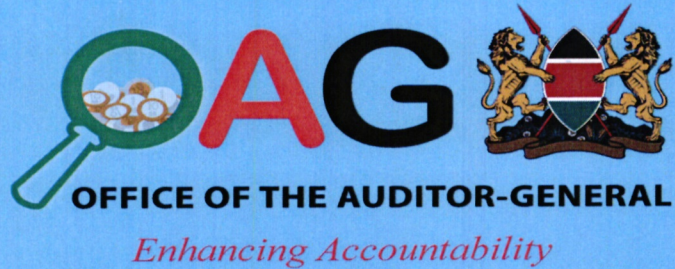


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

**KIAMBU WATER AND SEWERAGE
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2022**

1 1 1





**KIAMBU WATER & SEWERAGE COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

TABLE OF CONTENTS:

I. KEY COMPANY INFORMATION	iv
II. BOARD OF DIRECTORS	vii
III. MANAGEMENT TEAM	x
IV. CHAIRMAN’S REPORT	xii
V. MANAGING DIRECTOR’S REPORT	xiii
VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022	xiv
VII. CORPORATE GOVERNANCE STATEMENT	xvi
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xix
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxiv
X. REPORT OF THE DIRECTORS	xxvii
XI. STATEMENT OF DIRECTORS’ RESPONSIBILITIES	xxviii
XII. REPORT ON THE INDEPENDENT AUDITORS ON KIAMBU WATER & SEWERAGE COMPANY LIMITED	xxix
XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022.	1
XIV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022.....	2
XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022.....	3
XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2022.....	4
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2022.....	6
XVIII. NOTES TO COMPARATIVE BUDGET	9
XIX. NOTES TO THE FINANCIAL STATEMENTS	12
APPENDIX.....	40
1. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATION	40

I. KEY COMPANY INFORMATION

Background Information

Kiambu Water & Sewerage Company Ltd (KIWASCO) was incorporated under the Companies Act (Cap. 486) in 2004. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya.

Principal Activities

The principal activity of Kiambu Water and Sewerage Company is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County. The company's vision is "To be the leading provider of water & sewerage services in Kenya" and her mission is "To provide quality, affordable and sustainable water & sewerage services through efficient and effective utilization of resources in an environmentally friendly manner and to meet and exceed the expectations of our customers & other stakeholders. In order for the company to achieve its objectives its guided by the following core values: Integrity, Teamwork, Commitment, Professionalism, Accountability, Equity and Creative innovation.

Directors

The directors who served the company during the year ended June 30th 2022 were as follows;

1. Prof. Bernard Njoroge – Board Chairman – Appointed on 12/04/2018.
2. Jennifer Musyoki – Chief Officer – County Government of Kiambu Representative
3. Josephine W. Muritu – Company Secretary- – Appointed on 12/04/2018.
4. Prof. Steven G. Njuguna – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
5. Mr. James Gitau Muriuki – Board Member – Appointed on 12/04/2018.
6. Samuel G. Njuguna – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
7. Eng. Andrew G. Muigai – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
8. Mrs. Emmah W. Ng'ang'a – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
9. Mr. Ndungu Wa Munywe – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
10. Mr. Dominic Gachanja – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
11. Solomon Wairiri Waweru – Board Member – Appointed on 12/04/2018 & Left on 28/02/2022.
12. Dr. Martin Njogu – Board Member – Appointed on 12/04/2018.
13. James Githu Muiruri – Board Member – Appointed on 14/02/2022.
14. Zacharia Gitau – Board Member – Appointed on 14/02/2022.
15. Charles Gikonyo – Board Member – Appointed on 14/02/2022

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Corporate Secretary

Josephine Muritu,
P.O. Box 2344-00900,
Kiambu, Kenya

Registered Office

Ministry of Water and Irrigation Offices,
Off Biashara Street, Kiambu Town.
P.O. Box 409-00900,
Kiambu, Kenya

Corporate Headquarters

Ministry of Water and Irrigation Offices,
Off Biashara Street, Kiambu Town.
P.O. Box 409-00900,
Nairobi, Kenya

Corporate Contacts

Tel: 020 2133977; 0716 452238

Email: Kiwasco.water@gmail.com; info@kiambuwater.com

Website: www.kiambuwater.com

Corporate Bankers

Post Bank- Kiambu branch
Head Office
P.O. Box 30311-0100
Nairobi, Kenya

Family Bank- Kiambu branch
Head Office
P.O. Box 74145-00200
Nairobi, Kenya

National Bank of Kenya
Kiambu Branch
P.O. Box 2090-00900
Kiambu, Kenya

Equity Bank-
Kiambu branch
P.O. Box 783-00900
Kiambu, Kenya

Safaricom M-Pesa money transfer service
Paybill No. 885100

Kenya Commercial Bank-
Kiambu branch
P.O. Box 81-00900
Kiambu, Kenya

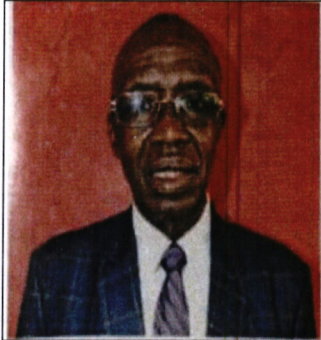


Independent Auditors

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

Principal Legal Advisers

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

II. BOARD OF DIRECTORS

	<p>1.Name: Prof. Eng. Bernard Njoroge 2.Position: Board Chairman 3.Date of Birth: 1956 4.Date of Appointment: 2018 5.Qualification: Ph. D Duke University (U.S.A); M.Sc. New Castle Upon Tyne (U.K); B.Sc.(U.O.N.), Civil Engineering Eng.; M.I.E.K. 6.Work Experience: DVC Finance University of Nairobi, U.O.N Professor Faculty of Engineering from year 2002</p>
	<p>1.Name: Jennifer Kanini Musyoki 2. Position: Director 3.Date of Birth: 29/07/1984 4.Date of Appointment: 29th July 2020 5.Qualification: MBA (Strategic Management); BSc Civil Engineering 6.Work Experience: Previously worked as a Water & Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd. Currently working as the Chief Officer in the Department of Water, Environment, Energy and Natural Resources.</p>
	<p>1.Name: Mr. James Gitau Muriuki 2.Position: Director (Chairman, Finance & Administration Committee) 3.Date of Birth: 1956 4.Date of Appointment: 2018 5.Qualification: Bachelor of Science in Chemistry/Biochemistry, Msc. Environmental Health Engineering 6.Sector: Representative of Water Consumers 7.Work Experience: Ministry of Water and Irrigation, Technical Consultant on Water and Waste water Treatment and Quality Analysis; Environmental Audits, Environmental Impact Assessments (EIA).</p>



- 1. Name:** James Githu Muiruri
- 2. Position:** Director
- 3. Date of birth:** 24/08/1978
- 4. Date of appointment:** 16th feb 2022
- 5. Qualifications:** master of arts Public policy and Management
Kenyatta University ongoing
Bachelors of arts in leadership & management St Paul's University
Certified and accredited mediator of the high court
Certificate in domestic arbitration - chartered institute of arbitrators
London
Certified human resource professional
- 6. Membership of professional bodies:** chartered institute of arbitrators
Institute if human resource professionals
Institute of directors [Kenya]
- 7. Work experience:** a director Mhasibu Sacco society Ltd
Accredited mediator of the high court- judiciary
Hr cinsand trainer in change management, strategic
leadership,corporate governance, workplace mediation
Team leadership



- 1.Name:** Zacharia K. Gitau
- 2.Position:** Director
- 3.Date of Birth:** 01-07-1978
- 4.Date of Appointment:** 2022
- 5.Qualification**
 - Strategic Leadership Development Program
 - Senior Management Course
 - Certified Public Accountant of Kenya-CPA(K)
 - BCom (Finance)
- 6.Work Experience-**Accounting and Finance experience spanning from 2003.
 - 2021 – Chief officer in charge of Revenue, Supply Chain Management and ICT- Kiambu County Government.
 - 2020-Chief officer in charge of Trade and Industrialization- Kiambu County Government
 - 2013- Accountant at the National Treasury where the current reporting framework was introduced and was part of team that introduced IPSAS in the public Sector entities. Team leader for SAGAs reporting on IPSAS Accrual and IFRS.
 - 2009 as an Accountant at Ministry for Special Programs.

**Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022**

	<p>1. Name: Charles Gikonyo 2. Position: Director 3. Date of Birth: 1977 4. Date of Appointment: 29TH JULY 2020 5. Qualifications:</p> <ul style="list-style-type: none"> • BA Government & Public Administration • Certified Public Secretary • Chartered Institute of Purchasing & Supplies (UK) <p>6. Experience</p> <ul style="list-style-type: none"> • Previously practiced as a Certified Public Secretary. • Current Chief Officer – Administration & Public Service
	<p>1. Name: Mr. Boniface Mbugua Kabue 2. Position: Acting Managing Director 3. Area of Training: Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K). 1. Age: 49 Years 2. Working experience: Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.</p>
	<p>1. Name: Josephine W. Muritu 2. Position: Company Secretary 3. Date of Birth: 10/06/1974 4. Date of Appointment: 2018 5. Qualification: LLB (UoN) 6. Work Experience: Worked with Kiambu County Government Senior Legal Counsel, Assistant Director (Quality Assurance, compliance and Accreditation), Assistant Commission Secretary (Legal Affairs), Assistant Counsel Mwaniki & Company Advocates, Counsel Musyimi & Company Advocates</p>

III. MANAGEMENT TEAM

	<p>Acting Managing Director: Name: Mr. Boniface Mbugua Kabue Area of Training: Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K). Age: 50 Years Working experience: Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.</p>
	<p>Technical Manager: Name: Ms. Beth Wanjiru Muigai Area of Training: Bachelor of Science in Water and Environmental Engineering; Master of Business Administration (Strategic Management Option). Age: 40 Years Working experience: Western Water Services Company; Kiambu Water and Sewerage Company.</p>
	<p>Accountant: Name: Gideon K. Ndichu Area of Training: Bachelor of Commerce (Finance Option), Certified Public Accountant (CPA-K). Age: 38 Years Working Experience: Africa Harvest Biotech Foundation International, Bradegate Poultry Industries, Kiambu water & Sewerage company Ltd.</p>
	<p>Procurement Officer: Name: Collins Maina Area of Training: Bachelor of Commerce (Marketing), Foundation Diploma – Chartered Institute of Purchasing and supply UK Age: 35 Years Working Experience: Ministry of health (Kenya National blood transfusion service), Kiambu water and Sewerage Company Ltd</p>
	<p>Commercial Officer: Name: Joachim K. Wambuku Area of Training: Bachelor of Business management, Certified Public Accountant (CPA – K), Diploma in Business management. Age: 40 Years Working Experience: Waterblue Ltd, Kilele Shuttle Ltd, Elysian Consultants Ltd, Kiambu Water and Sewerage Company Ltd.</p>

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022



Name: Josphine W. Muritu
Position: Company Secretary
DoA: 2018
Qualification: LLB (UoN)
Work Experience: Worked with Kiambu County Government Senior Legal Counsel, Assistant Director (Quality Assurance, compliance and Accreditation), Assistant Commission Secretary (Legal Affairs), Assistant Counsel Mwaniki & Company Advocates, Counsel Musyimi & Company Advocates

IV. CHAIRMAN'S REPORT

The year 2021/2022 marked great milestones in the life of Kiambu Water and Sewerage Company. There was notable growth in water coverage and infrastructure development. The customer base grew, revenue base grew and non-revenue water levels reduced. There was incremental growth in water coverage.

During the year the company achieved a ranking of 26 out of the 87 utilities which was a great achievement in comparison to 2019/2020 where the company was ranked at position 30. We make a commitment to continually improve service delivery to our customers. We also call upon our customers to continue supporting the company through feedback and timely payment of water bills.

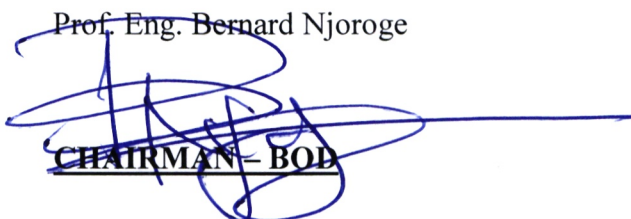
We are committed to offer efficient water and sewerage services to our customers through the improvement and extension of water and sewerage infrastructure. We are continuously developing plans, and sourcing financial support for their implementation.

The company experienced low water production due to adverse effects of weather and prolonged dry periods, high cost of production inputs, vandalism of infrastructure, and lack of capital for infrastructure development. Our outlook into the future shows increased water and sewer coverage, improved access and coverage and sustainability of the environment from which we draw our water resources.

We acknowledge the cordial relations and good working relationship between the company and key stakeholders like the County Government of Kiambu, Water Services Regulatory Board, Athi Water Works Development Agency, and other partners.

Our staff members have continued to play a pivotal role in ensuring that we meet our set goals. I most sincerely thank them and urge them to continue serving the company with diligence.

Prof. Eng. Bernard Njoroge



CHAIRMAN - BOD

V. MANAGING DIRECTOR'S REPORT

Kiambu Water & Sewerage Company Ltd (KIWASCO) was incorporated under the Companies Act (Cap. 486) in 2004 and is an appointed agent of The County Government of Kiambu to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County. The population for the service area is currently estimated at 153,381 residents where 122,310 residents are served by the company. Our sources of water are 12 Boreholes, Riara and Kamiti surface water sources and one sewerage treatment plant. The total water production per day is approximately 9,200 m³ against a demand of 15,000 m³ per day. The water production is supplemented by supply from Nairobi City Water and Sewerage Company.

We also have 12 self – help water projects & several individual borehole owners who supplement the water supply to our esteemed customers. Currently, Water Service Coverage (% of population Served with clean & safe drinking water) is at 70%. The year saw progressive growth in the number of customers, water sales revenue, and coverage. The company used internally generated resources to extend water supply networks in underserved areas.

Water production increased by 4.5% which was as a result of reduction in non-revenue water from 35% (2020/2021) to 30% (2021/2022). During the same period billing grew by 11%. This was as a result of growth in customer base and water loss reduction measures.

The company reported a surplus of Kshs. 37,262,545 (2021/2022) which was an increase in surplus by Kshs. 38,930,873. In 2020/2021 the company had reported a deficit of Kshs. 1,668,330. During the year the company received donation from Kamindi Supermarket and Kirigiti Thathi-ini Water project of Kshs. 30,000 and Kshs. 10,000 respectively for partnering with the company for a greener and secure county. The company also received a grant income of Kshs. 40,017,053 from Water Sector Trust Fund under Conditional Liquidity Support Grant to finance O&M Costs for service delivery, and to support COVID-19 emergency response interventions during the period when the country was hardly hit by Corona Virus Pandemic.

The realisation of the company's targets has been hampered by lack of funds to develop infrastructure, inadequate water supply, high levels of non-revenue water, and high operational costs.

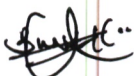
During the 2021/2022 financial year, there was marked progress in the implementation of the ongoing water and sewer upgrade project by Athi Water Works Development Agency, funded by The African Development Bank which was 75% complete. The realisation of this project and other internally funded projects will improve on the water and sewerage coverage, hours of supply and operational efficiency.

The company recognises the need for sustainable environmental conservation to secure water sources. To this more than 5,000 trees were grown in the water catchment areas.

As we look into the future, we hope to attain 90% water coverage, 42% sewerage coverage and 24-hour water access over the next five years.

We appreciate the critical role played by our customers, shareholders and partners in actualising the objectives of the company.

Boniface Mbugua Kabue



Managing Director

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
 FOR FY 2021/2022**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government company's performance against predetermined objectives.

Kiambu Water & Sewerage Company Limited has 10 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Water Service Coverage
- Pillar 2: Sewerage Coverage
- Pillar 3: Water Quality
- Pillar 4: Hours of Supply
- Pillar 5: Personnel Expenditure in comparison to total O & M cost
- Pillar 6: O & M cost coverage
- Pillar 7: Revenue Collection Efficiency
- Pillar 8: Unaccounted for water
- Pillar 9: Staff Productivity
- Pillar 10: Metering Ratio

Kiambu Water & Sewerage Company Limited develops its annual work plans based on the above 10 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. KIWASCO achieved its performance targets set for the FY 2021/2022 period for its 10 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Water Service Coverage (% of population Served with clean & safe drinking water)	To attain 90 % water coverage from the current 69%	>90%	Increase connectivity to un served and underserved areas	70%
Sewerage Coverage (% of population with adequate Sanitation Facilities)	To attain 75% sewerage coverage	50%	Increase sewerage connectivity. This will be fully achieved when the Kiambu-Ruaka Sewerage system is fully implemented.	12%
Water Quality (Total number of tests carried out/number of tests planned according to Guideline and standards)	To attain a 100 % water quality.	>95%	Increase on the number of water quality tests	98%
Hours of Supply (Total Hours of Supply per month/30 days)	To attain 24 Hours of Supply	>22 Hours	Increasing water production.	18 Hours

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Personnel Expenditure as a percentage of O & M cost	To attain recommended 20% from the current 31%	<20%	Increase in water and sewerage distribution networks.	34%
O & M Cost Coverage %	To attain 150 % from the current 97%.	>150%	Increase in number of connections so as to increase on the monthly billing.	99%
Revenue Collection Efficiency	To attain 98 % collection efficiency from the current 95%	>95%	Disconnection of non-paying customers as well as issuing them with payment demand letters.	92%
Unaccounted for water (Water Produced/ Water Billed)	To attain a 25 % NRW from the current 30%	<25%	Replacement of dilapidated pipeline infrastructure, replacement of old consumer meters.	30%
Staff Productivity (Staff per 1000 connections)no.	To attain a staff productivity of 5 employees per 1,000 connections.	<5	Increase the number of active water & sewerage connections.	6
Metering Ratio (Number of metered and operational ratios/ total number of connections)	To retain a meter ratio of 100%	100%	Ensuring all new connections are metered	100%

VII. CORPORATE GOVERNANCE STATEMENT

Kiambu Water and Sewerage Company is a semi-autonomous company in accordance with the provisions of the Water Act 2002. The company is governed by a Board of Directors (BOD). Below the BOD, is the Managing Director (MD), followed by the top - management then, heads of departments. This is followed by other members of staff. The BOD including the MD have signed a Code of Conduct and the tenets therein, are adhered to as appropriate.

The BOD is directly accountable to the shareholders and every year the company holds an annual general meeting (AGM), the directors provide a report to shareholders on the performance of the company and its future plans. The objects of the company are defined in the Memorandum of Association and regulations are laid out in the Articles of Association. The board of directors' key purpose is to ensure the company is meeting its obligations by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the BOD deals with challenges the company is facing, and issues relating to corporate governance, corporate social responsibility and corporate ethics.

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Below is a schedule of the Board meetings held during the year;

Name	Date of Meeting												ATTENDANCE	
	16/9/21	29/9/21	3/11/21	4/11/21	10/11/21	6/12/21	10/12/21	10/2/22	22/02/22	31/03/22	7/4/22	6/6/22	Days Present	Days Absent
Prof. Bernard Njoroge	√	√	√	√	√	√	√	√	√	√	√	√	12	0
Emma Nganga	√	X	√	√	√	√	√	√	√				8	1
Prof. Stephen Njuguna	√	√	√	√	√	√	√	X	X				7	2
Samuel Gatama	√	√	√	√	√	√	√	√	√				9	0
James Muriuki	√	√	√	√	√	√	√	√	√	√	√	√	12	0
Eng. Andrew Muigai	√	√	√	√	√	√	√	√	√				9	0
Dominic Gachanja	√	√	√	√	√	√	√	√	√				9	0
Ndungu Wa Munywe	√	X	√	√	√	√	√	√	√				8	1
Bishop Solomon Waweru	√	√	√	√	√	√	√	√	√				9	0
Jennifer Musyoki	√	√	√	√	√	√	√	√	√	√	√	X	11	1
David Kuria	√	√	√	√	√	√	√	√	√	√	√	X	11	1
Martin Njogu	√	X	√	√	√	√	√	X	X				6	3
James Githu Muiruuri										√	√	√	3	0
Charles Gikonyo										√	√	√	3	0
Zachary Gitau										√	√	√	3	0
John Kinuthia												√	1	2

During the year the County Government of Kiambu appointed Independent board of directors. The duties and role of the Board of Directors are as stipulated in the Board Charter which includes the following:

- Strategic Management
- Identification and management of risks
- Company's financial oversight
- Succession planning and evaluation of management performance
- Oversight of communications and public disclosure
- In charge of corporate Governance

The following Board committee have been established with specific duties and meet quarterly as minimum

- Audit & Risk Management Committee
- The Finance and ICT Committee
- Technical Committee;
- Human Resource and Administration Committee

The remuneration of Directors is determined by the annual general meeting within the maximum approved by shareholders guided by the Government of Kenya Regulations (Water Services Regulatory Board) from time to time. The Chairman will be paid a monthly honorarium of Kshs. 46,000/-. monthly telephone allowance of Kshs. 10,000/-. The Chairman will be paid a sitting allowance of Kshs. 25,000 while attending Board meetings and other functions, workshops and trainings sponsored by the Company. While attending a meeting or such function within Kiambu County and its environs, the Chairman will be paid a lunch allowance of Kshs. 3,000 and transport allowance of Kshs. 2,000/-. Directors will be paid a sitting allowance of Kshs 20,000.00 while attending Board and committee meetings, and other functions, workshops and trainings sponsored by the Company. Where the meeting or function is within Kiambu County, the Directors will be entitled to a lunch allowance of Kshs 3,000.00 (where no lunch is provided) and transport allowance of Kshs 2,000.00.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Kiambu Water & Sewerage Company Limited management discussion and analysis provides an overview of the Company's financial and operational activities for the year ended June 30, 2021. The discussion also comprises of comparative performance for the last five years the current year being inclusive. Below are management discussions in relation to:

a) Projects:

ONGOING PROJECTS:

- i) AWWDA completed in June 2022 8km assorted diameters of Thindigua water line. The project is under testing awaiting handing over.
- ii) Kiambu water pipelines to be installed under the Kiambu -Ruaka sewer project which is at 75% completion (The contractor installed 80 % of Kangoya tank- Mwandus line in January 2021- 500m of this line not done on private land as compensation has not been done. Pending works Gatitu Ndumberi line and Riabai connection to Nairobi Water mains.
- iii) Kiambu – Ruaka sewerage project which is at 80% implementation, outstanding component of this project is Kirigiti laterals and construction of Riara trunk out connecting to NCWSC. Completed works in this project includes: (i). 7km sewer laterals in Kiamumbi, (ii)8 km sewer laterals in Thindigua, (iii) 3km sewer laterals in Rockline, (iv) 5 Km in Kiu sewer trunk, (v) 5 km Kigwa sewer trunk and (vi) 9 km Kasaraine sewer trunk.

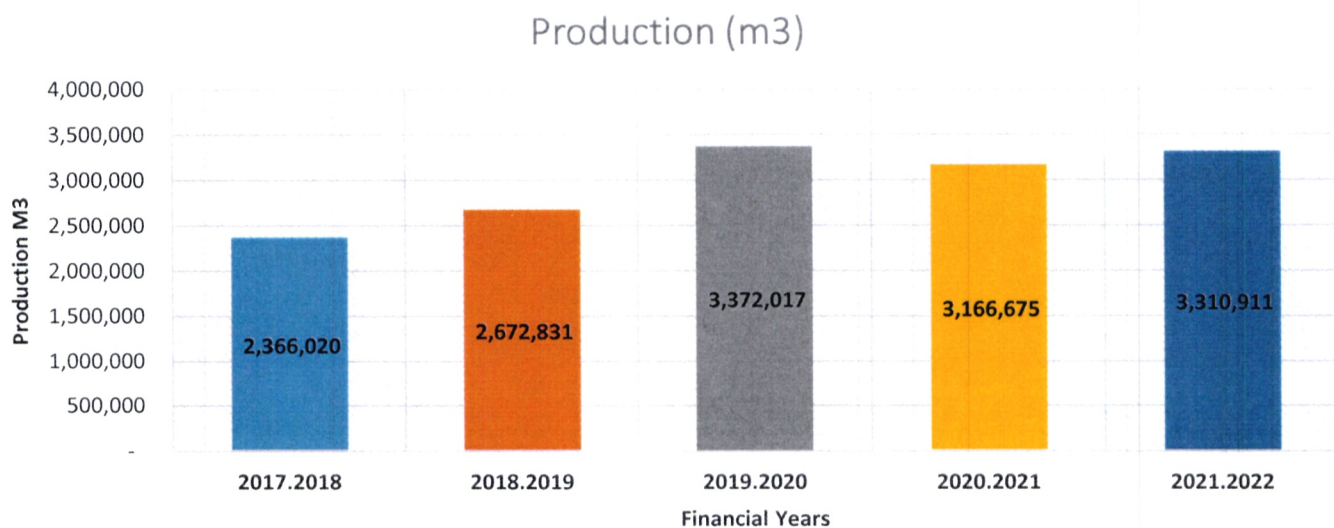
Funding Proposals Submitted:

- iv) Under the WSTF UPC 8th call for proposals the company submitted 2 No water extension proposals in May 2021 i.e. (1) Ndumberi water project proposal (to lay pumping mains water distribution network from the newly drilled Covid 19 B/h by AWWDA in Ngegu primary to an identified public space in Turitu market and a distribution system thereafter on both sides of the road i.e. 10.7km at a cost of 16.7 Million. (2) Ting'ang'a water project proposal (to lay a pumping water mains from Kamiti Anmer B/H to a masonry tank constructed on a public space and a distribution network thereafter and also to extent a water supply line from Ting'ang'a catholic to Kyura estate along Kiu-river near Riabai i.e. 12.4km at a cost of 15 Million.
- v) Under the FRP concept by WSTF and WASREB we have submitted a proposal to upgrade dilapidated UPVC 8km assorted diameters at a cost of 3.5 Million water supply networks in Ndumberi (Kiriguini A, Early bird, Ruthiruini) prone to frequent bursts as well as assorted diameters 25 Km water extensions networks at a cost of 10.9Million to be done in Kamiti Amaria, Lower Ngegu, Gatitu, Mushroom and Thindigua areas.
- vi) There was a proposal by KCG in FY 21/22 to procure pipelines for Kiambu region to enable water supply in Ndumberi, Gatitu and Kabae areas. The Project was estimated to cost Kshs.5 million.
- vii) Kiambu County Government concept on proposals through the local financial institutions to finance water projects has not taken off although the company through the KCG planning office has a complete proposal and design on installing a pump station at Riara plant to boost water supply to Cianda there after gravitate to Ndumberi's Gatitu, Kabae and Njunu areas i.e. 18km assorted water lines at a cost of 86 Million.
- viii) In the Aid On Delivery concept by WSTF, Kiambu Water & Sewerage company provided a proposal to extend 27Km assorted diameters water lines, drill a B/h at Benson Njau primary school, construct a 150m³ masonry tank and procure an ERP system to enhance efficiency.

- b) **Statutory Compliance:** During the financial year ended 30th June 2022, the company submitted and paid for the statutory deductions in time i.e. PAYE, NSSF, NHIF on 9th, 15th and 9th of the following months respectively thus ensuring total compliance.
- c) **Comparative Trend Analysis:** Below is a five-year analysis of Kiambu Water Financial and operational performance;

(i) Water Production Analysis

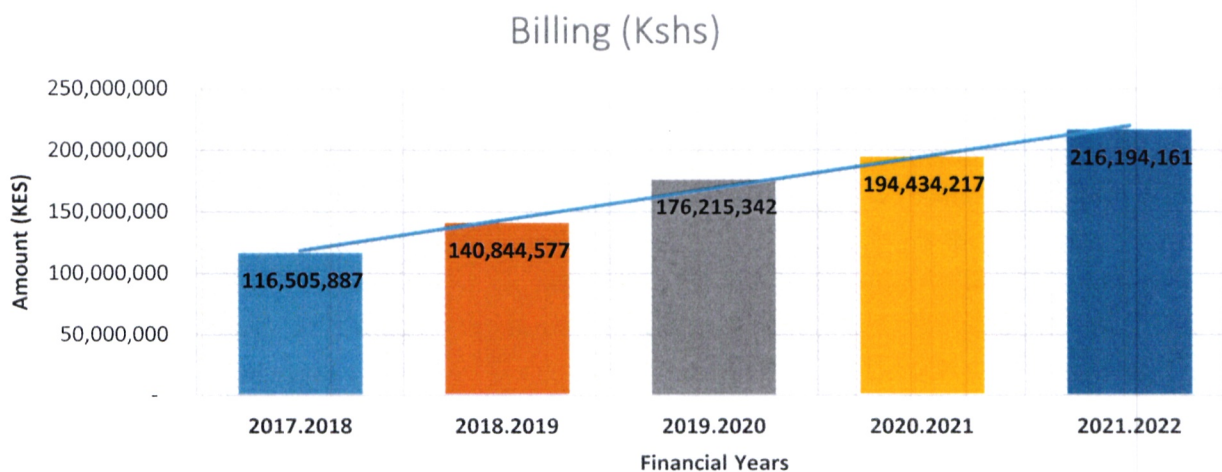
Five Year - Water Production Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
Production (m3)	2,366,020	2,672,831	3,372,017	3,166,675	3,310,911



- During the financial year ended June 30, 2022 production increased by 4.5 % as during the year ended June 30th 2021 there was maintenance works at Riara water treatment plant, desilting of Kamiti intake that affected water supply. There was also a reduction in NRW from 35% (2020/2021) to 30% (2021/2022).

(ii) Billing analysis:

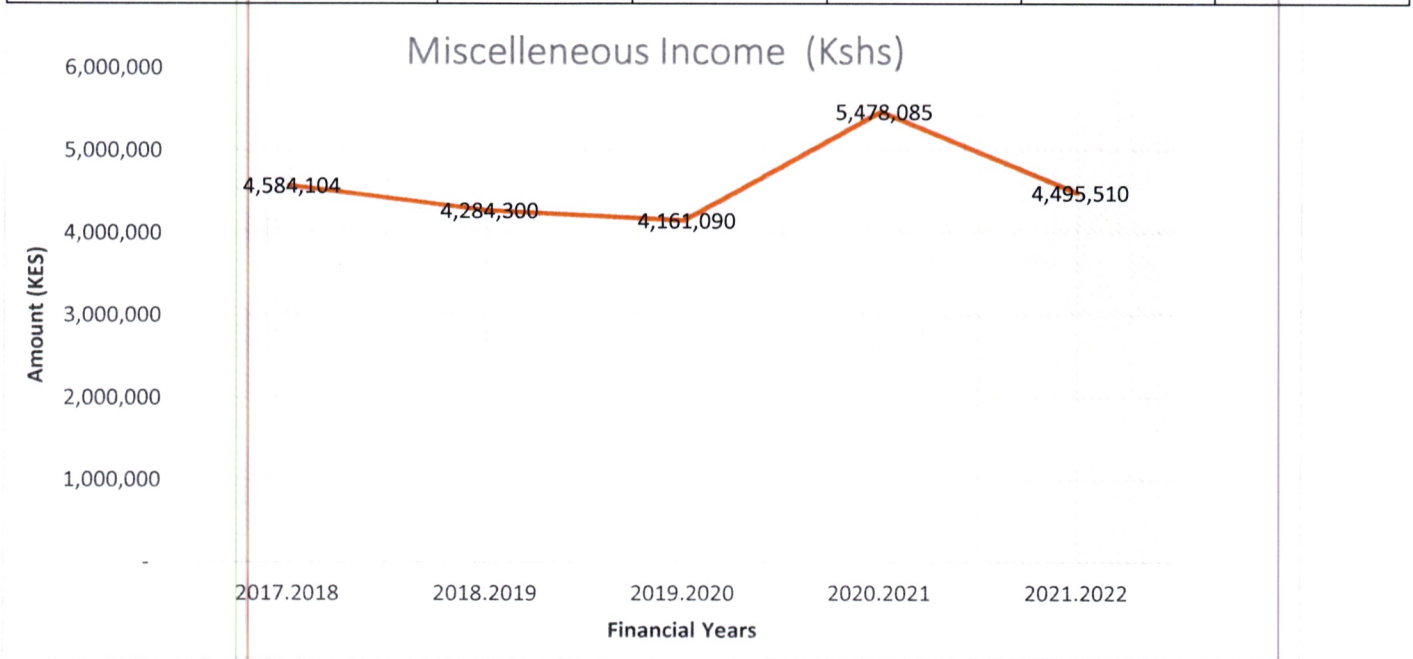
Five Year - Billing Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
Billing (Kshs)	116,505,887	140,844,577	176,215,342	194,434,217	216,194,161



- There was an increase in billing by 11% during the year as a result of additional 633 new connections and also as a result of decrease in NRW due to improved efficiency.

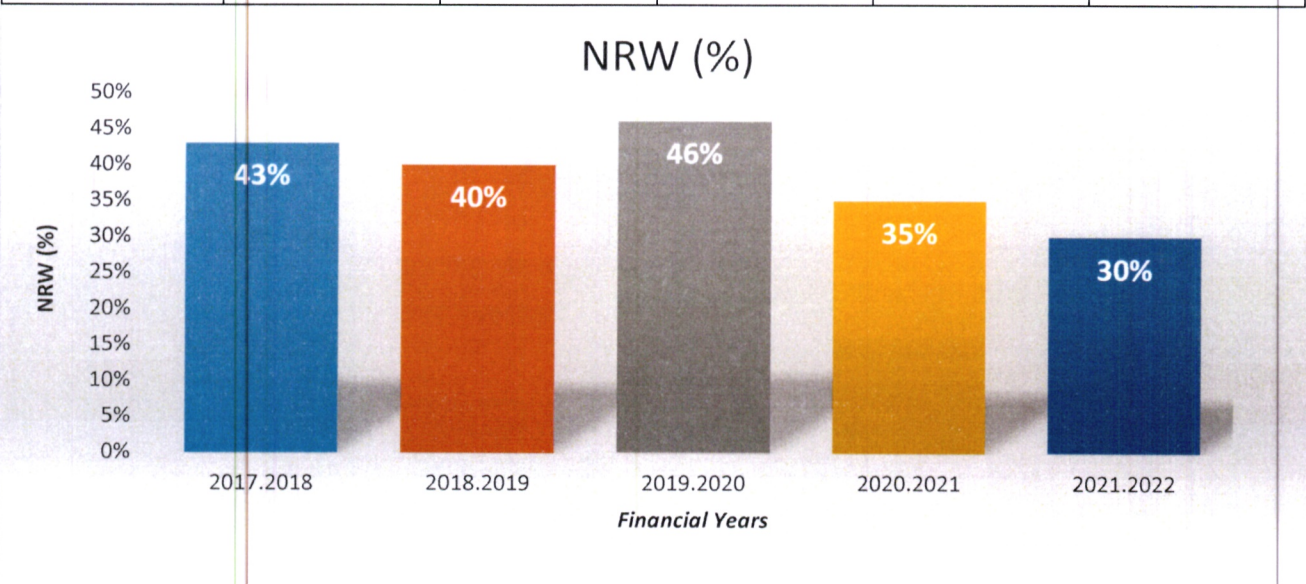
(iii) Miscellaneous income Analysis:

Five Year Miscellaneous Income Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
Miscellaneous Income (Kshs)	4,584,104	4,284,300	4,161,090	5,478,085	4,495,510



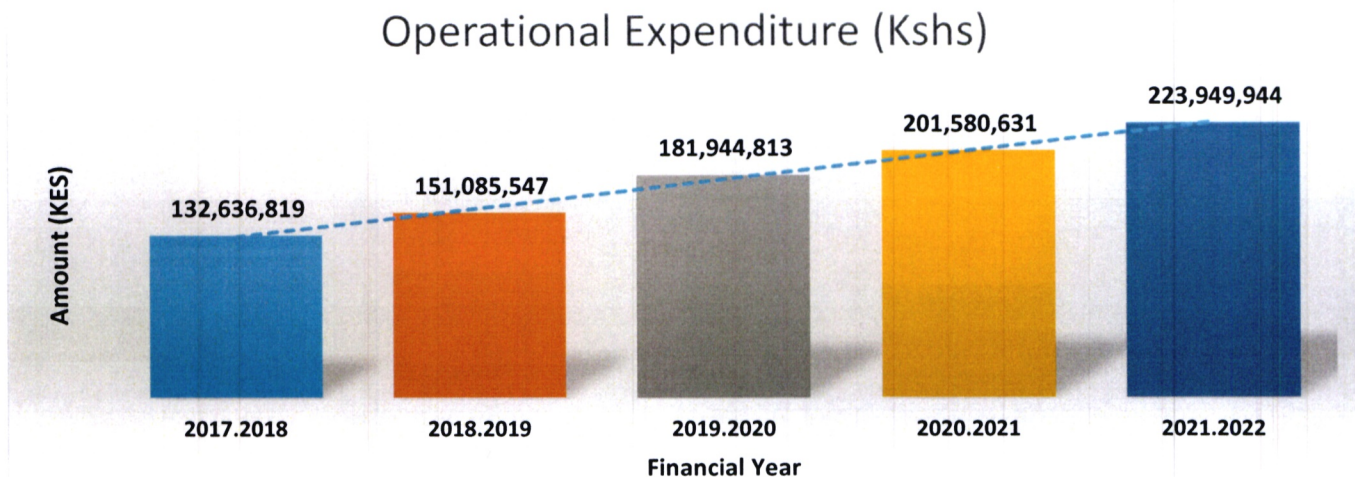
(iv) NRW Trend Analysis:

Five Year Non-Revenue Water Trend Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
NRW (%)	43%	40%	46%	35%	30%



(v) Operational Expenditure Analysis:

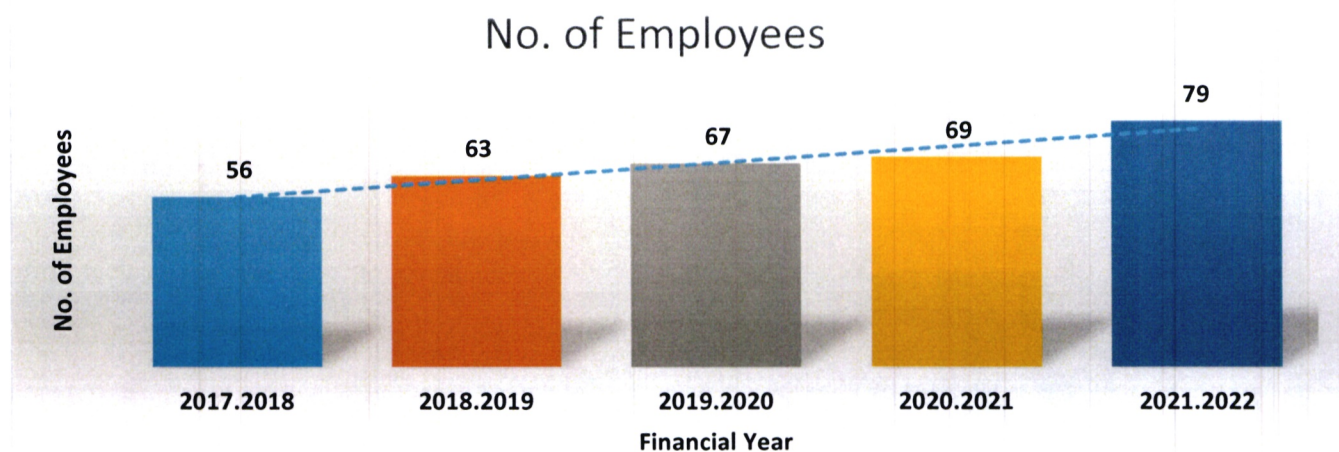
Five Year Operational Expenditure Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
Operational Expenditure (Kshs)	132,636,819	151,085,547	181,944,813	201,580,631	223,949,944



(vi) Employee Growth Analysis:

- The company has recorded a tremendous growth by 41% of the number of employees as from the financial year 2017/2018 in comparison with the current financial year 2021/2022 as shown on the table below;

Five Year Employees Growth Analysis					
Year	2017.2018	2018.2019	2019.2020	2020.2021	2021.2022
No. Of Employees	56	63	67	69	79

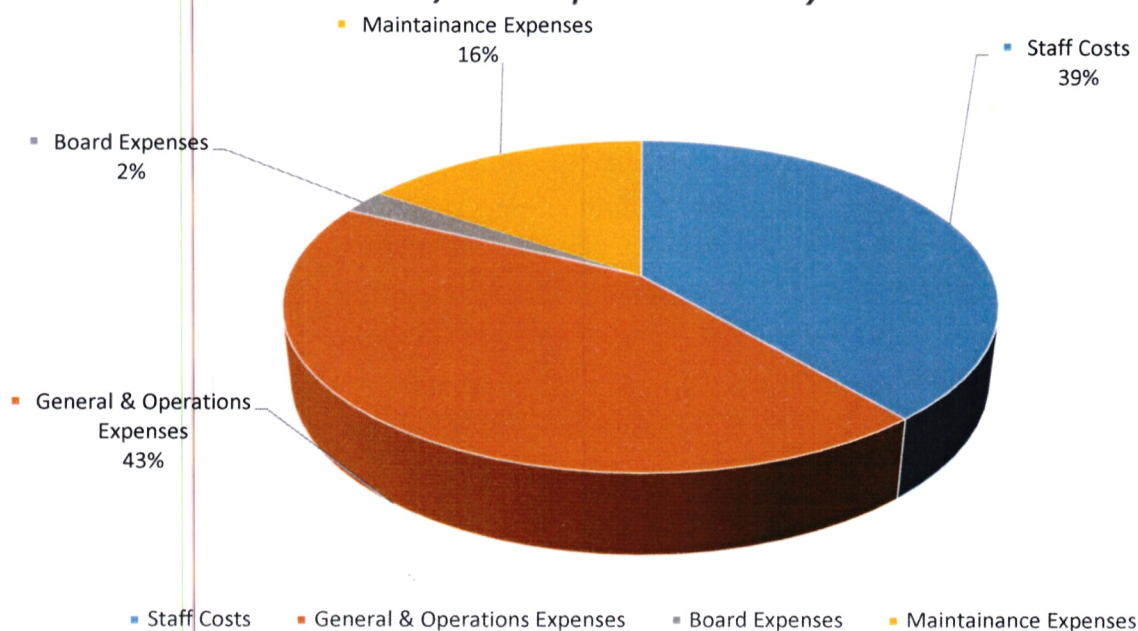


- The company has recorded a tremendous growth by 41% of the number of employees as from the financial year 2017/2018 in comparison with the current financial year 2021/2022.

(vii) Operational Expenditure Indicator Analysis:

Year 2021/2022 Operational Expenditure Analysis					
Year	Staff Costs	General & Operations Expenses	Board Expenses	Maintenance Expenses	Total
Operational Expenditure (Kshs)	86,361,580	96,479,181	5,299,171	34,338,145	222,478,077
% of Total Expenditure	39%	43%	2%	15%	100%

2021/2022 Expenditure Analysis



(viii) Material Uncertainty in relation to Going Concern;

The company current ration as at 30th June 2022 was 0.8: 1 i.e. current liability (Kshs. 219,612,709) is more than the current assets (Kshs. 174,151,335) thus resulting to a negative working capital of Kshs. 45,461,374. This has been attributed to the accumulated losses over the years. To counteract the material uncertainty, the company has been continuously extending the customer base e.g. extending distribution network in areas of Njunu, Thindigua and Kia-mumbi.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kiambu Water & Sewerage Company Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on KIAWASCO pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each of the mentioned pillar:

i) Sustainability strategy and profile –

To enhance Sustainability, the Company has been able to achieve the following over time:

- Development of two gravitational surface water sources on Rivers Riara and Kamiti.
- Drilling and equipping of boreholes in Indian Bazaar, Kihingo, Kirigiti and Ndumberi.
- Increased water production from 2,054 (2007) to 8,539 (2022) cubic meters per day.
- Increase in number of consumer connections from 2,252 (2007) to 10,884 (2022).
- The company also received Kshs. 40,017,053 during the year out of Kshs. 47,003,639 the company had qualified for under Conditional Liquidity Support Grant from WSTF. The amount was for short-term COVID-19 emergency response interventions for the period May 2020 to December 2020 where the country was hardly hit by corona virus outbreak.
- Enhanced revenue collection from monthly average of Kshs. 4.4 million (2007) to a monthly average of Kshs. 16 Million in 2022.
- Implementation of a cashless revenue collection by use of banking and M-pesa services. Cash is not collected in the office.
- Smart meter reading, in-house billing, incorporating sms billing, bill query (*483*85#) and customer complaint handling module.
- Pipeline extensions of various sizes in Kamiti, Mugumo, Kirigiti, Thathiini, Riabai, Kihingo, Gichocho, Ndumberi, Karunga, Kangoya, Indian Bazaar, Ruthiruini, and Kiambu Town.
- Improved working conditions for staff.
- The company has established a team of NRW whose main mandate is to ensure that all the physical and commercial losses are addressed and reduced to the minimum levels possible and the leak run time minimized.

However, the company is faced by the below mentioned challenges;

- High unaccounted for water (non-revenue water) due to aged supply network and water theft by the customers. The company management has adopted a policy of ensuring that any reported burst or leak is addressed in the shortest time possible, all customers are metered and aged systems are rehabilitated systematically. We intend to overhaul the current distribution system within Kiambu town and its environs as a remedy. Project proposals have been sent to Water Services Trust Fund and World Bank (through Water Services Regulatory Board).
- Interruption of water supply due to breakdown of boreholes (motors and pumps).
- Lack of water supply infrastructure in some areas.
- Old and dilapidated water supply infrastructure that requires upgrading.
- Destruction of water pipelines during road construction works without compensation.
- Theft of manhole covers, water meters and pipes.
- An overstretched sewer treatment plant which has outlived its design capacity which was constructed in 1974 when Kiambu was a small town.
- Vandalisation of guard rails at Riara and Kamiti treatment plant.

ii) Environmental performance

During the year the company partnered with the community, Equity Bank Foundation and Water Resource Users Associations (WRUAs) on planting of 5,000 both indigenous and bamboo tree seedlings in an effort to conserve the environment and protect the catchment areas.

iii) Employee welfare

The company is guided by the Human Resource Policy as well as the Collective Bargaining Agreement signed between the company and the Federation of Kenya Employers. The two documents take into account the hiring process where gender ration is well explained. The company provide a comprehensive medical cover to all its employees renewable after every year. The company also pays for short courses/trainings for capacity building in collaboration with other institutions e.g. KEWI, Kenya School of Government and National Institute Training Authority to improve on the employees' skills. The company also organises for medical clinics where the medical test for willingly employees are done.

During the year the company supplied each staff with 4 seedlings of hash avocados.

iv) Market place practices-

The company always ensures steady supply of clean and treated water to the customers as well as ensuring the sewerage plant is in operation for twenty-four hours to ensure proper management of waste water. The company engages with the suppliers having followed all the necessary required procurement procedures and also maintains a good supplier relationship where the supplies are paid within 90 days upon delivery of good and services.

v) Corporate Social Responsibility/Community Engagements-

During the year the company worked in partnership with Kamindi Supermarket & Kirigiti Thathi-ini water project during rehabilitations of the water sources & catchment areas. The company purchases items from the nearby super markets i.e. Kamindi Super Market, Clean shelf supermarket, quick mart supermarket as well as nearby hardware stores as a way of Kiambu Sub county economic growth. The company has a football team which engages with the local football teams i.e Maradona FC (Riabai), Blue raiders (Kiambu) and St. James Academy for friendly football matches thus strengthening the relationship with the neighbourhood. During the year 2021/2022 the company supplied the customers with 2,000 hash avocados during various customer care clinics. The company also engages with the residents of the sub county as casual labourers during the pipeline extension works i.e. excavation and back filling.

Below is a photo of Kiambu Water staff issuing hash Avocados to the customers during various customer care clinic





X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of Kiambu Water and Sewerage Company affairs.

i) Principal activities

The principal activity of the company is to ensure the economical provision of water and sewerage services in Kiambu Sub County.

ii) Results

The results of the company for the year ended June 30, 2022 are set out on page 1 where the surplus for the year 2021/2022 was Kshs. 37,262,545 whereas in 2020/2021 the company recorded a deficit of 1,668,330.

iii) Dividends

The Directors did not recommend the payment of dividend during the year

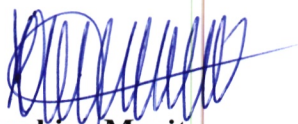
iv) Directors

The members of the Board of Directors who served during the year are shown on page VII.

v) Auditors

The Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board,



Josephine Muritu
Company Secretary

Date: 24/03/2023.

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Companies Act, require the Directors to prepare financial statements in respect of KIWASCO, which give a true and fair view of the state of affairs of KIWASCO at the end of the financial year/period and the operating results of KIWASCO for that year/period. The Directors are also required to ensure that KIWASCO keeps proper accounting records which disclose with reasonable accuracy the financial position of KIWASCO.

The Directors are also responsible for safeguarding the assets of KIWASCO.

The Directors are responsible for the preparation and presentation of KIWASCO's financial statements, which give a true and fair view of the state of affairs of KIWASCO for and as at the end of the financial year (period) ended on June 30, 2022. 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 KIWASCO; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for KIWASCO'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 PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that KIWASCO's financial statements give a true and fair view of the state of KIWASCO's transactions during the financial year ended June 30, 2022, and of KIWASCO's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KIWASCO's, which have been relied upon in the preparation of KIWASCO'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 KIWASCO will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

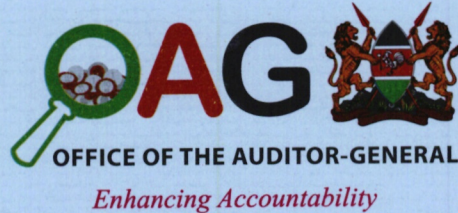
KIWASCO's financial statements were approved by the Board on 24/03/ 2023 and signed on its behalf by:


Chairperson of The Board


Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIAMBU WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu Water and Sewerage Company Limited set out on pages 1 to 54, which comprise of the statement of financial

position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kiambu Water and Sewerage Company Limited as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012, the Companies Act, 2015 and the Water Act, 2016.

Basis for Qualified Opinion

1. Trade and Other Payables

The statement of financial position and Note 18 to the financial statements reflect trade and other payables balance of Kshs.194,191,170. Review of the records in respect of the balance revealed the following:

1.1 Long Outstanding Payables

Although the balance of trade and other payables reduced from a balance of Kshs.210,383,114, as reported in the previous financial year, it includes long outstanding payables of Kshs.175,417,563 to eighty-two (82) entities and individuals out of which the bulk of the balance of Kshs.165,902,261 has been outstanding over the years and was owed to four (4) institutions namely; Nairobi Water Company Limited, Kshs.97,249,389; Water Services Regulatory Board, Kshs.22,231,925; Athi Water Services Board, Kshs.38,887,023; and Athi Water Works Development Authority, Kshs.7,533,924. No explanation was provided for the failure to settle the long outstanding bills and regulatory fees. In addition, confirmations of amounts owing to Water Services Regulatory Board, Athi Water Services Board and Athi Water Works Development Authority were not provided.

1.2 Payables on Complete Uncapitalized Projects

Included in the long outstanding payables is Kshs.7,533,924 owed to Athi Water Works Development Authority. Review of supporting documents revealed that the amount is loan and interest payable in six months for loan number AWSB/WASSIP AF/CAMPIW-8/13, signed on July, 2014, of Kshs.521,000,000. The loan was channeled through the Authority from World Bank for two water dams and treatment plants at Riara and Kamiti Rivers in Duberi and Githuguri areas of Kiambu County. The repayment was to start from the month of March, 2022 and end in the month of September, 2022. Physical verification of the two projects carried out on 30 January, 2023 revealed that the projects were complete and in use by the Company since the year 2017. However, no explanation was

provided as to why the works were not capitalized to property, plant and equipment (PPE) even though the Company continues to derive commercial benefits from the works.

In the circumstances, the accuracy, completeness of trade and other payables balance of Kshs.194,191,170 could not be confirmed.

2. Unwritten-off Payroll Liabilities

The statement of financial position and Note 19(a) to the financial statements reflect payroll liabilities balance of Kshs.10,909,799 which include actuarial deficit (NWPCPC Superannuation Scheme) balance of Kshs.3,015,864 for nine (9) employees of the National Water Conservation and Pipeline Corporation redeployed to the Company. The liabilities had been partly paid by National Water Conservation and Pipeline Corporation, however the amount has not been written off in the Company's books of accounts.

In the circumstances, the accuracy and completeness of the payroll liabilities balance of Kshs.10,909,799 could not be confirmed.

3. Non-Disclosure of Water Inventory

The statement of financial position and Note 15 to the financial statement reflect inventories balance of Kshs.24,196,522 but for which the breakdown was not provided for audit review. Further, records provided did not reveal any disclosure of the opening and closing balances in respect of water stocks held in reservoirs, water treatment plants and water system in the financial statements, as part of cost of sales, contrary to the International Accounting Standards 2, Sections 6 and 9 which defines inventory to include assets held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.24,196,522 could not be confirmed.

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

Emphasis of Matter

Material Uncertainty in Relation to Going Concern

The statement of financial position reflects current liabilities balance of Kshs.219,612,709 and current assets balance of Kshs.174,151,335 resulting to a negative working capital of Kshs.45,461,374 or a current ratio of about 0.8. This is an indication that the Company does not have enough liquid assets to settle its short-term liabilities.

The Company may therefore have challenges in paying its bills as and when they fall due. A negative working capital may also imply that the accounts payables of the Company are not paid on time. The Company is therefore technically insolvent. Although Management has taken a number of steps including gazettelement of new higher water tariffs, hydrological survey awaiting final results at Lioki dam whose results are not yet known and target connection of 500 new applicants at Thindigua and 500 new applicants at Kia-Mumbi, no statistical assurance has been provided to confirm that once the projects are implemented, the Company can reverse the trend.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Loss of Revenue

The statement of profit or loss and other comprehensive income and Note 6 to the financial statements indicate that the Company realized Kshs.220,689,671 in respect of operating revenue from water sales. During the year under review, the Company produced a total of 3,310,911 cubic meters (m³) of water, out of which 2,303,158m³ of water was sold (billed) to customers. The difference of 1,007,753m³ represents unaccounted for water, being 30% of the total water produced which is 5% points above the allowable loss of 25% set by Water Services Regulatory Board (WASREB) Guidelines. The unaccounted-for water may have resulted into loss of sales estimated at Kshs.94,169,018. Had the non-revenue water been billed, the total water and sewer billing would have been Kshs.310,363,179 instead of Kshs.216,194,161 now shown.

In the circumstances, the significant level of non-revenue water is an indication of lack of effectiveness in the use of public resources and, may negatively affect the Company's profitability and its long-term sustainability.

2. Long Outstanding Trade and Other Receivables

The statement of financial position and Note 16 to the financial statements reflect trade and other receivables balance of Kshs.136,090,174 which includes debtors balance of Kshs.99,230,599 which had remained unrecovered for more than one hundred and

twenty (120) days and out of which receivables balance of Kshs.14,185,330 dated back to 23 December, 2020. However, no steps appear to have been taken by the Company to recover the long outstanding receivables.

In the circumstances, the recoverability of the trade and other receivables balance of Kshs.136,090,174 is doubtful.

3. Non-Adherence to Diversity in Employment

Examination of human resource records revealed that during the year under review the Company had the dominant ethnic community employed with forty-nine (or 78%) of the total employees. This is 48% above what is provided for in Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Irregular Appointment of Board Members

The statement of profit or loss and other comprehensive income and Note 11 to the financial statements reflect board expenses of Kshs.5,299,171. However, information on the rates of allowances applied to pay the Board members were not disclosed. Included in this expenditure are allowances paid to the members of the caretaker board that was in place from 01 July, 2021 to 13 February, 2022, contrary to Section 79(1) of the Water Act, 2016, providing that each water service provider should have a Board of Directors constituted in accordance with the Companies Act, 2015 and any other written law. Available information indicate that the payment was made to twelve (12) Directors who held office during the period in question, appointed on 26 March, 2019 for a period of two years and which was extended for a further one year from 20 April, 2021. As previously reported, the appointment letters indicate that the Directors were appointed to act on behalf of Kiambu County Water and Sewerage Company, which is a separate entity from Kiambu Water and Sewerage Company Limited.

Review of Board appointment letters and other available information revealed that the Board has six (6) members, excluding the Managing Director, as opposed to the range of seven to nine members as provided in Mwongozo, Paragraph 1.1. A third gender rule was also not adhered to as the Board had only one female member against five males.

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

5. Failure to Convene Annual General Meeting

The Budget statement indicated that the Company budgeted for an Annual General Meeting (AGM) at an estimated cost of Kshs.300,000. However, available information indicate that the Company has not held AGM since 2014, contrary to Section 310 of the Company's Act, 2015.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of IT Steering Committee

Review of IT Policy revealed that the Company has an approved disaster recovery plan. However, the plan has not been implemented and IT Steering Committee to oversee its implementation has not been constituted.

In the circumstances, in the event of disaster the Company may lose data, which may affect planning, decision making and operations. Further, in the absence of IT Steering Committee, it is not possible to ascertain how the Company plans to achieve its IT strategic objectives.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of

Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 May, 2023


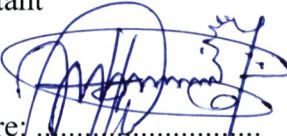
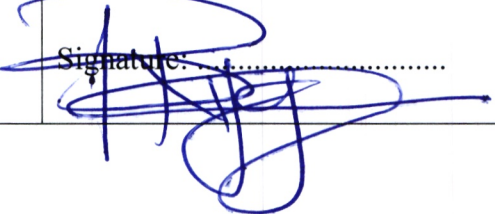
XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022.

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Operating Revenue			
Operating Revenue	6	220,689,671	199,912,302
Grants Income	7	40,057,053	-
Finance Income	8	465,765	-
Total Revenue		261,212,489	199,912,302
Expenses			
Staff Costs	9	86,361,580	67,667,247
General & Operations Expenses	10	96,479,181	71,541,481
Board Expenses	11	5,299,171	2,371,759
Maintenance Expenses	12	34,338,145	58,985,951
Depreciation	13	1,471,867	1,014,192
Total Expenses		223,949,944	201,580,631
Operating profit		37,262,545	(1,668,330)
Profit/(Loss) before tax		37,262,545	(1,668,330)
Net Profit/(Loss)		37,262,545	(1,668,330)

XIV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022.

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Non-current assets			
Property, plant and equipment	14	24,965,290	26,077,585
Total Non-Current Assets		24,965,290	26,077,585
Current assets			
Inventories	15	24,196,522	17,761,625
Trade and other receivables	16	136,090,174	119,269,607
Bank and Cash Balances	17	13,864,639	11,818,898
Total current assets		174,151,335	148,850,130
Total Assets		199,116,625	174,927,716
EQUITY & LIABILITIES			
Capital and reserves			
Ordinary Share capital		100,000	100,000
Donated Equity		5,141,083	5,141,083
Revaluation reserve		877,332	786,760
Accumulated Revenue Reserves		(60,810,452)	(99,269,592)
Capital and reserves		(54,692,037)	(93,241,749)
Non - Current liabilities			
Deferred Liability	19 (b)	18,884,159	20,693,603
Customer Deposits	19 (d)	15,311,795	13,704,295
Total Non-Current Liabilities		34,195,954	34,397,898
Current Liabilities:			
Trade & Other payables	18	194,191,170	210,383,114
Payroll Liabilities	19 (a)	10,909,799	8,500,712
Deferred Current Liability	19 (c)	14,511,740	14,887,740
Total Current Liabilities		219,612,709	233,771,566
Total Equity & Liabilities		199,116,625	174,927,716

The financial statements were approved by the Board on 24/03/ 2023 and were signed on its behalf by:

Name: Boniface Mbugua Kabue Managing Director	Name: Gideon K. Ndichu Accountant	Name: Prof. Eng. Bernard Njoroge Chairman of the Board
Signature: 	Signature:  ICPAK M/NO: 8849.	Signature: 

XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2022						
	Share Capital	Donated Equity	Revaluation Reserve	Revenue Reserve	Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Balance at 1st July 2021	100,000	5,141,083	786,760	(99,269,590)	(93,241,747)	
Change in Revaluation	-	-	-	-	-	
Year Adjustments	-	-	90,572	1,196,592	1,287,164	
Surplus (Deficit)	-	-	-	37,262,545	37,262,545	
Balance as at 30 June 2022	100,000	5,141,083	877,332	(60,810,452)	(54,692,037)	
Balance at 1st July 2022	100,000	5,141,083	877,332	(60,810,452)	(54,692,037)	
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2021						
	Share Capital	Donated Equity	Revaluation Reserve	Revenue Reserve	Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Balance at 1st July 2019	100,000	5,141,083	1,056,520	(88,386,909)	(82,089,306)	
Change in Revaluation	-	-	-	-	-	
Year Adjustments	-	-	(269,760)	(9,214,350)	(9,484,110)	
Surplus (Deficit)	-	-	-	(1,668,330)	(1,668,330)	
Balance as at 30 June 2021	100,000	5,141,083	786,760	(99,269,590)	(93,241,747)	
Balance at 1st July 2021	100,000	5,141,083	786,760	(99,269,590)	(93,241,747)	

XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2022.

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue		193,458,939	164,913,976
Non-Operating Revenue		7,775,896	2,767,480
Other Income		-	-
Finance Income	8	465,765	-
Grants	7	40,057,053	-
Customer Deposits	19 (d)	1,684,500	1,901,500
Total Receipts		243,442,153	169,582,956
Payments			
Staff Costs		86,538,517	65,446,146
Board Expenses		8,098,411	3,916,250
General And Operation Expenses		84,067,503	64,207,779
Maintenance		59,197,800	40,777,348
Refund Of Customer Deposits		77,000	42,000
Total Payments		237,979,231	174,389,523
Net Cash From/(Used In) Operating Activities		5,462,922	(4,806,567)
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(3,417,182)	(200,704)
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Net Cash From/(Used In) Investing Activities		(3,417,182)	(200,704)
Cash Flows from Financing Activities			
Proceeds From Issues Of New Share Capital		-	-
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash And Cash Equivalents		2,045,740	(5,007,271)
Cash And Cash Equivalents At Beginning Of Year		11,818,899	16,826,170
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End Of The Year		13,864,639	11,818,899

Notes to the statement of cash flow:

The company cash flow statement has been prepared using the direct method

- (i) **Operating Revenue:** This related to the actual cash inflows during the year out of the amount billed.
- (ii) **Billing for other services:** This relates to actual cash inflow for miscellaneous income i.e. billing for application fees, skilled labour, reconnection fees, disconnection request fees, receipt for new material fittings and illegal connection charges.
- (iii) **Finance income:** This is the actual amount earned out of Kshs. 13,000,000 fix deposited at family bank for a period of six months earning an interest of 8.5% p.a.
- (iv) **Grant Income:** This relates to the actual receipts inform of donations of Kshs. 40,000 received from Kamindi Supermarket and Kirigiti Thathi-ini Water project of Kshs. 30,000 and Kshs. 10,000 respectively for partnering with the company for a greener and secure county and a variable grant income of Kshs. 40,017,053 received from Water Sector Trust Fund under Conditional Liquidity Support Grant to cover the expenditure from May 2022 to December 2020 when the country was hardly hit by Corona Virus Pandemic.
- (v) **Customer Deposit:** This is the actual inflow from customers as deposit for the new connections.
- (vi) **Staff Cost:** This relates to the actual payment of staff salaries and includes the statutory deductions accrued during the month of June 2021 but actual payment was done during 2021/2022 financial year.
- (vii) **Board Expenses:** This relates to the actual amount paid in relation to the board expenditure inclusive of unpaid amount for the year 2020/2021.
- (viii) **General & Operations Expenses:** This relates to the actual amount paid in relation to the general & operations expenses inclusive of unpaid expenditure for the financial year 2020/2021.
- (ix) **Maintenance Expenses:** This relates to the actual payment of Maintenance expenses. This also relates to unpaid expenses for the year 2020/2021 where the actual payment was done during the 2021/2022 financial year.
- (x) **Refund of Customer Deposit:** This refers to the actual amount refunded to the customers as deposit for the financial year 2021/2022.
- (xi) **Cash from investing activities:** This relates to actual payment for the purchase of fixed assets inclusive of unpaid amount for the year 2020/2021 which was paid during the 2021/2022 financial year.

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2022.

Item Description	2021.2022 Original Budget (KES)	2021/2022 Budget Adjustment (KES)	Final Budget (KES).	Actual Amount (KES))	Variance	% Variance
REVENUE:						
Water	147,460,178	12,442,069	159,902,247	158,644,425	(1,257,822)	-1%
Sewer	54,749,837	5,882,529	60,632,366	52,702,336	(7,930,030)	-13%
Meter Rent	5,130,104	40,800	5,170,904	4,847,400	(323,504)	-6%
Total Sewer & Water Revenue	207,340,119	18,365,398	225,705,517	216,194,161	(9,511,356)	-4%
Miscellaneous Income	5,628,000	576,000	6,204,000	4,495,510	(1,708,490)	-28%
Grant Income	-	-	-	40,057,053	40,057,053	100%
Finance Income	-	184,167	184,167	465,765	281,598	153%
Total Revenue	212,968,119	19,125,565	232,093,684	261,212,489	29,118,806	13%
EXPENDITURE:						
Staff Cost						
Staff Salaries	66,000,000	3,100,000	69,100,000	65,908,221	(3,191,779)	-5%
Casual Wages	3,600,000	(400,000)	3,200,000	3,177,098	(22,902)	-1%
Gratuity (For Region - Contract Employees)	1,800,000	(100,000)	1,700,000	1,648,024	(51,976)	-3%
Pension Contributions(Employer's)	6,600,000	200,000	6,800,000	6,397,741	(402,259)	-6%
N.S.S.F Employers contribution	288,000	(90,800)	197,200	146,600	(50,600)	-26%
Staff Welfare	5,400,000	(2,000,000)	3,400,000	2,553,534	(846,466)	-25%
Medical Expenses	6,600,000	-	6,600,000	6,530,362	(69,638)	-1%
Total Staff Cost	90,288,000	709,200	90,997,200	86,361,580	(4,635,620)	-5%
General & Operations Expenses						
Water Source Management	5,400,000	-	5,400,000	1,378,501	(4,021,499)	-74%
Bulk Water Supply	30,300,000	4,500,000	34,800,000	35,061,572	261,572	1%
Electricity - operations	8,184,000	-	8,184,000	5,645,615	(2,538,385)	-31%
Chemicals	4,200,000	-	4,200,000	2,898,484	(1,301,516)	-31%
Rent and Rates	96,000	-	96,000	93,000	(3,000)	-3%
Electricity - office	360,000	-	360,000	195,934	(164,066)	-46%
Telephone Expenses	180,000	140,000	320,000	316,950	(3,050)	-1%
Postage	24,000	-	24,000	12,990	(11,010)	-46%
Printing & Stationeries	720,000	620,000	1,340,000	1,203,141	(136,859)	-10%
Internet costs	300,000	-	300,000	257,890	(42,110)	-14%
Travel, Accommodation & Subsistence allowance	3,600,000	3,500,000	7,100,000	7,624,373	524,373	7%
Staff Training & Workshops	3,000,000	3,900,000	6,900,000	7,092,425	192,425	3%
Security	1,200,000	960,000	2,160,000	1,870,400	(289,600)	-13%
Staff Protective Gear & Uniforms	1,434,000	(100,000)	1,334,000	1,282,421	(51,579)	-4%
Insurance	600,000	600,000	1,200,000	716,356	(483,644)	-40%
Membership to professional Associations	660,000	-	660,000	397,350	(262,650)	-40%

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Item Description	2021.2022 Original Budget (KES)	2021/2022 Budget Adjustment (KES)	Final Budget (KES).	Actual Amount (KES))	Variance	% Variance
General Office Running Expenses	1,440,000	-	1,440,000	1,085,264	(354,736)	-25%
AGM Expenses	300,000	-	300,000	-	(300,000)	-100%
Advertising Expenses	600,000	700,000	1,300,000	764,263	(535,737)	-41%
Audit & Professional Fees	240,000	-	240,000	255,200	15,200	6%
Consultancy Fees	-	455,000	455,000	435,435	(19,565)	-4%
Water & Sewerage	72,000	-	72,000	57,520	(14,480)	-20%
Depreciation	1,440,000	-	1,440,000	1,471,867	31,867	2%
First Aid Kit	60,000	-	60,000	-	(60,000)	-100%
Sports-WASCO	1,500,000	2,000,000	3,500,000	3,400,961	(99,039)	-3%
Increase (Decrease) in Provision for bad debts	1,020,000	-	1,020,000	-	(1,020,000)	-100%
Contribution to Merger Fund	3,480,000	(3,480,000)	-	-	-	0%
Performance Reward Systems	660,000	-	660,000	-	(660,000)	-100%
Corporate Social Responsibility	840,000	-	840,000	408,000	(432,000)	-51%
Legal fees, Compensations and Fines	1,200,000	-	1,200,000	1,269,895	69,895	6%
Stake Holders Forum	600,000	300,000	900,000	426,800	(473,200)	-53%
Covid 19 - Intervention	1,120,800	-	1,120,800	343,901	(776,899)	-69%
Bank Charges	600,000	-	600,000	318,109	(281,891)	-47%
M-pesa Charges	240,000	360,000	600,000	555,921	(44,079)	-7%
Administration fees (AWWDA)	-	8,000,000	8,000,000	7,533,924	(466,076)	-6%
Regulatory fees (WASREB)	8,088,401	1,011,599	9,100,000	8,454,030	(645,970)	-7%
NEMA	240,000	-	240,000	105,000	(135,000)	-56%
Water Use Fees (WARMA)	2,400,000	-	2,400,000	1,271,188	(1,128,813)	-47%
Water quality testing	552,000	-	552,000	223,000	(329,000)	-60%
Planning & Design	960,000	-	960,000	307,300	(652,700)	-68%
Fuels & Lubricants	1,800,000	1,200,000	3,000,000	3,216,069	216,069	7%
Compensation for Way leave	600,000	-	600,000	-	(600,000)	-100%
Total General & Operations Expenses	90,311,201	24,666,599	114,977,800	97,951,048	(17,026,752)	-15%
Maintenance Expenses						
Office Repairs & Maintenance	840,000	-	840,000	301,521	(538,479)	-64%
ICT Repairs & Maintenance	1,500,000	480,000	1,980,000	641,767	(1,338,233)	-68%
Billing & Other Support Services	960,000	-	960,000	667,577	(292,423)	-30%
Ground Maintenance	180,000	-	180,000	-	(180,000)	-100%
Maintenance of Water Systems	27,175,800	3,160,800	30,336,600	28,764,571	(1,572,029)	-5%
Maintenance of Sewer Systems	19,800,000	(10,361,035)	9,438,965	992,764	(8,446,201)	-89%
Maintenance of buildings	600,000	-	600,000	201,510	(398,490)	-66%
Vehicle maintenance	2,400,000	1,500,000	3,900,000	2,768,435	(1,131,565)	-29%

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Item Description	2021.2022 Original Budget (KES)	2021/2022 Budget Adjustment (KES)	Final Budget (KES).	Actual Amount (KES))	Variance	% Variance
Total Operational Costs	53,455,800	(5,220,235)	48,235,565	34,338,145	(13,897,420)	-29%
Board Expenses				-		
Capacity Building	480,000	250,000	730,000	271,310	(458,690)	-63%
Travel & Accommodation	960,000	500,000	1,460,000	1,503,558	43,558	3%
Board Honorarium	294,000	-	294,000	184,000	(110,000)	-37%
Medical Expenses	168,000	-	168,000	39,692	(128,308)	-76%
Board Allowances	732,000	2,500,000	3,232,000	3,300,611	68,611	2%
Total Board Expenses	2,634,000	3,250,000	5,884,000	5,299,171	(584,829)	-10%
Total Expenses	236,689,001	23,405,564	260,094,565	223,949,944	(36,144,621)	-14%
Net Surplus (Deficit)	(23,720,882)	(4,280,000)	(28,000,881)	37,262,545	65,263,427	
Capital Expenditure						
ASSET	2021.2022 Original Budget (KES)	2021/2022 Budget Adjustment (KES)	Final Budget (KES)	Actual Amount (KES)	Variance	% Variance
Intercom	350,000	-	350,000		(350,000)	-100%
Computers & Laptops	1,240,000	320,000	1,560,000	1,131,164	(428,836)	-27%
ERP System With Billing	5,000,000	(5,000,000)	-		-	0%
Document Management System	200,000	-	200,000		(200,000)	-100%
Server	500,000	-	500,000		(500,000)	-100%
Smartphone	400,000	(200,000)	200,000		(200,000)	-100%
Server Cabinet	100,000	-	100,000		(100,000)	-100%
Central Power Backup System	600,000	-	600,000		(600,000)	-100%
TV Md's Office	100,000	-	100,000		(100,000)	-100%
Motor Cycles	1,380,000	-	1,380,000	747,366	(632,634)	-46%
Printer	-	600,000	600,000	208,800	(391,200)	-65%
Total	9,870,000	(4,280,000)	5,590,000	2,087,330	(3,502,670)	-63%

XVIII. NOTES TO COMPARATIVE BUDGET

1. Revenue:

- The company under achieved on sewerage billing by 13% as we had previously planned with the anticipation of completion of Kiambu-Ruaka project which at the year was at 75% complete.
- The Company had a variance of 28% which was attributed by the same factor of non-completion of the Kiambu Ruaka sewer project where the projected miscellaneous income included the sewerage application fees which never materialised.
- The company also received donation from Kamindi Supermarket and Kirigiti Thathi-ini Water project of Kshs. 30,000 and Kshs. 10,000 respectively for partnering with the company for a greener and secure county which was not budgeted for during the budget preparation thus the 100% variance.
- On overall the company was able to achieve a variance of less than or more than 10% i.e. there was an achievement of 5% variance.

2. Staff Costs:

- The company incurred a cost of Kshs. 86,361,580 against a budget of Kshs. 90,997,200 resulting to a favourable variance of 5 %. The attributing factor of under expenditure was as a result of natural attrition i.e. one of our staff who passed on in August 2021 whereas the other one retired in December 2021. There was also an introduction of 15 % relief on NHIF contribution during the year which reduced the amount of PAYE payable to Kenya Revenue Authority. The company had also planned to absorb eight staff seconded by Athi Water Works Development Agency under the Kiambu Water and Sewerage project, but this did not happen because the project is not yet complete, which was a condition.

3. General & Operation Expenses:

- During the year the company had budgeted to spend Kshs. 114,977,800 but the actual amount incurred under administration expenses was Kshs. 97,951,048 resulting to a favourable variance of 15%.
- Under administrative expenses the under expenditure by 15% which is 5% above the recommended variance of 10% was attributed by:
 - a) The company had planned to carry out distillation works at Kamiti & Riaru treatment plants at a cost of Kshs. 2,000,000 each plant which never took place hence the under expenditure on the budget by 74%.
 - b) There was minimal use of the existing boreholes as the company uses gravitational water from both Kamiti & Riaru Dams thus reducing on the electricity cost of Pumping underground water which resulted to an under expenditure by 31% against the budgeted amount. There was also an under expenditure of electricity by 46% as the company had budgeted at opening a new office at Thindigua once the Kiambu Ruaka project is completed which had not been completed at the end of the financial year.
 - c) Internet cost was underspent by 14 % against the budget since the anticipated office at Thindigua had not been opened. Also security expenditure was underspent by 13% as the budgeted guard was to provide for services at the new Thindigua office.
 - d) Insurance was underspent by 40% against the budget as the company had budgeted to purchase 6 motorbikes but bought three and also had budgeted to insure the new office at Thindigua.
 - e) Subscription to professional membership was underspent by 40% against the budget as the company had budgeted to pay for subscription fees for the staff working under Kiambu Ruaka project who are professionals in different fields upon completion which had not been completed at the end of the year.

f) General office was underspent by 25% against the budget as the company had budgeted for items to be used in the proposed office at Thindigua. The proposed liaison office at Thindigua was not opened as at 30th June, 2022 as the Kiambu Ruaka sewer project had not been completed by then.

g) AGM budgeted expenditure was not utilised as there was no Annual General Meeting held the 2021/2022 financial year.

h) Actual advertisement cost was less than 41% of the budgeted amount which was as a result of the shared cost among the six other water companies within Kiambu County which were considered to be clustered.

i) First aid kit was not purchased during the year as there was one already in existence and in good order.

j) CSR was underspent by 51% against the budget as during the period the country was hardly hit by the outbreak of corona virus thus suspending most of the activities that would call for physical interactions.

k) Stake holder's forum was underspent by 53% against the budget as during the year the country was under physical distance observance rules as directed by the MOH but the rules were lifted during the third and fourth quarter of the year.

l) Covid 19 Intervention was underspent by 69% of the budgeted amount as the company slowed down on the purchase of facemasks and liquid soap following the lifting of the rules by the MOH as the outbreak dramatically reduced.

m) Planning & Design was underspent by 68% which was attributable to non-completion of Kiambu Ruaka project that most of the design work was pegged on the completion.

n) There was no expenditure incurred in relation to compensation for way leave.

o) There was also an under expenditure by 69% on Covid-19 invention measures during the year as the situation had almost gone back to normalcy as announced by the Ministry of Health hence the company stopped purchasing of face masks and liquid soap meant to curb the spread of corona virus during the year.

4. Maintenance Expenses:

- The company registered a favorable variance of 29% as it had budgeted for Kshs. 48,235,565 but the actual amount incurred was Kshs. 34,338,145. The result of under expenditure against the budgeted amount was due to:
 - a) Office repairs & maintenance was underspent by 64% against the budgeted due to the anticipation of the new office at Thindigua and Kiamumbi that never materialised as a result of non-completion of the Kiambu Ruaka project.
 - b) Sewer system was underspent by 89% as during the 2021/2022 financial year the company had budgeted for overall all maintainance of the treatment plant due to the frequency in breakdown but turned out to be very expensive thus could not have been supported by the Company's cash flow.
 - c) Vehicle maintainance was underspent by 29% against the budget as during the year the company returned one vehicle and three motorbikes back to AWWDA as they had fully depreciated and their respective maintainance cost were very high.

5. Board Expenses:

- The total board expenditure was underspent by 14% against the budgeted as from the month of July 2021 to February 2022 the expenditure was a shared cost amongst the seven waters companies within the county considered for clustering.

6. Capital Expenditure:

- During the year the company bought five desktop computers, one laptop and three additional motor bikes

XIX. NOTES TO THE FINANCIAL STATEMENTS**1. General Information**

Kiambu Water & Sewerage Company Ltd was established in 2006 and derives its authority and accountability from by Company's Act (Cap 486). The company is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The company's principal activity is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the PFM Act 2012 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Cash flow statement has been prepared using direct method following amendment of the reporting template by the treasury.

3. Reclassification of Budget lines

Following the amendment of the treasury reporting format the following reclassification was done for the prior year;

Note: The following items of expenditure were reclassified during the year following the amendment of the financial reporting format by the treasury.

(i) Staff Cost

Item	Amount (KES)
Staff Cost as per 2020/2021 audited financial statements	61,300,117
Add: Budget line item moved to staff cost from Administration cost..	
Staff Welfare	1,051,195
Medical Expenses	5,315,935
Total Staff cost as per 2021/2022 (New financial reporting template)	67,667,247

Kiambu Water & Sewerage Company Ltd.**Annual Report and Financial Statements for the year ended June 30, 2022**

Note: Provision for leave pay of Kshs. 438,260 was included in staff salaries & allowances of permanent employees of Kshs. 52,452,077 under note 8 of the 2020/2021 audited financial statements which has now being recorded separately under note 9 of the 2021/2022 financial statement.

(ii) General & Operations Expenses

Item	Amount (KES)
General & Operations Expenses (Previously called Administrative Expenses) as per audited 2020/2021 Financial Statements	25,510,883
Add: Budget line items moved from current Maintenance expenses (Previously known as operational costs)	
Chemicals – (previously recorded as cost of sales)	1,876,596
Electricity -(previously recorded as cost of sales)	6,381,158
Bulky water for sale - (previously recorded as cost of sales)	31,791,791
Water Quality Testing	138,000
Water Source Management/Env	3,664,887
Planning & Design	267,490
Fuels & Lubricants	1,448,971
Regulatory fee	7,685,375
Water abstraction charges	1,605,493
NEMA License fees	105,000
Less: Expenditure Moved to Staff Cost	
(a) Staff Welfare	(1,051,195)
(b) Medical Expenses	(5,315,935)
Less: Expenditure Moved to Maintenance Expense: (a). Repairs & Maintenance	(771,035)
(b). Computer	(781,805)
Maintenance	
Depreciation (Now recorded as a separate line item)	(1,014,192)
Total General & Operations Expenses as per the new reporting Format	71,541,482

(iii) ICT Repairs & Maintenance

ICT Repairs & Maintenance as per 2020/2021 audited financial Statements	1,085,999
Less: Internet Cost	(304,194)
ICT Repairs & Maintenance as per 2021/2022 new format	781,805

(iv) Audit Fees & Professional Fees

Audit & Other Professional fees as per 2020/2021 audited financial Statements	310,656
Less: Consultancy fees	(78,648)
Audit fees as per 2021/2022 new financial reporting format	232,008

(v) Consultancy fees

This was recorded as a separate line item of Kshs. 78,648 following the revision of the new financial reporting template as was recommended by the treasury revised by the treasury in the new format for 2021/2022 financial year.

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an company has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an company to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an company's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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

iii. Early adoption of standards

The company did not early – adopt any new or amended standards in year 2021/2022.

1. Summary of Significant Accounting Policies

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

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

a) Revenue recognition

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

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

b) In-kind contributions

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

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Buildings and civil works	25	4%
Plant and machinery	12.5	8%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3	33.33%
Office equipment, furniture and fittings	12.5	8%

A full month's depreciation charge is recognised both in the month of asset purchase and in the month of asset disposal.

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

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

g) Investment property

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

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

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

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

m) Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

n) Taxation

i. Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority.

o) Borrowing costs

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

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period. 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 institutions which were not surrendered or accounted for at the end of the financial year.

q) Borrowings

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

r) Trade and other payables

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

s) Retirement benefit obligations

The Company operates both defined contribution scheme and a defined benefit scheme for all full-time employees from July 1, 2006. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company contributes 15% of both the basic pay and house allowance whereas the employee contributes 12% of both the basic and the house allowance. The company also contributes to the statutory National Social Security Fund

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

(NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month.

t) Provision for staff leave pay

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

u) Exchange rate differences

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

v) Budget information

The original budget for FY 2021-2022 was approved by the Board of Directors during the month of February 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded reapportioned the budget lines without an effect on the total budget. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

w) Service concession arrangements

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

x) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation as guided by Public Sector Accounting Standards Board (PSASB).

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

2. Significant Judgments and Sources of Estimation Uncertainty

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

The following assumptions/ provisions has been made during the year:

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Revenue recognition

Water revenue includes an assessment of water supplied to customers between the date of the last meter reading and the year end. The water sales is estimated using historical consumption patterns taking into account the total water usage by the customer.

Water deposits

Money received from water customers as deposit is held as a non- current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of water in the short run.

Property Plant & Equipment

Critical estimates are made by the Directors in determining depreciation rates of property plant & equipment. Property and equipment is depreciated over its useful life taking into account residual values, where appropriate.

Provision for doubtful debts

The estimated provision for doubtful debts is based on the period for which the debt was outstanding. General provisions are established where full recovery of the principal is considered doubtful which is made against finalized customer accounts net of deposits. The company made provision of 5% of the outstanding debtors during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6	Operating Revenue	Kshs	Kshs
	Description	2021/2022 (KES)	2020/2021 (KES)
	Water & Sewer Billing		
	Sewer Fees	52,702,336	50,918,742
	Meter Rent	4,847,400	4,554,850
	Water Sales	158,644,425	138,960,625
	Total Water & Sewer Billing	216,194,161	194,434,217
	Billing For Other Services		
	Sewerage Application fees	25,500	14,500
	Project Supervisory fees	68,650	54,500
	Reconnection Request fees	17,800	34,000
	Change of Name fees	31,800	22,975
	New Material Fittings	1,864,460	2,136,500
	Sewer Service fees	-	170,760
	Meter Replacement fees	128,000	97,700
	Disconnection Request Fees	14,600	24,300
	Application fees	657,500	771,950
	Illegal Connection Charges	375,000	680,000
	Skilled labor Charges	1,257,500	1,438,900
	Reconnection Fees	54,700	32,000
	Total Billing for other services	4,495,510	5,478,085
	Total Operating Revenue	220,689,671	199,912,302
7	Grants Income		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Donation - Kamindi Supermarket	30,000	-
	Donation - Kirigiti Thathi-ini	10,000	-
	Grant Income - WSTF (CLSG)	40,017,053	-
	Total Grant Income	40,057,053	-
8	Finance Income		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Interest on Fixed Deposit Account	465,765	-
	Total Finance Income	465,765	-

NOTES TO FINANCIAL STATEMENTS (Continued)

9	Staff Costs		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Salaries & Allowances of Permanent Employees	64,282,912	52,013,817
	Wages of Temporarily Employees	3,177,098	2,350,072
	NSSF Employer Contribution	146,600	137,700
	Employer Contribution to Pension Scheme	6,397,741	4,847,436
	Provision for Leave Pay	1,625,309	438,260
	Gratuity	1,648,024	1,512,832
	Staff welfare	2,553,534	1,051,195
	Staff medical cover	6,530,362	5,315,935
	Total Staff Cost	86,361,580	67,667,247
	The average number of employees at the end of the year was:		
	Permanent Employees - Management	5	5
	Permanent Employees - Unionizable	52	53
	Temporary and contracted Employees	20	8
	Seconded Staff	2	3
	Total	79	69

Note:

Staff welfare and medical expenditure were moved to staff cost and thus a reclassification was done as per the guideline.

10	General & Operations Expenses:		
	Description	2021/2022 (KES)	2020/2021 (KES)
	chemicals	2,898,484	1,876,596
	Electricity	5,645,615	6,381,158
	Bulky water for Resale	35,061,572	31,791,791
	Rent & Rates	93,000	87,000
	Electricity Office	195,934	199,545
	Telephone	316,950	202,750
	Postage	12,990	3,340
	Internet Costs	257,890	304,194
	Printing & Stationery	1,203,141	578,938
	Travelling, Accommodation & Subsistence allowance	7,624,373	4,245,269
	Staff training & workshops	7,092,425	1,529,680
	Security	1,870,400	912,000
	Staff Protective Gear & Uniforms	1,282,421	1,430,222
	Fees & Commissions - Insurance	716,356	123,303
	Membership to Professional Association	397,350	335,300
	General Office Expenses	1,085,264	1,057,817
	AGM Expenses	-	-

10	General & Operations Expenses:		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Advertisements	764,263	24,568
	Audit Fees	255,200	232,008
	Consultancy Fees	435,435	78,648
	Water & Sewerage	57,520	50,940
	WASCO Games	3,400,961	352,000
	Increase Provision for Doubtful Debts	-	2,588,826
	Merger Fund expenses	-	180,348
	Cooperate Social Responsibility	408,000	-
	Legal Fees, Compensation & Fines	1,269,895	845,000
	Stakeholders Forum	426,800	-
	Covid 19- Interventions	343,901	495,100
	Bank Charges	318,109	227,967
	M-pesa Charges	555,921	491,958
	Water Quality Testing	223,000	138,000
	Water Source Management/Env.	1,378,501	3,664,887
	Planning & Design	307,300	267,490
	Fuels & Lubricants	3,216,069	1,448,971.00
	Administration fees (AWWDA)	7,533,924	-
	Regulatory fee	8,454,030	7,685,375
	Water abstraction charges (WARMA)	1,271,188	1,605,493
	NEMA License fees	105,000	105,000
	Total General & Operations Expenses:	96,479,181	71,541,481

Note:

Staff welfare and medical expenditure were moved to staff cost and thus a reclassification was done as per the guideline

11	Board Expenses		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Board Capacity Building	271,310	179,760
	Travel, Meals & Accommodation	1,503,558	671,250
	Board Honorarium	184,000	-
	Board medical Expenses	39,692	-
	Board Sitting Allowances	3,300,611	1,520,750
	Total Board Expenses	5,299,171	2,371,760

12	Maintenance Expenses		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Office repairs & Maintenance	301,521	771,035
	ICT Repairs & Maintenance	641,767	781,805
	Maintenance of Buildings	201,510	-
	Bill & Other Support Services	667,577	820,288

Kiambu Water & Sewerage Company Ltd.**Annual Report and Financial Statements for the year ended June 30, 2022**

	Maintenance of Water Systems	28,764,571	52,364,818
	Maintenance of Sewer System	992,764	2,792,704
	Maintenance of Motor Vehicles	2,768,435	1,455,301
	Total Operational Cost	34,338,145	58,985,951

13	Depreciation Expense		
	Description	2021/2022 (KES)	2020/2021 (KES)
	Plant Property & equipment	1,471,867	1,014,192
	Total Depreciation Expense	1,471,867	1,014,192

NOTES TO FINANCIAL STATEMENTS (Continued)

14	PROPERTY, PLANT AND EQUIPMENTS						
	LAND	COMPUTER EQUIPMENTS	FURNITURE & FITTINGS	PLANTS & EQUIPMENTS	MOTOR VEHICLES & MOTOR CYCLES	TOTAL	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Cost or Valuation							
At 1st July 2021	1,343,200	6,122,028	382,067	21,577,015	4,659,640	34,083,950	
Additions	-	1,339,964	-	-	747,366	2,087,330	
Depreciation on Donated Assets		(92,016)	-	(1,717,428)		(1,809,444)	
Revaluation	-	-	-	-	356,520	356,520	
Depreciation on Revalued Assets	-	-	-	-	(265,948)	(265,948)	
Disposals/ Deferred Loss		-	-	-	-	-	
At 30th June 2022	1,343,200	7,369,976	382,067	19,859,587	5,497,578	34,452,408	
Depreciation							
At 1st July 2021	-	4,999,885	382,067	14,538	2,609,875	8,006,365	
Acc Dep Adjustment		11,887			(3,001)	8,886	
Charge for the year	-	861,769	-	87,228	522,870	1,471,867	
Members Equity		-		-		-	
Disposal		-	-	-	-	-	
At 30th June 2022	-	5,873,541	382,067	101,766	3,129,744	9,487,118	
Net book amount							
At 30th June 2022	1,343,200	1,496,435	-	19,757,821	2,367,834	24,965,290	
At 30th June 2021	1,343,200	1,122,143	-	21,562,477	2,049,765	26,077,585	

NOTES TO FINANCIAL STATEMENTS (Continued)

		2021/2022	2020/2021
15.	Inventories	Kshs	Kshs
	Inventories	24,196,522	17,761,625
	Total	24,196,522	17,761,625

16	Trade & Other Receivables	2021/2022	2020/2021
		Kshs	Kshs
	Trade Receivable (Note 16 a)	118,851,903	106,072,651
	Deposits & Prepayments (Note 16 b)	6,870,830	5,204,004
	VAT Recoverable	6,424,491	6,424,491
	Staff Receivables (Note 16 c)	713,600	1,268,686
	Other Receivables (16 d)	1,075,305	299,775
	Performance Guarantee - WASREB	2,154,046	0
	Total Trade Receivables	136,090,174	119,269,607

16. (a)	Trade Receivables	2021/2022	2020/2021
		Kshs	Kshs
	Trade Receivable	125,107,266	112,699,449
	Provision for doubtful receivables	(6,255,363)	(6,626,798)
	Net Trade Receivables	118,851,903	106,072,651
	As at 30th June 2022 the ageing analysis of the gross trade receivables was as follows:		
	Less than 30 days	12,443,163	13,764,444
	Between 30 and 60 days	6,726,525	5,073,471
	Between 61 and 90 days	3,224,245	932,296
	Between 91 and 120 days	3,482,734	827,579
	Over 120 days	99,230,599	92,101,660
	Total	125,107,266	112,699,449

NOTES TO FINANCIAL STATEMENTS (Continued)

16.(b)	Deposits and Prepayments	2021/2022	2020/2021
		Kshs	Kshs
	Ting'ang'a Office KPLC Deposit	3,000	
	Kamwai Ltd	-	8,509
	Prepaid Vehicle Expenses	-	-
	KPLC prepaid	100,000	100,000
	Staff Debtors		-
	Water Deposit Paid to Amon Nderi	165,000	165,000
	Deposit Nairobi Water	52,500	52,500
	Rent deposit	260,000	260,000
	Deposit paid to Watija Enterprises for Bulk water purchase	50,000	50,000
	Prepayment - Karura Forest	15,000	
	Prepaid Internet	20,880	
	Prepaid Staff Personal Accident	110,328	123,100
	Prepaid Electricity	424,167	381,273
	Prepaid Medical Cover - Laser Insurance Brokers	5,589,599	3,977,266
	Prepaid motor vehicle and office insurance	66,434	79,035
	Prepaid I.T Costs	-	-
	Prepaid Office Insurance	13,922	7,321
	Total Deposit & Prepayment	6,870,830	5,204,004

16. (c)	Staff Receivables	2021/2022	2020/2021
		Kshs	Kshs
	Gross Staff Loan & Advances	713,600	1,268,686.00
	Provision for Impairment Loss	-	-
	Net Staff Loans	713,600	1,268,686

16. (d)	Other Receivables	2021/2022	2020/2021
		Kshs	Kshs
	Thika Water	580,580	-
	Githunguri Water	6,550	-
	Gatundu Water	-	125,230
	Kikuyu Water	177,225	32,080
	Limuru Water	33,150	93,150
	Karuri Water	277,800	49,315
	Total Dues	1,075,305	299,775

NOTES TO FINANCIAL STATEMENTS (Continued)

17	Bank & Cash Balances	Account Number	2021/2022	2020/2021
			Kshs	Kshs
	Family Bank - Customer Deposits Account	001000006183	13,152,650	13,666,741
	KCB Operations Account	1101934018	495,696	(2,116,298)
	MPESA ACCOUNT	885100	52,492	37,369
	Equity Revenue Account	0640296360945	8,926	926
	Family Bank Revenue Account	001000017833	370	-
	Cash in hand		22,820	20,480
	Post Bank	0744130008931	71,245	153,679
	National Bank of Kenya	01020099870100	60,441	56,001
	Total Bank & Cash Balances		13,864,639	11,818,898

18.	Trade And Other Payables	2021/2022	2020/2021
		Kshs	Kshs
	Academy Of Certified Human Resource Prof.	63,800	
	Ajuma Caterers And Bakers	295,750	
	Albanay Black Photography	12,000	
	Amua Water Systems Ltd	10,193	378,925
	Aquatreat Solutions Ltd	2,110	102,798
	Athi Water Services Board	38,887,022	38,887,022
	Athi Water Works Development Agency	7,533,924	
	Babs Security Services Ltd	62,063	62,063
	Banjo Business Supplies	212,208	1,038,480
	Bazaar Engineering Works	3,500	3,500
	Benard Kimani Njoroge	102,600	
	Binca Enterprises	260,000	
	Beatrice Wangai	-	12,000
	Brookside Dairy Ltd		47,500
	Chancery Wright Insurance Brokers Limited	135,547	142,278
	Charles Njuguna Gikonyo	36,000	
	Chazak Venture Limited	252,638	
	Charles Gauge & Workshop		43,350
	Coast Industrial & Safety Supplies Ltd	294,180	402,706
	Conservancy Charges Payable To KMC	808,350	808,350
	Cpf Financial Services Ltd	688	-
	Crystallyn Technologies	855,000	
	Damasaff & Sons Agencies	388,702	5,568,536
	Damic Enterprises		121,768
	Damwotech Engineering Co		-

18.	Trade And Other Payables	2021/2022	2020/2021
		Kshs	Kshs
	Danco Capital Ltd	2,998,325	5,915,094
	David Kuria	30,000	
	Dawamwa Agencies	119,009	169,628
	Defan General Supplier		6,000
	Diamond Chemicals Ltd.	942,199	695,291
	Doyen Venture Group Limited	29,084	8,700,196
	Edcon Enterprises	-	-
	Eastern view Services Ltd	-	4,000,000
	Emerald Tents & Chairs	19,300	
	Elevetus Technologies		367,712
	Eslon Plastics Of Kenya Ltd	2,031,076	4,649,190
	Espat Solutions Limited	122,843	
	Eva Wanjiku Mungai S		12,000
	Feruga Services		9,000
	Fidelity Telecomms Services Ltd	10,440	
	First Assurance Company	71,962	74,362
	Fonesrus Limited	3,448	
	Francis Mwendu S		8,000
	Gibeon Agencies	4,200	
	Gichiru Water Projects	43,900	43,900
	Global Motors Centre Ltd`	1,648	
	Good Hope Travel & Tours Ltd	48,000	
	Gridiron Holdings Limited	677,281	6,156,090
	Hency Tyres Limited		-
	Haddie Supplies Ltd	307,492	58,000
	Hassan Isaac	17,640	
	Heritage Plumbing Works	42,768	42,768
	Jamak Office Suppliers	15,117	
	James Gitau Muriuki S	84,000	
	James Githu Muiruri	96,000	
	Humble Enterprises Limited		408,000
	Hushai Investments		135,617
	Intraspace Market Consultancy		1,356
	Iqplus (Kenya) Ltd		43,384
	Irene Njoki S		13,000
	Jamii Telecom	360	
	Jamii Telecommunications	720	
	Jennifer Kanini Musyoki	36,000	
	John K. Kinuthia	48,000	
	Josephine Waceke Muritu	94,000	
	Jamak Office Suppliers		43,566

Kiambu Water & Sewerage Company Ltd.**Annual Report and Financial Statements for the year ended June 30, 2022**

18.	Trade And Other Payables	2021/2022	2020/2021
		Kshs	Kshs
	Jamee Micro Enterprises		7,500
	Joseph Njuguna Kamau		80,150
	Josna Motorcycle Garage & Spare Parts	19,600	3,000
	Julie's Electricals	17,845	
	Kamwai (Fuel)	99,345	
	Kam Furnitures		18,000
	Kenya Institute Of Supplies Management		2,560
	Kenya National Audit Office	430,684	856,039
	Kenya Power & Lighting Company Ltd	1,083,394	422,922
	Kiambu Senior Club	181,310	134,850
	Kiambu Water & Sewerage Company Ltd		9,540
	Kibo Africa Limited	845,162	645,206
	Kinetic Engineering	478,209	509,411
	Lake Naivasha Resort Ltd	511,286	55,000
	Laser Insurance Brokers		2,303,020
	Leeways Control Systems & Supplies	374,014	169,487
	Lionet Investments		107,376
	M.B Mwangi & Company Advocates	442,799	
	Mahavira Impex Ltd.	112,752	112,752
	Manasses, Mwangi & Associates	88,555	88,556
	Martin Njogu	24,000	
	Masa Caterers	77,000	
	Maxcom General Suppliers	96,000	96,000
	Mfi Document Solutions Ltd	205,200	
	Micson Borehole Services Ltd	-	139,200
	Mona Promotions	44,000	52,000
	Moses Kinyanjui Mikia		4,400
	Nairobi Iron Mongers	839,500	627,000
	Nairobi Water Company Ltd	97,249,389	97,607,193
	Nation Media Group	142,680	
	National Industrial Training Authority		13,200
	National Oil Cooperation Of Kenya	223,821	85,723
	Ngaywa Ngigi & Kibet Advocates	6,250	131,250
	Ngugi & Company Advocates	354,470	425,720
	Nuthu & Associates	10,007	10,007
	Oil Seals & Bearing Center	8,456	8,456
	Osteens Traders General Suppliers & Petr P	177,500	
	Pena General Supplies	3,960	4,680
	Petanns Driving School		61,250
	Phoenicia Hotel	287,600	88,350
	Pluma Hardware Stores	85,763	98,869

18.	Trade And Other Payables	2021/2022	2020/2021
		Kshs	Kshs
	Poa Internet Kenya Limited	-	158
	Postal Corporation	220,900	220,900
	Resintuff Industries Limited		112,500
	Rabken Trading Co. Ltd	7,650	
	Records & Information Management E.A Ltd	4,783	
	Ruiru Juja Water Company Ltd	37,000	
	Ryce East Africa Limited		1,090,400
	Samiscope Surveying Services	9,367	187,340
	Security Yard Investigators	7,496	3,092
	Sematime Ltd	53,934	50,335
	Space Environmental Consultants Ltd	165,000	
	Steel Stone Kenya Limited	169,746	
	Small Engines Services		16,000
	Stevens Kori Ng'ang'a		3,000
	Sunyaka Enterprises	23,800	27,000
	Suwagi Business Ventures	428,403	442,066
	Target Industrial Supplies Ltd	191,284	
	Terrific Bites	60,520	
	Terry Rental & Travel	28,000	
	Tiles & Carpet Centre Ltd	298,358	
	Telkom Kenya		13,499
	Toyota Kenya Ltd		34,800
	Travellers Beach Hotel	227,554	5,712
	Tusqee Systems Ltd		-
	Trusun		3,000,000
	Vas Consultants Limited	2,032,030	
	Vinpet Enterprises	198,222	
	Water Resources Management Authority	881,287	791,467
	Water Service Providers Associations		600
	Water Services Regulatory Board	22,231,925	16,125,551
	Due To Water Debtors	4,014,122	4,108,597
	Zacharia Karanja Gitau	30,000	
	Zamara Risk & Insurance Brokers Ltd	238,151	
	Total Trade & Other Payables	194,191,170	210,383,114

NOTES TO FINANCIAL STATEMENTS (Continued)

			2021/2022	2020/2021
			Kshs	Kshs
19	19 (a)	Employees Payables	10,909,799	8,500,712
	19 (b)	Deferred Long Term Liability	20,693,603	21,403,788
		Less: Charge for the Year	1,809,444	710,185
		Net Deferred Long Term Liability	18,884,159	20,693,603
	19 (c)	Deferred Current Liability	14,887,740	15,150,000
		Less: Charge for the Year	376,000	262,260
		Net Deferred Current Liability	14,511,740	14,887,740
	19 (d)	Customer Deposits		
		Opening Balance	13,704,295	11,844,795
		Add: Deposit received during the year	1,684,500	1,901,500
		Less: Refunded Deposit	(77,000)	(42,000)
		Closing Balance	15,311,795	13,704,295

20	Notes	The Statement of Cash flows	2021/2022	2020/2021
			Kshs	Kshs
		Cash flow From Operating Activities		
	a)	Operating profit before working capital changes	37,262,545	(1,668,330)
		Depreciation	1,471,867	1,014,192
		Operating profit/deficit before working capital changes	38,734,412	(654,138)
		Decrease/increase in trade and other receivables	(15,337,393)	(32,107,666)
		Decrease(increase) in prepayments and deposits	(1,111,740)	202,779
		Decrease(increase) Stock inventories	(6,434,897)	(11,625,331)
		(Decrease)/increase in payables and accruals	(14,547,792)	43,156,233
		change in working capital	(37,431,822)	(373,985)
		Net cash flow from Operating Activities	1,302,591	(1,028,123)
		b) Investing activities		
		Purchase of additional assets	(359,572)	(15,501,835)
		Net cash flow from investing activities	(359,572)	(15,501,835)
		c) Financing activities		
		Customer Deposits	1,607,500	1,859,500
		Deferred Liability	(1,809,444)	20,693,602
		Revaluation	90,572	(269,760)
		Members Equity	1,214,094	(10,760,656)
		Net cash flow from financing activities	1,102,722	11,522,686
		Net Increase / (Decrease) in cash and cash equivalents	2,045,741	(5,007,272)
		Movement in cash and cash equivalents		
		At start of year	11,818,898	16,826,170
		Increase / (Decrease) in cash and cash equivalents	2,045,741	(5,007,272)
		At end of year	13,864,639	11,818,898

NOTES TO FINANCIAL STATEMENTS (Continued)

Other Disclosures

21. Related Party Disclosures

County Government of Kiambu

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

Other related parties include:

- The County Department in charge of Water
- Water Service Trust Fund (WSTF)
- Water Services Regulatory Board (WASREB)
- Water Resources Management Authority (WARMA)
- Athi Water Services Board (AWSB)
- Key Management
- Board of Directors
- Nairobi Water Company Ltd
- Ruiru Water & Sewerage Company Ltd
- Gatundu Water & Sanitation Company Ltd
- Karuri Water & Sewerage Company Ltd
- Kikuyu Water & Sewerage Company Ltd
- Githunguri Water & Sewerage Company Ltd.
- Limuru Water & Sewerage Company Ltd.

Transactions with related parties

			2021/2022	2020/2021
21		Transactions with related parties	Kshs	Kshs
	21. (a)	Interest Income from family Bank	547,959	-
		Total	547,959	-
	21. (b)	Bank Charges Paid to Commercial Banks	318,109	227,967
		M-pesa Charges	555,921	491,958
		Total Bank Charges	874,030	719,925
	21. ©	Key Management Remuneration		
		Directors	3,300,611	1,520,750
		Compensation to Key Management	24,537,129	21,992,901
		Total Key Management Compensation	27,837,740	23,513,651
	21. (d)	Due to Related parties		
		Due to WASREB	22,231,925	16,125,551
		Due to Athi Water Services Board	46,420,946	38,887,022
		Due to Nairobi Water	97,249,389	97,607,193
		Due to WARMA	881,287	791,467
		Total Due to Related Parties	166,783,547	153,411,233
	21. (d)	Due from related Parties		
		Due From Kiambu County Government (Departments)	48,485,089	42,146,805
		Due from Karuri Water	277,800	49,315
		Due from Gatundu Water	-	125,230

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

			2021/2022	2020/2021
21		Transactions with related parties	Kshs	Kshs
		Due from Kikuyu Water	177,225	32,080
		Due from Limuru Water	33,150	93,150
		Due from Githunguri Water	6,550	-
		Due from Thika Water	580,580	-
		Total Due from related parties	49,560,394	42,446,580

22. Contingent Liability

As at 30th June 2022 Kiambu Water & Sewerage Company Ltd had a pending lawsuit which relating to legal claims by a former employee. The Judgment in respect of these cases had not been determined as at 30th June 2022. The amounts have not been provided for in these financial statements as it was not possible to accurately quantify the potential liability arising from all of them. The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or results of the organization.

23. Financial Risk Management

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

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

i) Credit risk

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from Water Debtors	125,107,266	64,013,827	54,838,076	6,255,363
Other Receivables	17,238,272	10,813,781	6,424,491	-
Bank balances	13,864,639	13,864,639	-	-
Total	156,210,177	88,692,247	61,262,567	6,255,363
At 30 June 2021				
Receivables from Water Debtors	112,699,449	73,255,242	32,817,410	6,626,798
Other Receivables	13,196,956	6,472,690	6,724,266	-
Bank balances	11,818,898	11,818,898	-	-
Total	137,715,303	91,546,830	39,541,676	6,626,798

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

The company has significant concentration of credit risk on amounts due from Kiambu District Hospital and Kiambu County Government.

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	1,385,099	13,393,613	175,398,336	190,177,04
Employee benefit obligation	2,882,525	5,011,410	3,015,864	10,909,79
Total	4,267,624	18,405,023	178,414,200	201,086,84
At 30 June 2021				
Trade payables	26,300,755	20,565,395	159,408,367	206,274,51
Employee benefit obligation	2,527,962	-	5,972,750	8,500,71
Total	28,828,717	20,565,395	165,381,117	214,775,22

iii) Capital Management

The water business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmitting and other distribution capacity is to be obtained from cash generated by the business and Government support. The adequacy of water tariffs allowed by WASREB and the level of Government support are key factors in the sustainability of the Company.

24. Incorporation

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

25. Events After The Reporting Period

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

26. Currency

The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX

1. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

During the preparation of the 2021.2022 financial statement the company had not received the audit certificate for the year ended 30th June 2021.

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																				
1.1	<p>The statement of financial position as at 30 June, 2021, and corresponding note 13 to the financial statements, reflects a balance of Kshs. 26,077,585. The property, plant and equipment cost or valuation was Kshs. 33,701,883 as at 30 June 2021. However, examination of the fixed assets register revealed differences in property, plant and equipment as shown in the table below: -</p> <table border="1"> <thead> <tr> <th>Asset Description</th> <th>Financial Statement Balance (Kshs.)</th> <th>Assets Register Balance (Kshs.)</th> <th>Variance (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>Land</td> <td>1,343,200</td> <td>0</td> <td>1,343,200</td> </tr> <tr> <td>Computer Equipment</td> <td>6,122,028</td> <td>5,399,804</td> <td>722,224</td> </tr> <tr> <td>Plant and Equipment</td> <td>21,577,015</td> <td>22,218,188</td> <td>(641,173)</td> </tr> <tr> <td>Motor Vehicles</td> <td>4,659,640</td> <td>1,780,000</td> <td>2,879,640</td> </tr> </tbody> </table> <p>The variances were not explained or reconciled. Further, the property, plant and equipment balance of Kshs.26, 077,585 includes a plot of land measuring 0.045 hectares with estimated cost of Kshs.1, 343,200. However, the land is not reflected in the assets register and has not been revalued to reflect its market value. In addition, physical inspection of the assets indicated that furniture and fittings with nil net book value were in fairly good condition and were still in use. However, no explanation was provided why they were not revalued to reflect their fair value as required by Paragraph 31 of the International Accounting Standards (IAS) Number 16.</p>	Asset Description	Financial Statement Balance (Kshs.)	Assets Register Balance (Kshs.)	Variance (Kshs.)	Land	1,343,200	0	1,343,200	Computer Equipment	6,122,028	5,399,804	722,224	Plant and Equipment	21,577,015	22,218,188	(641,173)	Motor Vehicles	4,659,640	1,780,000	2,879,640	<ul style="list-style-type: none"> The value of the land was erroneously omitted on the fixed asset register which has now been included as per the guidelines. The same was restated and the corrected Fixed Asset register sent to the auditors via email on April 22, 2022 including the omitted value of Land. The company was in the process of engaging a professional valuer but the same was halted by the then ongoing merger process where there was to be an engagement of a consultant to carry out valuation of assets within the companies considered for merger. The company has engaged The Chief Government valuer from the ministry of lands & Physical planning which has being carried out awaiting for the valuation report. For plant & equipment the difference is the value of the depreciation which has a different treatment as guided by IAS 20 where the depreciating figure is deducted at arriving at the carrying cost amount of the asset i.e. 21,127,788 (cost of granted Assets) +1,090,400 (Cost of the generator) less the cost of depreciation of the granted assets which is Kshs. 641,173 to arrive at the actual cost of the assets as 21,577, 015 (The figure reported on the financial statement). For the motor vehicles the variance is the cost of one vehicle and three motorbikes which had a separate working on a different sheet. These are the assets that had fully depreciated and revalued for the purposes of recording the 	Resolved	
Asset Description	Financial Statement Balance (Kshs.)	Assets Register Balance (Kshs.)	Variance (Kshs.)																					
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Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Further, the assets register does not contain information on suppliers, invoice numbers, serial-numbers and conditions of the assets. Physical verification of the assets held by the Company revealed that a Meter Calibration/Test Bench valued at Kshs.6, 000,000 was received from Athi Water Works Development Authority in November, 2020. However, The equipment was kept in storage and had not been put to use for the intended purpose. No explanation was provided by Management for failure to put the equipment to use. In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance totalling Kshs.26, 077,585 as at 30 June, 2021 could not be confirmed.	actual figures on the financial statements. The corrected fixed asset register was sent to the auditors for verification via email on 22/04/2022 of which was never addressed although the company has issued a dissatisfaction letter to the Office of the Auditor general for reconsideration. <ul style="list-style-type: none"> The equipment of Kshs 6,000,000.00 was donated by AWWDA to assist the company in carrying out meter testing. It was a requirement by AWWDA for the company to construct a meter testing lab so that AWWDA can invite the manufacturer from China for assembling the equipment. The assembly has not been carried out because some WSPs (Limuru & Gatundu) have not completed constructing their own meter testing lab as it was agreed that the manufacturer has to assemble all of them simultaneously 		
1.2	The statement of comparison of budget and actual amounts for the period ended 30 June 2021 shows budgeted gross surplus of Kshs. 149,204,731. However, the recomputed gross surplus is Kshs. 198,208,380- instead of the Kshs. 149,204,731 now shown. Consequently, the gross surplus is understated by Kshs. 49,003,649. Further, the net deficit of Kshs. 91,790,050 is overstated by Kshs. 49,003,649. In the circumstances, the statement is misleading and may not be useful for decision-making contrary to regulation 4 (d) of the Public Finance Management (County Governments) Regulations, 2015.	<ul style="list-style-type: none"> This was a transposition error but rectified on the restated financial statement submitted to the auditors for review on 22nd April 2022. 	Resolved	
1.3	The statement of financial position and the corresponding Note 18(d) to the financial statements reflect customer deposits totaling Kshs.13, 704,295. However, the names of the depositors and amounts deposited by new customers were not disclosed. Review of customers' billing data and new connection records indicated that 633 new customers who were	<ul style="list-style-type: none"> The company submitted the list of the depositors together with other responses on 22nd April 2022. The billing data and new connections of 633 relates only to connections which had been connected on the ground and activated in the system for billing. Some of the connections in 	Resolved	

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																						
	<p>connected during the year paid a deposit of Kshs.1, 500 each resulting to additional customer deposits totalling Kshs. 949,500. However, the financial statements indicated deposits made in the year totalling Kshs. 1,859,500 resulting to a difference totalling Kshs. 910,000 which was not explained.</p> <p>Further, the customer deposits balance totalling Kshs. 13,704,295 varies with customer deposits in bank of Kshs. 13,666, 741 reflected in Note 16 to the financial statements. The difference amounting to Kshs.37, 554 was not accounted for.</p> <p>In the circumstances, the accuracy and completeness of the customer’s deposits balance totalling Kshs.13, 704,295 as at 30 June, 2021 could not be confirmed</p>	<p>the new connections had been paid for in the previous year while connections paid within the year under review will reflect in the current year.</p> <ul style="list-style-type: none"> • There are customers who had paid for the water connection within the year under review but had not been connected and activated in the system. • The customer water deposit varies depending on the nature of the connection where water connection for construction pays Ksh. 10,000 for minor construction or Ksh. 50,000 for major construction. • Below please find the analysis of the customer deposit analysis amounting to Kshs. 1,901,500 as well as the customer listing during the year; (Appendix I). <table border="1" data-bbox="1099 794 1646 1489"> <thead> <tr> <th colspan="2">ANALYSIS OF CUSTOMER DEPOSIT</th> </tr> <tr> <th>Month</th> <th>Deposit (KES)</th> </tr> </thead> <tbody> <tr><td>Jul-20</td><td>142,000</td></tr> <tr><td>Aug-20</td><td>200,000</td></tr> <tr><td>Sep-20</td><td>175,000</td></tr> <tr><td>Oct-20</td><td>148,000</td></tr> <tr><td>Nov-20</td><td>113,500</td></tr> <tr><td>Dec-20</td><td>78,000</td></tr> <tr><td>Jan-21</td><td>149,500</td></tr> <tr><td>Feb-21</td><td>250,500</td></tr> <tr><td>Mar-21</td><td>158,500</td></tr> <tr><td>Apr-21</td><td>220,000</td></tr> <tr><td>May-21</td><td>106,500</td></tr> <tr><td>Jun-21</td><td>160,000</td></tr> <tr><td>Total Amount of Customer Deposit</td><td>1,901,500</td></tr> <tr><td>Less: Amount of deposit refunded to customers</td><td>(42,000)</td></tr> <tr><td>Net Customer Deposit</td><td>1,859,500</td></tr> <tr><td>Add: Balance B/f as at 01/07/2020</td><td>11,844,795</td></tr> <tr><td>Customer Deposit as per the Financial Statements</td><td>13,704,295</td></tr> </tbody> </table>	ANALYSIS OF CUSTOMER DEPOSIT		Month	Deposit (KES)	Jul-20	142,000	Aug-20	200,000	Sep-20	175,000	Oct-20	148,000	Nov-20	113,500	Dec-20	78,000	Jan-21	149,500	Feb-21	250,500	Mar-21	158,500	Apr-21	220,000	May-21	106,500	Jun-21	160,000	Total Amount of Customer Deposit	1,901,500	Less: Amount of deposit refunded to customers	(42,000)	Net Customer Deposit	1,859,500	Add: Balance B/f as at 01/07/2020	11,844,795	Customer Deposit as per the Financial Statements	13,704,295		
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Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																									
		<ul style="list-style-type: none"> The figure of 37,554 is the amount of accumulated bank charges charged by the bank as the bank monthly maintenance fees which reduces the amount of customer deposit in the bank. This is a cost that cannot be borne by the customer irrespective of them owning the customer deposit held at Family bank. Below is a reconciliation of the customer deposit. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th colspan="2">Reconciliation of Customer Deposit</th> </tr> </thead> <tbody> <tr> <td>Book Balance as at 30.06.2021</td> <td style="text-align: right;">13,666,741</td> </tr> <tr> <td>Add: Accumulated Bank Charges</td> <td style="text-align: right;">37,554</td> </tr> <tr> <td>Customer Deposit as per the Customer deposit Movement Schedule</td> <td style="text-align: right;">13,704,295</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The amount of accumulated bank charges reduces the customer balance held in the customer deposit account thus a loss to the company as the cost cannot be transferred to the to the customers. 	Reconciliation of Customer Deposit		Book Balance as at 30.06.2021	13,666,741	Add: Accumulated Bank Charges	37,554	Customer Deposit as per the Customer deposit Movement Schedule	13,704,295																			
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1.4	<p>Review of the financial statements submitted for audit revealed discrepancies between the comparative balances reflected in the audited financial statements for the previous year as indicated below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Item</th> <th style="width: 15%;">Audited 2019/2020 Financial Statements Balance</th> <th style="width: 15%;">2020/2021 Financial Statements Balance</th> <th style="width: 10%;">Comparative</th> <th style="width: 10%;">Variance (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>Staff Cost</td> <td style="text-align: right;">55,244,509</td> <td style="text-align: right;">58,840,872</td> <td style="text-align: center;">(3,596,363)</td> <td></td> </tr> <tr> <td>Administration Expenses</td> <td style="text-align: right;">19,118,543</td> <td style="text-align: right;">14,876,734</td> <td style="text-align: center;">4,241,809</td> <td></td> </tr> <tr> <td>Deposits and Prepayments - Notes</td> <td style="text-align: right;">5,418,274</td> <td style="text-align: right;">6,507,318</td> <td style="text-align: center;">(1,089,044)</td> <td></td> </tr> <tr> <td>Total Current Liabilities</td> <td style="text-align: right;">193,204,159</td> <td style="text-align: right;">205,048,954</td> <td style="text-align: center;">(11,844,795)</td> <td></td> </tr> </tbody> </table>	Item	Audited 2019/2020 Financial Statements Balance	2020/2021 Financial Statements Balance	Comparative	Variance (Kshs.)	Staff Cost	55,244,509	58,840,872	(3,596,363)		Administration Expenses	19,118,543	14,876,734	4,241,809		Deposits and Prepayments - Notes	5,418,274	6,507,318	(1,089,044)		Total Current Liabilities	193,204,159	205,048,954	(11,844,795)		<ul style="list-style-type: none"> This was corrected on the restated financial statements submitted to auditor general on April 22, 2022 but however discrepancy was as a result of reclassification of the budget line for the preceding year following the year of audit as per the IAS 1 requirement on the preparation of financial statements for comparative purposes. Also the reclassification was also as guided by WASREB during the consolidation of the WARIS report. The reclassification was done as explained here under: The staff cost variance related to medical expenses of Kshs. 3,596,363 which was moved to administration expenditure as was guided by WASREB that it does not relate to direct staff remuneration although the same 	Resolved	
Item	Audited 2019/2020 Financial Statements Balance	2020/2021 Financial Statements Balance	Comparative	Variance (Kshs.)																									
Staff Cost	55,244,509	58,840,872	(3,596,363)																										
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Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)														
	<p>In the circumstances, the accuracy of the balances brought forward in respect to the accounts could not be confirmed.</p>	<p>was restated back to staff cost as per the restated financial statement submitted to the auditor general on 22/04/2022.</p> <ul style="list-style-type: none"> On administrative expenses Bank charges of kshs. 645,445 was moved to administrative expenses from the separated budget line item indicated as Finance Cost where the company had not incurred any finance cost during the period thus the bank charges were supposed to be treated as part of administrative expenses. Below please find the reconciliation of the stated discrepancies. <table border="1" data-bbox="1099 667 1912 1031"> <thead> <tr> <th colspan="2" data-bbox="1099 667 1659 703"><i>Administrative Expense reconciliation:</i></th> </tr> <tr> <th data-bbox="1099 703 1473 735"></th> <th data-bbox="1473 703 1659 735"><i>Amount (KES)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="1099 735 1473 799"><i>Balance as per 2019/2020 audit statements</i></td> <td data-bbox="1473 735 1659 799" style="text-align: right;"><i>14,876,734</i></td> </tr> <tr> <td data-bbox="1099 799 1473 831"><i>Add:</i></td> <td data-bbox="1473 799 1659 831"></td> </tr> <tr> <td data-bbox="1099 831 1473 895"><i>Medical Cover Expenses (Moved to Admin Exp)</i></td> <td data-bbox="1473 831 1659 895" style="text-align: right;"><i>3,596,363</i></td> </tr> <tr> <td data-bbox="1099 895 1473 959"><i>Bank Charges (Moved to Admin Exp)</i></td> <td data-bbox="1473 895 1659 959" style="text-align: right;"><i>645,445</i></td> </tr> <tr> <td data-bbox="1099 959 1473 1023"><i>Balance as per 2020/2021 Financial statements</i></td> <td data-bbox="1473 959 1659 1023" style="text-align: right;"><i>19,118,542</i></td> </tr> </tbody> </table> <p>a) Deposits and prepayment: The amount of difference of Kshs. 1,089,044 related to amount advanced to staff which was moved from a combined deposit and prepayments to a separate line item as per the recommended treasury template on page 36 note 27 ©.</p> <p>b) Under total liabilities amount of Kshs. 11,844,795 related to closing customer deposit balance which was previously treated as a long term liability but moved to current liability.</p> <p>Note: IAS (1) requires an company to present a complete set of financial statements at least</p>	<i>Administrative Expense reconciliation:</i>			<i>Amount (KES)</i>	<i>Balance as per 2019/2020 audit statements</i>	<i>14,876,734</i>	<i>Add:</i>		<i>Medical Cover Expenses (Moved to Admin Exp)</i>	<i>3,596,363</i>	<i>Bank Charges (Moved to Admin Exp)</i>	<i>645,445</i>	<i>Balance as per 2020/2021 Financial statements</i>	<i>19,118,542</i>		
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Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>annually, with comparative amounts for the preceding year, thus the reason for having the figures for the preceding year on the current financial year for comparability purposes as per the budget line items. Though in our case the same was restated to match the auditors' requirement.</i>		
2	<p>Included in the cost of sales balance totalling Kshs.40,049,545 reflected in the statement of profit or loss and other comprehensive income is bulk water for resale valued at Kshs.37,791,791. Documents provided for audit indicated that 848,839 m3 of the water was purchased from the Nairobi Water and Sewerage Company at a cost of Kshs.31 per unit (1,000 litres of water) or one (1) m3. However, the purchases were not supported by bills indicating the water volume supplied and that received.</p> <p>In the circumstances, the occurrence, validity and accuracy of bulky water resales totalling Kshs.31,791,791 for the year ended 30 June, 2021 could not be confirmed.</p>	<ul style="list-style-type: none"> • During our submission of the responses to the auditor general we attached a letter raised by the company to Nairobi City Water & Sewerage Company limited requesting them to be providing us with the monthly invoices as was attached on the auditor's responses indicated as - (Appendix VI). • The company also attached invoices which were down loaded from the email and submitted the same to the auditor general as (Appendix VI). 	Resolved	
3.	<p>The statement of financial position reflects a bank and cash balance totalling Kshs. 11,818,898 which includes an overdraft bank account balance totalling Kshs. 2,116,298. The overdraft was explained as having resulted from delay in posting revenue transfers in the cash book. Further, the balance was not supported by Board of Survey reports. In addition, as at 30 June, 2021, examination of the bank reconciliation statement for the Kenya Commercial Bank Account revealed a long outstanding unpresented cheque of Kshs. 4,300 dated 30 April, 2020 which were not reversed in the cashbook.</p> <p>In the circumstances, the accuracy of bank and cash balances totalling Kshs.11,818,898 as at 30 June, 2021 could not be confirmed.</p>	<ul style="list-style-type: none"> • The above stated cheque of Kshs. 4,300 related to payment to the Central Organization of Trade Union which was received on 11/05/2020 (evidence on the stamped schedule - Appendix III as submitted to the auditors on 22nd April 2022). The company had not written off the as no official communication has been received from COTU indicating whether the cheque was misplaced or not which was within their custodian. • Even though the region indicated an overdrawn account in 2020.2021 financial year it only related to KCB operational account but the company had credit balance on the other collection accounts i.e. M-pesa, Family Bank, National Bank & Post Bank 	Resolved	

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>where the transfers are effected before the cheques are issued out to the customers thus not affecting the balances at the bank. The cheques at the time were drawn based on the monies held at the other collection accounts all inclusive. The cheques were also drawn with the great anticipation of receipt of Kshs. 1.7 Million from Eden Ville (II) where they had indicated the full proof of payment but effected the same in July 2021.</p>		
4	<p>The statement of financial position reflects trade and other receivables net balance totaling Kshs. 119,269,607 after provision for bad and doubtful receivables totaling Kshs. 6,626,798 as reflected in Note 15(a) to the financial statements. Review of records provided for audit indicated that the provision for bad debts was charged at the rate of 5% on Kshs. 28,982,920 gross water debtors aged between one and two years old translating to Kshs. 1,449,146, and at 10% on Kshs. 51,776,518 debtors that were more than two (2) years old translating to 5,177,652. However, the list of the outstanding debtors under the two (2) categories were not provided for audit verification. Further, the Company's billing software could not generate receivables aging analysis. In the circumstances, the accuracy and validity of the provision for bad debts totalling Kshs. 6,626,798 for the year under review could not be confirmed</p>	<ul style="list-style-type: none"> • The company used the judgment as shown here below where the computation was done based on the outstanding debtors historical data i.e. in the year 2018/2019, 2019/2020 and 2020/2021 the outstanding debtors were Kshs. 51,776,518, Kshs. 80,759,438 and Kshs. 112,699,449 respectively. • The company is working with the system developer to seek for a way in which the system can be able to produce a listing analysis as per the guideline stipulated on the finance policy. The challenge being there is no system so far that can be able to allocate amount paid in relation to the age of the debt e.g. if a customer had an outstanding balance of Kshs. 25,000 which is cumulative for five months i.e. Jan, Feb, March, April & May of Kshs, 1,000 billed each month and the customer makes a part payment of Kshs. 2,000 it becomes difficult to allocate which month the customer has paid for. Thus there is need through your advice on whether to change the policy on provision for bad & Doubtful debts to a workable provision. <ul style="list-style-type: none"> • The company is also considering revising the financial manual to match the ageing than can be able 	Not Resolved	

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)															
		to be generated from the Maj iSOFT billing software.																	
5	<p>The statement of financial position and the corresponding Note 17 to the financial statements reflects trade and other payables totalling Kshs. 210,383,114 which include long outstanding payables totalling Kshs. 152,619,766 as shown below:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Company</th> <th>Amount (Kshs.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Athi Water Services Board</td> <td>38,887,022</td> </tr> <tr> <td>2.</td> <td>Nairobi Water Company Limited</td> <td>97,607,193</td> </tr> <tr> <td>3.</td> <td>Water Services Regulatory Board</td> <td>16,125,551</td> </tr> <tr> <td colspan="2">Total</td> <td>152,619,766</td> </tr> </tbody> </table> <p>Management did not explain the failure to pay the long outstanding trade and other payables. Further, amounts reflected as payable to Nairobi Water Company Limited and Athi Water Services Board totaling Kshs. 97,607,193 and Kshs. 38,887,022 respectively, vary with the amounts disclosed as receivables in the financial statements of the two entities totaling Kshs. 95,722,366 and Kshs. 33,550,492 for the same period, resulting to unreconciled variances totaling Kshs. 1,884,827 and Kshs. 5,336,530 respectively. In the circumstances, the accuracy, completeness and validity of trade and other payables totaling Kshs. 152,619,766 as at 30 June, 2021 could not be confirmed.</p>	No	Company	Amount (Kshs.)	1.	Athi Water Services Board	38,887,022	2.	Nairobi Water Company Limited	97,607,193	3.	Water Services Regulatory Board	16,125,551	Total		152,619,766	<ul style="list-style-type: none"> The company has come up with a working payment plan for Nairobi Water & Sewerage Company Limited where the company pays a minimum weekly amount of Kshs. 600,000 so as to reduce the long outstanding amount. For the amount payable to Water Service Regulatory Board the company was previously able to contain the amount when the regulatory fees were 1% on the amount billed before it was increased to 4% of the amount billed but however the Company is planning for a settlement plan once the new tariff takes effect as it has taken into account the cost coverage perspective. The company has written to Nairobi Water, Athi Water Works Development Authority and WASREB requesting for the balances so as the company can be able reconcile the company book of account. 	Partially resolved	
No	Company	Amount (Kshs.)																	
1.	Athi Water Services Board	38,887,022																	
2.	Nairobi Water Company Limited	97,607,193																	
3.	Water Services Regulatory Board	16,125,551																	
Total		152,619,766																	
6.	<p>The statement of financial position and the corresponding Note 14 to the financial statements reflects inventories totaling Kshs. 17,761,625. However, a list of the various items of inventory and corresponding values adding up to Kshs. 17,761,625 was not provided for audit verification. In the circumstances, the accuracy of inventories balance totalling Kshs. 17,761,625 as at 30 June, 2021 could not be confirmed</p>	<ul style="list-style-type: none"> The company submitted a list of the inventories as at 30/06/2021 to the Office of auditor general on 22nd April 2022 marked as (Appendix IV). 	Resolved																

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7	<p>The statement of profit or loss and other comprehensive income reflects net loss of Kshs.1, 668,330, an increase of Kshs.99, 949 from the net loss of Kshs.1, 568,381 for the year ended 30 June, 2020. Further, the statement of financial position reflects a negative accumulated revenue reserves balance amounting to Kshs. 99,269,590 which denotes an increase of Kshs. 10,882,683 from a negative balance totaling Kshs. 88,386,909 as at 30 June, 2020. In addition, the statement of financial position reflects total current liabilities balance totaling Kshs. 233,771,566 against total current assets totaling Kshs. 148,850,130, resulting to a negative working capital of Kshs. 84,921,436.</p> <p>The Company is technically insolvent and may not able to settle its financial obligations as and when they fall due. The material uncertainty relating to going concern has not been disclosed in the financial statements.</p>	<ul style="list-style-type: none"> The company's ability to pay the suppliers which would have resulted into a decreased liability was greatly affected by the Covid - 19 pandemic where there was a directive from the National Government and the County Government not to disconnect customers but to ensure that there is sufficient supply of water to curb the spread of Coronavirus where one of its mitigating measures was to regularly ensure washing of hands with flowing water. The company collection efficiency dropped from 96% to 85% thus affecting the company ability to pay for its obligations as they fall due. The company continued engaging the suppliers for the supply of water fitting materials with minimal payments thus resulting in an increase in the liabilities. The company had made a proposal of Kshs. 47 Million to WSTF as a Conditional Liquidity Support Grant which had not materialized as at June 30, 2021 and the first tranche of Kshs. 14,759,788 was received on 28/07/2021 which was used in settlement of creditors incurred between the months of May to August 2020 when the covid 19 was at peak. The company as at June 30, 2021 was operating a tariff that could not cover its costs and with the review of the tariff the company anticipates to cover its cost after the adjusted tariff is implemented. The company has come up with a payment plan to ensure the current liabilities are reduced e.g. a payment plan to Nairobi Water & Sewerage Company Limited where the company makes a minimum weekly payment of Kshs. 600,000 which has helped the company reduce the outstanding amount of 	Partially resolved	

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Kshs. 100,915,402 (2019/2020) to Kshs. 97,607,193 (2020/2021).</p> <ul style="list-style-type: none"> To enhance revenue collection, the company has been ensuring the daily disconnection is done on non-paying customers where there is a revenue collection team whose main mandate is to ensure disconnection and reconnection of non-paying and paying customers respectively is effected. The greatest challenge that the company encounters is non-payment of bills by both the County and National Government institutions e.g. Kiambu District Hospital, Kenya Prisons where the company does not disconnect most of these institutions by nature of the services they offer who have long outstanding bills. 		
Budgetary & Budget Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 244,288,380 and Kshs. 199,912,302 resulting to an underfunding of Kshs. 44,376,079 or 18% of the budget. Similarly, the statement reflects actual expenses totalling Kshs. 161,531,087 against a budget of Kshs. 240,994,781 resulting to under- expenditure of Kshs. 79,463,694 or approximately 33% of the budget.</p> <p>Management attributed the under- expenditures to natural attrition of three (3) members of staff, failure to implement planned activities due to the COVID-19 pandemic and incomplete rehabilitation works. The revenue under-performance and the under- expenditure may have impacted negatively on the planned goals of the Company and delivery of services to the residents of Kiambu County.</p> <p>Further, the budget was approved by the Board of Directors of Kiambu County Water and Sewerage Company Limited which is a separate company from Kiambu Water and Sewerage Company Limited. The approved budget reflected budgets for various regions</p>	<ul style="list-style-type: none"> Kiambu county water & sewerage company is the larger outfit that should fill in all the 8 No water service providers within Kiambu county (Limuru water and sanitation company, Karuri and sanitation company, Kikuyu water and sanitation company, Githunguri water and sanitation company, Ruiru - Juja and sanitation company, Thika water and Kiambu water and sanitation company) once the merger process is complete. A director from each of the 8 No WSP was appointed by Kiambu County Government to the larger Kiambu County water & sewerage company. Thus the budgets were prepared for each of the seven water service providers for approval as there was sharing of the board of Directors despite the water service providers operating independently. Now that the country through the ministry of health has been able to contain the spread of Coronavirus and normal operations have resumed the Company Management has 	Resolved.	

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	whereas the statement of comparison and actual amounts reflects budgets for Kiambu Water and Sewerage Company Limited. Therefore, approval of the budget and its implementation may have been done contrary to the law.	ensured involvement from all the departments in the preparation of the budget thus ensuring achievement of the realistic budget.		
Lack of ethnicity Diversity	Examination of human resource records revealed that during the year under review, the Company had seventy-two (72) employees out of whom fifty (55) or 77% were from the dominant ethnic community in the County of Kiambu. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from the same ethnic community. The Management was in breach of the law.	<ul style="list-style-type: none"> The company has a non-discriminatory recruitment policy, and gives equal opportunity to all the applicants regardless of their ethnicity. The most Current recruitments are indicative of the progressive achievement of this legal requirement where two of the employees are not from the dominant ethnicity. Also there is a clear indication on the employees working under Kiambu Ruaka sewerage project which comprises a mixture of people from different ethnic background 	Partially resolved.	Consideration during the next recruitment process.
Non-Adherence to one Third Basic Salary Rule	Review of personnel records indicated that net salaries for four (4) employees were less than one third (1/2) of their basic pay contrary to Section 19(3) of the Employment Act, 2007 which stipulates that the total amount of all deductions by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages. The Management was therefore in breach of the law.	<ul style="list-style-type: none"> The company issues salary advance to the staff when there is a clear observance of the 1/3 rule compliance. However, there are staff who are members of Ukulima Sacco where they are given a loan at the discretion of the Sacco thus surpassing the 1/3 rule. The company is contemplating on having an MOU with the relevant Sacco where there will be consultation between the company and the Sacco on whom they are issuing the loans to. 	Resolved	
Irregular Secondment of Officers and Double Remuneration	Review of employees' personal files, payroll data and schedules for three (3) officers on secondment from the County Government of Kiambu revealed the following unsatisfactory matters: <ol style="list-style-type: none"> i. Although the secondments had as at 30 June, 2021 lasted for six (6) years, no record was provided to confirm their renewal after the expiry of the initial three (3) year contract period. ii. The seconded officers were paid salaries by the Company and the 	<ul style="list-style-type: none"> The company pays a top up salary based on the difference between the basic pay paid by the County Government of Kiambu and the basic pay equivalent as per the employee's job group at Kiambu Water & Sewerage Company Limited. The amount indicated as gross pay as per Kiambu Water & Sewerage Company Limited is inclusive of the amount paid by the County Government of Kiambu but only for the purposes of disclosure which is later deducted in full from their pay thus the only amount 		

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	County Government of Kiambu. No explanation was provided for the double payments that amounted to Kshs.1, 713,000 and Kshs.14, 141,600, respectively.	payable to the seconded staff is the top up amount. <ul style="list-style-type: none"> After the implementation of the water Act 2002, water companies were established and staff members from the ministry of water were deployed to the said water companies. The respective letter of deployment for the respective staff never indicated the period of their secondment. The company submitted to the OAG copies of their deployment letters marked as - Appendix V on 22rd April 2022. 		
	In the circumstances, the secondment of the officers and payment of salaries by both the Company and County Government of Kiambu was irregular.			
Payroll Liabilities	The statement of financial position reflects payroll liabilities totaling Kshs. 8,500,712 which include actuarial deficit totaling Kshs. 3,015,865 for nine (9) employees of the National Water Conservation and Pipeline Corporation redeployed to the Kiambu Water and Sewerage Company Limited. The liabilities had been outstanding since 15 June, 2016 contrary to Section 19 (4) of the Employment Act, 2007 which requires an employer who deducts any amount from an employee's remuneration to pay the amount so deducted in accordance with the time period and other requirements specified in the law or of the respective agreement. Management was therefore in breach of the law.	<ul style="list-style-type: none"> The above stated amount of Kshs. 3,015,865 relates to inherited actuarial benefit from National Water Conservation & Pipeline Corporation Staff Pension Scheme which ought to have been remitted by National Water who was the employer then at the point when the actuarial deficit was incurred. However, the company is working in liaison with the Retirement Benefit Authority and Water Service Regulation Board so as to determine who amongst the company and National Water should bear the payment obligation where the obligation will be for the National Water the same will be written off from Kiambu Water books of Account. 		
Use of Unapproved Water Rates to Bill Customers	Examination of records indicated that during the financial year under review, the Company billed customers for water supplies totaling Kshs. 194,434,217. However, Management applied expired tariffs which were gazetted on 25 July, 2014 vide Kenya Gazette Notice No. 5141 which were effective between 1 August, 2015 to 30 June, 2017. Management had not sought approval for new tariffs or extension of the approved rates from the Water Service Regulatory Board (WASREB) in accordance with Section 72(1)(b) of the Water Act, 2016.	<ul style="list-style-type: none"> The company had applied for regular tariff review in the audit year with the regulator in February 2020. The process has not been summarized though it is at an advanced stage as all the required documentation for Kiambu water proposed Regular Tariff Application has been reviewed and verified by WASREB. There was a public consultation meeting held with the stakeholders on 20/01/22 and a summary report of the whole process submitted to WASREB in January 2022. The new tariff has not taken effect as it has not 	Not resolved	Awaiting approval by WASREB Board of Directors.

Kiambu Water & Sewerage Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	As a result, the water bills incurred were contrary to the law.	been approved by WASREB board of directors.		
Excessive Non-Revenue Water	<p>Water production records indicated that the Company produced a total of 3,167,191 cubic meters (m3) of water in the year under review out of which 2,072,422 cubic meters (m3) were billed to its customers. The difference totaling 1,094,769 cubic meters (m3) or 35% of the total water produced denoted Non-Revenue Water (NRW) which was ten percentage points above the allowable loss of 25% prescribed in guidelines issued by the Water Services Regulatory Board (WASREB). The NRW may have resulted in loss of sales estimated at Kshs.102, 711,008 out of which Kshs.28, 418,774 was above the allowable loss. The significant level of Non-Revenue Water is an indication of inefficiency of the Company's water distribution system and if not controlled, may curtail its profitability and capacity to sustain its services.</p>	<ul style="list-style-type: none"> • The company has employed various techniques to manage the high non-revenue water as stated here below; • Containment of water from flowing to the faulty points of the networks using gate valves on the networks and has always ensured quick response to repairing of bursts and leaks of water networks. • Installation of a containment mechanism for the company water storage tanks i.e. installation of ball valves, float switches and overtime allowances paid to staff who monitor water levels at the main storage tanks. • Scheduled replacement of old dilapidated water pipelines (UPVC & GI water networks) with HDPE material pipeline within Kiambu town mostly installed by the defunct Kiambu Municipal council. • Immediate replacement under registering / stuck/ leaking/ illegible consumer water meters with high accuracy meters to enhance billing after every meter reading cycle. • Kiambu Water since 2018 has been purchasing R200 high accuracy meters for all the new connections and meter replacements. The meters are able to register both high and low flows at any given time. • Scheduled relocating of consumer meters outside the customer premises to reduce chances of illegal connections & bypasses. • Kiambu Water has dedicated two number staff to the NRW unit, their main task being to establish District Metered Areas within our area of water supply to compute water supplied and billed in the DMA. Corrective mechanism of consumer meter and pipeline 	Partially solved as the NRW has dropped from 35% to the current 30%.	This is an ongoing process.

Kiambu Water & Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>replacement done to reduce losses at the specific demarcated area.</p> <ul style="list-style-type: none"> • Continuous testing of the functionality of the consumer meters for replacements of faulty meters. 		
		<ul style="list-style-type: none"> • Hefty surcharge for illegal connection culprits (10,000/= and estimated water use charges when the illegal connection was done) are debited in the consumer account. • The company has engaged a consultant training all the employees on the need to contain the NRW as well as ways of detecting for the NRW which has helped the company move from 30% in 2021/2022 to a current of 28% 		
Irregular Procurement of Security Services	<p>Included in the administrative expenses balance totaling Kshs.25, 510,883 reflected in the statement of profit or loss and other comprehensive income is security expenditure totaling Kshs.912, 000 reflected in Note 9 to the financial statements. However, the contract signed with the security firm in the financial year ended 30 June, 2019 was not provided for audit verification. Further, no explanation was provided for the failure to advertise the tender in 2019/2020 and 2020/2021 financial years.</p> <p>In the circumstances, the propriety of security expenditure totaling Kshs.912, 000 for the year ended 30 June, 2021 could not be confirmed.</p>	<ul style="list-style-type: none"> • The company had applied for regular tariff review in the audit year with the regulator in February 2020. The process has not been summarized though it is at an advanced stage as all the required documentation for Kiambu water proposed Regular Tariff Application has been reviewed and verified by WASREB. There was a public consultation meeting held with the stakeholders on 20/01/22 and a summary report of the whole process submitted to WASREB in January 2022. The new tariff has not taken effect as it has not been approved by WASREB board of directors. 	Resolved	
Board Expenses	<p>The statement of profit and loss and other comprehensive income for the year under review and the corresponding Note 10 to the financial statements reflects payments totaling Kshs.2, 371,760 made to the Directors of the Company. Available information indicated that the Directors were appointed on 26 March, 2019 for a period of two (2) years which was extended for a further one (1) year with effect from 20 April, 2021. However, the appointment letters indicate</p>	<ul style="list-style-type: none"> • The Company was in the process of being merged with the other six companies to form one water service provider within the County of Kiambu and as at the end of 2020/2021 financial year the merger process had not materialized thus failure to hold the AGM as required by Law. Now that the company has acquired an independent Board of Directors 	Not resolved	Before the end of 2022/2023 Financial year.

Water and Sewerage Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2022

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>that the Directors were appointed to act on behalf of Kiambu County Water and Sewerage Company, and not Kiambu Water and Sewerage Company Limited. Further, no records were provided to confirm that the Company had held Annual General Meetings since 2014 contrary to Section 310 (1) of the Company's Act, 2015 which requires every public company to hold a general meeting as its annual general meeting within six months from and including the day following its accounting reference date in each year, whether or not it holds other meetings during that period. In addition, the name of Kiambu Water and Sewerage Company Limited was changed to Kiambu County Water and Sewerage Company Limited vide certificate of change dated 6 June, 2018. However, the new Company was not licensed to carry out the business of water treatment and distribution by the Water Services Regulatory Board. Therefore, its operations continued under the Kiambu Water and Sewerage Company Limited under whose name the financial reports for the year under review were prepared even though the Company does not exist in the records of the Registrar of Companies. No satisfactory explanation was provided for the anomaly. In the circumstances, the Company's operations may have been conducted in breach of the law.</p>	<p>there will be consideration for holding the AGM within the year.</p>		
<p>Lack of IT Steering Committee and Approved Disaster Recovery Plan</p>	<p>Review of the Information Technology (IT) Policy revealed that Kiambu Water and Sewerage Company Limited did not have an IT Continuity and Disaster Recovery Plan. Therefore, the Company may, in the event of a disaster lose data and have its operations disrupted. Further, the Company did not have an IT Steering and Risk Management Committee. Therefore, appropriate leadership and guidance in developing and implementing its IT strategic objectives may be lacking.</p>	<ul style="list-style-type: none"> The company submitted to the Office of Auditor General a draft disaster recovery plan waiting for Board Approval marked as (Appendix VIII). 	<p>Not Resolved</p>	<p>Before the end of 2022/2023 Financial year.</p>