 30</b>	<b><u>531,500</u></b>	<b><u>531,500</u></b>
<b>AMORTIZATION</b>		
At July 1	411,733	360,405
Charge for the year	35,930	51,329
Disposals	-	-
Impairment loss	-	-
<b>At June 30</b>	<b><u>447,663</u></b>	<b><u>411,733</u></b>
<b>NET BOOK VALUE</b>		
<b>At June 30</b>	<b>83,837</b>	<b>119,767</b>

The intangible asset was purchase of payroll system software and an amount spent to upgrade the existing billing software.

**10. Cash & Bank Balances**

Co-operative Expenditure (Main Account)	1,354,208	723,664
Equity Collection-GASWASCO	482,737	802,446
Equity Collection KARIWASCO	248,871	245,653
KCB Collection	305,457	463,490
Co-op Collection	123,303	7,663
M-pesa	616,115	961,960
Petty Cash	3,050	9,759
KCB Deposit	6,240,548	3,847,283
Co-operative Deposits	27,764,089	27,706,911
Co-operative Expenditure Karimenu	630	630
KCB Expenditure GASWASCO	16	16

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Family Bank New Act	118,170	173,967
	<b>37,257,193</b>	<b>34,943,441</b>

**11. Inventory**

Chemicals	701,355	585,904
Upvc pipes&Fittings	404,614	326,104
Stationery	196,953	190,371
G I Pipe	245,355	675,817
Water Meters	-	2,250
Consumables	99,000	
	<b>1,647,277</b>	<b>1,780,445</b>

**12. Debtors**

Customer Control Account	124,961,479	114,671,611
Specific provision for doubtful debts-Inherited	(12,869,571)	(12,869,571)
General Provision for doubtful debts	(11,209,191)	(10,180,204)
Net trade receivables	100,882,717	91,621,836
Receivable Deposits	106,000	106,000
Prepayments	5,219,343	5,759,275
	<b>106,208,060</b>	<b>97,487,111</b>

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

Less than 30 days	100,882,717	91,612,836
Between 30 and 60days	11,209,191	10,180,204
Over 60days	12,869,571	12,869,571

**13. Capital and Reserves**

Share Capital	100,040	100,040
Capital Reserves	19,442,912	19,442,912
	<b>19,542,952</b>	<b>19,542,952</b>

**Ordinary share capital**  
**Authorised:**

5,000ordinary shares of Kshs. 20.00 par value each	<b>100,000</b>	<b>100,000</b>
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**Gatundu Water & Sanitation Company Limited**  
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**Issued and fully paid:**

2 ordinary shares of Kshs. 20 par value each	40	40
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**Capital Reserves**

Capital reserve represents opening balance of trade debtors when the company started its operations in September 2006 which was inherited from Ministry of Water & Irrigation Gatundu South Kshs 15,954,123 and Karimenu Water Kshs 3,488,789

**14. Retained Income**

Retained Income / (Accumulated Loss)	68,894,143	67,897,539
Prior year adjustment		
Net Profit/Loss this year	<b>(2,060,805)</b>	<b>996,605</b>
	<b>66,833,338</b>	<b>68,894,143</b>

Retained income comprises of cumulative surplus for the previous financial years. This fund is meant for infrastructure development.

**15. Customer Deposits**

Customer deposit B/F	31,615,587	29,432,587
Customer deposit This year	2,861,000	2,184,000
Customer deposit Refund	-20,000	-1000
	<b>34,456,587</b>	<b>31,615,587</b>

It comprises of customer deposit at the point of registration charged Kshs. 1,000 for domestic and Kshs. 5,000 for institution connection.

**16. Trade & Other Payables**

WSB & WASREB	45,051,823	33,558,741
Suppliers Creditors	-	516,510
Other creditors	6,340,067	6,129,076
Salaries Account	870,151	742,128
Other Accrued Expenses	232,000	470,900
KCSWSC-Strategic plan development	444,000	-
	<b>52,938,041</b>	<b>41,417,355</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Notes to the cash flow statement**

	<b>2018/2019</b>	<b>2017/2018</b>
	<b>Kshs.s</b>	<b>Kshs.s</b>
<b>Operating activities</b>		
Operating profit	(2,060,805)	996,605
Adjustment for:		
Depreciation&Amortisation	2,942,898	2,783,064
Cash flow from operations before working capital changes	882,093	3,779,669
<b>Working Capital Changes</b>		
Increase in Receivables	(9,260,881)	(11,503,202)
(Increase) Decrease in Inventory	133,169	(438,874)
Decrease in long term liability	(1,140,000)	
(Increase)/Decrease in Prepayments	539,932	471,216
Increase in Customer Deposit	-	2,183,000
Increase in payables	15,501,686	2,420,469
Net cash generated from Working capital	5,773,906	(6,867,391)
<b>Cash generated from operations activities</b>	<b>6,655,999</b>	<b>(3,087,722)</b>



**NOTES TO THE FINANCIAL STATEMENTS contd'**

**18. CONTINGENT LIABILITIES**

Since water Act is not yet operational we have continued to accrue lease fee payable to Athi Water Works cumulatively at Kshs. 42,721,540

**19. Financial risk management**

Various financial assets and liabilities arise directly from the company's operations. Changing market conditions expose the company to various financial risks and management have highlighted the importance of financial risk management as an element of control for the company. The company has developed a risk management frame work which was approved by the Board of directors is now used as a tool to mitigate on financial risks faced in the ordinary course of the company's business

The organization's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The major types of financial risks faced by the organization are:

- Market risk
- Credit risk
- Liquidity risk

**Market risk**

- (i) Currency risk: the company is not exposed to such risk
- (ii) Interest rate risk: the company is not exposed to such risk
- (i) Price risk: the company is not exposed to such risk

**Credit risk management**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the organization. The organization measures, monitors and manages credit risk for each receivable. The organization's credit risk is primarily attributable to bank balances, trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the organization's management based on prior experience and their assessment of the current economic environment. The credit risk on trade receivables is limited because the nature of the organization's business is such that the services provided are not chargeable. The bulk of income to the organization relates to grants from various donors. The credit risk on grants receivable is limited because funds are sourced from credible

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donors. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

**Credit risk**

The company is exposed to credit risk which is the risk that the debtors will cause a financial loss to the company by failing to discharge an obligation. Credit risk arises mainly from customer deposits held in the form of bank balances or short term deposits, and the cash held at revenue collection points with various institutions like M-pesa platform, Equity bank Ltd, Family Bank Ltd and KCB bank of Kenya Ltd. The company does not have significant concentrations of credit risk posed by collection agents or banks since the financial institutions possess high credit quality and hence the risk of default is low. Cash deposits are maintained with credible financial institutions

The company's accounts receivable are generated mainly from the water sale. Majority of these sales are in accounts receivable which generally are short term for a period not exceeding 30 days and more. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The company's credit risk is primarily attributable to its trade receivable. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

The amount that best represents the company's maximum exposure to credit as at year end is made up as follows

As at 30<sup>th</sup> June 2019

	Total Amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Trade Receivables	124,961,479	100,882,717	11,209,191	12,869,571
Other Receivables	5,325,343	5,325,343	-	-
Cash in bank	37,257,193	37,257,193	-	-

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

**Liquidity risk management**

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn in deposits accounts. The company proactively manages cash surpluses using a combination of short and long term investment programmes that ensure adequate liquidity to meet its short and long term obligations. Management performs cash flow forecasting and monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Ultimate responsibility for liquidity risk management rests with the Board of Directors through the senior management of the company. Management has 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 by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The table below shows the maturity analysis of the financial liabilities that affect liquidity:

	Total	Less than	Between	Over
	Amount	1 month	1-3 months	3 months
	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June 2019				
Accounts payables	<u>52,938,041</u>	<u>870,151</u>	<u>676,000</u>	<u>51,391,890</u>

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**NOTES TO THE FINANCIAL  
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**20. RELATED PARTY DISCLOSURES**

**(a) Government of Kenya**

The Government of Kenya through Kiambu County Government is the principal shareholder of the company, holding 100% of the Company's equity interest.

There were no other company's transactions involving the Government of Kenya.

**a. Directors**

The Directors sitting allowances for the financial year was Kshs 351,000 as shown in note 6.

**b. Key Management Staff**

The gross salary for key management staff was Kshs 9,007,744 during the financial year.

**c. Transaction With Staff**

Water billed and sold to staff during the financial year was Kshs 125,500 while the amount of water bill owed to the company by the staff was Kshs 36,500

**21. INCORPORATION**

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

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**PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS**

Financial year ended 30<sup>th</sup> June 2018 has been audited. We received a certificate from the Auditor General which had a qualified opinion.

The following is the summary of issues raised by the external auditor for financial statements ended 30<sup>th</sup> June 2018, and various management comments have been provided. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the External Audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation )</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.1	<b>Fixed Assets</b> (a) Other fixed assets with undetermined values	The said assets were owned by Athi water services Board as indicated in our notes. Further as evidenced via a letter from the County Executive Committee Member in charge of water indicated that ownership of water facilities within Kiambu County belong to the Kiambu County.	County Government of Kiambu	Not resolved	June 2020
	b.) Land and Building	As stated in our management response the parcels of land in which the buildings were constructed are registered under the county council of Thika. Change of ownership from the county council of Thika to the county government was to be effected during the transition period for transfer of assets. The company had made available a list of all assets to the county government during this stage.	County Government of Kiambu	Not resolved	June 2020

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		The issue of valuation and removing the said land and building from our accounts was presented to the board and it was resolved that the chief officer water and environment who represents the county government provide a direction in the hand over. It had previously been reported to the county P.A C for questioning.			
1.2	Trade and other payables	The said outstanding liabilities of Kshs 33,558,741 are the lease fee payable to Athi Water Services Board. The company has had communications and a reminder on the long outstanding amount payable to Athi water Works Development Authority. We are yet to receive an assessor from them so as to settle on the correct amount payable.	AWWDA	Not resolved	June 2020
	Failure to appoint Board of Directors	As indicated in the management response Water being a devolved function, the appointing authority of the board is the county government of Kiambu. In September 2017 the company had paid to the Nation media group for advert of recruitment of Directors after communication from Chief Officer Water which was placed in the daily	County Government of Kiambu	Not resolved	June 2020

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Reference No. on the External Audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>nation on 12<sup>th</sup> September 2017 page 20. Later, on 19<sup>th</sup> January 2018 an extra ordinary resolution meeting was held on winding up and merger of the company with the proposed Kiambu County water and Sewerage Company. During the said meeting His Excellency the Governor explained his resolution to merge all water companies in Kiambu County to one.</p> <p>Further the County Secretary and head of public service wrote a letter on introduction of the interim core team, for Kiambu County and Sewerage Company Limited. We are yet to receive communication on the way forward.</p>			

## APPENDIX I: INTER-ENTITY TRANSFERS

FY 2018/2019			
<b>c. Direct Payments</b>			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Gatukuyu perimeter wall	19 <sup>th</sup> December 2014	1,000,000	From 2014 to date
Gatukuyu land for office construction	18 <sup>th</sup> July 2013	1,700,000	From 2013 to date
	<b>Total</b>	<b>2,700,000</b>	



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