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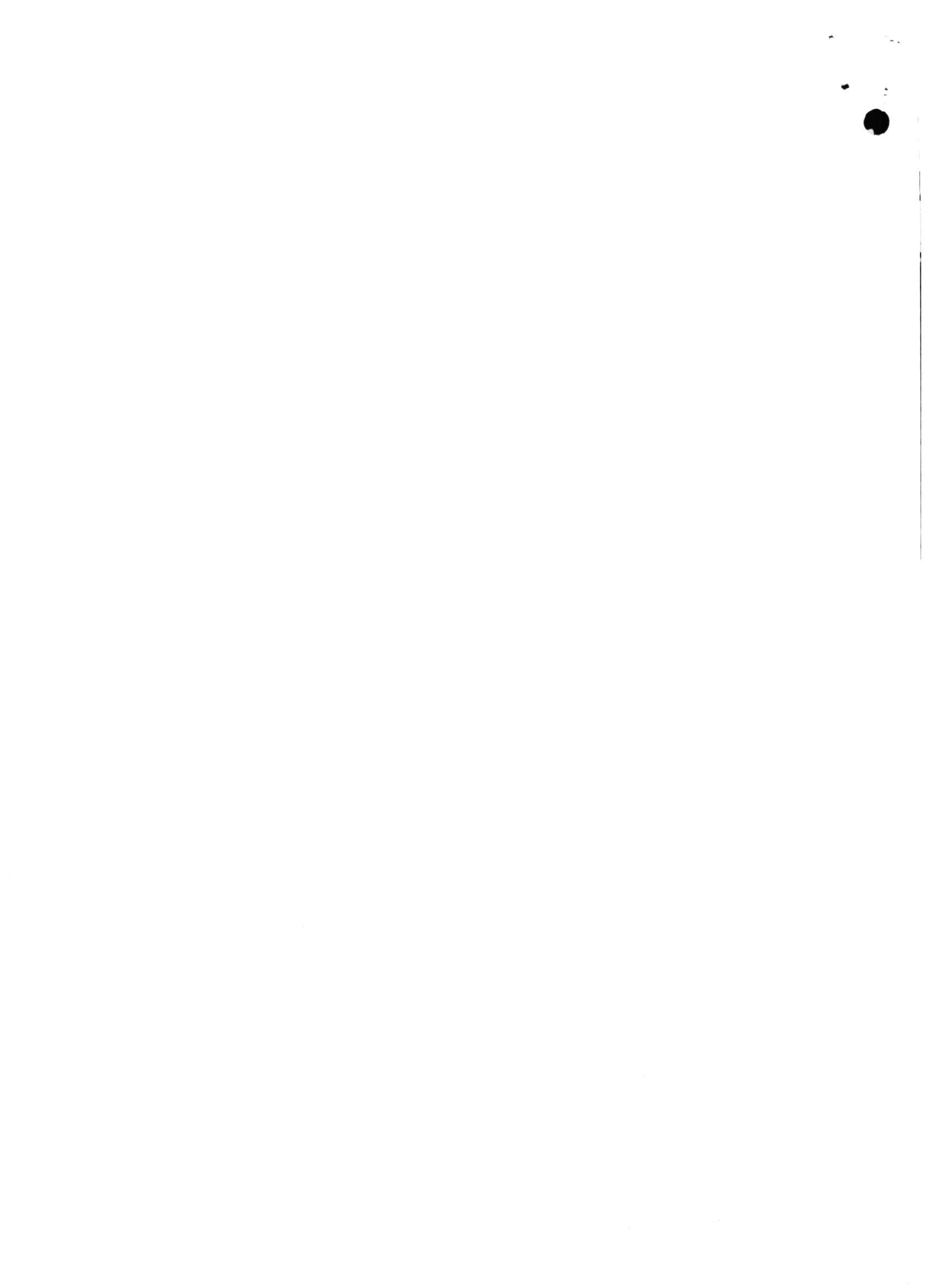
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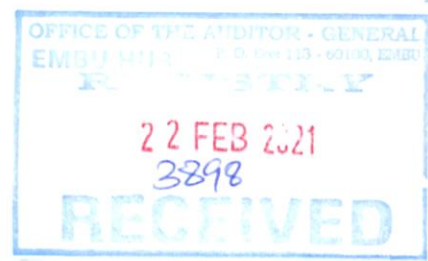
ON

**KIRINYAGA WATER AND SANITATION
COMPANY LIMITED**

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

PAPERS LAID	
DATE	23/02/2022
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**KIRINYAGA WATER & SANITATION COMPANY
(KIRIWASCO)**

P.O BOX 360-10300, KERUGOYA

Official Tel: 0746555368/ Customer care line: 0715413591

Email – managingdirector@kiriwasco.co.ke/info@kiriwasco.co.ke

**KIRINYAGA WATER AND
SANITATION COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDING**

JUNE 30, 2020

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

KIRINYAGA WATER AND SANITATION COMPANY

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION.....	2-4
2. LIST OF BOARD MEMBERS.....	5-7
3. MANAGEMENT TEAM.....	8-9
4. CHAIRMAN'S STATEMENT.....	10
5. REPORT OF THE MANAGING DIRECTOR.....	11-13
6. REVIEW OF KIRINYAGA WATER AND SANITATION COMPANY PERFORMANCE FOR FY 2019/2020.....	14-17
7. CORPORATE GOVERNANCE STATEMENT.....	18-19
8. MANAGEMENT DISCUSSION AND ANALYSIS.....	20-21
9. C S R /SUSTAINABILITY REPORT.....	22-23
10. REPORT OF THE DIRECTORS.....	24-25
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	26-27
12. REPORT OF THE INDEPENDENT AUDITORS ON KIRINYAGA WATER AND SANITATION COMPANY.....	28
13 STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020.....	29
14 . STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020.....	30
15. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020.....	31
16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020.....	32
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020.....	33
18. NOTES TO THE FINANCIAL STATEMENTS.....	34-61
APPENDIX I: PROGRESS ON FOLLOW UP ON AUDITORS' RECOMMENDATIONS	
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	
APPENDIX III: INTER-ENTITY TRANSFERS	
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. KEY ENTITY INFORMATION

Background Information

The enactment of Water Act 2002, led to the creation of Water Services Regulatory Board (WASREB), Water Services Board and Water Services Providers to spearhead the water sector reform programme. Kirinyaga Water and Sanitation Company is a Water Service Provider Company Limited by guarantee and incorporated under the Companies Act Cap 486 of the laws of Kenya.

KIRIWASCO has been mandated through a Service Provision Agreement (SPA) to carry out water and sewerage services in both urban and rural areas of Kirinyaga County. The Company takes charge of public resources in order to provide quality, affordable, reliable, sustainable and portable water and sewerage services in the target community. KIRIWASCO is jointly owned by the Government of Kenya, County Government of Kirinyaga and the Local Community.

Principal Activity

The principal activity of KIRIWASCO is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in Kirinyaga County and parts of Mbeere.

Main Business Operating Objectives

The Company's main business operating objectives include, but not limited to, the following:

- (a) Increase stake holder's awareness on water sector reforms
- (b) Improve access to sustainable and safe water
- (c) Increase the demand for available safe water
- (d) Increase the access to improved sanitation
- (e) Achieve operational financial sustainability

Vision

To be a role model water services provider in Kenya.

Mission

To provide safe and clean water through, reliable, affordable and sustainable water services to our customers by developing facilities and managing systems in the most efficient and effective manner.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. KEY ENTITY INFORMATION (Continued)

Strategic Objectives

1. Institutional strengthening of KIRIWASCO
2. Reduces UFW
3. Achieve financial sustainability
4. Improve access to sustainable and safe water
5. Increase access to improved sanitation
6. Increase stakeholders awareness on water sector reforms

SLOGAN: *Tap it; Get it; its life*

Directors

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

1. Mr. Fidesious Nyaga-----Chairman-----Appointed on -----23rd March, 2018
2. Mr. Jakan Gutu-----Member-----Appointed on-----7th May, 2019
3. Mr. Jared Migwi-----Member-----Appointed on-----17th Dec, 2018
4. Mr. Robert Githinji Njagi-----Member-----Appointed on-----23rd March, 2018
5. Mr. Peter Muriithi Gichirah -----Member-----Appointed on-----23rd March, 2018
6. Mr. James Kihia-----Member-----Appointed on-----23rd March, 2018
7. Mr. Joe Kingford-----Member-----Appointed on-----23rd March, 2018
8. Ms. Lilian Wanja Kagema-----Member-----Appointed on-----23rd March, 2018
9. Ms. Purity Njeri Githinji-----Member-----Appointed on-----23rd March 2018

Company Secretary

Gikuhi Kiana & company
P.O Box 10100

NYERI

Registered Office/Headquarters

Kirinyaga Water and Sanitation Company
P O Box 360-10300
Kerugoya. opposite Kerugoya Stadium

Corporate Contacts

Telephone: (254) 0746555368/0715413591
Website: www.kiriwasco.co.ke
Email: info@kiriwasco.co.ke

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. KEY ENTITY INFORMATION (Continued)

Corporate Bankers

Co-operative Bank of Kenya
Kerugoya Branch
P O Box 635-10300
Kerugoya

Equity Bank
Kerugoya Branch
P.O Box 1056-10300
Kerugoya

Sidian Bank
Kerugoya Branch
P.O Box 1041-10300
Kerugoya 1020-10300

Post Bank
Kerugoya Branch
P.O Box
Kerugoya

Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P O Box 30084-00100

Nairobi

Principal Legal Advisers

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

Nairobi, Kenya





Magua & Mbatha Advocates
P.O Box 2159-10100

Nyeri

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020







2. THE BOARD OF DIRECTORS

NO	NAMES AND ADDRESS	REPRESENTING INTEREST	REMARKS	Y.O.B	QUALIFICATION & EXPERIENCE	PASSPORT
1	Mr. Fidesius Nyaga	Religious Organizations	B.O.D Chairman	1944	BA Econ(Hons)-Makerere FCIS, CPS(K) Diploma in Banking Over 40 years' experience in accounting profession	
2	Hon. Dr Jakan Gutu	County Representative	Member	1956	Doctorate in Business Administration Many years experience in management. CECM member Ministry of water Kirinyaga County	
3	Mr. Jared Migwi	County Representative	Member	1973	Bachelor of Commerce Associate Kenya Institute of Bankers Experience in banking and finance; Chief Officer, Ministry of Water	
4	Mr. Robert Githinji Njagi	Business Community-Commercial Consumer	Head of Commercial Committee	1981	MBA-Kenyatta University 15 years experience in marketing ,accounting and strategic management	

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. THE BOARD OF DIRECTORS (Continued)

5	Mr. Peter Muriithi Gichirah	Farmer's Organization-	Head of Technical Committee	1978	Diploma in Business Administration 7 years working experience	
6	Mr. James Kihia	Business Community-Commercial Consumer	Head of Audit Committee	1970	O level, Diploma in Business Administration Experience in business Administration	
7	Mr. Joe Kingford	Special Interest Groups	Member	1989	O level, Diploma in Civil Engineering 4 years working experience in engineering	
8	Ms Lilian Wanja Kagema	Professional bodies	Member	1968	MBA, Higher Diploma in Electrical Engineering 6 years' experience in engineering	
9	Ms. Purity Njeri Githinji	Women's Organization	Member	1975	O level, ECD Certificate Experience in teaching and community development	
10.	Eng. Ephantus Maina	Managing Director	Managing Director	1979	Bachelor of Civil & Water Engineering 14 years working experience in Engineering and water sector	

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020





2. THE BOARD OF DIRECTORS (Continued)

11.	Mr. Richard Gikuhi Kiana	ICPSK No.285	Company Secretary	1952	Certified Public Secretary CPS(K)	
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KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020




3. MANAGEMENT TEAM

Designation	Name	Y.O.B	Qualifications & Experience	Passport
Managing Director	Mr. Ephantus Maina	1979	Bachelor of Civil & Water Engineering 14 years working experience in Engineering and water sector	
Company Secretary	Mr. Richard Gikuhi Kiana	1952	Certified Public Secretary CPS(K)	
Internal Auditor	CPA Charles Wachira Maina	1984	Bachelor of Commerce(Accounting option)and CPA (K) 11 years working experience in accounting	
Commercial Manager	CPA Joyce W Mugambi	1987	Bachelor of Commerce(Finance option)and CPA (K) MSc. Finance(continuing) Over 7 years' experience in accounting and finance	

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3. MANAGEMENT TEAM (Continued)

Technical Manager	Mr. Paul Ndegwa	1990	BSC Water Resource engineering 6 years' experience	
Human Resources and Administration Manager	Ms. Rosaline N Kabatah	1988	BBA HRM, Diploma in Business Management 5 years working experience in Human resource management	
Procurement Manager	Ms. Anne Mbatia	1976	Bachelor of Business Management- Procurement option 11 years working Experience in supply chain management	

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4. CHAIRMAN'S REPORT

I am pleased to present a review of Kirinyaga Water and Sanitation Company performance for the year ended 30th June 2020. The review also highlights our focus on improving water and sanitation service to our customers and ensuring the growth of the company. The role of the company as a Water Service provider within the County is paramount for economic and social development. In its quest to improve water coverage and improve supply reliability to our customers. The company as guided by the 5-year strategic plan which runs from 2016 to 2021 has been able to achieve the following within the year;

- a) Water supply extensions to various unserved areas within Kirinyaga.
- b) Secured grant from WSTF and facilitated the construction of 300no. Improved toilets for Wamumu.
- c) Completed construction of Wanguru DTF to improve sanitation within Mwea town through grant from WSTF.
- d) Water supply infrastructure rehabilitation to improve efficiency and reduce water wastage.
- e) Improved working relationship with Kirinyaga County Government, Nation Government and other development partners which has seen water infrastructure development within the county.
- f) Construction of Kirinyaga Water supply projects with a production capacity of 30,000m³/day-On going
- g) Construction of Kerugoya Kutus Sewerage project with a treatment capacity of 5,000m³/day-On going

During the 2nd half of the year, when the world was affected by Covid-19 pandemic the company was at the forefront in its fight within Kirinyaga County. The company through the collaboration with the County Government and other agencies was able to do the following;

- a) Provide water supply to all public places like markets and bus stage.
- b) Provided hand washing facilities in public places.
- c) Ensured equitable distribution of water to all areas.
- d) Suspended water disconnection on non-payment to all customers from month of March 2020 to June 2020.

The company continues to receive support from all our stakeholders, including the County Government of Kirinyaga.

I take this opportunity to thanks all our stakeholders, customers, development partners and the governments for the contribution in the improvement of the company.

Thank you,



Fidesius Nyaga

FULL BOARD CHAIRMAN

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. MANAGING DIRECTOR'S REPORT

Introduction

Kirinyaga Water and Sanitation Company Limited (KIRIWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company is mandated to supply water and sanitation services with Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County. The company operates under Interim Licence WASREB/LE/LIC/02 for provision of water and sanitation services for a period up to 19th May 2021.

Performance during the Year

During the year the company had been able to register a considerable growth on active water connection from 24,822 for previous financial year to 27,299 this year. The billing & revenue have slightly dropped from previous financial year owing to the challenges brought about by the Covid19 pandemic. Which affected the company operation for the second half of the year.

The company faced various challenges which impaired the expected growth of the company. This includes, high water demand against low water supply, high NRW levels, high debtors and creditors. But generally there is good prospect and the company is expected to register more improved performance next year.

Summary of the company performance

No.	ITEM	2018/2019	2019/2020
1.	Revenue Collection (KShs)	139,486,157	139,238,296
2.	Billing (KShs)	147,455,763	143,489,220
3.	Non- Revenue Water	60%	60%
4.	Number of active connections	24,822	27,299
5.	Creditors	93,569,975	104,891,756
6.	Debtors	124,824,656	135,325,590

Development Projects

Through the company internally generated funds, Kirinyaga County Government, Water Sector Trust Funds, NG-CDF and Tana Water Works Development Agency. The company had been able to carry out various development project for improvement of water and sanitation services within Kirinyaga.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. MANAGING DIRECTORS REPORT-(Continued)

Recent completed development projects

No	PROJECT	DESCRIPTION	COST (KSH)	FINANCIER	PROJECT IMPACT
1	Wamumu household sanitation project	Construction of 300 toilets to Rurie and kiandegwa locations in wamumu ward.	7M	Water Sector Trust Fund	Improved sanitation
2	Water supply extension	Water extension to Rurie, Kiandegwa and Red soil.	2M	C.G / KIRIWASCO	Increased water coverage

Ongoing development projects

NO	PROJECT	DESCRIPTION	COST (KSH)	FINANCIER	PROJECT IMPACT
1	Wang'uru DTF	Construction of 70m ³ /day waste water Digester Enpure plant. (98% complete)	21M	Kirinyaga CG & WSTF	Improved sanitation.
2	Bulk Water Supply	Construction of 30,000m ³ /day water supply system for Kerugoya, Kutus, Kagio and Sagana. (progress at 11% complete)	1.17B	A.D.B thru. TWWDA	Improve water quantity, and quality.
3	Kerugoya/ Kutus sewerage system	Construction of 5,000m ³ /day sewerage system for Kerugoya and Kutus town. (progress at 22.5% complete)	500M	A.D.B thru. TWWDA	Improve sanitation.
4	Water system reinstatement works	Reinstatement of water systems affected by the current road work improvement projects in Kimicha,Getuya, Gitoini, Kwa Eliud and Ndava (60% complete)	20M	KeRRA & KIRIWASCO	To restore water supply to affected areas

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. MANAGING DIRECTORS REPORT-(Continued)

5	Water extension projects	To extend water supply to Kangaru and Kwa Vee and other parts of Sagana Scheme. (70% complete)	20M	NG-CDF& KIRIWASCO	Improve water coverage within Kirinyaga county.
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The company has lined up various water and sanitation projects aimed at improving water supply liability, coverage and quality within its area jurisdiction. This includes water extension projects and water supply system rehabilitation and upgrade.

Covid-19

The Covid-19 pandemic which had its effect worldwide had also affected the operations of the company. This was due to reduced income of most of our customers reducing their ability to pay and directives not to disconnect water on nonpayment. This greatly affected the company revenue for the second half of the year. During the pandemic the company was in front line in the fight against Covid-19 within Kirinyaga. This was through provision of water and hand wash facilities in public places.

The company is committed to ensure provision of affordable, reliable and sustainable water and sanitation services by operating and maintaining water and sanitation systems in the most efficient and effective manner.

I wish to appreciate, the Board of Directors, County Government of Kirinyaga, company staff, customers and all stakeholders for the continued support to the company.

Thank you,


Ephantus Maina
MANAGING DIRECTOR

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. REVIEW OF KIRINYAGA WATER AND SANITATION COMPANY'S PERFORMANCE FOR FY 2019/2020

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

Kirinyaga Water and sanitation Company has 8 strategic pillars and objectives within its strategic plan for the FY 2016/2017-2020/2021.

These strategic pillars are as follows;

1. Water services and sanitation infrastructure Development
2. Technical and operational efficiency
3. Financial and commercial sustainability of the Company
4. Human capital development and strengthening of internal processes
5. Provision of water and sewerage services that meet the expectation of stakeholders
6. Social inclusivity
7. Environmental conservation and Management
8. Stakeholder participation

Kirinyaga Water and sanitation company develops its annual work plan based on the above 8 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The Company achieved its performance target set for the FY 2019/2020 period for its 8 strategic pillars, as indicated in the diagram below;

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. REVIEW OF KIRINYAGA WATER AND SANITATION COMPANY'S PERFORMANCE FOR FY 2019/2020 (Continued)

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Water Services and Sanitation Infrastructure development	To maintain and expand water and sanitation infrastructure so as to increase water service coverage	Toilets constructed Distance Covered	-Installation of DMAs master meters for every scheme. -Installation of zonal meters for Kiine, Kabonge and Sagana -Improvement of sanitation in low income areas in Wamumu ward in Mwea by construction of 300No. flush toilets. -Extension of water supply lines to low income areas in Rurie and Kiandegwa villages in Mwea -Extension of water supply lines to Kangaru village in Sagana -Procurement of new water meters for new connections and replacement of aged/faulty meters.	Construction of a DTF in Mwea and 800No. Toilets Extension of water lines about 15km
Technical and Operational Efficiency	To provide high quality water and sewerage services	-100% quality test of water sold -Percentage increase in revenue -Percentage reduction in estimated billing -Percentage reduction in leakages and bursts. -Percentage reduction in NRW	-An asset maintenance schedule was developed for routine maintenance of treatment plants and intakes. -A program for routine management of bursts and leakages was developed at all schemes. Daily and monthly reports records are documented for comprehensive analysis and prompt actions -A non -revenue water team was instituted for installation of bulk meters, replacing faulty meters and for monitoring the performance of meters. -A program for meter testing and calibration was developed where bulk meters are calibrated once in every financial year.	97% water quality

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. REVIEW OF KIRINYAGA WATER AND SANITATION COMPANY'S PERFORMANCE FOR FY 2019/2020 (Continued)

Financial and Commercial Sustainability of the Company	To enhance financial and commercial sustainability in order to facilitate infrastructure development and operational efficiency of the company	<ul style="list-style-type: none"> - Implementation of the software -Percentage increase in number of connections. -Percentage reduction in cost of Operation 	<ul style="list-style-type: none"> -The Company has automated its services by procuring a ERP software for accounting, procurement and HR -The company has a debt management strategy which is being implement to ensure speedy recovery of debts. -The Company has registered an increased number of new connections which are metered. -The Company has started review of the tariff to ensure full cost recovery. 	<p>Software in place</p> <p>Increase in number of connections by 10%</p>
Human Capital Development and Strengthening of Internal Processes	To strengthen internal processes and build a strong and committed team of human resource that enhances efficiency in service delivery	<ul style="list-style-type: none"> -Approved new HR policy -Updated organogram with clear roles. -Approved staff analysis report 	<ul style="list-style-type: none"> -The Human resources policy has been reviewed. -Staff placement and the Organization structure has been reviewed to conform to new industry reforms -A staff analyses has been conducted based on age, education levels in order to make succession planning easier. 	<p>Approved HR policy Manual</p> <p>An updated organogram in place</p>
Provision of Water and Sewerage Services that meet the expectation of stakeholders	Provision of Water and Sewerage Services that meet the expectation of stakeholders	<ul style="list-style-type: none"> -Effective SMS billing software. -Percentage reduction in customer complaints 	<ul style="list-style-type: none"> -The Company has streamlined use of SMS billing and addressing customer complaints and to query balances -Establishment of a customer service desk with full integration of ICT 	<p>SMS billing in place as well as a platform to query balances</p>

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. REVIEW OF KIRINYAGA WATER AND SANITATION COMPANY'S PERFORMANCE FOR FY 2019/2020 (Continued)

Social Inclusivity	To enhance social inclusivity thereby ensuring provision of water and sanitation services to the low income earners	-Percentage increase in the number of low income earners connected to water - Percentage increase in the no of women employed by the Company	-The Company has established a pro-poor unit within the Company -A pro-poor social connection policy is on progress -The Company has implemented a gender equality and social inclusion program	Increased connections in low income areas by 500 connections
Environmental Conservation and Management	To facilitate environmental conservation for sustainable development	-No. of campaigns carried out per year.	-KIRIWASCO has partnered with communities on sensitization on catchment areas protection and conservation within our intakes	
Stakeholder Participation	To foster collaboration with actors and stakeholders for increased commitment and participation towards delivering the mandate of the Company	-Stake holder Meetings	-The memorandum and articles of Association was amended to comply with the constitution, Company's Act 2016, procurement Act 2015 and WASREB guidelines. -A new board was appointed in March 2018 and inducted -To enhance communication with stakeholders the Company website was upgraded. -A business plan was formulated by the management and the board in June 2018 and disseminated to all departments for implementation -A stakeholders forum held in Feb 2018 and AGM in Sept 2019 -Alignment of the stakeholders list to include all users.	Two stakeholders meeting held during the Financial Year

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

7. CORPORATE GOVERNANCE STATEMENT

KIRIWASCO is committed to operate under a clear governance framework and strongly adheres to sound management and control practices.

KIRIWASCO is committed in ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory corporate governance requirements. Essential to the establishment of a good governance framework are formal governance structures designed to ensure accurate reporting to the Board to facilitate an informed decision making process, assessment and improvement of conformances.

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

The Board of Directors comprises of 9 members nominated by respective stakeholder institutions where 2 are from the county government executive.

The directors are appointed for terms of up to three years and are eligible for re-appointment.

Composition of Board of Directors

The structure of KIRIWASCO starts with the Board members representing various stakeholders' interests. The Board members exercise leadership, enterprise, integrity and judgment in directing KIRIWASCO. The Board of Directors are expected to determine the purpose and values of KIRIWASCO, determine the strategy to achieve that purpose and implement its values in order to ensure the Company survives and thrives.

The Board members are expected to enhance the corporate governance practices in running of KIRIWASCO to bring the level of governance in the Company in line with international standards. The essence of corporate governance is to protect stakeholder's interest including the government, consumers and the community.

In ensuring that corporate governance is enhanced and that the power of KIRIWASCO is exercised in the stewardship of the Company's total portfolio of assets and resources with the objective of maintaining stakeholder's values, the board of directors had constituted the following committees:

1) Human Resources & Administration, Finance and Procurement

The committee comprises of 3 board members whose duty is to ensure that KIRIWASCO has the right staff at the right place and doing the right thing. More so, the committee ensures that the staff welfare is guaranteed.

The Committee oversees the financial reporting process, Company's internal controls and efficient allocation and utilization of resources.

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

7. CORPORATE GOVERNANCE STATEMENT (Continued)

2) Technical Committee

The Technical committee comprises of 3 board members who ensure that there is adequate asset development, maintenance and infrastructure improvement to ensure sustainability of all water and sewer infrastructure. The committee also proposes investment and funding programs for the organization.

3) Audit Committee

It's the duty of this committee to ensure that the internal audit department performs its function of an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the year the company held a stakeholders forum and an Annual General Meeting.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. MANAGEMENT DISCUSSIONS AND ANALYSIS

Introduction

Kirinyaga Water and Sanitation Company Limited (KIRIWASCO) is a water and sanitation services provider registered under the company's Act 2015 of the law of Kenya. The company is an agent of the County Government of Kirinyaga (CGK) as per the amended (2019) Memorandum and Articles of Association. This is in line with the requirement by the Constitution of Kenya (GoK) 2010 and the Water Act 2016. The company is regulated by Water Services Regulatory Board (WASREB) and operates under Interim License WASREB/LE/LIC/02 for provision of water and sanitation services. The company is mandated to supply water with Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County

Operational performance and key projects

The Company through financing by various Institutions and donors has started the following projects.

N O	PROJECT	DESCRIPTION	COST (KSH)	FINANCIE R	PROJECT IMPACT	STATUS
1	Wang'uru DTF	Construction of 70m ³ /day waste water Digester enpure plant. (75% complete)	21M	Kirinyaga CG & WSTF	Improved sanitation in Wanguru town.	On going
2	Bulky Water Supply	Construction of 30,000m ³ /day water supply system for Kerugoya, Kutus, Kagio and Sagana. Works include; Intake, T/works, raw water main, transmission mains, storage tanks.	1.17B	A.D.B thru. TWWDA	To improve water quantity, quality and reliability within Kirinyaga county.	On going

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

8. MANAGEMENT DISCUSSIONS AND ANALYSIS (Continued)

3	Kerugoya/ Kutus sewerage system	Construction of 5,000m ³ /day sewerage system for Kerugoya and Kutus town. Works includes 34km sewer lines, stabilization ponds and admin houses	500M	A.D.B thru. TWWDA	To improve sanitation level for Kerugoya and Kutus towns.	On going
4	Water system reinstatem ent works	Reinstatement of water systems affected by the current road work improvement projects in <i>Mukinduri Kianjege, Kagumo Mutiti Kianjege, Kamonge Riakiania & Kagio Mutithi. complete)</i>	50M	KeRRA & KIRIWASCO	To restore water supply to affected areas	On going

Financial Performance

During the Financial year 2019/2020 the Company performed fairly well for the first three quarters of the year apart from the last quarter where there was a reduction in revenue collections due to the effects of Covid-19 pandemic.

A comparative analysis of the Company performance for the last 5 years is tabulated below;

Financial Year	Revenue
2015/2016	134,722,017.00
2016/2017	137,082,560.00
2017/2018	152,894,275.00
2018/2019	169,850,748.00
2019/2020	159,433,042.44

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

9. CSR/SUSTAINABILITY REPORT

In our Corporate Social Responsibility (CSR) policy, we aim for the integration of our business operations and values in a way that ensures that the interests of all stakeholders including shareholders, customers, employees, the community and the environment are reflected in our policies and actions.

We are committed to Continuous improvement in our Corporate and Social Responsibility (CSR) strategy; Encouraging our business partners to strive for matching performance; Acting in a socially responsible way; Continually improving our performance and meeting all relevant legislation; and Encouraging our staff to be mindful of the effect of their actions on any natural resource.

KIRIWASCO has a CRS policy whose purpose is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. The CSR policy applies throughout all our policies and processes and governs our approach to all our activities. In implementing this policy we aim to be responsible; and be an exemplar of good practice.

KIRIWASCO participates in various activities such as tree planting to increase forest cover in efforts to conserve water and Participating in National events such as the World Water Day. KIRIWASCO is a member of Water Companies Sports Association where it's actively involved in annual games competitions.

Our Mission is "To provide safe and clean water through, reliable, affordable and sustainable water services to our customers by developing facilities and managing systems in the most efficient and effective manner". Our mission is in tandem with our mandate and defines the goals for which we will undertake activities in the context of sustainability, competition and social well-being.

We consider the community a key stakeholder in our business initiatives and our CSR activities aim to make a difference under key social pillars such as Education and Environment. We devote resources to support projects such as graduate youth internship and industrial attachment programs to facilitate skills transfer, environmental care in which we have committed to comply with the Environmental Management and Coordination Act (EMCA).

Specifically, Kiriwasco has a Workplace Environmental Policy and continues to implement environmental awareness programmes among staff. Kiriwasco also ensures that projects funded comply with the National Environmental Management Authority (NEMA) requirements. We recognise that good CSR embraces all aspects of sustainable development and the way we affect people through our business operations.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

9. CSR/SUSTAINABILITY REPORT (Continued)

KIRIWASCO operates in a way that safeguard against unfair business practices. We believe that a responsible approach to developing relationships between companies and the communities they serve is a vital part of delivering business success.

When carrying out our business, in consultation with our customers, we determine the environmental, social and economic issues and continually review our policies and business practices to encourage engagement with small and medium enterprises.

The success of KIRIWASCO as a water service provider is based on our people and we seek to recruit, retain, reward and develop the best creative talent in our organisation. We continually seek to improve through training the needs of our employees.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

10. REPORT OF THE DIRECTORS

The Board members present their report and audited accounts for the year ended 30 June 2020 which shows the state of the entity's affairs.

Principal Activity

The principal activity of KIRIWASCO is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in Kirinyaga District and parts of Mbeere District.

The Company's main business operating objectives include, but not limited to, the following:

- (a) Increase stake holder's awareness on water sector reforms
- (b) Improve access to sustainable and safe water
- (c) Increase the demand for available safe water
- (d) Increase the access to improved sanitation
- (e) Achieve operational financial sustainability

Results

The entity's results for the year ended 30th June 2020 are set out on page 29. Below is a summary of the profit or loss made during the year.

Directors

The members of the Board of Directors who served during the year are shown on page 5 & 6

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the constitution of Kenya and the public Audit Act 2015.

Vision

To be a role model water services provider in Kenya

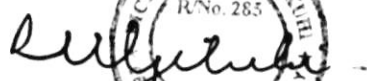
Mission

To provide safe and clean water through, reliable, affordable and sustainable water services to our customers by developing facilities and managing systems in the most efficient and effective manner.

KIRINYAGA WATER AND SANITATION COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

10. REPORT OF THE DIRECTORS (Continued)

By Order of the Board



Gikuhi Kiana
Corporate Secretary
Nyeri.

Date: 19/02/2021

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kirinyaga Water and Sanitation Company financial statements were approved by the Board on 19TH FEBRUARY 2020 and signed on its behalf by:

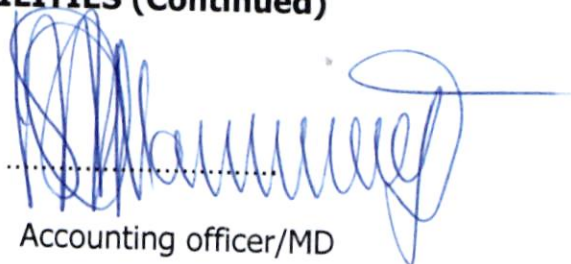
KIRINYAGA WATER AND SANITATION COMPANY LTD

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)


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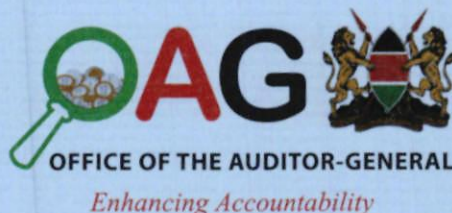
Chairperson of the Board.


.....

Accounting officer/MD

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kirinyaga Water and Sanitation Company Limited set out on pages 29 to 61, which comprise of the statement of financial position as at 30 June, 2020, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kirinyaga Water and Sanitation Company Limited as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Water Act, 2016, the Companies Act, 2015, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Receivables

As disclosed in Note 4 to the financial statements, the statement of financial position reflects receivables balance of Kshs.133,292,554. However, the supporting ledger reflected a total of Kshs.133,127,554 resulting to an unexplained and unreconciled variance of Kshs.165,000.

Further, the balance includes salary advances amount of Kshs.1,127,805 and staff loans advanced to four (4) former officers to purchase laptops amounting to Kshs.170,114, all totalling to Kshs.1,297,919. However, supporting documentation including approvals and evidence that the Management has initiated recovery of the salary advances was not provided.

Report of the Auditor-General on Kirinyaga Water and Sanitation Company Limited for the year ended 30 June, 2020

In the circumstances, the accuracy, completeness and validity of receivables balance of Kshs.133,292,554 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

2. Unsupported Short-Term Loan

As disclosed in Note 9 (c) to the financial statements, the statement of financial position reflects short term loan totalling to Kshs.147,518. However, details on the lending institution, interest charged, period of repayment, principal payments, Board approval and other terms and conditions were not provided.

In the circumstances, the accuracy, completeness and validity of the short term loan totalling to Kshs.147,518 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

3. Unsupported Property, Plant and Equipment

As disclosed in Note 2 to the financial statements, the statement of financial position reflects property, plant, and equipment balance of Kshs.89,963,318. However, the fixed assets register did not include the balance of Kshs.89,963,318 and the additions during the year amounting to Kshs.10,042,212.

In the circumstances, the accuracy, completeness and validity of the property, plant, and equipment balance of Kshs.89,963,318 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

4. Unsupported Gratuity

As disclosed in Note 9 (a) to the financial statements, the statement of financial position reflects creditors and accruals balance of Kshs.104,891,756. The balance includes gratuity totalling to Kshs.1,423,838. However, supporting documents reflected an amount of Kshs.1,140,627 but whose details were not provided.

In the circumstances, the accuracy, completeness and validity of gratuity totalling to Kshs.1,423,838 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual reflects final receipts budget and actual on comparable basis totalling to Kshs.199,400,000 and Kshs.159,433,044 respectively, resulting to an underfunding amounting to Kshs.39,966,956 or 20% of the budget on three (3) items. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.199,400,000 and Kshs.162,383,379 respectively resulting to an underperformance amounting to Kshs. 37,016,621 or 19% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular reference No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

Other Information

The Directors are responsible for the other information. The other information comprises the report of Directors as required by the Companies Act, 2015, and the statement of the Directors' responsibilities which are obtained prior to the date of this report, and the annual report which is expected to be provided after that date.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance thereon.

In connection with the audit of the 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 the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, if I conclude that there is 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that,

nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-compliance with the Law on Fiscal Responsibility - Wage Bill

The statement of profit or loss and other comprehensive income reflects personnel costs totalling to Kshs.89,046,791 representing fifty-six (56%) of revenue totalling to Kshs.159,433,044. This is contrary to the provisions of Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which limits the Company's expenditure on wages and benefits to not more than 35% of the total revenue for the year.

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

2. Long Outstanding Staff Imprest

As disclosed in Note 4 to the financial statements, the statement of financial position reflects receivables totalling to Kshs.133,292,554. The balance includes staff debtors totalling to Kshs.5,411,631 which relates to unsurrendered imprest. The imprest has remained outstanding since 2011. This is contrary to Regulation 93(5) of the Public Finance Management Act (County Governments) Regulations, 2015 which states that "a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station".

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

3. Unclaimed Value Added Tax

As disclosed in Note 4 to the financial statements, the statement of financial position reflects receivables totalling to Kshs. 133,292,554. The balance includes an amount of Kshs.2,568,971 in respect to VAT 16% control being VAT refundable by Kenya Revenue Authority (KRA) to the Company. This is as per Section 17(5) (b) of the Value Added Tax Act, 2013 which states that "the registered person shall lodge the claim for the refund of the excess tax within twelve months from the date the tax becomes due and payable". However, no evidence was availed for audit review on the actions taken by the Management to claim the Kshs.2,568,971.

In the circumstances, the recoverability VAT balance totalling to Kshs.2,568,971 as at 30 June, 2020 could not be confirmed.

4. Lack of Annual Evaluation of Board Performance

Review of records including Board minutes revealed that the Board did not conduct performance evaluation for the financial year 2019/2020. This is contrary to Chapter 1 Paragraph 1.12 of Mwongozo Code of Governance for State Corporations, 2015 which

stipulates that the Board should determine its performance criteria and undertake an annual evaluation of its performance.

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

5. Long Outstanding Trade Creditors

As disclosed in Note 9 (a) to the financial statements, the statement of financial position reflects creditors and accruals balance of Kshs.104,891,756. The balance includes trade creditors totalling to Kshs.80,239,296. However, trade creditors include an amount of Kshs.3,416,000 in respect to outstanding audit fees payable to the Office of Auditor-General which has been outstanding since 2006/2007 financial year. This is contrary to Section 41(1)(c) of the Public Audit Act, 2015 which states that the funds of the Office of the Auditor-General shall consist of audit fees charged at the rates prescribed by the Auditor-General'.

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

6. Non-Payment of Corporation Tax

Note 9(f) reflects taxation totalling to Kshs.186,386 which relates to tax payable for the 2018/2019 financial year. However, the balance was not remitted to the Kenya Revenue Authority. Further, the Company has not filed tax returns since incorporation in 2006. This is contrary to Section 92(A) of the Income Tax Act, 2012 which states that "where any person is required to furnish a return under section 52B, the tax chargeable thereunder shall be due and payable on the last day of the fourth month following the end of the year of income or accounting period.

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

7. Non-Revenue Water (NRW)

Review of records showed that the Company produced a total of 6,258,432 cubic meters (M³) of water at an approximate expected earning of Kshs.22.93 per M³ out of which only 2,491,820 M³ was billed to customers. The balance of 3,766,612 M³ (approximately 60%) of the total water produced with an approximate expected earning totalling to Kshs.86,368,413 represents Non-Revenue Water (NRW). This is contrary to the Water Service Regulatory Board (WASREB) guidelines which allows a maximum loss of 25% for every cubic meter of water produced and hence out of the 6,258,432 M³ produced 1,564,608 m³ (25%) water loss was allowable while the 2,202,004 m³ (35%) of the non-revenue water with an approximate expected earning of Kshs.50,491,952 is not allowable.

In the circumstances, the Company was in breach of regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities

that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Information Technology and Communication (ICT) Control Weaknesses

As reported in the previous year, a review of the ICT Policy provided revealed that the Company does not have an approved ICT policy, security policy, environmental policy and Information Technology (IT) continuity plan, disaster recovery plan and risk assessment policy. Lack of an approved ICT policy may lead to data confidentiality, accuracy, reliability, integrity, and availability being compromised.

In the circumstances, the security, confidentiality, reliability, integrity and availability of the Company's data 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 February, 2022

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

13. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

REVENUES	NOTES	2019/2020	2018/2019
Water sales	10 a	143,489,220	147,455,763
Reconnection fee	10 b	1,531,500	1,277,000
GOK Grants	10 c	-	172,824
Other Incomes	10 d	10,618,474	17,228,161
Tender fees, sale of jericans, firewood and capital works	11	3,793,850	3,717,000
		159,433,044	169,850,748
EXPENDITURE			
Personnel Costs	12	89,046,791	85,771,177
Directors Costs	13	6,796,616	6,293,606
Administration Costs	14	24,594,166	21,637,853
Operation & Maintenance Costs	15	30,862,686	42,158,039
Provision for depreciation	16	4,525,233	4,410,609
Amortization of intangible assets	17	213,242	319,702
Water Regulatory Board Levies	18	6,098,927	8,470,482
Finance Costs	19	245,718	167,996
TOTAL		162,383,379	169,229,463
(DEFICIT)/SURPLUS BEFORE TAX		(2,950,335)	621,285
Tax	20	0	186,386
(DEFICIT)/SURPLUS AFTER TAX		(2,950,335)	434,900

KIRINYAGA WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020 Kshs	2018/2019 Kshs
ASSETS			
Non Current Assets			
Properties, Plant and Equipment	2	89,963,318	84,446,338
Intangible Asset	2 a	427,124	640,365
		90,390,442	85,086,703
Current Assets			
Cash & Cash Equivalents	6	23,529,618	19,013,615
Inventories	5	9,901,641	13,456,792
Receivables	4	133,292,554	124,686,843
		166,723,813	157,157,250
		257,114,255	242,243,953
LIABILITIES AND EQUITY			
Non Current Liabilities			
Long term Loan		0	0
Current Liabilities			
Short term Loan	9 c	147,518	147,518
Customer Deposits	7	33,325,620	29,584,620
Prepayments	8	2,123,211	2,936,486
Creditors & Accruals	9 a	104,891,756	93,569,975
Deferred income	9 b	7,263,595	8,262,545
Taxation	9 f	186,386	186,386
		147,938,086	134,687,530
EQUITY			
Capital Reserves	21	43,587,914	43,587,914
Capital Grants	22	62,559,688	58,203,417
Revenue Reserves	23	3,028,567	5,765,092
		109,176,169	107,556,423
		257,114,255	242,243,953

The financial statements were approved by the Board on 19TH FEBRUARY 2021 and signed on its behalf by:

Managing Director

Name: Ephantus Maina

Head of Finance

Name: Joyce Mugambi
ICPAK M.No 19838

Chairman of the Board

Name: Fidesius Nyaga

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

15. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Capital reserves	Revenue reserves	Capital Grants	Total
	KShs	KShs	KShs	KShs
Balance as at 1 July 2018	43,587,914	4,160,560	58,687,435	106,435,909
Profit / (Loss) for the year		434,900		434,900
Capital Grants				-
Amortization of capital grant			(484,019)	(484,019)
Prior year adjustments		1,169,632		1,169,632
Balance as at 30 June 2019	43,587,914	5,765,092	58,203,416	107,556,422
Balance as at 1 July 2019	43,587,914	5,765,092	58,203,416	107,556,422
Profit / (Loss) for the year		(2,950,335)		(2,950,335)
Capital Grants			4,742,675	4,742,675
Amortization of capital grant			(386,403)	(386,403)
Prior year adjustments		213,810	--	213,810
Balance as at 30 June 2020	43,587,914	3,028,567	62,559,688	109,176,169

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDEND 30 JUNE 2020

	Notes	2019/2020 Kshs	2018/2019 Kshs
Cashflow from Operating Activities			
Net (Deficit) / surplus before tax		(2,950,335)	621,285
Adjustments for:			
Provision for Depreciation	2a	4,525,233	4,410,609
Amortization of intangible Assets	2b	213,242	319,702
Provisions for Bad Debts	4	1,050,093	1,566,051
Amortization of capital Grants		(386,403)	(484,019)
Prior year adjustment		213,810	1,169,632
		2,665,640	7,603,260
Adjustments for working capital changes:			
(Increase)/Decrease in Receivables	4	(9,655,804)	(19,721,899)
(Increase)/Decrease in WIP	2a	(4,947,294)	(5,972,942)
(Increase)/Decrease in Inventories	5	3,555,151	(4,220,363)
Increase/(Decrease) in Customers Deposits	7	3,741,000	2,783,900
Increase/(Decrease) in Prepayments(i.e prepaid debtors)	8	(813,275)	1,069,528
Increase/(Decrease) in Creditors & Accruals	9a	11,321,781	13,172,272
Increase/(Decrease) in deferred income	9b	(998,950)	8,262,545
Increase/(Decrease) in Current acct. Co-op Bank/Taxation		-	(860,324)
Increase/(Decrease) in Taxation		-	-
Increase/(Decrease) in Short term Loan		-	-
Changes in working capital		2,202,606	(5,487,281)
Cash generated from operations		4,868,246	2,115,979
Cashflow from Investing Activities			
Purchase of property, plant & equipment	2	(5,094,918)	(4,897,446)
Purchase of intangible asset		-	-
Interest Income(Net)		-	-
Net Cash generated from/(used in) investing Activities		(5,094,918)	(4,897,446)
Cashflow from Financing Activities			
Grants	15	4,742,675	-
Loan		-	-
Net Increase/(decrease) in Cash and Cash Equivalents		4,516,003	(2,781,467)
Cash and Cash Equivalents at Year End			
Balance at the start of the year		<i>19,013,615</i>	<i>21,795,082</i>
Balance at the end of the year			
Balance as at 30 June 2020	6	23,529,618	19,013,615

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original Budget	Actual on comparable basis	Performance Difference	Percentage Difference
	2019-2020	2019-2020	2019-2020	2019-2020
Revenue				
Water Charges	162,000,000	143,489,220	18,510,781	11%
Labor/New Connection Fee	6,000,000	3,793,850	2,206,150	37%
Other income	31,400,000	12,149,974	19,250,026	61%
Total Income	199,400,000	159,433,044	39,966,956	20%
Expenses				
Personnel expenditure	90,105,712	89,046,791	1,058,921	1%
Directors Cost	4,048,000	6,796,616	-2,748,616	-68%
Administration Expenditure	28,542,756	25,678,711	2,864,045	10%
Operations & Maintenance	35,881,100	28,702,434	7,178,666	20%
Minor Investments	27,773,000	7,184,037	20,588,963	74%
Other payments	13,049,432	4,974,790	8,074,642	62%
Total expenditure	199,400,000	162,383,379	37,016,621	19%
Surplus(Deficit) for the period	0	-2,950,335	2,950,335	

NOTES:

1. Water charges reduced due to reduced consumption on institutional consumers such as schools and organization that were closed in March 2020 due to the Covid 19 Pandemic
2. Low New connection charges was a result in a very little increase in number of new connections in 2019/2020 Financial year than anticipated
3. Other income target was not attained since the expected collection from arrears from debtors was not attained due to the difficult economic environment and also the expected income from asset financing which was not attained.
4. Directors cost increased due to a revision in the directors remuneration during the financial year
5. Operations and maintenance cost variance of 20% is attributed to the fall in the Company revenues during the financial year hence some planned activities were not realized.
6. Minor investments: Due to the reduction in revenue the Company was not able to procure all the budgeted assets in the financial year.
7. Other payments includes provisions made in the financial year as well as payment made to suppliers which was not met as planned due to reduced cash flows.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kirinyaga Water and Sanitation Company is a Water Service Provider Company Limited by guarantee and incorporated under the Companies Act Cap 486 of the laws of Kenya. KIRIWASCO has been mandated through a Service Provision Agreement (SPA) to carry out water and sewerage services in both urban and rural areas of Kirinyaga County. The Company takes charge of public resources in order to provide quality, affordable, reliable, sustainable and portable water and sewerage services in the target community. KIRIWASCO is wholly owned by the County Government of Kirinyaga.

The principal activity of KIRIWASCO is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in Kirinyaga County and parts Mbeere.

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 in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The financial statements have been prepared and presented in Kenya shillings, which is the functional and reporting currency of the company.

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

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazettted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Commercial entities, the pronouncements made by the board have no significant impact on the entity's financial statement as Kirinyaga Water and Sanitation Company has been preparing its financial statements in accordance to IFRS.

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

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the entity has adopted the pronouncements made by the IPSAS board in preparation of its current year financial statements.

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

IFRS 16: Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognized in respect of most operating leases where the Company is the lessee.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure pre payable financial assets with negative compensation at amortized cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017.

The amendments, applicable to annual periods beginning on or after 1st January 2020, provide additional guidance on applying the acquisition method to particular types of business combination.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that all income tax consequences of dividends should be recognized when a liability to pay a dividend is recognized, and that these income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2019)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2020, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

ii). New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised *Conceptual Framework* published in March 2019, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

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

iii) Early adoption of Standards

The entity did not early adopt any new or amended standards in year 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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

- i) **Revenue from the sale of goods and services** is recognized in the year in which the **Company's** delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are 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.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- 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 lease agreements.
- vi) **Other income** is recognized as it accrues.

v) Deferred Income-These relates to part of income that was paid as compensation by KeRRA to re-route pipeline to pave way for roads being constructed.

IAS 20-(Disclosure for Government Grant and Government Assistance) requires that government grants be recognized in the profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate.

According to the revenue recognition principle, the deferred income has been recorded as a liability in the balance sheet.

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 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.

c) Property, plant and equipment

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

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

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

Items of property, plant and equipment are stated at historical costs less accumulated depreciation.

Depreciation is charged on a reducing balance basis over the estimated useful lives of the asset.

The annual rates of the depreciation used are as follows:

• Motor Vehicles/Cycles	25.0%
• Computer Equipment/Mobile phones	33.3%
• Furniture, Fittings and Office Equipment, Plant	12.5%
• Water Meters	20.0%
• Dozers	12.5%
• Bicycles, Water Kiosk	12.5%
• Office building	2.00%

(e) Intangible Assets

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software.

Intangible assets relate to software applications and are amortized at the rate of 33.3%

(f) Inventories

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

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(g) Trade and Other Receivables

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

The provision for doubtful debts is at 10% and is applied to water sales customer debtors only.

(h) Taxation

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(i) Cash and cash equivalent

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

(j) 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.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

(k) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2011. 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 Kshs.1080/= per employee per month.

(l) Provision for staff leave pay

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

(m) Exchange rate differences

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

(n) Budget information

The original budget for FY 2019-2020 was approved by the Board of Directors on June 2019. 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. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

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 financial performance has been presented under in the financial statements.

(o) Comparative figures

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

(p) 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, 2019.

(q) Risk Management

This section provides details of the Company's exposure to risks and describes the method used by the management to control risks. The most important type of financial risk to which the company is exposed are:-

(i) Credit risk

To manage the level of credit risk, the company focuses on customer satisfaction as a key performance indicator. It also maintains a short credit period.

Due to the nature of the company's activities credit risks concentrations are high and as such close monitoring of credit relationships is carried out.

(ii) Liquidity risk

Liquidity risk arises in the general funding of the company's activities and in the management of positions.

The company continually assesses liquidity risk by identifying and monitoring changes in funding required meeting business goals and targets set in terms of the overall company strategy.

(iii) Market risk

The company had no any interest bearing financial instrument or obligation as at the end of financial year and there was no significant currency risk as no foreign transaction ensued during the year.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

(r) Incorporation

The Company is incorporated in Kenya under the Companies Act.

(s) Currency

The Financial Statements have been prepared using Kenya Shillings (KShs.)

(t) Related parties

The company is a limited company by guarantee established under the companies Act Cap 486 and licensed by Tana Water Services Board through a Service Provision Agreement (SPA).

The company is headed by the Board of directors and corporate management team.

Key Management Compensation

IAS 24 requires an entity to disclose key management personnel compensation in total and by

Category as defined in the standard.

	2018/2019	2019/2020
Management Salaries	6,926,889	9,185,000
Gratuity	2,548,252	2,878,350
Board Expenditure	6,293,606	6,796,616

Other Related Party Disclosures

	2018/2019	2019/2020
WASREB	8,470,482	6,098,927
WASPA	85,000	85,000
WARMA	5,663,970	2,619,314
WSTF- Funding	0	4,742,675
Government Salary	172,824	0

(u) Reserves

I. Capital reserves

Capital reserves represent net assets capitalized at the formation of the company and represent the book values of those assets.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

II. Revenue reserves

Revenue reserves represent the excess of the income over recurrent expenditure. This is as a result accumulation of surplus and deficits over the years.

III. Capital grants

G.O.K capital grants relates to Motor bikes and water meters donated by Tana Water Services Board and also an amount of subsidy on a loan given to the organization under the "Maji ni Maisha" World Bank funded project and also funds from Water Sector Trust Fund(WSTF) for various projects. Amortization on these grants is calculated on reducing balance basis on cost over the life of the asset.

5.SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 4

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.

The Company has estimated provision for bad debts at 10% of the closing receivables.

The estimated provision for bad debts based on historical growth for the last 5 years in the amount of debtors.

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

2. (a) PROPERTY, PLANT & EQUIPMENT SCHEDULE

	Computers & Mobile Phones	Work in progress	furniture , plant & equipment	Motor Vehicle/ cycles	Water Meters	Office Building	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
AT 1 July 2018	5,623,929	48,218,439	4,517,930	7,823,645	35,574,748	17,889,477	119,648,168
Additions	1,524,250	5,972,942	5,500	-	3,367,696	-	10,870,388
At 30 June 2019	7,148,179	54,191,381	4,523,430	7,823,645	38,942,444	17,889,477	130,518,556
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
AT 1 July 2019	7,148,179	54,191,381	4,523,430	7,823,645	38,942,444	17,889,477	130,518,556
Additions	474,000	4,947,294	81,630	-	4,539,288	-	10,042,212
Transfer							-
At 30 June 2020	7,622,179	59,138,675	4,605,060	7,823,645	43,481,732	17,889,477	140,560,768
ACCUMULATED DEPRECIATION	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2018	4,071,795	-	3,126,765	6,733,138	25,848,425	1,881,485	41,661,608
Charge for the yr	1,024,436		174,583	272,626	2,618,804	320,160	4,410,609
At 30 June 2019	5,096,231	-	3,301,348	7,005,764	28,467,229	2,201,645	46,072,217
ACCUMULATED DEPRECIATION	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs
At 30 June 2019	5,096,231	-	3,301,348	7,005,764	28,467,229	2,201,645	46,072,217
Charge for the yr	841,141		162,964	204,470	3,002,901	313,757	4,525,233
At 30 June 2020	5,937,372	-	3,464,312	7,210,234	31,470,130	2,515,402	50,597,450
NET BOOK VALUE							
At 30 June 2020	1,684,807	59,138,675	1,140,748	613,411	12,011,602	15,374,075	89,963,318
At 30 June 2019	2,051,948	54,191,381	1,222,082	817,881	10,475,215	15,687,832	84,446,339

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

2. (b) INTAGIBLE ASSETS

COST	Intangible assets
AT 1 July 2018	3,607,279
Additions	-
At 30 June 2019	3,607,279
COST	<u>Kshs</u>
AT 1 July 2019	3,607,279
Additions	
At 30 June 2020	3,607,279
Amortization for intangible assets	<u>Kshs</u>
At 1 July 2018	2,647,211
Charge for the yr	319,702
At 30 June 2019	2,966,913
Amortization for intangible assets	<u>Kshs</u>
At 1 July 2019	2,966,913
Charge for the yr	213,242
At 30 June 2020	3,180,155
NET BOOK VALUE	
At 30 June 2020	427,124
At 30 June 2019	640,365

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

3. WORK IN PROGRESS

Work in progress relates to an ongoing construction of Wanguru Decentralized Treatment Facility not yet been commissioned and the UBSAP project

No.	Description	Amount (Kshs.)	Amount (Kshs.)
	Work in progress as at 1 July 2019		54,191,381
	Decentralised treatment facility (DTF)		
1	Bellagio construction	3,632,294	
	UBSAP project (Subsidies to construct toilets)		
2	Hannah Wangui nderi	60,000	
3	John Waweru	20,000	
4	Kennedy Chege	20,000	
5	Mary Njoki Ndungu	555,000	
6	Peter Kinoti	300,000	
7	Njeru Ileri	20,000	
8	Patrick Njiru	80,000	
9	Paul Gitari	40,000	
10	Rose Wambura kathiara	20,000	
11	Stanley G chege	20,000	
12	Susan Wanjira	40,000	
13	Antony Murimi	80,000	
14	Daniel Mwangi	40,000	
15	David Kariuki Munyi	20,000	4,947,294
	Work in progress as at June 2020		59,138,675

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		<u>2019/2020</u>	<u>2018/2019</u>
		KShs	KShs
4	Receivables		
	Trade receivables	135,325,590	124,824,656
	Less provisions for bad debts 10% of closing receivables	(13,532,559)	(12,482,466)
		121,793,031	112,342,190
	Staff Debtors	5,411,631	8,825,713
	Salary Advances	1,127,805	1,127,826
	Staff loans	170,114	170,114
	Rental prepaid	56,000	56,000
	Co-op Bank(water supply)-Collateral for SPA	2,165,000	2,165,000
	Inventory Take on	2	0
	Vat 16% control	2,568,971	0
		133,292,554	124,686,843
5	Inventories		
	Chemicals	1,026,731	1,107,655
	Motor Vehicle/Cycles Spares	120,944	131,544
	Meter Maintenance/Scrap	2,419,298	3,221,337
	Water Supply Rehabilitation	4,947,957	8,466,681
	Buildings Repair & Renovation	675,532	58,719
	Stationery	488,689	440,466
	Other inventories	-	
	Uniform	-	
	Cleaning materials	222,490	30,390
		9,901,641	13,456,792
6	Cash & Cash Equivalent		
	Savings Account (Cooperative Bank)	15,688,786	11,662,052
	Current Account (Cooperative Bank)	84,266	6,395
	Current Account (Equity Bank)	352,615	455,865
	DTF (Cooperative Bank)	3,388,078	4,320,094
	Current Account (Equity Bank-KERRA)	2,973,339	1,234,869
	Post bank	134,550	230,790
	K-Rep bank-Current	99,044	512,784
	Mpesa	527,800	467,297
	Cash in hand	281,140	123,470.
		23,529,618	19,013,615

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		<u>2019/2020</u>	<u>2018/2019</u>
		KShs	KShs
7	Customers Deposits		
	These relates to refundable deposits paid upon application of water provision by water sales customers	33,325,620	29,584,620
8	Prepayments		
	Prepayments relates to debtors (water sales customers) with credit balances (overpayments)	2,123,211	2,936,486
9 a	Creditors and Accruals		
	Trade Creditors	80,239,296	87,172,355
	Payroll deductions	22,988,820	
	Accrued Interest		
	Gratuity	1,423,838	1,463,583
	Levies		
	Accrued leave allowances	-	4,934,037
	Purchases accrual	239,801	
	Inventory Issue accrual	1	
		104,891,756	93,569,975
9 b	deferred income	7,263,595	8,262,545
9 c	Short term loan	147,518	147,518
9 f	Taxation	186,386	186,386

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		<u>2019/2020</u>	<u>2018/2019</u>
		KShs	KShs
	INCOME(GROSS TURNOVER/SALES)		
10 a	Water Sales	143,489,220	147,455,763
10 b	Reconnection fee	1,531,500	1,277,000
10 c	GOK Grants	-	172,824
	Miscellaneous Income		
10 d	Other Income		
	Surcharges/Illegal connections	1,856,071	730,315
	Interest Earned	-	-
	Amortization of capital grants	386,403	484,019
	Sidian commission	(32,546)	
	Post bank commission	(77,415)	(32,511)
	KERRA	998,950	13,788,438
	RFB Project	1,466,900	2,257,900
	Accrued leave allowances written off	4,934,039	
	stock cost variance	1,086,072	
		10,618,474	17,228,161
11	Tender Fee ,Sale of jericans, sale of firewood and capital works		
	Tender Fee	-	-
	Sale of jericans	-	-
	Sale of firewood	-	-
	Capital works	3,793,850	3,717,000
	TOTAL INCOME	159,433,044	169,850,748
	EXPENDITURE		
12	PERSONNEL COSTS		
	Regular Salary	85,273,022	81,700,794
	Government Grants-Salary for the seconded staff	0	0
	Casual Wages	121,500	0
	Gratuity	2,878,350	2,548,252
	Staff bonus	679,019	583,300
	National industrial Training	94,900	354,017
	Mileage Allowance	0	584,814
	TOTAL PERSONNEL COSTS	89,046,791	85,771,177

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		2019/2020	2018/2019
		KShs	KShs
13	<u>DIRECTORS COSTS</u>		
	Board meetings & conferences	4,619,396	5,062,396
	Board Tour	1,361,180	623,100
	Other board Expenses	81,110	0
	Board insurance cover	734,930	608,110.00
	TOTAL DIRECTORS COSTS	6,796,616	6,293,606
14.a	<u>TRAINING EXPENSES</u>		
	Training Allowances(Capacity Building)	636,600	656,290
	Subscription fees	40,400	36,400
	Total training expenses	677,000	692,690
14.b	<u>ADMINISTRATION COSTS & STAFFS TRAINING</u>		
	Rental/leases	312,600	324,600
	Email & Internet Expenses	762,189	678,279
	Postage & Telegram Expenses	572,690	546,660
	Library expenses	57,600	65,400
	Telephone Expenses	1,740,421	1,379,359
	Insurance of Motor Vehicles & Other assets and Medical Cover	79,968	91,727
	Staff Medical Cover	6,196,248	5,102,407
	AGM expenses	890,040	0
	Stationery	687,340	111,684
	Public Relations	156,625	776,020
	Placement	-	65,300
	Staff Welfare	1,242,562	987,325
	Staff Meetings	354,124	0
	Advertising and publicity	293,890	343,360
	Publishing & Printings	0	485,959
	Travelling & Accommodation	3,935,241	4,406,601
	WSTF administration cost	638,876	0
	legal charges	949,151	722,721
	Debt collection	214,510	0
	Security Expenses	4,369,091	4,393,760
	Provision for Audit fees	464,000	464,000
	TOTAL ADMINISTRATIVE COSTS	23,917,166	20,945,163
	TOTAL ADMINISTRATIVE & TRAINING EXPENSES COSTS	24,594,166	21,637,853

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		<u>2019/2020</u>	<u>2018/2019</u>
		KShs	KShs
15. a	OPERATION COSTS		
	Computer Expenses	245,755	550,560
	Computer software maintenance	258,000	261,000
	Computer server maintenance	6,000	33,900
	Upgrading of LAN and maintenance of Website	83,550	222,578
	Uniforms	99,100	248,907
	Sports & games	1,837,567	1,653,530
	Electricity for productions	48,068	2,981,260
	Electricity for Lighting	739,421	603,909
	Water bill	600	600
	Maintenance of furniture and fittings	95,003	15,040
	Chemicals	4,088,559	4,272,082
	Transport fuels and diesel	3,217,073	3,083,032
	Subscription to Water Services Providers Association (WASPA)/NEMA/WRUA	85,000	85,000
	Water Permits and subscriptions (WARMA Levy)	2,619,314	5,663,970
	TOTAL OPERATION COSTS	13,423,010	19,675,367
15. b	MAINTENANCE COSTS		
	Transport operating expenses	1,431,359	1,267,262
	Transport hire and machinery	158,300	97,420
	Office Repairs, Painting & Renovation	370,367	270,606
	Maintenance of Meters	0	0
	Maintenance of plant equipment	142,540	36,050
	Cleaning Materials	406,484	110,923
	Pit Latrine	60,312	25,970
	Water supplies rehabilitation augmentation & maintenance works	11,048,171	3,779,233
	Rerouting of pipeline network	1,762,300	351,266
	Rerouting of pipeline network(KERRA)	998,950	13,788,438
	Rerouting of pipeline network(Mwea Makima)	10,800	1,189,454
	Increase/(Decrease) in Provision for bad debts	1,050,093	1,566,051
	TOTAL MAINTENANCE COSTS	17,439,676	22,482,672
	TOTAL OPERATION & MAINTENANCE COSTS	30,862,686	42,158,039

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS continued.....

		2019/2020	2018/2019
		KShs	KShs
16	Provision for Depreciation	4,525,233	4,410,609
17	Amortization of intangible assets	213,242	319,702
18	Water Regulatory Board Levies	6,098,927	8,470,482
19	FINANCE COSTS		
	Bank Charges	245,718	167,996
	Loan interest	-	
	TOTAL FINANCE COSTS	245,718	167,996
20	TAX		
	Balance BF	186,386	-
	Provision for the year	0	186,386
21	Capital Reserves		
	Balance as at 1 July	43,587,914	43,587,914
	Addition		
	Balance as at 30 June	43,587,914	43,587,914
22	Capital Grants		
	Balance as at 1 July	58,203,416	58,687,435
	Addition –WSTF donation	4,742,675	
	Amortization of capital grant	(386,403)	(484,019)
	Balance as at 30 June	62,559,688	58,203,416
23	Revenue Reserves		
	Balance as at 1 July	5,765,092	4,160,560
	Profit for the year	(2,950,335)	434,900
	Prior year adjustment	213,810	1,169,632
	Balance as at 30 June	3,028,567	5,765,092

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX 1: PROGRESS ON FOLLOW UP ON AUDITORS RECOMMENDATION

Key Audit Matters

1.0	Un Accounted For Water (UFW)	<p>During the year under review, the Company produced 5,939,534 M³ of water. However, out of this volume, only 2,412,518M³ were billed to the customers. The Balance of 3,5275,016 M³ or approximately 59% of the total water produced represented unaccounted for Water (URW) which is 34% over and above the allowable 25% in accordance with Water Services Regulatory Board Guidelines. The UFW of 59% may have resulted in loss of sales estimated at Ksh 208,117,287. The significant level of NRW may negatively impact on the company profitability and its long term sustainability.</p>	<p>High NRW of 59%</p> <p>The Company has laid out strategies to control the NRW to Acceptable levels. These are such as:-</p> <ol style="list-style-type: none"> 1. The Company has formulated a NRW reduction Plan. The Company is also adopting the NRW management guidelines developed by WASREB 2. We are reviewing our Water tariffs to introduce stiff penalties to those caught taking water illegally. 3. Through the ADB Lot 1 Project, the Company will rehabilitate Ndia Water supply. Some of the dilapidated water infrastructure will be renewed. 4. Other proposal in place for rehabilitation are:- <ol style="list-style-type: none"> i) Reticulation System of Kerugoya Town ii) Reticulation System of Kutus Town iii) Reticulation System of Sagana Town iv) Reticulation System of Kagio Town v) Reticulation system of Kandongu Town
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**KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**APPENDIX 1: PROGRESS ON FOLLOW UP ON AUDITORS RECOMMENDATION
(Continued)**

2.0	Non Compliance With the WASREB Regulations on personnel cost.	The statement of Comprehensive income reflects personnel cost balance of Ksh 79,382,593 for the year 30 th June 2018 or 52% of the total expenditure of Ksh 152,862,072 which is 12% higher than the recommended ratio of 40% in accordance with the WASREB guidelines. The excess personnel cost of Ksh 9,525,911 may negatively impact on the Company profitability and sustainability of services if measures are not put in place to contain the cost within the acceptable levels.	<p>WASREB Regulations on personnel cost</p> <ol style="list-style-type: none"> 1. The Company has undertaken a staff work load analysis by restructuring the company organization structure and carrying out rightful staff placement. 2. The Company has also reduced the number of staffs from 172 to 157 No. so as to reduce the personnel cost as a percentage of Operation and Maintenance cost. 3. Through the restructuring process the Company has taken measures to improve the employee productivity. 4. The Key objectives of the restructuring were to introduce a strong NRW unit, create a room for proper segregation of duties and create good chain of commands.
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KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX I1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidate d in these financial statements (Yes/No)
Kirinyaga Household Sanitation Project	01HS/TAWWDA/ KIRINYAGA/ KIRINYAGA/32 WAMUMU	Water Sector Trust Fund	9 MONTHS	Fully funded	Yes	Yes
Up-scaling Basic Sanitation for Urban poor-Construction of a Decentralized Treatment facility	01HS/TWSB/ KIRINYAGA/ KIRINYAGA/32 DTF	Water Sector Trust Fund	3 YEARS	Fully Funded	Yes	Yes

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kirinyaga Households Sanitation Project	7,114,012.50	1,946,648.00	80%	7,114,012.50	1,946,648.00	WSTF
2	Wanguru DTF project	28,195,470	18,473,897.10	98%	28,195,470	18,473,897.10	WSTF

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: KIRINYAGA WATER AND SANITATION COMPANY			
Break down of Transfers			
FY 2019/2020			
a	Donor Receipts		
		<u>Bank Statement</u> <u>Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to</u> <u>which the amounts</u> <u>relate</u>
	WSTF	15/11/2019	4,742,675.00
	WSTF	15/03/2018	10,284,050.00
	WSTF	18/06/2017	6,735,000.00
	WSTF	30/06/2015	8,777,250.00
		Total	30,538,975.00

Finance Manager
 KIRIWASCO

Sign 

KIRINYAGA WATER AND SANITATION COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the 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 Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Water Sector Trust Fund	15/11/2019	Sanitation improvement	4,742,675	4,742,675	0	0	0	0	4,742,675
Total			4,742,675	4,742,675	0	0	0	0	4,742,675