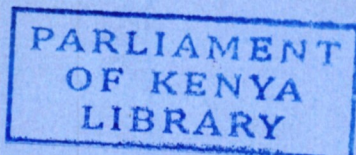


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

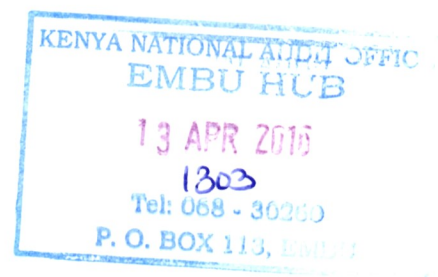
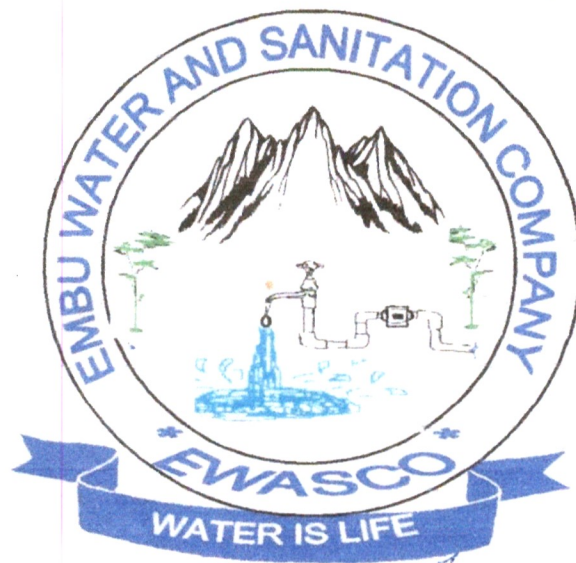
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
EMBU WATER AND SANITATION COMPANY**

**FOR THE YEAR  
ENDED 30 JUNE 2015**



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**EMBU WATER AND SANITATION COMPANY**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2015**

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



**EMBU WATER AND SANITATION COMPANY LTD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**EMBU WATER AND SANITATION COMPANY LIMITED**  
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**KEY ENTITY INFORMATION**

**Background information**

The company was established by the company's Act 486 and fully owned by Embu County Government.

**Principal Activities**

The principal activities of the company are the provision of water and sanitation services within former Embu municipalities and its environs.

**Directors**

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

1.	Mr. Joel Julias Ngatiari	- Chairman	Appointed on 21 <sup>st</sup> March 2014
2.	Mr. John Kariuki Njine	- Director	- Appointed on 21 <sup>st</sup> March 2014
3.	Mr. Damiano Muthee Njagi	-Director	- Appointed on 21 <sup>st</sup> March 2014
4.	Sheik Rhamadhan Njuguna	-Director	- Appointed on 21 <sup>st</sup> March 2014
5.	Mr. Antony Murithi Alex	-Director	-Appointed on 21 <sup>st</sup> March 2014
6.	Eng. Stephen Njiru	-Director	-Appointed on 21 <sup>st</sup> March 2014
7.	Hellen M Barine	-Director	-Appointed on 21 <sup>st</sup> March 2014
8.	Mr. James Njeru Mubothi	-Director	-Appointed on 21 <sup>st</sup> March 2014
9.	Jane Elizabeth Gitiri Waroga	-Director	-Appointed on 21 <sup>st</sup> March 2014
10.	Mary Igoki Kavinda	-Director	-Appointed on 21 <sup>st</sup> march 2014

**Corporate Secretary**

Mr. Gikuhi Kiana  
P.O. Box 1271-10100  
Nyeri, KENYA

**Registered Officer**

EWASCO BUILDING,  
Off Embu -Meru road,  
P.O. Box 2142,  
Embu. KENYA.

**Corporate Headquarters**

EWASCO BUILDING,  
Off Embu -Meru road,  
P.O. Box 2142,  
EMBU. KENYA

**Corporate Contacts**

Telephone: 068-31156  
E-mail: [info@embuwater.co.ke](mailto:info@embuwater.co.ke)  
Website: [www.embuwater.co.ke](http://www.embuwater.co.ke)



**EMBU WATER AND SANITATION COMPANY LIMITED**  
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**Corporate Bankers**

- |   |   |
|---|---|
| 1. Cooperative Bank of Kenya<br>P.O. Box 1337 -60100<br>EMBU, KENYA | 3. Krep Bank<br>P.O Box 1167-60100<br>EMBU, KENYA           |
| 2. Equity Bank<br>P.O.Box 1994 -60100<br>EMBU, KENYA                | 4. Kenya Commercial Bank<br>P.O Box 75-60100<br>EMBU, KENYA |

**Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O.Box 30084  
GPO 00100  
Nairobi, Kenya

**Principal Legal Advisers**

1. The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
2. Njeru Ithiga Advocates  
P.O Box 1768-60100  
Embu



**EMBU WATER AND SANITATION COMPANY LIMITED**  
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**THE BOARD OF DIRECTORS**

<b>Photo</b>	<b>Directors and qualifications</b>	<b>Date of Birth and Experience</b>
	Joel Julius Ngatiari, OGW Masters in Education, Bachelor in Education, Secondary Teacher	<b>Date of Birth :</b> 1948 Several Years Experience in the Education, Commissioner to TSC, Director Embe Water and Sanitation Company Ltd.
	Mr. John Kariuki Njine EACE, CPA I	<b>Date of Birth :</b> 11 <sup>th</sup> December 1954 Several years in public service in the Accounting profession, Member Kenya National Chamber of Commerce and Industry – Embu County, Businessman
	Mary Igoki Kavinda Teacher, Dip in Management	<b>Date of Birth :</b> 1958 Teacher, many years in Business, Chairlady Maendeleo ya Wanawake – Embu County
	Jane Elizabet Gitiri Waroga Bachelor of Arts (Social Work)	19 <sup>th</sup> November 1962 Several Years experience in Community development programs and organizations, Director – Charisma Business
	Domiano Muthee Njagi Masters in Business Administration, Bachelor Degree in Accounts. CPA K	<b>Date of Birth :</b> 1974 Several years as a Civil Servant/Accountant/ Economist. 3 years in County Government of Embu, Chief Officer Finance & Planning
	Anthony Muriithi Alex Bachelor. Degree In Education, Higher Dip. Education	<b>Date of Birth :</b> 20 <sup>th</sup> September 1976 Several years as a Teacher, Director Embe Water and Sanitation Co. Ltd, Director St. Angela School.
	Stephen Kinyua Njiru Bachelor Degree in Civil Engineering	<b>Date of Birth :</b> 23 <sup>rd</sup> March, 1980 3 years of experience in County Government of Embu – Chief Officer Lands, water & natural Resources
	Hellen M. Barine KC.S.E, Business Lady	<b>Date of Birth :</b> 28 <sup>th</sup> December 1968 Several Years experience in business. Directors Board of Directors – Embu Agricultural Training Centre.
	James Njeru Mubothi Bachelor of Arts, Post Graduate Diploma in Education.	<b>Date of Birth :</b> 26 <sup>th</sup> August 1965 Several years experience in public service. Principal – High School
	Sheikh Ramadhan Waweru Bachelor. of Arts	<b>Date of Birth :</b> 1970 Imam of mosque, Secretary Supkem Several years in Guidance and Counselling.



**EMBU WATER AND SANITATION COMPANY LIMITED**  
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**MANAGEMENT TEAM**

<b>PHOTO</b>	<b>Management and Qualification</b>	<b>Date and Experience</b>
	Eng. H. M. Karugendo – Managing Director Msc. Engineering Bsc. Civil Engineering (UON)	<b>Date of Birth: 1951</b> Nbi City Council Asst. Eng. – 3years KEBS Senior Staff - 1yr Embu Municipal Council Engineer – 17yrs, Consultancy – 8 years. MD EWASCO -10 years
	CPA Doris Njiru – Finance and Administration Manager MBA Strategic Mgt, B.com. CPA(K)	<b>Date of Birth 1974</b> Over 3yrs – Fin & Admin Manager EWASCO, Over 6 yrs in Management with NGOs, 6yrs as Accountant. With NGOs
	Chris Gitonga – Ag. Technical Manager Bsc. Civil Engineering	<b>Date of Birth :1985</b> Over 2 years in Water Sector
	Perminus Nyaga – Internal Auditor MBA, Bcom Accounting Option	<b>Date of Birth :1953</b> Kenya Times Media Trust -Finance Manager , Diocese of Embu – Financial Consultant, Internal Auditor EWASCO – over 7 years
	Mary Mugwira – HRM MBA strategic Management, Bachelor of Education, Dip in HRM.	<b>Date of Birth :1978</b> Over 7 years HRM in Embu Water Over 3 years Lecturer Mt. Kenya University, 6 months as an Account Assistant.
	Patrick Ruchoya - ICT Manager Bsc Statistics, Diploma Computer Science.	<b>Date of Birth :1976</b> Over 10 years in ICT Profession.
	CPA Dickson K. Njiru- The Chief Accountant Msc Finance, BBA Accounting and Finance, CPA(K)	<b>Date of Birth :1976</b> 15 years experience in Accounting and Commercial services in Meru, Nithi and Kikuyu water Companies
	CPA, Paul Mburu Kimani CPA (K)	<b>Date of Birth :1971</b> Over 15 years in Accounting Profession.



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CHAIRMAN'S STATEMENT FOR THE YEAR ENDED JUNE 30, 2015**

On behalf of the Board of Directors, I present the year 2014/2015 annual report which outlines the Company's financial and operational performance. The Company continued to maintain a strong performance while providing high quality water and sewerage services to the people in its jurisdiction.

**Overview on Performance**

The company has continued to expand the services in an effort to reach more customers in our coverage as laid in our five year strategic plan (2012 – 2017). During the year as the board we approved financial borrowing with Housing Finance to a tune of Kshs 81 Million to extend services to reach more customers in lower areas of our coverage.

In the same period the company also implemented a pilot program financed by GIZ, Bill Gate & Melinda foundation on sanitation in informal settlement through Water Services Trust Fund targeting mainly Dallas UBSURP where over 1200 toilets were constructed to serve the people.

In the year we held various Board meetings which met the threshold of the required minimum of quarterly meetings. We played our oversight and policy making roles. Therefore, I stand here to tell you that the business of the Company was executed with due diligent and always ensuring the interests of the shareholder, which are also the interests of the community, were taken care of. We held two stakeholders forums, one on tariff review and the other a general one in order to inform and receive a feedback on our operations. We are therefore, compliant to the Constitution and to law. Based on our Strategic Plan 2012 -2017 upon the review, we have achieved 88% of our development targets.

**Financial Performance**

During the year 2014/2015, the company reported an increase in turnover from Kshs 217million to Kshs 254.6 million a growth of 17 percent. The surplus generated is ploughed back as a means of internal financing. The company has however continued to extend its infrastructure to meet the unmet need of customers within coverage area.

I wish to confirm that the Company is sustainable and has a high probability to continue as a going concern for a long time come; provided that the good operating climate

**In Conclusion**

As the chairman of board I wish to confirm Boards commitment in directing the company to achieve its heights. I wish to congratulate each board member for their continued support and congratulate the management and the entire staff on their commitment and dedication. I pray for continued support in order to serve our Company, and together, we will serve our community better.

**THANK YOU, AND GOD BLESS US ALL**

Chairman EWASCO Board, Joel Ngatiari OGW



## **REPORT OF THE MANAGING DIRECTOR FOR THE YEAR ENDED 2015**

### **1.0 INTRODUCTION**

EWASCO is a result of Water Act 2002 which was a culmination of the agitation for the need to reform water services with a view to improving service delivery. The Company became operation in JULY 2005. Its shareholding through transmission from defunct Municipal Council is now 100% held by Embu County Government for the people of Embu. The People are represented in this Forum by the appointed stakeholders' representatives.

### **2.0 PERFORMANCE REPORT**

EWASCO,s Performance is Reported briefly under Sub-titles: Water Supply Coverage, Sewerage Services Coverage, and Financial Performance since the Company's inception. Also reported are Projects undertaken, being undertaken and proposed.

#### **3.1 Water Supply Coverage**

The water supply coverage has improved to 771km<sup>2</sup>. Also the mandated area has increased from 80km<sup>2</sup> to 1,196km<sup>2</sup> through Public Demand. The population served has increased to about 157,000 in year 2015. These improvements in coverage have been funded by Community, Bank Loans, WSTF, CDF, TWSB, GOK, KWS, KENGEN, and EWASCO and by grant in Aid by JICA.

#### **3.2 Sewerage Coverage**

The Sewage Treatment Works cannot be further expanded due to geographical limitations and due to space availability. However, the treatment achieved meets the standards set by NEMA and WHO at the point of effluent discharge into Rupingazi River.

Sewerage coverage has increased to 2,700 connections in 2015. The increase has been as a result of construction of sewers to cover the entire Kaunda Estate and the areas neighboring EWASCO offices. Construction of sewers to connect Kangaru Schools and GTI were completed, but not in use.

It is to be noted that sewerage coverage of the deserving areas remains low at 30%. The challenge here has been non-availability of funding. Towards this end we are seeking support from various institutions including JICA, World Bank, etc. The priority areas proposed for sewerage extension are Dallas, Blue Valley and part of Majimbo Village. The estimated cost for this Project is KES 300m. This would improve sewerage coverage to above 50%.

#### **3.3 Financial Performance**

The growth rate seems to have slowed down in the last two years. Part explanation of this slowing up is that the rate of new connections being registered had slowed down and additional areas not being brought on board due to lack of supply network/inadequate water production capacity. Since then water production capacity has been doubled. Also the tariff being applied has



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not been revised for the last seven years. At the same time staff emoluments have continued to grow beyond the accepted threshold of 33% of the revenue. The staff salaries had to be maintained within the market rates to ensure retention of good staff. However, this is a worrying trend and remedial measures should be taken. The measures could include enhancing revenue collection through improving revenue base, revised but sustainable tariff structure and introducing additional revenue earning streams.

Revenue growth during the period in question was only 5% compared to the previous growth of 21%. This could be attributed to minimum improvement in coverage and other factors such as billing inefficiencies.

### **3.4 Operating Capacity**

The operating capacity of the Company has continued to be enhanced. Appropriate and advanced IT software / hardware are being continuously updated: better operating accounting and billing software have been installed; GIS and wide network coverage are in use. In the current year we expect to roll out meter reading using smart phones technology which will better monitor the meter readers and their work ensuring more accurate and timely billing data. Transport is being improved; we have eight vehicles and twenty nine functional motor-cycles. Training of staff is encouraged to ensure a skilled work force. In few words operating capacity continues to be enhanced.

## **4.0 CHALLENGES**

### **Water Resources**

- Declining capacity for water resources: climate change and destruction of wetlands continue to be a major challenge
- Inadequate hydrological data and studies on water resources to support planning.
- No master plans for water resources conservations and water use.
- Water use demands are quickly exceeding the dry weather water flows. There are no solid plans to mitigate the matter.

### **Sewage**

- Only about 30% of eligible population is provided with sewerage services; water related diseases remain a risk.
- No funds to implement medium term sewerage system to 50% coverage have yet been confirmed.
- Suitably located and adequate land for a long term sewerage treatment plant has yet to be acquired.

### **Water Supply Pipe network**

- No money to fund proposed 700,000m of various pipe lines to serve areas not served.
- EWASCO's maximum water production capacity is limited to 28,000m<sup>3</sup>/day. At times production is hitting 24,000m<sup>3</sup>/day and area of supply continues to increase to grow without corresponding measures being put in place to ensure continued sufficiency of water.
- Miraa irrigation and illegal connections are a matter of concern as they reduce available water for domestic use.
- Water assets ownership has yet to be determined and this is a challenge to accounting and borrowing leverage

**Policy** - No policy on the linkages of management of domestic and irrigation water supply.

- Non-completion of rebilled water act water act is creating uncertainty in the water sector.



## **5.0 THE WAY FORWARD**

The future of the Company seems excellent assuming that the operating environment is sustained or is improved. The Company could grow to provide water and sanitation services to the entire County. And in EWASCO's Strategic Plan the possibility is apparent. The key areas that the Strategic Plan focuses on include:-

- Improvement of operational efficiency and effectiveness through capacity improvements.
- Implement a sanitation programme including improvement of sewerage coverage in high density residential areas.
- Improving of water supply reliability through construction of at least 5,000,000 m<sup>3</sup> dam.
- Diversify Company activities and revenue to include Trading Operations such as commercial electricity generation.

Thank You , Eng. H. M. Karugendo

**MANAGING DIRECTOR**



## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR 2015**

The corporate governance structure ensures that we act with high standards of corporate behaviour and in the best interests of our stakeholder. The Board of Directors has the authority to perform the functions and determine the policies that control the trust activities.

The Board is responsible for our overall corporate governance and approves strategic directions and budgets. On the other hand the management ensures that all statutory requirements are compiled with, internal control systems are in place and operate effectively; in addition ensure board decisions are fully implemented.

The structure of the Board is as per the corporate governance guidelines issued by the Water Services Regulatory Board.

- The Board of Directors comprises 10 members nominated by respective stakeholder institutions.
- The Managing Director sits in the board as a full time director and as a secretary.
- The Chief Executive Officer of Tana Water Services Board (TWSB) sits in the board or through his appointed representative as an ex- officio
- The Directors are appointed for terms of up to three years and are eligible for re-appointment for another final term of three years.
- The Directors have broad range of skills and experience.
- The Board has three committees namely; Technical committee, Finance & Administration Committee and Audit Committee.
- Any issue(s) outside the above committees may be handled by specially constituted ad hoc committee, made by a resolution of the Board of Directors including its membership.
- The Board, in consultation with management, develops strategic direction for the annual and long-term period.
- The board also prepares for the Annual General Meeting and determines the agendas in which annual audited accounts are presented.

At its regular meetings, the Board considerations include:

- Technical and financial progress quarterly reports.
- Audit reviews and quarterly reports.

The Board held induction training for all the Directors and; one more training for the audit committee members.

### **Composition of the Board of Directors**

The Board is chaired by Mr Joel Ngatari who also attends both the Technical and Finance & Administration committee as in attendance. He chairs the board meetings giving direction during board meetings.

TWSB CEO Representatives attends all the committees and full board to give advisory services.



### **Technical Committee**

The committee is chaired by Ms Hellen Barine and includes Sheikh Ramadhan Njuguna and Eng. Stephen Njiru. The committee secretary is the Technical Manager. Each member of the Committee has a general familiarity with the technical aspects of the water and sanitation industry necessary to undertake the committee's responsibilities to oversee the company's technical activities. The committee advises the Board of Directors on technical matters involving the Company's internal and external projects. It assists the Board of Directors in monitoring and reviewing any project(s) development and major asset acquisition. The committee reviews and makes recommendations to the Board of Directors on matters relating to the infrastructure assets of the Company, including building master plans, capital project plans and so on.

### **Finance & Administration Committee**

The committee is chaired by Mrs Mary Kavinda and includes Mr James Mubothi and Mr Damiano Muthee. The committee secretary is the Finance & Administration Manager. Each member has experience in management skills necessary for discharge of duties. The committee supports and assists the Board in the effective discharge of the Board's responsibilities in finance, human resource, information and communication and physical facilities. The committee receives and reviews reports on the financial performance, annual budget, changes to the water tariff and staff matters. The committee ensures that adequate plans, policies and programmes are in place to promote the effectiveness, integrity and security of the Company information technology systems and their operations.

### **Audit Committee.**

The committee is chaired by Mr. Kariuki Njine and includes Ms Jane Waroga and Mr. Anthony Muriithi. The committee secretary is the Internal Auditor. Each member has experience and necessary skills to undertake the committee's responsibilities to oversee the Company's financial reporting principles and policies, controls and procedures and its auditing activities. The audit committee meets and reviews reports from the Internal Auditor and major findings on internal audit and investigations and considers management response or actions thereto.

Committee reports summarizing issues discussed by the respective committee are then tabled to the full board by the respective committee chairs where they are adopted for deliberation and resolutions made accordingly.

During the year the company held two stakeholder forums in which stakeholders one on tariff review where they briefed about the company and key areas highlighted.



## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT FOR THE YEAR 2014 / 2015**

The Company recognizes that it has responsibilities to all stakeholders which include the interests of customers, suppliers and employees and the community; the need to company's relationships with customer, suppliers and others and the impact of its operations on the local communities and the surrounding environment where it operates. Customers are highly regarded and valued and their contribution to the Company is highly respected.

### **Corporate Social Responsibility Policy**

The company recognizes the need for Corporate Social Responsibility (CSR) and has a policy in which funds set aside during the annual budget for CSR are utilized. The policy stipulates the budget to be utilized as follows:

- i) 10% to destitute children home towards food
- ii) 10% on activities outside service coverage areas of EWASCO, but within Embu county
- iii) 10% on National Disasters
- iv) 60% on water related issues within the water and sanitation supply area of EWASCO
- v) 10% on donations and unforeseen emergencies

During the year the company spent a total of Kshs 553,760 on CSR related cases only from its budget. In the past the company used the kitty to support in burial of the victims of killer brew in Shauri moyo slums - Embu

### **The Environment**

The Company relies on the environment which provides water which is produced, treated and transmitted via pipeline to respective customers. Over the time the company has been advocating for water catchment protection and it has been represented in meetings for Water Resource Users Association (WRUA). On sewer management, despite the system overload, the Company prioritizes and minimizes impact on the standards, most particularly with the sewerage treatment and disposal. The water treatment plant uses certified chemicals in dosing system. A well managed environment is the key to human kind survival and the EWASCO shall endeavour to play its role.

### **Social Events / Community**

The company recognizes co-existence with other and hence it has been actively involved in activities and social events occurring within its area of jurisdiction. Several events of social nature in which company has been involved with include:

#### **i) World Water Day:**

During the year 2014/15, the Company partnered with the County Government of Embu in marking the World water day which the company provided free drinking water using water booster to community in Makima where there is no piped water and in procuring tree seedlings to be planted to protect the water catchment.



**ii) Agricultural Society of Kenya (ASK) Show:**

The company partners with others to show case and exhibit and educates customers on water treatment, water saving tips and customer care services during ASK shows held every year

**iii) National Holidays:**

The Company actively participates in national holidays such as Jamhuri day and Madaraka day and provides snacks and drinks through its CSR kitty

**iv) Disability Day:**

The Company participates annually in supporting activities during disability day.

**v) Environmental Cleanup Day:**

The Company participated in the environmental cleanup organized by Tenri

**vi) Town Beautification:**

The Company has also been involved in town beautification project by Embu County through provision of water for watering flowers, piping water to areas and an allocation of portion from Kenya National library to Probation Office where EWASCO is currently maintaining.

**The Customer**

Efficient delivery of services to our customer is one of the crucial areas of the Company. The aim is to sustain 24 hour service delivery and minimum interruptions to the flow of water. This goal was achieved in most of the areas of our water supply.

Customer service is an area of high priority as the Company is cognizant of the importance of the customer in the service delivery process and indeed to its overall performance. The Company is therefore committed to effective communication with the customers and sensitizing them on key issues in the management of water resource especially at the consumption point.

Though the company has not fully met needs of un served customers, the company has endeavoured to extend service using its own resources and has even mobilized funds from donors and commercial loans to extend service to customers.

**Human Resource**

The Company recognizes that health, safety and training, play a key in ensuring our employees commitment to responsibility in the workplace and a working environment in which personal and employment rights are upheld. Effective policies and procedures are aligned with Company needs and the promotion of good communication processes, to assist timely and consistent delivery of relevant information to employees.

The Company provides equal opportunity for all employees and job applicants. It has in place policies covering issues such as performance management, training and family friendly policies. E.g. Compassionate Leave, Paternity Leave. The employees of the Company are active players of various teams which compete locally and nationally.



**EMBU WATER AND SANITATION COMPANY LIMITED**  
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**Stakeholders**

The company actively encourages open communication with stakeholder. Principally through the board, the company endeavours to establish and maintain healthy relationships with its institutional stakeholders by holding regular consultations on issues requiring stakeholder participation as enshrined in the Constitution of Kenya 2010.

The company holds Annual General Meeting (AGM) once a year. The stakeholder representatives are given 21 days notices of AGM. At AGM the Company makes full presentation to stakeholders to explain recent and future developments in activities undertaken by company, followed by an open question and answer session which provides stakeholders with opportunity to ask directors and management questions regarding operations and performance of the company.



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the company's affairs.

**Principal activities**

The principal activities of the company are provision of water and sanitation services within former Embu municipalities and their environs.

**Results**

The results of the company for the year ended June 30, 2015 are set out on page 18-34

**Dividends**

The company does not issue dividends.

**Directors**

The members of the Board of Directors who served during the year are shown on page 2. In accordance with Regulation of the company's Articles of Association.

**Auditors**

The Auditor General is responsible for the statutory audit of the company in accordance with the Company's Act, CAP 484, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Board Secretary

**Date 10/8/2015**



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the company'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 June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the company's Act and the State Corporations Act. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2015, and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The company's financial statements were approved by the Board on 10<sup>th</sup> August 2015 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director





**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**REPORTS OF THE INDEPENDENT AUDITORS**

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke

P.O. Box 30084-00100  
NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EMBU WATER AND SANITATION COMPANY FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Embu Water and Sanitation Company (EWASCO) set out on pages 18 to 33, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of cash flows and statement of changes in equity 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 14 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## Basis for Qualified Opinion

### 1. Budgetary Control and Performance

During the financial year 2014/2015 Embu Water and Sanitation Company Limited had an approved expenditure budget of Kshs.312,465,105 comprised of Kshs. 266,561,506 (85%) for recurrent expenditure and Kshs.45,903,600 (15%) for development expenditure. The annual revenue for the Company was projected at Kshs.453,334,371 comprising Kshs.191,000,000 (42%) from grants and loans and Kshs.262,334,371 (58%) from internally generated revenue sources. The total revenue collected from internal and external sources during the period under review translated to 80% of the targeted collection. An analysis for the Income and Expenditure budget versus the actual is as indicated below;

#### i) Income

Items	Budgeted (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Performance %
Water and Sewage	224,346,086	223,434,867	911,219	99.5%
Other Revenue	37,988,285	61,214,913	(23,226,628)	161%
<b>Projected/ Generated Income</b>	<b>262,334,371</b>	<b>284,649,780</b>	<b>(22,315,409)</b>	<b>109%</b>
Grants ( WSTF)	110,000,000	6,547,373	103,452,627	6%
Externally generated funds(HFCK LOAN)	81,000,000	71,183,090	9,816,910	88%
<b>Income From External Sources</b>	<b>191,000,000</b>	<b>77,730,463</b>	<b>113,269,537</b>	<b>41%</b>
<b>Total Income</b>	<b>453,334,371</b>	<b>362,380,243</b>	<b>90,954,128</b>	<b>80%</b>

#### ii) Expenditure

Recurrent (item)	Budgeted (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption %
Personnel Costs	93,488,015	91,837,648	1,650,367	98%
Operations and Maintenance	156,176,493	126,639,908	29,536,585	81%
Finance Costs	16,896,998	8,901,229	7,995,769	53%

<b>Total Recurrent Expenditure</b>	<b>266,561,506</b>	<b>227,378,785</b>	<b>39,182,721</b>	<b>85%</b>
<b>Development</b>	<b>45,903,600</b>	<b>87,165,463</b>	<b>-41,261,863</b>	<b>190%</b>
<b>Total Expenditure</b>	<b>312,465,105</b>	<b>314,544,248</b>	<b>-2,079,142</b>	<b>101%</b>

Development expenditure was incurred as detailed below;

Water Meters	Kshs. 8,022,882
Murinduko & Bluevalley Pipeline	Kshs.15,144,372
HFCK Line	Kshs. 63,998,209
<b>Total</b>	<b>Kshs. 87,165,463</b>

The above analysis reflects an overall under expenditure of Kshs.39,182,721 in the recurrent budget and an over expenditure of Kshs.41,261,863 in the development budget.

However, no valid and documented explanation was given as to why the Company did not contain its expenditure within the approved Income and Expenditure budget.

## 2. Cash and Cash Equivalents

The statement of financial position reflects a reconciled cash and cash equivalent balance of Kshs.75, 463,143 as at 30 June 2015. During the year under review, the Company operated eleven (11) bank accounts with a total bank balance of Kshs. 75,461,091 as shown below;

<b>Bank</b>	<b>Type of Account</b>	<b>Account Number</b>	<b>Balance as at 30 June 2015</b>
Krep Bank-	SME Safisan Current A/c	01007020003173	990,781
Nawiri Sacco	Savings Account	106200000316	3,129,705
Equity Bank	Current Account	0190299983034	3,666,406
Housing Finance (HFCK)	Current Account	704-0001646	46,847,222
Equity Bank	Savings Account	0190199982985	2,060,575
KCB Current Account	Current Account	1132827523	52,618
Co-operative Bank	Current Account	01120051114900	1,076,249
Co-operative Bank	Savings Account	01100051114900	11,781,935
Mpesa A/C	Paybill	808200	1,728,891
Coop Bank Exhauster	Current Account	01120051114901	3,915,389
Equity Kanyumbora Project	Current Account	190294767163	211,320
<b>Total Kshs.</b>			<b>75,461,091</b>

However, Note 15 to the financial statements shows that the Company spent Kshs. 460,271 as bank charges during the year. These high bank charges are due to the maintenance of the eleven (11) bank accounts, seven (7) of them being current.

Further, the balance in the statement of financial position of Kshs.75,463,143.00 differs with the bank certificates balance of Kshs.75,461,090.00 by an unexplained amount of Kshs.2,053.00

In the circumstances, it has not been possible to ascertain that the Company used prudent financial management aimed at reducing its finance costs as at 30 June 2015.

### **3. Unaccounted for Water (UFW)**

During the year under review, the Company produced 6,237,061 cubic metres (m<sup>3</sup>) of water at a production cost of Kshs.7.5 per cubic meter. However, records availed for audit verification indicated that only 3,245,168 m<sup>3</sup> was distributed and charged to the customers. The balance of 2,991,893 cubic meters or approximately 48% (2014:45%) of the total volume produced was not charged. Further, the Water Service Regulatory Board (WASREB) guidelines allows a maximum loss of 25% for every cubic meter (m<sup>3</sup>) of water produced and hence only 1,559,265 m<sup>3</sup> loss was allowed from the 6,237,061 cubic meters (m<sup>3</sup>) produced by the Company for the year ended 30 June 2015. The loss of 1,434,524 m<sup>3</sup> (23%) of water produced at a cost of Kshs.10,758,930.00 during the year under review was therefore non-allowable loss. Although the water production increased by 1,048,869 cubic meters from 5,188,192 cubic meters for the year ended 30 June 2014 to 6,237,061 cubic meters for the year ended 30 June 2015, the Company appears not able to deal with the loss of water.

In the circumstances, the significant level of unaccounted for water may negatively impact on the Company's profitability and its long term sustainability of services.

### **4. Non-Current Assets**

The Non-current assets balance of Kshs.337,437,347 as at 30 June 2015 includes land and buildings of Kshs.6,994,345 and Kshs.15,241,638 respectively whose ownership documents were not made available for audit review.

Further, seven (7) Motor Cycles registration numbers KMCW 013Z, KMCW 014Z, KMCB 500N, KMCW 322N, KMDH 389B, KMDH 429H and KMDH 719F logbooks were not made available for audit review.

In the circumstances, the ownership, safety and accuracy of the non-current assets balance of Kshs. 337, 437,347 as at 30 June 2015 could not be confirmed.

### **5. Trade and Other Receivables**

The Trade and Other Receivables increased by Kshs.39,274,377 (30%) from Kshs. 132,468,971 as at 30 June 2014 to Kshs.171,743,348 as 30 June 2015. Further, the trade and Other Receivables balance of Kshs.171,743,348 as at 30 June 2015 included Kshs.33,322,659 and Kshs.1,968,130 being KRA refunds and Cash loss respectively which has been outstanding for more than three (3) years and whose recoverability is doubtful. As a result, the accuracy and recoverability of the trade and other receivable balance of Kshs. 171,743,348 as at 30 June 2015 could not be confirmed.

## **6. Trade and Other Payables.**

The trade and other payables balance of Kshs.79, 243,198 as at June 2015 includes an amount of Kshs.7,500,000 attributed to payables inherited from the defunct Municipal Council of Embu which had not been supported and reconciled. Further, the Company has not provided supporting schedules for the taxation balance of Kshs. 7,860,611 reflected as part of current liabilities.

In addition, Note 22 to the financial statements shows that trade payables increased by Kshs. 12,290,896 from Kshs.23,233,477 as at 30 June 2014 to Kshs.35,524,373 as at 30 June 2015. Failure to clear its debts when they fall due may expose the Company to legal measures including withdrawing of credit services by the creditors.

In view of the foregoing, the accuracy and completeness of the trade and other payables balance of Kshs. 79, 243,198 as at 30 June 2015 could not be confirmed.

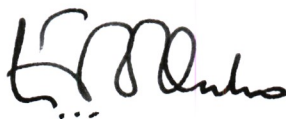
### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Embu Water and Sanitation Company as at 30 June 2015 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with both the Water Act, 2002 and the companies Act, Cap 486 of the Laws of Kenya.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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



**FCPA Edward R.O. Ouko, CBS**  
**AUDITOR – GENERAL**

**Nairobi**

**24 March 2016**



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**STATEMENT OF COMPREHENSIVE INCOME**

		<b>2014/2015</b>	<b>2013/2014</b>
		<b>Kshs</b>	<b>Kshs</b>
Tunover- Water And Sewage	5	235,274,938	208,230,398
Water Related Income	6	6,311,991	5,018,323
Sewerage Related Income	7	1,908,180	1,604,793
Other Incomes	8	11,134,815	2,233,614
<b>TOTAL INCOME</b>		<b><u>254,629,923</u></b>	<b><u>217,087,128</u></b>
<b>EXPENSES</b>			
Administration Expenses	9	22,397,893	21,004,717
Staff Emoluments	10	91,837,648	77,856,369
Board Expenses	11	9,238,858	7,218,819
Establishment cost	12	68,430,478	63,683,551
Maintenance & Production Cost	13	46,492,234	57,813,120
Other operating expenses	14	2,469,617	3,323,287
Finance costs	15	8,915,980	2,410,860
		<b><u>249,782,710</u></b>	<b><u>233,310,723</u></b>
<b>(Deficit) / Surplus for the year</b>		<b><u>4,847,214</u></b>	<b><u>(16,223,595)</u></b>



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**STATEMENT OF FINANCIAL POSITION**

	NOTES	2014/2015 KSHS	2013/2014 KSHS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	3	335,456,945	299,056,329
Intangible assets	25	1,980,401.92	1,433,387
<b>Total Non - Current Assets</b>		<b>337,437,347</b>	<b>300,489,717</b>
<b>CURRENT ASSETS</b>			
Inventory	17	4,252,323	1,570,827
Trade and Other Receivables	18	171,669,817	132,468,971
Cash and Cash Equivalents	19	94,531,802	30,971,312
<b>TOTAL CURRENT ASSETS</b>		<b>270,453,942</b>	<b>165,011,110</b>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	22	79,243,198	59,186,244
Taxation	24	7,860,611	7,860,611
<b>TOTAL CURRENT LIABILITIES</b>		<b>87,103,809</b>	<b>67,046,855</b>
<b>NET CURRENT ASSETS</b>		<b>183,350,134</b>	<b>97,964,255</b>
<b>TOTAL ASSETS</b>		<b>520,787,482</b>	<b>398,453,976</b>
<b>FINANCED BY</b>			
Share Capital	16	100,000	100,000
Capital Grants	30	293,100,270	245,349,718
Retained Earnings	27	5,681,513	834,298
Revaluation Reserve	21	150,665,469	150,665,469
		<b>449,547,251</b>	<b>396,949,485</b>
<b>NON- CURRENT LIABILITIES</b>			
Long Term Loans	26	71,240,231	1,504,491
		71,240,231	1,504,491
<b>TOTAL EQUITY</b>		<b>520,787,482</b>	<b>398,453,976</b>

The financial statements were approved by the Board of Directors on.10. /08./ 2015  
and signed on behalf by;

BOARD CHAIRMAN.....  .....DATE.....10.08.2015.....

DIRECTOR.....  .....DATE.....10.08.2015.....



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**STATEMENT OF CASHFLOWS**

	2014/2015	2013/2014
	Kshs	Kshs
<b>Surplus for the year</b>	<b>4,847,214</b>	<b>(16,223,595)</b>
Adjustments for :		
Re-instated Surplus	-	656,628.00
Depreciation	46,853,179	40,480,928
<b>Amortisation of intergible assets</b>	<b>848,744</b>	<b>614,309</b>
<b>Surplus before changes in working capital</b>	<b>52,549,137</b>	<b>25,528,269</b>
<b>Changes in working Capital</b>		
( Increase ) / Decrease in Trade and Other Receivables	(39,200,847)	(25,343,930)
Increase / ( Decrease ) in Trade & Other Payables	20,056,954	(2,151,610)
( Increase ) / Decrease in Trade Inventory	(2,681,496)	4,871,695
<b>Cash Generated from the Operating Activities</b>	<b>(21,825,389)</b>	<b>(22,623,845)</b>
<b>Net Cash Generated from Operating Activities</b>	<b>30,723,748</b>	<b>2,904,424</b>
<b>Investing Activities</b>		
Purchase of non- current assets	(83,253,795)	(30,195,655)
Purchase of Intergible assets	(1,395,759)	(930,506)
<b>Net Cash Generated from Investing Activities</b>	<b>(84,649,554)</b>	<b>(31,126,162)</b>
<b>Financing Activities</b>		
Motor vehicle loan (asset financing)	69,735,740	(2,186,443)
Grants	47,750,552	47,433,286
<b>Net Cash Generated from Financing Activities</b>	<b>117,486,296</b>	<b>45,246,843</b>
<b>Increase in Cash and Cash Equivalent</b>	<b>63,560,491</b>	<b>17,025,106</b>
<b>Cash and cash equivalent</b>		
At the start of the year	30,971,312	13,946,163
<b>At the end of the year</b>	<b>94,531,802</b>	<b>30,971,312</b>



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**STATEMENT OF CHANGES IN EQUITY**

STATEMENT OF CHANGES IN EQUITY

	Share Capital kshs	Revaluation Reserves kshs	Capital Grants kshs	Retained Earnings(Restated) kshs	Total kshs
At 01.07.2012	100,000	150,665,469		23,062,865	173,828,334
Surplus for the year	-	-	-	6,661,601	6,661,601
At 30.06.2013	100,000	150,665,469	197,916,432	16,401,264	167,166,733
At 01.07.2013	100,000	150,665,469	197,916,432	16,401,264	365,083,165
Surplus for the year				(16,223,595)	16,223,595
*Prior Year adjustment			47,433,286	656,628	48,089,914
AT 30.06.2014	100,000	150,665,469	245,349,718	834,297	396,949,484
At 01/07/2014	100,000	150,665,469	245,349,718	834,297	396,949,484
Total comprehensive income	-	-	47,750,552.00	4,847,214	52,597,765.70
At 30 /06/2015	100,000	150,665,469	293,100,270	5,681,511	449,547,251

**NB**

\* This refers to the stale cheques reversed after the year end in the year 2013/2014 . This is treated as per IAS 8



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2015**

**1. Statement of compliance and basis of preparation**

The trust's financial statements have been prepared in accordance with and comply with international financial Reporting Standards (IFRS). The financial statements are presented in Kenya shillings, which is the function and reporting currency of the Trust. The accounting policies have been consistently applied to all years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statement is prepared on accrual basis

**2. Summary of Significant accounting Policies**

**a) Revenue from non-exchange transactions with other government entities      Transfers from other government entities**

Revenues from non-exchange transaction are measured at fair value and recognized on obtaining control of the assets (cash, good, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**Revenue from exchange transactions**  
**Rendering of services**

The Company recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**Interest income**

Interest income is incurred using the effective yield method. The effective yield interest estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.



## **b) Taxes**

### **Income tax**

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Kenya.

### **Deferred tax**

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Sales tax**

Expenses and assets are recognized inclusive of the amount of sales tax, including:

>When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expenses item, as applicable

>When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **c) 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. 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 nominal consideration the asset is initially measured at its fair value.



**EMBU WATER AND SANITATION COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**Depreciation policy**

Freehold land	Nil	Water meters	12.5.0%
Buildings	2.5%	Computers and typewriters	30.0%
Furniture and equipment	12.5%	Workshop equipment	33.3%
Motor Vehicles	25.0%	Pipes and fittings	12.5%

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset and the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Research and development cost.**

The Company expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

**f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed over their estimated useful lives.



## **g) Financial instruments**

### **Financial assets**

#### **Initial recognition and measurement.**

Recognition and measurement are classified as financial assets at fair value through surplus or deficit, loan and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized costs is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

#### **Impairment of financial assets.**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payment.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)"

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.



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**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

**Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**i) Nature and purpose of reserves.**

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.



**j) 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.

**k) Employee benefits**

**Retirement benefit**

The Entity provides retirement benefits for its employees. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments reduce the post-employment benefit obligation.

**l) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**m) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the assets is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**n) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of Board of Trustee and key management are regarded as regarded parties.

**o) Cash and cash equivalents**

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

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or water bills collection agents.

**p) Comparative figures**

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

**q) Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure f contingent liabilities, at the end of



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the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

**Estimates and assumptions**

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

**Useful lives and residual values.**

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

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

**Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and the discounted to present value where the effect is material. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.



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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Office & Building	Motor Vehicles & Cycles	Computers & Peripherals	Equipment & Tools	Plant & Machinery	Fixture & Fittings	Water meters	Work in Progress	Totals
<b>As at 1.07.2013</b>	<b>6,694,345</b>	<b>17,404,633</b>	<b>13,836,663</b>	<b>6,131,984</b>	<b>44,230,674</b>	<b>66,019,038</b>	<b>276,239,437</b>	<b>9,528,141</b>	<b>-</b>	<b>439,084,806</b>
Additional	300,000.00	121,396.55	775,551.72	1,297,913.79	2,543,797.69	859,497.00	32,547,706.68	7,101,563.75	14,753,646.00	60,301,073.18
Disposals										
<b>TOTAL ASSETS</b>	<b>6,994,345.00</b>	<b>17,526,029.55</b>	<b>14,612,204.72</b>	<b>7,429,897.79</b>	<b>46,774,371.69</b>	<b>65,878,535.00</b>	<b>308,787,143.42</b>	<b>16,629,704.75</b>	<b>14,753,646.00</b>	<b>499,385,877.92</b>
<b>As at 1.07.2013</b>	<b>-</b>	<b>1,574,551</b>	<b>9,902,020</b>	<b>4,478,948</b>	<b>25,280,620</b>	<b>36,042,923</b>	<b>82,569,559</b>	<b>-</b>	<b>-</b>	<b>159,848,621</b>
Charge for the yr	-	398,786.97	1,177,546.31	885,285.00	2,686,718.93	3,729,451.50	28,277,198.01	3,325,940.95	-	40,480,927.66
<b>TOTAL ACC DEP</b>	<b>-</b>	<b>1,973,337.87</b>	<b>11,079,565.81</b>	<b>5,364,232.80</b>	<b>27,967,339.18</b>	<b>39,772,374.50</b>	<b>110,846,757.35</b>	<b>3,325,940.95</b>	<b>-</b>	<b>200,329,548.45</b>
<b>As at 30.06.2014</b>	<b>6,994,345.00</b>	<b>15,552,691.68</b>	<b>3,532,638.92</b>	<b>2,065,664.99</b>	<b>18,807,032.51</b>	<b>26,106,160.50</b>	<b>197,940,386.07</b>	<b>13,303,763.80</b>	<b>14,753,646.00</b>	<b>299,056,329.47</b>
<b>As at 30.06.2013</b>	<b>6,694,345</b>	<b>16,830,082</b>	<b>3,934,634</b>	<b>2,770,226</b>	<b>18,949,964</b>	<b>28,976,115</b>	<b>193,669,877</b>	<b>9,528,141</b>	<b>30,105,418</b>	<b>280,363,374</b>
<b>As at 01.07.2014</b>	<b>6,994,345.00</b>	<b>17,526,029.55</b>	<b>14,612,204.72</b>	<b>7,429,897.79</b>	<b>46,774,371.69</b>	<b>65,878,535.00</b>	<b>308,787,143.42</b>	<b>16,629,704.75</b>	<b>-</b>	<b>499,385,877.92</b>
Additional	-	-	4,743,259.66	1,613,679.52	2,217,444.84	818,928.62	80,591,243.10	8,022,885.36	0	98,007,441.10
<b>TOTAL ASSETS</b>	<b>6,994,345.00</b>	<b>17,526,029.55</b>	<b>19,355,464.38</b>	<b>9,043,577.31</b>	<b>48,991,816.53</b>	<b>66,697,463.62</b>	<b>389,378,386.52</b>	<b>24,652,590.11</b>	<b>-</b>	<b>582,639,673.02</b>
Dep as at (01.07.2014)	-	1,973,337.87	11,079,565.81	5,364,232.80	27,967,339.18	39,772,374.50	110,846,757.35	3,325,940.95	-	200,329,548.45
Charge for the year	-	311,053.83	2,068,974.64	1,103,803.35	2,628,059.67	3,365,036.14	34,816,453.65	2,559,197.90	-	46,853,179.19
<b>TOTAL ACC DEP</b>	<b>-</b>	<b>2,284,391.70</b>	<b>13,148,540.45</b>	<b>6,468,036.15</b>	<b>30,595,398.85</b>	<b>43,138,010.64</b>	<b>145,663,211.00</b>	<b>5,885,138.85</b>	<b>-</b>	<b>247,182,727.64</b>
<b>As at 30.06.2015</b>	<b>6,994,345.00</b>	<b>15,241,637.85</b>	<b>6,206,923.93</b>	<b>2,575,541.16</b>	<b>18,396,417.68</b>	<b>23,559,452.98</b>	<b>243,715,175.52</b>	<b>18,767,451.26</b>	<b>-</b>	<b>335,456,945.38</b>
<b>As at 30.06.2014</b>	<b>6,994,345.00</b>	<b>15,552,691.68</b>	<b>3,532,638.92</b>	<b>2,065,664.99</b>	<b>18,807,032.51</b>	<b>26,106,160.50</b>	<b>197,940,386.07</b>	<b>13,303,763.80</b>	<b>14,753,646.00</b>	<b>299,056,329.47</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTD...)**

**4. THE WATER SECTOR REFORMS**

Pursuant to the requirements of the Water Act 2002, the Government of Kenya (GoK) has placed all the water assets and liabilities in the whole country under the management of Regional Water Services Boards.

In line with these countrywide reforms, the EMBU Water & Sanitation Company (EWASCO) has signed a service provision agreement with the Tana Water Services Board (TWSB).

5. ( a ) TURNOVER	2014/2015	2013/2014
	Kshs	Kshs
Total turnover	235,274,938	208,230,398
<b>6 <u>Water Related Income</u></b>		
New connections application fee	434,700.00	436,100
Meter testing	573,120.00	244,885
Illegal connections	20,910.00	8,940
Terminations	226,300.00	205,575
Reconnections	2,141,100.00	1,897,310
Labour charges	1,308,595.00	1,261,180
Interest on savings	1,172,904.66	491,989
Miscellaneous	434,361.00	472,344
	<b>6,311,991</b>	<b>5,018,323</b>
<b>7. <u>Sewerage Related Income</u></b>		
Exhauster services & Sewer connection fee	<b>1,908,180.00</b>	<b>1,604,793.00</b>
Sewer connection fee		
<b>8 <u>Other Incomes</u></b>		
Tender fees	88,000	31,000
Insurance Compensation	363,574	1,109,119
Training Refund	169,200	
Materials Charges	10,514,041	1,093,495
	<b>11,134,815</b>	<b>2,233,614</b>
	<b>13,042,995</b>	<b>3,838,407</b>
<b>TOTAL REVENUE</b>	<b>254,629,923</b>	<b>217,087,128</b>
<b>9 ADMINISTRATION EXPENSES</b>		
Provision for Audit Fees	653,431	464,000
Consultancy fee	296,280	1,340,333
Company Secretarial Services	61,859	324,068
TWSB Agency Fee	7,638,257	6,952,906
Lease Levy	9,658,195	8,691,133
Waspa meetings	390,758	246,750
Subscriptions	293,220	256,000
Meetings (twsb, wasreb & hosting doners)	761,593	751,600
Software Maintenance and upgrading	458,489	226,540
Legal Expenses	148,610	13,165
WASREB-L Regulation fee	2,037,200	1,738,222
<b>TOTAL</b>	<b>22,397,893</b>	<b>21,004,717</b>



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<b>10 Staff Emoluments</b>		
Salaries	66,962,036	60,925,088
Casual Wages	73,111	151,292
Staff Medical Expenses	3,395,422	1,284,175
Staff cba Expense	567,445	198,300
Staff Subsistence	1,518,053	1,351,407
Staff benchmarking	2,621,864	996,310
Employer Contribution-Pension	5,608,692	4,534,305
Staff armenties	932,205	967,129
Provisison for gratuity	2,519,957	2,063,242
Staff Training	4,002,480	2,447,571
Staff End of the Year Party	608,920	500,200
Staff Uniforms	488,161	525,859
Staff Motivation	354,000	-
Staff Sports	2,185,304	1,911,491
	<b>91,837,648</b>	<b>77,856,369</b>
<b>11 Board Expenses</b>		
Directors Allowances	4,299,462	3,669,216
Other Expenses(travelling,training,meals)	4,251,302	2,724,650
AGM Expenses(and Shareholders conference)	688,095	824,953
	<b>9,238,858</b>	<b>7,218,819</b>
		-
<b>TOTAL ADMINISTRATION COSTS</b>	<b>123,474,400</b>	<b>106,079,905</b>
<b>12 ESTABLISHMENT COSTS</b>		
Office Rent	1,256,000	1,352,086
Building Repairs and Maintenance	644,372	426,460
Computer Expenses	1,223,369	1,071,859
Insurance	2,547,992	2,153,213
Security	1,869,143	1,526,894
Utility(water&electricity)	1,275,218	1,433,230
Motor Repairs	3,430,638	2,610,922
Fuel and Oil	3,486,569	3,456,439
Postage and Delivery	428,274	351,983
Telephone	953,587	736,681
Travelling,Subsistence	-	89,320
Printing and Stationery	1,020,652	774,066
Corporate Responsibility	553,760	543,562
General office Expenses	444,815	79,632
Provision for Doubtful debts	917,522	5,740,512
Transport costs	676,644	241,456
Depreciation	46,853,179	40,480,928
Amortisation for Intergible Assets	848,744	614,309
<b>TOTAL ESTABLISHMENT EXPENSES</b>	<b>68,430,478</b>	<b>63,683,551</b>
<b>13 Maintenance &amp; Production Cost</b>		
Water chemical treatment	7,515,165	9,942,969
GIS Maintenance	422,221	385,642
Quality Test	1,181,204	1,384,458
Water supply system repairs	24,677,963.29	14,587,850
Non revenue expenses	460,660	806,252
Sewer expenses	1,899,616	1,214,442
Jica line expenses	-	53,131
project Administration	1,751,754	1,608,894
Safisan Subsidy & Administration	5,216,127	25,163,301
WARMA Abstraction fee	3,367,525	2,666,181
<b>Total Maintenance &amp; Production cost</b>	<b>46,492,234</b>	<b>57,813,120</b>
<b>14 Other operating expenses</b>		
Cleaning and hygiene	950,561	1,041,673
Photocopier expenses	221,276	46,291
Advertising and promotion	440,043	722,088
World water day Ask expenses	144,650	220,524
Entertainment	523,027	1,101,671
Newspapers and periodicals	190,060	191,040
<b>Total</b>	<b>2,469,617</b>	<b>3,323,287</b>
<b>15 Finance costs</b>		
HFCK loan expenses	1,094,341	894,300
Asset financing interest	169,475	336,898
Interest charges	7,191,893	255,588
Kiambi loan interest	0.00	599,710
Bank charges & mpesa	460,271	324,364
<b>TOTAL</b>	<b>8,915,980</b>	<b>2,410,860</b>
<b>TOTAL EXPENDITURE</b>	<b>249,782,710</b>	<b>233,310,723</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>4,847,214</b>	<b>(16,223,595)</b>



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	Kshs	Kshs
<b>16 CAPITAL</b>		
Authorised		
5000 ord. Shares of ksh.20 each	100,000	100,000
Issued and fully paid up		
5000 ord. Shares of ksh.20 each	100,000	100,000
<b>17 INVENTORY</b>		
Pipes & Fittings and Chemicals	4,252,323	1,570,827
<b>18 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	133,069,043	114,810,250
Less: Specific provision for Bad Debts		-
General provision for Doubtful Debts	917,522	5,740,513
Net Trade Debtors	132,077,991	109,069,738
Prepaid Insurance	1,512,036	1,289,638
KRA Refund	33,322,659	18,682,515
TWSB	659,225	659,225
Salary, medical & Business Advance	1,095,708	324,222
WASREB	6,225	6,225
Cash Loss	1,968,130	1,968,130
JICA Project	359,278	359,278
Embu county others	668,565	110,000.00
<b>Total Trade &amp; other Receivables</b>	<b>171,669,817</b>	<b>132,468,971</b>
<b>19 CASH AND CASH EQUIVALENTS</b>		
Equity Current Account	3,666,406	429,881
Equity Savings Account	2,060,575	1,477,726
Coop Exhauster a/c	3,915,389	774,093
WSTF Murinduku	-	834,959
WSTF Blue valley	-	51,708
Safisan KREP A/C	990,780	2,364,449
Cash at Hand	75,586	12,363
Coop Saving Account	11,781,935	7,260,598
Nawiri Saving Account	3,129,705	531,637
MPESA	1,728,891	234,541
Equity Current Project Account	211,319	764,980
KCB Current Account	52,618	
Coop Current Account	1,076,249	2,807,334
HFCK Account	46,847,222	-
KCB Fixed deposit Account	14,450,001	13,427,043
Coop Fixed Deposit Account (Gratuity)	4,545,127	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>94,531,802</b>	<b>30,971,312</b>



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<b>21 REVALUATION ACCOUNT</b>	<b>150,665,469</b>	<b>150,665,469</b>
<b>22 TRADE PAYABLES AND ACCRUALS</b>		
Customer deposits & direct deposit not received	43,718,825	35,952,767
Trade payables	35,524,373	23,233,477
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>79,243,198</b>	<b>59,186,244</b>
<b>24 TAXATION</b>		
Balance B/F	7,860,611	7,860,611
Provision for the year		-
	7,860,611	7,860,611
<b>25 INTAGIBLE ASSETS</b>		
<b>COST</b>		
At July 2014	3,647,942	2,717,436
Additional	1,395,759	930,506.4
As at June 2015	5,043,701	3,647,942
<b>AMORTISATION</b>		
At July 2014	2,214,555	1,600,246
Charge for the Year	848,744	614,309
At June 30	3,063,299	2,214,555
<b>NET BOOK VALUE</b>		
At June 30	<b>1,980,402</b>	<b>1,433,387</b>
<b>26 LONG TERM LOAN</b>	<b>71,240,231</b>	<b>1,504,491</b>
<b>27 REVENUE RESERVES</b>		
Bal as at 1st July 2014	834,298	17,057,893
Profit for the year	4,847,214	16,223,595
Taxation		0
	<b>5,681,511.63</b>	<b>834,298</b>
<b>28 NUMBER OF EMPLOYEES</b>		
The number of employees as at 30th June 2015 was 123 (2014: ) 120		
<b>29 INCORPORATION</b>		
EMBU Water & Sanitation Company (EWASCO) is incorporated under The Companies Act Cap 486, of the Laws of Kenya.		
<b>30 CAPITAL GRANTS</b>		
Bal as at 1/7/2014	245,349,718	197,916,432
WSTFsafsans Donation	47,750,552	47,433,286
	<b>293,100,270</b>	<b>245,349,718</b>