

REPUBLIC OF KENYA

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# REPORT

PAPERS LAID		OF
DATE	9/3/2022	
TABLED BY	Senr. Sakaja Johnson	
COMMITTEE		<b>THE AUDITOR-GENERAL</b>
CLERK AT THE TABLE	Kavara m	

ON

**KIRANDICH WATER COMPANY LIMITED**

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

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**KIRANDICH WATER COMPANY LIMITED**

**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**Kirandich Treatment Works**



**ANNUAL REPORT & FINANCIAL STATEMENT FOR THE YEAR ENDED**

**30<sup>th</sup> JUNE, 2020**

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**Prepared in accordance with the International Financial Reporting Standards**





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## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

Kirandich Water Company is established in Kenya as a Public limited Company under the provisions of the Company's Act Cap 486 on 7<sup>th</sup> July 2015 and started its operations on 1<sup>st</sup> July 2017 after award of certificate of operation by Water Services Regulatory Board (WASREB) on 29<sup>th</sup> June 2017. It took over the Management of Kabarnet Water Supply which was formerly managed by Rift Valley Water Services Board as a Service Provider and commission data capture and documentation in preparation for takeover of the water supplies within the Jurisdiction of Baringo Central, Baringo North and Baringo South constituencies prior to signing a Service Provision Agreement (SPA) with the Rift Valley water services Board (Licensee)

It gets its water supply from Kirandich Dam which has a conventional treatment plant treating 14,000m<sup>3</sup> per day.

The Company is Wholly Owned by Baringo County Government, Currently the Company Operation Covers Kabarnet Municipality.

### **Vision**

“To be the Leading Water Utility in the Kenya”

### **Mission**

“To provide quality, Adequate, sustainable water and sanitation service to the delight of our customers”

### **Core Values**

Our Core values include the following:

Customer Focus

Professionalism

Integrity

Team Work

Innovation & Creativity





**b) Principal Activities**

The mandates of the company are as follows:

- To ensure that it possesses and retain all the expertise necessary to the Technical, Commercial, Financial and administrative functions.
- To provide the service within Kabarnet Town and its Environs
- To meet the entire required Water standard, guidelines and provisions of the service provision agreement (SPA).
- To obtain all necessary Licenses, permits and warranties necessary to carry out its obligation in accordance statutes in force.
- To maintain the assets in good working conditions and not to dispose of any assets without the authorization of the Licensee
- To prepare proposals for improvement of the assets so as to enhance services delivery
- To propose tariff adjustments to the licensee and regulator.

**c) Shareholding**

The Company is fully owned by the County Government of Baringo and is registered with 5,000 Shares of Kshs.20 each. According to the company Memorandum and Articles of Association the shares are held in trust are as follows:

Shareholding	Number of shares Held
The County Government of Baringo	4997
His Excellency the Governor of County Government of Baringo	1
The County Executive Committee Member, Treasury & Economic Planning, County Government of Baringo	1
The County Executive Committee Member, Water and Irrigation County Government of Baringo	1
<b>TOTAL</b>	<b>5,000</b>

Each person has one voting right and the county government is represented by a proxy during Meetings.



#### d). Key Management

The Company is governed at policy level by a Board of Directors drawn from various areas representing a wide cross section of stakeholders within the Company's area of jurisdiction with a mix of skills, age, qualifications, gender and experience. A representative from Ministry of Water & Irrigation-Baringo County also attends the meetings to represent the interest of the County. The day-to-day management is carried out by a management team headed by the Managing Director.

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

1.	William Chebii	Chairman	Appointed on 19 <sup>th</sup> August 2016
2.	Philip Sogoti Chepsat	Managing Director	Appointed on 19 <sup>th</sup> October 2019
3.	Elizabeth Chesang	Board Member	Appointed on 19 <sup>th</sup> August 2016
4.	Philemon Kiptukyo	Board Member	Appointed on 19 <sup>th</sup> August 2016
5.	John Kidogo	CO-Water & Irr BCG	Representative CECM Water & Irrigation
6.	John Kisang	CO-Treasury BCG	Representative CECM Finance

#### e) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

i.	Mr. Philip Sogoti Chepsat	Managing Director
ii.	CPA Johnstone Toroitich	Accountant
iii.	Mrs. Rose Ruto	Human Resource Officer
iv.	Mr Jones Amulega	Technical Manager

#### Fiduciary Oversight Arrangements

To ensure the efficient running of the Company's operations, the Company has established three standing Committees which meet and make recommendations to the Board of Directors who are mandated to provide policy direction for the entity on issues delegated to them. Each Committee has a Charter to guide its operations. During the year under review the Company had the following Committees in place to provide oversight arrangements:

1. Corporate Services Committee
2. Technical Services Committee
3. Audit and Risk Management Committee



**f) Entity Headquarters and Contact Address**

Maji plaza,  
Off Kabarnet-Kabartonjo high way,  
P.O. Box 377-30400,

**Kabarnet**

Telephone: mobile 0713779355  
E-mail: kirandichwatercompany@gmail.com

**g) Entity Bankers**

Kenya Commercial Bank  
Kabarnet Branch,  
P O Box 175-30400,

**Kabarnet**

**h) Independent Auditors**

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

**Nairobi.**

## I. THE BOARD OF DIRECTORS.

The Company has board of directors which is responsible for:

- a) The efficient Management of human resource, Physical and Financial resources of the company
- b) Making policies for the company
- C) Approving strategic and business Plans for the Company
- d) Any other matters related to the management of the company

1.	 1. Mr. William Chebii <b>NON-EXECUTIVE CHAIRMAN</b>	<ul style="list-style-type: none"> <li>➤ Age 50years</li> <li>➤ Non-executive Chairman of the Board</li> <li>➤ Community leader</li> <li>➤ Currently Business man</li> <li>➤ Bachelor of Administration/Human Resource</li> </ul>
2.	 Mr. Philemon Kiptukyo <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>➤ Age 62 years</li> <li>➤ Over 30 years' experience educationist.</li> <li>➤ Community leader</li> <li>➤ Currently business man</li> <li>➤ Bachelor of Education</li> </ul>
3.	Mrs. Elizabeth Chesang <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>➤ Age 51 years</li> <li>➤ Over 30 years' experience educationist.</li> <li>➤ Community leader</li> <li>➤ Bachelor of Arts (Education)</li> </ul>
4.	 Mr. Philip Sogoti Chepsat <b>MANAGING DIRECTOR</b>	<p>Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK).</p> <p>Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.</p>

## II.MANAGEMENT TEAM

The day to day operation of the company is run by a Management Team, Headed by the Managing Director. The Following are Kirandich Water Company Management Team:

1	 MR PHILIP SOGOTI CHEPSAT <b>MANAGING DIRECTOR</b>	<p>Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK).</p> <p>Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.</p>
2	 Johnstone Toroitich <b>ACCOUNTANT</b>	<p>Johnstone Joined Kirandich Water Company in October 2019.He has Bachelor of Commerce from Kisii University, CPA (K) and CIFA and a Member of Certified Public of Kenya (ICPAK), He has over 8 Years working experience both private and public sector in Accounting and Finance.</p>
3	 Mrs. Rose Ruto, <b>HUMAN RESOURCE OFFICER</b>	<ul style="list-style-type: none"> <li>➤ Bachelor of Business Management – Human Resource</li> <li>➤ Diploma in Human Resource Management</li> </ul>
4	 Mr. Jones Amulega <b>TECHNICAL MANAGER.</b>	<p>In-Charge, Operations Maintenance,                  Diploma in Water Technology</p>



## **CHAIRMAN'S STATEMENT**

**It is my pleasure to present the Annual Report and Financial Statements of Kirandich Water Company for the year ended 30<sup>th</sup> June 2020.**

**The organization has continued to perform its key function of provision of quality, clean water and sanitation services Probably to Begin in earnest in 2023 as the Phase II is completed.**

**The Constitution of Kenya recognizes access to water as a basic human right to all citizens. The Company is aware that this presents a challenge to ensure customer satisfaction and needs to respond effectively to the demands.**

**In order to improve service provision, the Company, in collaboration with Ministry of Water and Irrigation-County Government of Baringo and other stakeholders have partnered together to implement various projects within its area of jurisdiction.**

A handwritten signature in blue ink, appearing to read "W. Chebii", is written over a horizontal line.

**Mr. William Chebii**

**Chairman**

**Date:**

**12/2/2021**



## REPORT OF THE MANAGING DIRECTOR

To start, I am deeply thankful to those who contributed to the Kirandich water company during the past years as the Managing Director. Without the trust of the board of management and stage we would have not made such a remarkable progress both in operation and development of the organization despite slow down on the onset of the COVID 19 at the third and fourth quarter of 2019-2020 financial year. These were ministry of water directives which hampered revenue collection which the company quickly as a strategy to improve revenue collection and adhere to the presidential directives on cashless payment, the company adopted the cashless payment through M-pesa payment and also disseminated water bills through SMS. The company intervened the lower revenue collection in the third glance we are happy to report to you that the new adoption has improved though not to desired mark.

I also wish to reinstate that the company has been able to purchase water treatment chemical, on behalf of the company I wish to thank the county government for its continuous support on the payment of electricity bill. At Kirandich we are happy to report to you that the company is implementing three projects currently on the ongoing courtesy of donor funding of EDE CIPRA programmer where Baringo county is one of the 8 counties to benefit EDE CIPRA program facilitated on the water sector fund transfer WSFT from donation of EU and contributions from the nation government and the county government the water project identified shall benefit 33000 residents of 3 wards including a total of 175000 livestock. This project once completed easily next year will tremendously improve the water coverage in the county in the other accompanying projects and purely sanitization in nature and modern in construction of PSF at Marigat town in under way and once completed will improve sanitization in the town serve the residence. It is worth noting that 6 villages at the water catchment area was Also identified for the CLTS project and once complete it will be declared ODF

I am also happy to report to you during this financial year two other major project have begun at Kirandich phase II which which the contractors are at site and the last mile connectivity which is at procurement stage. These two projects shall increasingly improve the water supply and coverage within the Kirandich water company foundation.

I also wish to report that three of the dedicated member of staff are retiring this year after a long service to the nation and on behalf of the company I wish to thank them for the long life dedication to servicing the nation , way forward is that the company is working forward to over sustainable water scheme within the foundation and in the last quarter of this financial year the company is in the process of identifying such focusing on Marigat Town, Seretunin and Ngetmoi which are currently under the department of water and irrigation of Baringo county government.

**Mr. Philip Sogoti Chepsat**

**Managing Director**

Date 12/2/2021



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Kirandich Water Company are appointed through a rigorous process of interviews for a period of three years. They are drawn from the county Government and private sector representing a wide cross section of stakeholders within the company's area of jurisdiction with a mix of skills, age, qualifications, gender and experience.

The Board of Directors have the responsibility of enhancing corporate governance practices to bring the level of governance in line with International Standards. The essence of good corporate governance practice is to promote and protect stakeholders' interests. These includes the County Government, Water Services Boards, The Regulatory Board, other Statutory Institutions, Other Water Services Providers, development Partners, Communities and water consumers.

The Board of Directors should exercise leadership, enterprise, integrity and judgment in directing the company and act in its best interest in a transparent, accountable and responsible way. The Board is governed at policy level by a three(3) member Board of Directors, drawn from a cross-section of Stakeholders and (two) 2 number from the County Government Departments of the Ministry of Water & Irrigation and the Ward Administrator-Kabarnet town.

### Board Committees

To ensure the efficient running of the company's operations, the Board has established three standing Committees which meet and make recommendations to the full Board on issues delegated to them. Each Committee has a Charter to guide its operations.

During the year under review the Board had the following Committees in place;

1. Corporate Services Committee
2. Technical Services Committee
3. Audit and Risk Management Committee

The Board of Directors are paid sitting allowance for every meeting attended as well as accommodation allowance while on Company duty as per Government guidelines.

Mr. William Chebii

Chairman

Date:

12/2/2021



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Statements**

#### **1.0 Overview**

During the year under review, the Company reached out the areas requiring Water Services. Although there is low performance and low revenue base but the company is optimistic that the Kirandich Phase II project will be commissioned as soon as possible to enable the Company increase its revenue base. Though the COVID-19 Scourge has slowed the 2019-2020 the Company is optimistic of next Year.

#### **2.0 Performance**

The company's performance in the year under review was as reported hereunder.

#### **3.0 Revenue items**

The Company's Total income for the financial year 2019/2020 was Kshs 56,457,531.00. The main source of income is Water Sale and included is Ksh 31,130,136.00 which was support from the County Government of Baringo.

#### **4.0 Current Assets**

Accounts receivables for the year was Kshs 40,015,520.85, this included Kshs27, 102,740.00 which was inherited from RVWSB.

#### **5.0 Expenditure Items**

The total expenditure for the year amounted to Kshs. 57,529,707.80

#### **6.0 Current Liabilities**

Accounts payables for the year was Kshs19, 631,900.00, this included Kshs9, 274,903 ForWARMA levies which was inherited from the licensee RVWSB during transition, KPLC arrear

#### **7.0 Operating deficit**

The Company operated on a deficit of Kshs (1,072,176.60). The resultant deficit is posted to the revenue Reserve Account.

#### **8.0 Rapid Results Initiative (R.R.I)**



The level of unaccounted for water (UFW) poses considerable challenges to the efforts of the company to operate in a financially sustainable manner. The level of UFW Increased from 46% in the year 2019 to 63% on annual average in the year 2020. We are putting all our efforts in ensuring that we reduce unaccounted for water to a manageable level. To account for the water produced, we have non-revenue reduction plan which is under implementation and in addition to consistent installation of water meters to our consumers. We have also ensured that leaks and bursts are attended to on time. In addition, we have been making frequent and surprise visits to our consumers in a view of advising them on ways of conserving water.

### 9.0 Challenges

In the year under review, the company faced challenges which put pressure on profitability in various segments of its operations. These were:

- i Rampant illegal connections due to private plumbers
- ii Kabarnet has not witnessed any applicable increase in industrial activities.
- iii Metering Services: - The Company has not managed to meter all consumers due to lack of enough meters and fittings for installations that could serve the high demand in terms of consumers due to lack of funds.
- iv The Company's current water distribution network (obsolete) cannot serve the bloated population within its area of Jurisdiction
- v Leakages/ bursts due to aged pipeline systems.
- vi COVID -19

### 10.0 Maintenance

The main works carried out composed of pipe fittings, inspection of water works and repair of machineries, equipment and cleaning of sedimentation tanks at Kirandich Treatment Works. This would improve on the quality of water supplied.

### 11.0 Training, Capacity Building and Human Resources Development

The Company values and appreciates the enormous contribution and commitment of personnel towards improved performance. In this regard, the company is focusing in developing its human capital and enhancing the skills and abilities for the personnel development as well as towards meeting the company's business challenges. The training process will always be customized to suit the specific needs of the company, its customers, stakeholders and all-round development of personnel.



## **12.0 Performance Management**

In response to the emerging challenges, the company is putting up measures to taking up several steps to improve and sustain its role leadership in the water sector. In addition, strategic business planning and periodic business review will be invigorated and strengthened.

The company is in the process of establishing a performance management system where the Board of Directors and the Corporate Management Team (C.M.T) are going to be apprised of their performance. Through this system all the company staff will be appraised as well.

From the performance appraisals, skill gaps established, will be filled through training and capacity building.

## **13.0 Public Relations**

Public relations remained good during the year. The Management and the Board of Directors upped their efforts leading to improvement in productivity, cost reduction, quality services and employee performance.

## **14.0 Health and Safety**

The company is in the process of establishing an Occupational Health and Safety committee in keeping line with the requirements of the factories and other places of Work Act.

## **15.0 Corporate Social Responsibility**

The company is in the process of forming a committee which will foster strong relationship with the community. This will be achieved after implementing a well-defined corporate social responsibility frame work.

## **16.0 Corporate Governance Issues**

The company is in the process of implementing the Corporate Governance guidelines as set out by the Water Services Regulatory Board. This is aimed at achieving transparency, accountability efficiency and effectiveness in service delivery.

## **17.0 Internal Control Systems and their Adequacy**



I wish to confirm that the Company has proper and adequate systems of internal controls geared towards achieving efficiency in its various business operations, safeguarding of assets, optimum utilization of resources, and compliance with the law and statutory regulations.

#### 18.0 Disclosures

During the year under review, besides the transactions reported in the notes to the Accounts, there were no transactions with the Directors and Management that had, Any conflict with the company's interest.

#### 19.0 Towards building capacity

With the view of supporting the young people actively engaged in water improvement, the Company took in students from various colleges as trainees. The young participants then may have an opportunity to grow and to gain new ideas to enhance water related issues.

Handwritten signature of Mr. William Chebii in blue ink.

Mr. William Chebii

Chairman

Date

12/2/2021

Handwritten signature of Mr. Philip Sogoti Chepsat in blue ink.

Mr. Philip Sogoti Chepsat

Managing Director

Date

12/2/2021



## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2020 which show the state of the Company's affairs.

### **Principal activities**

The principal activities of the Company are to provide quality, clean water and sanitation services within its area of jurisdiction are;

### **Results**

The results of the company for the year ended 30<sup>th</sup> June, 2020 are set out on pages 14-20

### **Auditors**

The Auditor General is responsible for the statutory audit of the company in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors is required under the Public Finance Management Act 2012, to prepare Financial Statements in respect of the 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 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 Board.

The Board of Directors are responsible for the preparation and presentation of the company's Financial Statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on 30<sup>th</sup> June, 2020. This responsibility includes:

- i Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company;
- 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 Board of Directors accept responsibility for the Company's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Public Finance Management Act 2012 (PFM), the Water Act, 2016 and County Government Act 2012.

The Board of Directors are of the opinion that the Company's Financial Statements give a true and fair view of the state of Company's transactions during the financial year ended 30<sup>th</sup> June, 2020, and of the Company's financial position as at that date.

The Board of 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.

Nothing has come to the attention of the Board of 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 Kirandich Water Company's Financial Statements were approved by the Board of Directors on 27<sup>th</sup> October, 2020 and signed on its behalf by:

Mr William Chebii

Chairman

Date

12/2/2021

Mr. Philip Sogoti Chepsat

Managing Director

Date

12/2/2021

# REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



**SOUTH RIFT**  
P.O. Box 1050-20100  
NAKURU

## OFFICE OF THE AUDITOR-GENERAL

KIRANDICH WATER /2018/2019

19 December 2019

The Managing Director,  
Kirandich Water Company Limited  
P.O. Box 377 - 30400

### KABARNET

### AUDIT REPORT ON KIRANDICH WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2019

Attached is a copy of the Draft Report which the Auditor General intends to issue on the financial audit performed on the financial statements for Kirandich Water Company Limited for the year ended 30 June 2019.

Let us have your comments by 27 December, 2019. If no comments are received within this period, it will be assumed that you agree with the facts as stated and the Report will be processed as it is for issue.

**Note:** In case the financial statements are amended, 8 original fully signed copies of the amended financial statements should accompany the response (27 December 2019)

Sincerely,

Stephen K. Karanu  
Director of Audit  
For: Auditor General



**REPORT OF THE AUDITOR-GENERAL ON KIRANDICH WATER 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 Kirandich Water Company Limited set out on pages 14 to 31, which comprise the statement of financial position as at 30 June 2019, and the statement of profit and loss and other comprehensive income, statement of cash flows, statement of changes in equity 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 Kirandich Water Company Limited as at June 30, 2019, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 2015 and the Public Finance Management Act, 2012.

**Basis for Qualified Opinion**

**1. Financial Statements Presentation and Disclosure**

The presented financial statements did not comply with the form and content described by the International Public Sector Accounting Standards Board - Kenya through the revised template for 2018/2019 financial statements as detailed below;

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KIRANDICH WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2020**

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

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Kirandich Water Company Limited set out on pages 16 to 30, which comprise the statement of financial position as at 30 June, 2020, and statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and the statement of comparison of budget and actual amounts 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1. Material Uncertainty Related to Going Concern**

During the year under review, the Company incurred a loss of Kshs.1,072,177 (2019 - Kshs.554,800) which brought the accumulated revenue reserves to negative Kshs.1,626,977, as at 30 June, 2020. In addition, grants of Kshs.31,130,136 from Baringo County Government accounted for 55% of total revenue. This state of affairs is an indicator of acute financial challenges facing the Company which raises significant doubts on its ability to operate as a going concern.

Therefore, the Company's going concern assumption is threatened and its continued existence depends on financial support by the County Government, its creditors and bankers.

##### **2. Errors in Annual Report and Financial Statements**

The annual report prepared and presented for audit did not meet the presentation framework issued by the Public Sector Accounting Standards Board as highlighted below: -

- 2.1 The cover page of annual report and financial statements erroneously includes the word "Amended" and the table of contents refers to Appendix I on progress on follow-up of auditor recommendation which is not attached in the annual report and financial statements. Further, the table of contents erroneously refers to Appendix II on management letter responses and support which is not part of the annual report and financial statements.
- 2.2 The headers to the financial statements contains small font that is not easily legible and Note 12 on general administration expenses on Page 29 has no heading for financial years.
- 2.3 The Corporate Social Responsibility statement/sustainability reporting, appendix on progress on follow-up of auditor recommendations, appendix on projects implemented by the entity, appendix on inter-entity transfers and appendix on recording of transfers from other government entities have not been incorporated in the annual reports and financial statements.
- 2.4 Key entity information on Page 1 to 4 does not include Directors, Corporate Secretary, registered officer and principal legal adviser as required by the reporting template of 2020 and the Board of Directors on Page 5 has one Director's passport size photo missing.
- 2.5 The report of the Directors and the statement of Directors' Responsibilities are both on Page 14 instead of separate pages as required by reporting template 2020 and the page for report of independent auditor is not numbered and erroneously includes draft audit report for the year ended 30 June, 2019.
- 2.6 The statement of changes in equity comparative figures are presented after 2019/2020 contrary to requirements of reporting template 2020.
- 2.7 Note 6 on property plant and equipment on Page 26 does not reflect comparative figures and The statement of financial position refers to financial statements on Pages 13-19, instead of 16-22.

Consequently, the annual report and financial statements as prepared and presented do not comply with the requirements of International Financial Reporting standards and as prescribed by the Public Sector Accounting Standards Board.

### **3. Inaccuracies in the Financial Statements**

The annual report and financial statements as prepared and presented had the following inaccuracies: -

- 3.1 The statement of financial position reflects trade and other payables of Kshs.19,631,900 while Note 5 reflects Kshs.19,635,640 resulting to unexplained and unreconciled variance of Kshs.3,740.

- 3.2 The statement of financial position reflects revenue reserves of Kshs.1,493,217 while the statement of changes in equity reflects deficit of Kshs.1,165,783 resulting to unexplained and unreconciled variance of Kshs.2,659,000.
- 3.3 The statement of financial position reflects revenue reserves of Kshs.1,493,217. However, the figure ought to be a deficit of Kshs.1,626,976 resulting to a variance of Kshs.3,120,193 which has not been reconciled.
- 3.4 The statement of financial position reflects total non-current liabilities of Kshs.26,036,956 while the re-casted balance is Kshs.28,695,956 resulting to unexplained and unreconciled variance of Kshs.2,659,000, as a result the statement is balanced with a similar amount.
- 3.5 The statement of changes in equity reflects comparative revenue reserve deficit of Kshs.554,800 as at 30 June, 2019 while the re-casted revenue reserves deficit is surplus of Kshs.2,565,394 resulting to unexplained and unreconciled variance of Kshs.3,120,194.
- 3.6 The statement of changes in equity reflects revenue reserve deficit of Kshs.1,165,783 as at 30 June, 2020 while the re-casted revenue reserves deficit is surplus of Kshs.1,493,217 resulting to unexplained and unreconciled variance of Kshs.2,569,000.
- 3.7 The statement of cash flows reflects decrease in inventory of Kshs.251,793 while re-computation in the statement of financial position reveals decrease of Kshs.298,169 resulting to unreconciled variance of Kshs.46,376.
- 3.8 The statement of comparison of budget and actual amounts reflects total income budget of Kshs.96,254,000 while the re-casted figure is Kshs.96,074,000 resulting to unexplained and unreconciled variance of Kshs.180,000.
- 3.9 The statement of comparison of budget and actual amounts reflects water revenue variance of Kshs.7,324,289 while the re-casted revealed Kshs.(308,610) resulting to unexplained and reconciled variance of Kshs.7,632,899.
- 3.10 The statement of comparison of budget and actual amounts reflects County Government grants variance of Kshs.38,834,283 while the re-casted revealed Kshs.39,153,864 resulting to unexplained and unreconciled variance of Kshs.319,581.
- 3.11 The statement of comparison of budget and actual amounts reflects other income variance of Kshs.1,210,165 while re-casted figure is Kshs.1,001,615 resulting to unexplained and unreconciled variance of Kshs.208,550.
- 3.12 The statement of comparison of budget and actual amounts reflects purchase of assets variance of Kshs.10,317,704 while the re-casted figure is Kshs.15,300,000 resulting to unexplained and unreconciled variance of Kshs.4,982,296.

- 3.13 The statement of comparison of budget and actual amounts reflects WARMA (Extraction) variance of Kshs.854,325 while the re-casted revealed Kshs.10,699,349 resulting to unexplained and unreconciled variance of Kshs.9,845,024.
- 3.14 The statement of comparison of budget and actual amounts reflects repairs & maintenance of office buildings & stations variance of Kshs.74,650 while the re-casted revealed Kshs.100,000 resulting to unexplained and unreconciled variance of Kshs.25,350.
- 3.15 Note 5 reflects total trade and other payables of Kshs.19,635,640 while the re-casted is Kshs.19,535,370 resulting to unexplained unreconciled variance of Kshs.100,270.
- 3.16 Note 12 reflects general administration expenses of Kshs.1,863,967 while the re-cast is Kshs.1,859,763 resulting to unexplained and unreconciled variance of Kshs.4,204.
- 3.17 Note 12 reflects comparative general administration expenses of Kshs.4,037,321 while the re-cast is Kshs.2,434,566 resulting to unexplained and unreconciled variance of Kshs.1,602,755.
- 3.18 Note 17 reflects 2018/2019 revenue reserves deficit of Kshs.2,565,394 while the re-casted is surplus of Kshs.2,565,394 resulting to unexplained and unreconciled variance of Kshs.5,130,788.

Consequently, the accuracy and completeness of the figures and balance included in the financial statements for the year ended 30 June, 2020 as prepared and presented could not be confirmed.

#### **4. Variance Between Statement of Profit or Loss and the Statement of Comparison of Budget**

The statement of profit or loss and other comprehensive income and statement of comparison of budget and actual amounts reflects various variances as detailed below;

<b>Component</b>	<b>Statement of Profit and Loss and Other Comprehensive Income Kshs.</b>	<b>Statement of Comparison of Budget and Actual Amounts Kshs.</b>	<b>Variance Kshs.</b>
Rental Income	230,400	0	230,400
Employee Costs	16,637,120	15,732,050	905,070
Repairs and Maintenance Water Supply	1,288,533	1,145,675	142,858
Production Cost	35,009,646	35,054,146	(44,500)
General Expenses	1,863,967	2,549,213	(685,246)
Finance Costs	19,912	0	19,912

<b>Component</b>	<b>Statement of Profit and Loss and Other Comprehensive Income Kshs.</b>	<b>Statement of Comparison of Budget and Actual Amounts Kshs.</b>	<b>Variance Kshs.</b>
Audit	300,000	0	300,000
Depreciation	461,194	0	461,194
Water Services Regulatory Board	243,086	0	243,086
Water Resources Management Authority	1,199,999	0	1,199,999

Consequently, the accuracy and completeness of the figures reflected in the financial statements for the year ended 30 June, 2020 as prepared and presented could not be confirmed.

### 5. Inaccuracy of Comparative Figures

The comparative figures of the following components in the financial statements differed from the previous year audited figures as detailed below: -

<b>Component</b>	<b>Note</b>	<b>Financial Statements Comparative Figures Kshs.</b>	<b>Audited Figures Kshs.</b>	<b>Variance Kshs.</b>
Travelling and Accommodation	12	-	1,776,245	(1,776,245)
Insurance	12	21,095	-	21,095
Staff Welfare	12	108,505	-	108,505
Office Entertainment	12	17,440	-	17,440
Training	12	26,450	-	26,450

Consequently, the accuracy and completeness of the comparative figures included in the financial statements for the year ended 30 June, 2020 could not be confirmed.

### 6. Variances between Items in the Financial Statements and their Support Schedules

The financial statements prepared and presented had variances with supporting schedules/Ledgers provided for audit as detailed below;

<b>Component</b>	<b>Financial Statements (Kshs.)</b>	<b>Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Water Sale	24,308,610	24,544,360	(235,750)
Other Income	788,385	686,470	101,915
Production Cost	35,009,646	34,534,896	474,750
General Expenses	1,863,967	1,867,558	(3,591)
Cash and Cash Equivalent	562,278	556,279	5,999
Inventories	2,956,930	-	2,956,930

<b>Component</b>	<b>Financial Statements (Kshs.)</b>	<b>Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Trade and Other Payables	19,631,900	-	19,631,900
Refundable Deposit from Customer	53,665	-	53,665

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

#### **7. Undisclosed Grant**

The statement of profit or loss and other comprehensive income reflects revenue from non-exchange transactions - grants of Kshs.31,130,136 (2019 - Kshs.33,447,900) as disclosed in Note 7 to the financial statements. Review of bank statements revealed that the Company received additional Kshs.9,017,576 on 05 June, 2020 from the County Government of Baringo. However, the amount was not reflected as revenue in the statement of profit or loss and other comprehensive income for the year ended 30 June, 2020.

Under the circumstances, the accuracy and completeness of revenue from non-exchange transactions - grants of Kshs.31,130,136 for the year ended 30 June, 2020 could not be confirmed.

#### **8. Customer Deposit Erroneously Included in Other Income**

The statement of profit or loss and other comprehensive income reflects other income of Kshs.788,385 (2019 - Kshs.880,124) as disclosed in Note 7 to the financial statements. Included in other income are new connection fees of Kshs.386,735 being customer deposits made in the year. However, recognition of customer deposits which is a payable as income contravenes International Public Sector Accounting Standards 1 Section 27 which states that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs. In addition, the Company registered four hundred and twenty-one (421) new applicants and who paid mandatory deposit of Kshs.1,000 translating to Kshs.421,000. However, only Kshs.314,000 was reflected in the bank statements and as disclosed in Note 16 to financial statements, resulting to unreconciled and unexplained variance of Kshs.107,000.

Consequently, the accuracy and completeness of other income of Kshs.788,385 for the year ended 30 June, 2020 could not be confirmed.

#### **9. Misclassification of Expenses**

The statement of profit or loss and other comprehensive income reflects employee costs of Kshs.16,637,120 (2019 - Kshs.11,079,243) as disclosed in Note 8 to the financial statements. Included in the expenditure is Kshs.905,070 incurred on travel,

accommodation and other allowances which is wrongly misclassified and out of which only Kshs.463,000 was supported by schedules resulting to unexplained and unreconciled variance of Kshs.442,070.

Under the circumstances, the accuracy and completeness of employee costs of Kshs.16,637,120 for the year ended 30 June, 2020 could not be confirmed.

#### **10. Unsupported Remuneration of Directors**

The statement of profit or loss and other comprehensive income reflects remuneration of directors of Kshs.506,250 (2019 - Kshs.72,000) as disclosed in Note 9 of the financial statements. However, the supporting schedule does not reflect the names of board members, rate of allowance, date of meeting and nature of expenditure.

Consequently, the accuracy and completeness of remuneration of Directors of Kshs.506,250 for the year ended 30 June, 2020 could not be confirmed.

#### **11. Unsupported Expenses**

The statement of profit or loss and other comprehensive income reflects general expenses of Kshs.1,863,967; (2019-Kshs.4,037,321) as disclosed in Note 12 to financial statements. However, the following unsatisfactory matters were observed.

##### **11.1 Payments of Staff Welfare**

Included in the expenditure is payments to general expenses of Kshs.1,863,967 out of which Kshs.161,470 were not supported by way of payment vouchers.

##### **11.2 Entertainment Expenses**

Included in the general expenses of Kshs.1,863,967 on entertainment expense of Kshs.247,950 which was not supported by payment vouchers, requisite schedules. Further, details on the nature of expenditure, the rates and the category of the staffs who were entitled to entertainment were not provided for audit.

##### **11.3 Fuel Expenditure**

Included in the general expense of Kshs.1,863,967 is Kshs.525,171 on fuel and oil which was not supported by LPOs, detail orders and fuel register. Fuel drawn was also not allocated to the respective vehicles in the work tickets.

Consequently, the accuracy and completeness of general expenses of Kshs.1,863,967 for the year ended 30 June, 2020 could not be confirmed.

#### **12. Unsupported Cash and Cash Equivalents**

The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents of Kshs.562,278 (2019 - Kshs.2,497,187) as disclosed in Note 4 to the financial statements. However, the corresponding bank reconciliation statements and cashbooks

were not provided for audit verification. In addition, bank statement balance was used instead of the reconciled cashbook balances.

In the circumstances, the accuracy and completeness of cash and bank balance of Kshs.562,278 as at 30 June, 2020 could not be confirmed.

### **13. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions of Kshs.40,015,521 (2019 - Kshs.32,697,602) as disclosed in Note 3 to the financial statements. However, the ageing analysis was not provided for audit. Further, no provision for the likely impairment of the receivables by way of provision for doubtful debts was made despite having been outstanding for significantly long period.

Under the circumstances, the recoverability and fair statement of receivables from exchange transactions balance of Kshs.Kshs.40,015,521 as at 30 June, 2020 could not be confirmed.

### **14. Unsupported Inventories**

The statement of financial position as at 30 June, 2020 reflects inventories balance of Kshs.2,956,930 (2019 - Kshs.3,255,099) and as disclosed in Note 2 to the financial statements. However, the inventories were not supported by a detailed schedule and stock take sheets as at the end of the financial year and the valuation report.

Under the circumstances, the accuracy and validity of the inventory balance of Kshs.2,956,930 as at 30 June, 2020 could not be confirmed.

### **15. Unsupported Inherited Assets**

The statement of financial position reflects property, plant and equipment balance of Kshs.2,187,792 (2019 - Kshs.2,648,986) and as disclosed in Note 6 to the financial statements. A review of the assets records revealed that, the Company inherited fixed assets including land and buildings from the now Central Rift Valley Water Works Development Agency. However, the assets have not been incorporated into these financial statements.

Under the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,187,792 as at 30 June, 2020 could not be confirmed.

### **16. Unsupported Trade and Other Payable**

The statement of financial position reflects trade and other payables of Kshs.19,631,900 (2019 - Kshs.13,889,701) as disclosed in Note 5 to the financial statements. The increase in trade and other payables of Kshs.5,745,938 was not supported by detailed schedules and respective invoices. Further, the payables were not supported by way of creditors listing, ageing analysis and a movement schedule.

In the circumstances, the accuracy and completeness of trade and other payables of Kshs.19,631,900 as at 30 June, 2020 could not be ascertained.

## **17. Customer Deposit Funds**

The statement of financial position as at 30 June, 2020 reflects refundable deposits from customers of Kshs.53,665 (2019 - Kshs.561,234) as disclosed in Note 16 to the financial statements. Review of bank statements for customer deposits account revealed that Kshs.820,000 was transferred to expenditure account for operations. This transfer may lead to nonpayment of deposits as and when demanded, exposing the Company to default and possible legal suits.

In the circumstances, the accuracy and completeness of refundable deposits from customers of Kshs.53,665 as at 30 June, 2020 could not be confirmed.

## **18. Unsupported Other Incomes (RVWSB Inherited Revenue Arrears)**

The statement of financial position reflects other incomes (Rift Valley Water Services Board (RVWSB) inherited revenue arrears) of Kshs.27,102,739 (2019 - Kshs.27,102,739) as disclosed in Note 15 to the financial statements. However, there are no schedules to support the balance.

Consequently, the accuracy, completeness and fair presentation of other incomes (Rift Valley Water Works Development Agency inherited revenue arrears) of Kshs.27,102,739 as at 30 June, 2020 could not be confirmed.

## **19. Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.96,254,000 and Kshs.56,227,131 respectively resulting to an under-funding of Kshs.40,026,869 or 42% of the budget. Similarly, the Company spent Kshs.54,987,334 against an approved budget of Kshs.96,254,000 resulting to an under-expenditure of Kshs.41,266,666 or 43% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.

## **20. Irregular Procurement of Water Chemicals**

The statement of profit or loss and other comprehensive income reflects production cost of Kshs.35,009,646 (2019 - Kshs.35,775,302) as disclosed in Note 11 to the financial statements. Production costs includes Kshs.1,225,310 in respect to water treatment chemicals. However, requisitions from the user department were not raised, supplies were not recorded in the store ledger and no segregation of duties on receiving, storage, issuance and usage of chemicals. This is contrary to Section 44(1) and (2)(d) of the Public Procurement and Assets Disposal Act, 2015 which states that an accounting officer of a public entity shall be primarily responsible for ensuring that the Public Entity complies with the Act, (2) in the performance of the responsibility under subsection (1), an accounting officer shall — d) ensure proper documentation of procurement proceedings and safe custody of all procurement records in accordance with the Act.

To this extent, the Management is in breach of the Law.

## **21. Irregular Grant in Kind**

The statement of profit or loss and other comprehensive income reflects revenue from non-exchange transactions - grants of Kshs.31,130,136 (2019 - Kshs.33,447,900) as disclosed in Note 7 to the financial statements. The amount being grant in kind from Baringo County Government was to augment the budgetary resources. This is contrary to section 71(4) of the Public Finance Management (County Governments) Regulations, 2015 that provides that a County Government entity is not allowed to give a county government entity donation to augment the budgetary resources of designated departments.

Consequently, the Management is in breach of the Law.

## **22. Anomalies in Share Capital**

The statement of financial position reflects share capital balance of Kshs.100,000 as at 30 June, 2020 and as disclosed in Note 14 to the financial statements. However, the balance was not supported by a share certificate to confirm the ownership structure of the Company. Further, Page 2 indicates that the County Government of Baringo has subscribed for three shares through the Governor, and the County Executive Committee (CEC) Members in charge of treasury & economic planning; and water & irrigation each holding a share. However, no evidence was provided to confirm that the shares were paid up for. Further, the disclosure in Note 14 falls short of the requirements of International Accounting Standards 1(IAS1) disclosure requirements on numbers of shares authorized, issued and fully paid, and issued but not fully paid and on reconciliation of the number of shares outstanding at the beginning and the end of the period.

Under the circumstances, the rightful share capital holding of the Company could not be established.

## **23. Failure to File Returns**

The Company returns for the period ended 30 June, 2020 had not been filed contrary to Section 705 of the Companies Act, 2015 which states that every Company shall submit to the Registrar successive annual returns each of which is made up to a date not later than the date that is from time to time the company's return date. Similarly, there was no evidence that annual tax returns were filed contrary to section 52B(1)(b) of the Income Tax Act (Cap 470) which requires every person, other than an individual chargeable to tax under the Act, for any accounting period commencing on or after 1 January, 1992 to furnish the Commissioner with a return of income, including a self-assessment of his tax on such income, not later than the last day of the sixth month following the end of his accounting period.

Under the circumstances, the Management is in breach of the Law.

## **24. Late Submission of Financial Statements**

The annual report and financial statements for year ended 30 June, 2020 were submitted on 06 January, 2021, three (3) months late. This is contrary to Section 47(1) of the Public

Audit Act 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

Under the circumstances, the Management is in breach of the Law.

## **25. Exceeded Non-Revenue Water (NRW)**

The statement of profit and loss and other comprehensive income reflects revenue from exchange transactions - water sales of Kshs.24,308,610;(2019 - Kshs.19,606,782) as disclosed in Note 7 to the financial statements. A review of water records reflects that the Company produced 1,185,320 cubic meters of water out of which, only 412,987 cubic meters or 35% was billed leaving out the balance of 772,333 cubic meters or approximately 65% of the production as Non-Revenue Water (NRW). The excessive NRW over and above the allowable threshold of 25% amounted to 476,003 cubic meters or at Kshs.23,800,150 equivalents at the average distribution rate of Kshs.50 per cubic meter.

Consequently, adequacy of controls over billing of water produced during the year under review could not be confirmed.

## **26. Under Billings**

The statement of profit and loss and other comprehensive income reflects revenue from exchange transactions-water sales of Kshs.24,308,610;(2019 - Kshs.19,606,782) as disclosed in Note 7 to the financial statements. A review of water billings revealed that one thousand seven hundred and forty-two (1,742) customers were charged a total of Kshs.1,885,740. However, re-computation using the minimum charge out rate of Kshs.500 resulted to a charge of Kshs.4,325,000, leading to revenue loss of Kshs.2,439,260. The charging at a rate less than Kshs.500 is contrary to the water tariff gazette number 11920 dated 11 December, 2008 which requires that any client without water meter be charged at flat rate of Kshs.500 while customer with meters that consumed six (6) cubic meter or less be charged at Kshs.200. The Company lost revenue as a result of under billings.

Consequently, the profitability and sustainability of the Company in the long run could not be confirmed.

## **27. Lack of Fire, Risk and Fraud Management Policies**

The Company does not have fire, fraud and risk management policies in place. This is contrary to the Companies Act, No.17 of 2015 under section 1009(1) which states that a Company that keeps its records shall ensure that adequate precautions are taken; (a) to guard against falsification of those records; and (b) to facilitate the discovery of any falsification of those records that might occur.

Consequently, formal ways for identifying and mitigating fraud risks that could impact on the performance of the Company could not be confirmed.

### **28. Limited Access over Systems**

The Company operates with limited access to the E-pay used for staff payroll and resource water billing systems for customer billing respectively. Instead, the systems are controlled by Central Rift Valley Water Works Development Agency. Further, the staff proficiency in using the systems is low as they are yet to be trained on their usage. Management has not provided explanation for the anomaly.

Consequently, the adequacy and effectiveness of the systems controls in E-pay and billing system could not be confirmed.

### **29. Lack of Strategic Plan**

The Company does not have a strategic plan in place to provide guidance on the broader objectives that are to be achieved by the organization and the responsibilities. This is contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that every accounting officer designated for county government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government.

Consequently, the operations of the Company may not be aligned in a coherent manner for lack of formal guidance.

### **30. Lack of Internal Audit and Audit Committee**

The Company does not have an internal audit department to guide and evaluate its internal controls. This is contrary to the Public Finance Management (County Governments) Regulations, 2015 Section 155(2) which states that (2) An Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates (a) the entity to accomplish its internal audit responsibilities and (b) internal auditor with sufficient authority to promote independence and to ensure broad internal audit coverage, adequate consideration of audit reports. Also, an audit committee which can provide strategic oversight over the controls in the company has not been established. This is contrary to the Public Finance Management (County Governments) Regulations, 2015 Section 167(1) which states that subject to paragraph (2) of this regulation, each county government entity shall establish an audit committee.

Consequently, the adequacy of internal controls in place and their effectiveness in the organization could not be confirmed.

### **31. Lack of Procurement Plan**

During the year under review, the Company operated without a procurement plan. This is contrary to section 50(3) of the of the Public Finance Management (County Governments) Regulation, 2015 which provides that the accounting officer shall make an

expenditure commitment only against the procurement plan approved for the entity in accordance with Public Procurement and Assets Disposal Act, 2015. the Company did not have the necessary information on the entire procurement activities for goods and services and projects to be procured that it plans to undertake within the financial year.

The Management is therefore in breach of the Act.

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

### **Conclusion**

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

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

### **Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Companies Act, 2015, Because of the significance of the matters under the Basis for Disclaimer of Opinion section of my report, I report based on my audit, that:

- i. I have not obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have not been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are not in agreement with the accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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


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

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

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and overall governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and

effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kirandich 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

14 February, 2022



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

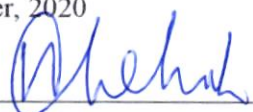
		<b>2019/20</b>	<b>FY 2018/19</b>
	<b>Note</b>	<b>30th June</b>	<b>30th June</b>
		<b>Shs</b>	<b>Shs</b>
<b>Revenue from non-exchange transactions</b>			
Grants	7	31,130,136.00	33,447,900.00
		<b>31,130,136.00</b>	<b>33,447,900.00</b>
<b>Revenue from exchange transactions</b>			
water sale	7	24,308,610.20	19,606,782.00
Rental income	7	230,400.00	230,400.00
Other income	7	788,385.00	880,124.00
		<b>25,327,395.20</b>	<b>20,717,306.00</b>
<b>Total revenue</b>		<b>56,457,531.20</b>	<b>54,165,206.00</b>
<b>Expenses</b>			
Employee costs	8	16,637,120.25	11,079,243.00
Remuneration of Directors	9	506,250.00	72,000.00
Repairs and maintenance	10	1,288,533.00	3,247,239.00
Production cost	11	35,009,646.00	35,775,302.00
General expenses	12	1,863,967.00	4,037,321.00
Finance costs	13	19,912.00	47,707.00
purchase of office equipment		-	-
Audit		300,000.00	-
Depreciation	6	461,194.00	461,194.00
WASREB		243,086.10	
WARMA		1,199,999.45	
<b>Total expenses</b>		<b>57,529,707.80</b>	<b>54,720,006.00</b>
<b>Surplus/Deficit before Tax</b>		<b>(1,072,176.60)</b>	<b>( 554,800.00)</b>
Taxation	23	-	
<b>Surplus/deficit for the period</b>		<b>(1,072,176.60)</b>	<b>(554,800.00)</b>

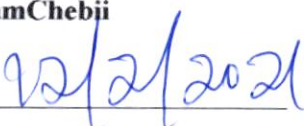


**STATEMENT OF FINANCIAL POSITION AS  
 AT 30th June 2020.**


	Note	FY 2019/20 30th June Shs	FY 2018/19 30th June Shs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	562,278.00	2,497,187.00
Receivables from exchange transactions	3	40,015,520.85	32,697,602.00
Inventories(Consumables)	2	2,956,930.05	3,255,099.00
<b>Total Current Assets</b>		<b>43,534,728.90</b>	<b>38,449,888.00</b>
<b>Non-current assets</b>			
Property ,plant and equipment	6	2,187,792.00	2,648,986.00
<b>Total non- current assets</b>		<b>2,187,792.00</b>	<b>2,648,986.00</b>
<b>Total assets</b>		<b>45,722,520.90</b>	<b>41,098,874.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	19,631,900.00	13,889,701.00
Refundable deposits from customers	16	53,664.50	561,234.00
<b>Total current liabilities</b>		<b>19,685,564.50</b>	<b>14,450,936.00</b>
<b>Non-current liabilities</b>			
share capital	14	100,000.00	100,000.00
Other incomes( RVWSB inherited revenue arrears)	15	27,102,739.00	27,102,739.00
revenue reserve	17	1,493,217.40	(554,800).00
<b>Total non-current liabilities</b>		<b>26,036,956.40</b>	<b>26,647,939.00</b>
<b>Total liabilities</b>		<b>45,722,520.90</b>	<b>41,098,874.00</b>

The Financial Statements on pages 13-19 were approved for issue by the Board of Directors on 27th of October, 2020

Signed: 

**Mr. William Chebji**  
 Chairman  
 Date: 

Signed: 

**Mr. Philip Sogoti Chepsat**  
 Managing Director  
 Date: 



**TATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th June 2020.**

**statement of changes in equity**

	<b>Share capital</b>	<b>Revenue Reserve</b>	<b>Total</b>
Balance as at 1st July 2019	100,000.00	(554,800.00)	(454,800.00)
Deficit for the year	-	(1,072,177.00)	(1,072,177.00)
<b>Balance as at 30th June 2020.</b>	<b>100,000.00</b>	<b>(1,165,782.60)</b>	<b>(1,065,782.60)</b>

**statement of changes in equity**

	<b>Share capital</b>	<b>Revenue Reserve</b>	<b>Grant</b>	<b>Total</b>
Balance as at 1st July 2018	100,000.00	3,120,194.00	-	3,220,194.00
Deficit for the year		(554,800.00)		(554,800.00)
<b>Balance as at 30th June 2019</b>	<b>100,000.00</b>	<b>(554,800.00)</b>		<b>2,665,394.00</b>



**STATEMENT OF CASHFLOWS FOR THE YEAR  
 ENDED 30th June 2020.**

	<b>2019/20</b>	<b>2018/19</b>
	<b>Shs</b>	<b>Shs</b>
<b>Cash flows from operating activities</b>		
surplus/deficit for the year	(1,072,176.60)	(554,800.00)
add depreciation	461,194.00	461,194.00
Decrease(Increase) in Accounts Receivables	(7,317,918.80)	(3,466,418.00)
Increase(Decrease) in Accounts Payables	5,742,198.40	4,149,431.00
increase(Decrease) in inventories	251,793.45	41,172.00
<b>Net cash flows from operating activities</b>	<b>(1,934,909.00)</b>	<b>630,579.00</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets	0	(2,726,000.00)
<b>Net cash flows used in investing activities</b>	<b>0</b>	<b>(2,726,000.00)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	-
Increase in deposits	-	-
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>-</b>
	<b>(1,934,909.00)</b>	<b>(2,095,421.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,497,187.00</b>	<b>4,592,608.00</b>
<b>Cash and cash equivalents at end of the Year</b>	<b>562,278.00</b>	<b>2,497,187.00</b>



**STATEMENT COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th June 2020.**

	<b>F/Y 2019-20 Budget</b>	<b>Actual 2019/20</b>	<b>variance</b>	<b>No</b>
<b>A INCOME</b>				
Water Revenue	24,000,000.00	24,308,610.00	7,324,289.00	1
County Government Grants	70,284,000.00	31,130,136.00	38,834,283.00	2
Other incomes	1,790,000.00	788,385.00	1,210,165.00	3
<b>Total Income</b>	<b>96,254,000.00</b>	<b>56,227,131.00</b>	<b>47,368,737.00</b>	
<b>B EXPENDITURE</b>				
<b>1 PERSONNEL COSTS</b>				
staff emoluments	15,366,540.00	15,431,550.25	(65,010.25)	4
Training and Workshops	450,000.00	-	450,000.00	5
Casuals	432,000.00	300,500.00	131,500.00	6
<b>sub total</b>	<b>16,248,540.00</b>	<b>15,732,050.25</b>	<b>516,489.75</b>	
<b>2 OPERATION COSTS:</b>				
Transport Operations cost	1,284,800.00	525,171.00	759,629.00	7
Advertising Publicity	300,000.00	38,000.00	262,000.00	8
<b>General Office Supplies</b>	<b>632,000.00</b>	<b>315,395.00</b>	<b>316,605.00</b>	<b>9</b>
Telephone /internet services	228,000.00	183,834.00	44,166.00	10
Postage & courier services	70,000.00	48,238.00	21,762.00	11
Travelling & Accommodation	2,020,000.00	463,000.00	1,557,000.00	12
Newspapers and library materials	34,560.00	15,720.00	18,840.00	13



staff Welfare	300,000.00	421,500.00	(121,500.00)	14
Insurance Costs	4,045,600.00	21,095.00	4,024,505.00	15
Staff Uniforms & protective gears	261,250.00	11,600.00	249,650.00	16
Publishing and Printing & computer accessories	716,000.00	103,748.00	612,252.00	17
Bank Charges	50,000.00	19,912.00	30,088.00	18
Hire of Equipment	100,000.00	11,180	88,820.00	19
Laboratory Water Test & equipment's	364,000.00	-	364,000.00	20
Legal and Professional Fees	1,000,000.00	53,900.00	946,100.00	21
Audit fees	300,000.00	-	300,000.00	22
purchase of assets	15,300,000.00	-	10,317,704.00	23
construction and minor alterations	200,000.00	-	200,000.00	24
WASREB Levies (1% of Revenue)	-	-	-	
WARMA (Extraction)	11,016,269.00	316,920.00	854,325.00	25
<b>Subtotal Operating Cost</b>	<b>38,222,479.00</b>	<b>2,549,213.00</b>	<b>35,673,266.00</b>	
<b>3 PRODUCTION COSTS</b>				
Chemicals	3,600,000.00	1,225,310.00	2,374,690.00	26
Electricity for Water Supply	34,800,000.00	33,784,336.00	1,015,664.00	27
Repair and maintenance of Pumps & Machinery	2,400,000.00	44,500.00	2,355,500.00	28
<b>Subtotal Production</b>	<b>40,800,000.00</b>	<b>35,054,146.00</b>	<b>5,745,854.00</b>	
<b>4 MAINTAINANCE COSTS</b>				
Repairs & Maintenance of office Buildings & stations	100,000.00	-	74,650.00	29

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Maintenance of office Furniture and equipment's	100,000.00	-	100,000.00	30
Repairs & Maintenance of Water supply and pipes	2,000,000.00	1,145,675.00	854,3250.00	31
<b>Subtotal Maintenance</b>	<b>2,200,000.00</b>	<b>1,145,675.00</b>	<b>1,054,325.00</b>	
<b>5 BOARD EXPENSES</b>				
Board allowances	840,000.00	506,250.00	333,750.00	32
Travelling & Accommodation	455,000.00	-	455,000.00	32
<b>Subtotal Board Expenditure</b>	<b>1,295,000.00</b>	<b>506,250.00</b>	<b>788,750.00</b>	
<b>Total Expenditure</b>	<b>98,766,019.00</b>	<b>54,987,334.25</b>	<b>43,323,684.75.00</b>	



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of Compliance and Basis of preparation

The Company's Financial Statements have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS). The Financial Statements are presented in Kenya Shillings, Which is the functional and reporting currency of the company and all values are rounded to the nearest shilling. The accounting policies have been consistently applied.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise.

The cash flow statement is prepared using the direct method. The Financial Statements are prepared using Accrual basis.

#### i) Summary of Significant Accounting Policies

##### a) Revenue Recognition

Revenue is recognized on Accrual basis as follows: -

Revenue from the provision of water services is recognized when the title of services is rendered to the customer. Billing is done on monthly basis.

Government grants are recognized when received.

Other non exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

##### ii) Property, Plant and Equipment.

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated using the straight-line method to write down the cost of the assets to their residual value over the estimated useful lives, as follows;

Asset Description	% annum	Per Years
Motor Vehicles	25	4
Furniture and fittings	12.5	8
Plant and Machinery	12.5	8
Computers and office equipment	33.3	3
Sewerage line	5	20





Buildings	2	50
Water Reservoirs & Storage	2	50
Boreholes	2	50
Intangible Assets	33.3	3

**iii) Changes in accounting policies and estimates.**

The entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**2. Inventories**

These are consumable stores purchased for use in the operations of the water systems, office and rendering other related services. They are stated at the lower of cost and net realizable value.

**inventories**

	2019/20	2018/19
Consumable stores	87,501.00	32,059.00
Pipes, spares & fittings	2,703,000.00	1,973,000.00
water chemicals	166,429.00	1,250,040.00
	<b>2,956,930.00</b>	<b>3,255,099.00</b>

**3. Accounts Receivables**

Receivables are recognized at fair value. No provision is made for impairment of receivables as there is no objective evidence that the company will not be able to collect the amounts due to it according to the terms of original receivable

	Shs 2019/20	Shs 2018/19
<b>Receivables</b>	32,697,601.85	32,697,601.85
<b>Arrears accrued for the Year 2019/20</b>	7,317,919.03	
<b>Total receivables</b>	<b>40,015,520.85</b>	<b>32,697,601.85</b>

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#### 4. Cash and Cash equivalent

	<b>Ksh</b> <b>2019/20</b>	<b>Ksh</b> <b>2018/19</b>
Expenditure account	67,817.00	1,566,714.20
Consumer deposits	53,664.50	561,233.50
<b>Revenue account</b>	<b>312,289.00</b>	<b>369,239.00</b>
Cash in transit	39,127.00	-
M-pesa	89,381.00	-
<b>TOTAL</b>	<b>562,278.50</b>	<b>2,497,186.70</b>

#### 5. Trade and Other Payables

Accounts payables was for the year was Kshs19,631,900.00, this included Kshs9,274,903 for WARMA levies which was inherited from the licensee RVWSB during transition.

##### payables 2018/19

	<b>2019/20</b> Kshs	<b>2018/19</b> Kshs
WRA	13,309,485.00	10,573,086.00
Rift electrical h/ware	118,766.00	-
Postal corporation of Kenya	3,470.00	-
<b>Unremitted Remittances</b>	<b>2,236,276.00</b>	<b>-</b>
Kenao-Audit fees	648,000.00	348,000.00
KPLC	2,847,949.00	2,740,278.00
WASREB (1% of billings)	471,424.10	228,338.00
<b>TOTAL</b>	<b>19,635,640.00</b>	<b>13,889,702.00</b>

#### 6. Property, plant & equipment

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Assets inherited from RVWSB have not been formally transferred to the Company. Once these assets are transferred they will appear in the company's Accounts. These assets include water supplies, motor vehicle, motor cycles, water pump buildings among others. The assets acquired are not depreciated in the year of acquisition.

	PPE FY 2019/20			Total
	plants and machinery 12.5%	Furniture and fittings 12.5%	Computers & printers, office equipment 33.3%	
<b>Property, plant and equipment Cost</b>	<b>12.50%</b>	<b>12.50%</b>	<b>33.30%</b>	
<b>At 1 July 2019</b>	<b>2,726,000.00</b>	<b>36,000.00</b>	<b>348,180.00</b>	<b>3,110,180.00</b>
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Total</b>	<b>2,726,000.00</b>	<b>36,000.00</b>	<b>348,180.00</b>	<b>3,110,180.00</b>
accumulated depreciation	340,750.00	4,500.00	115,944.00	<b>461,194.00</b>
Depreciation for the year	340,750.00	4,500.00	115,944.00	<b>461,194.00</b>
Total accumulated depreciation	681,500.00	9,000.00	231,888.00	<b>922,388.00</b>
<b>Net book value</b>	<b>2,044,500.00</b>	<b>27,000.00</b>	<b>116,292.00</b>	<b>2,187,792.00</b>

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## 7. Incomes

	FY 2019/20	FY 2018/19
	Shs	Shs
<b>Transfers from other governments—</b>		
<b>Unconditional grants</b>		
Operational grant	31,130,136.00	33,447,900.00
<b>Total government grants and subsidies</b>	<b>31,130,136.00</b>	<b>33,447,900.00</b>
<b>Rendering of services</b>		
water sale	24,308,610.00	19,606,782.00
<b>Total revenue from the rendering of services</b>	<b>24,308,610.00</b>	<b>19,606,782.00</b>
<b>Rental revenue</b>		
Rent income from company houses	230,400.00	230,400.00
<b>Total revenue from rent income</b>	<b>230,400.00</b>	<b>230,400.00</b>
<b>Other income</b>		
Reconnection fees	142,700.00	136,200.00
new connection fees	386,735.00	323,174.00
Miscellaneous income	23,200.00	180,750.00
meter rent	235,750.00	240,000.00
<b>Total other income</b>	<b>788,385.00</b>	<b>880,124.00</b>
<b>Grand Total</b>	<b>56,457,531.00</b>	<b>54,165,206.00</b>

The grants are from the County Government of Baringo and comprises of Electricity payments of Kshs,31,130,13.00





## Expenditures

	Kshs FY 2019/20	Kshs FY 2018/19
<b>8. Employee costs</b>		
Salaries and wage	15,431,550.25	10,743,643.00
casuals	300,500.00	335,600.00
Travel and Accommodation	905,070.00	-
<b>Employee costs</b>	<b>16,637,120.25</b>	<b>11,079,243.00</b>
<b>9. Remuneration of directors</b>		
Directors emoluments	506,250.00	72,000.00
<b>Total director emoluments</b>	<b>506,250.00</b>	<b>72,000.00</b>
<b>10. Repairs and maintenance costs</b>		
Repairs and maintenance of machinery, pipes and fittings	1,184,785.00	2,804,607.00
software maintenance	103,748.00	256,296.00
Vehicles & M/cycles	0.00	160,986.00
office station	0.00	25,350.00
<b>Total repairs and maintenance</b>	<b>1,288,533.00</b>	<b>3,247,239.00</b>
<b>11. Production costs</b>		
Electricity	33,784,336.00	32,570,967.00
Chemicals	1,225,310.00	3,204,335.00
Accrued Electricity		
<b>Total Production cost</b>	<b>35,009,646.00</b>	<b>35,775,302.00</b>

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## 12. General Administrative expenses

Advertising	38,000.00	15,500.00
Staff Uniform	11,180.00	42,230.00
stationery & General office supplies	303,065.00	336,610.00
newspapers & journals	15,720.00	24,000.00
Fuel and oil	525,171.00	744,990.0
Insurance	21,095.00	21,095.00
Licenses and permits-WARMA		900,000.00
Postage & courier	51,978.00	32,396.00
Staff Welfare	442,070.00	108,505.00
Office Entertainment	247,950.00	17,440.00
Telecommunication & internet	183,834.00	165,350.00
Training	19,700.00	26,450.00
	<b>1,863,967.00</b>	<b>4,037,321.00</b>

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**Total general expenses**

**13. Finance costs**

Bank charges	19,912.00	47,707.00
<b>Total finance costs</b>	<b>19,912.00</b>	<b>47,707.00</b>

**14. Share Capital**

The figure is in respect of 5,000 ordinary shares subscribed by County Government of Baringo  
 At Kshs.20 per share and in Khs.100, 000.00

**15. Other Incomes**

The Receivables from RVWSB inherited by the company during incorporation has been taken  
 as part of starting capital for the Company.

**16. Customer Deposit**

Consumer deposits Account	Amount-Kshs
closing balance as at 30 June 2019	561,234.00
Addition during the year(deposit)	314,000.00
Transfer to expenditure account on 7 May 2020	(820,000.00)
bank charges	(1,569.50)
<b>Closing balance as at 30 June 2020</b>	<b>53,664.50</b>

**17. Revenue reserve**

	2019/20	2018/19
<b>Bal b/f</b>	<b>2,565,394.00</b>	<b>3,120,194.00</b>
<b>Surplus/deficit for the year</b>	<b>(1,072,176.60)</b>	<b>(554,800.00)</b>
<b>Bal c/f</b>	<b>1,493,217.40</b>	<b>(2,565,394.00)</b>

END

