

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**SAMBURU WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

PAPERS LAID	
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**SAMBURU WATER AND SANITATION COMPANY LIMITED  
(SAWASCO)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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## 1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
SAWASCO	Samburu Water and Sanitation Company
ICT	Information, communication and technology
CECM	County executive committee member

## 2. Key Entity Information

### a). Background information

The Samburu Water and Sanitation Company Ltd was established by the company Act (Cap 486) on 1<sup>st</sup> October, 2013. The company is fully owned by the County Government of Samburu at the executive level, it is represented by the County Executive Committee member for Water and Sanitation who is responsible for the general policy and strategic direction of Samburu water and sanitation company Ltd.

Samburu water and sanitation company Ltd is domiciled in Kenya and has branches in Maralal, Baragoi, Kisima, Suguta Marmar, Wamba and Archers.

### b). Principal Activities

The principal activity of Samburu Water and Sanitation Company Limited is to sustainably provide quality and affordable water and sanitation services efficiently and effectively to Samburu County Urban Residents and the surrounding environments.

### c). Company Directors

The Directors who served Samburu Water and Sanitation Company Ltd for the period ended June 30, 2024 were as follows:

No.	Name of the Director	Position	Date of appointment
1	Hon.Fred kiragu	Chairperson	20 <sup>th</sup> Dec 2023
2	Mr. Paul Leringato, HSC	MD/Secretary	20 <sup>th</sup> Dec 2023
3	Hon. Patrick Lekimain	CECM-Environment, Water and Sanitation	20 <sup>th</sup> Dec 2023
4	Hon. Silvana Kaparo	CECM-Finance and economic planning	20 <sup>th</sup> Dec 2023
5	Lenyarua Wilson Col (Rtd)	Member	20 <sup>th</sup> Dec 2023

6	Faustine Lenangetai	Member	20 <sup>th</sup> Dec 2023
7	Naipanoi Julieta	Member	20 <sup>th</sup> Dec 2023
8	Jaula Lelukumani	Member	20 <sup>th</sup> Dec 2023

**d). Company Secretary**

Paul Leringato, HSC  
P.O. Box 438-20600,  
Maralal.

**e). Samburu NDMA Headquarters,**

P.O. Box 428-20600,  
Maralal-Baragoi Road,  
Maralal, KENYA

**f). Samburu NDMA Headquarters,**

P.O. Box 428-20600,  
Maralal-Baragoi Road,  
Maralal, KENYA.

**g). SAWASCO ltd contacts**

Telephone: +254757761604  
E-mail : [info@samburuwaterco.co.ke](mailto:info@samburuwaterco.co.ke)  
Website: [www.sawasco.co.ke](http://www.sawasco.co.ke)

**h). SAWASCO Bankers**

Equity Bank of Kenya-Maralal Branch  
Telephone: +254 763 000 000  
E-mail: [info@equitybank.co.ke](mailto:info@equitybank.co.ke)  
Website: [www.equitybank.com](http://www.equitybank.com)

**i). Independent Auditor**

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

**j). Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
NAIROBI, KENYA


**k). County Attorney**

Samburu County Headquarters,  
P.O. Box 3-20600,  
Maralal-Nyahururu Road,  
Maralal  
, KENYA

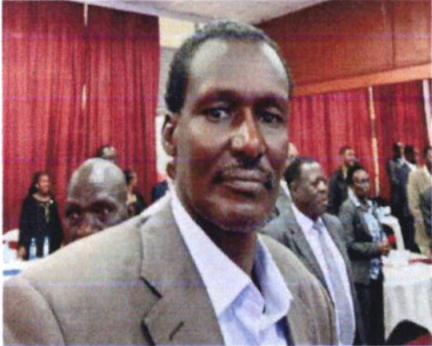

### 3. The Board of Directors




No.	Name of the Directors	Details
1	 <p data-bbox="320 674 533 703">HON FRED KIRAGU</p>	<ul style="list-style-type: none"> <li>● Hon Fred Kirangu has a Diploma in Community Development from St. Johns Training College</li> <li>● Trained as a teacher with long teaching experience</li> <li>● He served as an education officer in a number of counties</li> <li>● Also served as Member of Samburu County Assembly for 2 terms</li> </ul>
2	 <p data-bbox="336 1111 544 1140">Paul Leringato, HSC</p>	<ul style="list-style-type: none"> <li>● Mr. Paul Leringato, HSC serves as Managing Director &amp; Board Secretary</li> <li>● Holds MSc. In Tourism &amp; Conservation from Kent University, Canterbury (UK) &amp; B.Ed. (Hons) from Moi University</li> <li>● Has extensive professional trainings locally &amp; abroad; attended advanced management course (4 weeks), Ede Netherlands, Corporate Governance Course for Directors at Centre for Corporate Governance, Board &amp; Strategic leadership Course by Institute of Directors-Kenya, Kenya Institute of Management-KIM course etc</li> <li>● Has served for Over 20 years of senior management level; CEO Reteti Sanctuary, Regional Director NRT, Programs Manager Ol Pejeta Conservancy &amp; Manager Namunyak Wildlife</li> <li>● A member of various professional bodies; Institute of Directors-Kenya, Kenya Institute of Management, Kenya Association of Project Managers, TPA etc</li> <li>● Achieved Awards such as Head of State Commendation (HSC)</li> </ul>
3	 <p data-bbox="256 1767 501 1796">Hon. Patrick Lekimain</p>	<ul style="list-style-type: none"> <li>● Hon Patrick Lekimain serves in the board in his capacity as Chief Executive Committee Member (CECM) for Water, Environment &amp; Natural Resources</li> <li>● He holds BSc. in Industrial Chemistry from the University of Nairobi (UoN)</li> <li>● Previously served as member of Public Service Board, Samburu County in addition to other previous professional engagements</li> </ul>

4	 <p>Hon. Silvana Kaparo</p>	<ul style="list-style-type: none"> <li>● Hon Silvana Kaparo is a member of the board in her capacity as CECM for Finance, ICT &amp; Economic Planning.</li> <li>● She holds a Master’s degree in international studies from the University of Nairobi</li> <li>● Has a long working experience as a banker</li> </ul>
5	 <p>Col (Rtd) Wilson lenyarua</p>	<ul style="list-style-type: none"> <li>● Col (Rtd) Wilson Lenyarua has several years as a military officer, Kenya Air Forces where he rose through the ranks to a Colonel</li> <li>● Served as a UN Peacekeeping &amp; Military Observer in Morocco</li> <li>● Has a diploma in strategic studies (UoN) and attended several management and leadership courses locally and abroad</li> <li>● Also served in various boards</li> </ul>
6	 <p>Jaula Lelukumani</p>	<ul style="list-style-type: none"> <li>● Mr. Jaula Lelukumani has several years of experience as an administrator-Chief</li> <li>● He attended several administration short courses at AP Training College, Embakasi</li> </ul>
	 <p>Naipanoi Julieta</p>	<ul style="list-style-type: none"> <li>● Mrs Naipanoi Juletta Lekiale joined the board with vast hands-on experience in community development, leadership &amp; stakeholders’ engagement</li> <li>● She attended various trainings in corporate governance, community development and leadership</li> <li>● She served in various local boards</li> </ul>

8.	 Faustine Lenangetai	<ul style="list-style-type: none"><li>● Ms Faustine Lenangetai has attended several certificate courses in social work, peace building and community development</li><li>● She is currently involved in child sponsorship programme</li></ul>
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#### 4. Key Management Team

No.	Managers	Details
1.	 <p data-bbox="347 875 603 909">Paul Leringato, HSC</p>	<ul style="list-style-type: none"> <li>● Mr. Paul Leringato, HSC serves as Managing Director &amp; Board Secretary</li> <li>● Holds MSc. In Tourism &amp; Conservation from Kent University, Canterbury (UK)</li> <li>● Has extensive professional trainings locally &amp; abroad; attended advanced management (4 weeks), Ede Netherlands, corporate governance course for directors at Centre for Corporate Governance, Board &amp; Strategic leadership Course by Institute of Directors-Kenya, Kenya Institute of Management-KIM course etc</li> <li>● Has served for Over 20 years of senior management level; CEO Reteti Sanctuary, Regional Director NRT, Programs Manager Ol Pejeta Conservancy &amp; Manager Namunyak Wildlife</li> <li>● A member of various professional bodies; Institute of Directors-Kenya, Kenya Institute of Management, Kenya Association of Project Managers, TPA etc</li> <li>● Achieved Awards such as Head of State Commendation (HSC)</li> </ul>
1	 <p data-bbox="300 1890 491 1924">Falary Letipila</p>	<ul style="list-style-type: none"> <li>- Human Resource Manager</li> <li>- Bachelor of Economics (HR)</li> <li>- Over 5 years' experience</li> </ul>

2	 Dominic Lesingiran	<ul style="list-style-type: none"> <li>-Finance Manager</li> <li>- CPAK, CIFA</li> <li>-B.COM-Accounting option, Kabarak university</li> <li>- Over 6 years' work experience</li> </ul>
3	 Markswell Lolkinoyati	<ul style="list-style-type: none"> <li>-Customer &amp; Commercial Services Manager</li> <li>- Business Management, Dip</li> <li>- 10 years' work experience</li> <li>-Age 38 Years</li> </ul>
4	 Jonah Lekopien	<ul style="list-style-type: none"> <li>- Technical Manager</li> <li>- BSc. Environmental Management</li> <li>- 4 years' work experience</li> <li>- Age 27 Years</li> </ul>
<p><i>Note: The MD and the Company Secretary will feature both under the 'Board' and 'Management'.</i></p>		

## 5. Chairman's Statement

On behalf of the Board of directors, it is with great pleasure that I present to you an overview of the annual Report and Financial Statements of the Samburu Water & Sanitation Company (SAWASCO) for the year ended 30<sup>th</sup> June 2024. The strong foundation that we have laid overtime by impressing our vision to be the leading water utility in Kenya; supported by a robust governance structure, continue to drive sustainability of SAWASCO, providing momentum for a secure future in service delivery.

### Operating environment

Kenya Economy is being hit hard through supply and demand shocks on external and domestic fronts, interrupting its recent broad-based growth path.

### Challenges

In the water industry the cost of electricity which is the most common input remained high thus severely negatively impacted our operations among other key factors. maintained due to the intervention by the government to lower the electricity tariffs. The cost of chemicals too and high maintenance costs has greatly been felt. Despite these and other challenges like drought which affected water catchment areas, SAWASCO continued to deliver on its mission of providing quality water and sanitation services to its customers.

### Moving Forward

We continue to focus and strategize to improve our efficiency in service delivery by improvement of water infrastructure and adopting technology to address losses in water (NRW) as well as revenues.

Primarily our efforts are geared towards achievement of the following;

- (i) Continuous improvement of water infrastructure
- (ii) Operational efficiency
- (iii) Improved customer services
- (iv) Financial sustainability
- (v) Enhanced corporate governance

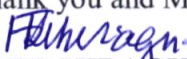
In addition, we will leverage on goodwill from our stakeholders including county governments and development partners to foster growth as we work towards achieving our corporate mission of providing quality water and sanitation services for improved livelihoods.

### Appreciation

I would like to appreciate all our stakeholders more so the County government of Samburu and development partners for the solid commitment and support during the year under the review. To our esteemed customers thank you for your loyalty and support.

I also thank the management and staff of SAWASCO for their dedicated efforts in provision of services to our customers. We look forward to continued partnership and collaborations as we strive to improve access to safe, quality and affordable water and sanitation services to all residents of Samburu County.

Thank you and May God Bless you all.

  
**FRED KIRAGU**  
**CHAIRMAN, BOARD OF DIRECTORS**

## 6. Report of the Managing Director

On behalf of the Board and Management, I am pleased to present the annual Report and Financial Statements of the Samburu Water & Sanitation Company (SAWASCO) for the year ended 30<sup>th</sup> June 2024. Here below are the highlights of my report.

### (a) Service Delivery:

During the year, we remained committed to our vision; To be a reliable and sustainable. Water Service provider thus ensured fair distribution of water to all users within the jurisdiction of our service. Water distribution has continued to be operated in a manner that promotes fairness to all users thus rationing is applied to ensure equitable distribution. During the period, the following efforts were made to improve service delivery.

- Stakeholder Meetings were held across our schemes, and this contributed to positive perceptions and increased willingness to pay water bills.
- Improved meter readings, billing and efficiency
- Digital Kiosks and auto meters were installed on a pilot basis across our schemes as means to mitigate Non-Revenue Water and enhance accountability
- Enhanced governance trainings for board & management

Among the major bottle necks hindering reliable water supply is the high demand water ratio against supply. All our schemes including Maralal are way below the increasing demand for water. Exceptional efforts and funding are required to provide water access to the deserving communities. High production costs due to use of electricity, chemicals and other costs remains concerns that should be addressed to make operations sustainable.

### (b) Corporate Governance

The new board was inducted and trained on corporate governance. We also managed to establish the relevant board committees; Admin & HR committee, Audit & Risk Management and Technical committee. In addition, the development of several policies is on-going to strengthen internal controls.

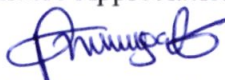
### (c) Staff Development & Welfare

Various in-house trainings were carried out for the staff to enhance their skills. Other welfare incentives during the period includes office tea, improved toilets facilities, drinking water, uniforms and NHIF contributions to enable them access medical care together with their families. In addition, the company has continued to support the staff on other personal welfare issues such as weddings & funerals of loved ones.

### (d) Future Plans:

With promising and secured funding support from development partners for the much-needed water infrastructure such as solarization, new pipe extensions, automation and other improvements alongside the anticipated completion of Yamo Dam, the future remains promising

My sincere Appreciations to all for Continued Support and Cooperation



PAUL LERINGATO, HSC  
MANAGING DIRECTOR

## 7. Statement Of Performance Against Predetermined Objectives for FY 2023/2024

(Two-to-three pages)

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 County government entity's performance against predetermined objectives.

SAWASCO has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023- FY 2024. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: **Improved Company Leadership & Governance**

Pillar/theme/issue 2: **Enhanced Revenues To Sustain Operations**

SAWASCO develops its annual work plans based on the above pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly/yearly basis. SAWASCO achieved its performance targets set for the FY 2023/2024 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	Improved company leadership & governance	-	- Board Meeting to establish Board Committees	- Functional Board Committees put in place; - Technical services - HR, Finance & Admin - Audit & Risk Management
Pillar/ theme/ issue 1:	Enhanced Revenues to sustain operations	- Upward trend of revenue collection - % increase in revenues	- Stakeholders engagement to increase willingness to pay - Auto metres - Improved billing	- 6 stakeholders meetings held - Automation of water systems; pre-paid meters & digital Kiosks - Improved billing & bulk billing sms in place

*(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts. **The entity may present this information as per the indicated table or in any other format relevant to its operations)***

## 8. Corporate Governance Statement

The Board of Directors of SAWASCO is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

In the recent years' various recommendations have been made in several legal and professional publications in an attempt to determine the most appropriate way for companies to be structured to achieve the highest standards of corporate governance. The Board is committed to full compliance of all the relevant laws including the Guidelines on Corporate Governance issued by the regulator WASREB

The Corporate Governance of SAWASCO takes place within a framework which exists to regulate and/or guide the conduct of Board members, staff, customers and members of public in assessing the Company's facilities and services. The objective of the framework is to provide for the effective, ethical and accountable governance and management of the Company. The key instruments within the governance framework are:

- The Kenya Constitution
- The Water Act 2002
- The Public Financial Management Act (2012)
- The Public Financial Management Regulation (2014)
- The Public Procurement and Asset Disposal Act (2015)
- Employment Act
- The SAWASCO Service Charter
- Company approved policies and procedures

For the sake of coherence and legitimacy, it was in the best interest of the Company that its conduct be regulated by the most appropriate type of governance instrument.

- ✓ Approval of major contracts/projects
- ✓ Approval of tariff adjustment
- ✓ Prudent investment of funds to ensure continuity of service
- ✓ Appointment of Corporate Management Team

The Board is responsible for drawing and implementing strategies for the long-term success of the company as well as carrying out the fiduciary duty of monitoring and overseeing the activities of management. The Board meets regularly and has a formal schedule of meetings to discuss matters reserved for its decision with a view of determining and reviewing the strategies of the Company and overseeing the Companies compliance with statutory and regulatory obligations.

Notices and agenda for all Board meetings are circulated to all Directors on a timely basis together with the respective documents for discussion.

## **Composition of the Board**

The Board is composed of 5 non-executive Directors including the Chairman and one executive director who is also the Managing Director and 2 county executives. The Directors represent various stake holding.

They have a wide range of skills and experience and each contributes independent judgement and knowledge to the Board's discussions. On appointment, each Director is provided with a comprehensive and tailored induction process covering the Company's business and operations and also provided with information relating to their legal and regulatory obligations.

All the Directors except the Managing Directors and representatives of the County Government are required to submit themselves for re-election in accordance with the Company's Articles of Association.

## **Board Meetings**

The Board meets on quarterly basis or from time to time in each financial year.

## **Board Committees**

There are currently 3 board committees put in place;

- Admin & HR
- Audit & Risk management
- Technical

## **The Board of Directors**

The Company Board of Directors are appointed in accordance with the Company's Articles of Association

The Board of Directors are responsible for the following: -

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organisation structure and maintenance of staff terms and conditions of service
- Approval of business plans and budgets
- Provision of management guidelines

The Board appoints committees as and when necessary as described above

## **9. Management Discussion and Analysis**

During the year, we remained committed to our vision; To be a reliable and sustainable Water Service provider thus ensured fair distribution of water to all users within the jurisdiction of our service. Water distribution has continued to be operated in a manner that promotes fairness to all users thus rationing is applied to ensure equitable distribution. Despite some microeconomic uncertainties during the year, the business remained resilient and delivered on its core mandates. The company made a gain of **Ksh. 4,735,514** compared to last year's gain of **Ksh. 3,988,107**, this is mainly attributed to increased efficiency in resource utilisation and cost management.

During the period, the following efforts were made to improve service delivery.

- Stakeholder Meetings were held across our schemes, and this contributed to positive perceptions and increased willingness to pay water bills.
- Digital Kiosks and auto meters were installed on a pilot basis across our schemes as means to mitigate Non-Revenue Water and enhance accountability.

The period had its fair share of challenges given the leadership transition; change of board. Among the major bottle necks hindering reliable water supply is the high demand water ratio against supply. All our schemes including Maralal are way below the increasing demand for water. Exceptional efforts and funding are required to provide water access to the deserving communities. High production costs due to use of electricity, chemicals and other costs remains concerns that should be addressed to make operations sustainable.

*(Under this section, the management gives a report on the operational and financial performance of the organisation for the last three to five year period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, review of the economy, review of the sector, future developments and any other information considered relevant to the users of the financial statements.) The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.)*

## **10. Environmental and Sustainability Reporting**

### ***i) Sustainability strategy and profile –***

*Samburu County being an ASAL area means that water is generally scarce. The situation is worsening due to the effects of climate change. Rainfall patterns have changed. These coupled with destruction of the environment by human activities remains a big concern for the water sector. Water catchment sources such as Matthew ranges that supports Wamba water supply has greatly been tampered by human encroachment. The same with wetlands such as Suguta.*

*To sustain water sources for future generations, there should be deliberate plans to strengthen management of critical water sources. Water management should incorporate environmental management*

### ***ii) Environmental performance***

*As required by NEMA and other environmental management policies and regulations, all our undertakings particularly while undertaking new water projects ensures compliance. We work closely with local WRUAS such as Olkeju Sirua water association and Nontoto to protect and manage water sources eg. wetlands, catchments etc.*

### ***iii) Employee welfare***

*The company (SAWASCO) has placed emphasis and value in its human resource. The human resource clearly guides how staff are recruited, inducted and how the entire process of staff handling needs to be done. Issues such as gender balance, appraisals, occupational and health safety are guided by the relevant country laws*

### ***iv) Market place practices-***

*We work closely with water stakeholders such as WASREB, Association of Water Service Providers (WASPA) to ensure that we conform to the set and acceptable market place standards and practices*

#### ***a) Responsible competition practice.***

*As a matter of good practice, the organisation ensures openness whenever contracts are involved. This is guided by the public procurement act and other relevant laws. Conflict of interest Must always be declared by the board of directors and management whenever there is an opportunity for competition.*

**b) Responsible Supply chain and supplier relations**

*We ensure public participation through media advertisements and whenever contracts and supplies are required. Suppliers are paid within reasonable timelines.*

**c) Responsible marketing and advertisement**

*Outline efforts to maintain ethical marketing practices.*

**d) Product stewardship**

*Through regular stakeholders' engagements, the company prepare customers to own and ownership is achieved. Outline efforts to safeguard consumer rights and interests.*

**v) Corporate Social Responsibility / Community Engagements**

*The organisation engages the public through various charitable events. We contribute to community welfares as well as provide water supply to support particular community events or needy residents on charity basis. We commenced plans and discussions on the need to develop structured corporate social responsibility programmes*

## **11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Samburu Water and Sanitation company Limited's affairs.

### **i) Principal activities**

The principal activities of the Company are to provide water services within Samburu county

### **ii) Results**

The results of the SAWASCO Ltd for the year ended June 30, 2024 are set out on page 1. Below is summary of the profit or loss made during the year.

### **iii) Dividends**

The company has not declared dividends for the year ended June 30,2024 as it has no share capital and is limited by guarantee.

### **iv) Directors**

The members of the Board of Directors who served during the year are shown on page vi and vii, in accordance with Regulation and Articles of Association of SAWASCO Ltd

### **v). Auditors**

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Company for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Name**

**Company Secretary/Secretary to the Board**

**Date:**

## **12. Statement of Directors' Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 (Section 14 of the state corporations Act 1) require the Directors to prepare financial statements in respect of SAWASCO Ltd, which give a true and fair view of the state of affairs of the SAWASCO Ltd at the end of the financial year/period and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
- iv) Safeguarding the assets of the Company
- v) selecting and applying appropriate accounting policies
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company 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, water act 2016 and companies Act 2015)

**Statement of Directors' Responsibilities (Continued)**

The Directors are of the opinion that the SAWASCO Ltd.'s financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company 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 SAWASCO Ltd will not remain a going concern for at least the next twelve months from the date of this statement.

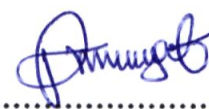
**Approval of the financial statements**

The company financial statements were approved by the Board on 07/07 2024  
and signed on its behalf by:

  
.....

**Name; FRED KIRAGU**

**Chairperson of the Board**

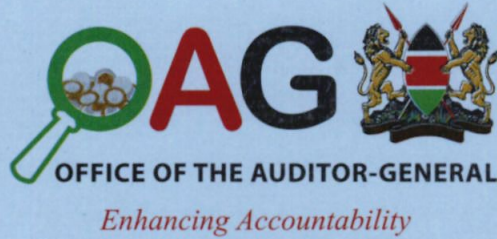
  
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**Name; PAUL LERINGATO, HSC**

**Managing Director**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON SAMBURU WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

Report on 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;

- A. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- B. 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Samburu Water and Sanitation Company Limited set out on pages 1 to 70, which comprise the statement of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive

*Report of the Auditor-General on Samburu Water and Sanitation Company Limited for the year ended 30 June, 2024*

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

In my opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of as at 30 June, December 31, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

The statement of cash flows reflects cash and cash equivalents balance of Kshs.255,001 while the statement of financial position reflects cash and cash equivalents balance of Kshs.432,734 resulting in an unreconciled variance of Kshs.177,733.

In addition, the statement of cashflows reflects net cash flows from operating activities negative balance of Kshs.3,733,106. However, the corresponding Note 46(a) to the financial statements reflects recomputed net cash flows from operating activities negative balance of Kshs.4,996,130 resulting to unexplained and unreconciled variance of Kshs.1,263,024.

In the circumstances, the accuracy and completeness of the respective financial statements' figures could not be confirmed.

### **2. Unsupported Property, Plant and Equipment**

The statement of financial position and Note 20 to the financial statements reflects property plant and equipment balance of Kshs.68,081,704. However, it was noted that fixed asset register was not in place, ownership documents for motor vehicles and motor cycles were not also provided and tagging of assets has not been done.

In addition, valuation has not been done for the Company's assets in the year under review and it was not possible to make a comparison between the depreciated net book value and the actual value of the assets and make proper adjustments of the assets value. Further, the property, plant and equipment movement schedule were not disclosed in the financial statements

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.68,056,440 could not be confirmed.

### **3. Unsupported Depreciation and Amortization Expense**

The statement of profit or loss and other comprehensive income and Note 15 to the financial statements reflects depreciation and amortization expense balance of Kshs.4,358,538. However, the balance was not supported with the depreciations

schedule indicating the asset number, asset cost, accumulated depreciation, charge for the year and the residual value of the assets.

In the circumstances, the accuracy and completeness of depreciation and amortization expense balance of Kshs.4,358,538 could not be confirmed.

#### **4. Unsupported Refundable Deposits and Prepayments Balance**

The statement of financial position and Note 42 to the financial statements reflects customer deposits balance of Kshs.7,035,949. However, Management did not maintain a separate bank account for customer deposits and register of the individual customers whose deposits the Company was still holding.

In the circumstances, the accuracy, completeness of the refundable deposits and prepayments balance of Kshs.7,035,949 could not be confirmed.

#### **5. Material Uncertainty in Relation to Going Concern**

The statement of financial position reflects current assets balance of Kshs.28,797,078 and current liabilities balance of Kshs.31,342,889 resulting to a negative working capital of Kshs.2,545,811. This is an indication that the Company is technically insolvent and may not be able to meet its current obligations as and when they fall due and the material uncertainty casts significant doubts on the Company's ability to continue as a going concern. Management has not put in place any mitigating measures to reverse the undesirable precarious financial position and the material uncertainty in relation to going concern have not been disclosed in the notes to the financial statements.

In the circumstances, the sustainability of the Company in the future could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget & actual amounts reflects final receipts budget and actual on a comparable basis amounting to Ksh.81,000,000 and Kshs.47,558,322 respectively resulting to an under-funding of Kshs.33,441,678 or 41% of the budget. Similarly, the Company spent Kshs.51,363,928 against the actual receipt of Kshs.47,558,322 leading to a deficit/loss of Kshs.3,805,606.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

The audit report for the previous year highlighted several issues in respect of the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. Management has not disclosed the progress on follow up of audit recommendations. In addition, the matters have remained unresolved as the oversight committees have not met to deliberate on the same.

### **Other Information**

The Directors are responsible for the other information set out on page iii to xxi which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Non-Revenue Water**

The statement of profit or loss and other comprehensive income and Note 6 to the financial statements reflects operating revenue balance of Kshs.22,506,815 in respect to water sales. The Company produced a total 420,485M<sup>3</sup> of water during the year under review but only 209,299 M<sup>3</sup> was billed to customers.

The balance of 211,186M<sup>3</sup> or 50% of the total volume of water produced represented Non-Revenue Water (NRW) which was 25.2 percentage points above the allowable loss of 25% of every cubic meter of water produced as provided by Schedule E of the Water Service Regulatory Board (WASREB) guidelines.

In the circumstances, Management was in breach of the WASREB guidelines.

### **2. Non-Remittance of Statutory Deductions**

The statement of financial position and Note 41 to the financial statements reflects trade and other payables balance of Kshs.24,306,940. Included in this balance is Kshs.3,884,910 in relation to statutory deductions that Management has not remitted to National Health Insurance Fund (NHIF), National Social Security Fund (NSSF) and Kenya Revenue Authority (KRA). This was contrary to Section 94(1)(i) of the Public Finance Management Act, 2012 which states that a public entity is in serious material breach or persistent material breach of the measures established under this Act if the public entity has failed to make any payments as and when due and has defaulted on financial obligations for financial reasons.

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

### **3. Irregular Expenditure on Casual Employees**

The statement of profit or loss and other comprehensive income and as disclosed in Note 11 to the financial statements reflects expenditure on staff costs balance of Kshs.32,919,582. Included in this balance is Kshs.1,065,500 spent on casual employees. However, there was no formal engagement of casuals including approval by the Board of Directors, letters of temporary employment and other personal credentials.

Further, no evidence that staff rationalization to assess the need for casuals was carried out. It was therefore, not possible to confirm that there was optimal use of available workforce. In addition, signed master rolls were not maintained to show attendance of the casuals.

In the circumstances, the optimal use of available workforce and the propriety of the expenditure amounting to Kshs.1,065,500 on casual employees could not be confirmed.

### **4. Lack of Controls in Management of Imprest**

The statement of profit or loss and other comprehensive income and Note 12 to the financial statements reflects general and operational expenses balance of Kshs.13,704,341. Included in this balance is Kshs.434,613 and Kshs.2,257,000 in respect

to domestic travelling and subsistence and stakeholders' expenses respectively which relates to imprest that were issued to members of staff on official duties.

However, Management did not provide for audit imprest warrants, imprest surrender documents and imprest registers contrary to Regulation 91(2) of the Public Finance Management (County Government) Regulations 2015 which requires that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.

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

## **5. Exceeding Industrial Sector Bench Mark on Personnel Costs**

The statement of profit or loss and other comprehensive income reflects staff costs balance of Kshs.32,919,582 as disclosed in Note 11 to the financial statements. This balance when compared to total operation and maintenance cost of Kshs.18,444,346 translates to 178% of the operation and maintenance cost. This was 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 medium Company should not exceed 40% as percentage of operation and maintenance cost coverage.

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

## **6. Board Expenses**

The statement of profit or loss and other comprehensive income and as disclosed in Note 13 to the financial statements reflects Board of Directors' expenses balance of Kshs.486,800. However, review of the appointment process revealed that although due process was followed in the appointment of the Board of Directors, they were yet to be gazetted as required by the Governance Parameter 1.1 (11) of the Mwongozo Code of Governance, 2015 for State Corporations.

In addition, it was noted that during the year under review, the board of management met only twice on 16 January, 2024 and 21 March, 2024 contrary to Governance Parameter 1.8(1.b) of the Mwongozo Code of Governance for State Corporations, 2015 that requires the board to meet as regularly as required and at least quarterly in order to effectively lead the organization.

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

## **7. Non-Compliance with Ethnic Diversity and Gender Balance Requirement**

The majority of the employees at the Company are from the dominant community representing 82% of the entire workforce while other communities are at 18%. Further, out of the eight (8) Directors of the Company, seven (7) or 88% are from the dominant community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

Additionally, records provided revealed that the Company had eighty (80) permanent employees out of which sixty-one (61) or 76% were male and the remaining nineteen (19) or 24% were female, hence the two third gender rule was not adhered to.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of an Internal Audit Function and Internal Audit Committee

During the year under review, the Company operated without a functional internal audit department and an internal audit committee. This was contrary to Section 155(5) of the Public Finance Management Act, 2012 which states that a county government entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance for the Company could not be confirmed.

#### 2. Weaknesses in the Human Resource Operations

The statement of profit and loss and other comprehensive income and as disclosed in Note 11 to the financial statements reflects expenditure on staff costs balance of Kshs.32,919,582. However, review of the human resource records revealed the following:

- i. Review of the human resource operations revealed that the Company has a total workforce of one hundred and five (105) staff serving on permanent, contract and temporary terms. However, the Company has not developed and approved a staff establishment to determine the optimal level of staffing needs and competencies for the Company.
- ii. Payrolls for permanent employees maintained did not include all the relevant details such as data on ethnicity codes, County of origin, gender, Kenya Revenue Authority

Personal Identification Number, marital status, Identification number, job group, allowances earned.

- iii. The Company's staff payrolls were prepared and maintained in Microsoft Excel worksheets instead of being maintained in a system with adequate controls that can withstand unauthorized manipulations.
- iv. There were no structures to ensure segregation of duties in key processes.
- v. The personnel files for the permanent and contract staff were not provided for audit review and therefore it was difficult to establish whether the files had certified copies for National ID Card, Pin Certificate, NSSF Certificate, NHIF Certificate and professional certificates and appointment letters and recruitment process documentation.
- vi. The Company did not have an approved scheme of service for effective management of personnel functions which include recruitment, career progression and promotions which may result in low morale and poor performance.
- vii. The Company had not evaluated performance of employees through performance appraisals hence the criteria used in promotion of staff could not be ascertained.

In the circumstances, efficiency and effectiveness in human resources management could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by the Companies Act, 2015, I report, based on my audit, because of the significance of the matters described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages xx is not consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report has not been prepared in accordance with the Companies Act, 2015.

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I

consider the Company's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi  
31 December, 2024

**Samburu Water and Sanitation Company Ltd.**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**14. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024.**

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	22,506,815	7,547,285
Grants Income	7	37,951,165	41,143,067
Other Income	8		
Finance income	9		
Other gains/(losses)	10		
<b>Total Revenue</b>		<b>60,457,980</b>	<b>48,690,352</b>
<b>Expenses</b>			
Staff Costs	11	32,919,582	32,599,865
General and Operations expenses	12	13,704,341	10,322,920
Board Expenses	13	486,800	702,970
Maintenance Expenses	14	4,253,205	<b>1,076,490</b>
Depreciation and Amortization expenses	15	4,358,538	
<b>Total Expenses</b>		<b>55,722,466</b>	<b>44,702,245</b>
<b>Profit/(Loss) Before Taxation</b>		<b>4,735,514</b>	<b>3,988,107</b>
<b>Income Tax Expense/(Credit)</b>	17		
<b>Profit/(Loss) After Taxation</b>		<b>4,735,514</b>	<b>3,988,107</b>
Earnings Per Share – Basic and Diluted	18		
Dividend per share	19		
<b>Other Comprehensive Income</b>			
<b>Profit/ (Loss) After Taxation</b>		<b>4,735,514</b>	<b>3,988,107</b>
Surplus or Deficit on Revaluation Of PPE			
Remeasurement Of Net Defined Benefit Liability			
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)			
<b>Total Comprehensive Income for The Year</b>		<b>4,735,514</b>	<b>3,988,107</b>

**15. Statement of Financial Position as at 30 June 2024**

**Samburu Water and Sanitation Company Ltd.**

**Annual Report and Financial Statements for the year ended June 30, 2024**

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20	68,056,440	79,811,769.00
Intangible assets	21		
Investment property	22		
Right- of -use assets	23		
Biological assets	24		
Fixed interest investments	25		
Quoted investments	26		
Unquoted investments	27		
<b>Total non-current assets</b>		<b>68,056,440</b>	<b>79,811,769</b>
<b>Current assets</b>			
Inventories	28		
Trade and receivable	29	28,364,344	12,951,536
Tax recoverable	30		
Short-term deposits	31		
Bank and cash balances	32	432,734	966,972
<b>Total non-current assets</b>		<b>28,797,078</b>	<b>13,918,508</b>
<b>Total Assets</b>		<b>96,853,518</b>	<b>93,730,277</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	33		
General reserve		67,617,994	54,497,769
Fair value adjustment reserve	34		
Retained earnings	35	(2,107,365)	
<b>Capital and Reserves</b>		<b>65,510,629</b>	<b>54,497,769</b>
<b>Non-current liabilities</b>			
Deferred tax liability	36		
Borrowings	37		
Lease liability	38		
Provisions	39		
Retirement benefits	40		
<b>Total non-current liabilities</b>			
<b>Current liabilities</b>			
Borrowings	37		
Lease liability	38		
Provisions	39		
Retirement benefit obligations	40		
Trade and other payables	41	24,306,940	32,078,366

**Samburu Water and Sanitation Company Ltd.**

**Annual Report and Financial Statements for the year ended June 30, 2024**

	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Refundable deposits and Prepayments	42	7,035,949	6,963,449
Deferred income	43		
Dividends payable	44		
Taxation	45		
<b>Total current liabilities</b>		<b>31,342,889</b>	<b>39,041,815</b>
<b>Total equity and liabilities</b>		<b>96,853,518</b>	<b>93,539,584</b>

The financial statements were approved by the Board on 01/9/ 2024 and signed on its behalf by:



Name: PAUL LERINGATO, HSC

Managing Director



Name; DOMINIC LESINGIRAN

Head of Finance

ICPAK M/No.....28787



Name: FRED KIRAGU

Chairman of the Board

**16. Statement of Changes in Equity for the Year Ended 30 June 2024**

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
<b>As at July 1, 2022</b>		-	67,617,994	0.00	(10,830,986)	-	-	56,787,008
New capital issued		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	3,988,107	-	-	3,988,107
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
<b>As at June 30, 2023</b>		-	67,617,994	0.00	(6,842,879)	-	-	<b>60,775,115</b>
<b>As at July 1, 2023</b>			<b>67,617,994</b>	<b>00</b>	<b>(6,842,879)</b>			<b>60,775,115</b>

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
		-				-	-	
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	4,735,514	-	-	4,735,514
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
<b>At June 30, 2024</b>		-	67,617,994	-	(2,107,365)	-	-	65,510,629

**Note:**

- The general reserves and the retained earnings figure in the statement of financial position is arrived at as shown in the statement of changes in equity movement above.*
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

Samburu Water and Sanitation Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts		9,607,157	7,547,285
Grants Income		37,951,165	41,143,067
Finance Income			
Other Income			
Customer Deposits		72,500	
Trade and other payable			
<b>Total Receipts</b>		<b>47,630,822</b>	<b>48,690,352</b>
<b>Payments</b>			
Staff Costs		32,919,582	32,599,865
General and Operation Expenses		13,704,341	10,322,920
Board Expenses		486,800	702,970
Maintenance Expenses		4,253,205	1,076,490
Refund of Customer Deposits			
<b>Total Payments</b>		<b>51,363,928</b>	<b>44,702,245</b>
<b>Net Cash From/ (Used In) Operating Activities</b>	46(a)	<b>(3,733,106)</b>	<b>3,988,107</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)			
Proceeds From Disposal Of PPE			
Purchase Of Intangible Assets			
Purchase Of Investment Property			
Purchase Of Quoted Investments			
Proceeds From Disposal of Quoted Investments			
<b>Net Cash From/ (Used In) Investing Activities</b>			
<b>Cash Flows from Financing Activities</b>			
Proceeds From Issues of New Share Capital			
Proceeds From Borrowings	35		
Repayment Of Borrowings	35		
Dividends Paid	41		
<b>Net Cash From/(Used In) Financing Activities</b>			
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>(3,733,106)</b>	
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<b>3,988,107</b>	<b>3,988,107</b>
Effects Of Foreign Exchanges Rate Fluctuations			
<b>Cash And Cash Equivalents At End of the Year</b>	46(c)	<b>255,001</b>	<b>3,988,107</b>

18. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>						
Operating Revenue	6,000,000	-	6,000,000	9,607,157	-3,607,157	160.12%
Non-Operating Revenue	-	-	-	-	-	-
Grants	75,000,000	-	75,000,000	37,951,165	37,048,835	50.60%
Finance Income	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
<b>Total Revenue</b>	<b>81,000,000</b>	<b>-</b>	<b>81,000,000</b>	<b>47,558,322</b>	<b>33,441,678</b>	<b>58.7%</b>
<b>Expenses</b>						
Staff Costs	36,184,000	-	36,184,000	32,919,582	3,264,418	90.98%
General and operations Expenses	10,075,000	-	10,075,000	13,704,341	(3,629,341)	136.02%
Board Expenses	3,180,000	-	3,180,000	486,800	2,693,200	15.31%
Maintenance	8,400,000	-	8,400,000	4,253,205	4,146,795	50.63%
<b>Total Recurrent Expenditure</b>	<b>57,839,000</b>	<b>-</b>	<b>57,839,000</b>	<b>51,363,928</b>	<b>6,475,072</b>	<b>88.81%</b>
<b>Profit or Loss</b>	<b>23,161,000</b>	<b>-</b>	<b>23,161,000</b>	<b>(3,805,606)</b>	<b>26,966,606</b>	
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Note: PFM Act section 164(2) ii and iv requires a County 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 (PUBLIC SECTOR ACCOUNTING STANDARDS BOARD) 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% difference 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.*

## **19. Notes to the Financial Statements**

### **1. General Information**

Samburu Water and Sanitation Company Ltd is established by and derives its authority and accountability from Water Company's Act. The Company is wholly owned by the Samburu County Government and is domiciled in Kenya. The Company's principal activity is provision of water services to Samburu residents. 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2016 and the Company's Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the financial statements (continued)

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

i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2023.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.  The Company does not issue insurance contracts.	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

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*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.*

## Notes to the Financial Statements (Continued)

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*
- iii.
- iv.
- v.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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

**vi. Early adoption of standards**

Samburu Water and Sanitation Company Limited did not early – adopt any new or amended standards in year under review.

## Notes to the financial statements (continued)

### 4. Summary of Accounting Policies

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

#### a) Revenue recognition

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

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

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**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

## Notes to the financial statements (continued)

### Summary of Accounting Policies

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

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

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

Item	Years	Rates
Freehold Land	N/A	N/A
Leasehold Land	N/A	N/A
Buildings and civil works	50	2%
Infrastructure works	20	2.5%
Plant and machinery	10	10%
Motor vehicles, including motorcycles	6	16.67%
Computers and related equipment	3.33	30%
Office equipment, furniture and fittings	8	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

#### e) Intangible assets

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

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

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

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

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized. [00]

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### h) Right of Use Asset

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

#### i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI). *(Whichever is applicable).*

#### 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.

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**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange. These are measured at fair value through profit or loss (FVTPL).

**l) Inventories**

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

**m) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page xxx of this report.

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### n) Taxation

##### i) Current income tax

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

##### o) 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

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reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

**Notes to the financial statements (continued)**

**Summary of Accounting Policies**

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

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

**p) Borrowing costs**

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



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borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### q) Cash and cash equivalents

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

#### r) 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 amortized cost using the effective interest rate method. Amortized 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 capitalized as part of the cost of the project.

#### s) Trade and other payables

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

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

**t) Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees from July 1, 2022. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. 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 Ksh per employee per month.

**u) Provision for staff leave pay**

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

**v) 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 recognized in profit or loss.

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### w) Budget information

The original budget for FY 2023-2024 was approved by the Board of Directors on 29<sup>th</sup> June, 2024. 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 Company recorded additional appropriations of -- on the 2023-2024 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, 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. 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 Comprehensive income has been presented under section 14 of these financial statements.

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### x) Service concession arrangements

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

#### y) Comparative figures

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

#### z) 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, 2024.

### 5. Significant Judgments and Sources of Estimation Uncertainty

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

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## Notes to the financial statements (continued)

### Summary of Accounting Policies

#### a) Estimates and assumptions

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

#### b) Useful lives and residual values

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

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

#### c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

*(NB: An entity is required to disclose its material accounting policies following amendment of IAS 1 where an entity is supposed to disclose its material accounting policies instead of significant accounting policies.)*



## Notes to the financial statements (continues)

### 6. Operating Revenue

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Water sales	22,506,815	7,547,285
Sewerage Services		
Billing for other services*		
<b>Total</b>	<b>22,506,815</b>	<b>7,547,285</b>

*Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, water analysis samples etc.*

### 7. Grants Income

	<i>FY 2023/2024</i>	<i>FY 2022/2023</i>
	<b>Kshs</b>	<b>Kshs</b>
Operational grants from Government entities	37,951,165	41,143,067
Recurrent/operational grants from other agencies		
Capital grants amortised		
Donations from County Governments		
In Kind contribution/donations from other agencies		
<b>Total</b>	<b>37,951,165</b>	<b>41,143,067</b>

*(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:]*

<b>Name of the Entity sending the grant</b>	<b>Amount recognized in the Statement of Comprehensive Income KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund. KShs</b>	<b>Total grant income during the year KShs</b>	<b>FY 2023/24 KShs</b>
Samburu County Government	37,951,165			37,951,165	37,951,165
<b>Total</b>	<b>37,951,165</b>			<b>37,951,165</b>	<b>37,951,165</b>

**Notes to the financial statements (continued)**

**8. Other Income**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Sale of Tender	-	-
Fine and penalties	-	-
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (specify)	-	-
<b>Total</b>	-	-

**9. Finance Income**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	-
Interest on staff loans	-	-
Dividends	-	-
<b>Total</b>	-	-

*{Provide short appropriate explanations as necessary}*

## 10. Other Gains and Losses

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
<b>Total</b>	-	-

### 11. Staff Costs

Description	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Gross Salary and Allowances	32,919,582	32,599,865
Casual workers' Wages	-	-
Medical insurance schemes	-	-
Employer's contributions to social security schemes	-	-
Employer's contributions to pension scheme	-	-
Provisions for Leave pay	-	-
Gratuity provisions	-	-
Fringe Benefit tax	-	-
Staff welfare	-	-
Other allowances	-	-
<b>Total</b>	<b>32,919,582</b>	<b>32,599,865</b>
<b>The average number of employees during the year</b>		

*[Provide short appropriate explanations as necessary]*

## 12. General and Operations Expenses

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Chemicals	14,100	2,322,920
Electricity	5,945,710	8,000,000
Fuel, oil, lubricants, and gases	-	-
Bulk water Costs	-	-
Office supplies	1,683,735	-
Uniform and protective clothing	-	-
Telecommunication	-	-
Postage and courier	-	-
Water and sewerage	-	-
Insurance	-	-
Rent and Rates	160,000	-
Hire of Equipment and vehicles	183,500	-
Claims and compensation	-	-
Domestic Traveling and subsistence	434,613	-
Foreign travel and accommodation	-	-
Staff training and development	48,481	-
Bank Charges	37,899	35,556
Security services	-	-
Agency commissions	-	-
Publicity and advertising	474,921	-
Audit fees	-	-
Legal fees	-	-
Consultancy fees	-	-
Licensing and levies	7,574	-
Sports and recreation	-	-
Stakeholders' expenses	2,257,000	-
Donations/CSR	-	-
Hospitality expenses	-	-
Research and Development	-	-
Conservation expenses	-	-
Provision for doubtful debts	-	-
Others Operating expenses	2,456,808	-
<b>Total</b>	<b>13,704,341</b>	<b>10,358,476</b>

**Notes to the financial statements (continued)**

**13. Board Expenses**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Chairman Honoraria	-	-
Sitting allowances	486,800	702,970
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Other allowances	-	-
<b>Total Board Expenses</b>	<b>486,800</b>	<b>702,970</b>

**14. Maintenance Expenses**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Plant and Equipment	4,253,205	1,076,490
Buildings	-	-
Infrastructural networks	-	-
Grounds	-	-
Motor vehicles	-	-
Software	-	-
ICT (Information Communication Technology)	-	-
Furniture	-	-
Water Meter maintenance costs	-	-
Maintenance of access roads	-	-
<b>Total Maintenance Expenses</b>	<b>4,253,205</b>	<b>1,076,490</b>

### 15. Depreciation and Amortization Expenses

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Property, plant, and equipment	4,358,538	-
Right of Use Assets	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total Depreciation and Amortization</b>	<b>4,358,538</b>	<b>-</b>

### 16. Finance costs

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide short appropriate explanations as necessary]*

### 17. Income Tax Expense/(Credit)

#### Current taxation

	FY 2023/24	FY 2022/23
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

	FY 2022/23	FY 2021/22
	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-



Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year over-provision	-	-
<b>Total</b>	-	-

*(Provide short appropriate explanations as necessary)*

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**Notes to the financial statements (continued)**

**18. Earnings Per Share**

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**19. Dividend Per Share**

There was no dividend during the year.

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**20. Property, Plant and Equipment**

<b>2023/24</b>	<b>Freehold land</b>	<b>Motor vehicles including motor cycles</b>	<b>Water fittings</b>	<b>Computer and related equipment's</b>	<b>Office equipment, furniture and fittings</b>	<b>Water infrastructure</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost or Valuation</b>								
At July 1, 2022	12,632.0	383,584.05	37,245,628.05	448,474.62	457,235.07	37,827,981.20	-	76,375,534.99
Additions	-	-	3,448,866.00	-	-	-	-	3,448,866.00
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At June 30, 2023</b>	<b>12,632</b>	<b>383,584.05</b>	<b>40,694,494.05</b>	<b>448,474.62</b>	<b>457,235.07</b>	<b>37,827,981.20</b>	<b>-</b>	<b>79,824,400.99</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At July 1, 2023	12,632	83,239.95	1,161,684.95	95,412.38	94,948.63	5,948,872.57	-	7,396,790.48
Charge for the Year	-	50,067.36	3,360,288.77	105,918.67	45,285.80	796,977.72	-	4,358,538.32
Impairment Loss	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
<b>At June 30, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value at June 30, 2024</b>	<b>12,632</b>	<b>250,276.69</b>	<b>36,172,520.33</b>	<b>247,143.57</b>	<b>317,000.64</b>	<b>31,082,130.91</b>	<b>-</b>	<b>68,081,704</b>

*[Include a brief description of what the Capital Work in Progress relates to]*

**Notes to the financial statements (continued)**

**Property, Plant and Equipment (Continued)**

<b>2024</b>	<b>Freehold land</b>	<b>Motor vehicles including motor cycles</b>	<b>Water fittings</b>	<b>Computer and related equipment's</b>	<b>Office equipment, furniture and fittings</b>	<b>Water infrastructure</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost or valuation</b>								
As at 1 July 2022	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	-	-	-	-	-	-
<b>Depreciation</b>								
At July 1, 2023	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
disposal	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
<b>Net book value</b>	-	-	-	-	-	-	-	-
<b>At June 30, 2024</b>	-	-	-	-	-	-	-	-

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**20 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	79,811,769
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-
	<b>68,056,440</b>	-	<b>79,811,769</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal annual depreciation charge</b>
Plant and machinery	-	-
Motor vehicles, including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
<b>Total</b>	-	-

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**Notes to the financial statements (continued)**

**21. Intangible Assets**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
<b>At July 1</b>	-	-
Additions	-	-
Disposals	-	-
<b>At June 30</b>	-	-
	-	-
<b>Amortization</b>		
<b>At July 1</b>	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
<b>At June 30</b>	-	-
<b>Net book value</b>	-	-
<b>At June 30</b>	-	-

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

**22. Investment Property**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Opening valuation</b>	-	-
<b>Movements during the year</b>		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
<b>Closing valuation</b>	-	-
	-	-
<b>Depreciation (if at cost)</b>		
<b>At July 1 2023</b>	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
<b>At June 30 2024</b>	-	-
<b>Net book value</b>	-	-
<b>At June 30 2024</b>	-	-

*(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)*

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**23. Right-of-use assets**

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>				
As at 1 July 2022	-	-	-	-
Additions	-	-	-	-
As at 30 June 2023	-	-	-	-
Additions	-	-	-	-
As at 30 June 2024	-	-	-	-
	-	-	-	-
<b>Accumulated Depreciation</b>				
As at 1 July 2022	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2023	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2024	-	-	-	-
	-	-	-	-
<b>Carrying Amount</b>				
As at 30 June 2024	-	-	-	-
As at 30 June 2024	-	-	-	-

**24. Biological Assets**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

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**25. Fixed Interest Investments (Bonds)**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond (give details)	-	-
CD Corporate Bond (give details)	-	-
<b>Total</b>	-	-

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

<b>Details</b>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Fair value gain/(loss) – if measured at FVOCI/FVTPL	-	-
Balance at 30 June	-	-

*(state whether these investments are carried at amortized cost or at FVTOCI or at FVTPL). Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.*

**26. Quoted Investments**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Opening valuation</b>	-	-
<b>Movements during the year</b>		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
<b>Closing valuation</b>	-	-

*[Provide short appropriate explanations as necessary, including make-up of the investments in the table below/ Disclose also the amount of dividends received with respect to quoted investments and the valuation methodology].*

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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			
	No	No	No			
				Shs	Current year	Prior year
				Shs	Shs	Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

**27. Unquoted Investments**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs	Kshs
<b>Cost</b>		
<b>At July 1</b>	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
<b>At June 30</b>	-	-
<b>Impairment</b>		
<b>At July 1</b>	-	-
Disposals	-	-
Impairment loss in the year	-	-
<b>At June 30</b>	-	-
<b>Net book value</b>	-	-

*Provide short appropriate explanations as necessary, including make-up under the table below]. Disclose any dividends received with respect to unquoted investments and the valuation methodology. [08]*

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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			
	No	No	No			
				Shs	Current year	Prior year
	No	No	No	Shs	Shs	Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

**28. Inventories**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
General stores	-	-
Chemicals & Laboratory items	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	-	-
Finished goods	-	-
Work in progress	-	-
Less: Impairment of stocks	-	-
<b>Total</b>	-	-

*[Provide short appropriate explanations as necessary]*

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**28. a) Reconciliation of Impairment Allowance for Inventories**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**29. Trade and Other Receivables**

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
Trade receivables (note (29a))	28,364,344	12,951,536
Deposits and prepayments	-	-
VAT (Value Added Tax) recoverable	-	-
Staff receivables (note 29 (c))	-	-
Other receivables	-	-
<b>Gross trade and other receivables</b>	<b>28,364,344</b>	<b>12,951,536</b>
Provision for bad and doubtful receivable	-	-
<b>Net trade and other receivables</b>	<b>28,364,344</b>	<b>12,951,536</b>

**29. (a) Trade Receivables**

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross trade receivables	28,364,344	12,951,536
Provision for doubtful receivables	-	-
Net trade receivables	28,364,344	12,951,536
<b>As at June 30, the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	1,585,478	-
Between 30 and 60 days	2,290,835	-
Between 61 and 90 days	517,322	-
Between 91 and 120 days	23,970,709	-
Over 120 days	-	-
<b>Total</b>	<b>28,364,344</b>	<b>-</b>

*[Entities are allowed to provide the aging analysis relevant to their institution.]*

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**29. (b) Reconciliation of Impairment Allowance for Trade Receivables**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**29. (c) Staff Receivables**

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

**29. (d) Reconciliation of Impairment Allowance for Staff Receivables**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**30. Tax Recoverable**

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At beginning of the year</b>	-	-
Income tax charge for the year (note 17)	-	-
Under/(over) provision in prior year/s (note 17)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

*[Provide short appropriate explanations as necessary]*

**Notes to the financial statements (continued)**

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**31. Short Term Deposits**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Commercial banks</b>		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (specify)	-	-
	-	-

*[Provide short appropriate explanations as necessary]. Example: The average effective interest rate on the short-term deposits as at June 30, 2024 was xx% (20xx: xx %).*

**32. Bank and Cash Balances**

	<i>2023/24</i>	<i>2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Cash at bank	396,425	776,279
Cash in hand	36,309	190,693
Mobile money account	-	-
	<b>432,734</b>	<b>966,972</b>

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**Detailed analysis of the cash and cash equivalents**

		<b>2023/24</b>	<b>2022/23</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Commercial banks		396,425	776,279
Others		-	-
<b>Sub- total</b>		<b>396,425</b>	<b>776,279</b>
<b>b) On – call deposits</b>			
Commercial banks		-	-
Others		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed deposits account</b>			
Other Commercial banks		-	-
Others		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
		36,309	190,693
Cash in hand			
Mobile money account		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>432,734</b>	<b>966,972</b>

**33. Ordinary Share Capital**

	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Authorized:</b>		
ordinary shares of Kshs. par value each	-	-
<b>Issued and fully paid:</b>		
ordinary shares of Kshs. par value each	-	-

*[Provide short appropriate explanations as necessary]*

**Notes to the financial statements (continued)**

**34. 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.

**35. 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. The retained earnings computation of **(2,107,365)** is shown in the statement of changes in equity movement on page **4 and 5**.

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**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:

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability	-	-

The movement on the deferred tax account is as follows:

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Balance at beginning of the year</b>	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
<b>Balance at end of the year</b>	-	-

**37. Borrowings**

<b>Description</b>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>KShs</b>	<b>KShs</b>
<b>a) External Borrowings</b>		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
<b>Balance at end of the year</b>	-	-
<b>b) Domestic Borrowings</b>		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
<b>Balance at end of the year</b>	-	-
<b>C) Total Balance at end of the period c = a+b</b>	-	-

**Notes to the financial statements (continued)**

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

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	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>KShs</b>	<b>KShs</b>
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

<b>Description</b>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>KShs</b>	<b>KShs</b>
<b>Short term borrowings (current portion)</b>	-	-
<b>Long term borrowings</b>	-	-
Total	-	-

*(NB: the total of this statement should tie to note 43 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). [Foreign denominated loans should be restated based on CBK closing mean rates at the end of financial year]*

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**38. Lease Liability**

<b>Description</b>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>KShs</b>	<b>KShs</b>
<b>At the start of the year</b>	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
<b>At end of the year</b>	-	-

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
<b>Maturity analysis</b>	<b>Kshs</b>	<b>Kshs</b>
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-
	-	-
Less: unearned interest	-	-
	-	-
Analysed as:	-	-
<b>Non-Current</b>	-	-
<b>Current</b>	-	-

**39. Provisions**

<b>Description</b>	<b>Leave Provision</b>	<b>Bonus Provision</b>	<b>Gratuity provisions</b>	<b>Other Provisions</b>	<b>Total</b>
	<b>KShs</b>		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

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**Provisions details**

<b>Description</b>	<b>FY 2023/24</b>	<b>FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
<b>Total</b>	-	-

**40. Retirement Benefit Obligations**

<b>Description</b>	<b>Defined benefit plan</b>	<b>Post-employment medical benefits</b>	<b>Other Benefits</b>	<b>Insert Current FY</b>	<b>Insert Comparative FY</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**41. Trade and Other Payables**

	<b>FY 2023/24</b>	<b>FY2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	24,306,940	32,078,366
Accrued expenses	-	-
Employee payables	-	-
Other payables	-	-
<b>Total</b>	<b>24,306,940</b>	<b>32,078,366</b>

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**42. Refundable Deposits and Prepayments**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	7,035,949	6,963,449
Prepayments by customers	-	-
Retention/Contract deposits	-	-
Others (Specify)	-	-
<b>Total</b>	<b>7,035,949</b>	<b>6,963,449</b>

**43. Deferred Income**

<b>Description</b>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>KShs</b>	<b>KShs</b>
National/County government	-	-
International funders	-	-
Public contributions and donations	-	-
<b>Total deferred income</b>	<b>-</b>	<b>-</b>

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The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

#### 44. Dividends Payable

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

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

#### Dividend Payable analysis

	2023		% of the total	2022	% of the total
Under one year	-	-	-	-	-
1-2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
Over 3 years	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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**45. Taxation**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
At beginning of the year	-	-
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	-	-
At end of the year	-	-

*[Provide short appropriate explanations as necessary]*

**46. Notes to The Statement of Cash Flows**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations</b>		
Profit or loss before tax	4,735,514	3,988,107
Depreciation	4,358,538	-
Amortization	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	9,094,052	-
Working capital changes:		-
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	(15,412,808)	-
Increase/(decrease) in trade and other payables	(7,771,426)	-
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
<b>Cash generated from/ (used in) operation</b>	<b>(14,090,182)</b>	<b>3,988,107</b>
<b>(b) Analysis of changes in loans</b>		
<b>Balance at beginning of the year</b>	-	-
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-

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	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Accrued interest	-	-
	-	-
<b>Balance at end of the year</b>	-	-
<b>(c) Analysis of cash and cash equivalents</b>		
Short term deposits	-	-
Cash at bank	396,425	776,279
Cash in hand	36,309	190,693
<b>Balance at end of the year</b>	<b>432,734</b>	<b>966,972</b>
<b>(d) Analysis of interest paid</b>		
Interest on loans	-	-
Interest on bank overdraft	-	-
Interest on lease liabilities	-	-
Interest on loans capitalised	-	-
Balance at beginning of the year	-	-
Balance at end of the year (note 35(b))	-	-
Interest paid	-	-
<b>(e) Analysis of dividend paid</b>		
Balance at beginning of the year	-	-
dividends paid	-	-
dividends paid	-	-
interim dividends paid	-	-
Balance at end of the year	-	-
Dividend paid	-	-

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**Notes to the financial statements (continued)**

**Other Disclosures**

**47. Related Party Disclosures**

**County Government of Samburu**

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

Other related parties include:

- The County Department in charge of Water
- County Government of Samburu
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

**Transactions with related parties**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Sales to related parties</b>		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-
Interest income from T-bills and Bonds	-	-
Others (Specify)	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Bank charges paid to Govt Commercial banks	-	-

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	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from National Govt Agencies	-	-
Grants from County Government	37,951,165	41,087,737
Donations in kind	-	-
<b>Total</b>	<b>37,951,165</b>	<b>41,087,737</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**48. Capital Commitments**

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

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Amounts authorised and contracted for	-	-
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	-	-
	-	-

*[Provide short appropriate explanations as necessary]*

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**49. Contingent Assets and Liabilities**

**Contingent Assets**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Contingent assets</b>		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

*(Give details)*

**Contingent Liabilities**

	<i>FY 2023/24</i>	<i>FY 2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Contingent liabilities</b>	-	-
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs (Public Private Partnership)	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

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

**50. Financial Risk Management**

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management 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:

**Notes to the financial statements (continued)**

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due but not Impaired Kshs</b>	<b>Past due and Impaired Kshs</b>
<b>At 30 June 2024</b>				
Trade Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023 (previous Year)</b>	-	-	-	-
Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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***Credit Risk (Continued)***

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

**ii) Liquidity risk management**

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June current year</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June previous year</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**(iii) Market risk (*Tailor as appropriate*)**

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The board has put in place an internal audit function to assist it in assessing the risk faced by the Company 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 Department in charge of risk management 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 Company's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Company 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.

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**Notes to the financial statements (continued)**

**(iii) Market risk (Continued)**

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

	<b>Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June Current Year</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The Company 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.

	<b>Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June Previous year</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Notes to the financial statements (continued)**

**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 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.

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2024 Current FY</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023 Previous FY</b>			
Euro	10%	-	-
USD	10%	-	-

**c) Interest rate risk**

Interest rate risk is the risk that the Company'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 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.

**Notes to the financial statements (continued)**

**ii) Sensitivity analysis**

The Company 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.

**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 Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i)** Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii)** 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).
- iii)** 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 Company considers relevant and observable market prices in its valuations where possible.

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**Notes to the financial statements (continued)**

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

<b>At 30 June 2024</b>	<b>Level 1 Kshs</b>	<b>Level 2 Kshs</b>	<b>Level 3 Kshs</b>	<b>Total Kshs</b>
<b>Financial Assets</b>				
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	-	-	-
<b>At 30 June 2023 Previous FY</b>	-	-	-	-
<b>Financial Assets</b>	-	-	-	-
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	-	-	-

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

***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)**

**iv) Capital Risk Management**

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

	<i>2023/24</i>	<i>2022/23</i>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**51. Incorporation**

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

**52. Events After the Reporting Period**

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

**20. Appendices**

**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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**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) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

Name *Paul Keningato*  
 Signature *[Handwritten Signature]*  
 Managing Director  
 Date... *07/09/24* .....

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**Appendix II: Projects Implemented by the Company**  
**Projects**

Projects implemented by the Company 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 the reporting period, i.e., 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 Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*


*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June 2024				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary entity:**

Name Dominic Lesirepa Sign  Date 01/9/24

**Appendix IV: Reporting of Climate Relevant Expenditures**

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Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix V: Reporting Disaster Management Expenditure**

Date:						
Entity						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

*(Attach forms from each transferring Government entity.)*

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**Appendix VI: Recording of Transfers from Other Government Entities**

Name of the County/MDA/Donor Transferring 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 Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	10/09/23	Recurrent	18,951,165						18,951,165
Ministry/County department of water	10/12/23	Recurrent	14,904,453						14,904,453
County department		Electricity payment	4,095,547						4,095,547
<b>Total</b>			<b>37,951,165</b>						<b>37,951,165</b>