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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
RUKANGA WATER AND SANITATION
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE 2012



**RUKANGA WATER AND SANITATION
COMPANY LTD
P.O. BOX 311 – 10230
SAGANA**

**FINANCIAL STATEMENTS
AS AT 30TH JUNE 2012**

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2012

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CORPORATE INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2012

A. BOARD OF DIRECTORS

- | | |
|-------------------------------|------------|
| 1. Mr. Charles N. Kimemia | - Chairman |
| 2. Mr. Bernard K. Mainta | - Member |
| 3. Mrs. Jane W. Mwangi | - Member |
| 4. Mr. John N. Makumi | - Member |
| 5. Mrs. Jane Wacera Njaguara | - Member |
| 6. Mrs. Faith Wanjiku Mukinyi | - Member |
| 7. Mr. Geoffrey K. Njoroge | - Member |

B. CORPORATE MANAGEMENT TEAM

- | | |
|-----------------------|-------------------|
| Mr. Daniel K. M. Weru | - General Manager |
| Mr. Kennedy Muriuki | - Accountant |

C. REGISTERED OFFICE

Riandira Shopping Centre
Sagana/Makutano/Nairobi Highway
P.O. Box 311 – 10230
SAGANA.
E-mail: ruwasco@gmail.com

D. PRINCIPAL BANKERS

1. Co-operative Bank of Kenya Ltd
P.O. Box 635 – 10300
KERUGOYA
2. Equity Bank Ltd
KAGIO

E. AUDITORS

Office of the Auditor General
P.O. Box 30084 – 00100
NAIROBI.

**REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2012**

The Board of Directors has the pleasure in submitting their report together with the Audited Financial Statements for the year ended on 30th June 2012.

1. INCORPORATION

The Company is incorporated under the Companies ACT Cap 486 Laws of Kenya and is domiciled in Kenya.

2. PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of water services in Kirinya County under licence from Tana Water Services Board

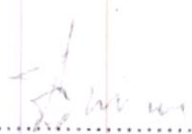
3. OPERATING RESULTS

The operating results of the trust are reflected on page 5.

4. BOARD OF MANAGEMENT MEMBERS

The Board of Directors who served during the year and to the date of this report are as listed on Pages 1.

BY ORDER OF THE BOARD OF DIRECTORS


.....
DANIEL K. M. WERU (MR)
GENERAL MANAGER

DATE 10 July 2012

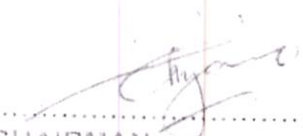
STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES


The Kenyan Company ACT requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company's operating results for that year. It also requires the Board of Directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the operating results of the company. The Board of Directors is also responsible for safe guarding the assets of the company.

The Board of Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with *International Financial Reporting Standards* and the requirement of the Kenyan Companies ACT. The Board of Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 30th June 2012 and of its operating results for the year then ended. The Board of Directors further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as adequate systems of Internal Financial Controls.

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

Approved by the Board of Management on 19th Nov 2016 and signed on its behalf by:


.....
CHAIRMAN


.....
GENERAL MANAGER

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON RUKANGA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Rukanga Water and Sanitation Company Limited set out on pages 5 to 13, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Board of Directors Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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 of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

Report of the Auditor-General on the Financial Statement of Rukanga Water and Sanitation Company Limited for the Year Ended 30 June 2012

expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Water Distribution Income

The statement of comprehensive income reflects water distribution income of Kshs.3,287,460 out of which Kshs.2,886,935 relate to water sales. However, the water sales quarterly reports indicated an amount of Kshs.2,904,935 resulting in unexplained variance of Kshs.18,000. Further, the water distribution income of Kshs.3,287,460 include fines totalling Kshs.150,700 which were not supported by ledger entries.

In addition, the statement of comprehensive income reflects a comparative figure of Kshs.3,061,355 under 2010/2011 financial year in respect of water distribution income while the audited financial statements for the year ended 30 June 2011 reflected a figure of Kshs.2,846,355 and thus, resulting in unexplained difference of Kshs.215,000.

In the circumstances, the accuracy and completeness of the water distribution income of Kshs.3,287,460 for the year ended 30 June 2012 could not be confirmed.

2. Ministry of Water and Irrigation Subsidy

Disclosed in Note 2 (b) to the financial statements is Ministry of Water and Irrigation Subsidy of Kshs.1,668,000 out of which Kshs.1,200,000 relate to water testing equipment and Kshs.468,000 relates to water meters which are capital in nature. However, the amount of Kshs.1,200,000 was treated as income and presented in the statement of comprehensive income instead of setting up a grant account and presenting the amount as a deferred income in the statement of financial position and, then recognize amortization for the year in the statement of comprehensive income.

Under the circumstances, the Ministry of Water and Irrigation Subsidy of Kshs.1,668,000 for the year ended 30 June 2012 is not fairly stated.

3. Administrative Costs

The statement of comprehensive income reflects administration costs of Kshs.1,529,999 out of which Kshs.285,499 relate to general repairs and maintenance. The expenditure was however not supported by relevant documents such as procurement records and certificates of service done. Further, the administrative costs also include expenditure of Kshs.205,525 and Kshs.38,700 on staff welfare and training expenses respectively which were not supported by payment vouchers.

Consequently, the accuracy and propriety of the administration costs of Kshs.1,529,999 for the year ended 30 June 2012 could not be confirmed.

4. Fixed Assets

The statement of financial position as at 30 June 2012 reflects fixed assets balance of Kshs.23,329,669. However, the company management did not provide procurement documents and payment vouchers for assets purchased during the year amounting to Kshs.1,709,839.

In addition, ownership documents and land valuation reports for land parcel number Kiine/Rukanga/3283 purchased in 2005 at a cost of Kshs.100,000 and Kiine/Gacharo/1425 measuring 0.25 acres purchased in 2008 at a cost Kshs.250,000 were not provided for audit review. In addition, the fixed assets register includes several parcels of land, buildings, water tanks and pipeline for which no values were captured and disclosed in these financial statements.

In the circumstances, the accuracy and completeness of the fixed assets balance of Kshs.23,329,669 as at 30 June 2012 could not be ascertained.

5. Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.173,189 out of which Kshs.121,120 relate to sundry creditors which were, however not supported by relevant documentations such as ledger and creditors statements.

Further, the trade and other payables of Kshs.173,189 includes an amount of Kshs.46,400 in respect of audit fees payable to a private auditor. However, the consultant was not formally appointed by the Auditor General as required by law and therefore the audit fees payable could not be justified.

In the circumstances, the accuracy and propriety of the trade and other payables balance of Kshs.173,189 as at 30 June 2012 could not be confirmed.

6. Cash and Bank Balances

The statement of financial position as at 30 June 2012 reflects cash and bank balance of Kshs.1,149,251 which was not supported by bank reconciliation statements, certificate of bank balances and cash survey certificates. As a result, the accuracy and completeness of the cash and bank balance of Kshs.1,149,251 as at 30 June 2012 could not be confirmed.

7. Other Income

The statement of comprehensive income reflects other income of Kshs.472,035 for the year ended 30 June 2012. However, revenue schedules and receipts in respect of the other income were provided for audit verification. Consequently, the accuracy and completeness of the other income of Kshs.472,035 for the year ended 30 June 2012 could not be confirmed.

8. Directors' Expenses

The statement of comprehensive income reflects directors' expenses amounting to Kshs.289,130. The board of directors was not registered with the registrar of companies, and there was no clear guidelines and approval on remuneration and allowances of the Board of directors. As a result, the validity and completeness of the directors' costs of Kshs.289,130 for the year ended 30 June 2012 could not be confirmed.

9. Personnel Costs

The statement of comprehensive income reflects personnel cost of Kshs.1,727,385 for the year ended 30 June 2012. However, payroll schedules and master roll for casual labourers were not presented for audit review. Further, an amount of Kshs.73,800 paid to the company's general manager as gratuity was not supported with relevant authority and documentation.

In the circumstances, the accuracy and validity of personnel costs of Kshs.1,727,383 as at 30 June 2012 could not be confirmed.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly the financial position of the Rukanga Water and Sanitation Company Limited as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and do not comply with the Kenyan Companies Act.

Other Matter

1. Lack of Approved Budget

The statement of comprehensive income reflects total income and expenditure of Kshs.5,427,495 and Kshs.4,252,540, respectively. However, the company operated without an approved budget during year ended 30 June 2012. No explanation was given for the failure to prepare annual estimates.

2. Contract for Employees

The company did not have a staff establishment record or salary structure during the year. In addition, the company engaged six temporary employees whose contract agreements did not specify the number of months or years the employees were to serve. Records indicate that most of the employees were engaged in 2009. However, correspondences showing renewal of contract or conversion from temporary employees (casuals) to contract employees were not provided for audit review. The temporary employees may be deemed to be working on contract which would require the company to pay them gratuity for the period served. No explanation was provided for the irregularity noted.

3. Water Sales Tariffs

According to Section 73 of the Water Act 2002, the company is required to charge water sales using gazetted tariffs approved by Water Services and Regulatory Board. However, during the year under review, the company used rates recommended by the company's board. No explanation was provided for the failure to seek approval from the Regulatory Authority. Therefore, the company management was in breach of the law.

4. Non-Revenue Water

During the year, the company produced approximately 360,000 cubic meters (m³) of water. However, and out of this volume, only 174,515 cubic meters (m³) was billed to customers. The balance of 185,485 cubic meters (m³) or approximately 52% of the total volume represented Unaccounted for Water (UFW) which is 27% over and above the allowable loss of 25% in accordance with the WASREB guidelines. The UFW of 52% may have resulted in loss of sales estimated at Kshs.3,153,245. The significant level of UFW may negatively impact on the company's profitability and its long term sustainability.

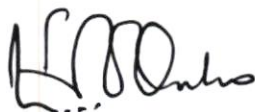
5. Share Capital

The company management did not provide Articles of Association and Memorandum of Understanding information regarding ownership and shareholding of the company. Further, share capital for the company has not been disclosed in these financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 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, proper books of account have not been kept by the Company, so far as appears from my examination of those books; and,
- iii. The Company's statement of financial position and statement of comprehensive income are not in agreement with the books of account.



FCPA, Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

05 July 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2012

<u>INCOME</u>	<u>Note</u>	<u>2012 Kshs</u>	<u>2011 Kshs</u>
Water Distribution	2(a)	3,287,460	3,061,355
Ministry of Water & Irrigation Subsidy	2(b)	1,668,000	640,000
Other Incomes	2(c)	472,035	-
TOTAL INCOME		5,427,495	3,701,355
<u>DEDUCT: OPERATING EXPENSES</u>			
Personnel Cost	3	1,727,385	1,071,800
Finance Cost	4	5,164	2,822
Administrative Cost	5	1,529,999	505,659
Directors Expenses	6	289,130	807,988
Depreciation		700,862	516,630
Total Expenses		4,252,540	2,904,899
NET SURPLUS/(DEFICIT) FOR THE YEAR		1,174,955	796,456

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

<u>ASSETS EMPLOYED</u>	<u>Notes</u>	<u>2012 Kshs</u>	<u>2011 Kshs</u>
Fixed Assets	7	23,329,669	22,320,692
		<u>23,329,669</u>	<u>22,320,692</u>
<u>CURRENT ASSETS</u>			
Debtors & Other Receivables	8	560,155	264,001
Cash & Bank Balances	9	1,149,251	1,193,775
Total Current Assets		<u>1,709,406</u>	<u>1,457,776</u>
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	10	173,189	87,536
Total Current Liabilities		<u>173,189</u>	<u>87,536</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>1,536,217</u>	<u>1,370,240</u>
NET ASSETS		<u>24,865,886</u>	<u>23,690,931</u>
<u>FINANCED BY:</u>			
<u>EQUITY</u>			
Accumulated Fund		24,865,886	23,690,931
TOTAL EQUITY		<u>24,865,886</u>	<u>23,690,931</u>

The financial statements were authorised for issue by the Board of Directors

on and signed on their behalf by:

.....
CHAIRMAN

.....
GENERAL MANAGER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012

	Accumulated Fund Kshs
Balance as at 1st July 2010	22,894,475
Surplus for the Year	<u>796,456</u>
BALANCES AS AT 30-06-2011	<u>23,690,931</u>
Balance as at 1st July 2011	23,690,931
Surplus for the Year	<u>1,174,955</u>
BALANCES AS AT 31-12-2014	<u>24,865,886</u>

CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2012

	<u>2012</u> <u>Kshs</u>	<u>2011</u> <u>Kshs</u>
Operating Surplus/(Deficit) after Taxation	1,174,955	796,456
Adjustments For:		
Depreciation	700,862	516,630
Operating Surplus before Working Capital Changes	<u>1,875,817</u>	<u>1,313,086</u>
(Increase)/Decrease in Trade & Other Debtors	(296,155)	251,175
Increase/(Decrease) in Creditors & Accruals	<u>85,653</u>	<u>9,412</u>
Cash Flow from Investment Activities	<u>1,665,316</u>	<u>1,573,673</u>
Purchase of Fixed Assets	<u>(1,709,839)</u>	<u>(1,647,116)</u>
Net Cash From Operating Activities	<u>(44,524)</u>	<u>(73,443)</u>
<u>RECONCILIATION OF CASH AND BANK BALANCES</u>		
Cash at the Beginning of the Year	<u>1,193,775</u>	<u>1,267,217</u>
Cash at the End of the Year	<u>1,149,252</u>	<u>1,193,775</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2012

1) ACCOUNTING POLICIES

a) Accounting Period

The Company prepares its accounts for a period of twelve months starting from 1st July to 30th June of the following year.

b) Accounting Convention

The financial statements are prepared under the historical cost basis of accounting.

c) Depreciation

Depreciation on the fixed assets is provided so as to write off the cost of these assets on a reducing balance basis over the expected useful lives of the assets concerned.

The annual depreciation rates in use are:

Land	Nil
Land Chamber	2.5%
Fixtures and Fittings	12.5%
Water Treatment Equipment	12.5%
Electrical Installation	10.0%
Meters	12.0%
Main Pipeline	2.5%
Fencing	2.5%
Intake Construction	2.5%
Storage Tanks	2.5%
Computer	30.0%
Computer Software	30.0%
Bicycles	25.0%
Motorcycles	25.0%

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	<u>Kshs</u>	<u>Kshs</u>
2) <u>INCOMES</u>		
a) <u>Water Distribution</u>		
Water Sales	2,886,935	2,686,295
Fines	150,700	133,960
Application Fees	25,700	26,100
Development Fees	224,125	215,000
TOTAL	<u>3,287,460</u>	<u>3,061,355</u>
b) <u>Ministry of Water & Irrigation Subsidy</u>		
Water Testing Equipment	1,200,000	-
Water Meters	468,000	640,000
TOTAL	<u>1,668,000</u>	<u>640,000</u>
c) <u>Other Incomes</u>		
Bank Interest	6,412	-
Miscellaneous Income	465,623	-
TOTAL	<u>472,035</u>	<u>-</u>
3) <u>PERSONNEL COSTS</u>		
Salaries & Wages	1,464,835	1,011,900
Casual Labour	103,050	5,000
Gratuity on Contract	73,800	-
Staff Overtime Allowance	21,700	18,200
National Social Security Fund	45,600	31,200
Christmas Bonus	18,400	5,500
TOTAL	<u>1,727,385</u>	<u>1,071,800</u>
4) <u>FINANCE COST</u>		
Bank Charges	5,164	2,822
TOTAL	<u>5,164</u>	<u>2,822</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2012

5) <u>ADMINISTRATIVE EXPENSES</u>	2012 Kshs	2011 Kshs
Staff Welfare/Uniforms	205,525	5,400
Travelling & Subsistence	54,370	3,200
Printing & Stationery <i>DE</i>	81,892	44,579
Telephone & Postage <i>DE</i>	46,985	38,535
Electricity Charges	9,780	7,345
Fuel, Oil & Lighting	-	33,350
Public Relations & Advertising	-	12,175
General Repairs & Maintenance <i>DM</i>	285,499	8,104
Rent & Rates <i>DE</i>	40,000	32,140
Tana Water Services Board Levy <i>TWSB</i>	159,547	146,536
Water Resource Management Authority <i>TWSA</i>	-	82,000
Motorcycle Insurance <i>DE</i>	6,481	6,325
Transportation <i>Travel</i>	13,400	21,650
Utensils	-	6,520
Pipes Storage Charges	-	1,000
Training Expenses <i>DE</i>	38,700	-
Meeting & Conferences <i>DE</i>	341,980	-
Compensation for Trees/Crops	-	1,500
Audit & Accountancy <i>DE</i>	245,840	54,000
Cleaning Materials	-	1,300
TOTAL	1,529,999	505,659
6) <u>DIRECTORS EXPENSES</u>		
Sitting/Duty Allowance	47,430	412,300
Travelling & Subsistence Allowance	241,700	395,688
TOTAL	289,130	807,988
7) <u>DEBTORS AND PREPAYMENTS</u>		
Outstanding Water Bills at the Balance Sheet Date	474,105	236,025
Fines & Penalties	82,200	-
Deposits	3,850	3,850
Cash Lost	-	24,125
TOTAL	560,155	264,001

**PROPERTIES, PLANT AND EQUIPMENT
FOR THE YEAR ENDED ON 30TH JUNE 2012**

	Land Kshs	Land Chambers Kshs	Fixtures & Fittings Kshs	Water Treatment Equipment Kshs	Electrical Installation Kshs	Meters Kshs	Main Pipeline Kshs	Fencing Kshs	Intake Construction Kshs	Storage Tanks Kshs	Computer Kshs	Computer Software Kshs	Bicycles Kshs	Motor Cycles Kshs	TOTAL Kshs
At 1st July 2010	1,098,775	70,000	53,630	-	40,040	-	19,321,036	25,040	750,000	950,000	-	-	-	3,937	22,312,456
Additions	338,800	-	60,000	-	-	-	614,315	-	-	-	348,000	54,000	7,000	-	1,647,115
At 30th June 2011	1,437,575	70,000	113,630	-	40,040	-	19,935,351	25,040	750,000	950,000	348,000	54,000	10,937	225,000	23,959,573
COSTS															
At 1st July 2011	1,437,575	70,000	113,630	-	40,040	-	19,935,351	25,040	750,000	950,000	348,000	54,000	10,937	225,000	23,959,573
Additions	-	-	-	1,200,000	-	468,000	-	19,550	-	-	22,289	-	-	-	1,709,839
At 30th June 2012	1,437,575	70,000	113,630	1,200,000	40,040	468,000	19,955,351	44,590	750,000	950,000	370,289	54,000	10,937	225,000	25,669,412
DEPRECIATION															
At 1st July 2010	-	3,883	15,488	-	-	-	1,004,162	2,260	41,602	52,696	-	-	-	2,161	1,122,251
Charge for the Year	-	1,653	4,758	-	6,006	-	457,922	5,695	17,710	22,433	-	-	-	444	516,630
At 30th June 2011	-	5,536	20,255	-	6,006	-	1,462,083	7,955	59,312	75,128	-	-	-	2,505	1,638,881
DEPRECIATION															
At 1st July 2011	-	5,536	20,255	-	6,006	-	1,462,083	7,955	59,312	75,128	-	-	-	2,505	1,638,881
Charge for the Year	-	1,612	11,672	-	3,403	-	461,832	4,271	17,267	21,672	104,400	16,200	-	2,063	700,662
At 30th June 2012	-	7,148	31,927	-	9,409	-	1,923,915	12,226	76,579	97,000	104,400	16,200	-	4,568	2,339,743
NET BOOK VALUE															
At 30th June 2012	1,437,575	62,862	81,703	1,200,000	30,631	468,000	18,011,436	32,364	673,421	853,000	265,889	37,800	6,249	158,750	23,329,689
At 30th June 2011	1,437,575	64,464	93,375	-	34,034	-	18,473,296	17,085	690,568	874,872	348,000	54,000	8,332	225,000	22,320,697

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2012

9) <u>CASH AND BANK BALANCES</u>	<u>2012</u> <u>Kshs</u>	<u>2011</u> <u>Kshs</u>
Co-op. Bank - Account No.01100035050700	-	70
Co-op. Bank - Account No.01100035050701	389,019	175,399
Co-op. Bank - Account No.01100035050702	111,938	642,635
Equity Bank	634,260	367,274
Cash in Hand	14,034	8,397
TOTAL	<u>1,149,251</u>	<u>1,193,775</u>

10) **SUNDRY CREDITORS AND ACCRUALS**

Sundry Creditors	121,120	536
Audit Fees Payable	46,400	87,000
Prepaid Bills	5,669	-
TOTAL	<u>173,189</u>	<u>87,536</u>

11) **TAXATION**

Corporation Tax has not been provided for in the account as there are negotiations going on between the Government Ministries to agree on whether or not water service provider should be subjected to income tax.

12) **COMPARATIVE FIGURES**

Certain figures have been reclassified for comparative purposes.

13) **COUNTRY OF INCORPORATION**

The company is incorporated and domiciled in Kenya under the Companies ACT.

14) **CURRENCY**

The financial statement are presented in Kenya Shillings.

