

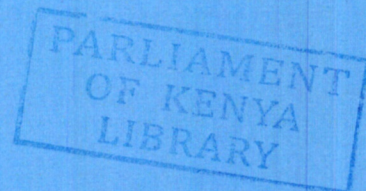
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



OF

THE AUDITOR-GENERAL

ON

**CHERANG'ANY MARAKWET WATER
AND SANITATION COMPANY LIMITED**

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



**CHERANG'ANY MARAKWET WATER & SANITATION COMPANY
LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

OFFICE OF THE AUDITOR -GENERAL
CENTRAL RIFT REGIONAL OFFICE

23 MAR 2023

RECEIVED

P. O. Box 2774 - 30100, ELDORET

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

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I. Key Entity Information

Background information

The Cherang'any Marakwet Water and Sanitation Company Limited [CHEMAWASCO] was formed from two community water supplies: The Kapcherop and Kapsowar water supplies which were under the then District water engineers. It was established as an agent of the former water service Board that transited to Lake Victoria North Water Works Development Agency (LVNWWDA). The repealing of the water works Act 2002 to the enactment of the Water Act 2016, the organization of structures and regional offices renders the company an agent of the North Rift Valley Water Works Development Agency under the county department of water and sanitation services. At the county level the company is represented by the County Executive Committee Member responsible for water, sanitation, lands, environment and climate change, which together with the Board of Directors are responsible for the general policy and strategic direction of the company. The company is domiciled in Kapsowar Marakwet West Sub county offices in the department of water and sanitation and has branches in Marakwet West Sub-county; Kapcherop and kapsowar Water Schemes. The Company was established and incorporated in 12th May 2017, incorporation certificate number PVT-AAACVQ1, five years after devolution and as a result of the promulgation of the constitution of Kenya 2010 ; water and sanitation services being a devolved function as enlisted in schedule four of the Constitution of Kenya 2010, to provide a solution to perennial water shortages that had the public and the growing towns of Kapcherop and Kapsowar. Due to resistance to change from the community ,their demanding that services be rendered to them free of charge, was an impediment to the speedy setting of structures, corporate governance issues and operationalization of accounts until 14th June 2022,something made possible by the deployment of County staff on secondment to enable completion of the process. The improvement of service provision to the public indicated by the increase of number of households connected, played a major role in minimizing the resistance to change .

The enactment of the Elgeyo-Marakwet Water Management Act 2021 is a milestone for the Company which had experienced resistance to change in some parts of the community. Formulating a county water policy will assist in enforcement of the water Act and other relevant laws. the constitution of the Board of Directors who were appointed on stakeholder participation process having been the officials of the community water supplies, that formed the company, were among the reasons of the delay of the company in meeting the threshold of operating and reporting as a different entity.

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The company is registered with the registrar of companies Kenya and operates under a service provision Agreement held by the North Rift valley Water Works Development Agency (NRVWWDA). It's undergoing the process of being regulated with support of the Agency. The tariffs in use are the ministry of water approved tariffs. The top management human resource capital is a support of the county government of Elgeyo-Marakwet.

Principal Activities

The principal activities of the Company include;

- a. Development of Water supply infrastructure;
- b. Development of Sewerage infrastructure;
- c. Operation and rehabilitation/ maintenance of the water infrastructure;
- d. Sourcing, treatment, distribution of water and provision of sewerage services; and
- e. Financial management (billing, revenue collection and efficient application of financial resources).

In addition, CHEMAWASCO is also expected to participate in the conservation of water resources through consumer education and other initiatives in liaison with Water Services Regulatory Board, the Elgeyo Marakwet County Government, and other water sector institutions and stakeholders.

VISION

To be the Leading water service provider; in the provision of adequate quality water and sanitation services.

MISSION

To ensure provision of quality affordable water and sanitation services through effective management of resources in order to promote the socio economic growth in the region

CORE VALUES

The core values of CHEMAWASCO are:

- Integrity** : We uphold the highest ethical standards, demonstrating honesty and fairness in all our operations. We are committed to efficient use of resources and being accountable for our actions.
- Team Work** : CHEMAWASCO staff will work as a committed team in realizing the Company goals.
- Professionalism** : We will take a professional and objective approach in all operations. We will uphold competence, high standards, reliability and excellence in our work.

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Safety	:	We are committed to safe working environment and protection of the environment as we undertake our operations.
Innovation	:	CHEMAWASCO recognizes that innovation is key in improving service delivery. The Company is therefore committed to fostering creativity and innovation in the entire work force.
Customer focus	:	We recognize that our customers are the reason why we exist. We endeavour to provide high quality services which meet customer needs and honour commitments that we have made to them.

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
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Directors

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

- | | |
|--|---|
| 1. REUBEN KEMBOI TEKEROI- Chairman | - Appointed on 6 th October 2021 |
| 2. EMMY JEROTICH KOSGEI- Chief Executive | - Appointed on 6 th October 2021 |
| 3. JANNIFFER WAYUA SANGUT | -Appointed on 6 th October 2021 |
| 4. VINCENT CHANGWONY CHERUIYOT | - Appointed on 6 th October 2021 |
| | |
| 5. CHANG'KWONY M NIXON | - Appointed on 6 th October 2021 |
| 6. JOSPHAT KIBIWOTT TANUI | - Appointed on 6 th October 2021 |
| 7. BERNADETT JEPKOECH YANO | - Appointed on 6 th October 2021 |
| 8. JAMES CHEBOI | - Appointed on 6 th October 2021 |
| 9. GEOFFREY KIPKEMBOY KIMAIYO | - Appointed on 6 th October 2021 |

Registered Office

Marakwet West Sub-county

Water Office.

Kapsowar Town

P.O. Box 107-30705

Kapsowar, KENYA.

Corporate Headquarters

Marakwet West Sub-county

Water Office.

Kapsowar Town

P.O. Box 107-30705

Kapsowar, KENYA.

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

Corporate Contacts

Telephone: (254) 786420820 / 0797608478

E-mail: chemawasco2017@gmail.com

Corporate Bankers

Kenya Commercial Bank

P.O Box 456-30705

Kapsowar Branch

Independent Auditors

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

II. The Board of Directors

Ref	Directors	Details
1	 VINCENT CHANGWONY CHERUIYOT	DATE OF BIRTH – 00/00/1972 Chairman of audit/finance committee Academic qualification-KCSE Worked as; - Board Member of Kipleketet Primary School - Farmer
2	 REUBEN KEMBOI TEKEROI	DATE OF BIRTH – 00/00/1965 -Board chairman Academic qualification –KCSE Worked as; - Current Chairman Board of Directors Cherang'any Marakwet Water & sanitation company ltd - Kenya Police Officer - Elected councillor - Farmer
3	 EMMY JEROTICH KOSGEI	DATE OF BIRTH – 19/09/1979 A member of the audit/finance/ technical/general committee Academic qualification –DEGREE Worked as; - A clerical officer Ministry of Interior and coordination of county government of Elgeyo-Marakwet. - Ward Administrator; Kapsowar ward, Elgeyo Marakwet County. - Current acting Managing Director Cherang'any Marakwet Water & sanitation company ltd.
5	 JANNIFFER WAYUA SANGUT	DATE OF BIRTH – 01/07/1965 A member of the audit/finance committee Academic qualification –KJSE Worked as; - Business lady
6	 CHANG'KWONY M NIXON	DATE OF BIRTH – 00/00/1980 A member of the audit/finance committee Academic qualification –MASTERS Worked; - In the department of finance Baringo County - Current Chief Officer Finance and Economic planning Elgeyo Marakwet county. -

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
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7		JOSPCHAT KIBIWOTT TANUI	DATE OF BIRTH – 00/00/1970 - Member of technical/general purpose committee Academic qualification –DEGREE Worked; - As chief officer department of water, lands, environment and climate change in Elgeyo-Marakwet county - In the office of the governor, trade, sports and IC Elgeyo Marakwet county - As surveyor in the National Government.
8		BERNADETT JEPKOECH YANO	Date Of Birth; 11/4/1959 -A member of the audit/finance committee Academic qualification –CERTIFICATE Worked ; - As P1 teacher - As business lady.
9		JAMES CHEBOI	Date Of Birth 00/00/1970 Chairman of audit finance committee Academic qualification -DIPLOMA Worked ; - As a member of technical and audit committee Cherang'any Marakwet Water & sanitation company ltd
10		GEOFFREY KIPKEMBOY KIMAIYO	DATE OF BIRTH-07/01/1980 - Member of technical/general purpose committee Academic qualification –MASTERS Currently chief officer roads, transport and public works Elgeyo Marakwet county

III. Management Team

Ref	Management	Details
	EMMY J. KOSGEI Ag. Managing Director 	- Academic qualification – Holds a Bachelor of Education (Science) Degree Worked as; - A clerical officer Ministry of Interior and coordination of county government of Elgeyo-Marakwet. - Ward Administrator; Kapsowar ward, Elgeyo Marakwet County. - Current acting Managing Director Cherang'any Marakwet Water & sanitation company ltd
2	CPA David Kimutai Ag. Commercial Manager 	- Holds a Bachelor of Commerce Degree (Finance) and He is a certified public Accountant of Kenya and a member of Institute of certified public accounts of Kenya (ICPAK). - Assists the management in putting up structures for both accounting and financial reporting for the company.
3	Alfred NatoWalioli Ag. Technical Manager 	-Holds Certificate in Water Engineering. -He worked for the ministry of water in different capacities in keiyo south and Marakwet west sub counties -Currently working as technical manager Cherang'any Marakwet Water and sanitation company

IV. Chairman's Statement

A hopeful and successful journey has been started in Cherang'any Marakwet Water and sanitation Company limited, walking towards providing access to water and sanitation services as a basic need towards achieving the vision 2030 objectives and the resultant outcome and impact of the service, gives us a relentless effort to move on.

Having walked a journey from community water supplies started way basic in the late 80's into a company and the inclusivity of the minority Sengwer Community in the top management, gives meaning to article 10 and 232 of the constitution of Kenya 2010. The inclusivity and participatory engagements in the governance of the water and its structures by having Board of Directors who were among the initiators of the community water projects, that formed the company, has helped in reducing conflicts and challenges arising from resistance to change. The company is determined and committed to providing services whose ultimate result will enhance speedy growth of the company to achieving international accepted standards in water service provision and eventual certification of the Company.

Despite the company's young existence, and current provision of water services only, the feedback from the clients and request by the community water projects around the jurisdictional territory to be enjoined into the company is a clear indication of customer satisfaction. This will make easy the allocation of funds through the county Equitable Development Act (EDA 2015) for start of the next phase of providing sanitation services.

Sincere thanks goes to our valued customers for their belief in us, the County Government of Elgeyo Marakwet support in human resource and infrastructure, the North Rift valley Water Works Development Agency (NRVWDA) for the immense support in the registration of the company, the technical support in making decisions for the mega projects falling under the category of donor funded projects, the energy they are putting through proposals to see the designed projects are funded and the Company staff for their tireless efforts in service delivery.

Wish you all God's grace and abundant blessings.



Mr. Reuben Tekeroi.

Chairman Cherang'any Marakwet Water and Sanitation Company Limited

V. Report of the Managing Director

The statement “a journey of a thousand miles starts with a single step serves true for Cherangany Marakwet Water and Sanitation Company Limited.

The Company having been formed from two existing community water supplies of Kapcherop and Kapsowar ,has shown tremendous improvement at the base of an expected new company.

The perennial water shortages in the towns of Kapsowar which was occasioned by regular breakages along the gravity mains causing the business community especially in the abairtoirs going to the streets claiming for their rights, soon became a thing of the past. Despite the increasing demand of water due to vast growing towns and population, the rationing program has enabled all the zones be served at specific scheduled times. The constitution of Kenya 2010 as enshrined in schedule four and subsequent enactment of the Water Act 2016, giving the devolved governments to establish water service providers in their counties was a probable solution to avoiding mismanagement of water resources when such projects were managed by everybody and in a manner with no clear cut rules and seeing to it that there is value for money and sustainability of the projects. The further establishment of the Water Works Agencies and having regional offices brought closer to the people ,for our case is a great boost to the growth of the company.

Connectivity is expected to rise vastly when a designed 5000metres cubic Kimanich Kapsowar project that cuts across the Marakwet East and West sub counties, costed at approximately kshs. 1.3bn, readily in the NRVWWDA 5 year strategic plan is funded.

The successful completion of the proposed mega projects will be a game changer in the territorial and Tran's boundary zones in achievement of the objectives of Vision 2030 and the African Agenda 2063.

Wishing you all God's amazing and abundant blessings.


Emmy Kosgei [Mrs.]
Ag. Managing Director ,
Chemawasco ltd.

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

VI. Statement Of Performance Against Predetermined Objectives for FY 2021/2022

The company is still new and the management could not provide the statement of performance against the predetermined objectives for the period under review.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	-	-	-	-
Pillar/ theme/ issue 1:	-	-	-	-

VII. Corporate Governance Statement

This is yet to be formulated

VIII. Management Discussion and Analysis

IX. Environmental And Sustainability Reporting

i) Sustainability strategy and profile -

The top management of Cherang'any Marakwet Water and Sanitation will come up with sustainability strategy taking into consideration the sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities in reference to international best practices and key achievements and failure.

ii) Environmental performance

The environmental policy guiding the organisation will be developed, this will assessed from time to time so as to outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products and services.

iii) Employee welfare

The company when fully operational in the next few years, intends to come up with the policies guiding the hiring process and will take into account the gender ratio, stakeholder engagements and ensure that these policies are improved. It will also come up with systems and strategies in improving skills and managing careers, appraisal and reward systems. The organisation will also have its policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

iv) Market place practices-

The organisation will ensure the following practices are adhered to:

a) Responsible competition practice.

The company will ensure that there are responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitor.

b) Responsible Supply chain and supplier relations

Cherang'any Marakwet Water will maintain good business practices; treat its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d) Product stewardship

The company will put in efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

The company will engage with the community on corporate social responsibility activities in the next coming year so as to bring an impact on the society that it operates in such as charitable giving social investments and other forms of community engagements.

X. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the company's affairs.

i) Principal activities

The principal activities of the Company are water supply and sanitation services

ii) Results

The results of the company for the year ended June 30, 2022 are set out on page 1.

iii) Dividends

The company has not declared dividends for the year ended 30th June 2022 due to its inception process

iv) Directors

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

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
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v) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
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Approval of the financial statements

The company financial statements were approved by the Board on 6th march 2023 and signed on its behalf by:



Name: Reuben Tekeroi

Chairperson of the Board



Name: Emmy J. Kosgei

Ag. Managing Director

XI. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 water act 2016 require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015)

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2022, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The company financial statements were approved by the Board on 6th march 2023 and signed on its behalf by:



REUBEN TEKEROI

Chairperson of the Board

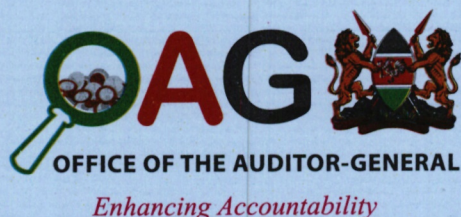


EMMY J KOSGEI

Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CHERANG'ANY MARAKWET WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Cherang'any Marakwet Water and Sanitation Company Limited set out on pages 1 to 64, which comprise the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and

Report of the Auditor-General on Cherang'any Marakwet Water and Sanitation Company Limited for the year ended 30 June, 2022

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 Cherang'any Marakwet Water and Sanitation Company Limited as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position reflects nil balance for property, plant and equipment. However, review of documents and records revealed that Cherang'any Marakwet Water and Sanitation Company Limited (CHEMAWASCO) was formed by the merging of two community water supplies, the Kapcherop and Kapsowar Water Schemes. The assets and liabilities of the two community water supplies were vested in the Company upon its formation and incorporation.

After incorporation of the Company, the County government of Elgeyo Marakwet and the North Rift Valley Water Works Development Agency (NRVWWD) transferred assets including land, buildings, furniture, motor vehicles, motor bikes, water pumps, tanks and office equipment to the Company. Though an inventory of the assets transferred and vested in the Company was provided for audit, their respective values were not indicated and these assets were not formally handed over to the Company. In addition, the Company did not have title deeds, logbooks and other ownership documents for parcels of land, motor vehicles and other property it took over when it was formed and incorporated.

In the circumstances, the ownership, accuracy and completeness of the nil balance for property, plant and equipment could not be confirmed.

2. Unsupported Operating Revenue

The statement of profit or loss and other comprehensive income and as disclosed in Note 4 to the financial statements reflects operating revenue amount of Kshs.1,030 which comprises of revenue from Kapsowar scheme and Cherengany Scheme. However, the company did not have records to show the volume of water produced and the volume of water sold which could be used to determine the unaccounted for water and the non-revenue water.

In the circumstances, the accuracy and completeness of Kshs.1,030 for operating revenue could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Cherang'any Marakwet 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.

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 Law on Ethnic Composition

During the year under review the Board of Directors who served the Company comprised of nine (9) Board members, all of whom were from the same ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Lack of Approved Budget

The Company Management did not have an approved budget for the year under review, contrary to the requirements of Section 149(2) of the Public Finance Management Act, 2012 that requires an accounting officer to prepare estimates of expenditure of the entity in conformity with the strategic plan.

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and an Audit Committee of the Board

The Company has not established an internal audit function and an Audit Committee of the Board. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the Company did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

2. Failure by the Board of Directors to Conduct Self-Assessment

The Board of Directors did not conduct a self-evaluation of its performance and a report on the self-evaluation was not submitted to the Ministry of Water, Sanitation and Irrigation and the State Corporations Advisory Committee in accordance with Head of the Public Service Circular No.OP/CAB.9/1A dated 11 March, 2020.

In the circumstances, the existence of effective governance 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 Kenya Companies Act, 2015, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,

- iii. The Company's financial statements are in agreement with the accounting 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 (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing 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 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 Company's 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- 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

10 May, 2023

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
Annual Report and Financial Statements for the year ended June 30, 2022

XIII. Statement of Profit or Loss & Other Comprehensive Income for The Year Ended 30 June 2022.

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue			
Operating Revenue	4	1,030	-
Grants Income	5	-	-
Other Income	6	-	-
Finance income	7	-	-
Other gains/(losses)	8	-	-
Total Revenue		1,030	-
Expenses			
Staff Costs	9	-	-
General and Operations expenses	10	1282	-
Board Expenses	11	-	-
Maintenance Expenses	12	-	-
Depreciation and Amortization expenses	13	-	-
Finance Costs	14	-	-
Total Expenses		1282	-
Profit/(Loss) Before Taxation		(252)	-
Income Tax Expense/(Credit)	15	-	-
Profit/(Loss) After Taxation		(252)	-
Earnings Per Share – Basic And Diluted	16	-	-
Dividend per share	17	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		-	-
Surplus Or Deficit On Revaluation Of PPE		-	-
Remeasurement Of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI		-	-
Total Comprehensive Income For The Year		(252)	-

XIV. Statement Of Financial Position As at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	18	-	
Intangible assets	19	-	
Investment property	20	-	
Right- of -use assets	21	-	
Biological Assets	22	-	
Fixed interest investments	23	-	
Quoted investments	24	-	
Unquoted investments	25	-	
Total Non-Current Assets		-	
Current Assets			
Inventories	26	-	
Trade and receivable	27	100,000	
Tax recoverable	28	-	
Short-term deposits	29	-	
Bank and cash balances	30	41,750	
Total Non-Current Assets		141,750	
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	31	100,000	
Revaluation reserve	32	-	
Fair value adjustment reserve	33	-	
Retained earnings	34	(252)	
Capital and Reserves		99,748	
Non-Current Liabilities			
Deferred tax liability	35	-	
Borrowings	36	-	
Lease Liability	37	-	
Provisions	38	-	
Retirement Benefits	39	-	
Total Non-Current Liabilities		0	

CHERANG'ANY MARAKWET WATER & SANITATION COMPANY LIMITED
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Current Liabilities			
Trade and other payables	40	-	
Customer Deposits	41	42,002	
Deferred Income	42	-	
Dividends payable	43	-	
Taxation	44	-	
Total Current Liabilities		42,002	
TOTAL EQUITY AND LIABILITIES		141,750	

The financial statements were approved by the Board on 6th March 2023 and signed on its behalf by:

.....


EMMY J. KOSGEI
Managing Director

.....


DAVID KIMUTAI
Head of Finance
ICPAK M/No:28860

.....


REUBEN TEKEROI
Chairman of the Board

XV. Statement Of Changes In Equity For The Year Ended 30 June 2022

	Notes	Ordinary share capital	Revaluation n reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Developme nt Fund	Total
As at July 1, 2020		-	-	-	-	-	-	-
New capital issued		-						-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2021		-	-	-	-	-	-	-
As at July 1, 2021		-	-	-	-	-	-	-

	Notes	Ordinary share capital	Revaluatio n reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Developme nt Fund	Total
share capital		100,000	-	-	-	-	-	100,000
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	(252)	-	-	(252)
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2022		100,000	-	-	(252)	-	-	99,748

XVI. Statement of Cash Flows for The Year Ended 30 June 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue	4	1,030	
Non-Operating Revenue		-	
Other Income		-	
Finance Income		-	
Grants		-	
Customer Deposits		42,002	
Total Receipts		43,032	
Payments			
Staff Costs		-	
Board Expenses		-	
General And Operation Expenses		1282	
Maintenance		-	
Finance Costs		-	
Refund Of Customer Deposits		-	
Total Payments		-	
Net Cash From/(Used In) Operating Activities		41,750	
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		-	
Proceeds From Disposal Of PPE		-	
Purchase Of Intangible Assets		-	
Purchase Of Investment Property		-	
Purchase Of Quoted Investments		-	
Proceeds From Disposal Of Quoted Investments		-	
Net Cash From/(Used In) Investing Activities		-	
Cash Flows from Financing Activities			
Proceeds From Issues Of New Share Capital		-	
Proceeds From Borrowings	35	-	
Repayment Of Borrowings	35	-	
Dividends Paid	41	-	
Net Cash From/(Used In) Financing Activities		-	
Increase/(Decrease) In Cash And Cash Equivalents	32	41,750	

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash And Cash Equivalents At Beginning Of Year		-	
Effects Of Foreign Exchanges Rate Fluctuations		-	
Cash And Cash Equivalents At End Of The Year		41,750	

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XVII. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 20xx

	Original budget	Adjustme nts	Final budget	Actual on comparab le basis	Performa nce difference	% of utilization
	2021-2022	2021-2022	2021-2022	2021-2022		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Xxx%
Operating Revenue	-	-	-	-	-	-
Non-Operating Revenue	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Expenses						
Staff Costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
General and operations Expenses	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Recurrent Expenditure	-	-	-	-	-	-
Profit or Loss	-	-	-	-	-	-
Capital Expenditure		-	-	-	-	-
Total Expenditure	-	-	-	-	-	-

XVIII. Notes To the Financial Statements

Summary of Significant Accounting Policies

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

Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the company's accounting policies.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes	The amendments are effective for annual periods beginning on or after January 1,

Title	Description	Effective Date
cent' Test for Derecognition of Financial Liabilities	when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

Title	Description	Effective Date
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continues)

2. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land	-	-
Leasehold Land	-	-
Buildings and civil works	-	-
Infrastructure works	-	-
Plant and machinery	-	-
Motor vehicles, including motor cycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

g) Investment property

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

h) Right of Use Asset

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

i) Fixed interest investments (bonds)

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

j) Quoted investments

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

k) Unquoted investments

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

l) Inventories

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

m) Trade and other receivables

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

n) Taxation

i) Current income tax

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

the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

o) Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the

effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

q) Cash and cash equivalents

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

r) Borrowings

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

s) Trade and other payables

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

t) Retirement benefit obligations

. The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Ksh. 200 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

w) Budget information

The company was at its inception stages and the board of directors was not fully constituted

x) Service concession arrangements

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

y) Comparative figures

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

z) Subsequent events

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

3. Significant Judgments and Sources of Estimation Uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Operating Revenue

	2021-2022	2020-2021-1
	Kshs	Kshs
Water sales	1,030	
Sewerage Services	-	
Billing for other services*	-	
Total	1,030	

7. Grants Income

	2021-2022	2020-2021-1
	Kshs	Kshs
Operational grants from Government entities	-	
Recurrent/operational grants from other agencies	-	
Capital grants amortized	-	
Donations from County Governments	-	
In Kind contribution/donations from other agencies	-	
Total	-	

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2021-2022 KShs
Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Other Income

	2021-2022	2020-2021
	Kshs	Kshs
Sale of Tender	-	-
Fine and penalties	-	-
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (specify)	-	-
Total	-	-

9. Finance Income

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

10. Other Gains and Losses

	2021-2022	2020-2021
Description	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Staff Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Gross Salary and Allowances	-	
Casual workers Wages	-	
Medical insurance schemes	-	
Employer's contributions to social security schemes	-	
Employer's contributions to pension scheme	-	
Provisions for Leave pay	-	
Gratuity provisions	-	
Fringe Benefit tax	-	
Staff welfare	-	
Other allowances	-	
Total	-	
The average number of employees during the year	-	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. General and Operations Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chemicals	-	
Electricity	-	
Fuel, oil, lubricants, and gases	-	
Bulk water Costs	-	
Office supplies	-	
Uniform and protective clothing	-	
Telecommunication	-	
Postage and courier	-	
Water and sewerage	-	
Insurance	-	
Rent and Rates	-	
Hire of Equipment and vehicles	-	
Claims and compensation	-	
Domestic Traveling and subsistence	-	
Foreign travel and accommodation	-	
Staff training and development	-	
Bank Charges	1,282	
Security services	-	
Agency commissions	-	
Publicity and advertising	-	
Audit fees	-	
Legal fees	-	
Consultancy fees	-	
Licensing and levies	-	
Sports and recreation	-	
Stakeholders' expenses	-	
Donations/CSR	-	
Hospitality expenses	-	
Research and Development	-	
Conservation expenses	-	
Provision for doubtful debts	-	
Others (Specify)	-	
Total	1,282	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13.Board Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Chairman Honoraria	-	
Sitting allowances	-	
Medical Insurance	-	
Induction and Training	-	
Travel and accommodation	-	
Other allowances	-	
Total Board Expenses	-	

14.Maintenance Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Plant and Equipment	-	
Buildings	-	
Infrastructural networks	-	
Grounds	-	
Motor vehicles	-	
Software	-	
ICT	-	
Furniture	-	
Water Meter	-	
Access roads	-	
Total Maintenance Expenses	-	

15.Depreciation and Amortization Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant, and equipment	-	
Right of Use Assets	-	
Intangible assets	-	
Investment property carried at cost	-	
Total Depreciation and Amortization	-	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Finance costs

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
Total	-	-

17. Income Tax Expense/(Credit)

Current taxation

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

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

	2021-2022	2020-2021
	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year over-provision	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Earnings Per Share

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

19. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20(a). Property, Plant and Equipment

2021-2022	Freehold land	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Motor vehicles, including motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
Cost Or Valuation									
At July 1, 2020	-	-	-	-	-	-	-	-	-
Additions		-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(-)	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At June 30, 2021	-	-	-	-	-	-	-	-	-
Depreciation									
At July 1, 2021	-	-	-	-	-	-	-	-	-
Charge For The Year	-	-	-	-	-	-	-	-	-
Impairment Loss	-	-	-	-	-	-	-	-	-
Eliminated On Disposal	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
At June 30, 2022	-	-	-	-	-	-	-	-	-
Net Book Value At June 30, 2022	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment (Continued)

	Freehold land	Buildings & civil works	Water & Sewer Infrastruct- ure	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment , furniture & fittings	Capital work in progress	Total
2022									
COST OR VALUATION									
As at 1 July 2020	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
As at 30 th June 2021	-	-	-	-	-	-	-	-	-
DEPRECIATION									
At July 1, 2021	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-	-
Eliminated on disposal	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
As at 30 th June 2022	-	-	-	-	-	-	-	-	-
NET BOOK VALUE									
At June 30, 2022	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings, plant and machinery and other equipment's were not valued by the time of the preparation of this report.

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	-	-	-
Office equipment, furniture, and fittings	-	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Intangible Assets

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

22. Investment Property

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Right-of-use assets

	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2020	-	-	-	-
Additions	-	-	-	-
As at 30 June 2021	-	-	-	-
Additions	-	-	-	-
As at 30 June 2022	=	=	=	=
Accumulated Depreciation				
As at 1 July 2020	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2021	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2022	=	=	=	=
Carrying Amount				
As at 30 June 2021	=	=	=	=
As at 30 June 2022	=	=	=	=

24. Biological Assets

	2021-2022	2020-2021
	Kshs	Kshs
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Fixed Interest Investments (Bonds)

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

Details	2021-2022	2020-2021
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Balance at 30 June	-	-

26. Quoted Investments

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

27. Unquoted Investments

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

28. Inventories

	2021-2022	2020-2021
	Kshs	Kshs
General stores	-	-
Chemicals & Laboratory items	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	-	-
Finished goods	-	-
Work in progress	-	-
Less: Impairment of stocks	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 a) Reconciliation of Impairment Allowance for Inventories

Description	2021-2022 KShs	2020-2021 KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	-	-

29.) Trade and Other Receivables

	2021-2022 KShs	2020-2021 KShs
Trade receivables (note (29a))	-	1
Deposits and prepayments	-	-
VAT recoverable	-	-
Staff receivables (note 29 (c))	-	-
Other receivables	100,000	-
Gross trade and other receivables	100,000	-
Provision for bad and doubtful receivable	(-)	(-)
Net trade and other receivables	100,000	-

29 (a) Trade Receivables

	2021-2022 Kshs	2020-2021 Kshs
Gross trade receivables	-	-
Provision for doubtful receivables	(-)	(-)
Net trade receivables	-	-
at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	-	-
Between 30 and 60 days	-	-
Between 61 and 90 days	-	-
Between 91 and 120 days	-	-
Over 120 days	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	-	-

29 (c) Staff Receivables

	2021-2022	2020-2021
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	(-)	(-)
Net staff loans	-	-
Less: Amounts due within one year	(-)	(-)
Amounts due after one year	-	-

29 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	-	-

30. Tax Recoverable

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
31. Short Term Deposits

	2021-2022	2020-2021
	Kshs	Kshs
Commercial banks		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (specify)	-	-

32. Bank and Cash Balances

	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank	41,750	
Cash in hand	-	
Mobile money account	-	
	41,750	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Commercial banks	KCB 1296867277	1,030	-
Others		-	-
Sub- total		1,030	-
b) On – call deposits			
Commercial banks	EQUITY 1570280576834	40,720	-
others		-	-
Sub- total		41,750	-
c) Fixed deposits account			
Other Commercial banks		-	-
others		-	-
Sub- total		-	-
Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
cash in hand		-	-
Mobile money account		-	-
Sub- total		-	-
Grand total		41,750	-

33. Ordinary Share Capital

	2021-2022	2020-2021
	Kshs	Kshs
Authorized:		
5,000 ordinary shares of Kshs 20par value each but not paid	100,000	-
Issued and fully paid:		
ordinary shares of Kshs par value each	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. Revaluation Reserve

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

35. Fair Value Adjustment Reserve

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

36. Retained Earnings

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. Deferred Tax Liability

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

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

The movement on the deferred tax account is as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	(-)	(-)
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

38. Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	(-)	(-)
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	(-)	(-)
Balance at end of the year	-	-
C) Total Balance at end of the period c = a+b	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2021-2022	2020-2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

Description	2021-2022	2020-2021
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. Lease Liability

Description	2021-2022	2020-2021
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
At end of the year	-	-

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

40. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions details

Description	2021-2022	2020-2019
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
Total	-	-

41. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity does not operate any retirement benefit scheme for now.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Comprehensive Income

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	(-)	(-)
Funded Status(=a-b)	-	-
Restrictions on asset recognized	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

42. Trade and Other Payables

	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	-	-
Accrued expenses	-	-
Revenue received in advance	-	-
Retention/ contract monies	-	-
Employee payables	-	-
Other payables	-	-
Total	-	-

43. Customer Deposits

	2021-2022	2020-2021
	Kshs	Kshs
Opening Balance	-	-
Add: deposits received during the year	42,002	-
Less: Refunded deposits during the year	-	-
Closing balance	42,002	-
Total	42,002	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. Deferred Income

Description	2021-2022	2020-2021
	KShs	KShs
National/County government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

The deferred income movement is as follows:

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

45. Dividends Payable

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

	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	(-)	(-)
Balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. Taxation

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

47. Notes to The Statement of Cash Flows

	2021-2022	2020-2021
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Profit or loss before tax	-	-
Depreciation	-	-
Amortisation	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	-	-
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	-	-
Increase/(decrease) in trade and other payables	-	-
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/(used in) operations	-	-
(b) Analysis of changes in loans		
Balance at beginning of the year	-	-
Receipts during the year	-	-
Repayments during the year	(-)	(-)
Repayments of previous year's accrued interest	(-)	(-)
Foreign exchange (gains)/losses	-	(-)
Accrued interest	-	-
Balance at end of the year	-	-

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	2021-2022	2020-2021
	Kshs	Kshs
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	41,750	-
Cash in hand	(-)	(-)
Balance at end of the year	41,750	-

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

48. Related Party Disclosures

County Government of Elgeyo Marakwet

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

Other related parties include:

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

Transactions with related parties

	2021-2022	2020-2021
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-
Interest income from T-bills and Bonds	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-

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	2021-2022	2020-2021
	Kshs	Kshs
Training and conference fees paid to govt. agencies	-	-
Bank charges paid to Govt Commercial banks	-	-
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt Agencies	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	--
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

49. Capital Commitments

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

50. Contingent Assets and Liabilities

Contingent Assets

	2021-2022	2020-2021
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

	2021-2022	2020-2021
	Kshs	Kshs
Contingent liabilities	-	-
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
Total	-	-

51. Financial Risk Management

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2022				
Trade Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	41,750	41,750	-	-
Total	41,750	41,750	-	-
At 30 June 2021 (previous Year)				
Receivables	-	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Credit Risk (Continued)

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

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

ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2022 current year				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021 previous year				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (Continued)

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022 Current Year			
Financial assets			
Investments	-	-	-
Cash	41,750	-	41,750
Debtors	-	-	-
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Foreign currency sensitivity analysis

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

		Change in currency rate	Effect on Profit before tax	Effect on Equity
		Kshs	Kshs	Kshs
2022 Current FY				
Euro		10%	-	-
USD		10%	-	-
2021 Previous FY				
Euro		10%	-	-
USD		10%	-	-

c) Interest rate risk

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

i) Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) Sensitivity analysis

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

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

At 30 June 2022 Current FY	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
At 30 June 2021 Previous FY				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-

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

Financial instruments not measured at fair value

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	(252)	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(41,750)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	(42,002)	-

52. Incorporation

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

53. Events After the Reporting Period

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

54. Currency

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

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XIX. Appendices

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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

Name: EMMY J. KOSGEI



Managing Director

Date: 20/3/2023

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Appendix II: Projects Implemented By The Company
Projects

Projects implemented by the Company Funded by development partners.

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

Status of Projects completion

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

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Appendix III- Inter-Entity Confirmation Letter

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30 th June 2022				Amount Received by <i>[beneficiary entity]</i> (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name Sign Date

Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address

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Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

Appendix V: Disaster Expenditure Reporting Template

Date:						
Entity:						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

(Attach forms from each transferring Government entity.)

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Comprehensive income	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-