

REPUBLIC OF KENYA

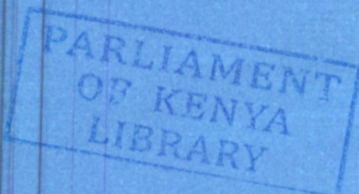


*Enhancing Accountability*

**REPORT**

PAPERS LAIN	
DATE	9/5/2024
TABLED BY	Sen. Orwaka
COMMITTEE	— OF
CLERK AT THE TABLE	Cherop

**THE AUDITOR-GENERAL**



**ON**

**KIRANDICH WATER COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



---

*KIRANDICH WATER COMPANY LIMITED*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

---

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



**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

<b>Table Of Contents</b>	<b>Page</b>
1. Acronyms and Glossary of Terms.....	ii
2. Key Entity Information .....	iii
3. The Board of Directors.....	vii
4. Key Management Team .....	ix
5. Chairman’s Statement .....	xi
6. Report Of the Managing Director .....	xii
7. Statement Of Performance Against Predetermined Objectives for FY 2022/2023 .....	xiii
8. Corporate Governance Statement.....	xiv
9. Management Discussion and Analysis.....	xviii
10. Environmental And Sustainability Reporting .....	xxi
11. Report Of the Directors .....	xxiii
12. Statement Of Directors’ Responsibilities.....	xxv
13. Report Of the Independent Auditors for the financial statements of <i>Kirandich Water Company Ltd.</i>	xxvii
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.	1
15. Statement Of Financial Position As at 30 June 2023 .....	2
16. Statement Of Changes in Equity for the Year Ended 30 June 2023 .....	4
17. Statement Of Cash Flows for The Year Ended 30 June 2023.....	5
18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2023 ....	6
19. Notes To the Financial Statements.....	7
20. Appendices .....	51

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**1. Acronyms and Glossary of Terms**

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
KIRWASCO	Kirandich water and sanitation Company Limited
CLTS	Community Lead Total Sanitation
PSF	Public Sanitation Facility
CLSG	Conditional Liquidity Support Grant
WSTF	Water Sector Trust Fund

## **Kirandich Water Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

---

#### **2. Key Entity Information**

##### **Background information**

The *Kirandich-Water company Ltd* was established by the Public limited Company under the provisions of the Company's Act Cap 486 on 7<sup>th</sup> July 2015 and started its operations on 1<sup>st</sup> July 2017 after award of certificate of operation by Water Services Regulatory Board (WASREB) on 29<sup>th</sup> June 2017. It took over the Management of Kabarnet Water Supply which was formerly managed by Rift Valley Water Services Board as a Service Provider and commission data capture and documentation in preparation for takeover of the water supplies within the Jurisdiction of Baringo Central, Baringo North and Baringo South constituencies prior to signing a Service Provision Agreement (SPA) with the Rift Valley water services Board (Licensee)

It gets its water supply from Kirandich Dam which has a conventional treatment plant treating 14,000m<sup>3</sup> per day.

The Company is Wholly Owned by Baringo County Government, Currently the Company Operation Covers Kabarnet Municipality.

The Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company.

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Principal Activities**

**Vision**

‘‘To be the Leading Water Utility in the Kenya’’

**Mission**

‘‘To provide quality, Adequate, sustainable water and sanitation service to the delight of our customers’’

**Core Values**

Our Core values include the following:

Customer Focus

Professionalism

Integrity

Team Work

Innovation & Creativity

The principal activity of the Company is to:

- To ensure that it possesses and retain all the expertise necessary to the Technical, Commercial, Financial and administrative functions.
- To provide the service within Kabarnet Town and its Environs
- To meet the entire required Water standard, guidelines and provisions of the service provision agreement (SPA).
- To obtain all necessary Licenses, permits and warranties necessary to carry out its obligation in accordance statutes in force.
- To maintain the assets in good working conditions and not to dispose of any assets without the authorization of the Licensee
- To prepare proposals for improvement of the assets so as to enhance services delivery  
To propose tariff adjustments to the licensee and regulator.

**Board of Directors**

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

Mr. William Chebii	Chairman, Appointed on 2 <sup>nd</sup> December 2020
Mr. Philip Sogoti Chepsat	Managing Director (upto 14 <sup>th</sup> October 2022)
Mr. Jackson Kimutai	Managing Director (15 <sup>th</sup> October 2022)
Mrs. Elizabeth Chesang	Board Member (upto 2 <sup>nd</sup> February 2022)
Mr. Philemon Kiptukyo	Board Member (Effective on 2 <sup>nd</sup> December 2020)

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Milka Jelagat Toromo	CO-Water,Irrigation and Sanitation -BCG
Mr KiptooGikono	CO-Treasury BCG

**Management Team**

Mr.Philip SogotiChepsat	Manging Director(upto 14 <sup>th</sup> October 2022
Mr JacktonKimutai	Managing Director( 15 <sup>th</sup> October 2022)
Eng.Dabid Ngetich	Technical Manager (Effective May 2022)
Mrs Rose Rutto	Human Resource(Effective July 2017)
Mr. Johnstone Kimosop Toroitich	Accountant (Effective Oct 2019)

**Registered Office**

Maji plaza,  
OffKabarnet-Kabartonjo high way,  
P.O. Box 377-30400,  
Kabarnet.

**Corporate Headquarters**

Maji plaza,  
OffKabarnet-Kabartonjo high way,  
P.O. Box 377-30400,  
Kabarnet.

**Corporate Contacts**

Telephone: (254)713779355  
E-mail:kirandichwatercompany@gmail.com  
Website: Kirandichwater.co.ke

**Corporate Bankers**

1. Kenya Commercial Bank Kenya,  
Kabarnet Branch,

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

P.o. Box 175-30400,  
Kabarnet.

2. Access Bank  
Kabarnet Branch  
P.o box ---30400  
Kabarnet

3. Equity Bank  
Kabarnet Branch  
P.o Box  
Kabarnet



**Independent Auditor**

Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084GPO 00100  
Nairobi, Kenya

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**The Board of Directors**

Directors	Details
 <p>Mr Willaim Chebii  <b>Chairman of Board</b>  <b>(Upto December 2023)</b></p>	<p>Mr Chebii, 55, was appointed on 3<sup>rd</sup> February 2016 to represent Resident organisations and he is the <b>Chairman of the Board</b>. Hewas formerly the of World Vision Kenya, Central Rift Region Koloa ADP. Chebii has a Degree in Bachelor of Administration/Human Resource. MrChebii has attended various courses in leadership and corporate governance and project management. MrChebiihas business interests in Kabarnet Town and he has a vast experience in Management and Corporate Planning of over 20 years.</p>
 <p>MR. Philip Sogoti Chepsat  <b>Managing Director (upto 14<sup>th</sup> October 2022)</b></p>	<p>Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK). Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.</p>
 <p>Mr. Jackton Kimutai Cheruiyot  <b>Managing Director (Effective 15<sup>th</sup> October 2022)</b></p>	<p>Mr Jackton Kimutai Joined Kirandich Water Company in October 2022 as the managing Director. He has more than 10 years experience in Senior Management having worked as Clerk at the Baringo County Government. Mr. Jackton Kimutai Holds Bachelor of Commerce (Banking and Finance) from Jomo Kenyatta University.</p>

**Kirandich Water Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2023**



 <p><b>Mr. Philemon Kiptukyo Non-Executive Director (Upto December 2023)</b></p>	<p>Mr Kiptukyo, 67, was appointed on 3<sup>rd</sup> February 2016 to represent Resident organisations and he is the <b>Non-Executive director</b>.He was formerly of TSC as High school Teacher and Lecturer at Garisa University College. Mr Kiptukyo has Degree in Bachelor of Education.Mr Kiptukyo has business interests in Kabarnet Town and he has a vast experience in education and Management of over 30 year</p>
 <p><b>Rodah Toroitich Non-Executive Director (Upto December 2023)</b></p>	<p>Rodah, Hold diploma in nutrition and Dietetics Technician,she has extensive leadership experience having worked as a KERRA tender constituency committee member,NGAAF Baringo north development Committee member and Board of Governors Kabartonjo Vocational Training Centre which form great addition to KIRWASCO.</p> <p>She has worked with Baringo County Government as a district nutritionist and M university as Nutritionist.</p>
<p><b>Mrs.Milka Jelagat Toromo CO-Water,Irrigation and Sanitation -BCG</b></p>	
<p><b>Gikono Kipkorir Kiptoo CO-Treasury BCG</b></p>	

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**3. Key Management Team**

Managers	Details
 <p>Mr. Philip Sogoti Chepsat  <b>Managing Director (upto 14<sup>th</sup> October 2022)</b></p>	<p>Mr Philip Joined Kirandich Water Company in October 2019 as the Managing Director. He has More than 15 years' Experience in senior Management having worked as Commissioner at the Electoral Commission of Kenya (ECK). Mr Philip holds Bachelor of Arts economics and Public Administration from M.D University India, Post graduate diploma in Personnel Management and Industrial Relation and Diploma in PC programming.</p>
 <p>Mr. Jackton Kimutai Cheruiyot  <b>Managing Director (Effective 15<sup>th</sup> October 2022)</b></p>	<p>Mr Jackton Kimutai Joined Kirandich Water Company in October 2022 as the managing Director. He has more than 10 years experience in Senior Management having worked as Clerk at the Baringo County Government. Mr. Jackton Kimutai Holds Bachelor of Commerce (Banking and Finance) from Jomo Kenyatta University.</p>
 <p>Eng. David Kimuron Ngetich  <b>Technical Manager</b></p>	<p>Mr David, 29, was appointed on 1<sup>st</sup> May 2022, Before joining the Company, Mr David worked as the Water Resource and Irrigation Engineer of KVDA. Prior to KVDA, he was the Water Supply Officer at China Road and bridge Cooperation (CRBC), Mr David holds a BSc degree in Water &amp; Environmental Engineering from Egerton University.</p>

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

 <p><b>CPA Johnstone Toroitich</b> <b>ACCOUNTANT</b></p>	<p>Johnstone Joined Kirandich Water Company in October 2019. He has Bachelor of Commerce from Kisii University, CPA (K) and CIFA and a Member of Certified Public Accountants of Kenya (ICPAK), He has over 8 Years working experience in both private and public sector in Accounting Banking and Finance.</p>
 <p><b>Mrs. Rose Ruto,</b> <b>HUMAN RESOURCE OFFICER</b></p>	<p>Rose Joined Kirandich in 2017, as human Resource Officer, Rose Worked Previously with Kabarnet Water Supply under Rift valley water Service Board and Worked with National water and Pipeline Corporation, Rose Holds Bachelor of Business Management – Human Resource and member of IHRM, Holds Diploma in Human Resource Management</p>

## **Kirandich Water Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

---

#### **4. Chairman's Statement**

It is my pleasure to present the Annual Report and Financial Statements of Kirandich Water Company for the year ended 30<sup>th</sup> June 2023. The organization has continued to perform its key function of provision of quality, clean water and sanitation services. Probably to Begin in earnest in 2025 as the Phase II is anticipated to be completed.

The Constitution of Kenya recognizes access to water as a basic human right to all citizens. The Company is aware that this presents a challenge to ensure customer satisfaction and needs to respond effectively to the demands.

In order to improve service provision, the Company, in collaboration with Ministry of Water and Irrigation-County Government of Baringo and other stakeholders have partnered together to implement various projects within its area of jurisdiction.

To the Environment, the Company which is located within a touching distance of katimok forest Tarambasforest, Kituro forest and Kabasis recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all its major strategies and operations consider environmental and ecological aspects and impacts.

The company received funding from Water Fund under the CLSG programme towards construction of 1 No. Water Kiosk at Kaptimbor Zone. The project will improve access to water benefiting over 200 people.

Kirandich plan details various investment plans which aim to ensure KIWACO growth including the completion of Kirandich Dam Phase II. The main objectives of the new strategic plan are: increased water production to meet the demand, reduction of NRW, financial sustainability, improved corporate image & visibility and improved customer service. The company enjoys donor confidence due to its leadership and good corporate governance. This is evidenced by the success in implementation of minor projects and partnership with the EU, WSTF and County Government of Baringo. Finally the future of Kirandich looks bright. The company has positioned itself to produce more water to meet the demand and introduce sewer network by completion of Kirandich phase II by CRVWDA.

#### **Appreciation**

I would like to appreciate all our stakeholders, more so the County Government of Baringo and Development partners for their solid commitment and support during the year ended on 30<sup>th</sup> June 2023. To our esteemed Customers, thank you for your loyalty and support. Thank you my Board colleagues, the management and staff for the good work and together we celebrate our achievements for the year 2022/23. Let us all practice our core values of Customer focus, Professionalism, Teamwork, Integrity, Innovation and Creativity to the delight of our customers so as to make a difference in our country. Thank you and May God Bless You all

**5. Report Of the Managing Director**

Kirandich Water Company is celebrating its 7 years of the existence since June 2016. Over the years we have experienced growth although not at desired pace. The financial year in question has had some tremendous strides in development particular in its discharge of its mandate being provision of water within its service provision area particularly Kabarnet. Unlike the other years water provision has been constant despite breakdown at the treatment works. The success can be attributed to the swift response by the company's technical team under the operation and maintenance.

It is imperative to note that the last quarter of the financial year the company recruited a technical manager who has been able to spearhead this critical department. I hereby wish to report that the company during financial year put measures to reduce the prevalence of non-revenue water which has been a perennially a problem to the company by establishing a field audit team who have been able to visit to visit zones to eradicate illegal connections and report faulty meters which have been for a long time on average billing. I wish to report that the NRW has come down from 69% to 65% against the national average of 25% and share continues strive to put measure to ensure that the company operates within acceptable range.

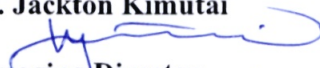
The company has increased the customer base by :

1. Consumers and it intend to utilize almost 2000 consumers meters procure through last mile
2. Connectivity of CLSG to replace with faulty meter and also register new consumers this improve revenue collection.
3. Kirandich water company has several projects on-going at various stages when complete it will enhance serious delivering improve water coverage and increase the revenue base

I also wish to restate that the company has been able to purchase water treatment chemical, on behalf of the company I wish to thank the county government for its continuous support on the payment of electricity bill. At Kirandich we are happy to report to you that the company is implementing three projects currently on the ongoing courtesy of donor funding of EDE CIPRA programmer where Baringo county is one of the 8 counties to benefit EDE CIPRA program facilitated on the water sector fund transfer WSFT from donation of EU and contributions from the nation government and the county government the water project identified shall benefit 33000 residents of 3 wards including a total of 175000 livestock. This project once completed easily next year will tremendously improve the water coverage in the county in the other accompanying projects and purely sanitization in nature and modern in construction of PSF at Marigat town in complete will improve sanitization in the town serve the residence. It is worth noting that 6 villages at the water catchment area was Also identified for the CLTS project and completed it has been declared ODF free.

I am also happy to report to you during this financial year two other major project have begun at Kirandich phase II which the contractors are at site and the last mile connectivity which is at 75% completion stage. These two projects shall increasingly improve the water supply and coverage within the Kirandich water company area of operation.

**Mr. Jackton Kimutai**

  
**Managing Director**

**Date** 21/02/2024

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**6.Statement Of Performance Against Predetermined Objectives for FY 2022/2023**

On Service Delivery the following was achieved against the set targets:

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

Kirandich Water Company Limited has 6 strategic pillars/ themes/issues and objectives within the guidelines from Water Sector Regulatory Authority. These strategic pillars/ themes/ issues are as follows:

SN O	Target Description	Target	Actual	Comments
1	Water Coverage (%)	93	50	The water coverage was maintained because during the period under review the company did not have new sources of water until the year 2026 when Kirandich Dam Phase II project is expected to provide a consistent supply of water to an increased customer coverage. However for the last one year the works were stopped due to the financial difficulties facing the contractor. Though we expect to resume in six months time.
2	Water quality standards (%)	100	97.7	The company achieved 97.7% against the required 100%. This is mainly due to turbidity levels in bulk water supply from Kirandich mainly during the rainy season. Samples taken from consumer points in raw water supply system do not meet drinking water quality standard mainly during the rainy seasons.the company during the year under review took its samples to NWASCO Lab for testing and results were good.
3	Non Revenue Water (NRW) (%)	69	65	This was not achieved mainly because of the dilapidated water infrastructure which is old and dilapidated and infrastructure damaging due to a lot of road construction works.During the also a Last mile connectivity for our town started and it will upgrade all our distribution system.
4	Hours of Supply (Hrs)	17.5	12	This was not achieved due to Pump breakdown last year .
5	Metering ratio (%)	96	73	This was not achieved due to high flat rate customers owing to historical data but in the attempt by the company is that through the Last Mile project we will get over 1200 replacement of meters and new consumer meters. Also during the year we received around 900 meters from CLSG
6	Collection Efficiency (%)	100	96	This was achieved due to the efforts which company has put in place to ensure 100% collection efficiency. However we have a challenge in collecting revenue from the County Government of Baringo and Department of Housing and Kabarnet referral Hospital who are not paying their water bills promptly and are in arrears of Kshs 8.2 and 2.1Million respectively

## **7. Corporate Governance Statement**

### **Board**

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

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

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

- The Kenya Constitution
- The Water Act 2016
- The Companies Act, 2015
- The Public Financial Management Act 2012
- The Public Procurement and Asset Disposal Act 2015
- Employment Act 2007
- Kirandich Water Company Ltd approved policies and procedures

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

Additionally, the company is strategizing to ensure the board of directors are trained to ensure that they is no skill gap.

## **Kirandich Water Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

---

#### **The Function of the Board of Directors**

The Kirandich Water Company Board of Directors are appointed in accordance with section 69 of the Company's Articles of Association

The Board of Directors are responsible for the following: -

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organisation structure and maintenance of staff terms and conditions of service
- Approval of business plans and budgets
- Provision of management guidelines
- Approval of major contracts/projects
- Approval of tariff adjustment
- Prudent investment of funds to ensure continuity of service
- Appointment of Corporate Management Team

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

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

#### **Composition of the Board**

The Board is composed of 5 non-executive Directors including an independent Chairman and one executive director who is also the Managing Director. The Directors represent various stake holding. They have a wide range of skills and experience and each contributes independent judgement and knowledge to the Board's discussions.

On appointment, each Director is provided with a comprehensive and tailored induction process covering the Company's business and operations and also provided with information relating to their legal and regulatory obligations.

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

#### **Board Meetings**

The Board of Directors Meets Quartely or as required to monitor the implementation of KIRWASCO strategic plan and achievement of the set targets.

The board of directors also play an overall oversight of other financial and technical issues of the company.

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Board Committees**

The Board has constituted 2 sub-committees chaired by one director in each, namely Corporate Services and Technical Services Committee. The Board Meet 11 times during the year under review while the sub-committee meet 2 times during the financial year. The Board appoints other committees as and when necessary.

**1. Corporate Service Committee**

The overview mandate of the committee of the board is:

- Corporate Strategy and Budget
- Water sales and revenue collection Issues
- Debt Management
- Asset Inventory and Management
- Management Accounts and
- Human Resource Issues.

<b>SNO</b>	<b>Name</b>	<b>Position</b>
1	Rodah Toroitich	Chairperson
2	Philemon Kiptukyo	Member
3	Gikono Kipkorir Kiptoo	Member

**2. Technical Service**

<b>Sno</b>	<b>Name</b>	<b>Position</b>
1	Philemon Kiptukyo	Chairman
2	Rodah Toroitich	Member
3	Milka Jelagat Toromo	Member

**Communication to stakeholders**

KIRWASCO is Committed to ensuring that all stakeholder are provided with full and timely information about Kirandich Projects and performances. The above commitment will be climaxed by the planned annual general Meeting.

**Statement of Compliance**

The Board of directors confirms that kirandich water and sanitation company limited has through the FY2022/2023 complied with all statutory and regulatory requirements, that KIRWASCO has been managed as per the principles of good corporate governance. Also during the year the Company applied for its License and its under review by the regulator.

**Kirandich Water Company Ltd**

**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**Remuneration of Board of Directors**

The Director during the year under consideration were paid within the water sector benchmark in reference to the ability of the company to pay, and was by the way of sitting allowance. Directors also were paid travel expenses from their residence to where meetings were held and other expenses incurred in relation to attending and returning meeting of derictors or general meeting of the company or in connection with the business of the company.

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Management Discussion and Analysis**

**Financial Statements**

**1.0 Overview**

During the year under review, the Company reached out the areas requiring Water Services. Although there is low performance and low revenue base but the company is optimistic that Kirandich Phase II project and Continues Extension to new areas will be commissioned as soon as possible to enable the Company increase its revenue base, Kirandich Management is looking forward to a good growth trajectory of the Company especially with level of capital investment from grants from county government, Water fund and other development partners.

Also the Company is in the process of reviewing its tariffs to increase its cost coverage.

**2.0 Performance**

The company's performance in the year under review was reported as hereunder.

**3.0 Revenue items**

The total Company's Water Sales income for the financial year 2022/2023 was Kshs 28,804,508.00 and increment from prior by The main source of income is Water Sale.

**4.0 Current Assets**

Accounts receivables for the year was Kshs 43,227,875.00 , this included Kshs27, 102,740.00 which was inherited from RVWSB. And a provision for doubtful debt of 5% was provided amounting to kshs 2,161,394 and the net Debtors are:41,403,681.00

**5.0 Expenditure Items**

The total expenditure for the year amounted to Kshs,91,119,348.70 this include the Electricity expenses of Kshs 51,850,372.00 ,its also noted the Power bills increased during the year.

**6.0 Current Liabilities**

Accounts payables has increased during the year to Kshs 37,402,431.00, this included Kshs 18,656,871.00 and 6,438,862.00 For WRA levies which was inherited from the licensee RVWSB during transition, KPLC arrears and staff payment arrears.

**7.0 Operating deficit**

The Company operated on a deficit of Kshs (15,043,337.00). The resultant deficit is posted to the revenue Reserve Account.

**8.0 Rapid Results Initiative (R.R.I)**

The level of unaccounted for water (UFW) poses considerable challenges to the efforts of the company to operate in a financially sustainable manner. The level of UFW decreased from 69% in the year 2022 to 65% on annual average in the year 2023. We are putting all our efforts in ensuring that we reduce unaccounted for water to a manageable level. To account for the water produced, we have non-revenue reduction action plan which is under implementation and in addition to consistent installation of water meters to our consumers. We have also ensured that leaks and bursts are attended to on time. In addition, we have been making frequent and surprise visits to our consumers in a view of advising them on ways of conserving water.

## **Kirandich Water Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

---

#### **9.0 Challenges**

In the year under review, the company faced challenges which put pressure on profitability in various segments of its operations. These were:

- (i) Rampant illegal connections due to private plumbers
- (ii) Kabarnet has not witnessed any applicable increase in industrial activities.
- (iii) Metering Services: - Though the Company during the last quarter has received meters to fast track its metering programme.
- (iv) The Company's current water distribution network (obsolete) cannot serve the bloated population within its area of Jurisdiction
- (v) Leakages/ bursts due to aged pipeline systems.
- (vi) COVID -19 after shocks
- (vii) Electricity Cost: Since the Company does not meet its electricity bills, the MOU with the County government has been of great assistance but since the budget is controlled from the department hence any delay in payment leads to disconnection which impacts on our service provision hence the slow revenue collection. Furthermore the cost of power increased during the year.

#### **10.0 Maintenance**

The main works carried out composed of pipe fittings, inspection of water works and repair of machineries, equipment and cleaning of sedimentation tanks at Kirandich Treatment Works. This would improve on the quality of water supplied. Also renovation of security houses at the dam

#### **11.0 Training, Capacity Building and Human Resources Development**

The Company values and appreciates the enormous contribution and commitment of personnel towards improved performance. In this regard, the company is focusing in developing its human capital and enhancing the skills and abilities for the personnel development as well as towards meeting the company's business challenges. The training process will always be customized to suit the specific needs of the company, its customers, stakeholders and all-round development of personnel.

#### **12.0 Performance Management**

In response to the emerging challenges, the company is putting up measures to taking up several steps to improve and sustain its role of Water Provision. In addition, strategic business planning and periodic business review will be invigorated and strengthened. The Company developed strategic plan and business plan which was approved by the Board of Directors.

The company is in the process of establishing a performance management system where the Board of Directors and the Corporate Management Team (C.M.T) are going to be appraised of their performance. Through this system all the company staff will be appraised as well.

From the performance appraisals, skill gaps established, will be filled through training and capacity building.

#### **13.0 Public Relations**

Public relations remained good during the year. The Management and the Board of Directors upped their efforts leading to improvement in productivity, cost reduction, quality services and employee performance.

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**14.0 Health and Safety**

The company is in the process of establishing an Occupational Health and Safety committee in keeping line with the requirements of the factories and other places of Work Act.

**15.0 Corporate Social Responsibility**

The company is in the process of forming a committee which will foster strong relationship with the community. This will be achieved after implementing a well-defined corporate social responsibility frame work.also during the year the company contributed towards Sunrise childrens Home.

**16.0 Corporate Governance Issues**

The company is in the process of implementing the Corporate Governance guidelines as set out by the Water Services Regulatory Board. This is aimed at achieving transparency, accountability efficiency and effectiveness in service delivery.

**17.0 Internal Control Systems and their Adequacy**


I wish to confirm that the Company has proper and adequate systems of internal controls geared towards achieving efficiency in its various business operations, safeguarding of assets, optimum utilization of resources, and compliance with the law and statutory regulations.


**18.0 Disclosures**

During the year under review, besides the transactions reported in the notes to the Accounts, there were no transactions with the Directors and Management that had, Any conflict with the company's interest.

**19.0 Towards building capacity**

With the view of supporting the young people actively engaged in water improvement, the Company took in students from various colleges as trainees. The young participants then may have an opportunity to grow and to gain new ideas to enhance water related issues.

  
\_\_\_\_\_  
Mr. William Chebii  
Chairman  
Date 21/02/2024

  
\_\_\_\_\_  
Mr. Jackton Kimutai  
Managing Director  
Date 21/02/2024

**8. Environmental And Sustainability Reporting**

**i) Employee welfare**

During the period, the company continued to improve staff competence in an effort to maintain good service delivery.

The managers who are members of various professional bodies attended seminars, benchmarking, workshops and symposiums for the purpose of improving their skills, networking and job satisfaction.

The Company trained staff on the Human Resource Policy, their Participation has enriched the improvement of the document, Moreover the Policy has principles that ensure the company follow during recruitment we follow issues of gender ratio. In addition the Policy has set an appraisal criteria and reward mechanisms. The organisation has not developed a policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) but the Human resource policy has definitely given the management the necessary impetuuous to develop all Governance instruments.

**ii) Market place practices-**

**a) Responsible competition practice.**

Kirandich water company in its strategic plan has committed to adopt customise string anti corruption plans and policies from EACC and also be stringent in disciplining dishonest staff, the company respects political rights to all staff. Furthermore the company in delivering its mandate it respects competition and its competitors. In addition the company has engaged small rural water supply within our area of coverage so as we support the to be regulated and report through the company infrastructure.

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

The Company adheres to its contractual agreements entered into, with its suppliers and it maintains good relationship with them by honouring our payment plans and practices.

**c) Responsible marketing and advertisement**

In our marketing the company engages its customers through barazas, Kabarnet Show exhibition, both print and electronic media outlets within our area of jurisdiction. We also do stakeholder engagements to advance our presence in the market.

**d) Product stewardship**

The company in its delivery of water to its costumers follows stringent policies and guideline from WASREB which in these case has the mandate to protect the Water Consumer in Kenya.

**iii) Sustainability strategy and profile -**

Kirandich water company and sanitation Company limited exist to provide water in Kabarnet and its environs, Baringo south and Baringo North. To continuously deliver on its mandate the board of directors has developed a framework for sustainable water provision. which has included both corporate strategy and resource mobilisation strategy which was developed and approved in December 2022. It has the following pillars;

- i. Corporate Governance strategy
- ii. Financial Sustainability strategy
- iii. Production and operation and service delivery strategy
- iv. Institutional Capacity development strategy.

**iv) Environmental performance**

During the year under review the company planted 300 trees at Kirandich Dam through the help of friend for SPA hotel in lake Bogoria, Also through assistance of WSTF the company completed the implementation of Community led total sanitation in six villages within the dam to attain ODF free status. Also the company assisted kapkirwok WRUA to plant trees and is currently supporting two WRUA Endao and Narusura to implement environmental conservation activities along the narusura river and endao river with the help of WSTF.

**v) Employee welfare**

During the period, the company continued to improve staff competence in an effort to maintain good service delivery.

The managers who are members of various professional bodies attended seminars, benchmarking, workshops and symposiums for the purpose of improving their skills, networking and job satisfaction.

The Company trained staff on the Human Resource Policy, their Participation has enriched the improvement of the document, Moreover the Policy has principles that ensure the company follow during recruitment we follow issues of gender ratio. In addition the Policy has set an appraisal criteria and reward mechanisms. The organisation has not developed a policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) but the Human resource policy has definitely given the management the necessary impetuous to develop all Governance instruments.

## **Kirandich Water Company Ltd**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

---

#### **9. Report Of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the company's affairs.

##### **i) Principal activities**

The principal activities of the Company are;

- To ensure that it possesses and retains all the necessary expertise necessary to the technical, commercial, financial and administrative functions.
- To provide the services within its Defined Service Area.
- To meet all the required water standards, guidelines and provisions of the Service Provision Agreement (SPA)
- To obtain all necessary licenses, permits and warranties necessary to carry out its obligations in accordance with statutes in force.
- To maintain the assets in good working condition and not to dispose of any assets without the authorization of the Licensee.
- To prepare proposals for improvement of the assets so as to enhance service delivery.

To propose tariff adjustments to the Licensee and Regulator

##### **ii) Results**

The results of the company for the year ended June 30, 2023 are set out on page.... Below is summary of the profit or loss made during the year.

The financial performance during the period was higher than the previous year as the company recorded a loss of Kshs 12.4M compared to a Kshs6.3M during the previous year. The slight improvement in performance was mainly attributed to the implementation of the continuous disconnection strategy the NRW remained the same at 65%.

The cost of personnel increased to Kshs 20.9Million. Other operating and maintenance though went up due to the sporadic breakdown of the Pumps at the treatment works and partly due to increment of cost of power and Fuel during the year.

##### **iii) Dividends**

The company has not declared dividends for the year ended 2023 due to performance posted by the Company.

##### **iv) Directors**

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


**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**v) Auditors**

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

By Order of the Board

  
.....  
Name **JACKSON KIMUTAI**  
Company Secretary/Secretary to the Board  
Date: **21/02/2024**

**10. Statement Of Directors' Responsibilities**

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

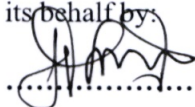
**Statement Of Directors' Responsibilities (Continued)**


The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2023, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern, the Company has a project in the progress that will make it a going concern despite the current financial status that the Company's budget is financed by the County government of Baringo. Phase II of the Dam project involves a solution to our main perennial power problems and extension of power supply to kabartonjo and the environs of Kabarnet town. Also the board of director has initiated a raft of measures to lower NRW and increase the revenues, further more the tariff is being reviewed currently to ensure atleast the company cover its costs 100%. The directors has no reason that the company's ability to operate in going concern is intact.

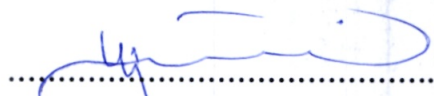
**Approval of the financial statements**

The company financial statements were approved by the Board on 28<sup>st</sup> September 2023 and signed on its behalf by:

  
.....

 Name: William Chebii

**Chairperson of the Board**

  
.....

Name: Jacktone Kimutai

**Managing Director**

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON KIRANDICH WATER COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023**

---

### **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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 overall 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 Kirandich Water Company Limited set out on pages 1 to 53, which comprise the statement of financial position as at 30 June, 2023 and the statement of profit or loss and other comprehensive income,

---

*Report of the Auditor-General on Kirandich Water Company Limited for the year ended 30 June, 2023*

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 Kirandich Water Company Limited as at 30 June, 2023 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 Companies Act, 2015, the Public Finance Management Act, 2012, the Water Act, 2016 and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported and Long Outstanding Trade and Other Receivables Balance**

The statement of financial position reflects trade and other receivables balance of Kshs.41,403,681 which, as disclosed in Note 18 to the financial statements, includes long outstanding receivables of Kshs.32,960,694 that have remained unpaid for over 180 days. Further, invoices and customer statements to support the balance were not provided for review.

In the circumstances, the existence, completeness and recoverability of the long outstanding receivables balance of Kshs.32,690,694 could not be confirmed.

#### **2. Unsupported Bank and Cash Balance**

The statement of financial position reflects bank and cash balance of Kshs.50,246,629. However, Management did not balance cash books and did not provide monthly bank reconciliation statements to support the balance.

In the circumstances, the completeness and accuracy of the bank and cash balance of Kshs.50,246,626 could not be confirmed.

#### **3. Unsupported Long-Term Liabilities (Receivables Inherited from Rift Valley Water Services Board (RVWSB))**

The statement of financial position and as disclosed in Note 21 to the financial statements, reflects a balance of Kshs.27,102,739 in respect of long-term liabilities (receivables inherited from RVWSB). However, as reported in the previous years, the payables were not supported by invoices, delivery notes, contract documents and local purchase orders.

In the circumstances, the accuracy and fair statement of the long-term liabilities (receivables inherited from RVWSB) balance of Kshs.27,102,739 could not be confirmed.

#### **4. Unconfirmed Share Capital**

The statement of financial position reflects share capital of Kshs.100,000 which has not been supported by way of share certificate, CR12, register of members or any relevant documentary evidence. Further, the Memorandum of Association indicates that Baringo County Government and its officials have subscribed for the shares. However, no documentary evidence was availed to confirm that the shares were fully issued and paid for.

In the circumstances, the shareholding of the Company could not be confirmed.

#### **5. Material Uncertainty Related to Going Concern**

During the year under review, the Company incurred a loss of Kshs.15,043,338 (2022- Kshs.6,327,962) which brought the accumulated revenue reserves to a negative Kshs.25,855,237 as at 30 June, 2023. In addition, grants of Kshs.43,027,941 from Baringo County Government and other grants of Kshs.2,081,192 all totalling Kshs.45,109,133 as disclosed in Note 7 to the financial statements accounted for 59% of the total revenue for the year under review. This situation is an indicator of acute financial challenges facing the Company and which therefore raises significant doubts on its ability to operate as a going concern. Management has however not disclosed this fact.

in the circumstances, the Company's going concern assumption is threatened as its continued existence depends on the financial support from the County Government of Baringo, creditors and lenders.

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

#### **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**

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

In the previous year's audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the financial reporting template issued by Public Sector Accounting Standards Board template (PSASB).

# 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. Excessive Non-Revenue Water**

The statement of profit and loss and other comprehensive income reflects operating revenue of Kshs.28,804,508 in respect of water sales. Review of the records revealed that the Company produced 1,700,700 cubic meters (M<sup>3</sup>) of water out of which only 575,808 cubic meters (M<sup>3</sup>) was billed to customers resulting to unbilled water of 1,124,892 cubic meters (M<sup>3</sup>) or 60% of the produced water which exceeds the Water Services Regulatory Board (WASREB) guideline of 25% by 35%. The excess Non-Revenue Water (NRW) beyond the allowable threshold of 25% totalled to 699,717 cubic meters which would have earned the Company a revenue of Kshs.45,481,605 equivalent at the average billing rate for the year.

In the circumstances, the Company lost revenue as a result of the NRW while Management was in breach of the WASREB guidelines.

### **2. Delay in Completion of Kabarnet Water Supply Project**

The contract for the construction of Kabarnet Water Supply Project was awarded to a local contractor at a contract sum of Kshs.50,074,021. The project was to be completed in nine (9) months with a scope of work that included but not limited to works at Kirandich Booster Pump Station, Manogonoi (1 and 2), Kibonoi and Kiok-Kabarnet in Baringo County. Available records indicate that the contractor has so far been accumulatively paid an amount of Kshs.21,500,560. Although, the project commenced on 12 May, 2023 and was due to end on 31 January, 2024 the project remains incomplete. During an audit field inspection, the contractor was found not to be on site in all the project locations.

In the circumstances, the project completion timelines and the value for money for the already paid amount of Kshs.21,500,560 could not be confirmed.

### **3. Failure to Implement an E-Procurement System**

During the financial year under review, Management undertook different projects which were processed manually contrary to Regulation 49(2) of the Public Procurement and Assets Disposal Regulations, 2020 that provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Internal Audit and Audit Committee**

During the year under review, the Company did not have an internal audit function to guide and evaluate its internal controls contrary to the Regulation 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires internal auditors to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in the Company and to give reasonable assurance through the Audit Committee on the state of risk management, control and governance within the organization as well as review the effectiveness of the financial and non-financial performance management systems of the Company. Further, the Company did not establish an Audit Committee as stipulated in Regulation 167(1) of Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an Audit Committee.

In the circumstances, the Company's governance structure was not properly constituted and the company lacked a framework for checks and balances.

#### **2. Lack of a Risk Management Policy**

As reported previously, the Company did not have a Risk Management Policy to guide Management in the risk evaluation and decision making as stipulated in Regulation 158(1) of the Public Financial Management (County Governments) Regulations, 2015 which stipulates that the Accounting Officer shall ensure that County Government entity develops risk management strategies, which include fraud prevention mechanism, and the county Government entity develops a system of risk management and internal controls that builds robust business operations.

In the circumstances, Management was therefore not in a position to identify and rank risks and allocate resources to mitigate the risks during the year under review.

### **3. Lack of an Approved Staff Establishment**

As reported previously, the Company did not have an approved staff establishment contrary to the requirements of Section B5(2) of the County Public Service Human Resource Manual hence positions held by staff were not based on a clear or well-defined structure.

In the circumstances, it was not possible to confirm whether the Company's staffing levels were optimal.

### **4. Weaknesses in the Information Technology System**

As reported previously, the Company did not have a functional ICT department. Further, the entity used payroll and billing systems for which it did not have full control. The systems were in the control of Central Rift Valley Water Works Development Agency. This contravened Government ICT Standards and exposes the Company to risk of losing confidential information to unauthorized persons. Further, the Company's staff have not been trained on the use of the system.

In the circumstances, the confidentiality, integrity and availability of data in the Company's ICT systems may be compromised.

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 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 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 or to sustain its services. 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 or to sustain its services.
- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 April, 2024

**Kirandich Water Company Ltd.**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**12. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.**

	Note	FY2022/2023	FY 2021/2022
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	28,804,508.00	23,754,005.00
Grants Income	7	46,180,003.00	37,697,818.00
Other Income	8	220,000.00	2,456,755.00
Billed other services	6	871,500.00	838,185.00
<b>Total Revenue</b>		<b>76,076,011.00</b>	<b>64,746,763.00</b>
<b>Expenses</b>			
Staff Costs	9	20,491,828.70	18,660,254.00
General and Operations expenses	10	8,435,200.00	40,407,007.00
Regulatory Levies	10a	2,904,699.00	5,230,789.00
Production Cost	10(b)	53,638,512.00	-
Project Expenses	11	182,000.00	2,456,755.00
Board Expenses	12	938,100.00	633,476.00
Maintenance Expenses	13	2,949,699.00	2,263,956.00
Bank Charges	14	113,741.00	99,094.00
Depreciation and Amortization expenses	15	1,465,904.00	1,323,194.00
<b>Total Expenses</b>		<b>91,119,348.70</b>	<b>71,074,525.00</b>
<b>Profit/(Loss) Before Taxation</b>		<b>(15,043,337.70)</b>	<b>(6,327,962.00)</b>
<b>Profit/(Loss) After Taxation</b>		<b>(15,043,337.70)</b>	<b>(6,327,962.00)</b>

**Kirandich Water Company Ltd.**

**Annual Report and Financial Statements for the year ended June 30, 2023**


**13. Statement Of Financial Position As at 30 June 2023**


	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	11,900,481.00	7,467,660.00
Capital Investment Work in Progress	16	70,486,113.00	58,782,997.00
<b>Total non-current assets</b>		<b>82,386,594.00</b>	<b>66,250,657.00</b>
<b>Current assets</b>			
Inventories	17	1,036,243.00	2,316,430.00
Trade and receivable	18	41,403,681.00	41,035,233.00
Prepayments of Electricity Expense		-	689,363.00
Bank and cash balances	19	50,246,629.00	25,719,250.00
<b>Total non-current assets</b>		<b>92,686,553.00</b>	<b>69,760,276.00</b>
<b>Total Assets</b>		<b>175,073,147.00</b>	<b>136,010,933.00</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	20	100,000.00	100,000
Capital/Projects Funds and CLSG Fund	XIII	131,112,776.70	89,275,101
Retained earnings	XIII	(25,855,236.70)	(11,882,769)
<b>Capital and Reserves</b>	<b>XIII</b>	<b>105,357,540.00</b>	<b>77,492,332.00</b>
<b>Non-current liabilities</b>			
Long Term (Receivables Inherited from RVWSB)	21	27,102,739.00	27,102,739.00
<b>Total non-current liabilities</b>		<b>27,102,739.00</b>	<b>27,102,739.00</b>
<b>Current liabilities</b>			
Provisions	22	2,161,394.00	-
Retirement benefit obligations	24	3,273,682.00	-
Trade and other payables	24	34,128,749.00	29,087,346.00
Customer Deposits	25	1,978,173.00	681,905
Prepayments OF Operational		-	689,363

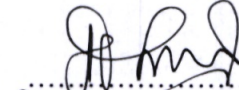
**Kirandich Water Company Ltd.**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
Grants by County Government of Baringo			
Deferred income	26	1,070,870.00	957,247
<b>Total current liabilities</b>		<b>42,612,868.00</b>	<b>31,415,861.00</b>
<b>Total equity and liabilities</b>		<b>175,073,147.00</b>	<b>136,010,933.00</b>

The financial statements were approved by the Board on 28<sup>th</sup> September 2023 and signed on its behalf by:

  
 Name: **Jackton Kimutai**  
**Managing Director**

  
 Name: **Johnstone Toroitich**  
**Head of Finance**  
 ICPAK M/No: *25442*

  
 Name: **William Chebii**  
**Chairman of the Board**



14. Statement Of Changes in Equity for the Year Ended 30 June 2023

	Notes	Ordinary share capital	Retained earnings	Pro pos ed divi den ds	Capital/ Development Fund	Total
<b>As at July 1, 2021(Previous FY)</b>		<b>100,000.00</b>	<b>(5,554,808.00)</b>	-	<b>57,733,662.00</b>	<b>52,278,854.00</b>
Profit for the year		-	(6,327,962.00)	-	-	(6,327,962.00)
Capital/Development grants received during the year		-	-	-	34,955,441.31	34,955,441.31
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	(3,414,002.00)	(3,414,002.00)
<b>As at June 30, 2022 (Previous FY)</b>		<b>100,000.00</b>	<b>(11,882,769.00)</b>	-	<b>89,275,102.00</b>	<b>77,492,332.00</b>
<b>As at July 1, 2022 (Current FY)</b>		<b>100,000.00</b>	<b>(11,882,769.00)</b>	-	<b>89,275,102.00</b>	<b>77,492,332.00</b>
(Loss)/Profit for the year		-	(15,043,337.70)	-	-	(15,043,337.70)
Capital/Development grants received during the year		-	-	-	41,837,674.70	41,837,674.70
Transfer of depreciation/amortisation from capital fund to retained earnings		-	1,070,870.00	-		1,070,870.00
<b>At June 30, 2023 (Current FY)</b>		<b>100,000.00</b>	<b>(25,855,236.70)</b>		<b>131,112,776.70</b>	<b>105,357,540.00</b>

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement Of Cash Flows for The Year Ended 30<sup>th</sup> June 2023**

	Note	FY2022/2023	FY 2021-2022
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts	6	28,804,508.00	23,754,005.05
Grants Income	7	2,081,192.00	607,785.00
Customer Deposits		465,000.00	254,683.00
Billed services other than water	6	871,500.00	838,185.00
Other incomes	6	96,000.00	230,400.00
<b>Total Receipts</b>		<b>32,318,200.00</b>	<b>96,548,676.05</b>
<b>Payments</b>			
Staff Costs		17,300,715.00	14,829,588.00
General And Operation Expenses		7,231,211.00	47,432,420.00
Board Expenses		938,100.00	633,476.00
Maintenance Expenses		2,757,694.00	2,109,541.00
Refund to Customer		1,000.00	-
Production Cost		1,612,250.00	-
Regulatory Levies		316,389.00	-
<b>Total Payments</b>		<b>30,157,359.00</b>	<b>65,005,025.30</b>
<b>Net Cash From/ (Used In) Operating Activities</b>	47	<b>2,160,841.00</b>	<b>31,543,650.75</b>
<b>Cash Flows from Investing Activities</b>			
Work in Progress(developing assets during the Year)	16	(11,703,116.00)	24,632,673.50
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(11,703,116.00)</b>	<b>24,632,673.50</b>
<b>Cash Flows from Financing Activities</b>			
Project funding received during the year		34,101,393.00	-
Refund to WSTF from PSF Marigat account		(31,739.00)	-
<b>Net Cash From/(Used In) Financing Activities</b>		<b>34,069,654.00</b>	<b>0</b>
<b>Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>24,527,379.00</b>	<b>6,910,977.25</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	47	<b>25,719,250.00</b>	<b>18,808,272.35</b>
Effects Of Foreign Exchanges Rate Fluctuations		-	-
<b>Cash And Cash Equivalents At End ofthe Year</b>	47	<b>50,246,629.00</b>	<b>25,719,249.60</b>

Kirandich Water Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2023

	Originalbudget	Adjustments	Finalbudget	Actualon comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Operating Revenue	27,600,000.00		27,600,000.00	28,804,508.00	(1,204,508.00)	104%
Non-Operating Revenue	230,400.00	-	230,400.00	220,000.00	10,400.00	378%
Grants	33,600,000.00	-	33,600,000.00	46,180,003.00	(12,580,003.00)	137%
Other gains	2,940,000.00		2,940,000.00	871,500.00	2,096,500.00	7%
<b>TotalRevenue</b>	<b>64,370,400.00</b>		<b>64,370,400.00</b>	<b>76,076,011.00</b>	<b>(11,705,611.00)</b>	<b>118%</b>
<b>Expenses</b>						
Staff Costs	23,679,163.00		23,679,163.00	20,491,828.70	3,187,334.30	87%
Board Expenses	1,295,000.00		1,295,000.00	938,100.00	356,900.00	72%
General and operations Expenses	34,229,679.00	2,601,000.00	36,830,679.00	13,101,544.00	23,729,135.00	36%
Maintenance	4,000,000.00		4,000,000.00	2,949,354.00	1,050,646.00	74%
Production Cost	38,600,400.00		38,600,400.00	53,638,512.00	15,038,112.00	139%
Total Recurrent Expenditure	<b>101,804,242.00</b>	<b>2,601,000.00</b>	<b>104,405,242.00</b>	<b>91,119,348.70</b>	<b>13,285,893.30</b>	<b>87%</b>
<b>Budget Deficit / Surplus</b>	<b>-37,433,842.00</b>	<b>2,601,000.00</b>	<b>-40,034,842.00</b>	<b>(15,043,337.70)</b>		

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**Notes To the Financial Statements**

**1. General Information**

Kirandich Water Company Ltd is established by and derives its authority and accountability from Water Act. The Company is wholly owned by Baringo County Government and is domiciled in Kenya. The Company's principal activity is Provision of water services. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

**Kirandich Water Company Ltd****Annual Report and Financial Statements for the year ended June 30, 2023****Notes to the financial statements (continued)****3. Application of New and Revised International Financial Reporting Standards (IFRS)**

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

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

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**Notes to the Financial Statements (Continued)**

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

*iii. Early adoption of standards*

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

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

**4. Summary of Accounting Policies**

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

**a) Revenue recognition**

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

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- ii) Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- iv) Other income** is recognized as it accrues.

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

**Summary of Accounting Policies**

**b) In-kind contributions**

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

**c) Property, plant and equipment**

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

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

**Summary of Accounting Policies**

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

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

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

<b>Item</b>	<b>Years</b>	<b>Rates</b>
Freehold Land	-	
Leasehold Land		
Buildings and civil works	50	2%
Water Infrastructure works	50	2%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings	8	12.5%
Water Meters	7	14%

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

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

**Summary of Accounting Policies**

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

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

**f) 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 FIFO. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**g) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. For now since it's a general provision the debts writing of will follow in subsequent years.

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

**Summary of Accounting Policies**

**h) Taxation**

**i) Current income tax**

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the profit or loss statement. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**i) Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

**Summary of Accounting Policies**

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

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

**Notes to the financial statements (continued)**  
**Summary of Accounting Policies**

**j) Cash and cash equivalents**

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

**k) 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.

**l) Retirement benefit obligations**

The Company operates a defined contribution scheme for all full-time employees from July 1, 2022. The scheme is administered by National Water Pension Scheme and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1080 per employee per month.

**m) Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue. A provision will be made for the estimated liability for annual leave at the reporting date in the subsequent year.

**n) Exchange rate differences**

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

**Notes to the financial statements (continued)**  
**Summary of Accounting Policies**

**o) Budget information**

The original budget for FY 2022-2023 was approved by the Board of Directors on 27<sup>th</sup> June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of 2,601,000.00 on the 2022-2023 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 18 of these financial statements.

**Notes to the financial statements (continued)**  
**Summary of Accounting Policies**

**p) Service concession arrangements**

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

**q) Comparative figures**

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

**r) 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, 2023.

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

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

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

**Summary of Accounting Policies**

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The Board of Directors made a general provision of Bad debts of 5% of gross debtors.

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**6. Operating Revenue**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<i>Kshs</i>	<i>Kshs</i>
Water sales	28,804,508.00	23,754,005.00
Billing for other services*	871,500.00	838,185.00
<b>Total</b>	<b>29,676,008.00</b>	<b>24,592,190.00</b>

**7. Grants Income**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<i>Kshs</i>	<i>Kshs</i>
Operational grants from Government entities	43,027,941.00	36,740,571.00
Operational Grant	2,081,192.00	-
Capital grants amortised	1,070,870.00	957,247.00
<b>Total</b>	<b>46,180,003.00</b>	<b>37,697,818.00</b>

**8. Other Income**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<i>Kshs</i>	<i>Kshs</i>
Rental income	220,000.00	230,400.00
<b>Total</b>	<b>220,000.00</b>	<b>230,400.00</b>

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**9. Staff Costs**

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Gross Salary and Allowances	17,079,292.00	16,050,347.90
Casual workers' Wages	1,761,102.00	1,413,334.10
Employer's contributions to social security schemes	176,800.00	58,400.00
Employer's contributions to pension scheme	1,374,634.00	1,138,172.00
Gratuity provisions	100,000.00	-
<b>Total</b>	<b>20,491,828.70</b>	<b>18,660,254.00</b>
<b>The averagenumber of employees during the year</b>	<b>28</b>	<b>26</b>

**10. General and Operations Expenses**

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Chemicals	-	348,000.00
Electricity	-	36,938,392.00
Fuel, oil, lubricants, and gases	1,344,956.00	866,461.00
Office supplies	46,340.00	4,200.00
Uniform and protective clothing	220,041.00	83,790.00
Telecommunication	416,420.00	244,131.00
Postage and courier	43,810.00	14,908.00
Insurance	0	21,095.00
Hire of Equipment and vehicles	26,500.00	15,500.00
Domestic Traveling and subsistence	1,182,875.00	729,985.00
Staff training and development	124,210.00	144,350.00
Security Services	106,550.00	-
Stationery	315,260.00	215,985.00
Publicity and advertising	47,640.00	146,850.00
Audit fees	300,000.00	348,000.00
Profesional fee	35,000.00	
Staff Welfare and Weekend	1,445,210.00	
KRA PAYE expenses	157,474.00	
Recruitment expenses	47,000.00	
Laboratory Expenses	11,000.00	23,200
Hospitality expenses	254,394.00	124,950.00
Medical expenses	2,850.00	-
Provision for doubtful debts	2,161,394.00	-
Newspaper and Library Materials	15,780.00	13,920.00
Printing and Publishing	127,490.00	85,500.00
Electrical repairs	-	5,640.00
<b>Total</b>	<b>8,435,200.00</b>	<b>40,374,857.00</b>
<b>10.(a)Licensing and Levies</b>		<b>5,230,789.00</b>
Water Resource Authority	1,700,696.00	-
WASREB	1,204,003.00	-
Sub Total	<b>2,904,699.00</b>	<b>5,230,789.00</b>
<b>10(b)Production Cost</b>		
Electricity Expenses	51,850,372.00	-
Chemicals	1,788,140.00	-
<b>Total</b>	<b>53,638,512.00</b>	<b>-</b>

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

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

**11. Project Cost**

Description	FY2022/202	FY2021/2022
	KShs	KShs
Project Monitoring cost	182,000.00	2,456,755.00
<b>Total Project cost</b>	<b>182,000.00</b>	<b>2,456,755.00</b>

**12. Board Expenses**

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Sitting allowances	763,000.00	423,200.00
Travel and accommodation	117,000.00	81,520.00
Other allowances	58,100.00	128,756.00
<b>Total Board Expenses</b>	<b>938,100.00</b>	<b>633,476.00</b>

**13. Maintenance Expenses**

Description	FY2022/2023	Y2021/2022
	Kshs	Kshs
Plant and Equipment	316,320.00	854,646.00
Buildings	152,482.00	-
Infrastructural networks	2,150,432	1,270,755.00
Motor vehicles/Motor Bikes	259,870.00	138,555.00
ICT (Information Communication Technology)	70,250.00	32,150.00
<b>Total Maintenance Expenses</b>	<b>2,949,354.00</b>	<b>2,263,956.00</b>

**Kirandich Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**14. Depreciation and Amortization Expenses**

Description	FY2022/202	FY2021/2022
	KShs	KShs
Property, plant, and equipment Depreciation for the Year	1,456,547.00	2,361,694.00
<b>Total Depreciation and Amortization</b>	<b>1,456,547.00</b>	<b>2,361,694.00</b>

**15. Bank Charges**

Description	FY2022/202	FY2021/2022
	KShs	KShs
Bank Charges	113,741.00	99,094.00
<b>Total Bank Charges</b>	<b>113,741.00</b>	<b>99,094.00</b>

Annual Reports and Financial Statements  
For the year ended June 30, 2023

Notes to the financial statements (continued)

16. Property, Plant and Equipment

FY2022/2023	Meters	Buildings & civil works	Water & Sewer Infrastructure	Plant and machinery	Network Extension	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
<b>Cost Or Valuation</b>									
At July 1, 2022	3,275,000.00	497,540.00	2,585,430.00	2,896,000.00	444,210.00	100,840.00	42,000.00	58,782,997.00	9,841,020.00
Additions	0	5,681,171.00	0	0	0	105,000.00	112,550.00	11,703,116.00	5,898,721.00
<b>At June 30, 2023</b>	<b>3,275,000.00</b>	<b>6,178,711.00</b>	<b>2,585,430.00</b>	<b>2,896,000.00</b>	<b>444,210.00</b>	<b>205,840.00</b>	<b>154,550.00</b>	<b>70,486,113.00</b>	<b>15,739,741.00</b>
<b>Depreciation</b>									
At July 1, 2022	467,857.00	9,951.00	369,347.00	1,384,250.00	88,842.00	33,613.00	19,500.00	..	2,373,360.00
Charge For the Year	467,857.00	123,574.00	369,347.00	362,000.00	88,842.00	34,965.00	19,319.00	..	1,465,904.00
<b>At June 30, 2023</b>	<b>935,714.00</b>	<b>133,525.00</b>	<b>738,694.00</b>	<b>1,746,250.00</b>	<b>177,684.00</b>	<b>68,578.00</b>	<b>38,815.00</b>	..	<b>3,839,260.00</b>
<b>Net Book Value At June 30, 2023</b>	<b>2,339,286.00</b>	<b>6,045,186.00</b>	<b>1,846,736.00</b>	<b>1,149,750.00</b>	<b>266,526.00</b>	<b>137,262.00</b>	<b>115,731.00</b>		<b>11,900,477.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

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

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

<b>FY2021/2022</b>	<b>Meters</b>	<b>Buildings &amp; civil works</b>	<b>Water &amp; Sewer Infrastructure</b>	<b>Plant and machinery</b>	<b>Network Extension</b>	<b>Computers &amp; related equipment</b>	<b>Office equipment, furniture &amp; fittings</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Cost or valuation</b>									
As at 1 July 2021	-	-	-	2,726,000.00	-	65,840.00	42,000.00	48,167,430	
Additions	3,275,000.00	497,540.00	2,585,000.00	170,000.00	444,210.00	35,000.00	-	11,572,814.00	
<b>As at 30<sup>th</sup> June 2022</b>	<b>3,275,000.00</b>	<b>497,540.00</b>	<b>2,585,000.00</b>	<b>2,896,000.00</b>	<b>444,210.00</b>	<b>100,840.00</b>	<b>42,000.00</b>	<b>59,740,244.00</b>	<b>51,349,450.00</b>
<b>Depreciation</b>									
At July 1, 2021	-	-	-	1,022,250.00	-	-	14,250.00	-	1,036,500.00
Charge for the year	467,857.00	9,951.00	369,347.00	362,000.00	88,842.00	33,613.00	5,250.00	-	1,336,860.00
<b>As at 30<sup>th</sup> June 2022</b>	<b>467,857.00</b>	<b>9,951.00</b>	<b>369,347.00</b>	<b>1,384,250.00</b>	<b>88,842.00</b>	<b>33,613.00</b>	<b>19,500.00</b>	<b>-</b>	<b>2,373,360.00</b>
<b>Net book value</b>									
<b>At June 30, 2022</b>	<b>2,807,143.00</b>	<b>487,589.00</b>	<b>2,216,083.00</b>	<b>1,511,750.00</b>	<b>355,368.00</b>	<b>67,227.00</b>	<b>22,500.00</b>	<b>59,740,244.00</b>	<b>7,467,660.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

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

**Valuation**

Land and buildings, Ha not been valued ,we will value when the company has necessary resource and incorporate it in its books.The building disclosed were the one build using grants hence came with the building cost.

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

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

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land			
Buildings	6,215,373.00	133,525.00	6,081,848.00
Plant and machinery	2,896,000.00	1,746,250.00	1,149,750.00
Water Infrastructure	2,585,430.00	738,694.00	1,846,736.00
Computers and related equipment	205,840.00	68,578.00	137,262.00
Office equipment, furniture, and fittings	154,550.00	38,578.00	115,731.00
Network Extension	444,210.00	177,684.00	266,526.00
Meters	3,275,000.00	935,714.00	2,339,286.00
<b>Total</b>	<b>15,776,403.00</b>	<b>3,839,260.00</b>	<b>11,937,139.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2023**

---

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

**17. Inventories**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
General stores		
Chemicals & Laboratory items	203,002.00	460,710.00
Water fittings and Accessories	655,450.00	1,855,720.00
Uniform and protective clothing	150,252.00	
Stationery and general stores	27,539.00	
<b>Total</b>	<b>1,036,243.00</b>	<b>2,316,430.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**18. Trade and Other Receivables**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Trade receivables (note (29a))	43,227,875.00	40,843,233.00
Other receivables	337,200.00	192,000.00
<b>Gross trade and other receivables</b>	<b>43,565,075.00</b>	<b>41,035,232.00</b>
Provision for bad and doubtful receivable	(2,161,394.00)	0
<b>Net trade and other receivables</b>	<b>41,403,681.00</b>	<b>41,035,232.00</b>

**18. (a) Trade Receivables**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross trade receivables	43,227,875.00	40,843,233.00
Provision for doubtful receivables	(2,161,394.00)	-
<b>Net trade receivables</b>	<b>41,403,681.00</b>	<b>40,843,233.00</b>

**As at June 30, the ageing analysis of the gross trade receivables was as follows:**

Less than 30 days	3,672,595.00	1,971,055.00
Between 30 and 60 days	1,525,550.00	1,076,316.55
Between 61 and 90 days	2,002,438.00	1,519,886.50
Between 91 and 120 days	1,274,344.00	1,149,842.00
Between 120 and 150 days	974,315.00	
Over 150 days	817,937.00	1,481,433.00
Over 180days	32,960,694.00	32,603,487.00
<b>Total</b>	<b>43,227,875.00</b>	<b>40,843,233.00</b>

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

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

---

<b>Description</b>	<b>FY2022/2023</b>	<b>FY2021/2023</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	0	0
Additional provisions during the year	2,161,394.00	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	<b>2,161,394.00</b>	<b>0</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**19. Bank and Cash Balances**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash at bank	50,138,778.00	25,704,504.10
Mobile money account	108,450.00	-
	<b>50,246,629.00</b>	<b>25,704,504.10</b>

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

		<b>FY2022/2023</b>	<b>FY2021/2022</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Commercial banks	1211860272	113,886.00	28,674.15
Others	1211859827	1,714,688.00	360,755.00
<b>Sub- total</b>		<b>1,828,574.00</b>	<b>389,429.15</b>
<b>b) On – call deposits</b>			
Commercial banks	1211858308	1,158,174.00	681,904.50
<b>Sub- total</b>		<b>1,158,174.00</b>	<b>681,904.50</b>
<b>c) Others(Projects Accounts)</b>			
Ol arabal WSP Project	0140100000207	9,811,914.00	14,711,955.75
PSF Marigat	0140100000199	-	798,800.70
PSF Oinobmoi(Equity Bank)	1390282113319	132,611.00	
Augmentation of KWS(Kapropita Borehole	0140100000164	37,173,515.00	9,088,460.00
CLSG	0140100000342	33,990.00	33,990.0
Mobile money account (mpesa)	4016733	108,450.00	-
<b>Sub- total</b>		<b>47,260,480.00</b>	<b>24,633,206.50</b>
<b>Grand total</b>		<b>50,246,629.00</b>	<b>25,719,250.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

---

**20. Ordinary Share Capital**

	<b>FY 2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Authorized:</b>		
5000 ordinary shares of Kshs. 20 par value each	<b>100,000.00</b>	<b>100,000.00</b>
<b>Issued and Not paid:</b>		
5000 ordinary shares of Kshs. 20 par value each	<b>100,000.00</b>	<b>100,000.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

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

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080.00 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by NWCP Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

**21. Long Term Liabilities**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Long term Liabilities(Recievables Inherited from RVWSB)	27,102,739.00	27,102,739.00
<b>Total</b>	<b>27,102,739.00</b>	<b>27,102,739.00</b>

**22. Long Term Liabilities(Provision)**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
General Provision(5% of Trade recievables)	2,161,394.00	2,161,394.00
<b>Total</b>	<b>2,161,394.00</b>	<b>2,161,394.00</b>

**23. Trade and Other Payables**

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	30,580,703.00	25,752,284.00
Employee payables	6,821,727.30	3,335,062.50
<b>Total</b>	<b>37,402,430.00</b>	<b>29,087,346.50</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**Aging Analysis for Trade and other Payables**

	<b>FY2022/2023</b>	<b>% of the total</b>	<b>FY2021/2022</b>	<b>% of the total</b>
Under one year	16,076,743.00	42.98%	10,330,967.50	35.52%
1-2 years	5,834,801.00	15.60%	3,109,289.00	10.69%
2-3 years	3,109,289.00	8.313%	2,809,289.00	9.66%
Over 3 years	12,381,597.00	33.104%	12,837,801.00	44.135%
<b>Total</b>	<b>37,402,430.00</b>	<b>100%</b>	<b>29,087,346.50</b>	<b>100%</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**24. Refundable Deposits and Prepayments**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	1,978,174.00	681,905.00
<b>Total</b>	<b>1,978,174.00</b>	<b>681,905.00</b>

**Aging Analysis for Refundable Deposits and Prepayments**

	<b>FY2022/2023</b>	<b>% of the total</b>	<b>FY2021/2022</b>	<b>% of the total</b>
Under one year	465,000.00	23.51%	-	%
1-2 years	365,000.00	18.45%	-	%
2-3 years	274,529.00	31.42%	-	%
Over 3 years	873,645.00	44.16%	-	%
<b>Total</b>	<b>1,978,174.00</b>	<b>100</b>	<b>-</b>	

**25. Deferred Income**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
National/County government	1,070,870.00	957,247.00
<b>Total deferred income</b>	<b>1,070,870.00</b>	<b>957,247.00</b>

**Kirandieh Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**The deferred income movement is as follows:**

	<b>County government/W STF</b>	<b>Total</b>
Balance brought forward	<b>957,247.00</b>	<b>957,247.00</b>
Additions	2,255,363.00	2,255,363.00
Transfers to Capital fund	(1,070,870.00)	(1,070,870.00)
Transfers to income statement	(1,070,870.00)	(1,070,870.00)
Balance carried forward	<b>1,070,870.00</b>	<b>1,070,870.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

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

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

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations</b>		
Profit or loss before tax	(15,043,337.00)	(6,221,150.00)
Depreciation	1,456,547.00	365,944.00
Amortization	1,070,870.00	957,247.00
(Gain)/loss on disposal of property, plant and equipment	-	
Operating profit/(loss) before working capital changes	(12,515,920.00)	(4,897,959.00)
Working capital changes:		
(Increase)/decrease in inventories	1,280,107.00	(138,391)
(Increase)/decrease in trade and other receivables	560,448.00	(818,239)
Increase/(decrease) in trade and other payables	7,474,026.00	5,351,766.00
Increase/(decrease) in provision for Doubtful debt	2,161,394.00	-
<b>Cash generated from/ (used in) operation</b>	<b>2,160,841.00</b>	<b>(502,823.00)</b>
<b>Balance at end of the year</b>	<b>50,246,629.00</b>	
<b>(b) Analysis of cash and cash equivalents</b>		
Cash at bank	50,246,629.00	25,719,250.00
Cash in hand	(0)	(0)
	<u>50,246,629.00</u>	<u>25,719,250.00</u>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance at end of the year	<b>50,246,629.00</b>	<b>25,719,250.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

---

**Other Disclosures**

**27. Related Party Disclosures**

**County Government of Baringo**

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

Other related parties include:

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

**Transactions with related parties**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Sales to related parties</b>		
		-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest income from T-bills and Bonds	-	-
Others (Specify)	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Bank charges paid to Govt Commercial banks		-
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
<b>Total</b>		-
<b>b) Grants from the Government</b>		
Grants from WSTF	32,394,625.00	26,918,995.00
Grants from County Government	3,724,960.00	9,100,000.00
Donations in kind		
<b>Total</b>	<b>36,119,585.00</b>	<b>36,918,995.00</b>
<b>c) Key management compensation</b>		
Directors' emoluments	938,100.00	674,814.00
Compensation to key management		
<b>Total</b>	<b>938,100.00</b>	<b>674,814.00</b>

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

**28. 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:

**(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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due but not Impaired Kshs</b>	<b>Past due and Impaired Kshs</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

<b>At 30 June 2023</b>				
Trade Receivables	43,227,875.00	1,792,252.00	8,474,927.00	32,960,694.00
Other Receivables	337,200.00	192,000.00		
Bank balances	50,246,629.00	50,246,629.00		
<b>Total</b>	<b>93,811,704.00</b>	<b>52,230,881.00</b>	<b>8,474,927.00</b>	<b>32,960,694.00</b>
<b>At 30 June 2022 (previous Year)</b>				
Receivables	40,843,233.00	2,631,275.00	4,567,258.00	32,603,487.00
Other Receivables	192,000.00	192,000.00		
Investments				
Bank balances	25,719,250.00	25,719,250.00		
<b>Total</b>	<b>66,754,483.00</b>	<b>28,542,525.00</b>	<b>4,567,258.00</b>	<b>32,603,487.00</b>

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from 2020. The board of directors are in the process of developing the company's credit policies and objectives and to lay 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	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June current year</b>				
Trade payables	7,057,669.00	820,000	22,703,034.00	30,580,703.00
Provisions			2,61,394.00	2,61,394.00
Deferred income			1070870	1070870
Employee benefit obligation	1,910,426.00	2,046,829.00	2,684,472.00	6,641,727.00
<b>Total</b>	<b>8,968,095.00</b>	<b>2,866,829.00</b>	<b>26,458,376.00</b>	<b>38,293,300.00</b>
<b>At 30 June 2022</b>				
Trade payables	-	1,307,695.00	21,335,473	22643,168.00
Provisions				
Deferred income	-			
Employee benefit obligation	135,422.00	3,228,250.50	2,973,694.00	6,337,366.50
<b>Total</b>	<b>135,422.00</b>	<b>3,028,098.00</b>	<b>24,309,167.00</b>	<b>28,980,534.50</b>

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

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

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

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

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

**a) Foreign currency risk**

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

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

---

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

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

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

	<b>Kshs</b>	<b>Other currencies</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June Current Year</b>			
<b>Financial assets</b>			
Cash	50,246,629.00	-	50,246,629.00
Debtors	43,227,875.00	-	43,227,875.00
<b>Financial Liabilities</b>			
Trade and other payables	37,402,431.00	-	37,402,431.00
		-	
<b>Net foreign currency asset/(liability)</b>	<b>56,072,073.00</b>	<b>-</b>	<b>56,072,073.00</b>

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

**b) Interest rate risk**

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

**i) Management of interest rate risk**

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

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

**ii) Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (110,954) (2022: KShs 62,234). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs (554,768.00) (2022 – KShs316,398.00)

**iii) Fair value of financial assets and liabilities**

**a) *Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

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

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

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

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

**iv) Capital Risk Management**

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

	<b>FY2022/2023</b>	<b>FY2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	(18,291,070.00)	(11,775,957.00)
Capital reserve	122,305,625.00	89,275,101.00
<b>Total funds</b>	<b>104,014,555.00</b>	<b>77,499,144.00</b>
Net debt/ (excess cash and cash equivalents)	50,246,629.00	25,719,250.00

**29. Incorporation**

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

**30. Events After the Reporting Period**

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

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

**17. Appendices**

**Appendix 1: progress on follow up of auditor recommendations.**

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

Inventories	The statement of financial position reflects balance of 21478039 which vary with the computed figure of Kshs 2,626,427 for inventory items reflected in corrected note 19 for the financial statement resulting to a variances of 448,388	The statement of Financial Position has been amended to reflect the correct figure of Kshs 2,178,039.00 as at June 2021	Johnstone K Toroitich Accountant	Resolved	December 2023
Share Capital	The Statement of Financial Position reflects share capital of Kshs 100,00.00 which has not been supported by share certificate, c12, register of members or any relevant documentary evidence. Further, memorandum of association indicates that baringo county government and its officials have subscribed for the shares.however,no documentary evidence was availed to confirm that shares were fully issued and paid for	The Company has the CR12 and it will be availed as and when required that indicates its shareholding and ownership as for payment follow up need to be done to confirm the same	Jackton Kimuati Managing Director	Unresolved	December 2023
Lack of Control on Information Technology System	It was observed that the company does not have functional ICT department.Secondly, the entity uses e-pay and resources and water billing pro for payroll and billing respectively. Analysis of the system reveals that the entity does not have full rights of the systems and it's controlled by rift valley water service board, who donated the company.	The company is in the process of establishing its ICT department by recruiting necessary staff and equipping with necessary equipment	Jackton Kimutai Managing Director	Unresolved	November 2023

**B. REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

1.0 Operating License	The Company has been Providing Water without a valid operating license contrary to Section 78(1) of the Water Act, 2016 which requires a company providing water services within a specified geographical area to obtain an operating license.	Kirandich Water Company Has initiated the process of renewing its License already has paid the Fees, we are awaiting WASREB.	Jackton Kimutai Managing Director	Not resolved	December 2023
2.0 Staff Pension	Included in the Trade Payables Figure of Kshs	During Covid 19 the Company Was not able to pay its	Jackton Kimutai		

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

	23,628,769.00 reflected in the statement financial position is unremitted staff pension contribution for the year of Kshs 1,382,613.00 as reflected in Note 32 to the Financial statement .Failure to remit pension by employer is contrary to section 53A (1) of the retirement Benefits Act which require pension deduction to be remitted within fifteen day of deduction.	obligation,but its has enter an agreement with the Pensioner to pay current and arrears every month	Managing Director		
3.Lack of Strategic Plan	The Company does not have a strategic plan in place to provide guidance on the broader objectives that are to be achieved by the organization and the responsibilities as stipulated in Section 149 (2) (g) of the public Finance Management Act, 2012 which require every accounting officer designated for County government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the county government.	The Company has developed and the cause the approval of strategic plan	Jackton Kimutai Managing Director	Resolved	December 2022
4.Lack of Approved Staff Establishment					
3.0 Lack of Internal Audit and Audit Committee	The Company doesn't have an internal audit department to guide and evaluate its internal controls contrary to the Regulation 153(1) of the Public Finance Management (County Governments) Regulation, 2015 which requires the he Internal auditors shall review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in County government entities, including County Assembly, have a duty to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization, and review the effectiveness of the financial and non-financial performance management systems of the entities. Further, the company has not established audit committee has stipulated in Regulation 167 (1) of Public Finance Management (County Governments) Regulations, 2015 which require each county government entity shall establish an audit committee. The Management is in breach of the law.	The Company has written to the County government for support on the same.	Jackton Kumutai Managing Director	Unresolved	December 2023
3.0 Non Revenue Water	The Statement of Financial Performance reflect sale of water figure of Kshs.22,663,635.A review of records availed for audit revealed that 1,264,690 cubic meters (M3) of water was produced and 440,400M3 was billed to customers resulting to unbilled water of 824,290 m3 or 65% of produced water.	The Company initiated a team to undertake overhaul system audit of all connection within our area of Jurisdiction from December 2021 and as at today our NRW has dropped to 58% as at April 2022 hence were are Optimistic that these model will yield results and Kirandich is Targeting 40% by December 2022	David Kimuron Ngetich Technical Manager	Not resolved	December 2023
4.0 Lack of procurement Plan	The statement of financial performance reflects total expense figure Kshs 59,753,784 However, a Procurement plan as stipulated in	The Procurement plan is available and can be availed anytime	Cythia Rono Procurement assistant	Resolved	June 2023

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

---

section 50(3) of the public finance Management				
--	--	--	--	--

Name JACKTON KIMUTAI  
Signature [Handwritten Signature]  
Managing Director  
Date 21/02/2024

**Kirandich Water Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

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

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	OI arabal water Supply Rehabilitation	WSTF	18months		No	yes
2	PSF Marigat	WSTF	9Months		No	Yes
3	PSF-Oinobmoi	WSTF	9Months		No	Yes
4	Augmentation of Kabarnet Water Supply	WSTF	11Months		No	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	OI arabal water Supply Rehabilitation	67Million	78%	96%	69Million	54Million	WSTF/BCG
2	PSF	4.1Million	98%	100%	5.8Million	3.36Milion	WSTF/BCG
3	Augmentation of Kabarnet water supply	64million	15%	30%	64million	.001milion	WSTF/BCG
4	PSF Oinobmoi	5.8Million	100%	100%	5.8%	5.8%	WSTF/BCG

END