

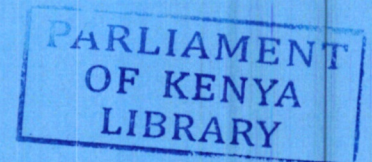
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



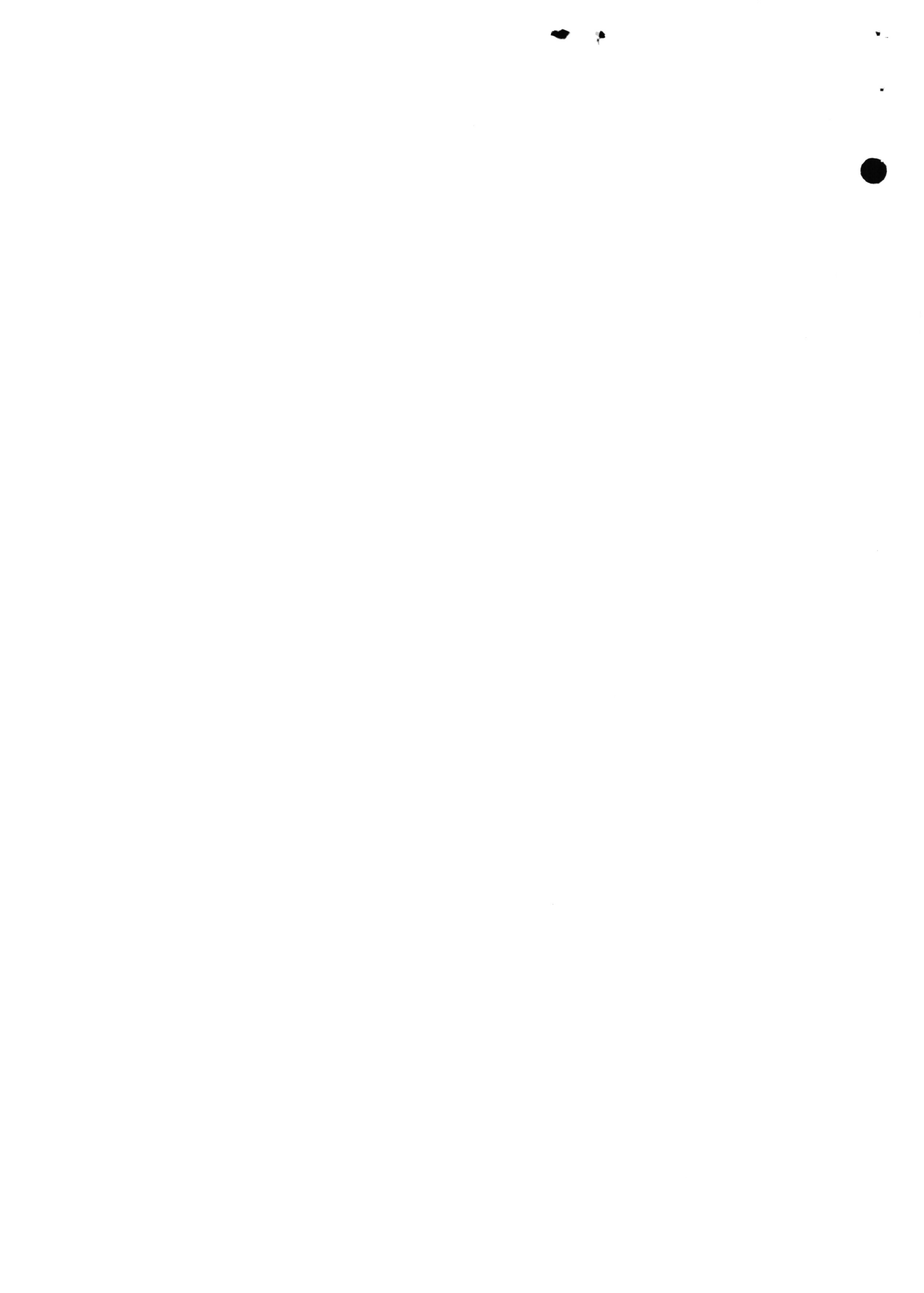
OF

THE AUDITOR-GENERAL

ON

**OLKEJUADO WATER
AND SEWERAGE COMPANY**

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



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
KILIMACHAKOS HUB.

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OLKEJUADO WATER & SEWRAGE CO. LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

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

Olkejuado Water & Sewerage Co. Ltd
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Olkejuado Water & Sewerage Co. Ltd
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I. Key Entity Information

Background information

Olkejuado Water & sewerage company Ltd was established by the Act of Parliament of 2002 on 27th June 2006 at board company level. **Owasco** is represented by the Managing Director for who is responsible for the general policy and strategic direction of the company.

Principal Activities

The principal activity of the company is provision of water services. The company is fully operational as envisaged in our **VISION** “To be the leading water services provider of adequate, potable and affordable water and sewerage services in the country” and **MISSION** “Commitment to provide adequate, water and sewerage services through efficient and effective development of appropriate infrastructure in an environmental friendly manner within OWASCO’S area of jurisdiction”.

The Company’s (OWASCO) **OBJECTIVES** are to carry on business of Water and Sewerage Services within the towns of Ilbissil, Isinya, Konza Kitengela and Kajiado Township and the environs and to manage the assets leased to the company by the County Government. The Company’s (OWASCO) exercises overall control over the water sources and supply of water in particular, conserving, redistributing and augmenting those water resources.

Directors

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

Name	Designation	
1. Michael Semera	County Representative	Appointed 1 st October, 2017
2. Dr. Leina Mpoke	County Representative	Appointed 1 st October,2017
3. Julius Paita	Managing Director	1 st September , 2020

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Key entity information (Continued)

Registered Office

Sub- County Water Office Block
Along Kajiado - Namanga Road
Next to Kajiado Police Station

Kajiado -Kenya

Corporate Headquarters

P.O. BOX.350-01100
Sub- County Water Office Block
Along Kajiado-Namanga Road
Next to Kajiado Police Station

Kajiado-Kenya

Corporate Contacts

Telephone: (254)21270
E-mail: info@owasco2010@gmail.com

Corporate Bankers

Co-operative Bank of Kenya
P.O. BOX.350-01100

Kajiado- Kenya

Independent Auditors

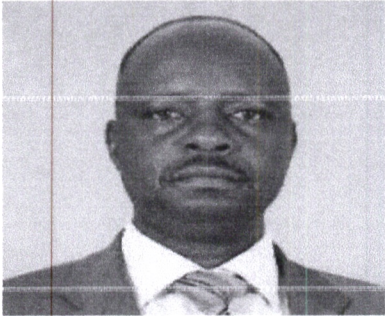
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100

Nairobi, Kenya


Principal Legal Advisers

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

II. The Board of Directors

Ref	Directors	Details
1.	<p>Director 1-Ex-Official</p>  <p>Michael Semera</p>	<p>Date of Birth:1969</p> <p>Qualifications Bachelor of Science- University of Nairobi</p> <p>Work Experience -2019-2021 to date -CECM-Finance and Economics Planning(accounting officer to the county) - Liaise with CIDB, COB and Treasury and Auditor -18 years as a senior Manager in Banking industry</p>

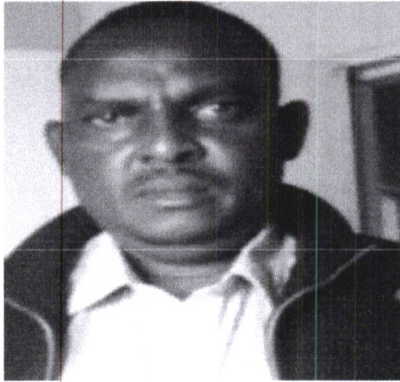
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2.	 <p>Dr. Leina Mpoke</p>	<p>Date of Birth:1967</p> <p>Qualifications Ph D-</p> <p>Work Experience -2022 to date -CECM-Water Environment & Natural Resource -2022-2022-CECM Gender -Worked with Child Based Organization -Worked with Internal and National NGOs - Board chair Kajiado Municipality</p>
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**Olkejuado Water & Sewerage Co. Ltd
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3.

Managing Director



Julius Paita

Date of Birth: 1970

Key Qualifications

- Diploma in Water Engineering
- Certificate in Water in Water Engineering


Work Experience:

- 1990 to 2006- National Water & Pipeline Corporation.
- 2006 to date Olkejuado Water & Sewerage

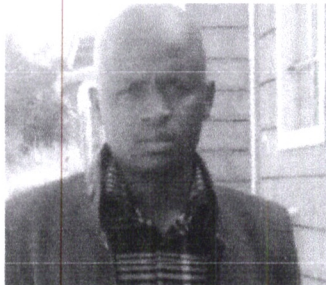
Co. Ltd

Olkejuado Water & Sewerage Co. Ltd
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III. Management Team

Ref	Management	Details
1.	<p>Managing Director</p>  <p>Julius Paita</p>	<p>Duties and responsibilities</p> <ul style="list-style-type: none"> - Heading the management team of the Company and be responsible for the day to day operations of the Company. - Keeping the board informed on Performance and implement board resolutions. - Providing leadership in the development and implementation of the Company's strategic plans to enhance profitability and shareholder value. - Ensuring effective mobilization and utilization of resources. - Cultivating and encouraging a productivity culture of results in the Company. - Establishing, directing and managing the Company's managerial, financial and operational systems, procedures and controls to ensure that they are professional, workable and sustainable. - Providing strategic direction on new investments, business opportunities and change initiatives. - Providing relationship management and networking with local and global business partners and stakeholders. - Promoting sound corporate governance and ethical standards. <p>corporate image</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> - Diploma in Water Engineering -Certificate in Water in Water Engineering

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<p>2.</p>	<p>Accountant</p>  <p>Abner Sindani Nyagwanga</p>	<ul style="list-style-type: none"> • prepares a weekly summary of payments to be made based on funds available • Reviews financial and accounting policies and procedures of the Company and advises the management accordingly • Ensuring compliance with finance and accounting standards and regulations • Participating in the preparation of budgets and implementation and controls as per approved levels. • Ensuring timely preparation and presentation of financial reports to the Management for presentations to the Board of Directors as per approved policy. • Attending to queries raised in the audit reports • Ensuring that policies of fixed assets are followed and reconciliation report prepared as and when required • Ensuring petty cash and imprest records are well maintained. • Ensuring that cash books are well maintained and bank re-conciliations for all the accounts are done on time. • Preparation of VAT and PAYEE returns and other statutory returns. • Ensuring that payments to staff and suppliers are processed within the stipulated time. • Preparation of timely monthly management reports and financial reports • Ensure timely submission of financial statements and Audit file to the Auditor General for audit. • Performance of any other duty assigned by the Managing Director <p>Key Qualifications</p> <ul style="list-style-type: none"> - B-COM – (Finance) - CPA (K)
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**Olkejuado Water & Sewerage Co. Ltd
Annual Report and Financial Statements for the year ended June 30, 2022**

<p>3.</p>	<p>Procurement Officer</p>  <p>Virginia Sabaya</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none"> - Preparing, publishing and distributing procurement and disposal opportunities including invitations to tender, pre-qualification documents and invitations for expression of interest. - To coordinating the receiving and opening of submitted tender documents. - Maintaining and safeguarding procurement and disposal documents and records in accordance with the public procurement and disposal regulations 2006. - Seeking approvals from the Tender committee of procurement committee as prescribed in the public procurement and disposal Act 2005. - Co-coordinating the evaluation of tenders, quotations and proposals. - Preparing and publishing notices for award and tender acceptance, preparing contract documents, preparing and issuing rejection and debriefing letters, preparing contract variations and modifications to documents as need may arise. - Implementing the decision of the procurement committee, the tender committee, the disposal committee, including coordinating all activities of these committees and act as a secretariat to the tender, procurement and disposal committees. - Preparing consolidated procurement or disposal plans and advising the aggregation of procurement to promoting economies of scale. <p>Coordinating internal monitoring and evaluating of supply chain function, carrying out periodic market surveys, conduct periodic and annual stock taking, certifying invoices and payment to suppliers.</p> <p>Key Qualifications</p> <ul style="list-style-type: none"> - B.CoM- (procurement & Logistics) - Diploma in Supplies Management - Certificate in Supplies.
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**Olkejuado Water & Sewerage Co. Ltd
Annual Report and Financial Statements for the year ended June 30, 2022**

4.

Human Resource Officer



Veronica Ntoso


Duties and Responsibilities

- Recruiting, training and developing staff
- Making sure that staff get paid correctly and on time
- Pensions and benefits administration
- Approving job descriptions and advertisements
- Looking after the health, safety and welfare of all employees
- Organizing staff training sessions and activities
- Monitoring staff performance and attendance
- Advising line managers and other employees on employment law and the employer's own employment policies and procedures
- Ensuring candidates have the right to work at the organization
- Negotiating salaries, contracts, working conditions or redundancy packages with staff and representatives.

Key Qualifications

- Diploma in Human Resource Management
- Bachelor in Procurement

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

5	<p>Technical Manager</p>  <p>Bernadette Muhambe</p>	<p>Duties and Responsibilities</p> <ul style="list-style-type: none">- Ensure improvement and maintenance of current sources of water- Routine maintenance of civil works, mechanical and electrical equipment- Ensuring regular and reliable water service delivery consistent with available water resources.- Investigate new water sources and liaison with WSB, to develop those sources to improve service delivery.- Developing and improving strategies for effective service delivery.- Undertaking regular maintenance of service delivery infrastructure to minimize water losses.- Capital management program- Water demand management.- Preparation of departmental work plan- Attainment of service and quality standards defined. <p>Key Qualifications</p> <ul style="list-style-type: none">- Certificate in Water Engineering
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IV. Chairman's Statement

On behalf of the County Government, I am encouraged by the integrity, responsiveness and sheer determination of the Directors, Management and employees which has been key in meeting water services needs within our area of jurisdiction despite the various challenges faced, it is therefore, with great pleasure that I present the Reports Financial Statement of the year ended 30th June 2022.

The company's mission is to provide water and waste water services that are economically viable, environmentally friendly, socially responsible and responsive to customer needs and expectations. This in its self is a major challenge but which I want to assure you that the company is capable of achieving.


We have faced challenges of water demand exceeding the available water supply, aged and dilapidated reticulation system, limitation of the pipeline coverage, water losses and increased costs which outstretch the available revenues. Some of these challenges have been addressed through internally generated resources and Government of Kenya through the Ministry of Water and Irrigation and its agencies, for example the Water Services Trust Fund.

The limited expansion of the OWASCO's pipe network and facilities to support the increasing demand has gone a long way to build on customer confidence and satisfaction. Over the years we have intensified implementation of system expansion, reinforcement and upgrade projects aimed at improving the reliability of water supply, reducing system losses and creating capacity for new customer connections and extension of service coverage.

It is clear that the future will be equally as challenging as the past in consideration of the rapid urbanization within our area of service. The County is therefore committed on the insistence on good governance to overcome the inevitable challenges. The Board shall continue to transform the OWASCO into a dynamic, pro-active, and consumer conscious organization so as to prevail over existing and emerging challenges and attain its vision "To be the industry leader and water service provider of choice".

Finally, I am humbled to sincerely express my gratitude and appreciation to all shareholders, our esteemed customers, my fellow Directors, the Management team, staff, Government of Kenya, investment partners, and our valued suppliers for their continued support which has contributed to achieving our mandate as a water service provider.

Thank you



Dr. Leina Mpoke
CECM- Water & Irrigation

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

V. Report of the Managing Director

I am pleased to present the Annual Report and Financial Statements of OWASCO for the year ended 30th June 2022. This is the 16th annual report and financial statements for the OWASCO and demonstrates how far we have come.

Financial Review

During the year the Company made a loss of Kshs 10,250,479 compared to a loss of Kshs 8,242,946 during the last year.

Service delivery

During the year, as envisaged in one of our core values of customer focus, OWASCO continued to maintain satisfactory levels in service delivery. The water produced was distributed to customers equitably through a rationing programme. The average supply hours remained at 12hrs/day and the amount of water provided was an average of 1230 M³/day. OWASCO has however faced many challenges that include infrastructure and facilities support due to low revenue collection and funding. These are being addressed through other mechanisms that include partnerships with County Government, National Government and other Development Partners.

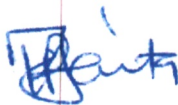
Business development

During the period under review, the company continued to solidify its partnership with Water Services Trust Fund by qualifying for funds to improve services in low income areas.

Appreciation

I would like to appreciate all our stakeholders, more so the County Government of Kajiado and Development partners for the solid commitment and support during the year 2021/2022. To our esteemed Customers, thank you for your loyalty and support. It is through the hard work and dedicated effort of the County Government and Management that we are now able to celebrate together our achievements for 2021/2022 financial year. Therefore to the management and staff at OWASCO, let us practice our core values of Customer focus, Professionalism, Teamwork, Integrity, Innovation and Creativity so as to make a difference in our country.

We hope for continued cooperation from all the stakeholders in the coming years.



Julius K Paita
Managing Director

VII. Statement of Performance against Predetermined Objectives for FY 2021/2022

Olkejuado Waater & Sewerage Co. Ltd has 6 strategic pillars/issues and objectives within the current Strategic Plan for the FY 2021- FY2022. These strategic pillars/issues are as follows:

Infrastructural Expansion and Optimization

One of the key objectives of the Water Act is to ensure easy accessibility to water services. To offer better services, there is need for the Company to widen the geographical coverage, rehabilitate the existing network, increase water supply and increase the number of connections. There is also need for the company to reactivate the inactive connections as well as metering all consumers. Further, the company requires measures to reduce the UFW.

2. Revenue Collection

A major challenge for OWASCO is how to increase the current collection to billings ratio. The company is undertaking debtor's valuation and arrangements have been made to facilitate debtor payments through part payment. OWASCO is required to establish an effective debtors' management system.

3. Quality of Customer Service

The success of OWASCO will depend on the level of customer satisfaction and confidence in the services provided.

4. Human Resource Management

For efficient and effective service delivery, OWASCO requires qualified and well-motivated employees.

5. Organization Structure Review and Culture Change

An organization structure depicts the reporting relationship within the organization. Arising from the requirements of the reforms in the water sector and the need to be more responsive to the customers, there is need for a new organization structure for the company. Analysis of the OWASCO activities identified the need to implement a structure that is responsive to the customers' needs and expectations. The focus of the new structure should be based on the core functions of the company. The proposed new structure and staffing levels is discussed in chapter five. The new structure necessitates the need for OWASCO to build additional capacity that will enhance efficiency and effectiveness in its operations.

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

OWASCO should design an intensive culture change programme to develop a culture that will contribute to effective and efficient performance.

6. Systems Change

Commercialization principles require OWASCO to be operationally and financially sustainable. To achieve this, the company requires development and implementation of supportive systems. Among the systems to be deployed include financial management system, billing query window, and efficient and effective connection/reconnection systems.

Objective 1: To supply reliable, sustainable quality and affordable water

Strategy	Proposed actions	Implementing actors	Expected output(s)	Output(s) indicator(s)
Rehabilitate the non-functioning infrastructure	Clean the clogged pipes	TM	Well maintained water network	Incidences of clogging
	Repair the broken pipes Repair water storage tanks	TM	Quality water	Percentage of UFW Increased storage capacity
	Install air valves at Konza and Kajiado	TM/MEWNR/CGK		No. of tests performed
	Perform regular water testing			
Expand coverage to the entire company area of jurisdiction	Complete the construction of the new Borehole (Bissil Olosoyian)	MD/MEWNR	Increased water supply	New borehole in place
	Extend water coverage to all areas especially Eldamat, Dalalakutu and Majengo	MD/CGK/MEWNR	Availability of reliable water supply in the affected areas	New connections in place No. of reactivated connections
	Carry out customer survey and mapping	MD	Metered connections	Mapping report
	Double the number of meters for the next three years	TM/CM/MD	Reduced misuse of water Reduced misuse of water	New customers connected Number of metered connections
	Remove all illegal connections	MD/TM/CM	Increased revenue Availability of reliable water supply data	Amount of UFW Number of new/reactivated connections No. of illegal connections Amount of UFW Number of bulk meters installed

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

Objective 2: To enhance revenue collection

Strategy	Proposed actions	Implementing act	Expected output(s)	Output(s) indicator(s)
Ensure accuracy of bills issued	Develop meter reading programme	TM/CM	Accurate and timely meter readings	Operational meter reading programme
	Train meter readers	HRM	Accurate and timely bills issued	Accuracy and timeliness of bills issued and received by the customers
	Ensure accurate data capture	CM	"	"
Increase revenue collection ratio	Avail more payment points for customers who are far from the current paying offices/points.	MD/CM	Timely payment of bills	Number of additional payment points in place
	Design and implement an efficient bills distribution system	MD/CM	Timely distribution of bills	No. of bills distributed on time Reduced cases of non-availability of bills
	Design a system of dealing with non-payment of bills	MD/CM	Reduced non-payment of bills	Increase in revenue collection Debtors days
Ensure payment for water supplied and sewerage services provided	Enter into a contractual agreement with the customers	MD/CGK	Increased revenues	Contractual agreement in place
Enhance payment of debtors	Carry out a review and valuation of debtors accounts	CM/MD	Accurate debtors figures Reduced customer complaints	Debtors valuation report
	Enter into payment agreements with current debtors	MD/CM	Payment of debts	Payment agreements in place Amounts of debts paid

VIII. Corporate Governance Statement

The CECM-Water, Irrigation, Environment & Natural Resources is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

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

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

- The Kenya Constitution 2010
- The Water Act 2016
- The Public Financial Management Act (2012)
- The Public Procurement and Disposal Act (2015)
- The Public Procurement and Disposal Regulations (2006)
- The OWASCO Service Charter
- Company approved policies and procedures.

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

The Board of Directors

During the financial year 2021/2022 the company had not yet appointed the Board of Directors

The company did not have the Board of Directors during the financial year 2021/2022

Composition of the Board

The company did not have the Board of Directors during the financial year 2021/2022

Board Meetings

The company did not have the Board of Directors during the financial year 2021/2022

Olkejuado Water & Sewerage Co. Ltd
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Corporate governance statement (Continued)

Board Committees

The company did not have the Board of Directors during the financial year 2021/2022

Report of the Directors

The company did not have the Board of Directors during the financial year 2021/2022

Olkejuado Water & Sewerage Co. Ltd
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IX. Management Discussion and Analysis

During the last three years i.e 2019, 2020 and 2021 the company has been making losses. Also revenue has been dropping due inadequate water supply.

The financial year ended 30th June 2022 was a very difficult year for Owasco due to various reasons

Water sources – the company has two water sources namely Bulk Water from Nol- Turesh Water & Sanitation Company serving Konza line and Kajiado Town & its environs and Borehole water serving Kajiado Town and its Environs, Kitengela, Ilbissil and Isinya schemes. During the financial year 2021/2022

1. The company did not receive any bulk water from Nol- Turesh. The production for Borehole water was low due to low yield /frequent power disconnection and Borehole breakdown. Also during the year the Company received little Bulk water from Nairobi City Water & sewerage Co. ltd at Kitengela water supply.
2. Out dated Extra Ordinary Tariff – The Company has been operating under ETA.

In view of the above reasons, achievement of our projected revenue growth has not been very successful leading to under achieving our targets.

Under achievement of revenue targets has equally led to low budget absorption due to unavailability of adequate resources to expend.

The company has been able to comply with statutory requirements which are set out in various Acts and guidelines.

The company operating under 2013 -2017 business plan and is on process of developing of another one for 2022-2025

This business plan would therefore;

1. Enable Owasco to creatively respond to the changing social and economic environment
2. Enable Owasco identify its core activity in light of the environmental factors and internal capacities.
3. Implement growth and sustainability strategy
4. Provide clear objectives and direction to members of staff

The company has also forwarded various proposals the County Government for development of new water sources and reticulation system. This will enable us to adequately serve our customers and grow our revenue base.

IX Environmental and Sustainability Reporting

i. Sustainability strategy and profile

Olkejuado Water and Sewerage Company recognize that we must be responsible towards its stakeholders, society and our environment in order to achieve a sustainable system in Kenya. As a Company we acknowledge our responsibility to the environment and to our local communities in which we operate. We aim to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including customers, employees, investors, communities and others. The Company actively encourages our staff to recognise those responsibilities and behave in a responsible manner toward the society in which we function. We regard the setting of good examples as an important practice in this regard. Below are some examples of how the Company and its staff have shown commitment to practice responsible corporate behaviour and to establish and support initiatives in the offices.

ii. Environment Performance

The Company seek to contribute to a cleaner environment and hence involved in community exercises which include clean up exercises especially in towns within its area jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations. The company also contributes to the society by giving donations especially during public national holidays.

iii. Employees Welfare

The success of the company is based on its people. The Company seek to recruit, retain, reward and develop the best talent in the company. It recognises the need to inculcate among our employees the culture of being sensitive to safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. It train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity. Further, it continually seeks to improve its employees through structured programs for personal and professional development.

Iv Health and Safety

The Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation or regulations and best practice guidelines recommended by national health and safety authorities. It also liaises with staff regarding policies and practices so that it can continue to maintain a healthy, safe and enjoyable work environment.

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

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 Olkejuado Water & Sewerage Co. Limited affairs.

i) Principal activities

The principal activities of Olkejuado Water and Sewerage Company are to provide safe and reliable water services to customers.

ii) Results

The results of Olkejuado Water and Sewerage Company entity for the year ended June 30, 2022 are set out on page 1-42

	2022 Kshs.	2021 Kshs
Profit/ (Loss) for the year	(10,250,479)	(8,242,946)

iii) Directors

The company did not have the Board of Directors during the financial year 2021/2022.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Olkejuado Water & Sewerage Co. Ltd in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or for the year/period ended June 30, 2022, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name..... *Dr. Leina Mpoke*
Signature..... *[Handwritten Signature]*
Date..... *14/04/2023*
Board Chairman

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

XI. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, -Water Act 2016 require the Directors to prepare financial statements in respect of that Olkejuado Water & Sewerage Co. Ltd, 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 OWASCO for that year/period. The Directors are also required to ensure that the OWASCO keeps proper accounting records which disclose with reasonable accuracy the financial position of the OWASCO. The Directors are also responsible for safeguarding the assets of the OWASCO.

The Directors are responsible for the preparation and presentation of the OWASCO' S financial statements, which give a true and fair view of the state of affairs of the OWASCO 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 OWASCO, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the OWASCO'S financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – Water Act 2016

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


Statement Of Directors' Responsibilities (Continued)


The Directors are of the opinion that the OWASCO's financial statements give a true and fair view of the state of OWASCO's transactions during the financial year ended June 30, 2022, and of the OWASCO's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the OWASCO which have been relied upon in the preparation of the OWASCO 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 OWASCO 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 OWASCO financial statements were approved by the Board on 14/4/23 and signed on its behalf by:

Signature 
Name Dr. Heina Mpske
Chairperson of the Board

Signature 
Name Julius PATA
Managing Director

REPUBLIC OF KENYA



Enhancing Accountability

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OLKEJUADO WATER AND SEWERAGE COMPANY 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 Olkejuado Water and Sewerage Company set out on pages 1 to 36, which comprise of the statement of financial position

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

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

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of cash flows reflect cash outflow for work in progress of Kshs.50,293,810 while Note 17 to the financial statements on property, plant and equipment reflect additions of capital work-in-progress of Kshs.50,687,946 resulting in unreconciled variance of Kshs.394,136.

Further, Note 6 to the financial statements on going concern reflects working capital balance of Kshs.54,018,045 while addition of components constituting working capital result in a balance Kshs.39,914,099. The variance of Kshs.14,103,946 has not been reconciled.

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

2. Unsupported Miscellaneous Income

The statement of profit or loss and other comprehensive income reflects other income balance Kshs.6,801,155 as disclosed in Note 9 to the financial statements. The balance includes miscellaneous incomes of Kshs.5,762,815 for tankering, connection and reconnection fees whose receipt vouchers were not provided for audit.

In the circumstances, the completeness and accuracy of other income balance of Kshs.6,801,155 could not be confirmed.

3. Unsupported Cash and Cash Equivalent Balance

The statement of financial position reflect cash and cash equivalents balance of Kshs.14,603,103 as disclosed in Note 19 to the financial statements. The balance is drawn from fifteen (15) bank accounts maintained by the Company. However, two (2)

current accounts with balances of Kshs.695,496 and Kshs.3,618,380 respectively were not supported with cashbooks and bank reconciliations.

In the circumstances, the completeness and accuracy of cash and cash equivalents balance of Kshs.14,603,103 could not be confirmed.

4. Trade and Receivables Balance

The statement of financial position reflects trade and other receivables balance of Kshs.35,885,066 as disclosed in Note 18 to the financial statements. The balance includes unsurrendered imprests of Kshs.1,036,044 which was not supported with imprest warrants. No explanation has been provided for failure to recover the imprests from the defaulters.

The trade and receivables balance also include an amount of Kshs.34,848,622 that is net of provision for doubtful receivables of Kshs.9,622,987. Review of aging analysis revealed that debts amounting to Kshs.38,491,946 have been outstanding for period exceeding one hundred and eighty (180) days casting doubt on their recoverability. Further, the provision for doubtful debts was not supported by the Company's doubtful debts provision Policy.

In the circumstances, the recoverability and fair statement of trade and other receivables balance of Kshs.35,885,066 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.38,900,000 and Kshs.27,105,962 respectively resulting to an under funding of Kshs.11,794,038 or 30% of the budget. Similarly, the statement reflects final expenditure budget and actual on a comparable basis of Kshs.37,741,400 and Kshs.37,356,440 respectively resulting to an under expenditure of Kshs.384,960 or 1% of the budget.

The underfunding and under expenditure affected the planned activities and programs and negatively impacted on service delivery to the residents of Kajiado.

Other Information

The Directors are responsible for the other information, which comprises the Report on Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

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

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. Presentation Errors in the Financial Statements

Review of the financial statement revealed the following omissions and errors: -

- i. Statement of Performance against Predetermined Objectives is numbered as VII instead of VI, Corporate Governance statement numbered as VIII instead of VII and Management Discussion and Analysis numbered as IX instead of VIII.
- ii. Management discussion and analysis does not contain financial performance and operational performance and diagrammatical presentation of performance during the year.
- iii. The statement of comparison of budget and actual amounts indicate the year as 20xx instead of 2022.
- iv. Appendix I, on Progress on Follow-Up of Auditor's Recommendation has not been signed by the Managing Director.

In the circumstances, the financial statements as presented do not conform to the template prescribed by the Public Sector Accounting Standards Board.

2. Lack of Water Service Regulatory Board License

Review of records provided revealed that the Company has been operating without a license from the Water Service Regulatory Board contrary to the requirements of Section 72(c) of the Water Act, 2016 which mandates the Board to set license conditions and accredit water service providers.

In the circumstances, the Company is in breach of the law.

3. Irregular Procurement of Goods

The statement of profit or loss and other comprehensive income reflects maintenance expenses of Kshs.3,778,773 as disclosed in Note 13 to the financial statements. The expenditure includes infrastructural network costs of Kshs.2,224,831. Review of the supporting documents revealed that payments totalling Kshs.1,657,087 for maintenance of water supply lines items were not supported with requisitions, quotations, LSO/LPO, goods inspection and acceptance reports and stores records.

In the circumstances, the validity of maintenance expenses could not be confirmed.

4. Non-Remittance of Statutory Deductions

The statement of financial position and as disclosed in Note 24 to the financial statements reflects trade and other payables balance of Kshs.89,903,111. The balance includes statutory deductions totaling Kshs.5,817,750 relating to unremitted deductions of National Health Insurance Fund (NHIF), National Social Security Fund (NSSF) and Kenya Revenue Authority (KRA). The Company risks incurring avoidable costs of interest and penalties due to non-remittance of statutory deductions.

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

5. Non-Compliance with the National Cohesion and Integration Act

A review of the staff records revealed that the Company had forty-one (41) employees, out of which twenty-two (22) or 54% were from the dominant community. The Management did not comply with Section 7(1) 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.

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

6. Construction of Mashuuru Water Supply Project.

The Company contracted a firm for the construction of Mashuuru Water Supply Project at a contract sum of Kshs.75,036,740. The scope of works included construction of water supply pipelines, pump house, cattle troughs, and tanks, for a period of eleven (11) months commencing 11 December, 2019 and the revised completion date was 29 July, 2022. Physical inspection conducted on 15 December, 2022 revealed that the contractor was not on site while the tank was leaking at the base and the troughs could not drain water out since the outlets were poorly positioned. Further, one solar panel was

unfitted at the pump station while two solar panels in Endeless area which were to be fitted with 104 panels had 103 panels supplied and fitted.

In addition, the solar system was to be fitted with batteries for storing solar energy but at the time of physical inspection, the batteries had not been supplied. The community was already drawing water from the tanks despite the project not commissioned and handed over to them.

In the circumstances, value for money on expenditure of Kshs.75,036,740 could not be confirmed.

7. Long Outstanding Trade Payables

The statement of financial position and Note 24 to the financial statements reflects trade and other payables balance of Kshs.89,903,111 (Kshs.87,883,750 for 2020 - 2021). A review of the records revealed that the debts have accrued since the year 2006 and the Management has not indicated the strategies for settling the debts.

In the circumstances, the Company is exposed to risk of litigation for failure to honor the long outstanding debts

8. Contract Overpayment

Review of the Company procurement records revealed that Management awarded extra works on Mashuuru Water Supply Project for Kshs.14,051,031 vide letter Ref: WSTF/5/EU-CPI/VOL.V/41A (140) dated 05 October, 2021. However, review of the addendum and Interim Payment Certificates 1 to 4 revealed that total amount paid to the contractor is Kshs.18,436,700 resulting to a difference of Kshs.4,385,669 which has not been explained.

In the circumstances, value for money on payment for extra works of Kshs.14,051,031 could not be confirmed.

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. Non-Revenue Water

The Company records indicate water production of 401,645 M³ during the year under review. Out of the production, only 213,422 M³ was billed to customers. The balance of 188,223 M³ or approximately 46.9 % of total production represents non-revenue water (NRW) valued at Kshs.37,644,600. The NRW for the Company is above the allowable loss limit of 25% by 21.9%.

In the circumstances, the Company's profitability and sustainability of services to the residents could be impacted negatively.

2. Lack of a Functional Board of Directors

Review of the Company records revealed that Board of Directors term expired on 31 October, 2015 with no replacements contrary to Section 79(1) of Water Act, 2016 which requires a water services provider to have a Board of Directors and in the case of a Company, the members of its Board of Directors be constituted in accordance with the Companies Act, 2015 or any other written law and the Directors be nominated to serve on the Board in accordance with the Company's Memorandum and Articles of Association.

In the circumstances, the Company has not benefitted from the oversight role and strategic direction from the Board.

3. Lack of Staff Establishment

Review of the personnel records revealed that the Company does not have an approved staff establishment in place indicating optimum staff at various levels and cadres to support achievement of goals and objectives in the Company's strategic plan.

In the circumstances, the adequacy and competency of the Company staff could not be confirmed.

4. Lack of Risk Management Framework

During the year review, the Company did not have a risk management framework contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that every County government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of effective internal controls at the Company could not be confirmed.

5. Incomplete Assets Register

The statement of financial position and Note 8 to the financial statements reflect property, plant, and equipment balance of Kshs.102,598,405. Review of the assets register

revealed omission of details including the serial numbers, location, cost of assets, accumulated depreciation, and estimated values of fully depreciated assets. Further, the assets were not tagged for ease of identification and tracking.

In the circumstances, the Company is exposed to abuse and loss of assets.

6. Lack of an Automated Accounting System

Review of the accounting process revealed that the company's financial records are prepared and maintained manually. The ledgers are prepared using excel work sheets despite the voluminous transactions involved. The monitoring of operations on real-time basis is not possible with the manual system and transactions are prone to errors and manipulation. Further, back-ups are not secured at an offsite facility to ensure continuity in case of disaster. In addition, excel ledgers maintained only reflects monthly totals without individual transaction details required to validate the amounts.

In the circumstances, the existence of effective internal controls over accounting information could not be confirmed.

7. Failure to Develop Critical Policies

During the year under review, the Company did not have the following key policies in place; the charter, strategic plan, finance policy and procedures manual, approved human resource policy, ICT policy and disaster recovery plan, risk management policy, approved staff code of conduct and ethics, approved organizational structure.

In the circumstances, the Company did not benefit from best practises to enable it develop robust strategies for enhanced revenue generation.

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.

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

12 May, 2023

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

12 May, 2023

Olkejuado Water & Sewerage Co. Ltd Water Co. Ltd.
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	7	13,708,980	14,261,625
Government Grant	8	6,595,827	13,446,172
Other Income	9	6,801,155	4,800,650
Total Revenue		27,105,962	32,508,447
Expenses			
Staff Costs	10	15,644,553	13,617,394
General and Operations expenses	11	14,843,652	13,053,373
Depreciation And Amortization Expense	12	1,976,060	1,944,917
Maintenance Expenses	13	3,778,773	4,177,255
Covid-19 related Expense	14	-	7,491,456
CLTS related Expense	15	79,002	466,998
Drought Mitigation program	16	1,034,400	-
Total Expenses		37,356,440	40,751,393
Profit/(Loss) Before Taxation		(10,250,479)	(8,242,946)
Income Tax Expense/(Credit)		-	-
Profit/(Loss) After Taxation		(10,250,479)	(8,242,946)

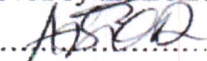
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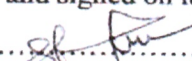
XIV. Statement Of Financial Position As at 30 June 2022

ASSETS			
Non-Current Assets			
Property, plant and equipment	17	102,598,405	53,886,519
Total Non-Current Assets		102,598,405	53,886,519
Current Assets			
Trade and receivable	18	35,885,066	35,515,511
Bank and cash balances	19	14,603,103	33,970,694
Total Current Assets		50,488,169	69,486,205
TOTAL ASSETS		153,086,574	123,372,724
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	22	40	40
Reserve	21	11,412,954	11,412,954
Development Grant	23	101,782,277	64,336,466
Retained earnings		(50,510,965)	(40,260,486)
Capital and Reserves		62,684,306	35,488,974
Current Liabilities			
Trade and other payables	24	89,903,111	87,883,750
Bank Over Draft	20	499,157	-
Total Current Liabilities		90,402,268	87,883,750
TOTAL EQUITY AND LIABILITIES		153,086,574	123,372,724

The financial statements were approved by the Board on... 14/10/23... and signed on its behalf by:


 Name **Julius PAITA**
 Managing Director


 Name **Abner Nyagang**
 Head of Finance


 Name **Dr. Leina Mpshee**
 Chairman of the Board

ICPAK M/NO 19987

XV. Statement of Changes in Equity for the Year Ended 30 June 2022

	Notes	Ordinary share capital	Reserves	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2020		40	-	-	(32,017,540)	-	-	(32,017,500)
Transfer of reserves		-	11,412,954	-	-	-	-	-
Profit for the year		-	-	-	(8,242,946)	-	-	(8,242,946)
Capital/Development grants received during the year		-	-	-	-	-	64,336,466	64,336,466
As at June 30, 2021		40	11,412,954	-	40,260,486	-	64,336,466	35,488,974
As at July 1, 2021		40	11,412,954	-	40,260,486	-	64,336,466	35,488,974
Profit for the year		-	-	-	(10,250,479)	-	-	(10,250,479)
Capital/Development grants received during the year		-	-	-	-	-	37,445,811	37,445,811
At June 30, 2022		40	11,412,954	-	(50,510,965)	-	101,782,277	62,684,306

Note:

1. The development grant received are for :-
 - a. mashuru water project,
 - b. Nkatu , Public Sanitation Facility
 - c. Ilbissil Public Sanitation Facility
 - d. Ildamat Public Sanitation Facility
 - e. Majengo B Pipeline Extension

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

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue		13,339,425	11,322,044
Other Income		6,801,155	4,800,650
Grants		6,595,827	13,446,172
Customer Deposit Received		123,000	134,000
Total Receipts		26,859,407	29,702,866
Payments			
Staff Costs		13,871,541	11,029,943
General And Operation Expenses		14,221,146	10,268,346
Maintenance		3,778,773	4,177,255
Covid-19 Related expense		-	7,491,456
CLTS related expense		79,002	466,998
Drought Mitigation Program Expense		1,034,400	-
Total Payments		32,984,862	33,433,998
Net Cash From/(Used In) Operating Activities	25	(6,125,455)	(3,731,132)
Cash Flows from Investing Activities			
Extra Ordinary Income		-	(11,478,726)
Development Grant		37,445,811	64,336,466
Work In Progress		(50,293,810)	(36,604,660)
Infrastructure		(394,137)	-
Net Cash From/(Used In) Investing Activities		(13,242,136)	16,253,080
Cash Flows from Financing Activities			
Purchase of Computer		-	(100,000)
Net Cash From/(Used In) Financing Activities		-	(100,000)
Increase/(Decrease) In Cash And Cash Equivalents		(19,367,591)	12,421,948
Cash And Cash Equivalents At Beginning Of Year		33,970,694	21,548,746
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End Of The Year		14,603,103	33,970,694

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2021-2022	2021-2022	2021-2022	2021-2022		
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Operating Revenue	17,400,000	-	17,400,000	13,708,980	(3,691,020)	79
Government Grant	12,000,000	-	12,000,000	6,595,827	(5,404,173)	55
Other Income	9,500,000	-	9,500,000	6,801,155	(2,698,845)	72
Total Revenue	38,900,000	-	38,900,000	27,105,962	(11,794,038)	70
Expenses						
Staff Costs	16,260,000		16,260,000	15,644,553	615,447	96
Board Expenses	-	-	-	-	-	-
General and operations Expenses	15,909,352	-	15,909,352	14,843,652	1,065,700	93
Maintenance	4,530,000		4,530,000	3,778,773	751,227	83
Depreciation and amortization	42,048	-	42,048	1,976,060	(1,934,012)	4700
Drought Mitigation Program	1,000,000	-	1,000,000	1,113,402	(113,402)	111
Total Recurrent Expenditure	37,741,400	-	37,741,400	37,356,440	384,960	99
Profit or Loss	1,158,600	-	1,158,600	(10,250,479)	11,409,079	-885

The short fall in revenue from Billing is due to low production, frequent power disconnections hence not supplying adequately

Other revenues are not guaranteed that will be received but as need arises hence we recognized what was received but the estimates were based on previous year

XVIII. Notes to the Financial Statements

1. General Information

Olkejuado Water & Sewerage Co. Ltd is established by and derives its authority and accountability from Water 2016 Act. The Company is wholly owned by the County Government of Kajiado and is domiciled in Kenya. The Owasco's principal activity is to carry on the business of water and sewerage within the towns of Ilbissil, Isinya, Konza, Kajiado, Kitengela and its environs.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 8. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Olkejuado Water & Sewrage Co. Ltd. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Water Act 2016 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

Notes to the Financial Statements (Continued)

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

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

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

ii. Early adoption of standards

Olkejuado Water & Sewerage Co. Ltd did not early – adopt any new or amended standards in year 2021-2022.

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

- i) Revenue from the sale of Water** is recognized in the year in which the Olkejuado Water & sewerage Company supplies water to the customer, bills the customer and collectability of the related receivables is reasonably assured.
- ii) Grants from the County Government** is recognized in the year in which applying Olkejuado Water & sewerage Company actually receives such grants.
- iii) Other income** is recognized as it accrues.

Notes to the Financial Statements (Continued)

b) In-kind contributions

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

c) Property, plant and equipment

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

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

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 recognized in profit or loss in the income statement.

Notes to the Financial Statements (Continued)

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line 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, as guided by National Treasury policy on assets depreciation are:

Computers and related equipment	33%
Office equipment, furniture and fittings	12.5%
Water Infrastructure	10%

A full year's depreciation charge is recognized 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 recognized so that the asset is written down immediately to its estimated recoverable amount.

e) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

f) 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.

g) 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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

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.

h) 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.

Notes to the Financial Statements (Continued)

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.

Notes to the Financial Statements (Continued)

i) Cash and cash equivalents

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

added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

j) Trade and other payables

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

k) Retirement benefit obligations

.The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

l) Provision for staff leave pay

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

Notes to the Financial Statements (Continued)

m) Budget information

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

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

a) Comparative figures

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

b) 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.

Notes to the Financial Statements (Continues)

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

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 Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

Notes to the Financial Statements (Continues)

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 8 and 9 (include provisions applicable for your organization e.g. provision for bad debts, provisions of

6. Going concern

During the year the company reported a negative working capital of kshs. 54,018,045(kshs35, 885,066-89,903,111) and losses increased by kshs2, 007,533(kshs. From (8,242,946 to kshs.10, 250,479).

Even if the company has a negative working capital and surplus it still has ability to provide services to the public. The company has new pipeline and proposed new sources that will boost the company in revenue generation. Also the company has put measures to increase in revenue collections

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

7. Operating Revenue

	2021-2022	2020-2021
	Kshs	Kshs
Water sales	13,708,980	14,261,625
Total	13,708,980	14,261,625

8. Government Grants

	2021-2022	2020-2021-1
	Kshs	Kshs
Electricity paid by the County Government	6,595,827	5,409,172
In Kind contribution/donations from other agencies	-	8,037,000
Total	6,595,827	13,446,172

8.a) County Government Grant

	2021-2022	2020-2021
	Kshs	Kshs
Electricity paid by the County Government	6,595,827	5,409,172
Total	6,595,827	5,409,172

8. b) Grant from Water sector Trust Fund

	2021-2022	2020-2021
	Kshs	Kshs
Covid-19 income	-	7,496,000
CLTS- Income	-	541,000
Total		8,037,0000

- i. The funds for covid-19 was received from Water Sector Trust Fund for purchase of Tanks, Sanitizer, Hand washing soap, face masks and glops
- ii. The funds for CLTS was from Water sector Trust Fund for Training of communities at mashuru area on sanitations facilities'

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

9. Other Income

	2021-2022	2020-2021
	Kshs	Kshs
Miscellaneous Income(tankering and Connection/ Reconnection)	5,762,815	4,722,200
Drought Mitigation Program	1,000,000	-
Transfer from AFC	-	78,450
Transfer from Prisons	38,340	-
Total	6,801,155	4,800,650

9. (a) Miscellaneous Income

	2021-2022	2020-2021
Description	Kshs	Kshs
Revenue from Tankering	5,396,300	4,227,200
Revenue from Connection/Reconnection	366,515	495,000
Total	5,762,815	4,722,200

9. (b) Drought Mitigation Programme

	2021-2022	2020-2021
Description	Kshs	Kshs
Transfers from Tanathi Water Works Agency	1,000,000	-
Total	1,000,000	-

This is the National Government program through Tanathi Water Works Agency. The funds is strictly used towards the expenses related to supply of water to the public schools, communities and public hospital within the identified areas.

9. (c) Transfers from Prisons

	2021-2022	2020-2021
Description	Kshs	Kshs
Transfers from Prisons	38,340	-
Total	38,340	-

The funds was received from Kajiado Prisons water connection repair from the company main Pipeline to the prison premises.

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

10. Staff Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Gross Salary and Allowances-Permanent	7,020,840	6,453,840
Gross Salary and Allowances-Contracts	4,256,373	3,581,044
Top-Up	-	83,640
Casual workers' Wages -1 year contract	3,714,840	2,909,970
Casual workers' Wages -Daily	99,700	87,100
Employer's contributions to social security schemes	89,800	110,800
Employer's contributions to pension scheme	384,000	384,000
Staff Welfare	79,000	7,000
Total	15,644,553	13,617,394
The average number of employees during the year	47	49

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

11. General and Operations Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Electricity-Production and administrative	8,101,288	8,198,734
Fuel, oil, lubricants, and gases	2,316,300	2,047,500
Bulk water Costs	530,620	-
Supplies for Production- Water purchased for Water Tanker	152,400	3,300
Office supplies-Stationery	162,521	94,515
Office Running Expense (General Expense	75,330	73,265
Postage and courier	4,200	28,476
Insurance	8,538	17,850
Domestic Traveling and subsistence	907,350	291,850
Bank Charges	204,764	185,357
Publicity and advertising	84,800	-
Audit fees	232,000	174,000
Legal fees	20,000	-
Licensing and levies	749,116	749,365
Hospitality expenses	36,380	-
Provision for doubtful debts	1,248,045	957,161
Others Billing services (Outsourcing and Sms)	10,000	232,000
Total	14,843,652	13,053,373

-Electricity includes the amount for cost for production (cost of sales) i.e for 2021(cost of sales-8,193,875 administrative-4,859 totalling to kshs.8, 198,734

10. (a) Licence and Permit

Description	2021-2022	2020-2021
	Kshs	Kshs
Licensee/ Regulatory fees	548,293	570,465
Permit and Abstraction Fees	200,823	178,900
Total Maintenance Expenses	749,116	749,365

12. Depreciation and Amortization Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant, and equipment	1,976,060	1,944,917
Total Depreciation and Amortization	1,976,060	1,944,917

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

13. Maintenance Expenses

	2021-2022	2020-2021
Description	Kshs	Kshs
Infrastructural networks	2,224,831	2,339,255
Motor vehicles	1,553,942	1,838,000
Total Maintenance Expenses	3,778,773	4,177,255

14. Covid-19 Expense

	2021-2022	2020-2021
Description	Kshs	Kshs
Covid-19 related Expense	-	7,491,456
Total Covid-19 related Expense	-	7,491,456

15. CLTS Expense

	2021-2022	2020-2021
Description	Kshs	Kshs
Training and other related Expense	79,002	466,998
Total CLTS related Expense	79,002	466,998

16. Drought Mitigation Program Expense

	2021-2022	2020-2021
Description	Kshs	Kshs
Fueling and other related expense	1,034,400	-
Total CLTS related Expense	1,034,400	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. 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, 2021	-	-	19,040,803	-	-	111,750	554,150	36,604,660	56,311,363
Additions	-	-	394,136	-	-	-	-	50,687,946	55,745,463
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At June 30, 2021	-	-	19,434,939	-	-	111,750	554,150	86,898,470	106,999,309
Depreciation									
At July 1, 2021	-	-	1,904,080	-	-	41,388	479,376	-	2,424,844
Charge For The Year	-	-	1,943,494	-	-	23,219	9,346	-	1,976,060
Impairment Loss	-	-	-	-	-	-	-	-	-
Eliminated On Disposal	-	-	-	-	-	-	-	-	-
At June 30, 2022	-	-	3,847,574	-	-	64,608	488,722	-	4,400,904
Net Book Value At June 30, 2022	-	-	15,587,365	-	-	47,142	65,428	86,898,470	102,598,405

Notes

The following assets are not in the property plant and Equipment (Appendix 3)

1. Land
2. Motor vehicles
3. Buildings

Olkejuado Water & sewerage Co. Ltd
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18.) Trade and Other Receivables

	2021-2022	2020-2021
	KShs	KShs
Trade receivables (note (17a))	34,848,622	34,479,067
Other receivables-Unsurrendered Imprest	1,036,444	1,036,444
Gross trade and other receivables	35,885,066	35,515,511
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	35,885,066	35,515,511

18 (a) Trade Receivables

	2021-2022	2020-2021
	Kshs	Kshs
Gross trade receivables	44,471,609	42,854,008
Provision for doubtful receivables	(9,622,987)	(8,374,941)
Net trade receivables	34,848,622	34,479,067
at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	330,470	956,001
Between 30 and 60 days	740,720	1,699,035
Between 60 and 90 days	1,259,710	1,701,155
Between 90 and 120 days	916,430	1,942,520
Between 120 and 150 days	1,072,788	1,024,300
Between 150 and 180 days	1,659,545	1,960,686
Over 180 days	38,491,946	33,499,765
Total	44,471,609	42,783,461

Provision is provided of 25% for gross receivable of more than 180 days

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
19. Bank and Cash Balances

	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank	14,503,973	33,859,963
Cash in hand	-	6,440
Mobile money account	99,130	104,291
	14,603,103	33,970,694

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Tankering account-	01120320760900	1,080	-
Revenue Account	01120320760901	-	14,380
Expenditure account	01120320760902	-	15,131
Deposit account	01120320760903	-	11,484
Isinya UPC Account	01120320760904	14,221	6,007,338
Drought Mitigation Account	01120320760905	-	1,278
Ildamat PSF	01120320760906	695,496	-
Ilbissil PSF	01120320760907	3,618,380	-
Others- Collateral account		500,000	-
Mashuru Water project account	1262600782	9,674,796	27,718,241
Nkatu PSF account	1269808095	-	18,109
CLTS account	1269807757	-	74,002
Sub- total		14,503,973	33,859,963
cash in hand		-	6,440
Mobile money account			
Connection Paybill	579269	7,700	-
Tankering Paybill	579271	10,000	8,000
Water sale paybill	579272	81,430	96,291
Sub- total		99,130	104,291
Grand total		14,603,103	33,970,694

Olkejuado Water & sewerage Co. Ltd
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Bank Over draft

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
b) Current account			
Revenue Account	01120320760901	4,007	-
Expenditure account	01120320760902	494,829	-
Nkatu PSF account	1269808095	321	-
Grand total		499,157	-

21. Reserves

Particulars	2021-2022	2020-2021
	KShs	KShs
Balance Brought Forward	11,412,954	22,891,680
Additions	-	-
Payment for Ngong Project	-	(11,478,726)
Balance brought Down	11,412,954	11,412,954

22. Share capital

Particulars	2021-2022	2020-2021
	KShs	KShs
Authorized share capital	100,000	100,000
Par value per share is kshs 20		
	-	-
Number of shares issued	40	40

23. Development Grant

Particulars	2021-2022	2020-2021
	KShs	KShs
Mashuru Water project	90,969,665	59,154,897
Nkatu Public Sanitation Facility	5,336,569	5,181,569
Ilbisill Public Sanitation Facility	3,876,043	
Ildamat Public Sanitation Facility	1,200,000	
Majengo Public Sanitation Facility	400,000	
Total	101,782,277	64,336,466

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Trade and Other Payables

	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	89,780,111	87,883,750
Other payables-customer Deposits	123,000	-
Total	89,903,111	87,883,750

25. 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	(10,250,470)	(8,242,946)
Depreciation	1,976,060	1,944,917
Operating profit/(loss) before working capital changes	(8,274,419)	(6,298,029)
Increase/(decrease) in trade and other receivables	(369,555)	(2,939,581)
Increase/(decrease) in trade and other payables	2,019,361	5,506,478
Increase/(decrease) in other payables	499,157	
Cash generated from/(used in) operations	(6,125,455)	(3,731,132)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

26. Related Party Disclosures

County Government of Kajiado

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

Other related parties include:

- The County Department in charge of Water
- Water works Agencies
- WASREB
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Transactions with related parties

	2021-2022	2020-2021
	Kshs	Kshs
a) Sales to related parties		
Water sales to Govt. agencies	2,391,600	-
Total	3,39,600	-
b) Purchases from related parties		
Purchase of water from govt service providers	1,952,635	1,952,635
Total	1,952,635	1,952,635
b) Grants from the Government		
Grants from National Govt Agencies	37,445,811	72,373,466
Grants from County Government	6,595,827	5,409,172
Total	44,041,638	77,782,638
c) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	4,343,316	3,664,184
Total	4,343,316	3,664,184

27. Financial Risk Management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk

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	34,848,622	34,848,622	34,848,622	34,848,622
Other Receivables	1,036,444	1,036,444	1,036,444	1,036,444
Bank balances	14,603,103	-	-	-
Total	50,488,169	35,885,066	35,885,066	35,885,066
At 30 June 2021 (previous Year)				
Receivables	34,479,067	34,479,067	34,479,067	34,479,067
Other Receivables	1,036,444	1,036,444	1,036,444	1,036,444
Bank balances	33,970,694			
Total	69,486,205	35,515,511	35,515,511	35,515,511

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 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	-	-	89,903,111	89,903,111
Total	-	-	89,903,111	89,903,111
At 30 June 2021 previous year				
Trade payables	-	-	87,883,750	87,883,750
Total	-	-	87,883,750	87,883,750

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

28. Incorporation

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

29. Events After the Reporting Period

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

30. Currency

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

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General prior year 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)
1.1	<p>Inaccuracies in the Financial Statements</p> <p>The statement of profit or loss and other comprehensive income prior year reflect total revenue amounts to Kshs. 26,881,503 while the revised statement reflects a total revenue amount of Kshs. 22,082,616 resulting to a variance of Kshs. 4,798,887 which represents cost of sales in the year. No explanation was provided on how the cost of sales amount of Kshs. 4,798,887 in the year 2019/2020 and Kshs. 8,193,875 in the year 2020/2021 was arrived at. Similarly, the revised statement reflects a government grant amount of Kshs. 13,446,172 in the year under review while the earlier audited financial statements reflect an amount of Kshs. 6,202,576 resulting to a variance of Kshs. 7,243,596 which was not supported or explained.</p>	<p>The above variances between the balances in the original and the revised financial statement was due to correction of errors, inclusion of omitted balances and break down of some balances for conformity of the prescribed format in 2020/2021 template for presentation of the financial statements. The explanation of the same are as follows-</p>	Resolved	

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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)
	<p>The revised financial statements also reflect total operating expenses of Kshs. 32,557,518 against a prior year amount of Kshs. 32,142,167 resulting to a variance of Kshs. 415,351. The adjustments in the various expenses were not explained or supported.</p> <p>Further, the statement of financial position reflects total assets of Kshs. 69,486,205 against a balance of Kshs. 60,866,004 in the earlier submitted financial statements resulting to a variance of Kshs. 8,620,201 which has not been analyzed or supported.</p>			
1.4	<p>Going Concern</p> <p>The statement of financial position as at 30 June, 2021 indicates that the Company has made a loss of Kshs. 8,242,946. Subsequently, current liabilities balance reported is Kshs. 87,883,750 against current assets balance of Kshs. 69,486,205 resulting to a negative working capital of Kshs. 18,397,545 which is an increase of Kshs. 9,271,724</p>	<p>The company is facing serious financial challenges due low revenue collection, low production against high demand of water, Non supply of Bulk water and</p>	Not resolved	2023

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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)
	<p>from the previous year accounts. The retained earnings of the Company also stand at negative Kshs. 40,260,486 which is an indication that the Company is experiencing financial difficulties. This material uncertainty casts significant doubts on the Company's ability to continue as a going concern. Further, no steps appear to have been taken to make the Company liquid.</p> <p>Under the circumstances, the ability of the Company to meet its current financial obligations as they fall due could not be confirmed.</p>	<p>frequent power disconnections. The company going concern depends on negotiation with creditors and support from the Government</p>		
1.5	<p>Undisclosed Contingent Liability</p> <p>During the year under review, information provided indicate that the Company had legal cases in progress which had not been disclosed in the notes to the financial statements.</p>	<p>The former Managing Director took the company to court for unpaid salaries. The unpaid salaries occurred between the years 2013 to 2015 when the managing Director was heading the company. The case is still bending in court. The financial statements have</p>	Resolved	

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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)
		been amended the liability disclosed.		
1.1	<p>Cash and Cash Equivalent</p> <p>The statement of financial position reflects cash and cash equivalents balance of Kshs. 33,970,694. A review of records provided for audit review revealed that Mashuuru Water Project having received an amount of Kshs. 64,836,162 and incurred an expenditure of Kshs. 30,246,237 towards the project in the year under review should have had a bank balance of Kshs. 34,589,925 and not the amount of Kshs. 27,718,240 outstanding. The variance of Kshs. 6,871,685 was not explained or supported.</p> <p>Further, a review of the bank reconciliation provided revealed that reconciliations were not submitted to the County Treasury and Auditor General every 10th of the Subsequent month as required by Regulation</p>	<p>Funds for Mashuru Water Project and Covid-19 response programme was deposited in same account. Therefore, the variance of kshs 6,871,685 is related to covid-19 response expense. This balance reflected under the covid-19 expense. The detailed expenditure schedule has been attached for confirmation.</p> <p>- The failure to submit the bank reconciliation to the county Treasury and to the Auditor General is a serious omission. The management will ensure bank</p>	Resolved	

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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)
	<p>90 of the Public Finance Management (County Governments) Regulations, 2015.</p> <p>Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.</p>	<p>reconciliation is prepared and submitted to the county Treasury and Auditor General in every 10th of the subsequent month as required by law.</p>		
2.1	<p>Unsupported Cash Payments to Casuals</p> <p>During the year under review the Company engaged 22 casual laborer's who were paid an amount of Kshs. 2,909,970 in cash. Out of the amount of Kshs. 2,909,970 paid to the casuals, the Company provided supporting records for expenditure totaling to Kshs. 752,888 resulting to unsupported expenditure of Kshs. 2,157,090.</p> <p>Therefore, it was not possible to confirm if the unsupported expenditure of Kshs. 2,157,090 was legit.</p>	<p>The expense for casuals who were engaged during the year under Audit is kshs.2,909,970 as per the schedule provided for audit. Kshs. 2,157,090 was paid through bank as per the attached schedules. The balance of Kshs. 752,888.00 was paid by cash either through mpesa or by collection of physical cash</p>		

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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)
3	<p>1. Trade and Other Receivables</p> <p>The statement of financial position as at 30 June 2021 reflects Trade and other receivables of Kshs 35,515,511. Examination of records provided revealed that trade and other receivables increased from Kshs. 32,575,930 as at 30 June, 2020 to Kshs. 35,515,511 as at 30 June, 2021 leading to an increase of Kshs. 2,939,581. However, there was no evidence that the Management had put in place mechanism of debt recoveries.</p> <p>In the circumstances, the validity of the trade and other receivables of Kshs. 35,515,511 could not be confirmed.</p>	<p>Most of the consumers are disconnected due to lack of supply. The company has minimal sources of water to meet the high demand i.e the company meets only 20% of the demand. Debts are collectable when there is constant supply. The company will put more effort to ensure the long overdue debtors are collected to enable the company meets its cost.</p>	Unresolved	

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Julius K Paita
 Managing Director

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Appendix II: Projects implemented by Olkejuado Water & Sewerage Co. Ltd

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Mashuru water Project	European Union	12 Months	92 Million	yes	Yes
2	Ilbissil PSF	European Union	12 Months	5.6 Million	Yes	Yes
3.	Majengo B Pipeline Extension	NIA	3 Months	400,000	Yes	Yes

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Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Nkautu PSF	4.9 Million	4.9 Million	100%	5.3 Million	5.3 Million	WSTF
2	Mashuru water Project	8.8 M	80 M	100%	92 M	82.5million	WSTF
3	Majengo B Pipeline Extension	396,000	396,000	100%	400,000	396,000	NIA
4	Ilbissil PSF	4.9 M	-	80%	5.6million	400,000	WSTF

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Appendix III: Asset not included in the Property, Plant and Equipment

1. Land

S/No	Land	Owner	Status
1.	Oloosuyian Land	County Government of Kajiado	In use
2.	Kitengela Stadium Borehole land	Ditto	In use
3.	Demo Farm Borehole land	Ditto	In use
4.	Kajiado Office Borehole land	Ditto	In use
5.	Booster Pump II Land	Tanathi Water Works Development Agency (TaWWDA)	In use
6.	Bissil Borehole 1 & 2 lands	Ditto	In use
7.	Isinya Borehole 1 Land	Ditto	In use
8.	Railways Land	Ditto	In use
9.	KenHill Land,	Ditto	In use
10.	Kajiado Water Supply Pipeline	Ditto	In use
11.	Ilbisill Water Supply Pipeline	Ditto	In use
12.	Isinya Pipeline	Ditto	In use
13.	Konza pipeline	Ditto	In use
14.	Kitengela Agriculture Borehole land	State Department of Agriculture	In use

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2. Motor Vehicles

No.	Registration Number	Description	Make	Year of Registration	Status
1.	GK G364	Water tanker	Nissan UD	Mid 80s	Grounded
2.	KAL 848U	Pick-up	Isuzu	2003	Grounded
3.	KAW 376Z	Motor bike	Yamaha 125cc	2007	Operational
4.	KAN 323U	Motor bike	Yamaha 125cc	2004	Grounded
5.	GK A573L	Water tanker	Isuzu FVZ	2006	Operational
6.	GKA 345 Y	Water tanker	Isuzu FVZ	2012	Operational
7.	KAW 383Z	Motor bike	Yamaha 125cc	2007	Grounded
8.	KAN 063U	Motor bike	Yamaha 125cc	2004	Grounded
9.	KBU 830 T	Water Tanker	Isuzu FSR	2013	Operational
10.	KBZ 854 D	Double Cab	Ford Ranger	2014	Operational

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2. Buildings

No.	Description	Land	Location	Year of Construction
1.	Office block; 3 offices and store	¾ acres; not surveyed	Kajiado Town	1989
2.	Reinforced 100m ³ concrete tank	3 acres; not surveyed	Pump station II	1989
3.	Pump house		Pump station II	1989
4.	Gate (steel)		“	“
5.	2-bedroom staff houses		“	“
6.	Sentry hut 1No.		“	“
7.	2No. One bedroom staff houses.	1½ acres	Cain hill	1989
8.	2No. Single room`s staff houses		Cain hill	“
9.	1,140m ³ Masonry tank		“	“
10.	300m ³ Masonry tank		“	“
11.	335m ³ Steel tank		“	“
12.	Toilet (pit)		“	“
13.	Gate (steel)		“	“
14.	Fence (chain link)		“	“
15.	Permanent office 1No.	3 acres; not surveyed	Ilbissil B/H II	2003
16.	Pump house		Ilbissil B/H II	2003
17.	Pump house	3 acres	Ilbissil B/H I	1978
18.	4No. Staff houses single rooms		Ilbissil B/H I	1978
19.	Lister engine S/NO. L2170/5 (model PC 164E)	1No.	“	

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No.	Description	Land	Location	Year of Construction
20.	Perkins generator S/NO.RP120206(model 1103A-33)	1No.	“	
21.	Permanent office rented	-	Konza	-
22.	50m ³ Steel elevated tanks	1 acre; not surveyed	Township water supply	1989
23.	100m ³ Steel elevated tanks		“	“
24.	100m ³ Masonry tanks		“	“
25.	50m ³ Masonry tank		“	“
26.	25m ³ Masonry tank		“	“
27.	1No. One bedroom staff house		“	“
28.	2No. Single room staff housed		“	“
29.	Fence (chain link)		“	“
30.	Toilet flash/bathroom		“	“
31.	Wooden single office	3 acres; not surveyed	Isinya	1990s
32.	Pump house complete with 3No. control panels		Isinya	“
33.	Booster pump house		“	“
34.	60m ³ Concrete tank		“	“
35.	Elevated steel tank		” ”	”
36.	2No. Uni-huts		” ”	”
37.	Old Booster	1 acre	Isinya	1990s
38.	Booster station (kwa Mzungu)	2 acres	Isinya	1990s
39.	2No. Booster Pump		Isinya	2007
40.	2No. 15m ³ Plastic Tank		Isinya	2007
41.	1No. 60m ³ Elevated steel tank		Isinya	1990s

