

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PAPERS LAID	
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COMMITTEE	
CLERK AT THE TABLE	CAROLYN C.

THE AUDITOR-GENERAL

ON

**MIGORI COUNTY WATER AND
SANITATION COMPANY LIMITED**

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



MIGORI COUNTY WATER AND SANITATION 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)

Migori County Water and Sanitation Company Ltd

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

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1. Key Entity Information

Background information

MIKUTRA Water and Sanitation Company was incorporated and registered under the Company Act (Cap 486) on the 12th June 2006 and change of name to Migori County water and Sanitation Company was registered with the registrar of companies on 26th January 2015 following transfer of ownership from the defunct Local Authorities to the County government of Migori. It is a water service provider contracted by Lake Victoria South Water Works Development Agency through a Service Provision Agreement (SPA) to run gazetted water supplies within Migori, Rongo, Kuria East, Kuria West, Nyatike, Uriri, Awendo, Transmara East and Transmara West Districts as per the Water Act 2002. With devolution, Transmara East and Transmara West moved to Narok County while the other water supplies remained within the coverage of the company. The Company covers an area of about 5976 km² with a population of approximately 1,116,436 people based on 2019 population census estimated to be growing at 3%.

The Board of Directors consists of eight members drawn from the shareholders and a wide spectrum of other stakeholders. The Directors are responsible for strategic direction, policymaking, co-ordination and control of company functions. The management team implements strategies and plans approved by the Board and carry out the daily running of the business. The Company's Management is headed by Managing Director who reports to the Board of Directors.

Principal Activities

The principal activity of the Company is to provide adequate, sustainable and affordable safe water and sewerage services through efficient and effective management of resources and involvement of stakeholders.

Directors

The Directors and Company Secretary who served the Company during the year/period were as follows:

1. Mr. John Abuya - Chairman
2. Mr. Jacob Getende- Managing Director
3. Hon. Christopher Rusana. - Member
4. Hon. Maurice Otunga - Member
5. Mr. Hosea H. Oloo - Member
6. Mrs. Peline Ochola - Member
7. Mr. George Chacha – Member
8. Mrs. Perez Aluoch - Member
9. Mr. Dickson Kirui - Company Secretary

Corporate Secretary

Kirui Registrar's & CPS
P.O Box 1087-20200
Kericho, Kenya.

(d) Registered Office

P.O.BOX 389- 40400
SUNA MIGORI
County of Migori Department of Water and Energy Office,
Migori, Kenya.

(e) Corporate Contacts

Tel. 0746160002
Email: miwascoltd@gmail.com
info@miwasco.co.ke

(f) Corporate Bankers

Kenya Commercial Bank
P.O. Box 54 - 40400
Suna, Migori

Family bank
P.O Box -40400
Suna, Migori

(g) Independent Auditors

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

Principal Legal Advisers

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

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2. The Board of Directors

No	Director's passport-size	Director's name, and key profession/academic qualifications	Concise description of each Director's date of birth, key qualifications and work experience
1		Dir. John Abuya Ochieng Chairman Board of Directors	Date of Birth: 1957 Work Experience: 30 years in Development programmes, disaster management and preparedness, policy works with Ministry of water devt at regional. & International Org. Key Qualifications: Higher National Diploma in Water Engineering
2.		Mr. Jacob Getende Maroa Managing Director	Date of Birth: 1976 Work Experience: - H.O.D & Production Manager at Selecta Kenya – 15 Years - Senior Supervisor at Sophia Roses - 5 years - Field Technician - MTK & BAT (K) Ltd. Key Qualifications: - MBA in Strategic Management - JKUAT - BBM Marketing- MKU. Diploma Horticulture - JKUAT, Diploma Information Technology (Dip-IT)-Wantech College.
3.		Hon. Christopher Rusana CECM - Water & Energy	Date of Birth: 1970 Key Qualifications: MSC Urban Management and Development- Erasmus University, Rotterdam, NL BA Anthropology- UON PGD Project Planning and Management- Maseno University Cert. In Anti-Corruption & Good Governance, Marquette University, USA Work experience: - Administrative Officer, Migori County Council - Town Clerk, various municipalities including Kisumu - County Secretary - 2014-2022, Migori County Government Other Community service - Director Homawasco - Director Miwasco

			3. Chairman BoM Nyabisawa Girls and Abwao Sec. School 4. Chairman P.A, Maseno School.
4.		Hon. Maurice Otunga CECM Finance and Economic Planning	Date of Birth: 1960 Work Experience: Principal St. Joseph Rapogi Boys High School 20 years High School Teacher - 15 Years Key Qualifications: M.A - Project Planning & Management - UON Diploma in Management - K.I.M
		Dir. Hosea H. Oloo Board of Director	Date of Birth: 1960 Work Experience: 32 years of work Key Qualifications: B.E.D Arts
5.		Dir. George Chacha Board of Director	Date of Birth: 1969 Work Experience: 33 years of work Key Qualifications: Higher National Diploma in Aeronautical Engineering (Kenya Air Force) Civil Society Water Users Resource Association

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6.		Dir. Peline Ochola Board of Director	Date of Birth: 1968 Work Experience: 30 years of work Key Qualifications: Diploma in Business Management
7.		Dir. Perez Aluoch Board of Director	Date of Birth: 1976 Work Experience: 13 years of experience Key Qualifications: Diploma in Counseling

3. Management Team

Manager's passport-size photo and name, and key profession/academic qualifications	Area of responsibility
 Jacob Getende, MBA, BBM	Date of Birth: 1976 Work Experience: ▪ H.O.D & Production Manager at Selecta Kenya – 15 Years ▪ Senior Supervisor at Sophia Roses - 5 years ▪ Field Technician - MTK & BAT (K) Ltd. Key Qualifications: ▪ MBA in Strategic Management - JKUAT ▪ BBM Marketing- MKU. Diploma Horticulture - JKUAT, Diploma Information Technology (Dip-IT)- Wantech College.

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Joseph Karanja Obiri

Head of Technical Services

Higher Diploma in Water Technology



Shadrack Obincho Rioba

Ag. Head of Finance and Commercial Services
BCom (Accounts option)
CPA

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IV. Chairman's Statement

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30th June 2023.

Operating Environment

The company oversees the operations and maintenance of seven water supply schemes namely: Migori, Rongo Isebania, Kehancha, Awendo, Kegonga and Uriri.

The better part of F/Y 2022/2023 from September 2022 to June 2023, there were limited operations in Rongo, Awendo and Uriri schemes due to Mechanical and electromechanical break down at the T works also vandalism at Awendo treatment works. On the same note Migori Scheme did experience disruption of operations in the month of March and April due to Oyani intake was swept away by rains. The company is also experiencing high operational cost attributed to high monthly electricity billing as a result of KPLC revision of power tariff upwards. Generally, the company experienced minimum power disconnections since the County Government through the Department Water paid electricity bills in time, also ensuring chemical supply for the FY 2022/2023.

The Board

The Board is committed to ensuring the company's growth by collectively directing its affairs whilst meeting the diverse interest of stakeholders. The Board strives to observe the highest standards of corporate governance and corporate ethics in providing overall policy and strategic direction of the company. Through the Board's diversity and broad-based experience and skills, the company has been able to carry out its operations as illustrated by the results.

The Future and Conclusion

With devolution of water services, the company has a bright prospect to fully deliver its mandate to the people of Migori County. Restructuring in the operations and management structures during the financial year 2022/2023 has inspired better performance and resurgence in the growth trajectory of the company.

Appreciation

Lastly, I wish to express my sincere appreciation to my fellow Board members, management and staff for their dedication during the financial year 2022/2023. I take cognisance of grants from the County Government of Migori department of Water and Energy of Kshs. 28,925,926 towards electricity and water treatment Chemicals, and ongoing Western Kenya Water Projects at Uriri boreholes and Kegonga raising main. I thank them for their continued support, guidance and good working relationship.

John Abuya Ochieng
Chairman



V. Report of the Managing Director

I am delighted to present the Annual Report and Financial statement for the year ended 30th June 2023.

Operating Results

The performance of the company continues to be unsatisfactory being majorly due to limited operations by four of the seven schemes caused by mechanical, electromechanical and vandalism challenges at the respective treatment works for the better part of FY 2022/2023. The company recorded a loss of Kshs 6.7 million for FY 2022/2023. Water sales registered Kshs 17.8 million as opposed to last financial year's Kshs 15.5 million representing 13.5% increase due to continuous non interrupted electricity supply of all schemes except technical challenges in Rongo, Awendo and Uriri water supply for 9 months. Grants received from Migori County Government in respect of electricity bills paid directly to KPLC increased from Kshs 20.7 million in the financial year 2021/2022 to Kshs 26.4 million representing a 22% increase but with accrued KPLC electricity arrears of Kshs.9.1 million from F/Y 2021/2022. Income from commercial vehicles dropped from Kshs. 2.2 million in the financial year 2021/2022 to Ksh.1.5million in FY 2022/2023 due to nonoperation of both the water tanker and exhauster. Continued lack of a waste dumping site in Migori County means that all the waste collected is transported all the way to Kisii County for safe disposal, which is very costly for the customers and the company. The back hoe is still in a state of disrepair and requires an overhaul of the same to restore its operations. In summary the company raised a total of Kshs 19.9 million as own revenue compared to last financial year's of Kshs 18.03 million signifying an increase of 10%.

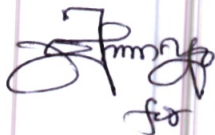
The production cost increased from Kshs 27.5 million in the financial year 2021/2022 to Kshs 33.6 million representing 18% increase. As explained above, 77% of operating cost was electricity power used for operation representing 26 million used in production. General administration costs remained constant at Kshs. 22 million for the period under review.

Operating Environment

The Company did inherit a poor pipeline infrastructure in all its water supplies during the handover phase from the Ministry of Water and Irrigation with huge customer debts. As a result of this the company is financially struggling to meet operation and maintenance cost while complying with set statutory obligations like yearly audit expenses and other payables. In all its water supplies, the company operates pumping systems that lead to huge electricity bill due to the fact that all our seven schemes have a two-step pumping system also compounded with a high KPLC power tariff.

Conclusion

On behalf of the management team of Migori County Water and Sanitation Company, I wish to thank the Board for its prudent guidance and direction and the entire staff for their dedication and hard work, the customers for their continued support, and to all the stakeholders of the company. I also wish to express my gratitude to Lake Victoria South Water Works Development Agency, water services trust fund, Water services regulatory board and Migori County Government for their continued support to the company.



Jacob Getende Maroa
Managing Director



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VI.Statement of Performance against Predetermined Objectives for FY 2022/2023

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.

Migori Water and Sewerage Company has two strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY2027. These strategic pillars/ themes/ issues are as follows:

1. Provision of water and sanitation services within the area specified in the license
2. The development of county assets for water and sewerage service provision.

Migori Water and Sanitation co develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a yearly basis. The board achieved its performance targets set for the FY 2022/2023 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Provision of water and sanitation services within the area specified in license	Improve access to clean, safe and affordable water and sanitation services to the public	- Water coverage - Drinking water quality - Non-revenue water	- Pipeline extension - Water safety policy - Metering policy	144 km pipeline extension by last mile connectivity - Policy developed, approved and being actualised - Metering policy approved
2. Development of county assets for water and sewerage services provision	Facilitation for water infrastructure for provision of safe, clean and affordable water and sanitation services	- Water coverage - Hours of supply - Operational infrastructure	- Construction of treatment and intake works and rehabilitation of existing one - Installation of pumping sets	- Rehabilitation of oyani intake works and desilting of sorore intake works - Servicing of oyani t works and booster station done'

VII. Corporate Governance Statement

Corporate Governance is central to the Company's approach towards the enhancement of shareholder's and stakeholder's value. The MIWASCO Board of Directors recognizes that the maintenance and consistent practice and application of good corporate governance practices is key to the long-term success of the Company's business and will enable the business to deliver sustainable shareholder and stakeholder value.

1. Number of Board meetings FY 2022/2023

Committees – 4 meetings for each of the three (3) Board of Directors Committees

Full Board – 4

Annual General Meeting – One (1)

Special General Meeting – None

2. Succession plan

Article 93 B of the Company's Articles of Association deals with Board succession policies and period in office. The Article specifically provides for retirement of two thirds of the stakeholder directors. This then leaves a third for institutional memory and succession. Two Directors are due for retirement as their term expires in the year 2022; however, they are eligible for reappointment for a second and final term.

3. Existence of a Board charter

MIWASCO has developed a board charter, and operationalized the same.

4. Process of appointment and removal of directors

The procedure for appointment and removal of Directors is clearly stated in the Company's Act No. 17 of 2015 and the Company's Articles of Association. The procedure under Article 68 (i), (ii), (iii) and (iv) clearly spells out the size of the board, background of the directors, eligibility criteria and stakeholder participation procedure. Further, Article 84 deals with disqualification of directors. The Companies Act further provides procedures for removal of director.

5. Roles and functions of the Board

Article 73 of the Company's Articles of Association spells out the powers, duties, functions and authorities of MIWASCO board. It states that the Board of Directors shall adhere to the Memorandum and Articles of Association whose first object is to be an agent of the Water Services Board. Specifically, the Board of Directors shall:

- 1) Before commencing business sign the code of ethics as circulated by WASREB.
- 2) Have a schedule of full board meetings at the end of every year for the next year.
- 3) Have only one full board meeting in every quarter.
- 4) Inform WASREB of other meetings not within the schedule of board meetings.
- 5) Define the limits of authority of the Managing Director and other top executives in a schedule of duties.
- 6) Approve an annual budget in consultation with WASREB in accordance with the Water Act, 2016.
- 7) Devote sufficient time to their responsibilities.
- 8) Have an approved organizational structure and adhere to the staff efficiency ratio guideline of 9 staff per 1,000 connections in accordance with WASREB guidelines.
- 9) Have a performance management and appraisal system in place.
- 10) Map out communication strategy for internal and external liaisons to include at least one public forum in its area of supply.
- 11) Define how the Board will operate including:

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- (a.) Submission of the following information to them by management on a quarterly basis:
 - i.) Amount of regulatory levy and other levies paid.
 - ii.) Service obligation and performance report for supply area providing commercial and technical issues.
 - iii.) Financial report reflecting the levels of tariff revenues and subsidies.
- (b.) Submission of the following reports on an annual basis:
 - i.) Financial report.
 - ii.) Latest audited financial report for the year ended.
 - iii.) Performance achievement report covering commercial and technical improvements on performance.

- 12) Embark on benchmarking with other WSP to constantly monitor management performance and the financial progress of the company.
- 13) Evaluate its own performance at least once every year based on the Service Provision Agreement.
- 14) Ensure that the company is properly managed for the attainment of lawful objectives.
- 15) Ensure that the company's affairs are not managed or conducted in a manner oppressive to any of its shareholders or for fraudulent purposes.
- 16) Ensure that the company complies with all statutory requirements, including directives issued by WASREB.
- 17) Ensure that sitting allowances and other expenditures of the board and its committees do not exceed two percent of the annual recurrent budget for a WSP, five per cent for a WSB or any other ratio set out by the Water Services Regulatory Board for efficiency purposes
- 18) Appoint an Ad hoc committee to determine chairman's remuneration (Honoraria) in line with the WASREB or Government regulation.
- 19) The chairman is entitled to honoraria based on number of visits made officially (excluding boards meeting).

6. Induction and training

An induction programme is a structured way of providing board members with all the information and the support they need to be confident and productive in their role. The aim is to help new members to understand the organization, the environment in which it operates, and their role in making the organization a success.

Continual training and development keeps Board members abreast of acceptable activities, policies, rules and regulations impacting the organization. This also involves training them on the ever changing business environment and their challenges

7. Board and member performance

Article 73(i) (b) of the Company's Articles of Association clearly states that the Board shall evaluate its performance once every year and set up achievable action points to assess its performance as a whole and that of individual members including the Managing Director. The resultant report is then presented to the shareholders.

MIWASCO has not evaluated the Board members, but the Managing Director was evaluated during the year under review.

The Board continues to violate Article 73 (c) of the Company's Articles of Association on Compliance and section 705 of the Companies Act No. 17 of 2015 on Filing of Annual Returns. We have continued to point out issues that need attention and communicated all the areas that required compliance.

8. Conflict of interest

A conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member's obligations to the Company and the Board member's personal, business or other interests.

The Companies Act No. 17 of 2015 and the Company's Articles of Association clearly spell out the provisions and sanctions of non-compliance with the same.

MIWASCO does not have a conflict of interest register in place. However, in every meeting, there is an agenda item on declaration of conflict of interest. There was no conflict of interest declared during the year.

8. Board remuneration

Article 69 clearly states that the remuneration of the Directors shall from time to time be determined by the Company in general meeting. This is further strengthened by the Companies Act No. 17 of 2015. The remuneration must remain within the benchmark set by WASREB. The Board remuneration for the year was retained at that of the previous financial year.

9. Ethics and conduct

The Code of conduct and ethics defines business conduct of the directors of MIWASCO and embodies their commitment to pursue the highest standards of ethical conduct. The code is intended to describe areas of ethical risk, provide guidance to directors and helps foster a culture of honesty, transparency and accountability.

Article 73 (1) of the Company's Articles of Association clearly states that Directors must sign the code of ethics before commencing business, and this has been complied with.

10. Governance Audit

A Governance Audit is an independent assessment of an organization with a view to expressing an opinion on the adequacy and effectiveness of the organization's policies, systems, practices and processes. It is an objective assurance engagement. The Company did not undertake an internal or external governance audit during the year. This requires being undertaken.

VIII. Management Discussion and Analysis

The management of the company presents this year's operational and financial performance of the company to all its stakeholders. Since the inception of devolution and the receiving of the operations of the new Migori water supply, the operations of the company have for the fifth successive year in its lowest performances. Technical breakdowns during the year under review led to inconsistency in operations. This affected the financial performance of the company which led to its failure to meet most of its obligations. At close of the financial year, the company accrued salary arrears, statutory deductions and sundry creditors as a result of low performance by the schemes due to below optimum operations by all seven schemes.

The non-revenue water still remains a challenge for the company and the management seeks to reverse this as a strategy to improve on its revenue performance. A policy on metering of all new connections was adopted by the management with the aim of attaining 100% metering ratio and reducing commercial losses in terms of non-revenue water. The population growth in Migori County is very high and the management views this as an opportunity of service provision to more customers. The company is thus fronting for intervention by Lake Victoria South Water Works Development Agency through the last mile connectivity project more especially in Migori and Isebania water supplies. This will automatically increase the area of coverage for the company and move productivity towards desired levels. Migori County Government is also playing a role in improving area of coverage through rehabilitation of three high yielding boreholes that are solar powered which have been handed over to the company for their management.

The billing software has been upgraded and soon the company is to operationalize SMS billing. This will reduce integrity issues amongst staff and eventually improve on billing and collection efficiencies. Reduction in use of paper work will also lower the cost of stationery as an immediate impact.

The management has taken up the revival of previously dormant pipelines within Migori water supply with the sole purpose of supplying clean water to its customers and increasing its customer base. The intention is to do the same in the other schemes when financial stability is attained.

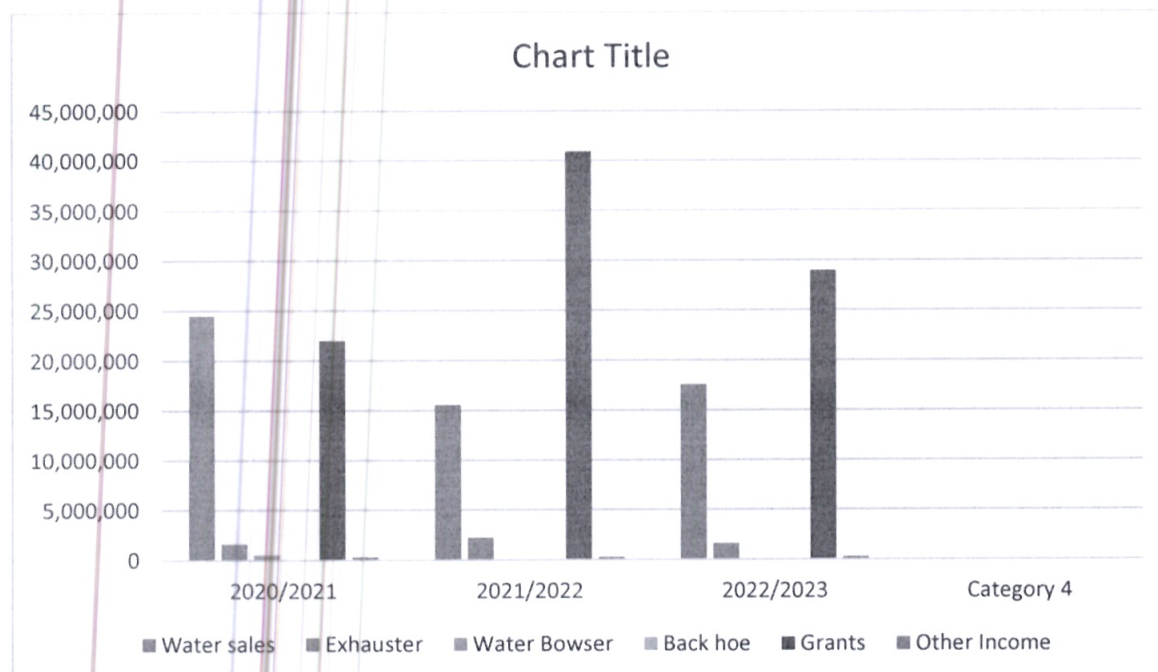
In its course of operation, the company is faced with several risks that threaten efficient operations. With the lack of a sewerage system within Migori County, safe disposal of waste has remained a challenge.

The company has thus been forced to find the services in neighbouring counties which are a distance away and the dumping comes at a cost.

The financial performance of the company over the last three years has been deteriorating and this is owed to various challenges ranging from electricity disconnections, lack of waste dumping site, frequent bursts and leakages to staff integrity issues. The revenue raised by the company is illustrated in summary below to show the trend in the last three financial years

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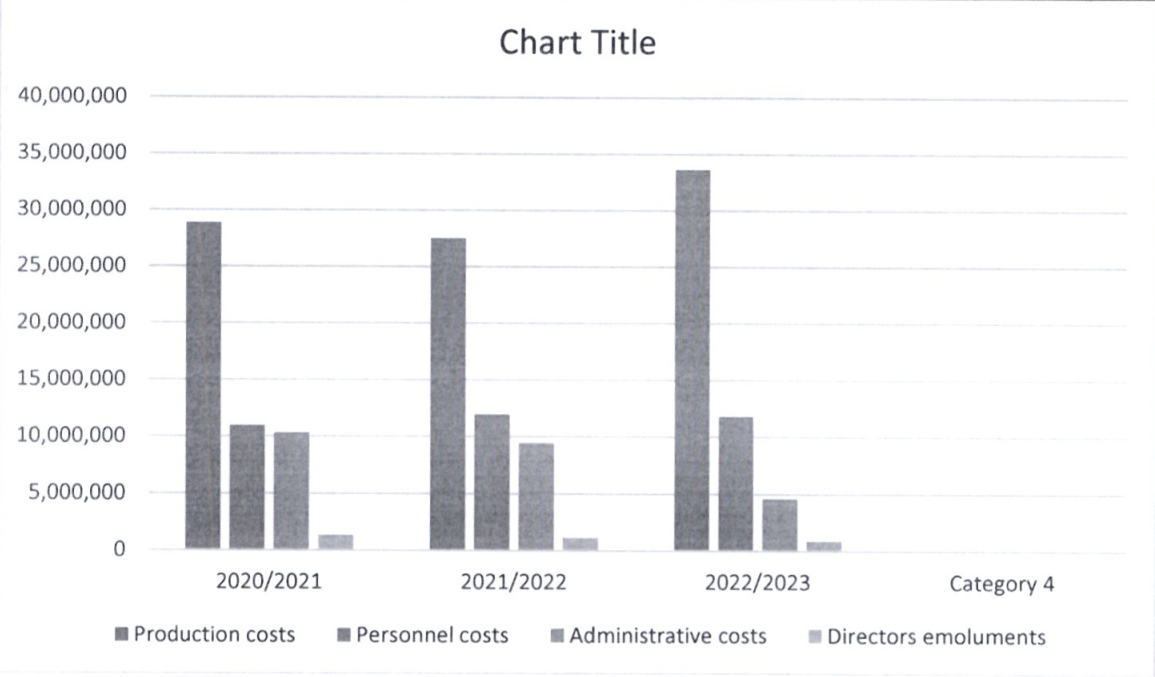
	Water sales	Exhauster	Water Bowser	Back hoe	Grants	Other Income
2020/2021	24,453,740	1,629,500	509,750	0	22,005,063	271,295
2021/2022	15,525,935	2,184,500	0	0	40,891,405	247,751
2022/2023	17,555,540	1,581,600	0	0	28,925,926	262,455



From the graphical presentations, it can be observed that the financial year 2021/2022 registered improvement in exhauster services due to the contract the company got from Sony Sugar Company the year under review. Water sale as the major direct source of revenue for the company requires immediate interventions to overcome the current meter reading and collection trend being observed. The corresponding operational costs are illustrated below over the same period.

	Production costs	Personnel costs	Administrative costs	Directors emoluments
2020/2021	28,852,491	10,933,295	10,301,884	1,338,478
2021/2022	27,495,974	11,951,945	9,429,720	1,133,930
2022/2023	33,605,200	11,771,838	4,564,852	877,300

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From the graph it can be observed that the production costs contribute the highest portion of the operational expenses. The significant increase of production costs in 2022/2023 is due to long periods of operation in Migori and Isebania Schemes respectively. Administrative costs decreased significantly due to moving depreciation cost from general administrative expenditure and treating it independently.

In conclusion, the company requires a lot of support from development partners, Migori County Government, water services trust funds and Lake Victoria South Water Works Development Agency to turn around its operations. Clustering of Water Service Providers within the county is a matter being fronted to the stakeholders with a view to improving on overall performance, effective use of resources, among others.

We wish to thank our fellow staff for their endurance during the financial year under review, and look forward to their continuous effort for the common good of the company.

IX. Environmental and Sustainability Reporting

The responsibilities and mandate of MIWASCO as a water and sanitation service provider are stipulated in section (1) of the water act 2016 and include;

- a. Provision of water and sanitation services within the area specified in the license.
- b. The development of county assets for water and sewerage service provisions.

This therefore calls for the management commitment in the Vision and mission of the company in ensuring delivery of water and sanitation service to the residents of Migori county for unforeseeable future by;

- Defining its commitment to employee's satisfaction, competitive remuneration and performance appraisal.
- Striking a conducive working relationship with suppliers by conducting competitive procurement of goods, works and services on the same note ensuring commitment to payment plans for the payable balances within one instead of the current half year period.
- Also, the company actively participate in the community water resource and environmental management and conservation activity by giving donations to WRUAS and world water day celebrations.
- The company actively engages the public on matters protecting water infrastructure from vandalism, illegal connections and awareness on non-revenue water management through stakeholder meetings e.g local Barazas, local media like Ramogi Radio station and Togotane Radio station.

The management wish to express its good and continued good working relationship with stakeholders in the water sector, this includes; Water Services Regulatory Board, Water Sector Trust Fund, Western Kenya Water Project, Lake Victoria South Water Works Development Agency and Migori County Government in the effort of expanding the company water and sanitation infrastructure, governance and leadership training and climate change mitigation. In collaboration with Western Kenya Water Project and Lake Victoria South Water Work Development Agency, the company has developed a five-year Strategic Plan and three-year Business Continuity Plan together with yearly Performance Improvement Plan.

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X. Report of the Directors

The Company is established and regulated under the Companies Act Cap 486, Laws of Kenya and Water Act 2016. Its directors submit their Annual Financial Report for the year ended June 30, 2023 which show the state of the Company's affairs.

Principal activities

The principal activity of the Company is that of providing adequate, sustainable and affordable safe water and sanitation services to the residents of Migori County.

Results

The results of the Company for the year ended June 30, 2023 are set out on page 22 and 23

Dividends

Under section 131 (3) of the Water Act 2016, dividends shall not be paid to the owners of the public water services providers as long as the universal rights of access to safe and clean water have not been achieved in the designated service areas

Directors

The members of the Board of Directors who served during the year are shown on page 4.

Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012 and article 229 of the constitution of Kenya.

By Order of the Board



Jacob Getende
Managing Director

Date:.....



XI.Statement of Directors' Responsibilities

The Company is established and regulated under Cap 486 of the Companies Act. Section 81 of the Public Finance Management Act, 2012 and section 8 of the State Corporations Act, require the Directors to prepare financial statements in respect of that entity, 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 Migori County Water and Sanitation Company Limited for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company.

The Directors are responsible for the preparation and presentation of *Migori County Water and Sanitation Company Ltd* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe guarding the assets of the company;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

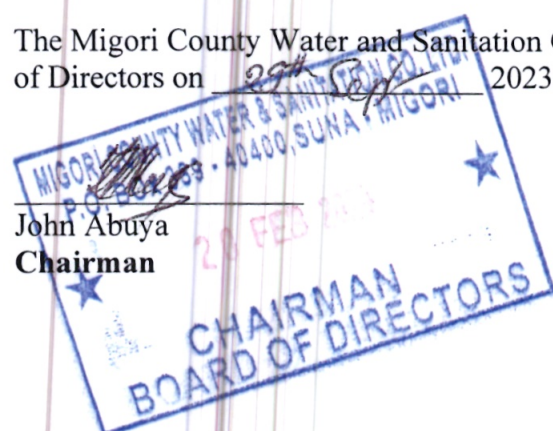
The Directors accept responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. 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, 2019, 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's financial statements as well as the adequacy of the systems of internal financial control.

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

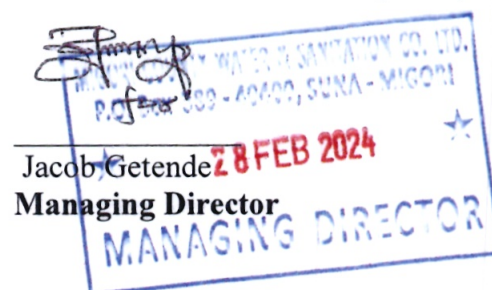
Approval of the financial statements

The Migori County Water and Sanitation Company Limited financial statements were discussed and adopted by Board of Directors on 29th FEB 2024 2023 and signed on its behalf by:

John Abuya
Chairman

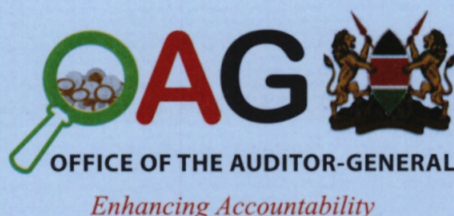


Jacob Getende
Managing Director



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MIGORI COUNTY WATER AND SANITATION 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 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 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 Migori County Water and Sanitation Company Limited set out on pages 1 to 50, which comprise of the statement of assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and summary statements of appropriation - recurrent and

development combined 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 Migori County Water and Sanitation 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 Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements prepared and presented for audit revealed the following inaccuracies: -

- i. The statement of profit or loss and other comprehensive income reflects total revenue of Kshs.50,647,072 whereas the statement of comparison of budget and actual amounts reflects Kshs.49,662,561 resulting to unreconciled variance of Kshs.984,511. In addition, the statement of profit or loss and other comprehensive income reflects total expenses of Kshs.52,598,661 net of depreciation and amortization expenses whereas the statement of comparison of budget and actual amounts reflects Kshs.51,448,805 resulting to unreconciled variance of Kshs.1,149,856.
- ii. Adjustments in the comparative balances as tabulated below were not supported by a prior year adjustment Note in the financial statements.

Item	Certified Balance (Kshs.)	Restated Balance (Kshs.)	Variance (Kshs.)
Retained Earnings	(38,299,781)	(37,590,236)	709,545
Property, Plant and Equipment	47,354,812	48,000,874	(646,062)

- iii. The name of the Company is inconsistent though the financial statements with pages (i) to xxi have Migori County Water and Sanitation Company Limited, pages 1 and 2 have Migori Water and Sewerage Water Company Limited, pages 03 to 24 has Migori Water and Sanitation Company Limited and pages 25 to 54 its reflected as Migori Water and Sewerage Company Limited.

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

2. Undisclosed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value balance of Kshs.49,795,939 as also disclosed in Note 17 to the financial statements. However, review of the asset register and year end stock taking report revealed that the Company owns eleven (11) motor vehicles, twenty-two (22) motor-cycles, computers, photocopiers, printers and office chairs, boreholes and water pipes whose values and depreciation has not been disclosed in the financial statements. In addition, it was noted that the Company owns land and buildings of unknown value which were omitted from the financial statements.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.49,795,939 could not be confirmed.

3. Unsupported Customer Deposits Balance

The statement of financial position reflects total current liabilities balance of Kshs.71,302,323 which includes customer deposits balance of Kshs.9,825,442 as disclosed in Note 28 to the financial statements. However, Note 21 to the financial statements reflects a corresponding bank balance of Kshs.40,635 resulting to unexplained variance of Kshs.9,784,807. In addition, the deposits received during the year under review of Kshs.1,139,125 were not supported with a list of customers and the corresponding bank deposits.

Further, review of the deposits bank statements revealed that between July, 2022 and May, 2023, Management withdrew amounts totalling of Kshs.1,308,900 whose purpose was not explained and support including the authorization were not provided. It was therefore, not possible to confirm the purposes for which the funds were withdrawn and how they were utilised.

In the circumstances, the accuracy and completeness of customers deposit balance of Kshs.9,825,442 as at 30 June, 2023 could not be confirmed.

4. Failure to Transfer Shareholding

The statement of financial position reflects ordinary share capital balance of Kshs.100,000 as disclosed in Note 22 to the financial statements. The issued and fully paid share capital is divided into 5,000 shares of Kshs.20 each. As previously reported, records at the Business Registration Service in the office of the Attorney General and Department of Justice indicates that as at 30 June, 2021, the Company had three (3) Directors, two (2) of whom held three hundred and fifty (350) shares each and the third one (1) with three hundred (300) shares totaling one thousand (1000) shares contrary to five thousand (5000) shares reflected in the financial statements. The difference of four thousand (4000) shares between the two sets of records has not been explained.

Further, the five thousand (5000) shares owned by the defunct local authorities were not transferred to the County Government of Migori at the onset of the devolved system of Government.

In the circumstances, the ownership, accuracy and completeness of issued share capital of Kshs.100,000 as at 30 June, 2023 could not be confirmed.

5. Material Uncertainty Related to Going Concern

The statement of comprehensive income reflects negative operating loss of Kshs.6,908,886. The loss increased the already negative retained earnings from Kshs.37,590,236 to Kshs.44,499,122 as at 30 June, 2023. Further, the total current liabilities of Kshs.71,302,323 exceeded total current assets of Kshs.54,345,511 resulting to a negative working capital of Kshs.16,956,812. The unfavorable financial status implies that the Company may not be able to meet its obligations as and when they fall due. However, the Directors have not made any specific disclosure on the risk to the going concern status of the Company or indicated the measures planned to or taken to stop the loss-making trend and return the Company to profitability.

In the circumstances and as reported in the previous year, the Company is technically insolvent and its continued existence as a going concern is dependent upon financial support from its creditors and the County Government of Migori.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Migori County Water and Sanitation Company 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts and actual on comparable basis of Kshs.158,987,196 and Kshs.49,662,561 respectively resulting to a shortfall of Kshs.109,324,635 or (69%) of the budget. Similarly, the Company's approved expenditure budget was Kshs.160,192,219 while the actual expenditure was Kshs.51,448,805 resulting to under-expenditure of Kshs.108,743,414 or (69%) of the budget.

In addition, the underfunding and under-expenditure noted were not explained by a way of a Note in financial statements.

The underfunding and under-performance may have affected the planned activities thereby impacting negatively on service to the public.

My opinion is not modified in respect of this matter.

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 Audit Matters

In the report of the previous year, several issues were raised under report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on internal controls, risk management and governance. However, review of the progress on follow-up of auditor's recommendations revealed that Management had not resolved all the issues as at 30 June, 2023. No explanations were provided for failure to resolve the issues.

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 under the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report. I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Revenue Water

Records maintained by the Company during the year under review shows that the Company produced 531,436 cubic meters of water but only 301,452 cubic meters of water was billed to customers. The balance of 229,984 cubic meters (or approximately 43%) of total volume represented lost water, which is eighteen percent (18%) above the allowable loss of twenty-five percent (25%) in accordance with water service regulatory board guidelines.

The lost water may have resulted in a loss of sales estimated at Kshs.15,176,568 based on average sale rate of Kshs.59.86 per cubic meters billed by the Company in the year under review. The large ration of the lost water implies that the Company's water distribution system may have been inefficient during the period.

Records also show that the Company's Kegonga water scheme has remained non-operational since 2019 due to technical and electro-mechanical issues as Migori, Rongo and Isebania schemes did not operate for three (3) months from July to September, 2022 due to power disconnection attributed to accumulated electricity bills. This may have contributed to the declined revenue levels observed in the year under review.

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

2. Anomalies in the Implementation of Water Projects

As disclosed in Note 17 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.49,795,939, which includes

additions to water and sewer infrastructure of Kshs.6,409,519 under work-in-progress. However, the following unsatisfactory matters were observed:

2.1 Extension of Nyasare Pipeline in Suna Central Ward

Review of records revealed that on 22 June, 2023, the Water Company awarded a contract to a Company for extension of Nyasare Pipeline in Suna Central Ward at a contract sum of Kshs.2,980,851 with a completion period of one hundred and twenty (120) days. The scope of works entailed excavation and backfilling of pipeline, pipe laying, supply of 2" HDPE pipe and fittings, construction of water kiosks with 5,000 liters PVC tank and construction of valve chamber.

Review of records revealed that Management issued an inspection and acceptance certificate confirming that the contractor had performed all the works as specified in the executed contract and Bills of Quantities.

Physical verification at the time of audit in December, 2023 revealed that one water kiosk was constructed and pipeline of approximately six-hundred (600) meters laid. However, it was observed that part of the pipeline was vandalized and water was not flowing to the kiosk as required.

In the circumstances, value for money may not have been achieved in the expenditure of Kshs.2,980,851.

2.2 Proposed Fencing of Magina Tank in Suna Central Ward

Review of records revealed that on 22 June, 2023, Management awarded a contract to a local contractor towards fencing of Magina tank in Suna Central Ward at a contract sum of Kshs.994,900 with a completion period of thirty (30) days. The scope of works entailed provision of access road to site, provide concrete cover to the inlet tank, concrete fencing, fencing with barbed wire and chain link, provision of lockable gate to tank site and to provide concrete cover to all valve chambers around the tank.

Review of records revealed that Management issued an inspection and acceptance certificate confirming that the contractor had performed all the works as specified in the executed contract and Bills of Quantities.

However, physical verification at the time of audit in the month of December, 2023 revealed that lockable gate and concrete cover to the valve chambers around the tank had not been installed.

In the circumstances, value for money may not have been achieved in the expenditure of Kshs.994,900.

3. Trade and Other Payables

3.1 Delayed Payment of Employee Salaries

Included in the trade and other payables balance of Kshs.61,476,881 is employee payables of Kshs.18,688,283 as disclosed in Note 27 to the financial statements. Audit

review revealed that salary arrears totalling Kshs.14,540,883 have been outstanding for more than one (1) year. This was contrary to Section 18(2)(c) of the Employment Act, 2007 which stipulates that, wages and salaries shall be deemed to be due in the case of an employee in position for a period exceeding one month, at the end of each month or part thereof.

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

3.2 Delayed Remittance of Statutory Deductions

Included in the trade and other payables balance of Kshs.61,476,881 is accrued expenses of Kshs.23,210,709 as disclosed in Note 27 to the financial statements. Review of records revealed that the balance included of unpaid Pay-As-You-Earn (P.A.Y.E) tax - Kshs.1,184,996, National Social Security Company (NSSF) - Kshs.579,200 and Withholding Tax - Kshs.41,400, all totalling Kshs.1,805,596 which had been outstanding for more than twelve (12) months as at 30 June, 2023. Failure to remit the deductions infringed on Section 19(4) of the Employment Act, 2007 which requires statutory deductions to be paid to the relevant authorities in due time.

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

3.3 Failure to Remit Regulatory Levies

Included in the trade and other payables balance of Kshs.61,476,881 is accrued expenses of Kshs.23,210,709 as disclosed in Note 27 to the financial statements. Audit review revealed that it included water levies that the Company owed the Water Services Regulatory Board (WASREB) - Kshs.4,371,336 and Water Resource Management Authority (WARMA) - Kshs.3,691,173 as at 30 June, 2023. Management did not provide a satisfactory explanation for the failure to pay the levies in due time to avoid interest and penalties for non-compliance.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Fill in Key Management Positions

Review of the human resource records revealed that Management has not substantively filled key positions as follows;

- i. The position of Head of Finance and commercial services was occupied by an Accountant 1 who is on one- year contract and on acting capacity for three (3) since 2020.
- ii. The position of Head Human Resource and Administration was occupied by Human Resource Officer on three (3) months contract whose terms and conditions are not specified in the Company's human resource manual.
- iii. The position of Technical services that was occupied by a Water Engineer seconded from Migori County Executive.
- iv. The position of internal auditor was not occupied and was vacant.
- v. The twelve (12) positions of Water Engineer were vacant and Water Technicians were charged with duties and responsibilities of Water Engineers.
- vi. The position of Customer/Public Relations Manager was vacant as the substantive officer had been deployed as Revenue Officer.
- vii. The position of Senior Revenue officer was occupied by Customer/Public Relations Manager on a three-year contract instead.
- viii. The positions of Revenue Clerks/Collectors under a one-year contract were vacant and it was noted that the revenue collection was being done by the technicians.
- ix. The position of Head of Procurement that should be occupied under a three-year contract whereas the organogram shows that the section which should run on its own was under finance and commercial services.

In the circumstances, it was not possible to ascertain whether the total staff in employment at the Company is at the optimal operating level.

2. Lack of Risk Management Policy and Framework

As reported in previous years, it was noted that the Company has not established Risk Management Policy and Framework for assessing, identifying and mitigating operation and other common risks. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officers to develop risk Management Strategies that support robust business operations.

In the circumstances, it is not clear how Management manages risk exposures.

3. Deterioration of Assets-Motor Vehicles and Motor Cycles

Physical verification and review of status report of the assets owned by the Company as at 30 June, 2023 revealed that four (4) motor vehicles and three (3) motor-cycles with undetermined values are non-functional and appear have been grounded for a long time and thus deteriorating. However, Management did not prepare and submit a plan to have them repaired for use or disposed.

In the circumstances, the effectiveness of the controls over the fixed assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review 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.

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of

effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

22 March, 2024

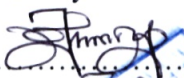
Migori Water and Sanitation Water Company Ltd**Annual Report and Financial Statements for the year ended June 30, 2023****XIII. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023**

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue			
Operating Revenue	6	19,958,835	18,774,080
Grants Income	7	30,425,782	40,891,405
Other Income	8	262,455	734,195
Total Revenue		50,647,072	60,399,680
Expenses			
Staff Costs	9	11,771,838	11,785,346
General and Operations expenses	10	4,564,852	3,519,718
Board Expenses	11	877,300	1,133,930
Maintenance Expenses	12	35,105,056	27,489,601
Depreciation and Amortization expenses	13	4,957,297	5,473,659
Finance Costs	14	279,615	197,776
Total Expenses		57,555,958	49,600,030
Profit/(Loss) Before Taxation		(6,908,886)	10,799,650
Profit/ (Loss) After Taxation		(6,908,886)	10,799,650
Total Comprehensive Income For The Year		(6,908,886)	10,799,650

Migori Water and Sewerage Water Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2023
XIV.Statement of Financial Position as at 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	17	49,795,939	48,000,874
Intangible assets	18	116,420	161,263
Total Non-Current Assets		49,912,359	48,162,137
Current Assets			
Inventories	19	6,480,030	7,278,097
Trade and receivable	20	44,632,380	47,411,084
Bank and cash balances	21	3,233,101	58,274
Total Current Assets		54,345,511	54,747,455
TOTAL ASSETS		104,257,870	102,909,592
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	22	100,000	100,000
Revaluation reserve		77,354,669	77,354,669
Retained earnings		(44,499,122)	(37,590,236)
Capital and Reserves		32,955,547	39,864,433
Current Liabilities			
Trade and other payables	27	61,476,881	54,620,241
Customer Deposits	28	9,825,442	8,488,401
Total Current Liabilities		71,302,323	63,108,642
TOTAL EQUITY AND LIABILITIES		104,257,870	102,909,592

The financial statements were approved by the Board on 29th Sept 2023 and signed on its behalf by:


 Name John Orogah
 Managing Director


 Name Head of Finance
 ICPAK MAN


 Name JOHN ABUYA
 Chairman of the Board

XV. Statement of Changes in Equity for the Year Ended 30 June 2023

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividend	Capital/ Development Fund	Total
As at July 1, 2021		100,000	77,354,669		(48,389,886)	0	0	29,064,783
Profit for the year		-	-	-	10,799,650	-	-	10,799,650
Proposed Final Dividends		-	-	-	0	0	0	-
As at June 30, 2022		100,000	77,354,669		(37,590,236)	0	0	39,864,433
As at July 1, 2022		100,000	77,354,669		(37,590,236)	0	0	39,864,433
Profit for the year		-	-	-	(6,908,886)	-	-	(6,908,886)
At June 30, 2023		100,000	77,354,669		(44,499,122)	0	0	32,955,547

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

XVI.Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue	6	19,958,835	18,774,080
Grants Income	7	30,425,782	40,891,405
Other Income	8	262,455	734,195
Customer Deposits	28	1,337,040	1,301,921
Total Receipts		51,984,112	61,701,601
Payments			
Staff Costs	9	11,771,838	11,785,346
General and Operation Expenses	10	4,564,852	3,519,718
Board Expenses	11	877,300	1,133,930
Maintenance Expenses	12	35,105,056	27,489,601
Finance Costs	14	279,615	197,776
Total Payments		52,598,661	44,126,371
Net Cash From/(Used In) Operating Activities		(614,549)	17,575,230
Working Capital changes			
Decrease in inventories		798,067	(121)
Decrease in trade and other receivables		2,778,704	(8,709,411)
Increase in trade and other payables		6,920,124	(7,460,579)
Net cash from working capital		10,496,895	(16,170,111)
Net cash from operating activities		9,882,346	1,405,119
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)	17	(6,707,519)	(1,692,300)
Net Cash From/(Used In) Investing Activities		(6,707,519)	(1,692,300)
Net Cash From/(Used In) Financing Activities			(287,181)
Increase/(Decrease) In Cash And Cash Equivalents		3,111,343	(287,481)
Cash And Cash Equivalents At Beginning Of Year		58,274	345,455
Cash And Cash Equivalents At End Of The Year		3,233,101	58,274

XVII.Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2022-2023	2022-2023	2022-2023	2022-2023		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Water sale	50,096,200	-	50,096,200	17,817,995	32,278,205	36%
Exhauster revenue	3,750,000	-	3,750,000	1,581,600	2,168,400	42%
water tanker revenue	1,810,000	-	1,810,000	0	1,810,000	0%
Lease fees	236,000	-	236,000	0	236,000	0%
Government grants	91,719,996	-	91,719,996	28,925,926	62,794,070	32%
New connection fee	11,375,000	-	11,375,000	1,337,040	10,037,960	12%
Total Revenue	158,987,196	-	158,987,196	49,662,561	109,324,635	31%
Expenses						
Staff Costs	21,783,001	-	21,783,001	11,771,838	10,011,163	54%
Board Expenses	2,605,500	-	2,605,500	877,300	1,728,200	34%
Production cost	59,849,996	-	59,849,996	33,605,200	26,244,796	56%
Administrative Expense	18,858,722	-	18,858,722	4,564,852	14,293,870	24%
Finance Cost	0	-	0	279,615	-	
Capital Expenditure	57,095,000	-	57,095,000	350,000	56,745,000	1%
Total Expenditure	160,192,219		160,192,219	51,448,805	108,743,414	32%

XVIII. Notes to the Financial Statements

1. General Information

Migori Water and Sanitation Company Ltd is established by and derives its authority and accountability from section 78 of the water act 2016. The Company is wholly owned by the Migori County Government and is domiciled in Kenya. The Company's principal activity is to provide water and sewerage services to the residents of Migori County.

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 Note 5.

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.

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 effective in the year ended 30 June 2022

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

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.*

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

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

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies

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

d) Depreciation and impairment of property, plant and equipment

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

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

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

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

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

e) Intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

f) Amortisation and impairment of intangible assets

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

g) Investment property

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

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

j) Quoted investments

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

k) Unquoted investments

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

l) Inventories

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

m) Trade and other receivables

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

n) Taxation

i) Current income tax

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

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

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

o) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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

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

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

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

q) Cash and cash equivalents

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

r) Borrowings

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

s) Trade and other payables

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

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 20XX. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

u) Provision for staff leave pay

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

v) Exchange rate differences

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

w) Budget information

The original budget for FY 2021-2022 was approved by the Board of Directors on 23rd April 2021. 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 20,849,730 on the 2021-2022 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 financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 xvii of these financial statements.

x) Service concession arrangements

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

y) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continues)

z) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

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.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Operating Revenue

	2022-2023	2021-2022
	Kshs	Kshs
Water sales	17,555,540	15,525,935
Sewerage Services	1,581,600	2,184,500
Billing for other services*	821,695	1,063,645
Total	19,958,835	18,774,080

Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, water analysis samples etc.

Prior year adjustment has been made by including sewerage services and billing for other services which had been omitted in operating revenue.

7. Grants Income

	2022-2023	2021-2022
	Kshs	Kshs
Recurrent/operational grants from other agencies	-	19,196,730
Donations from County Governments	26,428,426	20,720,425
In Kind contribution/donations from other agencies	3,997,356	974,250
Total	30,425,782	40,891,405

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2022-2023 KShs
Department	0	0	0	0	0
Total	0	0	0	0	0

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

8. Other Income

	2022-2023	2021-2022
	Kshs	Kshs
Miscellaneous income (specify)	262,455	734,195
Total	262,455	734,195

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Staff Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Gross Salary and Allowances	10,600,982	10,438,700
Provisions for Leave pay	22,787	-
Gratuity provisions	355,259	683,641
Staff lunches	297,910	408,285
Staff airtime allowance	271,960	163,050
Other allowances. Acting allowances	222,940	91,670
Staff benevolence	0	-
Total	11,771,838	11,785,346
The average number of employees during the year	46	57

10. General and Operations Expenses

Description	2022-2023	2021-2022
Description	Kshs	Kshs
Duty travel & accommodation	681,700	217,500
Exhauster chemical expenses	184,425	1,000
Dumping fee	0	30,000
Water board fees and levies	702,222	415,514
Management committee allowances	8,100	21,600
Motor vehicle insurance	2,000	-
Licensing WASREB	185,230	100,000
WARMA levy	487,749	177,291
Website expense	25,800	
Audit fees	30,000	60,000
Secretarial services	0	236,101
Legal fees	55,000	97,000
Motor vehicle inspection charges	25,302	42,700
Consultancy fee	0	-
Advertisement and publicity marketing	52,000	78,096
Entertainment MDs office	87,700	11,500
Donations	45,000	10,000
Stakeholders meeting & exhibition	0	213,350
Postage revenue stamp	11,580	-
Printing and stationary	295,990	467,844
Office tea and cleaning	26,884	64,775

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Email & internet	95,088	81,830
Computer and printing maintenance	96,890	54,900
Communication	37,765	17,680
Uniform & identification tags	10,600	
Office repair and maintenance	83,050	5,140
Hire of transportation	0	3,000
AGM expense	345,400	170,000
Nssf Employer contribution	111,600	166,600
Provision for bad debts	877,777	776,297
Total	4,564,852	3,519,718

11. Board Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Sitting allowances	394,200	649,550
Induction and Training	153,200	50,000
Travel and accommodation	214,000	404,380
Other allowances	115,900	30,000
Total Board Expenses	877,300	1,133,930

12. Maintenance Expenses

	2022-2023	2021-2023
Description	Kshs	Kshs
Repair of water pipeline & supplies	509,570	6,594,049
Water treatment chemicals	4,557,824	703,820
Casual wages	858,462	654,400
Electricity for production	24,963,040	12,893,717
Motor vehicle fuel and oil	1,236,199	1,387,647
Motor vehicle repair	1,118,771	951,534
Repair of treatment works/ intake	664,300	2,584,938
Servicing of control panels	311,900	1,424,086
Servicing of water pumps	884,990	295,410
Total Maintenance Expenses	35,105,056	27,489,601

13. Depreciation and Amortization Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant, and equipment	4,499,623	4,999,581
Equipment (water meters)	412,831	429,235
Intangible assets	44,843	44,843
Total Depreciation and Amortization	4,957,297	5,473,659

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Finance costs

	2022-2023	2021-2022
Description	Kshs	Kshs
Bank charges	279,615	197,776
Total	279,615	197,776

15. Earnings Per Share

Earnings/loss per share is calculated on the profit/loss after tax in each year and on the number of ordinary shares in issue at each balance sheet date. The basic and diluted earnings per share are the same. However, at the moment the company did not realize the earnings per share due to continued net loss making.

16. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2022, a final dividend in respect of the year ended June 30, 2022 of Kshs. 0 (2020: Kshs. 0) for every ordinary share of par value of KShs. 0 is to be proposed. An interim dividend of Kshs. 0 (2021: Kshs. 0) for every ordinary share of par value of KShs. 0 was declared and paid during the year. This will bring the total dividend for the year to KShs. 0 (2022: KShs. 0).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Property, Plant and Equipment

2020-2021	Water & Sewer Infrastructure	Water meters	Total
Cost Or Valuation			
At July 1, 2021	71,752,630	2,387,647	74,140,277
Additions	-	1,692,300	1,692,300
At June 30, 2022	71,752,630	4,079,947	75,832,577
Depreciation			
At July 1, 2021	21,756,823	646,064	22,402,887
Charge For The Year	4,999,581	429,235	5,428,816
At June 30, 2022	26,756,404	1,075,299	27,831,703
Net Book Value At June 30, 2022	44,996,226	3,004,648	48,000,874

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment (Continued)

2021-2022	Water & Sewer Infrastructure	WIP	Water meters	Total
Cost Or Valuation				
As at 1 July 2022	71,752,630		4,079,947	75,832,577
Additions (WIP)		6,409,519	298,000	6,707,519
As at 30th June 2023	71,752,630	6,409,519	4,377,947	82,540,096
Depreciation				
At July 1, 2022	26,756,404		1,075,299	27,831,703
Charge for the year	4,499,623		412,831	4,811,308
As at 30th June 2023	31,256,027		1,488,130	32,744,157
Net Book Value	46,906,122	6,409,519	2,889,817	49,795,939
At June 30, 2023	46,906,122	6,409,519	2,889,817	49,795,939

Full year depreciation is charged on the year of purchase of asset value (project) at 10% applied on a reducing balance basis.

The projects are 7-year-old.

Water meter depreciation is charged on the year of purchase value of a meter at 12.5% on reducing balance basis

The additions represents and addition of Kshs. 6,409,519 as work in progress represented in the work in progress schedule

Prior year adjustment was made on the fixed asset balance adjusting the figures on balance sheet .

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and building were never valued by the company or independent valuer.

17 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Water & Sewer Infrastructure	78,162,149	31,256,027	46,906,122
Water meters	4,377,947	1,488,130	2,889,817
	82,540,096	32,643,011	49,795,939

18. Intangible Assets

	2022-2023	2021-2022
	Kshs	Kshs
COST		
At July 1	448,429	448,429
Additions	0	-
At June 30	448,429	448,429
AMORTISATION		
At July 1	287,166	242,323
Charge for the year	44,843	44,843
At June 30	332,009	287,166
NET BOOK VALUE	116,420	161,263
At June 30	116,420	161,263

The company intangible asset is the billing system.

Billing system full year depreciation is charged on purchase value at 10% on straight line method basis and the system is 14 years old since 2009 and amortization is done in according to finance and accounting policy manual 2021

19. Inventories

	2022-2023	2021-2022
	Kshs	Kshs
Chemicals & Laboratory items	6,480,030	7,278,097
Total	6,480,030	7,278,097

20. Trade and Other Receivables

	2022-2023	2021-2022
	KShs	KShs
Trade receivables (note (20a))	44,632,380	47,411,084
Gross trade and other receivables	44,632,380	47,411,084
Provision for bad and doubtful receivable	0	-

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Net trade and other receivables	44,632,380	47,411,084
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 (a) Trade Receivables

	2022-2023	2021-2022
	Kshs	Kshs
Gross trade receivables	44,632,380	47,411,084
Provision for doubtful receivables	0	-
Net trade receivables	44,632,380	47,411,084
at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	3,950,733	0
Between 30 and 60 days	1,938,036	0
Between 61 and 90 days	294,158	0
Between 91 and 120 days	12,452	0
Over 120 days	38,437,001	0
Total	44,632,380	0

21. Bank and Cash Balances

	2022-2023	2021-2022
	Kshs	Kshs
Cash at bank	3,233,101	58,274
	3,233,101	58,274

Detailed analysis of the cash and cash equivalents

		2022-2023	2021-2022
Financial institution	Account number	KShs	KShs
a) Current account			
Commercial banks KCB	1106248791	91,750	6,507
Kenya commercial bank	1106254058	2,727	-2595
Kenya commercial bank	1106253906	40,635	31,754
Kenya commercial bank	1279442980	-624	-3568
Kenya commercial bank	1296328104	3,009,050	-2060
Family bank	074000016891	30,987	28237
M-pesa	827780	58,576	
Grand total		3,233,101	58,274

22. Ordinary Share Capital

	2022-2023	2021-2022
	Kshs	Kshs
Authorized:		
1000 ordinary shares of Kshs. 100 par value each	100,000	100,000

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Issued and fully paid:		
1000 ordinary shares of Kshs 100 par value each		100,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Revaluation Reserve

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

24. Fair Value Adjustment Reserve

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

25. Retained Earnings

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

26. Retirement Benefit Obligations

0

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

Retirement benefit Asset/ Liability

The company don't offer any retirement benefit plan to staffs

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022-2023	2021-2022
	Kshs	Kshs
Discount rates	0	0
Future salary increases	0	0
Future pension increases	0	0
Mortality (Pre- retirement)	0	0
Mortality (Post- retirement)	0	0
Withdrawals	0	0
Ill health	0	0
Retirement	xx years	xx years

Recognition of Retirement Benefit Asset/ Liability

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

	2022-2023	2021-2022
Description	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial gains/ losses arising from changes in financial assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (Specify)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
Remeasurement of the net defined benefit liability (asset)	0	0

b) Amounts recognised in the Statement of Financial Position

	2022-2023	2021-2022
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded Status(=a-b)	0	0
Restrictions on asset recognized	0	0
Others	0	0
Net Asset or liability arising from defined benefit obligation	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

27. Trade and Other Payables

	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	19,577,889	11,783,375
Accrued expenses	23,210,709	21,080,029
Employee payables	18,688,283	21,756,837
Total	61,476,881	54,620,241

28. Customer Deposits

	2022-2023	2021-2022
	Kshs	Kshs
Opening Balance	8,488,402	7,186,481
Add: deposits received during the year	1,337,040	1,301,921
Closing balance	9,825,442	8,488,402
Total	9,825,442	8,488,402

29. Taxation

	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	0	0
Income tax charge for the year	0	0
Under/(over) provision in prior year/s	0	0
Income tax paid during the year	0	0
At end of the year	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Notes to The Statement of Cash Flows

	2022-2023	2021-2022
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Profit or Loss before tax	(6,908,886)	10,799,650
Depreciation	4,912,454	5,428,816
Amortisation	44,843	44,843
Inventory write off	210,280	197,480
Outflow for software development internal		-
Outflow for investing activities WIP	(6,409,519)	
Outflow for water meter purchase	(298,000)	(1,692,300)
Operating profit/(loss) before working capital changes	(-8,448,828)	14,068,944
(Increase)/decrease in inventories	798,067	(121)
(Increase)/decrease in trade and other receivables	2,778,704	(8,709,411)
Increase/(decrease) in trade and other payables	6,856,640	(7,460,579)
Increase/(decrease) in agency account		
Cash generated from/(used in) operations	1,984,583	-2,101,167
(b) Analysis of cash and cash equivalents		
Short term deposits	1,337,040	1,301,921
Cash at bank	3,233,101	58,274
Balance at end of the year	4,570,141	1,360,195

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

31. Related Party Disclosures

County Government of Migori

The County Government of Migori is the principal shareholder of the Company, holding 100% of the Company's equity interest. The County of Government of xxx 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 xxx
- Water works Agencies
- WASREB
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2022-2023	2021-2022
	Kshs	Kshs
a) Grants from the Government		
Grants from National Govt Agencies	0	19,196,730
Grants from County Government	26,428,426	20,720,425
Donations in kind	3,997,356	974,250
Total	30,425,782	40,891,405

32. Contingent Assets and Liabilities

Contingent Assets

	2022-2023	2021-2022
	Kshs	Kshs
Contingent assets		
Receivables from other government entities	7,794,515	9,090,478
Total	7,794,515	9,090,478

33. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2023				
Trade Receivables	44,632,380	0	0	0
Bank balances	3,233,101	0	0	0
Total	47,865,481	0	0	0
At 30 June 2022 (previous Year)				
Receivables	47,411,084	0	0	0
Bank balances	58,274	0	0	0
Total	47,469,358	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 xxxx

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

ii) Liquidity risk management

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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
At 30 June 2023 current year				
Trade payables	0	0	0	19,577,889
Provisions	0	0	0	23,210,709
Employee benefit obligation	0	0	0	18,688,283
Total	0	0	0	61,476,881
At 30 June 2022 previous year				
Trade payables	0	0	0	11,783,375
Provisions	00	0	0	21,080,029
Employee benefit obligation	0	0	0	21,756,837
Total	0	0	0	54,620,241

(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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk (Continued)

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023 Current Year			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023 Previous year			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2023 Current FY			
Euro	10%	0	0
USD	10%	0	0
2022 Previous FY			
Euro	10%	0	0
USD	10%	0	0

c) Interest rate risk

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

i) Management of interest rate risk

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

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 xxx (2020: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	Xxx	xxx
Retained earnings	Xxx	xxx
Capital reserve	Xxx	xxx
Total funds	Xxx	xxx
Total borrowings	Xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	Xxx	xxx
Gearing	xx%	xx%

34. Incorporation

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

35. Events After the Reporting Period

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

36. Currency

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

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XIX. Appendices

Appendix 1: Progress on Follow up Of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Customer Deposits Account	The statement of financial position reflects customer deposits totalling Kshs.7,186,481. However, review of records on the deposits indicated that withdrawals totalling Kshs.7,006,448 were made from the deposits account without the authority of the Board of Directors. It was therefore not possible to confirm the purposes for which the funds were withdrawn and how they were used. In the circumstance, the accuracy and completeness of the customers deposits balance totalling Kshs.7,186,481 could not be confirmed.	the management noted the auditors observation and wish to state that the cumulative withdrawals from customer deposit account were made over the years when the company was undergoing financial constraints to mitigate emergencies and statutory obligations.	In progress	3 years
Issued Capital	The statement of financial position reflects issued capital totalling Kshs.100,000 and as disclosed in Note 19 to the financial statements. The issued capital of the Company is divided into 5,000 shares of Kshs.20 each. Records at the Business Registration Service in the Office of the Attorney-General and Department of Justice indicates that as at 30 June, 2021, the Company had three directors two of whom held 350 shares each and one	The management noted the auditors observation and wish to state that the county government has taken up the matter through the office of the county attorney so to ensure legal procedures of transferring	In progress	1 year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	300 shares all totalling 1000 against 5000 shares reflected in the financial statements The difference of 4000 shares between the two sets of records was not explained. Further, the 5000 shares owned by defunct local authorities were not transferred to the County Government of Migori after the advent of devolution. In the circumstances, the ownership, accuracy and completeness of the issued capital of Kshs.100,000 could not be confirmed.	the shares are concluded		
Comparative Trade and other Receivables	The statement of financial position reflects trade and other receivables balance totalling Kshs.38,764,850. However, the account's comparative prior year balance totalling Kshs.34,892,265 differs with the corresponding balance of Kshs.34,680,390 reported in the previous year's audited financial statements, resulting in an unreconciled variance of Kshs.211,875. In the circumstance, the comparative balance for trade and other receivables totalling Kshs.211,873 is not fairly stated.	The management noted the auditors observation and wish to state that 2020/2021 finanl report was finalized before the OAG report for the financial 2019/2020 was finalized due to transition within the office of auditor general. However, management has ensured that the certified comparative figures have been adopted while	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		submitting the 2021/2022 annual report and financial statement		
Comparative Trade and Other Payables	The statement of financial position reflects trade and other payables totalling Kshs.51,494,339. However, the comparative prior year balance totalling Kshs.47,140,532 differs with the balance totalling Kshs.46,928,659 reflected in the previous year's audited financial statements, resulting in an unreconciled variance of Kshs.211,873. In the circumstance, the comparative trade and other payables balance totalling Kshs.211,873 could not be confirmed.	The management noted the auditors observation and wish to state that 2020/2021 finanl report was finalized before the OAG report for the financial 2019/2020 was finalized due to transition within the office of auditor general. However, management has ensured that the certified comparative figures have been adopted while submitting the 2021/2022 annual report and financial statement	Resolved	
Material Uncertainty Related to Going Concern	The statement of comprehensive income reflects operating loss of Kshs.3,041,820 (2020: loss of Kshs.10,899,237). The loss further depleted the retained earnings of the Company to negative Kshs.48,389,886 up	The management has noted the auditors observation and wish to state that the	In progress	3 years

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	from negative Kshs.45,348,066 as at 30 June, 2020. The current liabilities totalling Kshs.69,288,996 exceeded current assets of Kshs.46,388,281 resulting to a negative working capital of Kshs.22,900,715. The unfavourable financial status implies that the Company may not be able to meet its financial obligations as and when they fall due. The Company is technically insolvent and its continued existence as a going concern is dependent upon financial support from its creditors and the County Government of Migori. The Directors have not made any specific disclosure on the risk to the going concern status of the Company or indicated the measures planned or taken to stop the loss –making trend and return the Company to profitability.	company has put in place the following recovery strategies by: Recruiting a new board of directors to spearhead management of the company Ensuring increased budgetary allocation to company by the county Increased engagement with partners and stakeholders The company is in process of mapping out the customers through customer identification and verification		
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.78,737,415 and Kshs.48,758,803 respectively resulting to under-funding of Kshs.29,978,612 or 38% of the budget. Further, the Company incurred expenditure totalling Kshs.43,280,541 against an approved budget of Kshs.69,881,860 resulting to an	The company underperformed in both revenue and expenditure estimates due to constraints in operating environment as a result of covid 19 in the year under review and mechanical and	In progress	3 years

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	under-expenditure of Kshs.26,601,319 or 38% of the budget. Further, the statement of comparison of budget and actual amounts reflects total final budget amount of Kshs.78,737,415 which, however, differs with the recomputed total of Kshs.77,731,415, resulting in an unexplained variance of Kshs.1,006,000. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Migori County.	electromechanical breakdown.		
Unresolved Prior Year Matters	In the report of the previous year, several issues were raised under report on the financial statements and report on lawfulness and effectiveness in use of public resources. However, review of the progress on follow up of Auditor's recommendations indicated that the Management had not resolved the issues as at 30 June, 2021. Management did why the matters were not resolved.			
Trade and Other Payables	The statement of financial position reflects trade and other payables totalling Kshs.51,494,339 as disclosed in Note 22 to the financial statements. Examination of records on trade and other payables indicated that there were salary arrears totalling Kshs.14,540,883 as at 30 June, 2021. This was contrary to	<i>The management has noted the auditor's observation and wish to state that the outstanding salary arrears and statutory deductions were necessitated by</i>		

Migori Water and Sewerage Company Ltd
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Section 18(2) (c) of the Employment Act, 2007 which stipulates that, wages and salaries shall be deemed to be due in the case of an employee in position for a period exceeding one month, at the end of each month or part thereof. In addition, the balance included of unpaid Pay-As-You-Earn (P.A.Y.E) tax - Kshs.1,862,053, National Social Security Fund (NSSF) - Kshs.1,005,600 and Withholding Tax - Kshs.41,100, all totalling Kshs.2,908,753, which had been outstanding for more than twelve (12) months as at 30 June, 2021. Failure to remit the deductions infringed on Section 19(4) of the Employment Act, 2007 which requires statutory deductions to be paid to the relevant authorities in due time. In the circumstances, Management was in breach of the law.	<i>the company undergoing financial constraints in the period under review due to low billing and revenue collection necessitated by Covid 19 Pandemic and power disconnections. However, the company has made strides in paying arrears and statutory obligations as demonstrated in the annexed schedules. Moving forward, the company commit to renegotiate with the statutory and other creditors with a view to settling all the arrears.</i> Annex 4: NSSF payment schedule. Annex 5: KRA Payment Schedule		
Agency Account	Examination of records on water levies indicated that the	<i>The management</i>		

Migori Water and Sewerage Company Ltd
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Company owed the Water Services Regulatory Board (WASREB) - Kshs.3,007,743 and Lake Victoria South Water Service Board (LVSWSB) - Kshs.7,578,433 as at 30 June, 2021. Management did not provide a satisfactory explanation for the failure to pay the levies in due time to avoid interest and penalties for non-compliance. In the circumstances, Management was in breach of the law.	<i>noted the auditor's observation and wish to state that Failure in remitting agency levies was due to the company undergoing financial constraints in the year under review.</i> <i>However, there are effort to renegotiating a payment plan with Lake Victoria South Water Works Development Agency and WASREB to come up with an implementable payment plan</i>		
Payment of Salaries Below the Minimum Wage	Review of the Company's payroll for the month of June, 2021 revealed that forty-two (42) out of the total fifty-nine (59) employees were earning monthly wages totalling Kshs.10,000 contrary to the Regulation of Wages General Amendment Order of 2018 which sets the minimum monthly wage for employees working in Migori County at Kshs.12,523.	<i>The management noted the auditor's observation and wish to state that the current administration realized an anomaly in management hence took radical steps by ensuring restructuring of</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, Management was in breach of the law.	<i>MIWASCO leadership whereby former Managing Director, Head of Finance Management Services and Technical Manager were terminated. Further the company is undergoing restructuring also as of 1 January 2022, the company adopted new scheme of service which has addressed the staff salary minimum wage. Annex 6: sampled payroll to demonstrate the payment of salaries.</i>		
Staff Ethnic Composition	Review of personnel records indicated that Company had 58 employees out of whom 37 or 64% were members of the dominant ethnic community in the County. This was contrary to Section 7(1) of the National Cohesion and Integration Act which require all public establishments to seek to represent the diversity of the people of Kenya in the	<i>The management noted the auditor's observation and wish to state that Migori County is a cosmopolitan County and all communities are always encouraged to</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	employment of staff. Section 7(2) of the Act further prohibits any public establishment from having more than one third of its staff drawn from the same ethnic community. In the circumstance, Management was in breach of the law.	<i>apply for the advertised vacancies in line with National Cohesion and Integration Act. However, the management will strive to progressively achieve ethnic diversity threshold set by law.</i>		
Irregular Payment of Directors' Emoluments	Records on director's emoluments indicated payments totalling Kshs.1,338,478 in the year under review. However, the following unsatisfactory matters were noted in relation to the payments: i. The balance included board allowance - Kshs.145,000, board committee allowance - Kshs.327,798 and board meal allowance - Kshs.227,360 paid in respect of ten (10) board meetings held in the year under review. The number of meetings exceeded the limit of six (6) prescribed in Office of the President Circular No. OP/CAB.9/1 on management of State Corporations dated 11 March, 2020. ii. Board meeting notices and records of minutes of the meetings held were not provided	<i>The management noted the auditor's observation and wish to state that the board had extra special full board meetings to pass the Business Continuity Plan (BCP) and Quick Start Quick Finish Grant (CLSG) resolutions as demanded by Water Services Trust Fund towards mitigating Covid 19 pandemic in the year under review thereby in excess payment of</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	for audit review and as a result, the occurrence and purposes for the meeting could not be confirmed. In the circumstance, the regularity of the board emoluments totalling Kshs.1,338,478 could not be confirmed.	<i>allowances above the ceiling requirement by law. The managing director has written a letter to the former company secretary to hand over the documents to the company.</i>		
Non-Revenue Water	During the year under review, the Company produced 481,921 cubic meters (m3) of water but only 249,801 m3 were billed to customers. The balance totalling 232,120 m3 or 48% of the total volume denoted non-revenue water (NRW) which was twenty-three (23) percentage points above the allowable loss of 25% prescribed in in Schedule E of the Water Services Regulatory Board guidelines. The NRW resulted in revenue loss totalling Kshs.13,894,703 at the average sales rate of Kshs.59.86 per cubic meter (m3) of water billed by the Company in the year under review. The large ratio of NRW further implied that the Company's water distribution system was inefficient and may, to a significant extent, explain the recurring annual operating losses reported by the Company over the years.	<i>The management noted the auditor's observation and state that the company experienced a lot of water loss through destruction of main lines due to ongoing road construction works and busts in the distribution lines, faulty and nonfunctioning customer meters, estimate production due to faulty master meters at treatment plant. However, current administration</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		has taken initiative of buying pipes and fittings for quick repairs of busts/leakages for the company. In addition, a technical staff from department of water have been seconded to the company to assist the technical department in line patrol and spearhead technical office and Enforcing the Migori County water act 2021 that enforces order on road work constructors to repair the damaged water structures during construction works. The company is carrying out customer identification survey to weed out illegal connections. There is also an increase in budget		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>allocation for pipeline and related infrastructure.</i>		
Lack of Risk Management Policy and strategy	Review of internal control and risk management indicated that the Company did not have a documented risk management policy and procedures for identifying and mitigating operational and other common risks. It was, therefore, not clear how Management manages risk exposures. The omission contravened Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies that support robust business operations. Management had therefore contrary to the law.	<i>The management noted the auditor's observation and hereby provide draft Policy document for your reference, however the approval of the policy will be effected once the new board is in place in the month of May 2023.</i> Annex 7. Draft risk management policy		
Unfettered Access to Billing System Vendor	Assessment of the billing system revealed the following anomalies: i. The Company did not have full control of the billing system as some functions were managed by the system's vendor. ii. The vendor was authorized to execute any role in the system including administrator normally reserved for departmental users. This was in spite the vendor not being an employee of the Company and not having been	<i>The management wishes to state that the system vendor surrendered the admin rights of the billing system to the Managing Director- MIWASCO and also created access rights in the system to</i>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	assigned any responsibility in the operations Company. iii. Access to the organization's database was reserved to the vendor only and not to staff of the Company. iv. The system administrator, who was an employee of the Company, could not change password for the users of the billing system including his own account and was therefore dependent on the system's vendor. In the circumstances, the system's security controls were weak and as a result, Management could not guarantee the security and integrity of the data in the database of the billing system.	<i>ensure checks and balances when operating the system. This is a temporary measure since the company has a new ICT officer in place. The rights will be transferred to the ICT officer once he has undergone training.</i> <i>Further in Liaison with the vendor, we did a system clean up removing all dormant and past operators in the system and relocated the system server from revenue office to isolated room in ensuring its security. Uther, under the ongoing reforms the company has put in place measures to procure a new Enterprise resource planner (ERP).</i> Annex 8: Handover agreement		

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

Guidance Notes:

- Use the same reference numbers as contained in the external audit report.
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

Name John Oigah
 Signature [Signature]
 Managing Director
 Date 28 FEB 2024



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Appendix II: Projects Implemented By the Company Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	UPC 8 TH CALL	WSTF	15 MONTHS	19,196,730	YES	YES
2	LAST MILE CONNECTIVITY	LVSWWDA	4 YEARS	330M	NO	NO

Status of Projects completion

(Summarise the status of project completion at the end of the reporting period, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	UPC 8 TH CALL	19,196,730	6,357,019	70%	19,196,730	19,196,730	WSTF
2	LASTMILE CONNECTIVITY	330M	-	82%	330M		LVSWWDA
3							

Migori Water and Sewerage Company Ltd
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Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]

MIGORI COUNTY WATER AND SANITATION COMPANY LTD
P.O BOX 389-40400 SUNA MIGORI

The Migori county government (department of water and energy) wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Electricity bill		26,428,426	0		26,428,426	26,428,426	
Chemicals		3,997,356	0	0	3,997,356	3,997,356	
Total		<u>30,425,782</u>		<u>0</u>	<u>30,425,782</u>	30,425,782	

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

Head of Accountants department of beneficiary entity:

Name Enoch D. Jolay Sign [Signature] Date 29/09/2023



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Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

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

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

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Appendix V: Disaster Expenditure Reporting Template

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

(Attach forms from each transferring Government entity.)

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transferred during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	