

REPUBLIC OF KENYA

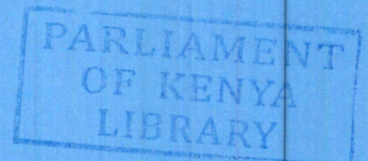


Enhancing Accountability

PAPERS LAID	
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COMMITTEE	-
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REPORT

OF



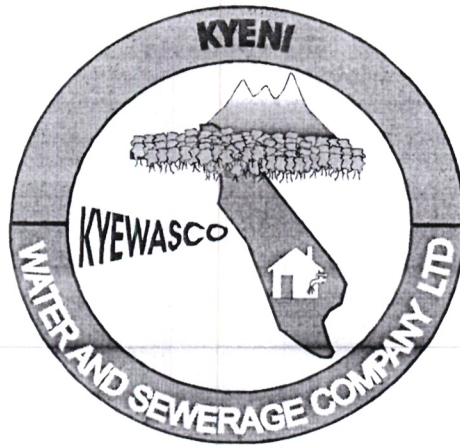
THE AUDITOR-GENERAL

ON

**KYENI WATER AND SEWERAGE
COMPANY LIMITED**

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





**International Financial Reporting Standards (IFRS)
Annual Financial Reporting Template for
Commercial Government Owned Entities**

KYENI WATER AND SEWERAGE COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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

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

office
copy

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements

For the year ended June 30, 2022

KYENI WATER AND SEWERAGE COMPANY LTD

**Annual Reports and Financial Statements
For the year ended June 30, 2022**

Corporate Headquarters

Kathanjuri Division Headquarter
Runyenjes - Karurumo road
P.O Box 315 – 60103,
Runyenjes, KENYA.

Corporate Contacts

Telephone: (254) 715 870 863
E-mail: kyewasco@yahoo.com
Website:

Corporate Bankers

1. Co-operative Bank of Kenya
Embu Branch
P.O. Box 1337-60100
Embu, Kenya

Independent Auditors

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








Principal Legal Advisers

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

KYENI WATER AND SEWERAGE COMPANY LTD


**Annual Reports and Financial Statements
For the year ended June 30, 2022**

2. THE BOARD OF DIRECTORS






WARD	NAME	
1.KYENI SOUTH	ERASMUS KITHINJI MUTHENYA 	Date appointed 27 th August 2019 DOB. 1977 Key Qualification: B.Sc. (BED - ECDE) Work experience: Teacher (Deputy H. Teacher)
2.KYENI NORTH	ANTHONY RUTERE NYAGA 	Date appointed 27 th August 2019 DOB. 1981 Key Qualification: Diploma Work experience: Businessman
3.KYENI SOUTH	FEATA MARIGU MUMERU 	Date appointed 27 th August 2019 DOB. 1969 Key Qualification: "O" Level Work experience: Farmer
4.KYENI NORTH	ROBERT MWANIKI NJERU 	Date appointed 27 th August 2019 DOB. 1959 Key Qualification: "O" Level Work experience: Farmer
5. KYENI SOUTH	STELLA KAGENDO KARIUKI 	Date appointed 27 th August 2019 DOB. 1974 Key Qualification: BSc (social work) Work experience: Social worker
6. KAGAARI SOUTH	WILLY NAMU 	Date appointed 27 th August 2019 DOB. 1975 Key Qualification: "O" Level Work experience: Farmer
7.KYENI NORTH	BEATRICE MWARI NJIRU 	Date appointed 27 th August 2019 DOB. 1958 Key Qualification: "O" Level Work experience: Farmer
8. GENERAL MANAGER	ERIC MUNENE MUGO	Date appointed 16 th May 2022 DOB. 1989 Key Qualification: Degree Bsc. Civil Engineering. Work experience: 10 Years

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements For the year ended June 30, 2022

		
9. EMBU COUNTY GOVERNMENT REP	1. CECM Water 2. CECM Finance	
10. COMPANY SECRETARY	Wangoko and Company advocates P.O. BOX 26197-00100 Nairobi	A Certified Public Secretaries of Kenya (CPSK)

3. MANAGEMENT TEAM

1.	Eric Munene 	<u>General Manager</u> key Profession/Academic Qualifications: Degree Bsc. Civil Engineering.
2.	Julieta Karimi 	<u>Technical department</u> key Profession/Academic Qualifications: Dip (Water Technology)
3.	Jacinta Ndegwa 	<u>Finance department</u> key Profession/Academic Qualifications: Dip in Accounts
4.	Daniel Murimi 	<u>Human resource department</u> Key Profession/Academic Qualifications: (Dip Human Resource Management).
5.	Bancy Nyakio 	<u>Finance department</u> key Profession/Academic Qualifications: CPA K, B.Sc Finance.

KYENI WATER AND SEWERAGE COMPANY LTD

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For the year ended June 30, 2022

4. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the 2021-2022 annual report and financial statements for Kyeni Water and Sewerage Company Ltd. During the year under review, we continued to make great strides in water service provision in the area of jurisdiction as per the Service Provision Agreement.

Financial performance.

The financial year 2021-2022 under review was a challenging one for the company. The gross water income was kshs 12 million compared to kshs 13 million in 2020-2021 with about 1 million decrease. However, even with this challenges the company was able to contract four member a General Manager, to properly manage the water supply and general performance of the Company enhanced. We are optimistic that the coming year 2022-2023 the company will perform even better.

Challenges

However the company had several challenges. Through the office of the governer the company was issued with a directive to bill on a flat rate of kshs 200 for all customers, leading to unsustainability of the company.

Way forward

The management has been undertaking public sensitisation on the issue of billing which could affect service delivery.

Appreciation.

We continue to enjoy the support and good will inter alia of our clients, the County Government, suppliers, other services providers, regulatory authority and the Board. I wish to record our appreciation to them all and note that we highly value these relationships. I also wish to thank and congratulate the management of the Company for the loyalty, dedication and tireless efforts that have made the year possible.

Finally, to my fellow Board members, thank you for your commitment, support and considered advice that is so essential in this extremely noble service.

Erasmus Kithinji M
CHAIRMAN (B.O.D)


SIGN

07/03/23
DATE

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to report on another successful year. In 2021-2022 Kyeni Water and Sewerage Company Ltd has again registered a water sales income of kshs 12 million down from kshs 13 million in 2020-2021.

Customer service

Our business motto is “to exceed our customers’ expectations”. This has seen our delivery of service improved ,to no longer give our clients empty promises, but deliver them. We keep our promise at the hour of reckoning, when a customer makes a complain. We endeavour to keep abreast with the ever-changing times. We work closely with our clients. To support them and our staff, we hold regular meetings to share our thoughts and make them understand our services.

Branch Network

Our branch network continues to grow in line with our business model and we aim to align ourselves with the County Government guidelines and ensure full representation. Branches are opened after a thorough feasibility study is conducted. Our growing network currently consists of two branches. These branches are managed by dynamic persons who are always available to provide solutions to the needs of our clients. The branch offices are based at Runyenjes (rented) market and Mufu office at the chiefs ground.

Customer Base

Our Customer base is of 10,871 connections spread over an area of 192.8 km² with a population of 80,466 persons. A population of 55,868 is currently adequately served by the existing reticulation system stretching for a distance of 350 km of assorted Pipe sizes ranging from 25mm diameter to 250 mm diameter.

Information Technology

We can only accord superior services when our processes are efficient and effect. The need for a robust and pragmatic information technology platform was identified after a thorough review of the processes. The company has commenced implementation of a new integrated billing software that is web based, hence transforming the way we do business. Once implemented, the system will offer us with a competitive advantage and above all ensure that we are able to offer a superior customer service.

Staffing

Our staffs are the greatest resource and we have an exciting mix of skills in various disciplines blended with wealth of experiences. The average age of our employees is approximately forty years. They are enthusiastic to make certain that we are always in the front. These employees are always

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements

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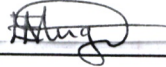
ready to roll up their sleeves whenever required to perform specific tasks to ensure that customers' needs are met and our goals achieved.

Conclusion

Kyeni water has continued to be the front runner in the Sub-County and this is due to the commitment and diligence by the Board and Management Staff who have worked tirelessly to satisfy our clients, and all stakeholders. I register my appreciation to the support which has made 2021 - 2022 Financial year a momentous year for all of us.

We hope that in 2022 - 2023 Financial year we will offer even better services.

ERIC M NUGO



07/03/2023

General Manager.

Sign

Date

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2020/2021

Section 164 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 entity's performance against predetermined objectives.

KYEWASCO has 5 strategic pillars and objectives within its Strategic Plan for the FY 2021/2022-2024/2025. These strategic pillars are as follows:

Pillar 1: Water and sewerage infrastructure development

- Increase water supply coverage from 31% to 60% by the year 2025.

Pillar 2: Operation efficiency and customer service

- Optimize operational efficiencies and reduce costs.

Pillar 3: Financial sustainability

Improve O& m cost coverage from 116% to 150%

Pillar 4: Institutional capacity

- Strengthen capacity ,efficiency and satisfaction

Pillar 5: Corporate governance

- Clear and responsible corporate gervanance policies, procedures and practices.

KYEWASCO develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Company* achieved its performance targets set for the FY 2020/2021 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Water and sewerage infrastructure development	Increase water supply coverage from 31% to 60% by the year 2025	Total production of 10,000m3 per day	Rehabilitatate distribution network	In progress
Pillar 2: Operational efficiency and customer service	Optimize operational efficiencies and reduce costs	100% metering	Reduce operation cost in material /resources	none
Pillar 3: Financial sustainably	Improve O&M cost coverage from 116% to 150%	Increase in annual renenu	Reactivation of 20%+ (plus) dormant connections	In progress. Our field staff have a duty to at least

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				activate one account every month
Pillar 4: Institutional capacity/ strengthening	Strengthen capacity, efficiency and satisfaction	Conduct team building	Training and induction	none
Pillar 5: Corporate governance	Clear and responsible corporate governance policies, procedures and practices.	Board manual	Develop board manual	none

7. CORPORATE GOVERNANCE STATEMENT

Good corporate governance is key to the integrity of water sector institutions and markets and is central to the health of our economics and their stability. Corporate governance plays a leading role in making it certain how corporations and their Boards and Management are directed, controlled and held to account. Corporate governance therefore, encompasses the systems, practices and procedures by which the individual corporation regulates itself in order to remain competitive, ethical, sustainable and fair.

THE BOARD OF KYEWASCO LIMITED follows, principles of openness, integrity and accountability in its stewardship of the Company's affairs. It recognizes the developing nature of corporate governance and assesses the Company's compliance with generally accepted corporate governance practices on a regular basis, directly and through its Board Committees and Management. The role of the Board is to ensure compliance by focusing on and providing the Company's overall strategic direction and policy –making as well as performance review through accountability and ensuring appropriate monitoring and supervision. The Board is also responsible for the overall system of internal control and for the reviewing its effectiveness. The controls are designed to both safeguard the Company's assets and ensure the reliability of financial information.

A management team, comprising the General Manager and senior staff meets regularly to consider issues of operational and strategic importance to the Company. Here below are the key features of the existing corporate governance practices within KYENI WATER AND SEWERAGE COMPANY LIMITED which are reviewed and improved on a regular basis: -

1. Board of Directors

The Board of Directors consists of seven non-executive directors representing various stakeholders' groups and two others seconded by the County Government. The Chairman of the Board is a non-executive director and the Board meets formally at least four times a year. During the year 2020-2021 the Board conducted seven (7) meeting: - four full board and three committee meetings.

The Board is responsible for setting the direction of the company through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of strategies and policies through a structured approach to reporting by management and consequent accountability.

The directors are actively involved and bring strong independent judgment on Board deliberations and discussions. The Directors have a wide range of knowledge and experience of social economic activities which are applied to the formulation of strategic objectives and decision making.

The Board meets regularly and retains full and effective control over the Company in all strategic, financial, operational and compliance areas. To assist the Board in the discharge of its responsibilities, Board committees have been established. All the board committees meet at least four times a year. The committees are as follows: -

a) Audit Committee

The audit committee comprises of three non-executive directors and a Senior Manager. The committee is responsible for inter alia, developing and advising an audit and financial controls and

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compliance issues of the company. It also defines the scope of the internal audit function and acts as a liaison between the external auditors and management.

b) Finance, HR, And Technical Committee

The finance, HR and technical committee comprises of three non-executive directors and the general manager. The committee provides guidance to the board on finance and technical requirements for the company.

2. Succession plan

The company board of directors will exit the same time. however the county representative is appointed from time to time. Also, in the model memorandum and articles of association by WASREB the succession plan of directors is clearly articulated.

3. Board charter

The Company does not have a Board Charter.

4. Conflict of interest

There has been no conflict of interest.

5. Internal Controls

The company has implemented and maintained internal controls designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of the Company's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties. The effectiveness of the system of internal controls is monitored regularly through operational meetings and the annual external audit.

6. Directors Remuneration.

The remuneration for Directors consists of sitting allowances for their services in connection with the Board and committee meetings.

7. Appointment and Removal of Directors

The aggregate amount of Director's remuneration for services rendered during the year ending 30th June 2022 are contained under note 12(a) of these annual report and financial statements. The Company is fully governed by the WASREB corporate guide lines which stipulates the way of appointed and removal of directors, induction and training of the board.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

The company management is composed of a lean team of five members as shown in page v chosen from time to time. The General Manager takes the responsibility of overseeing smooth operation of activities through effective and timely communication, coordination, control and offering leadership. The other officers in the management team heads and are responsible for various sections/department in the company.

a) Operational and Financial performance

year	revenue	expenditure
2018 2019	11,938,600	16,594,258
2019 2020	10,938,600	15,838,535
2020 2021	13,417,150	15,821,326
2021-2022	12,435,950	16,324,511

b) Major Risks Facing the Organization

During the period under review, KYEWASCO has operated under difficult conditions mainly due to the following factors

- a) Disruption of mains due to ongoing/completed road constructions and rehabilitations
- b) Billing Issues
- c) Covid – 19 pandemics
- d)

a) Disruption of Mains Due to Ongoing Road Constructions

Since last year, road maintenance and construction activities have been on the rise being supported by both national and County Governments. During implementation of these activities our lines (Main and sub-branches) were sometimes destroyed making the company incur extra costs in replacing them. On the other hand, when repairs are not undertaken immediately, there was loss of revenue due to supply disruption.

b) Billing Issues

Billing issues started in November 2016 when a section of consumers from Kyeni North location started complaining about high billing through metering among other issues. The complaints were in comparison to other community-based Water providers adjacent to our area of operation; their water is not metered and their monthly charge is on average of Kshs 200/=. The matter culminated with a public baraza at Mufu market on 27th December 2017 and subsequent public meetings addressed by Kyeni North MCA. The Governor, His Excellency Martin Nyaga Wambora issued a directive that the consumers should pay a flat rate of Ksh 200/= and their account arrears to be lifted. This created confusion significantly affecting the company's revenue collection.

c) Covid -19 pandemics

Since March 2020 the Ministry of Health and Ministry of Water, Sanitation and Irrigation issued advisories to all Water service providers not to disconnect services in case of unpaid bills. This has made the Company unable to collect substantial revenue to sustain the operations.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KYEWASCO provides Water and Sewerage services within the designated area as contained in the Service Provision Agreement (SPA) , of Runyenjes Sub-County , Embu County

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Staff efficiency is key in KYEWASCO. Our staff are trained on areas of operation and taken for workshops to enhance their skills.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

KYENI WATER AND SEWERAGE COMPANY LTD

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10. 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 the KYEWASCO affairs.

Principal activities

The principal activities of the company are the provision of water and sanitation services within the service provision agreement (SPA) area.

Results

The results of the entity for the year ended June 30, 2022 are set out on page 1. Below is summary of the profit or loss made during the year.

Dividends

Subject to the approval of the shareholders, the Directors do not recommend the payment of dividend.

Directors

The members of the Board of Directors who served during the year are shown on page iii and vi.

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

By Order of the Board

Wangoko and Company Advocates
Corporate Secretary
Nairobi

Sign

Date

KYENI WATER AND SEWERAGE COMPANY LTD

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11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 164(2)(f) of the Public Finance Management Act, 2012 and *Section 14 of the State Corporations Act*, require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* 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 *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

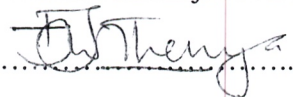
The Directors responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act . The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2022, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Company* financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

Erasmus Kithinji Muthenya

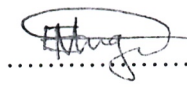


Chairperson of the Board.

07/03/23

Date

Eric Munene



General Manager

07/03/2023

Date

REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KYENI WATER AND SEWAGE 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

Disclaimer of Opinion

I have audited the accompanying financial statements of Kyeni Water and Sewerage Company Limited set out on pages 1 to 62, 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

Report of the Auditor-General on Kyeni Water and Sewerage Company Limited for the year ended 30 June, 2022

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1 Inaccuracies in the Financial Statements

1.1 Unbalanced Trial Balance

The debit and credit sides of the trial balance reflects Kshs.44,071,912 and Kshs.62,570,917 respectively resulting to an unexplained and unreconciled variance of Kshs.18,499,005.

In the circumstances, the accuracy and completeness of the trial balance and balances reflected in the financial statements could not be confirmed.

1.2 Unbalanced Statement of Financial Position

The statement of financial position reflects total assets of Kshs.26,105,936 and total equity and liabilities of Kshs.34,711,406 resulting to an unreconciled variance of Kshs.8,605,470. The total assets have not balanced with total equity and liabilities.

In the circumstances, the accuracy and completeness of the statement of financial position could not be confirmed.

1.3 Inaccuracies in the Statement of Cash Flows

The format of statement of cash flows does not comply with the format in the reporting template. The cash flow does not indicate the increase in cash and cash equivalents during the year. Further, the balance of Kshs.3,494,685 being the sum of net cash flow from operating activities of negative Kshs.3,509,963 and cash and cash equivalents at the beginning of the year of Kshs.7,004,648 varies with the cash and cash equivalents at end of the year of Kshs.7,037,379 resulting to an unexplained variance of Kshs.3,542,494.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

2 Unreconciled Variances in Revenue

The statement of profit or loss and other comprehensive income reflects revenue of Kshs.12,435,950 as disclosed in Note 6 to the financial statements. However, the revenue billing schedule provided reflects an amount of Kshs.14,388,887 resulting to an unreconciled variance of Kshs.1,952,937. Further, review of revenue billing schedules provided revealed the following anomalies:

2.1 Average Water Billing Assessment

Verification revealed that the Company billed customers for water supplied at an average bill assessment. Review of the billing report for three (3) billing stations namely Kathanjuri,

Mufu and Runyenjes, indicated that there were no meter readings and bills were estimated at an average assessment. This may have led to under or over billing. Further, authority and explanation for the average water billing assessment were not provided. As a result, it was not possible to ascertain the accuracy of the bills.

2.2 Un-Metered and Flat Rate Water Billing

The statement of profit or loss and other comprehensive income reflects gross revenue balance of Kshs.12,435,950 which includes Kshs.4,781,000 in respect to water supplied and charged at a flat rate of Kshs.250. However, supporting documents including list of the unmetered connections, the assessment of average consumption and basis for the rate charged were not provided for audit review. This is contrary to Section 72(1)(b) of the Water Act, 2016 which states that Water Services Regulatory Board (WASREB) shall evaluate and recommend water and sewerage tariffs to the county water services providers and approve the imposition of such tariffs in line with consumer protection standards.

In the circumstances, the accuracy and completeness of the revenue amount of Kshs.4,781,000 could not be confirmed.

2.3 Use of Expired Tariff in Billing

The statement of profit or loss and other comprehensive income reflects gross revenue balance of Kshs.12,435,950 which includes meter rent of Kshs.2,363,700 charged using outdated tariff structure that had expired on 3 July, 2018. However, there was no evidence of Tariff Adjustment Proposals sent by the Management for consideration by the Water Services Regulatory Board (WASREB). Further, no documents were provided to confirm whether the Company has submitted any tariff proposals to WASREB or requested for extension of the tariff currently in use. Therefore, the tariff used was not authorized, contrary to the provisions of Section 72(1)(b) of Water Act, 2016 which states that Water Services Regulatory Board (WASREB) shall evaluate and recommend water and sewerage tariffs to the county water services providers.

In the circumstances, the accuracy and completeness of revenue of Kshs.12,435,950 could not be confirmed.

3. Unsupported Property, Plant and Equipment

3.1 Non-Disclosure of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.4,295,385 as disclosed in Note 19 to the financial statements. The balance is made up of motor vehicles, motor cycles, computers and related equipment. However, physical verification carried out in the month of February, 2023, revealed the following anomalies:

i. Lack of Ownership Documents for Land Measuring Eight (8) Acres

The Company had two separate parcels of land measuring eight (8) acres in the outskirts of Runyenjes Town. This land was not valued and fenced. Although ownership documents were explained to be in the custody of Tana Water Services Board, the documents were not provided for audit review. Further, the land was not included in the financial statements.

ii. Storage Water Tanks Value Excluded in the Financial Statements

Site visit revealed existence of two (2) 225 litres water tanks, fourteen (14) 90 litres water tanks and four (4) 50 litres tanks spread across four wards of Runyenjes Central, Kagarii South, Kyeni North and South. However, the water tanks value has not been included in the financial statements.

iii. Water Reticulation Value Excluded in the Financial Statements

During the audit, it was explained that the water piping network laid underground across the four wards ran to approximately 100 kilometers in total length. However, the piping network has been excluded in the financial statements.

iv. Buildings Value Excluded in the Financial Statements

The Company headquarters situated at Kathanjuuri Town centre had one permanent two-roomed main office block, four semi-permanent offices and one material shed. These structures together with the stockpile of water pipes were not disclosed in the financial statements.

v. Unsupported Water Tanks Land

It was noted that the twenty (20) water tanks were constructed along the roads, in primary and secondary schools and others on privately owned properties. However, no contract and ownership documents were provided for audit review to confirm the ownership of land parcels where the twenty (20) water tanks stand.

vi. Idle Assets

Inspection at the Company's Mubu office revealed existence of three (3) suzuki motor cycles that were in store but not in use.

In the circumstances, the accuracy, ownership, usage and valuation of the property, plant and equipment balance of Kshs.4,295,385 could not be confirmed.

3.2 Vandalization of the Thuci River Water Intake and Water Meters

Physical verification at the Thuci River water intake and water meters revealed the following anomalies;

a) Unsupported Contract Award

In the year 2019, the County Government of Embu awarded tender for the rehabilitation of Thuci water intake system to a contractor at a contract sum of Kshs.22 million. However, feasibility study documents, contract drawings, bid documents, contract documents, project file, project progress and status report, payments made and outstanding balances to date were not provided for audit review. The award was therefore made under unclear circumstances.

b) Vandalization of Pipes and Water Meters

Information provided revealed that the rehabilitation works were intended to supply free water to the customers who were being served and were paying for water services to Kyeni Water Company. This scenario prompted the water consumers of the Company to vandalize the then existing and operating water intake pipes and disconnected the water

meters. Water consumers reverted to paying flat rate of Kshs.200 per month for any amount of water consumed without justification.

c) Low Water Supply

Since the vandalization of the project, the consumers continued being denied approximately 100,000 liters of water supply daily from the disconnected water source while the Company has continued incurring unknown revenue losses for a period of four years. No justification was provided for this anomaly and nobody has been held responsible for the lost revenue.

d) Unwarranted Project Delays

As at February, 2023, the project works were incomplete and the water system had not been restored. Further, there was no evidence to show that the contractor was on site and the contract had not been terminated, four years after award.

In the circumstances, the value for money for the Kshs.22 million committed to this project could not be confirmed.

4. Unsupported Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.14,773,172 as disclosed in Note 27 (a) to the financial statements. However, no supporting documents including debtors listing and ageing analysis were provided for audit verification. Further, Note 27(b) to the financial statements reflects a balance of Kshs.14,773,172 in respect to net trade and other receivables which includes a provision for bad and doubtful receivables of Kshs.1,641,464 whose supporting documents including basis, policy for computation were also not provided for audit.

In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs.14,773,172 could not be confirmed.

5. Bank and Cash Balances

5.1 Irregular Overdrawing of Cashbook

The statement of financial position reflects bank and cash balance of Kshs.7,037,379 as disclosed in Note 30 to the financial statements. The balance has been arrived at after netting of overdraft balance of Kshs.111,742 held at Cooperative Bank of Kenya. This is contrary to Regulation 82(7) of the Public Finance Management (County Governments) Regulations, 2015 which provides that no official county Government bank account shall be overdrawn.

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

5.2 Unsupported on Call Deposit Account

Table 2 of Note 30 to the financial statements reflects on call deposit held in Cooperative Bank account of Kshs.60,000. However, Management did not provide the bank statement, bank reconciliation statement and certificate of bank balance as at 30 June, 2022. Further, the certificate of bank balance as at 30 June, 2022 for the current account and fixed deposit account both held in Cooperative Bank were not provided for audit.

In the circumstances, the accuracy and completeness of the bank and cash balances of Kshs.7,037,379 could not be confirmed.

5.3 Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.9,182,827 as disclosed in Note 38 to the financial statements. This balance includes an amount of Kshs.466,205 in respect to Tax. However, review of the tax ledger in the Itax portal revealed that the Company had accrued tax of Kshs.4,564,441 which has not been paid comprising of principal of Kshs.1,109,126, penalties of Kshs.453,547 and interest of Kshs.2,975,174. The principal amount has remained outstanding since 2016 attracting penalties and interest thrice the amount. No explanation has been provided on the outstanding tax arrears which ought to be paid to avoid further interest and penalty charges.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.9,182,827 could not be confirmed.

6. Irregular Internal Borrowing from Customer Deposit Account

The statement of financial position reflects borrowings balance of Kshs.2,264,750 as disclosed in Note 35 to the financial statements. This amount was borrowed from customer deposits savings account at Cooperative Bank in April, 2016. However, no repayment plan was provided for audit review. Further, Management contravened the procedures whereby customers deposit amount should only be utilized for refund to customers who opt out of the water agreement with the Company. This is contrary to Regulation 106 of the Public Finance Management (County Governments) Regulations, 2015 which states that unless otherwise exempted by an Act of Parliament, any deposit which has remained unclaimed for 5 years may, with the approval of the County Executive Committee Member, be paid into County Revenue Fund and thereafter the County Executive Committee Member may refund the deposit to any person entitled thereto, if he or she is satisfied that the claim is authentic.

In the circumstances, the Management is in breach of the law by utilizing customer deposit without following proper procedure.

7. Unsupported Payments on Transport, Travelling and Subsistence Allowance

The statement of profit or loss and other comprehensive income reflects general and operations expenses of Kshs.2,707,302 as disclosed in Note 12(a) to the financial statements. This amount includes Kshs.1,315,110 in respect to transportation, travelling and subsistence allowances. However, the staff allowances were not supported by travel receipts, request memos for the services intended to be rendered and circulars approving the staff allowance rates that match their respective designations and salary scales.

In the circumstances, the accuracy and completeness of general and operations expenses of Kshs.1,315,110 could not be confirmed.

8. Unsupported Staff Costs

8.1 Exceeding Industrial Sector Bench Mark on Personnel Costs

The statement of profit or loss and other comprehensive income reflects staff costs of Kshs.10,346,041 as disclosed in Note 12(b) to the financial statements. This amount when compared to total operation and maintenance cost of Kshs.14,118,339 translates to 73%. This is contrary to Paragraph 3.5 of WASREB Impact Assessment Report No.13/2021 on performance analysis and ranking under economic efficiency which states that the personnel expenditure for any Company ranked as large Company should not exceed 30% as percentage of operation and maintenance cost coverage.

8.2 Non-Adherence to Gender Rule

Records provided revealed that the Company had twenty-six (26) employees out of which twenty-one (21) or 81% were male and the remaining five (5) or 19% were female contrary to Article 27(8) of the Constitution of Kenya, 2010 which states that in addition to the measures contemplated in clause (6), the state shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

8.3 Lack of Approved Staff Establishment

It was noted that the Company does not have an approved staff establishment contrary to the State Corporation Advisory Committee Circular No. OP/SCAC.9/21/1/1 dated 15 May, 2017 which required all State Corporations to submit human resource policy instruments including organizational structure, staff grading and establishment, career guidelines human resource policy.

8.4 Irregular Retention of Seconded Staff

Review of staff records revealed that three (3) seconded staff have been with the Company for nine (9) years contrary to Section B.33 of the Human Resource and Policy Manual for Public Service of May, 2016 which states that secondment of officers from the Public Service to other organizations is applicable to pensionable officers, for a period not exceeding three (3) years and may be renewable once.

8.5 Unsupported Responsibility Allowance

The statement of profit or loss and other comprehensive income reflects staff costs of Kshs.10,346,041 as disclosed in Note 12(b) to the financial statements. Included in this amount is responsibility allowance of Kshs.333,492 paid to seconded staff. However, the amount paid has not been supported by a circular or any authority.

In the circumstances, the regularity of responsibility allowance of Kshs.333,492 could not be confirmed.

9. Budgetary Control and Performance

9.1 Unapproved Budget

The statement of comparison of budget and actual amounts reflects Kshs.24,369,377 in respect to final revenue and expenditure budget. However, Board minutes approving the budget were not provided for audit.

9.2 Unexplained Underperformance of Revenue

The statement of comparison of budget and actual amounts reflects budgeted sale of goods of Kshs.24,369,377 and actual revenue of Kshs.12,435,950 or approximately 51% of budgeted income resulting in net under collection of Kshs.11,933,427. No explanation was provided for the approximately 49% total revenue shortfall. Further, actual receipts of Kshs.1,278,598 comprising of Kshs.1,097,680 and Kshs.180,918 arising from actual receipts from transfers from the Government and other income respectively were not budgeted for and no explanation was provided for the non-budgeting.

9.3 Expenditure Analysis

The statement reflects an approved expenditure budget of Kshs.24,369,377 and actual expenditure of Kshs.16,324,511 resulting to a net under-expenditure of Kshs.8,044,866 or 33% of the budget.

In overall, the under spending of the budget by Kshs.8,044,866 represents equivalent services budgeted for but not delivered to the residents.

There is need, therefore, for the Management to relook at its budgeting mechanism with a view to focusing on priority areas which will improve service delivery to the resident.

10. Non-Revenue Water

Review of records revealed that the Company produced a total volume of 866,450 cubic meters (m³) of water. Out of this volume, 520,605 m³ was billed to customers. The balance of 345,845 m³ or approximately 40% of the total volume produced represented Non-Revenue Water (Unaccounted for Water). This translates to approximately sales of Kshs.8,290,633. The Non-Revenue Water is 15% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board guidelines, which if not addressed will negatively impact on the Company's profitability and its long-term sustainability.

11. Lack of Risk Management Policy

Review of records revealed that the Company did not have an approved Risk Management Policy and risk assessment on key risky areas like expenditure contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 and approved financial manual and policy. Further, there was no documentary evidence to confirm that the Company had a strategic plan.

In the circumstances, it was not possible to confirm how the Company identified the risks, the significance of the identified risks and likelihood of the risks occurring.

12. Lack of Information Communication Technology (ICT) Policy

Review of the Company's ICT environment revealed that there was no formal approved ICT Policy in place that includes data security, back up and retention strategy, and disaster recovery plans. Further, the ICT organization structure and IT strategic plan were not provided for audit review.

In the circumstances, the Company risks its data security, integrity, confidentiality, recoverability and availability.

13. Lack of Environmental Controls

The Company did not have policies and procedures in place to cover environmental controls like; fire suppression systems, air conditioning systems in computer rooms, humidity and temperature control systems.

In the circumstances, the security and reliability of the Company's data including the management information system could not be confirmed.

14. Lack of Internal Auditor

The Company has not established an internal audit department and no internal audit reviews were carried out contrary to Section 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates the role of the internal audit as reviewing and evaluating budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

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

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


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

Auditor-General's Responsibilities for the Audit

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

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

I am independent of the Kyeni Water and Sewerage Company Limited in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 May, 2023

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
REVENUES			
Revenue	6	12,435,950	13,417,150
Cost of sales	7	(2,206,172)	(2,451,290))
Gross profit		10,229,778	10,965,860
Grants from the National Government	8	1,097,680	1,422,280
Interest income	9	0	0
Other Income	10	180,918	147,254
Other gains/(losses)	11	0	0
TOTAL REVENUES		11,508,376	12,535,394
OPERATING EXPENSES			
General and operations expenses	12(a)	2,707,302	13,364,036
Staff costs	12(b)	10,346,040.5	0
Directors emoluments	43(d)1.	670,434.4	0
Selling and Distribution Costs	13	394,562	691,691
Finance Costs	14	0	0
TOTAL OPERATING EXPENSES	15	14,118,339	14,055,727
PROFIT/(LOSS) BEFORE TAXATION		(2,609,963)	(1,520,363)
INCOME TAX EXPENSE/(CREDIT)	16	0	0
PROFIT/(LOSS) AFTER TAXATION		(2,609,963)	(1,520,363)
OTHER COMPREHENSIVE INCOME			
Fair value through comprehensive income		0	0
Surplus or deficit on revaluation of PPE		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,609,963)	(1,520,363)
Earnings per share – basic and diluted	17	0	0
Dividend per share	18	0	0

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14.STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	19	4,295,385	4,689,947
Intangible assets	20	0	0
Investment property	21	0	0
Right- of -use assets	22	0	0
Fixed interest investments (bonds)	23	0	0
Quoted investments	24	0	0
Unquoted investments	25	0	0
Staff receivables due after one year	27(c)	0	0
Total Non-Current Assets		4,295,385	4,689,947
Current Assets			
Inventories	26	0	0
Trade and other receivables	27(a)	14,773,172	16,401,441
Tax recoverable	28	0	0
Short-term deposits	29	0	0
Bank and cash balances	30	7,037,379	7,004,648
Total Assets		26,105,936	28,096,036
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	31	0	0
Revaluation reserve	32	19,436,994	19,436,994
Fair value adjustment reserve	33	0	0
Retained earnings	34	(5,538,167)	(2,928,204)
Proposed dividends		0	0
Capital and Reserves		13,898,827	16,508,790
Non-Current Liabilities			
Borrowings	35	2,264,750	2,264,750
Lease liabilities	37	0	0
Total Non-Current Liabilities		2,264,750	2,264,750
Current Liabilities			
Borrowings	35		
Trade and other payables	38	9,182,827	7,787,090
Retirement benefit obligations	39	0	0
Provision for leave pay	40	0	0
Customer deposits	47	9,365,002	8,926,395
Total Current Liabilities		18,547,829	16,713,486
TOTAL EQUITY AND LIABILITIES		34,711,406	35,487,026

The Financial Statements set out on pages 1-2 were signed on behalf of the Board of Directors by:

General Manager

Head of Finance

Chairman of the Board

Name: Eric Munene

Name: Bancy Nyakio

Name: Erasmus Kithinji

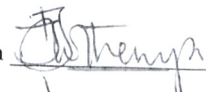
Sign



ICPAK Member No: _____

Sign _____

Sign



Date

07/03/2023

Date _____

Date

07/03/23

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

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
At July 1, 2020	0	19,436,994	0	(1,407,841)	0	0	18,029,153
Revaluation gain	-	0	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(0)	-	0	-	-	-
Deferred tax on excess depreciation	-	0	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	0	-	-	-	0
Total comprehensive income	-	-	-	(1,520,363)	-	-	(1,520,363)
Capital/Development grants received during the year	-	-	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-	(0)	-
Dividends paid	-	-	-	-	(0)	(0)	(0)
Interim dividends paid	-	-	-	(0)	-	-	-
Proposed final dividends	-	-	-	(0)	0	0	-
At June 30, 2021	0	19,436,994	0	(2,928,204)	0	0	16,508,790
At July 1, 2021	0	19,436,994	0	(2,928,204)	0	0	16,508,790
Issue of new share capital	0	0	0	0	0	0	0
Revaluation gain	-	0	-	-	-	-	0
Transfer of excess depreciation on revaluation	-	(0)	-	0	-	-	-
Deferred tax on excess depreciation	-	0	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	0	-	-	-	0
Total comprehensive income	-	-	-	(2,609,963)	-	-	(1,520,363)

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	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Capital/Development grants received during the year	-	-	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-	(0)	-
Dividends paid –	-	-	-	-	(xxx)	(xxx)	(xxx)
Interim dividends paid –	-	-	-	(0)	-	-	(xxx)
Proposed final dividends	-	-	-	(0)	xxx	xxx	-
At June 30, 2022	0	19,436,994	0	(5,538,167)	0	0	13,898,827

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances need to be done.

16.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	42	(2,609,963)	(1,520,363)
Interest received	42(c)	0	0
Interest paid	42(c)	(0)	(0)
Dividends paid	41	(0)	(0)
Taxation paid	28	(900,000)	(1,200,000)
Net cash generated from/(used in) operating activities		(3,509,963)	(2,720,363)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	(0)	(0)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets	20	(0)	(0)
Purchase of investment property	21	(0)	(0)
Purchase of quoted investments	25	(0)	(0)
Proceeds from disposal of quoted investments		0	0
Net cash generated from/(used in) investing activities		0	(0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of new share capital		0	0
Proceeds from borrowings	35	0	0
Repayment of borrowings	35	(0)	(0)
Net cash generated from/(used in) financing activities		0	0
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,004,648	6,262,271
Effects of foreign exchanges rate fluctuations opening balance			0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	42(b)	7,037,379	7,004,648

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	Percentage
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Sale of goods	24,369,377	-	24,369,377	12,435,950	(11,933,427)	-49%
Sale of services	0	(0)	0	0	0	
Transfers from the Government	0	(0)	0	1,097,680	1,097,680	100%
Donations in kind						
Finance Income	0	-	0	0	0	
Other income	0	0	0	180,918	180,918	100%
Total income	24,369,377	(0)	24,369,377	13,714,548	-10,654,829	
Expenses						
Compensation of employees	12,157,770	-	12,157,770	10,346,041	(1,811,729)	-15%
Use of goods and services	4,217,313	(0)	4,217,313	2,206,172	(2,011,141)	-48%
Finance cost	480,000	(0)	480,000	365,941	(114,059)	-24%
Rent paid	72,000	(0)	72,000	72,000	-	
Taxation paid	0	0	0	0	0	
Other payments	7,442,294	-	7,442,294	2,236,677	(5,205,617)	-70%
Grants and subsidies paid	0	-	0	1,097,680	1,097,680	100%
Total expenditure	24,369,377	(0)	24,369,377	16,324,511	(8,044,866)	-33%
Surplus for the period	0	0	0	(2,609,963)	(1,526,333)	

Note: PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Budget notes: Provide explanation of differences between actual and budgeted amounts (10% over/ under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KYEWASCO is established by and derives its authority and accountability from Companies Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is water service provision.

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 a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. ~~It also requires management to exercise judgement in the process of applying the~~ entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Company*.

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

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

New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

Title	Description	Effective Date
IAS 39-Financial Instruments: Recognition and Measurement	IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 4- Insurance Contracts (Superseded)	IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

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Title	Description	Effective Date
IFRS 7- Financial Instrument Disclosures	IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 16- Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier 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. Or the following has been assessed to be significant for the company and has been addressed as follows....

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For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

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.
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 entity'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.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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Title	Description	Effective Date
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 — Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 1 — First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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For the year ended June 30, 2022

Title	Description	Effective Date
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

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.

4. Early adoption of standards

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

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the *entity* and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received, or expected to be received in the ordinary course of the *entity's* activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the *entity's* activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the *entity* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which the *entity* 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 lease agreements.
- vi) **Other income** is recognised as it accrues.

b) In-kind contributions

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 costs 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:

Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Intangible assets**

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

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

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

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

g) **Investment property**

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h) **Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

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For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

l) Inventories

~~Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.~~

m) Trade and other receivables

Trade and other receivables are recognised 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.

n) Taxation

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 Entity 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Current income tax (Continued)

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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and 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.

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 reassessed 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.

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements

For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Deferred tax (Continued)

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

o) Cash and cash equivalents

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

p) 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.

q) 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 entity or not, less any payments made to the suppliers.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) **Retirement benefit obligations**

. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee or 6% per month.

s) **Provision for staff leave pay.**

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

t) **Exchange rate differences**

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

u) **Budget information**

The original budget for FY 2021-2022 was approved by the Board of Directors on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxxx on the 2019-2020

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Budget information (Continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

v) Service concession arrangements

The Entity 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Comparative figures

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

x) 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, 2021.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

**5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
(Continued)**

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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

Provisions

The company gives a provision of 10% on all receivables. Additional disclosure of these estimates of provisions is included in Note 27 a.

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.

Kyeni Water and Sewerage Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REVENUE

	2021/2022	2020/2021
	Kshs	Kshs
Gross sales of goods	12,435,950	13,417,150
Gross sales of services	0	0
Less: Value added tax on gross sales	(0)	(0)
Total	12,435,950	13,417,150

[Provide short appropriate explanation as necessary]

7 COST OF SALES

	2021/2022	2020/2021
	Kshs	Kshs
Administrative cost (TWSB)	746,157	805,029
Regulatory levy (WASREB)	497,438	536,686
Water abstraction fee (WARMA)	439,704	439,704
Maintenance of water supply	477,873	624,871
Kenya forest service fee	45,000	45,000
Total	2,206,172	2,451,290

8 GRANTS FROM NATIONAL GOVERNMENT

	2021/2022	2020/2021
	Kshs	Kshs
Recurrent grants received	0	0
Capital grants realized (see note below)	0	0
In Kind contributions/ donations	1,097,680	1,422,280
Total	1,097,680	1,422,280

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

[Provide a detailed analysis of grants received from the Government in the table below:]

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund. KShs	Total grant income during the year KShs	2021-2022 KShs
Embu County Government	1,097,680	0	0	1,097,680	1,097,680
Total	1,097,680	0	0	1,097,680	1,097,680

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 INTEREST INCOME

Description	2021-2022 Kshs	2020-2021 Kshs
Interest income from treasury bonds	0	0
Interest income from treasury bonds	0	0
Interest from receivables	0	0
Interest from commercial banks and financial institutions	0	0
Interest on staff loans	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

10 OTHER INCOME

Description	2021-2022 Kshs	2020-2021 Kshs
Sale of tender documents	0	0
Fines and penalties	0	0
Cash donations	0	0
In kind donations	0	0
Gain on sale of fixed assets	0	0
Insurance compensation	0	0
Decrease in provision for bad and doubtful debts	180,918	147,254
Total	180,918	147,254

[2020/2021 provision for bad debts of kshs 147,254 was classified under administration cost to comply with 30th june 2021 financial reporting template.]

11 OTHER GAINS AND LOSSES

Description	2021-2022 Kshs	2020-2021 Kshs
Foreign exchange gains / (losses)	0	0
Loss/gain on disposal on sale of investments	0	0
Unrealized foreign exchange gains/(losses)	0	0
Total	0	0

KYENI WATER AND SEWERAGE COMPANY LTD

**Annual Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (a) General and operations expenses

Description	2021-2022	2020- 2021
	Kshs	Kshs
Staff costs (note 12b)	0	10,083,012
Directors' emoluments	0	465,253
Electricity and water	38,300	29,190
Communication services and supplies	233,200	320,399
Transportation, travelling and subsistence	1,315,110	938,100
Advertising, printing, stationery and photocopying	96,648	203,955
Office networks and services		0
Rent expenses	72,000	72,000
Staff training expenses	0	0
Hospitality supplies and services	125,128	180,593
Insurance costs	0	52,736
Bank charges and commissions	365,941	313,136
Office and general supplies and services	0	0
Auditors' remuneration	126,500	126,500
Legal fees/penalties	0	40,000
Consultancy fees/professional services	0	0
Repairs and maintenance furniture and fittings	5,795	24,230
Provision for bad and doubtful debts	0	0
Security	21,000	32,000
Staff welfare	19,000	0
Transport (fuel, oil and maintainance of motors)	288,680	482,932
Total	2,707,302	13,364,036

(provision for bad and doubtful debts and depreciation have classified under administrative cost to comply with 30th june 2021 financial reporting template.)

12 (b) STAFF COSTS

Salaries and allowances of permanent employees	9,240,564	8,680,289
Wages of temporary employees	150,984.50	464,145
Compulsory national health insurance schemes	263,700	253,350
Compulsory national social security schemes	590792	605,228
Other pension contributions	0	0
Leave pay and gratuity provisions	100,000	80,000
Staff welfare	0	0
Total	10,346,040.5	10,083,012
The average number of employees at the end of the year was:		
Permanent employees – Company	21	22
Permanent employees – Seconded from Embu County Government	3	4
Temporary and contracted employees	3	3
Total	27	29

[Provide short appropriate explanations as necessary]

KYENI WATER AND SEWERAGE COMPANY LTD

Annual Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 SELLING AND DISTRIBUTION COSTS

	2021-2022	2020-2021
Description	Kshs	Kshs
Salaries and wages of sales personnel	0	0
Marketing and promotional expenses	0	0
Sales commissions	0	0
Sales discounts and rebates	0	0
Other selling and distribution costs - depreciation	394,562	691,691
Total	394,562	691,691

14 FINANCE COSTS

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest expense on loans	0	0
Interest expense on bank overdrafts	0	0
Interest on lease liabilities	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

15 OPERATING PROFIT/(LOSS)

	2021-2022	2020-2021
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 12b)	10,346,041	10,083,012
Depreciation of property, plant and equipment	394,562	691,691
Depreciation of right-of-use asset	0	0
Amortisation of intangible assets	0	0
Provision for bad and doubtful debts	0	0
Directors' emoluments - fees	670,434	465,253
Other expenses	4,786,974	2,689,271
Auditors' remuneration - current year fees	126,500	126,500
- prior year under-provision	0	0
Loss on disposal of property, plant and equipment	0	0
Net foreign exchange loss	0	0
Interest receivable	(0)	(0)
Interest payable	0	0
Total	(16,324,511)	(14,055,727)

KYENI WATER AND SEWERAGE COMPANY LTD

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 INCOME TAX EXPENSE/(CREDIT)

(a) Current taxation

	2021-2022	2020-2021
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	0	0
Current tax: prior year under/(over) provision	0	0
Current year deferred tax charge	0	0
Prior year under-provision for deferred tax	0	0
Total	0	0

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

	2021-2022	2019-2020
	Kshs	Kshs
Profit before taxation	(2,609,963)	(1,526,363)
Tax at the applicable tax rate of 30%	0	XXX
Current tax	0	XXX
Prior year under-provision	XXX	XXX
Tax effects of expenses not deductible for tax purposes	XXX	XXX
Tax effects of income not taxable	XXX	XXX
Tax effects of excess capital allowances over depreciation/amortization	XXX	XXX
Deferred tax prior year over-provision	XXX	XXX
Total	XXX	XXX
	=====	=====

[Provide short appropriate explanations as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax by the average number of ordinary shares in issue during the year .the loss or the year 2020 2021 was kshs 1,520,363 and the number of shares held as at 30th june 2021 was 500 resulting to earnings per share of kshs - 3040.

18 DIVIDEND PER SHARE

The company made a loss, therefore could not pay dividends.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT

2022	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION								
At July 1, 2021	0	0	0	2,697,300	11,491,618	0	0	14,188,918
Additions	0	0	0	0	0	0	0	-
Transfers	-	0	-	-	-	-	(0)	-
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At June 30, 2022	0	0	0	2,697,300	11,491,618	0	0	14,188,918
DEPRECIATION								
At July 1, 2021	0	0	0	2,583,380	6,915,591	0	0	9,498,971
Charge for the year	0	0	0	28,480	366,082	0	0	394,562
Impairment loss	0	0	0	0	0	0	0	0
Eliminated on disposal	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At June 30, 2022	0	0	0	2,611,860	7,281,673	0	0	9,893,533
NET BOOK VALUE At June 30, 2022	0	0	0	85,440	4,209,945	0	0	4,295,385

Property, plant and equipment include the following items that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery		0
Motor vehicles, including motor cycles	0	0
Computers and related equipment	0	0
Office equipment, furniture and fittings	0	0
	0	0
	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT (Continued)

2021	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION								
At July 1, 2020	0	0	0	2,697,300	11,491,618	0	0	14,188,918
Additions	0	0	0	0	-	0	0	-
Transfers	-	0	-	-	-	-	(0)	-
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At June 30, 2021	0	0	0	2,697,300	11,491,618	0	0	14,188,918
DEPRECIATION								
At July 1, 2020	0	0	0	2,545,407	6,261,873	0	0	8,807,280
Charge for the year	0	0	0	37,973	653,718	0	0	691,691
Impairment loss	0	0	0	0	0	0	0	0
Eliminated on disposal	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
At June 30, 2021	0	0	0	2,583,380	6,915,591	0	0	9,498,971
NET BOOK VALUE								
At June 30, 2021	0	0	0	113,920	4,576,027	0	0	4,689,947

Property, plant and equipment include the following items that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Motor cycles	G.O.K & TWWDA	0
Computers and related equipment	TWWDA	0
Office equipment, furniture and fittings	Inherited from parent ministry	0
rehabilitation	0	0

[The value of all motorcycles and equipments is not indicated.]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 INTANGIBLE ASSETS

	2021-2022	2020-2021
	Kshs	Kshs
COST		
At July 1	0	0
Additions	0	0
Disposals	(0)	(0)
At June 30	0	0
AMORTISATION		
At July 1	0	0
Charge for the year	0	0
Disposals	(0)	(0)
Impairment loss	(0)	(0)
At June 30	0	0
NET BOOK VALUE		
At June 30	0	0

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 INVESTMENT PROPERTY

	2021-2022	2020-2021
	Kshs	Kshs
Opening valuation	0	0
Movements during the year		
Additions	0	0
Disposals	(0)	(0)
Fair value gains/(losses)	0	0
Closing valuation	0	0
	=====	=====
DEPRECIATION (IF AT COST)		
At July 1	0	0
Charge for the year	0	0
Disposals	(0)	(0)
Impairment loss	(0)	(0)
At June 30		
NET BOOK VALUE		
At June 30		
	=====	=====

(Provide details of the property, date last valued, the valuer and method of valuation as per IAS 40. Where investment property is carried at cost, depreciation will be shown however no depreciation is provided for when the asset is carried at fair value)

KYENI WATER AND SEWERAGE COMPANY LTD

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Right-of-use assets

	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
At 1 July 2018 – Restated	XXX	XXX	XXX	XXX
Additions	XXX	XXX	XXX	XXX
At 30 June 2019 – Restated	XXX	XXX	XXX	XXX
Additions	XXX	XXX	XXX	XXX
At 30 June 2020	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Accumulated Depreciation				
At 1 July 2018 – Restated	XXX	XXX	XXX	XXX
Additions	XXX	XXX	XXX	XXX
At 30 June 2019 – Restated	XXX	XXX	XXX	XXX
Additions	XXX	XXX	XXX	XXX
At 30 June 2020	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Carrying Amount				
At 30 June 2020	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
At 30 June 2020 – Restated	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

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23 FIXED INTEREST INVESTMENTS (BONDS)

	2021-2022	2020-2021
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	0	0
AB Corporate Bond (give details)	0	0
CD Corporate Bond (give details)	0	0
	0	0
	=====	=====

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

Details		
Balance at 1 July	0	0
Additions during the year	0	0
Interest accrued during the year	0	0
Investment maturities during the year	0	0
Balance at 30 June	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 QUOTED INVESTMENTS

	2021-2022	2020-2021
	Kshs	Kshs
Opening valuation	0	0
Movements during the year		
Additions	0	0
Disposals	(0)	(0)
Fair value gains/(losses)	0	0
Closing valuation	0	0

[Provide short appropriate explanations as necessary, including make-up of the investments in the table below]

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

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25 UNQUOTED INVESTMENTS

	2021-2022	2020-2021
	Kshs	Kshs
COST		
At July 1	0	0
Additions	0	0
Disposals	(0)	(0)
At June 30	0	0
IMPAIRMENT		
At July 1	0	0
Disposals	(0)	(0)
Impairment loss in the year	(0)	(0)
At June 30	0	0
NET BOOK VALUE		
At June 30	0	0

UNQUOTED INVESTMENTS (Continued)

[Provide short appropriate explanations as necessary, including make-up under the table below]

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

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26 INVENTORIES

	2021-2022	2020-2021
	Kshs	Kshs
Engineering stores	0	0
Fuel, oil and lubricants	0	0
Motor vehicle spare parts	0	0
Goods in transit	0	0
Stationery and general stores	0	0
	0	0
	=====	=====

[Provide short appropriate explanations as necessary]

27(a) TRADE AND OTHER RECEIVABLES

	2021-2022	2020-2021
	Kshs	Kshs
Trade receivables (note 27 (b))	16,414,636	18,223,823
Deposits and prepayments	0	0
VAT recoverable	0	0
Staff receivables (note 27 (c))	0	0
Other receivables	0	0
Gross trade and other receivables	16,414,636	18,223,823
Provision for bad and doubtful receivable	(1,641,464)	(1,822,382)
Net trade and other receivables	14,773,172	16,401,441
	=====	=====

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 (b) TRADE RECEIVABLES

	2021-2022	2020-2021
	Kshs	Kshs
Gross trade receivables	16,414,636	18,223,823
Provision for doubtful receivables	(1,641,464)	(1,822,382)
	<u>14,773,172</u>	<u>16,401,441</u>
	=====	=====
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days		
Between 30 and 60 days		
Between 61 and 90 days		
Between 91 and 120 days		
Over 120 days		
	<u>=====</u>	<u>=====</u>

[Provide short appropriate explanations as necessary]

27 (c) STAFF RECEIVABLES

	2021-2022	2020-2021
	Kshs	Kshs
Gross staff loans and advances	0	0
Provision for impairment loss	(0)	(0)
	<u>0</u>	<u>0</u>
Less: Amounts due within one year	(0)	(0)
Amounts due after one year	<u>0</u>	<u>0</u>
	=====	=====

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 TAX RECOVERABLE

	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	0	0
Income tax charge for the year (note 16)	0	0
Under/(over) provision in prior year/s (note 16)	0	0
Income tax paid during the year	(0)	(0)
At end of the year	0	0

[Provide short appropriate explanations as necessary]

29 SHORT TERM DEPOSITS

	2021-2022	2020-2021
	Kshs	Kshs
Cooperative Bank of Kenya	0	0
Kenya Commercial Bank	0	0
Barclays Bank of Kenya	0	0
	0	0

[Provide short appropriate explanations as necessary]

Example: The average effective interest rate on the short term deposits as at June 30, 2020 was xx% (2019: xx %).

30 BANK AND CASH BALANCES

	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank	7,029,835	6,938,321
Cash in hand	7,544	66,327
	7,037,379	7,004,648

[All bank balances are held at co-operative bank of Kenya]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 BANK AND CASH BALANCES (Continued)

The make – up of bank balances and short term deposits is as follows:

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2021-2022 KShs	2020-2021 KShs
a) Current account			
Cooperative Bank of Kenya	0112005189200	(111,742.18)	76,087.34
Sub- total		(111,742.18)	76,087.34
b) On - call deposits			
Cooperative Bank of Kenya		60,000	60,000
Sub- total		60,000	60,000
c) Fixed deposits account			
Cooperative Bank of Kenya		7,081,578.18	6,691,518.18
Sub- total		7,081,578.18	6,691,518.18
d) Staff car loan/ mortgage			
Cooperative Bank of Kenya		0	0
Sub- total		0	0
e) Others(specify)			
Cash in transit		0	0
cash in hand		7,544	227
M pesa		0	0
Sub- total		7,544	227
Grand total		7,037,379	6,827,833

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31 ORDINARY SHARE CAPITAL

	2021-2022	2020-2021
	Kshs	Kshs
Authorised:		
XXX ordinary shares of Kshs.X par value each	XXX	XXX
	=====	=====
Issued and fully paid:		
XXX ordinary shares of Kshs.X par value each	XXX	XXX
	=====	=====

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 REVALUATION RESERVE

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

33 FAIR VALUE ADJUSTMENT RESERVE

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

34 RETAINED EARNINGS

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

	2021-2022	2020-2021
	Kshs	Kshs
Balance from previous year	-2,928,204	-1,407,841
Profit for the year	-2,609,963	-1,520,363
	-5,538,167	-2,928,201
	=====	=====

35 BORROWINGS

	2021-2022	2020-2021
Description	Kshs	Kshs
Balance at beginning of the year	2,264,750	2,264,750
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
Exchange rate gains/(losses) on revaluation of borrowings	0	0
Balance at end of the year	2,264,750	2,264,750
Less: Amounts due with one year (current portion)	0	0
Amounts due after one year (non-current portion)	2,264,750	2,264,750

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

35 BORROWINGS (Continued)

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar denominated loan from 'A'	0	0
Sterling Pound denominated loan from 'B'	0	0
Euro denominated loan from 'C'	0	0
	0	0
Domestic Borrowings		
Kenya Shilling loan from KCB	2,264,750	2,264,750
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
	2,264,750	2,264,750
Total balance at end of year	2,264,750	2,264,750
	=====	=====

[Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year]

36 DEFERRED TAX LIABILITY

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

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability	0	0
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 DEFERRED TAX LIABILITY (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0
	=====	=====

[Provide short appropriate explanations as necessary]

37 LEASE LIABILITY

	2021-2022	2020-2021
	Kshs	Kshs
		(Restated)
Maturity analysis		
Year 1	0	0
Year 2	0	0
Year 3	0	0
Year 4	0	0
Year 5	0	0
On wards	0	0
	0	0
Less: unearned interest	(0)	(0)
	0	0
Analysed as:		
Non-Current	0	0
Current	0	0

38 TRADE AND OTHER PAYABLES

	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	9,182,827	7,787,090
Accrued expenses	0	0
Retention/ contract monies	0	0
Other payables	0	0

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	9,182,827	7,787,090
	=====	=====

[Provide short appropriate explanations as necessary]

39 RETIREMENT BENEFIT OBLIGATIONS

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee or 6% per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 PROVISION FOR LEAVE PAY

	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	0	0
Additional provision at end of year	100,000	80,000
Leave paid out or utilised during the year	(100,000)	(80,000)
Balance at end of the year	0	0
	=====	=====

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.

41 DIVIDENDS PAYABLE

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

	2021-2022	2020-2021
	Kshs	Kshs
Year 2020	XXX	XXX
Year 2019	XXX	-
Year 2018	XXX	XXX
Year 2017	XXX	XXX
Year 2016	XXX	XXX
Balance at end of the year	XXX	XXX
	=====	=====

KYENI WATER AND SEWERAGE COMPANY LTD

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 NOTES TO THE STATEMENT OF CASH FLOWS

	2021-2022	2020-2021
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Operating profit/(loss)	(2,609,963)	(1,520,363)
Depreciation	394,562	691,691
Amortisation	0	0
(Gain)/loss on disposal of property, plant and equipment	0	0
Operating profit/(loss) before working capital changes	(2,215,401)	(838,672)
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables	1,809,187	1,472,536
Increase/(decrease) in trade and other payables	1,395,737	1,383,209
Increase/(decrease) in retirement benefit obligations	(14,436)	148,290
Increase/(decrease) in provision for staff leave pay	20,000	23,000
Cash generated from/(used in) operations	3,210,488	3,027,035
(b) Analysis of changes in loans		
Balance at beginning of the year	2,264,750	2,264,750
Receipts during the year	0	0
Repayments during the year	(0)	(0)
Repayments of previous year's accrued interest	(0)	(0)
Foreign exchange (gains)/losses	0	(0)
Accrued interest	0	0
Balance at end of the year	2,264,750	2,264,750
(c) Analysis of cash and cash equivalents		
Short term deposits	0	0
Cash at bank	7,029,835	6,938,321
Cash in hand	7,544	66,227
Balance at end of the year	7,037,379	7,004,648

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
(d) Analysis of interest paid		
Interest on loans (note 12)	0	0
Interest on bank overdraft (note 12)	0	0
Interest on lease liabilities	0	0
	0	0
Interest on loans capitalised	0	0
Balance at beginning of the year	0	0
Balance at end of the year (note 35(b))	(0)	(0)
Interest paid	0	0
	=====	=====
(e) Analysis of dividend paid		
Balance at beginning of the year	0	0
2017 dividends paid	0	0
2019 dividends paid	0	0
2020 interim dividends paid	0	0
Balance at end of the year	(0)	(0)
Dividend paid	0	0
	=====	=====

43 RELATED PARTY DISCLOSURES

(a) Government of Kenya

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Government of Embu;
- iii) Water Services Regulatory Board (WASREB)
- iv) Water Resources Authority (WRA)
- v) Kenya Forest Services (KFS)

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- vi) Tana Water Works Development Agency (TWWDA)
- vii) Key management;
- viii) Board of directors;

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties

	2021-2022	2020-2021
	Kshs	Kshs
a) Sales to related parties		
Sales of goods to xxx	0	0
Sales of services xxx	0	0
Total	0	0
	=====	=====
b) Grants from the Government		
Grants from National Govt	0	0
Grants from County Government	1,097,680	1,422,280
Donations in kind	0	0
Total	1,097,680	1,422,280
	=====	=====
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
	=====	=====
d) Key management compensation		
1.Directors' emoluments	670,434.4	465,253
2.Compensation to the CEO		0
3.Compensation to key management		0
Total	670,434.4	465,253
	=====	=====

44 CAPITAL COMMITMENTS

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

	2021-2022	2020-2021
	Kshs	Kshs
Amounts authorised and contracted for	0	0
Amounts authorizes but not contracted for	0	0
Less: Amounts included in Work in progress	(0)	(0)
	0	0
	=====	=====

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

	2021-2022	2020-2021
	Kshs	Kshs
Bank guarantees	60,000	60,000
Legal claims against the <i>entity</i>	0	0
Letters of credit	0	0
Disputed tax penalties	0	0
	60,000	60,000
	=====	=====

[bank guarantee is further captured in note 30(b) as on call deposits]

Contingent Liabilities

None

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

46 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity 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.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	16,414,636	16,414,636		
Receivables from non exchange transactions				
Bank balances	7,029,835	7,029,835	xxx	xxx
Total	23,444,471	23,444,471	xxx	xxx
At 30 June 2021				
Receivables from exchange transactions				
Receivables from non exchange transactions	18,223,823	18,223,823		
Bank balances	7,004,648	7,029,835		
Total	25,228,471	25,228,471	xxx	xxx

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

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

The entity has significant concentration of credit risk on amounts due from xxx

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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity 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.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables				8,388,093
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				8,388,093
At 30 June 2020				
Trade payables				7,787,090
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				7,787,090

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

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

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	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets			
Investments	xxx	xxx	xxx
Cash	xxx	xxx	xxx
Debtors	xxx	xxx	xxx
Financial Liabilities			
Trade and other payables	Xxx	xxx	xxx
Borrowings	Xxx	xxx	xxx
Net foreign currency asset/(liability)	Xxx	xxx	xxx

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets			
Investments	xxx	xxx	xxx
Cash	xxx	xxx	xxx
Debtors	xxx	xxx	xxx
Financial Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

b) Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2020			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx
2019			

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Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx

c) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2019: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2019 – KShs xxx)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

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

At 30 June 2021				
	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	xx	xx	xx	xx
Non- financial Assets				
Investment property	xx	xx	xx	xx
Land and buildings	xx	xx	xx	xx
	xx	xx	xx	xx
	=====	=====	=====	=====
At 30 June 2020				
Financial Assets				
Quoted equity investments	xxx	xxx	xxx	xxx
Non- financial Assets				
Investment property	xxx	xxx	xxx	xxx
Land and buildings	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets and liabilities (Continued)

a) Financial instruments measured at fair value (Continued)

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2021				
Financial Assets				
Quoted equity investments	xxx	xxx	xxx	xxx
Non- financial Assets				
Investment property	xxx	xxx	xxx	xxx
Property, plant and equipment	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx
	=====	=====	=====	=====
At 30 June 2020				
Financial Assets				
Quoted equity investments	xxx	xxx	xxx	xxx
Non- financial Assets				
Investment property	xxx	xxx	xxx	xxx
Land and buildings	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx
	=====	=====	=====	=====

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

b) Financial instruments not measured at fair value

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	19,436,994	19,436,994
Retained earnings	(2,928,201)	(2,928,201)
Capital reserve	0	0
Total funds	16,508,793	16,508,793
Total borrowings	2,264,750	2,264,750
Less: cash and bank balances	7,037,379	7,004,648
Net debt/(excess cash and cash equivalents)	Xxx	xxx
Gearing	xx%	xx%

47 CUSTOMER DEPOSITS

	2021-2022	2020-2021
	Kshs.	Kshs.
Balance brought forward	8,981,482	8,410,395
Add: Current year	384,000	516,000
Balance Carried Forward	9,365,002	8,926,395

48 INCORPORATION

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

49 EVENTS AFTER THE REPORTING PERIOD

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

50 CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in the Opening Balance	The correct opening balance have been used		resolved	
2.	Inaccuracies in the Trial Balance				
3	Inaccuracies in the Financial Statements				
3.1	In inaccuracies in the Statement of Financial Position				
3.2	Inaccuracies in the Statement of Cash Flows				
4	Inaccuracy of Revenue	Billing software			
(i)	Use of Expired Tariff	Tariff renewal on process		In progress	31/12/2022
(ii)	Average Assesment Water Billing	All connections on average will be meterd when meters are available. Sourcing for meters on progress.		In progress	
(iii)	Un-metered /Flat Rate Water Billing				
5.	Receivables				
5.1	Unsupported Trade and Other Receivables				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.2	Unsupported Provision for Doubtful Debts				
6.	Unsupported Bank and Cash Equivalents Balance				
7.	Unreconciled Customer Deposits				
8.	Unsupported Trade and Other Payables Balance				
9.	Administration Costs				
9.1	Unsupported Directors Allowances				
9.2	Unsupported Payments on Transport, Travelling and Subsistence Allowance				
9.3	Unsupported Insurance Costs				
9.4	Unsupported Fuel Costs				
10.	Presentation of Financial Statements				
(ix)	Statement of performance against pre-determined objectives for 2020/2021				
(xii)	Management Discussion and Analysis				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
(xiii)	Environmental and Sustainability Reporting				
(19)	Significant Accounting Policy Budget Information				
(50)	Credit Risk Management				
(51)	Liquidity Risk Management				
11.	Budget Control and Performance				
11.1	Unapproved Budget				
11.2	Unexplained Underperformance of Revenue				
11.3	Expenditure Analysis				
12	Revenue				
12.1	Non-Revenue water				
12.2	Loss of Revenue Due to Non-Connection of Fifty-one (51) New Customers				
13.	Lack of Repayment Plan on Borrowing from Customers Deposits	The Company will resume payments when funds will be available.			
14.	Unsupported Procurement of				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Maintainance Materials				
15.	Compensation of Employees				
15.1	Employees on Acting Appointment for More than Six (6) Months	The company has employed a new General Manager		Resolved	
15.2	Exceeding Industrial Sector Bench Mark on Personnel Costs				
15.3	Non-Compliance with Ethnic Balance Requirement				
15.4	Non-Adherence to Gender Rule				
15.5	Employee Engaged as Casuals for more than Three (3) Months				
15.6	Lack of Approved Staff Establishment				
15.7	Irregular Retention of Seconded Staff				
16	Outstanding Tax	Payment is through instalments when funds are available.		In progress	
17.	Expired Bank Guarantee	Renewal process ongoing		Resolved	

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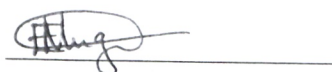
For the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
18.	Lack of Risk Management Policy				
19.	Lack of Information Communication Technology (ICT) Policy				
20.	Lack of Internal Department				

Guidance Notes:

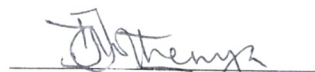
- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

General Manager
Mr Eric Munene



Date 07/03/2022

Chairman of the Board
mr. Erasmus Kithinji



Date 07/03/22

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APPENDIX I1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

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

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of XXX			
FY 2019/2020			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		xx	
		xx	
		xx	
	Total	XXX	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		xx	
		xx	
		xx	
	Total	XXX	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		xx	
		xx	
		xx	
	Total	XXX	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		xx	
		xx	
		xx	
	Total	XXX	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
XXX entity

Head of Accounting Unit
xxx Ministry

Sign -----

Sign-----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MTA Designating the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Development	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	Xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	xxx
			xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total			xxx	xxx	xxx	xxx	xxx	xxx	xxx

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