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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIAMBU WATER AND SEWERAGE  
COMPANY LIMITED**

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

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

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**KIAMBU WATER & SEWERAGE COMPANY LIMITED  
ANNUAL REPORTS AND FINANCIAL STATEMENTS**

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

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

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

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**TABLE OF CONTENTS:**

I. ACRONYMS AND GLOSSARY OF TERMS.....	iv
II. KEY COMPANY INFORMATION .....	v
III. BOARD OF DIRECTORS .....	viii
IV. MANAGEMENT TEAM .....	xi
V. CHAIRMAN’S REPORT.....	xiii
VI. MANAGING DIRECTOR’S REPORT .....	xiv
VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023 .....	xv
VIII. CORPORATE GOVERNANCE STATEMENT .....	xvii
IX. MANAGEMENT DISCUSSION AND ANALYSIS.....	xx
X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxv
XI. REPORT OF THE DIRECTORS.....	xxix
XII. STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	xxx
XIII. REPORT ON THE INDEPENDENT AUDITORS ON KIAMBU WATER & SEWERAGE COMPANY LIMITED .....	xxxi
XIV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023. ....	1
XV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023.....	2
XVI. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023. .	3
XVII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2023.....	4
XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2023.....	5
XIX. NOTES TO COMPARATIVE BUDGET .....	7
XX. NOTES TO THE FINANCIAL STATEMENTS.....	8
APPENDIX.....	32
1. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATION.....	32

**Kiambu Water & Sewerage Company Ltd.**

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

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**Corporate Secretary**

Jacqueline Wangari Murigi,  
P.O. Box 2344-00900,  
Kiambu, Kenya

**Registered Office**

Ministry of Water and Irrigation Offices,  
Off Biashara Street, Kiambu Town.  
P.O. Box 409-00900,  
Kiambu, Kenya

**Corporate Headquarters**

Ministry of Water and Irrigation Offices,  
Off Biashara Street, Kiambu Town.  
P.O. Box 409-00900,  
Nairobi, Kenya

**Corporate Contacts**

Tel: 020 2133977; 0716 452238

Email: [KIAWASCO.water@gmail.com](mailto:KIAWASCO.water@gmail.com); [info@kiambuwater.com](mailto:info@kiambuwater.com)

Website: [www.kiambuwater.com](http://www.kiambuwater.com)

**Corporate Bankers**

Post Bank- Kiambu branch

Head Office

P.O. Box 30311-0100

Nairobi, Kenya

Family Bank- Kiambu branch

Head Office

P.O. Box 74145-00200

Nairobi, Kenya

National Bank of Kenya

Kiambu Branch

P.O. Box 2090-00900

Kiambu, Kenya

Equity Bank-

Kiambu branch

P.O. Box 783-00900

Kiambu, Kenya

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

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Safaricom M-Pesa money transfer service  
Paybill No. 885100

Kenya Commercial Bank-  
Kiambu branch  
P.O. Box 81-00900  
Kiambu, Kenya


**Independent Auditors**

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

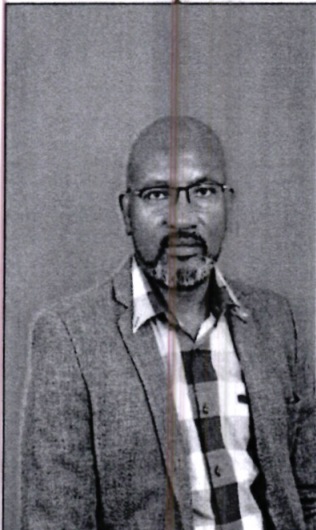
**Principal Legal Advisers**

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

**III. BOARD OF DIRECTORS**

	<p><b>1.Name:</b> Prof. Eng. Bernard Njoroge  <b>2.Position:</b> Independent Board Chairman  <b>3.Date of Birth:</b> 1956  <b>4.Date of Appointment:</b> 2018  <b>5.Qualification:</b> Ph. D Duke University (U.S.A); M.Sc. New Castle Upon Tyne (U.K); B.Sc.(U.O.N.), Civil Engineering Eng.; M.I.E.K.  <b>6.Work Experience:</b> DVC Finance University of Nairobi, U.O.N Professor Faculty of Engineering from year 2002</p>
	<p><b>1.Name:</b> Jennifer Kanini Musyoki  <b>2. Position:</b> Executive Director  <b>3.Date of Birth:</b> 29/07/1984  <b>4.Date of Appointment:</b> 29<sup>th</sup> July 2020  <b>5.Qualification:</b> MBA (Strategic Management); BSc Civil Engineering  <b>6.Work Experience:</b> Previously worked as a Water &amp; Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd. Currently working as the Chief Officer in the Department of Water, Environment, Energy and Natural Resources.</p>
	<p><b>1.Name:</b> Mr. James Gitau Muriuki  <b>2.Position:</b> Independent Director (Chairman, Finance &amp; Administration Committee)  <b>3.Date of Birth:</b> 1956  <b>4.Date of Appointment:</b> 2018  <b>5.Qualification:</b> Bachelor of Science in Chemistry/Biochemistry, Msc. Environmental Health Engineering  <b>6.Sector:</b> Representative of Water Consumers  <b>7.Work Experience:</b> Ministry of Water and Irrigation, Technical Consultant on Water and Waste water Treatment and Quality Analysis; Environmental Audits, Environmental Impact Assessments (EIA).</p>

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



- 1. Name:** James Githu Muiruri
- 2. Position:** Independent Director (Chair of the Audit Committee)
- 3. Date of birth:** 24/08/1978
- 4. Date of appointment:** 16th feb 2022
- 5. Qualifications:** master of arts Public policy and Management  
 Kenyatta University ongoing  
 Bachelors of arts in leadership & management St Paul's University  
 Certified and accredited mediator of the high court  
 Certificate in domestic arbitration - chartered institute of arbitrators  
 London  
 Certified human resource professional
- 6. Membership of professional bodies:** chartered institute of arbitrators  
 Institute of human resource professionals  
 Institute of directors [ Kenya]
- 7. Work experience:** a director Mhasibu Sacco society Ltd  
 Accredited mediator of the high court- judiciary  
 Hr cinsand trainer in change management, strategic  
 leadership, corporate governance, workplace mediation  
 Team leadership



- 1.Name:** Zacharia K. Gitau
- 2.Position:** Executive Director
- 3.Date of Birth:** 01-07-1978
- 4.Date of Appointment:** 2022
- 5.Qualification**
  - Strategic Leadership Development Program
  - Senior Management Course
  - Certified Public Accountant of Kenya-CPA(K)
  - BCom (Finance)
- 6.Work Experience-**Accounting and Finance experience spanning from 2003.
  - 2021 – Chief officer in charge of Revenue, Supply Chain Management and ICT- Kiambu County Government.
  - 2020-Chief officer in charge of Trade and Industrialization- Kiambu County Government
  - 2013- Accountant at the National Treasury where the current reporting framework was introduced and was part of team that introduced IPSAS in the public Sector entities. Team leader for SAGAs reporting on IPSAS Accrual and IFRS.
  - 2009 as an Accountant at Ministry for Special Programs.

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

	<p><b>1. Name:</b> Charles Gikonyo  <b>2. Position:</b> Executive Director  <b>3. Date of Birth:</b> 1977  <b>4. Date of Appointment:</b> 29TH JULY 2020  <b>5. Qualifications:</b></p> <ul style="list-style-type: none"> <li>• BA Government &amp; Public Administration</li> <li>• Certified Public Secretary</li> <li>• Chartered Institute of Purchasing &amp; Supplies (UK)</li> </ul> <p><b>6. Experience</b></p> <ul style="list-style-type: none"> <li>• Previously practiced as a Certified Public Secretary.</li> <li>• Current Chief Officer – Administration &amp; Public Service</li> </ul>
	<p><b>1. Name:</b> Mr. Boniface Mbugua Kabue  <b>2. Position:</b> Managing Director  <b>3. Area of Training:</b> Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K).  <b>1. Age:</b> 51 Years  <b>2. Working experience:</b> Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.</p>
	<p><b>1. Name:</b> Jacqueline Wangari Muriqi  <b>2. Date of Birth:</b> 28th November 1989  <b>3. Date of Appointment:</b> April 2023  <b>4. Position:</b> Company Secretary.  <b>5. Qualification:</b> Bachelor’s Degree in Law (LLB), Post Graduate Diploma from the Kenya School of Law, a Masters Degree in Public Policy and Administration, Diploma in Human Resource management, a registered Certified Secretary (CS) and a certified mediator (CPM).  <b>6. Work Experience:</b> An advocate of the high court with over seven years’ experience. I have served in the County Government of Kiambu in various capacities including Legal Counsel Legislative Drafting, Senior Legal Counsel and subsequently Director Legal Services in the Office of the County Secretary. Currently, I serve as the Director – Legal Services in the Department of Water &amp; Sanitation supporting the Board of Directors of Kiambu Water &amp; Sewerage Company Limited in offering Company Secretarial Services as a qualified Certified Secretary.</p>

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

**IV. MANAGEMENT TEAM**

	<p><b>Managing Director:</b>  <b>Name:</b> Mr. Boniface Mbugua Kabue  <b>Area of Training:</b> Bachelor of Science in Animal Production, Master of Business Administration (Finance Option), Certified Public Accountant (CPA-K).  <b>Age:</b> 51 Years  <b>Working experience:</b> Ministry of Livestock; Kenya Wildlife Service; Kenya Land Alliance; Kiambu Water and Sewerage Company.</p>
	<p><b>Technical Manager:</b>  <b>Name:</b> Ms. Beth Wanjiru Muigai  <b>Area of Training:</b> Bachelor of Science in Water and Environmental Engineering; Master of Business Administration (Strategic Management Option).  <b>Age:</b> 41 Years  <b>Working experience:</b> Western Water Services Company; Kiambu Water and Sewerage Company.</p>
	<p><b>Finance Manager:</b>  <b>Name:</b> Gideon K. Ndichu  <b>Area of Training:</b> Bachelor of Commerce (Finance Option), Certified Public Accountant (CPA-K).  <b>Age:</b> 39 Years  <b>Working Experience:</b> Africa Harvest Biotech Foundation International, Bradegate Poultry Industries and Kiambu water &amp; Sewerage company Ltd.</p>
	<p><b>Procurement Manager:</b>  <b>Name:</b> Collins Maina  <b>Area of Training:</b> Bachelor of Commerce (Marketing), Foundation Diploma – Chartered Institute of Purchasing and supply UK  <b>Age:</b> 36 Years  <b>Working Experience:</b> Ministry of health (Kenya National blood transfusion service), Kiambu water and Sewerage Company Ltd</p>
	<p><b>Commercial Manager:</b>  <b>Name:</b> Joachim K. Wambuku  <b>Area of Training:</b> Bachelor of Business management, Certified Public Accountant (CPA – K), Diploma in Business-management.  <b>Age:</b> 41 Years  <b>Working Experience:</b> Waterblue Ltd, Kilele Shuttle Ltd, Elysian Consultants Ltd, Kiambu Water and Sewerage Company Ltd.</p>

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



**1. Name:** Jacqueline Wangari Murigi  
**2. Date of Birth:** 28th November 1989  
**3. Date of Appointment:** April 2023  
**4. Position:** Company Secretary.  
**5. Qualification:** Bachelor’s Degree in Law (LLB), Post Graduate Diploma from the Kenya School of Law, a Masters Degree in Public Policy and Administration, Diploma in Human Resource management, a registered Certified Secretary (CS) and a certified mediator (CPM).  
**6. Work Experience:** An advocate of the high court with over seven years’ experience. I have served in the County Government of Kiambu in various capacities including Legal Counsel Legislative Drafting, Senior Legal Counsel and subsequently Director Legal Services in the Office of the County Secretary. Currently, I serve as the Director – Legal Services in the Department of Water & Sanitation supporting the Board of Directors of Kiambu Water & Sewerage Company Limited in offering Company Secretarial Services as a qualified Certified Secretary.

**Kiambu Water & Sewerage Company Ltd.**

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

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**V. CHAIRMAN'S REPORT**

The year 2022/2023 marked great milestones in the life of Kiambu Water and Sewerage Company. There was notable growth in water coverage as well as sewerage coverage. There was also growth in customers' base as a result of additional new connections during the year.

During the year the company achieved a ranking of 24 out of the 87 utilities which was a great achievement in comparison to 2020/2021 where the company was ranked at position 26. We make a commitment to continuously improve on service delivery to our customers. We also call upon our customers to continue supporting the company through feedback and timely payment of water bills.

We are committed to offer efficient water and sewerage services to our customers through the improvement and extension of water and sewerage infrastructure. We are continuously developing plans, and sourcing financial support for their implementation.

The company is faced with challenges of high cost of production inputs, vandalism of infrastructure, and lack of capital for infrastructure development. Our outlook into the future shows increased water and sewer coverage, improved access and coverage and sustainability of the environment from which we draw our water resources.

We acknowledge the cordial relations and good working relationship between the company and key stakeholders like the County Government of Kiambu, Water Services Regulatory Board, Athi Water Works Development Agency, and other partners.

Our staff members have continued to play a pivotal role in ensuring that we meet our set goals. I most sincerely thank them and urge them to continue serving the company with diligence.

Prof. Eng. Bernard Njoroge



**CHAIRMAN - BOD**

**VI. MANAGING DIRECTOR'S REPORT**

Kiambu Water & Sewerage Company Ltd (KIAWASCO) was incorporated under the Companies Act (Cap. 486) in 2004 and is an appointed agent of The County Government of Kiambu to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County. The population for the service area is currently estimated at 160,911 residents where 128,866 residents are served by the company. Our sources of water are 12 Boreholes, Riara and Kamiti surface water sources and one sewerage treatment plant. The total water production per day is approximately 9,200 m<sup>3</sup> against a demand of 15,000 m<sup>3</sup> per day. The water production is supplemented by supply from Nairobi City Water and Sewerage Company.

We also have 12 self – help water projects & several individual borehole owners who supplement the water supply to our esteemed customers. Currently, Water Service Coverage (% of population Served with clean & safe drinking water) is at 80%. The year saw progressive growth in the number of customers, water sales revenue, and coverage. The company used internally generated resources to extend water supply networks in underserved areas.

Water production increased by 2% i.e. from 3,310,911 during 2021/2022 financial year to 3,360,749 in the year 2022/2023. During the same period billing grew by 15%. This was as a result of growth in customer base as there was increase by 854 new connections i.e. increase in number of consumer connections from 10884 (2021/2022) to 11,738 (2022/2023). Water coverage has grown from 70% (2021/2022) to 80% (2022/2023) and sewerage coverage has grown from 12% (2021/2022) to 14% (2022/2023).

The company reported a surplus of Kshs. 1,653,988 (2022/2023) as compared to a reported surplus of Kshs. 37,262,545 (2021/2022). The decrease in surplus by 96% was attributed by the fact that during the year 2021/2022 the company received conditional Liquidity Support Grant from WSTF. During the year 2021/2022 the company achieved a ranking of 24 out of the 87 utilities in terms of water coverage, water quality, Hours of Supply, staff productivity, personnel cost as a percentage of O & M cost, revenue collection efficiency as well as the company metering ratio.

The realisation of the company's targets has been hampered by lack of funds to develop infrastructure, inadequate water supply, high levels of non-revenue water, and high operational costs.

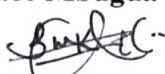
During the 2022/2023 financial year, there was marked progress in the implementation of the ongoing water and sewer upgrade project by Athi Water Works Development Agency, funded by The African Development Bank which was 75% complete. The realisation of this project and other internally funded projects will improve on the water and sewerage coverage, hours of supply and operational efficiency.

The company recognises the need for sustainable environmental conservation to secure water sources where more than 8,000 trees were planted in the water catchment areas.

As we look into the future, we hope to attain 90% water coverage, 42% sewerage coverage and 24-hour water access over the next five years.

We appreciate the critical role played by our customers, shareholders and partners in actualising the objectives of the company.

**Boniface Mbugua Kabue**



**Managing Director**

**VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
FOR FY 2022/2023**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government company's performance against predetermined objectives.

Kiambu Water & Sewerage Company Limited has 10 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Water Service Coverage
- Pillar 2: Sewerage Coverage
- Pillar 3: Water Quality
- Pillar 4: Hours of Supply
- Pillar 5: Personnel Expenditure in comparison to total O & M cost
- Pillar 6: O & M cost coverage
- Pillar 7: Revenue Collection Efficiency
- Pillar 8: Unaccounted for water
- Pillar 9: Staff Productivity
- Pillar 10: Metering Ratio

Kiambu Water & Sewerage Company Limited develops its annual work plans based on the above 10 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. KIAWASCO achieved its performance targets set for the FY 2022/2023 period for its 10 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Water Service Coverage (% of population Served with clean & safe drinking water)	To attain 90 % water coverage from the current 80%	>90%	Increase connectivity to un served and underserved areas	80%
Sewerage Coverage (% of population with adequate Sanitation Facilities)	To attain 42% sewerage coverage	50%	Increase sewerage connectivity. This will be fully achieved when the Kiambu-Ruaka Sewerage system is fully implemented.	16%
Water Quality (Total number of tests carried out/number of tests planned according to Guideline and standards)	To attain a 100 % water quality.	>95%	Increase on the number of water quality tests	98%
Hours of Supply (Total Hours of Supply per month/30 days)	To attain 24 Hours of Supply	>22 Hours	Increasing water production.	18 Hours

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

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Personnel Expenditure as a percentage of O & M cost	To attain recommended 30% from the current 38%	<20%	Increase in water and sewerage distribution networks.	38%
O & M Cost Coverage %	To attain 150 % from the current 100%.	>150%	Increase in number of connections so as to increase on the monthly billing.	100%
Revenue Collection Efficiency	To attain 96 % collection efficiency from the current 90%	>95%	Disconnection of non-paying customers as well as issuing them with payment demand letters.	90%
Unaccounted for water ( Water Produced/ Water Billed)	To attain a 25 % NRW from the current 35%	<25%	Replacement of dilapidated pipeline infrastructure, replacement of old consumer meters.	35%
Staff Productivity (Staff per 1000 connections)no.	To attain a staff productivity of 5 employees per 1,000 connections.	<5	Increase the number of active water & sewerage connections.	6
Metering Ratio (Total numbered of metered connections/total number of connections).	To retain a meter ratio of 100%	100%	Ensuring all new connections are metered	100%

**Kiambu Water & Sewerage Company Ltd.**

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

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**VIII. CORPORATE GOVERNANCE STATEMENT**

Kiambu Water and Sewerage Company is a semi-autonomous company in accordance with the provisions of the Water Act 2002. The company is governed by a Board of Directors (BOD). Below the BOD, is the Managing Director (MD), followed by the top - management who are the departmental heads. This is followed by other members of staff. The BOD including the MD have signed a Code of Conduct and the tenets therein, are adhered to as appropriate.

The BOD is directly accountable to the shareholders and every year the company holds an annual general meeting (AGM), the directors provide a report to shareholders on the performance of the company and its future plans. The objects of the company are defined in the Memorandum of Association and regulations are laid out in the Articles of Association. The board of directors' key purpose is to ensure the company is meeting its obligations by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the BOD deals with challenges the company is facing, and issues relating to corporate governance, corporate social responsibility and corporate ethics.

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

Below is a schedule of the Board meetings held during the year;

	Name																	ATTENDANCE		
		02-08-22	15-08-22	03-10-22	04-10-22	05-10-22	06-10-22	07-10-22	11-10-22	10-11-22	01-12-22	08-12-22	26-01-23	14-02-23	23-03-23	11-04-23	17-04-23	18-04-23	Days Present	Days Absent
1	Prof. Bernard Njoroge	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	17	0
2	James Muriuki	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	17	0
3	Jennifer Musyoki	√	√	√	X	X	X	X	√	√	X	√	√	X	√	√	√	√	11	6
4	James Githu Muiruri	√	√	√	√	√	√	√	√	√	√	√	√	√	X	X	X	X	13	4
5	Charles Gikonyo	X	X	X	X	X	√	√	x	√	X	X	X	X	X	√	√	X	5	12
6	Zachary Gitau	√	√	√	√	√	√	√	X	√	X	√	√	X	X	√	√	X	12	5
7	John Kinuthia	X	X	X	X	X	X	X	X	X	√	X	X	X	X	X	X	X	1	16
8	Daniel Kirathe	√	√	√	√	√	X	√	X	√	√	√	√	√	√	√	√	√	14	3

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

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The duties and role of the Board of Directors are as stipulated in the Board Charter which includes the following:

- Strategic Management
- Identification and management of risks
- Company's financial oversight
- Succession planning and evaluation of management performance
- Oversight of communications and public disclosure
- In charge of corporate Governance

The following Board committee have been established with specific duties and meet quarterly as minimum

- Audit & Risk Management Committee,
- The Finance, Human Resource and Administration Committee,
- Technical Committee;

The remuneration of Directors is determined by the annual general meeting within the maximum approved by shareholders guided by the Government of Kenya Regulations (Water Services Regulatory Board) from time to time. The Chairman will be paid a monthly honorarium of Kshs. 46,000/-. monthly telephone allowance of Kshs. 10,000/-. The Chairman will be paid a sitting allowance of Kshs. 25,000 while attending Board meetings and other functions, workshops and trainings sponsored by the Company. While attending a meeting or such function within Kiambu County and its environs, the Chairman will be paid a lunch allowance of Kshs. 3,000 and transport allowance of Kshs. 2,000/-. Directors will be paid a sitting allowance of Kshs 20,000.00 while attending Board and committee meetings, and other functions, workshops and trainings sponsored by the Company. Where the meeting or function is within Kiambu County, the Directors will be entitled to a lunch allowance of Kshs 3,000.00 (where no lunch is provided) and transport allowance of Kshs 2,000.00.

**IX. MANAGEMENT DISCUSSION AND ANALYSIS**

Kiambu Water & Sewerage Company Limited management discussion and analysis provides an overview of the Company's financial and operational activities for the year ended June 30, 2023. The discussion also comprises of comparative performance for the last five years the current year being inclusive. Below are management discussions in relation to:

a) **Projects:**

<p><b>ONGOING PROJECTS:</b></p> <ul style="list-style-type: none"> <li>i) Thindigua water supply networks by AWWDA i.e. Installation of a 4km 150mm HDPE main water line from Indian Busar market to Thindigua police post, Installation of assorted 5km water distribution networks (110mm, 90mm, 63mm and 50mm HDPE supply networks Thindigua. The Project is at 97% completion, testing of the water supply line ongoing.</li> <li>ii) Intensify water supply networks in Ndumberi &amp; Ting'ang'awards by Kiambu County Government I.e. Extension of assorted 8km assorted diameters HDPE water supply networks from Ngegu to Turitu and extension of 2km assorted diameter water supply networks in Gatitu. The project also entails extending water supply networks to Kiura estate of Ting'ang'a ward. The project is currently ongoing.</li> <li>iii) Kiambu – Ruaka sewerage project which is at 85% implementation, outstanding component of this project is Kirigiti laterals and construction of Riara trunk out connecting to NCWSC. Completed works in this project includes: (i). 7km sewer laterals in Kiamumbi, (ii)8 km sewer laterals in Thindigua, (iii) 3km sewer laterals in Rockline, (iv) 5 Km in Kiu sewer trunk, (v) 5 km Kigwa sewer trunk and (vi) 9 km Kasarini sewer trunk.</li> </ul>
<p><b>Funding Proposals Submitted:</b></p> <ul style="list-style-type: none"> <li>i) Under the FRP concept by WSTF and WASREB the company has submitted a proposal of Kshs. 15,777,975 towards extension of assorted diameters HDPE water supply networks in Gatitu, Kiu, Karunga, Kangoya and Kabae of Ndumberi. This also included purchase of two additional motorbikes as well as smartphones to enhance on revenue collection.</li> <li>ii) There was a proposal by KCG in FY 22/23 to procure pipelines for Kiambu region to enable water supply in Ndumberi, Gatitu and Kabae areas. The Project was estimated to cost Kshs.5 million.</li> <li>iii) In the Aid On Delivery concept by WSTF, Kiambu Water &amp; Sewerage company provided a proposal to extend 27Km assorted diameters water lines, drill a B/h at Benson Njau primary school, construct a 150m<sup>3</sup> masonry tank and procure an ERP system to enhance efficiency.</li> <li>iv) The company submitted a proposal FY2022/23 to WSTF under the UBSUP concept to construct 200 household toilets at plot level. The proposal cost was Kshs.5.2 Million to increase the sewer coverage through sewer connections thus increase revenue on the sewer areas.</li> <li>v) Proposal to buy 7000m<sup>3</sup>/day Bulk water for resale from Karemuni (II) Dam by AWWDA to extend water distribution networks to Kiamumbi and Thindigua using the networks installed through CLSG2 from WSTF. This proposal was submitted to AWWDA.</li> <li>vi) Kiambu Water &amp; Sewerage company submitted two different proposals to Water Fund and Kiambu County Government to solarise 3 high yielding B/Hs currently on use and generating high bills (Karunga B/H, Town hall B/H Kangoya market B/H</li> <li>vii) Proposal to intensify the newly constructed Kiambu Ruaka Sewer lines submitted to AWWDA to increase sewer coverage and reduce pollution of water</li> </ul>

**Kiambu Water & Sewerage Company Ltd.**

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

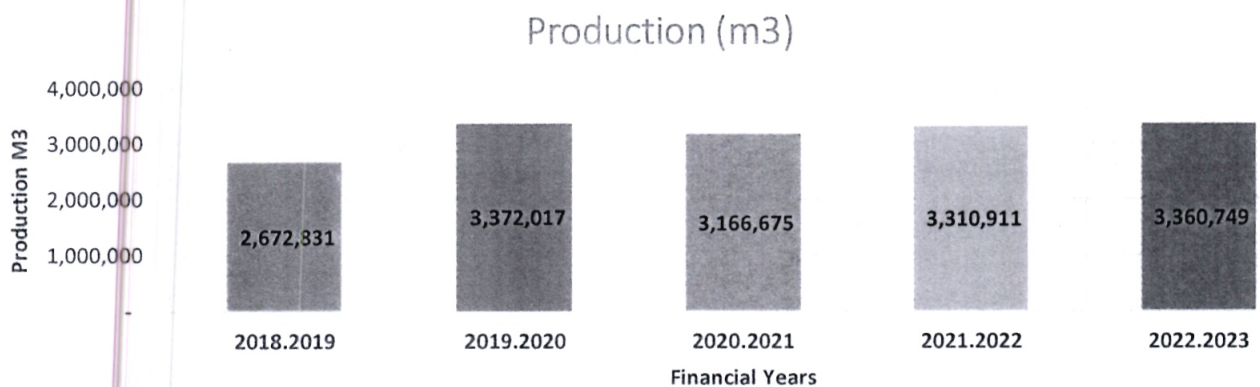
b) **Statutory Compliance:** During the financial year ended 30<sup>th</sup> June 2023, the company submitted and paid for the statutory deductions in time i.e. PAYE, NSSF, NHIF on 9<sup>th</sup>, 15<sup>th</sup> and 9<sup>th</sup> of the following months respectively thus ensuring total compliance.

c) **Comparative Trend Analysis:** Below is a five-year analysis of Kiambu Water Financial and operational performance;

**(i) Water Production Analysis**

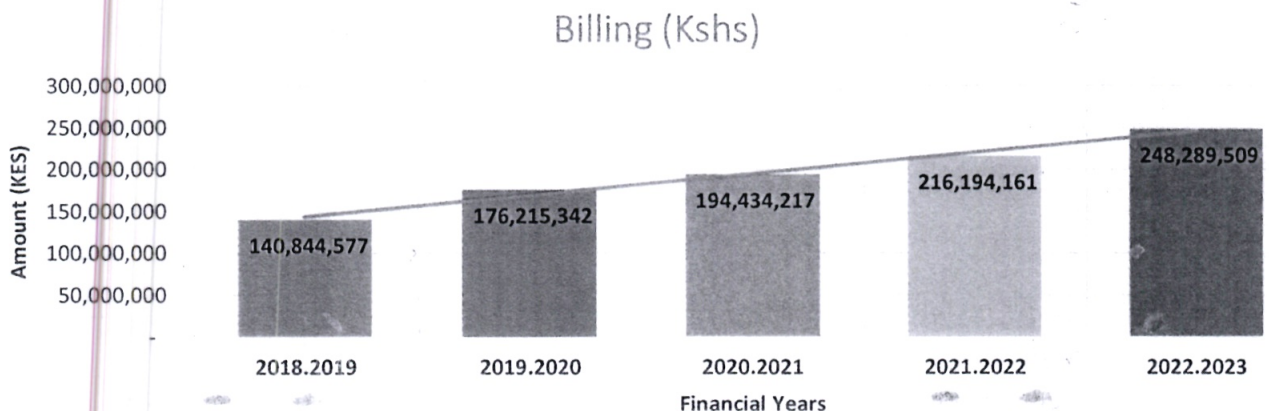
- During the financial year ended June 30, 2023 production increased by 2 % i.e. from 3,310,911 during 2021/2022 financial year to 3,360,749 in the year 2022/2023. There was increased in production from Riara treatment plant during flashing and testing of Thindigua line. There was also reactivation of the high yielding boreholes (Kangoya Market and Thuku borehole) during the year to supplement Riara & Kamiti water sources.

Five Year - Water Production Analysis					
Year	2018.2019	2019.2020	2020.2021	2021.2022	2022.2023
Production (m3)	2,672,831	3,372,017	3,166,675	3,310,911	3,360,749



**(ii) Billing analysis:**

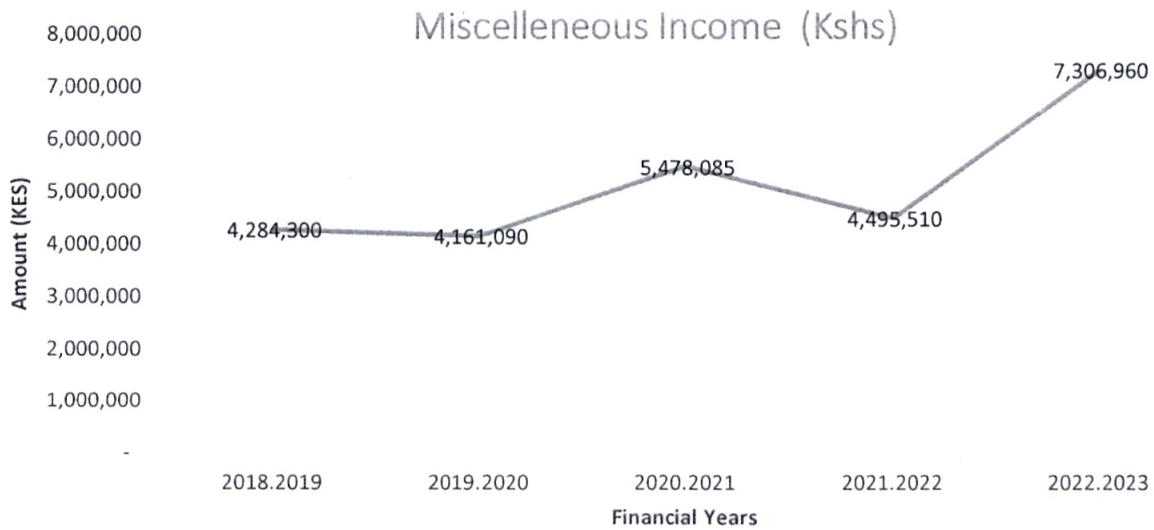
Five Year - Billing Analysis					
Year	2018.2019	2019.2020	2020.2021	2021.2022	2022.2023
Billing (Kshs)	140,844,577	176,215,342	194,434,217	216,194,161	248,289,509



There was an increase in billing by 15% during the year as a result of additional 843 new connections.

**(iii) Miscellaneous income Analysis:**

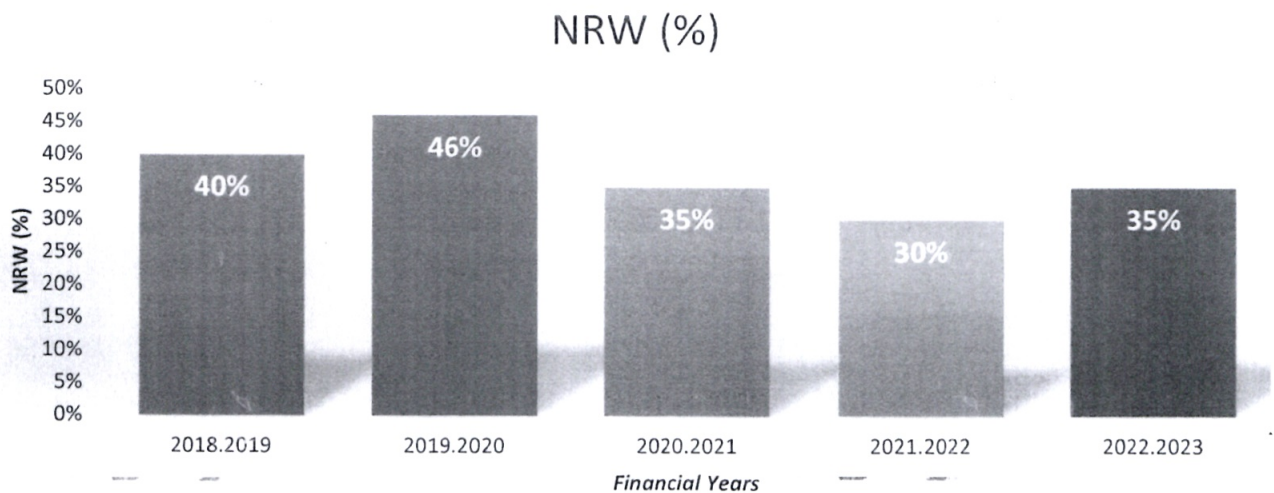
<b>Five Year Miscellaneous Income Analysis</b>					
<b>Year</b>	<b>2018.2019</b>	<b>2019.2020</b>	<b>2020.2021</b>	<b>2021.2022</b>	<b>2022.2023</b>
<b>Miscellaneous Income (Kshs)</b>	<b>4,284,300</b>	<b>4,161,090</b>	<b>5,478,085</b>	<b>4,495,510</b>	<b>7,306,960</b>



Miscellaneous income increased by 63% following implementation of the new tariff where there was introduction of water statement fees of Kshs. 200, charges for illegal water connecton were adjusted from Kshs. 10,000 to Kshs.30,000.

**(iv) NRW Trend Analysis:**

<b>Five Year Non-Revenue Water Trend Analysis</b>					
<b>Year</b>	<b>2018.2019</b>	<b>2019.2020</b>	<b>2020.2021</b>	<b>2021.2022</b>	<b>2022.2023</b>
<b>NRW (%)</b>	<b>40%</b>	<b>46%</b>	<b>35%</b>	<b>30%</b>	<b>35%</b>

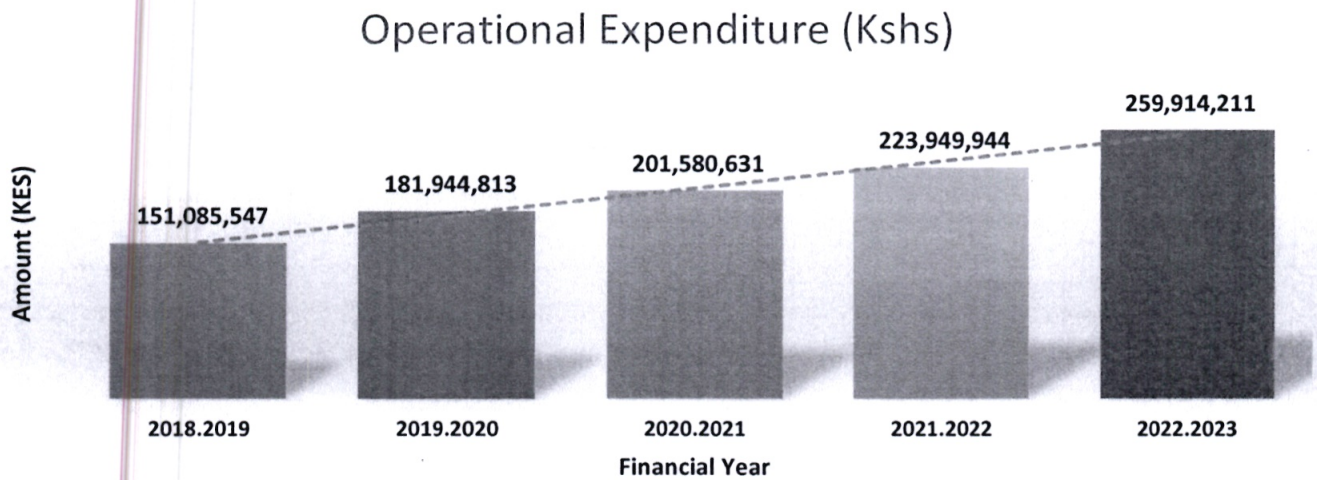


**Kiambu Water & Sewerage Company Ltd.**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

- There was an increase on NRW from 30% (2021/2022) to 35% (2022/2023) which was attributed by flashing and testing of Thindigua line where several leaks were identified. There was also destruction of water supply network in Kirigiti during construction of sewer lines.

**(v) Operational Expenditure Analysis:**

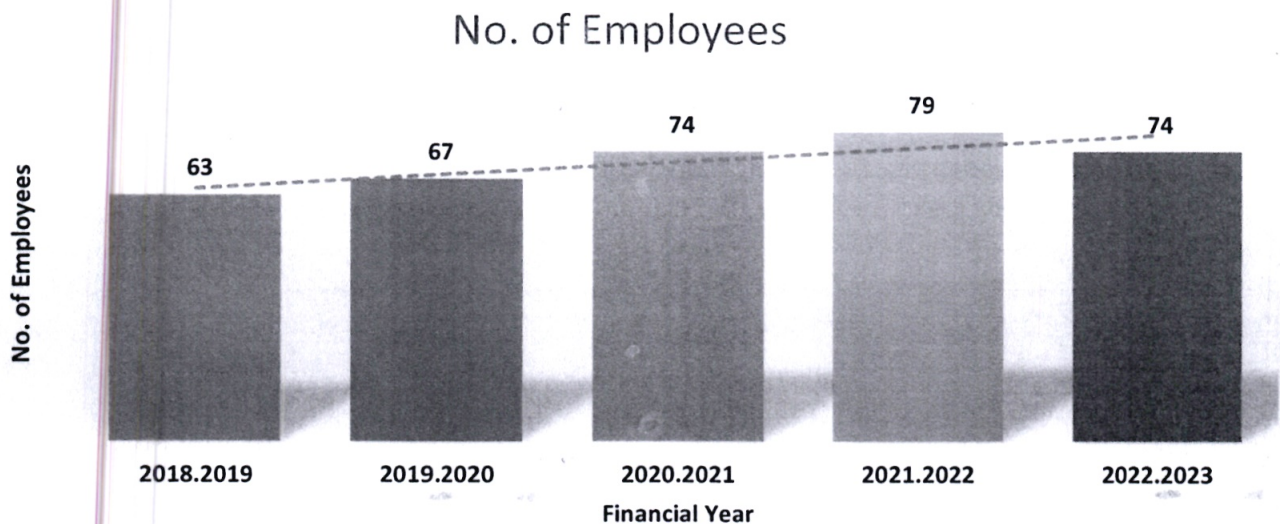
<b>Five Year Operational Expenditure Analysis</b>					
<b>Year</b>	<b>2018.2019</b>	<b>2019.2020</b>	<b>2020.2021</b>	<b>2021.2022</b>	<b>2022.2023</b>
<b>Operational Expenditure (Kshs)</b>	<b>151,085,547</b>	<b>181,944,813</b>	<b>201,580,631</b>	<b>223,949,944</b>	<b>259,914,211</b>



**(vi) Employee Growth Analysis:**

- The company has recorded a tremendous growth by 17% of the number of employees as from the financial year 2018/2019 in comparison with the current financial year 2022/2023 as shown on the table below;

<b>Five Year Employees Growth Analysis</b>					
<b>Year</b>	<b>2018.2019</b>	<b>2019.2020</b>	<b>2020.2021</b>	<b>2021.2022</b>	<b>2022.2023</b>
<b>No. Of Employees</b>	<b>63</b>	<b>67</b>	<b>74</b>	<b>79</b>	<b>74</b>

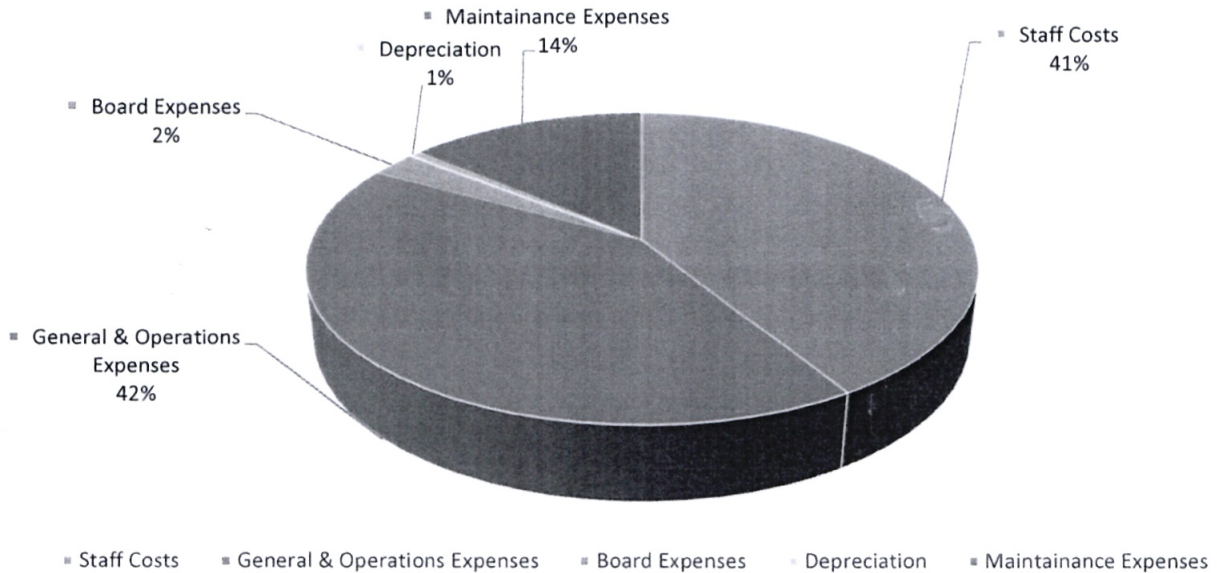


**Kiambu Water & Sewerage Company Ltd.**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**(vii) Operational Expenditure Indicator Analysis:**

Year 2021/2022 Operational Expenditure Analysis						
Year	Staff Costs	General & Operations Expenses	Board Expenses	Depreciation	Maintainance Expenses	Total
Operational Expenditure (Kshs)	107,207,510	108,813,063	6,787,539	1,598,199	35,507,901	259,914,211
% of Total Expenditure	41%	42%	3%	1%	14%	100%

**2022/2023 Expenditure Analysis**



**(viii) Material Uncertainty in relation to Going Concern;**

The company current ration as at 30<sup>th</sup> June 2023 was 0.8: 1 i.e. current liability (Kshs. 265,888,786) is more than the current assets (Kshs. 213,412,706) thus resulting to a negative working capital of Kshs. 52,476,080. To counteract the material uncertainty, the company has been continuously extending the customer base as well as submission of funding proposals to WSFT and KCG.

The company is continuously striving towards increasing the number of new water & sewer connection which will be achieved upon completion of Kiambu Ruaka sewer project covering areas of Thindigua and Kiamumbi.

The company was previously operating on a tariff which was not factoring in the cost recovery aspect despite the change in prices in the market. Now that the company has a new tariff which was implemented in March 2023, there is great expectation on the improvement of the company's working capital.

**X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kiambu Water & Sewerage Company Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on KIAWASCO pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each of the mentioned pillar:

**i) Sustainability strategy and profile –**

To enhance Sustainability, the Company has been able to achieve the following over time:

- Successful development of two surface water sources on Rivers Riara and Kamiti to supplement Nairobi water bulk water supply and borehole sources by AWWDA.
- Received and utilized seventeen million (17) Kenyan shillings from Water Services Trust fund in 2013 to improve water supply services in Kihingo area and improve sanitation within lower Kiambu Town.
- Received and utilized twenty-six (26) million Kenyan Shillings from Water Services Trust Fund in 2014 to improve water services in Rockline and Indian Bazaar areas through construction of two (2) elevated steel tanks and installation of assorted 8.5km water networks
- The company also received Kshs. 40,017,053 during the year 2020/2021 as a Conditional Liquidity Support Grant from WSTF as short-term COVID-19 emergency response interventions when the country was hardly hit by Corona virus.
- Takeover of 5 No. run down community water projects within the company supply area i.e. Gichocho, Gichiru, Karunga, Ndumberi and Kihingo. The company is at advanced stage to take over Kamiti Amner Project.
- Implementation of a cashless revenue collection by use of banking and M-pesa services where cash is not collected in the office.
- Smart meter reading, in-house billing, incorporating SMS billing, bill query (\*483\*85#) and customer complaint handling module.
- The company was awarded by WASREB during 2019/2020 financial year as the No.1 out of 81 WSPs with the best customer services in Kenya.
- The company received flashing unit from Athi Water Works Development Agency in 2021. This has helped for better Maintenance of the sewer networks.
- The company is at 100% mapping of all its water supply and sewer networks and associated accessories as well as consumer connections on GIS software.
- Construction of sewer laterals under Kiambu Sewerage project by AWWDA through a loan from AFDB to improve sanitation in Kia-Mumbi, Thindigua, Kirigiti, Ndumberi and Kiambu town.
- Increased water production from 2,054 (2007) to an average of 9,200 (2023) cubic meters per day.
- Increase in number of consumer connections from 2,252 (2007) to 11,738 (2023).
- Enhanced revenue collection from monthly average of Kshs. 4.4 Million (2007) to a monthly average of Kshs. 20.4 Million in 2023.
- The company has established a team of NRW whose main mandate is to ensure that all the physical and commercial losses are addressed and reduced to the minimum levels possible and the leak run time minimized.

However, the company is faced by the below mentioned challenges;

- High unaccounted for water (non-revenue water) due to aged supply network and water theft by the customers. The company management has adopted a policy of ensuring that any reported burst or leak is addressed in the shortest time possible, all customers are metered and aged systems are rehabilitated systematically. We intend to overhaul the current distribution system within Kiambu town and its

## Kiambu Water & Sewerage Company Ltd.

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

environs as a remedy. Project proposals have been sent to Water Services Trust Fund and World Bank (through Water Services Regulatory Board).

- Interruption of water supply due to breakdown of boreholes (motors and pumps).
- Lack of water supply infrastructure in some areas.
- Old and dilapidated water supply infrastructure that requires upgrading.
- Destruction of water pipelines during road construction works without compensation.
- Theft of manhole covers, water meters and pipes.
- An overstretched sewer treatment plant which has outlived its design capacity which was constructed in 1974 when Kiambu was a small town.
- Vandalisation of guard rails at Riara and Kamiti treatment plant.
- Lack of water supply infrastructure to 30% of our coverage area.
- High operational costs as a result of upwards review of prices of; electricity, bulk water for resale, abstraction cost of water by WRA, water treatment chemicals, cost to replace burnt out mortars, fuel cost, cost of water meters, pipes and fittings)
- Reduction of water volumes from the surface water sources in the dry months of the year (Kamiti river) sometimes resulting to water conflicts with downstream users.
- Increased siltation in our surface water infrastructures after the long rains which reduces the volume of water at the intakes (Kamiti river).
- Limited financial resources to carry out extension and rehabilitation water & sewer networks
- Destruction of water pipelines during road & sewer construction works in Kiambu Sub County without compensation.
- Theft of water & sewerage infrastructure (manhole covers, water meters and pipes, valves on pipelines, B/Hs control panels
- Encroachment of wayleaves and road reserves by developers.

#### ii) Environmental performance

During the year the company in partnership with the community and Water Resource Users Associations (WRUAs) planted more than 8,000 both indigenous and bamboo tree seedlings in an effort to conserve the environment and protect the water catchment areas.



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

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**iii) Employee welfare**

The company is guided by the Human Resource Policy as well as the Collective Bargaining Agreement signed between the company and the Federation of Kenya Employers. The two documents take into account the hiring process where gender ration is well explained. The company provide a comprehensive medical cover to all its employees renewable after every year. The company also pays for short courses/trainings for capacity building in collaboration with other institutions e.g. KEWI, Kenya School of Government and National Institute Training Authority to improve on the employees' skills. The company also organises for medical clinics where the medical test for willingly employees are done. The company also supplied the staff with 10 hash avocado seedlings during the year.

**iv) Market place practices-**

The company always ensures steady supply of clean and treated water to the customers as well as ensuring the sewerage plant is in operation for twenty-four hours to ensure proper management of waste water. The company engages with the suppliers having followed all the necessary required procurement procedures and also maintains a good supplier relationship where the supplies are paid within 90 days upon delivery of good and services.

**v) Corporate Social Responsibility/Community Engagements-**

During the year the company purchased items from the nearby super markets i.e. Kamindi Super Market, Clean shelf supermarket, quick mart supermarket and Naivas Supermarket as well as nearby hardware stores as a way of Kiambu Sub county economic growth. The company has a football team which engages with the local football teams i.e. Maradona FC (Riabai), Blue raiders (Kiambu) and St. James Academy for friendly football matches thus strengthening the relationship with the neighbourhood. The company also engages with the residents of the sub county as casual labourers during the pipeline extension works i.e. excavation and back filling. During the year 2022/2023 the company supplied the customers with 2,000 hash avocados during environmental conservation and stakeholder's meetings. Below is a photo of Kiambu Water staff distributing hash Avocados to the consumers;



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

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During 2022/2023 financial year the company held various stakeholders/ customers clinic for awareness creation on the various services offered by the company as well as receiving feedback from the consumers on the quality of services provided. Below are photos of various meetings held during the year.



**XI. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of Kiambu Water and Sewerage Company affairs.

**i) Principal activities**

The principal activity of the company is to ensure the economical provision of water and sewerage services in Kiambu Sub County.

**ii) Results**

The results of the company for the year ended June 30, 2023 are set out on page 1 where the company recorded a surplus of Kshs. 1,653,988 whereas in 2021/2022 the company had recorded a surplus of Kshs. 37,262,545.

**iii) Dividends**

The Directors did not recommend the payment of dividend during the year

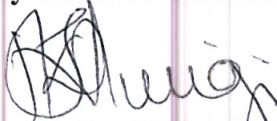
**iv) Directors**

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

**v) Auditors**

The Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

**By Order of the Board,**



Jacqueline Wangari Murigi  
Company Secretary

Date: 02/02/2024

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

**XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are also responsible for safeguarding the assets of KIAWASCO.

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

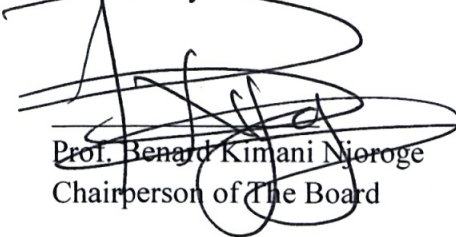
The Directors accept responsibility for KIAWASCO's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the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


The Directors are of the opinion that KIAWASCO's financial statements give a true and fair view of the state of KIAWASCO's transactions during the financial year ended June 30, 2023, and of KIAWASCO's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KIAWASCO's, which have been relied upon in the preparation of KIAWASCO'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 KIAWASCO will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

KIAWASCO's financial statements were approved by the Board on 02/02/2024 2024 and signed on its behalf by:

  
Prof. Bernard Kimani Njoroge  
Chairperson of The Board

  
Boniface Mbugua Kabue  
Managing Director

## REPORT OF THE AUDITOR-GENERAL ON KIAMBU WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kiambu Water and Sewerage Company Limited set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu Water and Sewerage Company Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012, and the Companies Act, 2015.

## **Basis for Qualified Opinion**

### **1. Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.240,313,909 as disclosed in Note 19 to the financial statements. Review of records provided revealed the following;

#### **1.1 Long Outstanding Payables**

The trade and other payables amount includes payables totalling Kshs.202,133,785 which have been outstanding over the years as shown below.

<b>Name</b>	<b>Amount (Kshs.)</b>
Nairobi Water Company Limited	123,270,075
Water Services Regulatory Board	31,220,441
Athi Water Services Board	35,228,016
Athi Water Works Development Authority	12,415,253
<b>Total</b>	<b>202,133,785</b>

The respective balances have kept on increasing yearly due to levies and charges. No explanation was provided for failure to settle the long outstanding bills and regulatory fees. Further, the financial statements for Nairobi Water Company Limited reflects trade receivables from the Water Company of Kshs.125,138,847 resulting to an unexplained variance of Kshs.1,868,772.

#### **1.2 Payables to Athi Water Works Development Authority**

Included in the trade and other payables is Kshs.12,415,253 owed to Athi Water Works Development Authority. Review of supporting documents indicated that the amount is loan and interest payable for six (6) months for a loan amounting to Kshs.521,000,000 (Loan number AWSB/WASSIP AF/CAMPIW-8/13 signed on July, 2014). The loan was channeled through the Authority from the World Bank for two (2) water dams and treatment plants at Riara and Kamiti Rivers in Ndumberi and Githunguri areas of Kiambu County. The repayment was to start from the month of March, 2022 and end in the month of September, 2052.

However, physical verification of the two (2) projects carried out in the month of January, 2024 revealed that the projects were completed, and available information indicated that they have been used by the Water Company since year 2017. No explanation was provided as to why the works were not capitalized to property, plant, and equipment (PPE) as the Water Company continues to derive commercial benefits from the works.

In the circumstances, the Company is exposed to fines and penalties and the financial statements are misrepresented.

## **2. Long Outstanding Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.161,563,453 as disclosed in Note 16 to the financial statements. Included in this balance is debtors' balance of Kshs.112,713,532 that have remained unrecovered for more than one hundred and twenty (120) days out of which receivables balance of Kshs.11,140,997 dates back to the period between 27 May, 2006 to 23 December, 2021. However, no steps appear to have been taken by the Company to recover the long outstanding receivables.

In the circumstances, the recoverability of the trade and other receivables balance of Kshs.161,563,453 is doubtful which in turn affects the cash flow status of the Company.

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

## **Emphasis of Matter**

### **1. Material Uncertainty in Relation to Going Concern**

The statement of profit or loss and other comprehensive income for the year ended 30 June, 2023 revealed a surplus of Kshs.1,653,988 compared to a surplus of Kshs.37,262,544 for the financial year 2021-2022. Further, the current liabilities of Kshs.265,888,786 exceeded the current assets of Kshs.213,412,706 resulting to a negative working capital of Kshs.52,476,080. The Company was therefore unable to meet its financial obligations as and when they fall due.

In the circumstances, the Company is technically insolvent due to the continued poor financial performance and the ability of the Company to meet its current financial obligations as they fall due could not be confirmed.

### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.293,388,736 and Kshs.262,005,806

respectively, resulting in an under expenditure of Kshs.31,382,930 or 11% of the budget. The under-absorption of the approved budget is an indication that all activities in the annual work-plan were not implemented which may have negatively impacted on delivery of services to the public.

My opinion is not modified in respect of these matters.

### **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 Audit Matters**

In the audit report of the previous year, several audit issues were raised. However, Management has not resolved and disclosed the status of the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Idle Assets**

Review of motor vehicle records revealed that the Company has a fleet of six (6) motor vehicles and seventeen (17) motor-cycles out of which six (6) vehicles were donated by Athi Water to assist in the facilitation of the Company's activities. Physical inspection of the motor vehicles and cycles revealed that a motor-cycle with a net book value of Kshs.23,229 was last utilized on 04 January, 2021 as evidenced in its work ticket, was not in working condition and continues to reduce in value due to wear and tear. The motor cycle continues to incur insurance expenses while not contributing to the achievement of the Company's goals and objectives.

Further, it was established that motor cycle registration KBR 012U stalled in the month of April, 2022. Physical verification revealed that the motor cycle is in repairable condition with the driver's report of defects stating that the speedometer, ignition and motor bike horn were not functioning. Although the stalled motor cycle continues to diminish in value

due to wear and tear and insurance expense paid to safeguard against loss, the asset does not contribute towards the achievement of the Company objectives.

In the circumstances, value for money may not be derived from the idle assets.

## **2. Non-Adherence to Fiscal Responsibilities**

Review of records revealed that the Company spent Kshs.107,207,510 on staff costs against total income of Kshs.261,568,199. The amount paid for staff costs represents 41% of the total income which is 6% above the recommended 35% of the total income contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015.

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

## **3. Non-Adherence to National Cohesion Requirement on Ethnicity**

Audit of the Company Integrated Payroll Personnel Database (IPPD) revealed that the Company had 74 members of staff out of which 55 members or 74% of total staff were from one (1) ethnic community. Further, eleven (11) new employees were recruited during the year. However, Management failed to comply with the law since nine (9) or 82% of the new employees were from the domicile community thus enhancing the current situation.

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

## **4. Irregularity in Composition and Appointment of Board Members**

The statement of profit or loss and other comprehensive income reflects board expenses of Kshs 6,787,539 as disclosed in Note 11 to the financial statements. Records provided for audit revealed that the Board of Directors who served the Water Company during the year consisted of 7 Directors and 1 alternate Director. Of the 7 Directors, 5 were male and 2 females.

This was contrary to Article 27(3) of the Constitution of Kenya which provides that women and men have the right to equal opportunities in political, economic, cultural, and social spheres.

Further, an appointment letter dated 02 June, 2022 revealed that a member of the Board appointed another individual as an alternate Director to attend Board meetings on his behalf which is contrary to Section 1.1 12 of Mwongozo which provides that Board members shall be appointed by name and shall sit on the Board in their individual capacity with no power to appoint alternates.

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

## **5. Excessive Non-Revenue Water**

During the year under review, the Company produced 3,360,749 cubic meters (m<sup>3</sup>) of water out of which 2,200,798 cubic meters (m<sup>3</sup>) was billed to customers. The variance of

1,159,951 cubic meters (m<sup>3</sup>) represents unaccounted for water being 35% of the total water produced which is 10% above the allowable loss of 25% set by Water Services Regulatory Board (WASREB) Guidelines. The unaccounted-for water may have resulted into loss of sales estimated at Kshs.118,407,850.

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

## **6. Failure to Convene Annual General Meeting**

Review of the budget statement indicated that the Company had budgeted for an Annual General Meeting (AGM) at an estimated cost of Kshs.300,000. However, available information indicates that the Water Company has not held any AGM since 2014 contrary to Section 310 of the Company's Act, 2015.

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 Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

As required by the Kenyan 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 my audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and
- (iii) The Company's financial statements are in agreement with accounting records and returns.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal 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 going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 to 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

21 March, 2024

**XIV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023.**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Operating Revenue</b>			
Operating Revenue	6	255,596,469	220,689,671
Grants Income	7	5,000,000	40,057,053
Finance Income	8	971,730	465,765
<b>Total Revenue</b>		<b>261,568,199</b>	<b>261,212,489</b>
<b>Expenses</b>			
Staff Costs	9	107,207,510	86,361,580
General & Operations Expenses	10	108,813,063	96,479,181
Board Expenses	11	6,787,539	5,299,171
Maintainance Expenses	12	35,507,901	34,338,145
Depreciation	13	1,598,199	1,471,867
<b>Total Expenses</b>		<b>259,914,211</b>	<b>223,949,944</b>
<b>Operating profit</b>		<b>1,653,988</b>	<b>37,262,544</b>
<b>Profit/(Loss) before tax</b>		<b>1,653,988</b>	<b>37,262,544</b>
<b>Net Profit/(Loss)</b>		<b>1,653,988</b>	<b>37,262,544</b>


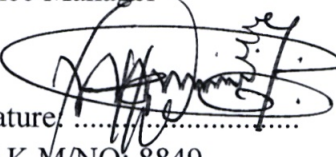
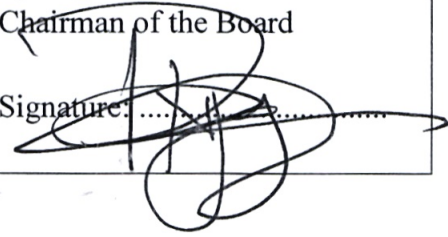
**Note:**

During the year the Company's surplus decreased by 96% i.e. from Kshs. 37,262,544 (2021/2022) to Kshs. 1,653,988 (2022/2023). During the year 2021/2022 the company received Kshs. 40,017,053 as a Conditional Liquidity Support Grant from WSTF for short-term COVID-19 emergency response interventions when the country was hardly hit by Corona virus thus resulting to increased revenue and thus more surplus in comparison with 2022/2023 financial year.

**XV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023.**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Non-current assets</b>			
Property, plant and equipment	14	35,208,185	24,965,290
<b>Total Non-Current Assets</b>		<b>35,208,185</b>	<b>24,965,290</b>
<b>Current assets</b>			
Inventories	15	33,998,262	24,196,522
Trade and other receivables	16	161,563,453	136,090,174
Bank and Cash Balances	17	4,850,991	13,864,639
Short-term Deposits	18	13,000,000	-
<b>Total current assets</b>		<b>213,412,706</b>	<b>174,151,335</b>
<b>Total Assets</b>		<b>248,620,891</b>	<b>199,116,625</b>
<b>Equity &amp; Liabilities</b>			
<b>Capital and reserves</b>			
Ordinary Share capital		100,000	100,000
Donated Equity		5,141,083	5,141,083
Revaluation reserve		12,436,275	877,332
Accumulated Revenue Reserves		(69,246,264)	(60,810,452)
<b>Capital and reserves</b>		<b>(51,568,906)</b>	<b>(54,692,037)</b>
<b>Non - Current liabilities</b>			
Deferred Liability	20 (b)	17,074,715	18,884,159
Customer Deposits	20 (d)	17,226,295	15,311,795
<b>Total Non-Current Liabilities</b>		<b>34,301,010</b>	<b>34,195,954</b>
<b>Current Liabilities:</b>			
Trade & Other payables	19	240,313,909	194,191,170
Payroll Liabilities	20 (a)	11,108,137	10,909,799
Deferred Current Liability	20 (c)	14,466,740	14,511,740
<b>Total Current Liabilities</b>		<b>265,888,786</b>	<b>219,612,709</b>
<b>Total Equity &amp; Liabilities</b>		<b>248,620,891</b>	<b>199,116,625</b>

The financial statements were approved by the Board on 02/06/2024 and were signed on its behalf by:

Name: Boniface Mbugua Kabue Managing Director  Signature: ..... 	Name: Gideon K. Ndichu Finance Manager  Signature: .....  ICPAK M/NO: 8849.	Name: Prof. Eng. Bernard Njoroge Chairman of the Board  Signature: ..... 
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**XVI. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023.**

<b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2023</b>					
	<b>Share Capital</b>	<b>Donated Equity</b>	<b>Revaluation Reserve</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance at 1st July 2022	100,000	5,141,083	877,332	(60,810,452)	(54,692,037)
Change in Revaluation	-	-	-	-	-
Year Adjustments	-	-	11,558,943	(10,089,799)	1,469,144
Surplus (Deficit)	-	-	-	1,653,988	1,653,988
<b>Balance as at 30 June 2023</b>	<b>100,000</b>	<b>5,141,083</b>	<b>12,436,275</b>	<b>(69,246,264)</b>	<b>(51,568,906)</b>
<b>Balance at 1st July 2023</b>	<b>100,000</b>	<b>5,141,083</b>	<b>12,436,275</b>	<b>(69,246,264)</b>	<b>(51,568,906)</b>
<b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2022</b>					
	<b>Share Capital</b>	<b>Donated Equity</b>	<b>Revaluation Reserve</b>	<b>Revenue Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance at 1st July 2021	100,000	5,141,083	786,760	(99,269,590)	(93,241,747)
Change in Revaluation	-	-	-	-	-
Year Adjustments	-	-	90,572	1,196,592	1,287,164
Surplus (Deficit)	-	-	-	37,262,544	37,262,544
<b>Balance as at 30 June 2022</b>	<b>100,000</b>	<b>5,141,083</b>	<b>877,332</b>	<b>(60,810,452)</b>	<b>(54,692,038)</b>
<b>Balance at 1st July 2022</b>	<b>100,000</b>	<b>5,141,083</b>	<b>877,332</b>	<b>(60,810,452)</b>	<b>(54,692,037)</b>

**XVII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2023.**

	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Operating Revenue		218,748,068	193,458,939
Non-Operating Revenue		3,275,976	7,775,896
Other Income		-	-
Finance Income	8	148,883	465,765
Grants	7	-	40,057,053
Customer Deposits	19 (d)	1,966,000	1,684,500
<b>Total Receipts</b>		<b>224,138,927</b>	<b>243,442,153</b>
<b>Payments</b>			
Staff Costs		100,755,526	86,538,517
Board Expenses		7,986,040	8,098,411
General And Operation Expenses		70,089,267	84,067,503
Maintenance		39,025,998	59,197,800
Refund Of Customer Deposits		51,500	77,000
<b>Total Payments</b>		<b>217,908,331</b>	<b>237,979,231</b>
<b>Net Cash From/(Used In) Operating Activities</b>		<b>6,230,596</b>	<b>5,462,922</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)		(2,244,244)	(3,417,182)
<b>Net Cash From/(Used In) Investing Activities</b>		<b>(2,244,244)</b>	<b>(3,417,182)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds From Issues Of New Share Capital		-	-
<b>Net Cash From/(Used In) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Increase/(Decrease) In Cash And Cash Equivalents</b>		<b>3,986,352</b>	<b>2,045,740</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<b>13,864,639</b>	<b>11,818,899</b>
<b>Cash And Cash Equivalents At End Of The Year</b>		<b>17,850,991</b>	<b>13,864,639</b>



**XVIII STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2023**

Total Description		2022/2023 Original Budget	Adjustments	2022/2023 Final Budget (KES)	2022/2023 Actual Expenditure (KES)	Variance (KES)	Variance (%)	Notes
<b>Revenue</b>								
Total Water & Sewer Billings		250,120,703	(3,916,917)	246,203,786	248,289,509	2,085,723	1%	<b>1</b>
Total Billing for Other Services		5,048,400	496,650	5,545,050	7,306,960	1,761,910	32%	
Total Finance Income		1,140,000	-	1,140,000	971,730	(168,270)	-15%	
Total Grant Income		-	-	-	5,000,000	5,000,000	100%	
<b>Total Revenue</b>		<b>256,309,103</b>	<b>(3,420,267)</b>	<b>252,888,836</b>	<b>261,568,199</b>	<b>8,679,363</b>	<b>3%</b>	
<b>EXPENDITURE:</b>								
Total Staff Cost		124,284,000	(2,664,000)	121,620,000	107,207,510	(14,412,490)	-12%	<b>2</b>
Total General & Operations Expenses		125,189,976	(8,499,740)	116,690,236	110,411,262	(6,278,974)	-5%	<b>3</b>
Total Maintainance Expenses		47,515,000	(10,003,500)	37,511,500	35,507,901	(2,003,599)	-5%	<b>4</b>
Total Board Expenses		9,120,000	940,000	10,060,000	6,787,539	(3,272,461)	-33%	<b>5</b>
<b>Total Recurrent Expenditure</b>		<b>306,108,976</b>	<b>(20,227,240)</b>	<b>285,881,736</b>	<b>259,914,211</b>	<b>(25,967,525)</b>	<b>-9%</b>	<b>6</b>
<b>Surplus / (Deficit)</b>		<b>(49,799,873)</b>	<b>16,806,973</b>	<b>(32,992,900)</b>	<b>1,653,988</b>			
<b>Capital Expenditure</b>								
1	Intercom office & HQ	750,000	-	750,000	-	(750,000)	-100%	
2	Computers & Software	1,040,000	200,000	1,240,000	-	(1,240,000)	-100%	
3	Laptops & Software	1,040,000	200,000	1,240,000	-	(1,240,000)	-100%	
4	Tablets	480,000	(70,000)	410,000	219,996	(190,004)	-46%	
5	ERP System	4,000,000	(4,000,000)	-				
6	Printers	1,000,000	100,000	1,100,000	1,032,400	(67,600)	-6%	
7	Document Management System	500,000	(200,000)	300,000	-	(300,000)	-100%	

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

Item Description		2022/2023 Original Budget	Adjustments	2022/2023 Final Budget (KES)	2022/2023 Actual Expenditure (KES)	Variance (KES)	Variance (%)	Notes
8	Server	500,000		500,000	-	(500,000)	-100%	
9	Smartphones	200,000	70,000	270,000	69,999	(200,001)	-74%	
10	Server Cabinet	100,000		100,000	-	(100,000)	-100%	
11	Office shredder	60,000		60,000	-	(60,000)	-100%	
12	Central Power Backup System	600,000		600,000	-	(600,000)	-100%	
13	Computer Network upgrade	350,000	(250,000)	100,000	-	(100,000)	-100%	
14	TV Customer Care & MD Office	200,000	37,000	237,000	236,980	(20)	0%	
15	Furniture & Fittings	100,000	500,000	600,000	532,220	(67,780)	-11%	
16	Motorcycles	1,680,000	(1,680,000)	-				
<b>Total Capital Expenditure</b>		<b>12,600,000</b>	<b>(5,093,000)</b>	<b>7,507,000</b>	<b>2,091,595</b>	<b>(5,415,405)</b>	<b>-72%</b>	
<b>Total Opex &amp; Capex Budget</b>		<b>318,708,976</b>	<b>(25,320,240)</b>	<b>293,388,736</b>				
<b>Surplus / (Deficit)</b>		<b>(62,399,873)</b>	<b>21,899,973</b>	<b>(40,499,900)</b>				
<b>Financed by Collection of arrears</b>		<b>62,400,000</b>	<b>(21,900,100)</b>	<b>40,499,900</b>	<b>-</b>			
<b>Total Budget Surplus/(deficit)</b>		<b>127</b>	<b>(127)</b>	<b>-</b>				

**XIX. NOTES TO COMPARATIVE BUDGET**

**1. Revenue:**

- During 2022/2023 financial year the company had budgeted to bill Kshs. 246,203,786 for provision of water, sewer services and meter rent but the actual billing was Kshs. 248,289,509 thus 1% more than the budgeted billing. This was increase by 15% of the 2021/2022 financial year billing (i.e. Kshs. 216,194,161).
- On overall the company was able to achieve a variance of less than or more than 10% i.e. there was an achievement of 3% favourable variance.

**2. Staff Costs:**

- During the 2022/2023 financial year the company incurred a cost of Kshs. 107,207,510 against a set budget of Kshs. 121,620,000. The under achievement of the budget by 12% was that the company had budgeted for engagement of staff under AWWDA (Kiambu Ruaka Sewer Project) on permanent & Pensionable terms but since the project had not been completed they were engaged on a three year contractual terms.

**3. General & Operation Expenses:**

- During year the company incurred a cost of Kshs. 110,411,262 which is 5% less of the budgeted amount of Kshs. 116,690,237.
- On overall the company attained a favourable variance of 5% which is within the acceptable treasury variance of not less than or more than 10%.

**4. Maintenance Expenses:**

- The company registered a favourable variance of 5% as it had budgeted to incur a cost of Kshs. 37,511,500 during the year but the actual amount incurred was Kshs. 35,531,494 thus within the recommended treasury guidelines 10%.

**5. Board Expenses:**

- The company had budgeted to incur a total cost of Kshs. 10,060,000 but the actual amount incurred during the year was Kshs. 6,787,539 which is 33% less of the budgeted amount. Most of the Board of Directors term expired in February 2023 thus the under expenditure of board expenses.

**6. Total Expenses:**

- During the year the company incurred expenditure of Kshs. 259,914,211 against a set budget of Kshs. 285,881,737 achieving a favourable variance of Kshs. 25,967,525 i.e. 9% which is within the acceptable treasury guidelines of 10%.

**7. Capital Expenditure:**

- During the year the company purchased two TV sets, four computer tablets, two printers and airport link chairs as well as the workstations of the office previously occupied by the Managing Director.

**XX. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

Kiambu Water & Sewerage Company Ltd was established in 2006 and derives its authority and accountability from by Company's Act (Cap 486). The company is wholly owned by the County Government of Kiambu and is domiciled in Kenya. The company's principal activity is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub County is to ensure efficient and economical provision of water and sewerage services within Kiambu Sub 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 accrual 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kiambu Water & Sewerage Company Ltd. The figures are rounded to the nearest Kenyan Shilling.

The financial statements have been prepared in accordance with the PFM Act 2012, the state corporations, Water Act 2016 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to 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 2023.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

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

*(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 company did not early – adopt any new or amended standards in year 2022/2023.

**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 company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company 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, 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 cost 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 basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

<b>Item</b>	<b>Years</b>	<b>Rates</b>
Buildings and civil works	25	4%
Plant and machinery	12.5	8%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3	33.33%
Office equipment, furniture and fittings	12.5	8%

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

**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.

**Notes to Financial Statements (continued)**

**Summary of Significant Accounting Policies**

**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 company 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 company 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.

**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. These are measured at fair value through Profit & loss (FVTPL).

**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.

**Notes to Financial Statements (continued)**

**Summary of Significant Accounting Policies**

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 Company 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.

ii. **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off

Notes to Financial Statements (continued)

Summary of Significant Accounting Policies

current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority.

o) **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.

p) **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.

q) **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.

r) **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 company or not, less any payments made to the suppliers.

s) **Retirement benefit obligations**

The Company operates both defined contribution scheme and a defined benefit scheme for all full-time employees from July 1, 2006. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company contributes 15% of both the basic pay and house allowance whereas the employee contributes 12% of both the basic and the house allowance. The company also contributes to the statutory National Social Security Fund

**Notes to Financial Statements (continued)**

**Summary of Significant Accounting Policies**

(NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

**t) 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 as at 30<sup>th</sup> June 2023.

**u) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the company 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.

**v) Budget information**

The original budget for FY 2022-2023 was prepared during the month of February 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded reappropriated the budget lines without an effect on the total budget. 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.

**w) 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.

Notes to Financial Statements (continued)

Summary of Significant Accounting Policies

x) **Comparative figures**

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

y) **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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

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

The following assumptions/ provisions has been made during the year:

**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.

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.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

***Revenue recognition***

Water revenue includes an assessment of water supplied to customers between the date of the last meter reading and the year end. The water sales is estimated using historical consumption patterns taking into account the total water usage by the customer.

***Water deposits***

Money received from water customers as deposit is held as a non- current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of water in the short run.

***Property Plant & Equipment***

Critical estimates are made by the Directors in determining depreciation rates of property plant & equipment. Property and equipment is depreciated over its useful life taking into account residual values, where appropriate.

***Provision for doubtful debts***

The estimated provision for doubtful debts is based on the period for which the debt was outstanding. General provisions are established where full recovery of the principal is considered doubtful which is made against finalized customer accounts net of deposits. The company made provision of 5% of the outstanding debtors during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6	Operating Revenue	Kshs	Kshs
	Description	2022/2023 (KES)	2021/2022 (KES)
	<b>Water &amp; Sewer Billing</b>		
	Sewer Fees	57,216,078	52,702,336
	Meter Rent	3,450,550	4,847,400
	Water Sales	187,622,881	158,644,425
	<b>Total Water &amp; Sewer Billing</b>	<b>248,289,509</b>	<b>216,194,161</b>
	<b>Billing For Other Services</b>		
	Statement Printing Fees	32,800	-
	Sewerage Application fees	693,500	25,500
	Project Supervisory fees	16,000	68,650
	Reconnection Request fees	6,700	17,800
	Change of Name fees	23,000	31,800
	New Material Fittings	1,653,500	1,864,460
	Meter Replacement fees	634,600	128,000
	Disconnection Request Fees	15,400	14,600
	Application fees	1,170,500	657,500
	Illegal Connection Charges	325,500	375,000
	Skilled labor Charges	1,102,000	1,257,500
	Reconnection Fees	1,633,460	54,700
	<b>Total Billing for other services</b>	<b>7,306,960</b>	<b>4,495,510</b>
	<b>Total Operating Revenue</b>	<b>255,596,469</b>	<b>220,689,671</b>

7	Grants Income		
	Description	2022/2023 (KES)	2021/2022 (KES)
	Grant Income - County Government of Kiambu	5,000,000	-
	Donation - Kamindi Supermarket	-	30,000
	Donation - Kirigiti Thathi-ini	-	10,000
	Grant Income - WSTF (CLSG)	-	40,017,053
	<b>Total Grant Income</b>	<b>5,000,000</b>	<b>40,057,053</b>

8	Finance Income		
	Description	2022/2023 (KES)	2021/2022 (KES)
	Interest on Fixed Deposit Account	971,730	465,765
	<b>Total Finance Income</b>	<b>971,730</b>	<b>465,765</b>

NOTES TO FINANCIAL STATEMENTS (Continued)

9	Staff Costs		
	Description	2022/2023 (KES)	2021/2022 (KES)
	Salaries & Allowances of Permanent Employees	83,374,093	64,282,912
	Wages of Temporarily Employees	3,838,818	3,177,098
	NSSF Employer Contribution	395,080	146,600
	Employer Contribution to Pension Scheme	7,640,604	6,397,741
	Provision for Leave Pay	504,901	1,625,309
	Gratuity	2,289,031	1,648,024
	Staff welfare	1,332,150	2,553,534
	Staff medical cover	7,832,833	6,530,362
	<b>Total Staff Cost</b>	<b>107,207,510</b>	<b>86,361,580</b>
	<b>The average number of employees at the end of the year was:</b>		
	Permanent Employees - Management	3	5
	Contract Employees - Management	4	3
	Permanent Employees - Unionisable	51	52
	Contract Employees	11	1
	Temporary and contracted Employees	3	16
	Seconded Staff	2	2
	<b>Total</b>	<b>74</b>	<b>79</b>

10	General & Operations Expenses:		
	Description	2022/2023 (KES)	2021/2022 (KES)
	chemicals	4,248,245	2,898,484
	Electricity	11,268,714	5,645,615
	Bulky water for Resale	36,404,598	35,061,572
	Rent & Rates	126,000	93,000
	Electricity Office	211,872	195,934
	Telephone	386,100	316,950
	Postage	3,810	12,990
	Internet Costs	384,496	257,890
	Printing & Stationery	1,443,020	1,203,141
	Travelling, Accommodation & Subsistence allowance	5,085,496	7,624,373
	Staff training & workshops	6,111,147	7,092,425
	Security	2,374,401	1,870,400
	Staff Protective Gear & Uniforms	2,290,385	1,282,421
	Fees & Commissions - Insurance	1,436,593	716,356
	Membership to Professional Association	294,050	397,350
	General Office Expenses	2,865,747	1,085,264
	Advertisements	849,352	764,263
	Audit Fees	255,204	255,200
	Consultancy Fees	916,400	435,435
	Water & Sewerage	158,293	57,520
	WASCO Games	366,100	3,400,961
	Increase Provision for Doubtful Debts	1,123,414	-
	Cooperate Social Responsibility	64,725	408,000

**Kiambu Water & Sewerage Company Ltd.**

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

<b>10</b>	<b>General &amp; Operations Expenses:</b>		
	<b>Description</b>	<b>2022/2023 (KES)</b>	<b>2021/2022 (KES)</b>
	Legal Fees, Compensation & Fines	2,185,600	1,269,895
	Stakeholders Forum	299,220	426,800
	Covid 19- Interventions	84,800	343,901
	Bank Charges	145,320	318,109
	M-pesa Charges	541,998	555,921
	Water Quality Testing	177,000	223,000
	Environmental Conservation	2,097,300	1,378,501
	Planning & Design	20,000	307,300
	Fuels & Lubricants	3,925,293.00	3,216,069.00
	Administration fees (AWWDA)	8,475,660	7,533,924
	Regulatory fee	10,069,856	8,454,030
	Water abstraction charges	1,969,359	1,271,188
	NEMA License fees	-	105,000
	Asset tagging	153,495	-
	<b>Total General &amp; Operations Expenses:</b>	<b>108,813,063</b>	<b>96,479,181</b>

<b>11</b>	<b>Board Expenses</b>		
	<b>Description</b>	<b>2022/2023 (KES)</b>	<b>2021/2022 (KES)</b>
	Board Capacity Building	578,100	271,310
	Travel, Meals & Accommodation	855,000	1,503,558
	Board Honorarium	672,000	184,000
	Board medical Expenses	242,439	39,692
	Board Sitting Allowances	4,440,000	3,300,611
	<b>Total Board Expenses</b>	<b>6,787,539</b>	<b>5,299,171</b>

<b>12</b>	<b>Maintenance Expenses</b>		
	<b>Description</b>	<b>2022/2023 (KES)</b>	<b>2021/2022 (KES)</b>
	Ground Maintainance	162,410	
	Office repairs & Maintainance	397,998	301,521
	ICT Repairs & Maintainance	1,041,108	641,767
	Maintainance of Buildings	375,600	201,510
	Bill & Other Support Services	916,301	667,577
	Maintenance of Water Systems	28,240,891	28,764,571
	Maintainance of Sewer System	1,435,315	992,764
	Maintenance of Motor Vehicles	2,938,277	2,768,435
	<b>Total Operational Cost</b>	<b>35,507,901</b>	<b>34,338,145</b>

<b>13</b>	<b>Depreciation Expense</b>		
	<b>Description</b>	<b>2022/2023 (KES)</b>	<b>2021/2022 (KES)</b>
	Plant Property & equipment	1,598,199	1,471,867
	<b>Total Depreciation Expense</b>	<b>1,598,199</b>	<b>1,471,867</b>

NOTES TO FINANCIAL STATEMENTS (Continued)

14 PROPERTY, PLANT AND EQUIPMENTS								
	Land	Computer Equipment	Furniture & Fittings	Office Equipment	Plants & Equipment	Motor Vehicle & Cycles	TOTAL	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Cost or Valuation</b>								
At 1st July 2022	1,343,200	7,369,976	382,067	-	19,859,587	5,497,578	34,452,408	
Additions	-	1,559,375	-	532,220	-	-	2,091,595	
Donated Assets		-					-	
Revaluation	7,656,800	2,141,300	1,821,000	237,000	-	-	11,856,100	
Depreciation on Revalued Assets	-	(59,421)	(12,140)	(1,580)	-	(224,016)	(297,157)	
Depreciation on Donated Assets		(92,016)	-		(1,717,428)	-	(1,809,444)	
<b>At 30th June 2023</b>	<b>9,000,000</b>	<b>10,919,214</b>	<b>2,190,927</b>	<b>767,640</b>	<b>18,142,159</b>	<b>5,273,562</b>	<b>46,293,502</b>	
<b>Depreciation</b>								
At 1st July 2022	-	5,873,541	382,067	-	101,766	3,129,744	9,487,118	
Charge for the year	-	866,219	12,892		87,228	631,860	1,598,199	
At 30th June 2023	-	6,739,760	394,959	-	188,994	3,761,604	11,085,317	
<b>Net book amount</b>								
<b>At 30th June 2023</b>	<b>9,000,000</b>	<b>4,179,454</b>	<b>1,795,968</b>	<b>767,640</b>	<b>17,953,165</b>	<b>1,511,958</b>	<b>35,208,185</b>	
<b>At 30th June 2022</b>	<b>1,343,200</b>	<b>1,496,435</b>	<b>-</b>	<b>-</b>	<b>19,757,821</b>	<b>2,367,834</b>	<b>24,965,290</b>	

**Valuation**

Land was revalued by the chief Government Valuer on 1<sup>st</sup> February 2023. The amount was adopted on 1<sup>st</sup> February 2023.

NOTES TO FINANCIAL STATEMENTS (Continued)

15	Inventories	2022/2023	2021/2022
		Kshs	Kshs
	Inventories	33,998,262	24,196,522
	Total	33,998,262	24,196,522

**NB:** The company never held water inventory as at 30<sup>th</sup> June 2023 as water produced is directly distributed to consumers.

16	Trade & Other Receivables	2022/2023	2021/2022
		Kshs	Kshs
	Trade Receivable (Note 16 a)	140,196,771	118,851,903
	Deposits & Prepayments (Note 16 b)	7,591,420	6,870,830
	VAT Recoverable	6,424,491	6,424,491
	Staff Receivables (Note 16 c)	631,300	713,600
	Other Receivables (16 d)	896,625	1,075,305
	Performance Guarantee - WASREB	-	2,154,046
	Grant - COG	5,000,000	-
	Interest Receivable	822,847	-
	<b>Total Trade Receivables</b>	<b>161,563,453</b>	<b>136,090,174</b>

16. (a)	Trade Receivables	2022/2023	2021/2022
		Kshs	Kshs
	Trade Receivable	147,575,548	125,107,266
	Provision for doubtful receivables	(7,378,777)	(6,255,363)
	Net Trade Receivables	140,196,771	118,851,903
	As at 30th June 2023 the ageing analysis of the gross trade receivables was as follows:		
	Less than 30 days	16,209,360	12,443,163
	Between 30 and 60 days	7,016,767	6,726,525
	Between 61 and 90 days	6,594,650	3,224,245
	Between 91 and 120 days	5,041,239	3,482,734
	Over 120 days	112,713,532	99,230,599
	Total	147,575,548	125,107,266

16. (b)	Deposits and Prepayments	2022/2023	2021/2022
		Kshs	Kshs
	Vivo Energy Kenya Ltd	133,407	-
	Ting'ang'a Office KPLC Deposit	3,000	3,000
	KPLC prepaid	100,000	100,000
	Water Deposit Paid to Amon Nderi	165,000	165,000
	Deposit Nairobi Water	52,500	52,500
	Rent deposit	260,000	260,000
	Deposit paid to <b>Watija Enterprises</b> for Bulk water purchase	50,000	50,000
	Prepayment - Karura Forest	-	15,000
	Prepaid Internet	-	20,880
	Prepaid Staff Personal Accident	-	110,328
	Prepaid Electricity	172,063	424,167
	Prepaid Medical Cover - Laser Insurance Brokers	6,655,450	5,589,599
	Prepaid motor vehicle and office insurance	-	66,434
	Prepaid Office Insurance	-	13,922
	<b>Total Deposit &amp; Prepayment</b>	<b>7,591,420</b>	<b>6,870,830</b>

NOTES TO FINANCIAL STATEMENTS (Continued)

16. (c)	Staff Receivables	2022/2023	2021/2022
		Kshs	Kshs
	Gross Staff Loan & Advances	631,300	713,600
	Provision for Impairment Loss	-	-
	<b>Net Staff Loans</b>	<b>631,300</b>	<b>713,600</b>

16. (d)	Other Receivables	2022/2023	2021/2022
		Kshs	Kshs
	Thika Water	-	580,580
	Githunguri Water	-	6,550
	Kikuyu Water	293,925	177,225
	Limuru Water	208,200	33,150
	Karuri Water	394,500	277,800
	<b>Total Amount</b>	<b>896,625</b>	<b>1,075,305</b>

17	Bank & Cash Balances	Account Number	2022/2023	2021/2022
			Kshs	Kshs
	Family Bank - Customer Deposits Account	001000006183	4,153,197	13,152,650
	KCB Operations Account	1101934018	402,815	495,696
	MPESA ACCOUNT	885100	175,945	52,492
	Equity Revenue Account	0640296360945	8,470	8,926
	Family Bank Revenue Account	001000017833	191	370
	Cash in hand		16,200	22,820
	Post Bank	0744130008931	66,620	71,245
	National Bank of Kenya	01020099870100	27,554	60,441
	<b>Total Bank &amp; Cash Balances</b>		<b>4,850,991</b>	<b>13,864,639</b>

18	Short Term Deposit	2022/2023	2021/2022
		Kshs	Kshs
	Family Bank Limited	13,000,000	-
	<b>Total Short Term Deposit</b>	<b>13,000,000</b>	<b>-</b>

NB: The average effective rate on the short-term deposit as at June 30, 2023 was 9% p.a. The short term deposit will be maturing in September 2023.

19	TRADE AND OTHER PAYABLES	2022/2023	2021/2022
		Kshs	Kshs
	Due to Water debtors	3,749,007	4,014,122
	Academy of Certified Human Resource Proff	-	63,800
	Admark Enterprises Limited	55,200	-
	Ajuma Caterers and bakers	-	295,750
	Albanay Black Photography	-	12,000
	Ample Express general Supplies	117,911	-
	Amua Water Systems Ltd	10,190	10,193
	Aquatreat Solutions Ltd	103,557	2,110
	Athi Water Services Board	35,228,016	38,887,022
	Athi Water Works Development Agency	12,415,253	7,533,924
	Babs Security Services Ltd	-	62,063

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

19	TRADE AND OTHER PAYABLES	2022/2023	2021/2022
		Kshs	Kshs
	Banjo Business Supplies	1,203,585	212,208
	Bazaar Engineering Works	73,500	3,500
	Benard Kimani Njoroge	112,000	102,600
	Bensonjane Nursery	1,500	-
	Binca Enterprises	-	260,000
	Broadway Bakery Limited	23,520	-
	Brookside Dairy Ltd	40,600	-
	CFAO Motors Kenya Limited	146,269	-
	Chancery Wright Insurance Brokers Limited	-	135,547
	Charles Njuguna Gikonyo	-	36,000
	Chazak Venture Limited	435,994	252,638
	CIC General Insurance Ltd	249,658	-
	Citytaps Kenya LTD	1,362,103	-
	Coast Industrial & Safety Supplies LTD	139,369	294,180
	Conservancy charges payable to KMC	808,350	808,350
	CPF Financial Services Ltd	342,000	688
	Crystallyn Technologies	-	855,000
	Damasaff & Sons Agencies	2,540,999	388,702
	Danco Capital Ltd	3,257,744	2,998,325
	David Kuria	-	30,000
	Dawamwa Agencies	7,708	119,009
	Diamond Chemicals Ltd.	698,278	942,199
	Doshi & Co. (Hardware) Ltd	794,207	-
	Doyen venture Group Limited	-	29,084
	Emerald Tents & Chairs	-	19,300
	Eslon plastics of Kenya Ltd	42,758	2,031,076
	Espat Solutions Limited	-	122,843
	Fast Choice Ltd	330,207	-
	Fidelity Telecomms Services Ltd	-	10,440
	First Assurance Company	-	71,962
	Fonesrus Limited	-	3,448
	Gemini Stores Limited	770,037	-
	Gibeon Agencies	-	4,200
	Gichiru Water Project	43,900	43,900
	Global Motors Centre Ltd	-	1,648
	Good Hope Travel & Tours Ltd	-	48,000
	Gridiron Holdings Limited	677,371	677,281
	H.G Motions Ltd	42,000	-
	Haddie Supplies Ltd	54,831	307,492
	Hassan Isaac	-	17,640
	Heritage Plumbing Works	42,768	42,768
	Isaac Ochieng Onyango	31,600	-
	Jamak Office Suppliers	183,581	15,117
	James Gitau Muriuki s	-	84,000

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

19	TRADE AND OTHER PAYABLES	2022/2023	2021/2022
		Kshs	Kshs
	James Githu Muiruri	-	96,000
	Jamii Telecom	-	360
	Jamii Telecommunications	2,144	720
	Jennifer Kanini Musyoki	-	36,000
	John K. Kinuthia	-	48,000
	Josephine Waceke Muritu	-	94,000
	Josna Motorcycle Garage & Spare Parts	-	19,600
	Julie's Electricals	-	17,845
	Kabaya Concrete Works	69,000	-
	KAMKAM Limited	127,680	-
	Kamwai (Fuel)	-	99,345
	Kenya Hydraulics Limited	17,844	-
	Kenya National Audit Office	255,204	430,684
	Kenya Power & Lighting Company Ltd	3,699,221	1,083,394
	Kiambu Senior Club	3,400	181,310
	Kiambu Water & Sewerage Company Ltd	78,485	-
	Kibo Africa Limited	636,011	845,162
	KINETIC ENGINEERING	1,300,265	478,209
	Lake Naivasha Resort Ltd	-	511,286
	Leeways Control Systems & Supplies	338,384	374,014
	Lurifest Enterprises	2,000	-
	M.B Mwangi & Company Advocates	1,339,798	442,799
	Madison Life Assurance Co. Ltd	4,564,932	-
	Mahavira Impex Ltd.	112,752	112,752
	Manasses, Mwangi & Associates	88,555	88,555
	Martin Njogu	-	24,000
	Masa Caterers	-	77,000
	Maxcom general Suppliers	96,000	96,000
	MFI Document Solutions Ltd	444,600	205,200
	Michael Gathekia Mwangi	31,600	-
	Mona Promotions	-	44,000
	Nairobi Iron Mongers	946,395	839,500
	Nairobi Water Company Ltd	123,270,075	97,249,389
	NATION MEDIA GROUP	-	142,680
	National Industrial Training Authority	7,100	-
	National Oil Corporation of Kenya	-	223,821
	Ngaywa Ngigi & Kibet Advocates	-	6,250
	Ngochi Hardware paints and Tools	112,500	-
	Ngugi & Company Advocates	354,470	354,470
	NUTHU & ASSOCIATES	-	10,007
	Oil Seals & Bearing Center	-	8,456
	Opti-Real Consultants Limited	69,600	-
	Osteens Traders General Suppliers & Petr P	-	177,500
	Pelican Insurance Brokers (K) Ltd	41,903	-

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

19	TRADE AND OTHER PAYABLES	2022/2023	2021/2022
		Kshs	Kshs
	Pena General Supplies	-	3,960
	Phoenicia Hotel	-	287,600
	Pluma Hardware	69,421	85,763
	Postal Corporation	220,900	220,900
	Prudent Gardeners Kirenga Ltd	184,000	-
	Rabken Trading Co. Ltd	-	7,650
	Records & Information Management E.A LTD	-	4,783
	Ruiru Juja Water Company Ltd	18,000	37,000
	Safaricom Limited	11,996	-
	Samiscope Surveying Services	-	9,367
	Sears Group EA Limited	127,000	-
	Security Yard Investigators	272,000	7,496
	Sematime Ltd	159,855	53,934
	Snapshot soul Prd	12,000	-
	Sow And Harvest Enterprise	51,000	-
	Space Environmental Consultants Ltd	-	165,000
	Steel Stone Kenya Limited	-	169,746
	Stevens Kori Ng'ang'a	78,000	-
	Sunyaka Enterprises	-	23,800
	Suwagi Business Ventures	419,589	428,403
	Target Industrial Supplies Ltd	-	191,284
	Terrific Bites	-	60,520
	Terry Rental & Travel	-	28,000
	Tiles & Carpet Centre Ltd	373,682	298,358
	Travelers Beach Hotel	221,898	227,554
	Trevimar Agencies Limited	285,000	-
	Vas Consultants Limited	492,991	2,032,030
	Vinpet Enterprises	-	198,222
	Water Resources Management Authority	1,950,646	881,287
	Water Services Regulatory Board	31,220,441	22,231,925
	Zacharia Karanja Gitau	-	30,000
	Zamara Risk & Insurance Brokers Ltd	-	238,151
	<b>Total Trade &amp; Other Payables</b>	<b>240,313,909</b>	<b>194,191,170</b>

			2022/2023	2021/2022
			Kshs	Kshs
<b>20</b>	<b>20 (a)</b>	Employees Payables	<b>11,108,137</b>	<b>10,909,799</b>
	<b>20 (b)</b>	Deferred Long Term Liability	18,884,159	20,693,603
		Less: Charge for the Year	1,809,444	1,809,444
		Net Deferred Long Term Liability	<b>17,074,715</b>	<b>18,884,159</b>
			2022/2023	2021/2022
			Kshs	Kshs
	<b>20 (c)</b>	Deferred Current Liability	14,511,740	14,887,740
		Less: Charge for the Year	45,000	376,000
		Net Deferred Current Liability	<b>14,466,740</b>	<b>14,511,740</b>

NOTES TO FINANCIAL STATEMENTS (Continued)

		2022/2023	2021/2022
		Kshs	Kshs
	<b>20 (d)</b>		
	Customer Deposits		
	Opening Balance	15,311,795	13,704,295
	Add: Deposit received during the year	1,966,000	1,684,500
	Less: Refunded Deposit	(51,500)	(77,000)
	<b>Closing Balance</b>	<b>17,226,295</b>	<b>15,311,795</b>

21	Notes The Statement of Cash flows	2022/2023	2021/2022
		Kshs	Kshs
	<b>Cash flow From Operating Activities</b>		
	a) Operating profit before working capital changes	1,653,988	37,262,545
	Depreciation	1,598,199	1,471,867
	Operating profit/deficit before working capital changes	3,252,187	38,734,412
	Decrease/increase in trade and other receivables	(25,958,403)	(15,337,393)
	Decrease(increase) in prepayments and deposits	(638,290)	(1,111,740)
	Decrease(increase) Stock inventories	(9,801,740)	(6,434,897)
	(Decrease)/increase in payables and accruals	47,399,492	(14,547,792)
	change in working capital	11,001,059	(37,431,822)
	<b>Net cash flow from Operating Activities</b>	<b>14,253,246</b>	<b>1,302,591</b>
	<b>b) Investing activities</b>		
	Purchase of additional assets	(11,841,094)	(359,572)
	<b>Net cash flow from investing activities</b>	<b>(11,841,094)</b>	<b>(359,572)</b>
	<b>c) Financing activities</b>		
	Customer Deposits	1,914,500	1,607,500
	Deferred Liability	(1,809,444)	(1,809,444)
	Revaluation	11,558,943	90,572
	Members Equity	(10,089,799)	1,214,094
	<b>Net cash flow from financing activities</b>	<b>1,574,200</b>	<b>1,102,722</b>
	<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>3,986,352</b>	<b>2,045,741</b>
	<b>Movement in cash and cash equivalents</b>		
	At start of year	13,864,639	11,818,898
	Increase / (Decrease) in cash and cash equivalents	3,986,352	2,045,741
	At end of year	<b>17,850,991</b>	<b>13,864,639</b>
	<b>d) Analysis of Cash &amp; Cash Equivalents</b>		
	Short-term Deposit	13,000,000	-
	Cash at Bank	4,834,791	13,841,819
	Cash in Hand	16,200	22,820
	<b>Balance at end of the year</b>	<b>17,850,991</b>	<b>13,864,639</b>

NOTES TO FINANCIAL STATEMENTS (Continued)

Other Disclosures

22. Related Party Disclosures

County Government of Kiambu

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

Other related parties include:

- The County Department in charge of Water
- Water Service Trust Fund (WSTF)
- Water Services Regulatory Board (WASREB)
- Water Resources Management Authority (WARMA)
- Athi Water Services Board (AWSB)
- Key Management
- Board of Directors
- Nairobi Water Company Ltd
- Ruiru Water & Sewerage Company Ltd
- Gatundu Water & Sanitation Company Ltd
- Karuri Water & Sewerage Company Ltd
- Kikuyu Water & Sewerage Company Ltd
- Githunguri Water & Sewerage Company Ltd.
- Limuru Water & Sewerage Company Ltd.

Transactions with related parties

		2022/2023	2021/2022
22	Transactions with related parties	Kshs	Kshs
22. (a)	Interest Income from family Bank	971,730	547,959
	<b>Total</b>	<b>971,730</b>	<b>547,959</b>
22. (b)	Bank Charges Paid to Commercial Banks	145,320	318,109
	M-pesa Charges	541,998	555,921
	<b>Total Bank Charges</b>	<b>687,318</b>	<b>874,030</b>
22. (c)	Key Management Remuneration		
	Directors	4,440,000	3,300,611
	Compensation to Key Management	25,429,606	24,537,129
	<b>Total Key Management Compensation</b>	<b>29,869,606</b>	<b>27,837,740</b>
22. (d)	<b>Due to Related parties</b>		
	Due to WASREB	31,220,441	22,231,925
	Due to Athi Water Services Board	47,643,269	46,420,946
	Due to Nairobi Water	123,270,075	97,249,389
	Due to WARMA	1,950,646	881,287
	<b>Total Due to Related Parties</b>	<b>204,084,431</b>	<b>166,783,547</b>
22. (d)	<b>Due from related Parties</b>		
	Due From Kiambu County Government (Departments)	57,241,693	48,485,089
	Due from Karuri Water	394,500	277,800
	Due from Gatundu Water	-	-
	Due from Kikuyu Water	293,925	177,225
	Due from Limuru Water	208,200	33,150
	Due from Githunguri Water	-	6,550
	Due from Thika Water	-	580,580
	<b>Total Due from related parties</b>	<b>58,138,318</b>	<b>49,560,394</b>

### 23. Contingent Liability

As at 30<sup>th</sup> June 2023 the company had no outstanding contingent liability as the pending lawsuit which related to legal claims by a former employee was concluded and the amount settled in full.

### 24. 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 program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

#### i) Credit risk

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

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 company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Receivables from Water Debtors	147,575,548	34,862,016	105,334,755	7,378,777
Other Receivables	21,366,683	14,942,192	6,424,491	-
Bank balances	4,850,991	4,850,991	-	-
<b>Total</b>	<b>173,793,221</b>	<b>54,655,199</b>	<b>111,759,246</b>	<b>7,378,777</b>
<b>At 30 June 2022</b>				
Receivables from Water Debtors	125,107,266	64,013,827	54,838,076	6,255,363
Other Receivables	17,238,272	10,813,781	6,424,491	-
Bank balances	13,864,639	13,864,639	-	-
<b>Total</b>	<b>156,210,177</b>	<b>88,692,247</b>	<b>61,262,567</b>	<b>6,255,363</b>

**NOTES TO FINANCIAL STATEMENTS (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 recognized 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 Kiambu District Hospital and Kiambu County Government.

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

**ii) Liquidity risk management**

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

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

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2023</b>				
Trade payables	7,485,368	19,072,632	210,006,902	236,564,902
Employee benefit obligation	4,686,650	6,421,487	-	11,108,137
<b>Total</b>	<b>12,172,018</b>	<b>25,494,119</b>	<b>210,006,902</b>	<b>247,673,039</b>
<b>At 30 June 2022</b>				
Trade payables	1,385,099	13,393,613	175,398,336	190,177,048
Employee benefit obligation	2,882,525	5,011,410	3,015,864	10,909,799
<b>Total</b>	<b>4,267,624</b>	<b>18,405,023</b>	<b>178,414,200</b>	<b>201,086,847</b>

**iii) Capital Management**

The water business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmitting and other distribution capacity is to be obtained from cash generated by the business and Government support. The adequacy of water tariffs allowed by WASREB and the level of Government support are key factors in the sustainability of the Company.

**25. Incorporation**

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

**26. Events After the Reporting Period**

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

**27. Currency**

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

**APPENDIX**

**1. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMEDATAION**

Below is a progress of issues raised during the year 2021/2022 audit;

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Long Outstanding Payables	<p>Although the balance of trade and other payables reduced from a balance of Kshs.210,383,114, as reported in the previous financial year, it includes long outstanding payables of Kshs.175,417,563 to eighty-two (82) entities and individuals out of which the bulk of the balance of Kshs.165,902,261 has been outstanding over the years and was owed to four (4) institutions namely; Nairobi Water Company Limited, Kshs.97,249,389; Water Services Regulatory Board, Kshs.22,231,925; Athi Water Services Board, Kshs.38,887,023; and Athi Water Works Development Authority, Kshs.7,533,924. No explanation was provided for the failure to settle the long outstanding bills and regulatory fees. In addition, confirmations of amounts owing to the Water Services Regulatory Board, Athi Water Services Board and Athi Water Works Development Authority were not provided.</p>	<p><i>The long outstanding payables are as a result of:</i></p> <ul style="list-style-type: none"> <li>● <i>The company has not been having a cost recovery tariff</i></li> <li>● <i>The non-payment of bills by both the County and National Government institutions e.g. Kiambu District Hospital, Kenya Prisons, Kenya Police Services where the company does not disconnect most of these institutions by nature of the services they offer who have long outstanding bills, affecting company cash flows.</i></li> </ul> <p><i>In mitigation the company has taken the following measures:</i></p> <ul style="list-style-type: none"> <li>● <i>Adoption of an approved cost recovery tariff effective March 2023.</i></li> <li>● <i>Sending payment and disconnection reminder short messages (SMSs) to consumers with accounts in arrears to enhance revenue collection.</i></li> <li>● <i>The company has put effort in extending water from its own sources to areas that are supplied by Nairobi Water i.e. Kihingo, Kirigiti and Riabai to reduce overreliance on Nairobi water supply line</i></li> </ul>	Not Resolved	It's a continuous commitment.

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>thus avoiding further accumulation of the monthly bills.</i></p> <ul style="list-style-type: none"> <li>● <i>Ensuring the daily disconnection is done for non-paying customers. There is a dedicated revenue collection team who ensure disconnection and reconnection of non-paying and paying customers respectively is affected. The company has adopted technology where the disconnection tasks are assigned online</i></li> <li>● <i>follow up on accounts on disconnection for more than three months and are disconnected on the main supply line.</i></li> <li>● <i>Negotiation with consumers on part payment plan to those consumers who are willing to pay but cannot be able to raise the entire amount.</i></li> <li>● <i>The company has a payment plan with Nairobi Water for a weekly payment of Kshs. 600,000 aimed at reducing the outstanding amount payable to them.</i></li> <li>● <i>The company is continuously following up on long outstanding debts owed by both the County Government and the National Government institutions by issuance of payment demand letters. Payment of these outstanding debts will help the company in settlement of the amount owed to the suppliers.</i></li> <li>● <i>The company is continuously expanding its customer base in the areas of Thindigua, Ndumberi, Kia- Mumbi and Ting'ang'a through extension of service lines. This will help for additional</i></li> </ul>		

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>revenue thus enabling the company in settlement of the outstanding suppliers.</i>		
Payables on Complete Capitalized Projects	<p>Included in the long outstanding payables is Kshs. 7,533,924 owed to Athi Water Works Development Authority. Review of supporting documents revealed that the amount is loan and interest payable in six months for loan number AWSB/WASSIP AF/CAMPI/W-8/13, signed on July, 2014, of Kshs.521, 000,000. The loan was channelled through the Authority from the World Bank for two water dams and treatment plants at Riara and Kamiti Rivers in Ndumberi and Githunguri areas of Kiambu County. The repayment was to start from the month of March, 2022 and end in the month of September, 2022. Physical verification of the two projects carried out on 30 January 2023 revealed that the projects were complete and in use by the Company since the year 2017. However, no explanation was provided as to why the works were not capitalized to property, plant and equipment (PPE) even though the Company continues to derive commercial benefits from the works.</p> <p>In the circumstances, the accuracy, completeness of trade and other payables balance of Kshs. 194,191,170 could not be confirmed.</p>	<ul style="list-style-type: none"> <li><i>The legal ownership of the two water sources is still held under AWWDA. The company have not recognized the stated asset on its books of account as the transfer had not been effected.</i></li> </ul>	Not Resolved	<p><i>The county is following up on the incomplete components of Riara Water Supply (Relocation of pylon and protection of NCWSC pipelines) to allow flooding of the intake works.</i></p>
Unwritten-off Payroll Liabilities	<p>The statement of financial position and Note 19(a) to the financial statements reflect payroll liabilities balance of Kshs. 10,909,799 which include actuarial deficit (NWPC Superannuation Scheme) balance of Kshs. 3,015,864 for nine (9) employees of the National Water Conservation and Pipeline Corporation redeployed to the Company. The liabilities had been partly paid by National Water Conservation and Pipeline Corporation,</p>	<ul style="list-style-type: none"> <li><i>The above stated amount of Kshs. 3,015,865 related to inherited actuarial benefit from National Water Conservation &amp; Pipeline Corporation Staff Pension Scheme which ought to have been remitted by National Water who was the employer then at the point when the actuarial deficit was incurred.</i></li> </ul>	Resolved	

**Kiambu Water & Sewerage Company Ltd.**

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>however the amount has not been written off in the Company's books of accounts.</p> <p>In the circumstances, the accuracy and completeness of the payroll liabilities balance of Kshs. 10,909,799 could not be confirmed.</p>	<ul style="list-style-type: none"> <li>• <i>Since the liability of Kshs. 3,015,865 has been partly paid by National Water Conservation and Pipeline Corporation to the respective staff; the company has written it off from its books of account in the 2022/2023 financial year following supported evidence of the payment from NWCPC superannuation scheme to the affected staff.</i></li> </ul>		
Non-Disclosure of Water Inventory	<p>The statement of financial position and Note 15 to the financial statement reflect the inventory balance of Kshs. 24,196,522 but for which the breakdown was not provided for audit review. Further, records provided did not reveal any disclosure of the opening and closing balances in respect of water stocks held in reservoirs, water treatment plants and water system in the financial statements, as part of cost of sales, contrary to the International Accounting Standards 2, Sections 6 and 9 which defines inventory to include assets held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution.</p> <p>In the circumstances, the accuracy and completeness of the inventory balance of Kshs. 24,196,522 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu Water and Sewerage Company Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit</p>	<ul style="list-style-type: none"> <li>• <i>The company holds no water inventory as what is produced is distributed directly to consumers.</i></li> </ul>	Resolved	

Kiambu Water & Sewerage Company Ltd.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.			
Material uncertainty	<p>The statement of financial position reflects current liabilities balance of Kshs. 219,612,709 and current assets balance of Kshs. 174,151,335 resulting in a negative working capital of Kshs. 45,461,374 or a current ratio of about 0.8. This is an indication that the Company does not have enough liquid assets to settle its short-term liabilities. The Company may therefore have challenges in paying its bills as and when they fall due. A negative working capital may also imply that the accounts payables of the Company are not paid on time. The Company is therefore technically insolvent. Although Management has taken a number of steps including gazettelement of new higher water tariffs, hydrological survey awaiting final results at Lioki dam whose results are not yet known and target connection of 500 new applicants at Thindigua and 500 new applicants at Kia-Mumbai, no statistical assurance has been provided to confirm that once the projects are implemented, the Company can reverse the trend.</p>	<ul style="list-style-type: none"> <li>• <i>The negative working capital was attributed by the fact that the company was operating on an old tariff that came to effect on 25th July 2014 thus not factoring in the rapid change in the market price of supplies despite a constant rate of billing.</i></li> <li>• <i>The company now has a new tariff that was implemented in march 2023, the company is likely to break even as the new tariff had taken into consideration all the costs associated with the company's operations. This will enable the company to pay off some of the long outstanding bills which will improve on the company current working capital.</i></li> <li>• <i>The company had submitted a proposal to WSTF under the Finance Recovery plan of Kshs60,000,000. This was a complementary technical assistance (TA) to WSPs by WSTF to assist in development of post-COVID-19 financial recovery plans. This was aimed at ensuring recovery from COVID-19 Pandemic. The company qualified for Kshs. 15,777,975 towards financial recovery through short term interventions under Liquidity Support Grant (II).</i></li> <li>• <i>Kiambu County Government concept on proposals through the local financial institutions to finance water projects has not taken off although the company</i></li> </ul>	Not Resolved	This is a continuous process through actualization of ongoing projects and funding of submitted proposals.

Kiambu Water & Sewerage Company Ltd.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>through the KCG planning office has a complete proposal and design on installing a pump station at Riara plant to boost water supply to Cianda there after gravitate to Ndumberi's Gatitu, Kabae and Njunu areas i.e. 18km assorted water lines at a cost of 86 Million.</i></p> <ul style="list-style-type: none"> <li>● <i>The company has extended distribution of water at Njunu which will increase customer base as well as increase revenue generation.</i></li> <li>● <i>The company is in engagement with AWWDA to be supplied with bulk water for resale 7,000 M3 per day from Karemenu (II) Dam. This will increase on the company revenue.</i></li> <li>● <i>Completion of Thindigua water supply line from Kiambu Town by AWWDA. This will increase the company's customer database as well as increase in revenue.</i></li> <li>● <i>Connection for sewer services in the completed sections of Kiambu- Ruaka sewer project i.e. Thindigua and Kiamumbi will increase the sewer revenue.</i></li> </ul>		
Loss of Revenue	<p>The statement of profit or loss and other comprehensive income and Note 6 to the financial statements indicate that the Company realized Kshs. 220,689,671 in respect of operating revenue from water sales. During the year under review, the Company produced a total of 3,310,911 cubic meters (m<sup>3</sup>) of water, out of which 2,303,158m<sup>3</sup> of water was sold (billed) to customers. The difference of</p>	<p><i>The Non-Revenue Water level of 30% was 5 % above the allowable limit by the regulator. Non-Revenue water is a summation of both invisible loses (inaccurate water meters and bypasses at the meter) and physical losses. (leaks and bursts of pipelines, at service</i></p>	Not Resolved	<p><i>This is a management continuous process towards the management of NRW</i></p>

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

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1,007,753m<sup>3</sup> represents unaccounted for water, being 30% of the total water produced which is 5% points above the allowable loss of 25% set by Water Services Regulatory Board (WASREB) Guidelines. The unaccounted-for water may have resulted in loss of sales estimated at Kshs. 94,169,018. Had the non-revenue water been billed, the total water and sewer billing would have been Kshs. 310,363,179 instead of Kshs. 216,194,161 now shown.</p> <p>In the circumstances, the significant level of non-revenue water is an indication of lack of effectiveness in the use of public resources and may negatively affect the Company's profitability and its long-term sustainability.</p> <p>The statement of financial position reflects a bank and cash balance totalling Kshs. 11,818,898 which includes an overdraft bank account balance totalling Kshs. 2,116,298. The overdraft was explained as having resulted from delay in posting revenue transfers in the cash book. Further, the balance was not supported by Board of Survey reports. In addition, as at 30 June, 2021, examination of the bank reconciliation statement for the Kenya Commercial Bank Account revealed a long outstanding unpresented cheque of Kshs. 4,300 dated 30 April, 2020 which were not reversed in the cashbook.</p> <p>In the circumstances, the accuracy of bank and cash balances totalling Kshs. 11,818,898 as at 30 June, 2021 could not be confirmed.</p>	<p><i>connections leaking tanks and overflows from the tanks). This was due to:</i></p> <ul style="list-style-type: none"> <li>• <i>Old and dilapidated water supply networks inherited from the municipal council that require upgrade in most cases prone to leaks and bursts</i></li> <li>• <i>Old and inaccurate water meters (consumer meters and water production)</i></li> <li>• <i>Water theft through illegal connections and bypasses at consumer meters.</i></li> </ul> <p><i>The Company engaged a consultant in July 2022 who assisted in the following:</i></p> <ul style="list-style-type: none"> <li>• <i>Capacity building to all the Company staff on NRW Management,</i></li> <li>• <i>Effective use of NRW Equipment I.e. Ultrasonic Flow Meter, Pressure Logger, Ultrasonic Thickness Gauge, Meter Test Kit, Leak Noise Detector, Correlator, Pipe Locator among others.</i></li> <li>• <i>Management of Large and Production Meters – Installation, calibration and monitoring of daily flows by running confirmatory tests using UFM to confirm correctness and confirming correctness of these installations.</i></li> <li>• <i>Operationalization/ actualization /Actualize DMA Concept; Support the team in creation of a hydraulically isolated 2 DMAs (1st DMA to completion and the 2nd DMA for supervisory purposes) of 200 to 500 accounts. Reduce NRW to acceptable levels of 20% in the operational DMA</i></li> <li>• <i>Continuous replication of the DMA concept in areas with a 24 hrs. water</i></li> </ul>		

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>supply to address sport on NRW physical and commercial components and monthly follow-up to avoid reoccurrence.</i></p> <ul style="list-style-type: none"> <li>● <i>A DMA with 335 consumer meters was constituted in Kamiti corner estate. A baseline survey was undertaken before any interventions of NRW were 40 % in this DMA undertaken. (85% of the NRW attributed to physical losses and 15% attributed to commercial losses).</i></li> <li>● <i>The table below shows the NRW intervention summary undertaken in Kamiti corner DMA in the month of July 2022 &amp; August 2022.</i></li> </ul> <p><i>Other interventions undertaken in the other zones to manage Non-Revenue water</i></p> <ul style="list-style-type: none"> <li>● <i>Reconstitution of NRW team to include key departments (Technical, commercial, billing, ICT, Procurement)</i></li> <li>● <i>Cascading performance targets to each staff with NRW measurable parameters with a high score.</i></li> <li>● <i>Continuous capacity building for the NRW team and other staff on NRW management through trainings, benchmarks and on job training</i></li> <li>● <i>Continuous update of the GIS database i.e. new connection, pipeline extensions. Capture data on replaced meters and leaks and bursts in FY 22/23 database.</i></li> <li>● <i>Inculcation of realistic plan, Do, Check and Analyze targets to the NRW team</i></li> </ul>		

Kiaml Water & Sewerage Company Ltd.  
Annual Report and Financial Statements for the year ended June 30, 2023

Reference No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> <li>• <i>Strict monitoring of consumption patterns the medium and large consumers</i></li> <li>• <i>Procurement of high accuracy meters for large and medium consumers</i></li> </ul>		
Long Outstanding Trade and Other Receivables	<p>The statement of financial position and Note 16 to the financial statements reflect trade and other receivables balance of Kshs. 136,090,174 which includes debtors balance of Kshs. 99,230,599 which had remained unrecovered for more than one hundred and twenty (120) days and out of which receivables balance of Kshs. 14,185,330 dated back to 23 December 2020. However, no steps appear to have been taken by the Company to recover the long outstanding receivables.</p> <p>In the circumstances, the recoverability of the trade and other receivables balance of Kshs. 136,090,174 is doubtful.</p>	<ul style="list-style-type: none"> <li>• <i>The greatest percentage of the long outstanding water debtors is attributable by both the National Government and the County Government institutions, however follow up by the company has continuously been done through issuance of payment demand letters.</i></li> <li>• <i>In order for the company to ensure prompt collection of outstanding debts it has formed a disconnection unit whose daily mandate is to disconnect non-paying customers whose debts are due and have not honoured their payment obligation.</i></li> <li>• <i>The company engages with the consumers who are willing to pay but cannot afford to settle the whole amount by providing them with part payment terms.</i></li> </ul>	Not Resolved	<i>The management is continuously engaging with consumers on the viable ways of reducing their outstanding debts.</i>
Non-Adherence to Diversity in Employment	<p>Examination of human resource records revealed that during the year under review the Company had the dominant ethnic community employed with forty-nine (or 78%) of the total employees. This is 48% above what is provided for in Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<ul style="list-style-type: none"> <li>• <i>The company progressively aims at achieving the legal requirement to conform to ethnic diversity as we have a non-discriminatory employment policy as contained on the company's Human Resource Manual section 2.5 on recruitment and appointments where the company shall be an equal opportunity employer and shall not in its recruitment discriminate on the basis of gender, age,</i></li> </ul>	Not Solved	<i>It's a consideration in future recruitment</i>

Kiambu Water & Sewerage Company Ltd.

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

Reference No.	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>race, and ethnicity or entertain any other form of discrimination.</i>		
Irregular Appointment of Board Members	<p>The statement of profit or loss and other comprehensive income and Note 11 to the financial statements reflect board expenses of Kshs. 5,299,171. However, information on the rates of allowances applied to pay the Board members were not disclosed. Included in this expenditure are allowances paid to the members of the caretaker board that was in place from 01 July, 2021 to 13 February, 2022, contrary to Section 79(1) of the Water Act, 2016, providing that each water service provider should have a Board of Directors constituted in accordance with the Companies Act, 2015 and any other written law. Available information indicates that the payment was made to twelve (12) Directors who held office during the period in question, appointed on 26 March 2019 for a period of two years and which was extended for a further one year from 20 April, 2021. As previously reported, the appointment letters indicate that the Directors were appointed to act on behalf of Kiambu County Water and Sewerage Company, which is a separate entity from Kiambu Water and Sewerage Company Limited.</p> <p>Review of Board appointment letters and other available information revealed that the Board has six (6) members, excluding the Managing Director, as opposed to the range of seven to nine members as provided in Mwongozo, Paragraph 1.1. A third gender rule was also not adhered to as the Board had only one female member against five males.</p>	<ul style="list-style-type: none"> <li>• <i>The rate applied is as per the board charter in place as per the attached annex.</i></li> <li>• <i>During the financial year 2021/2022, the company was sharing a common board as from July 2021 to January 2022 as there was an ongoing process to cluster all the water companies within Kiambu County into one larger Company 'Kiambu County Water &amp; Sewerage Company Limited'</i></li> <li>• <i>In February 2022 the County Government of Kiambu appointed an independent Board of directors as per the attached annex.</i></li> </ul>	Not Resolved	<i>It's a consideration in future appointment of board members by the county.</i>

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

Reference No.	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.			
Failure to Convene Annual General Meeting	<p>The Budget statement indicated that the Company budgeted for an Annual General Meeting (AGM) at an estimated cost of Kshs. 300,000. However, available information indicates that the Company has not held an AGM since 2014, contrary to Section 310 of the Company's Act, 2015.</p> <p>In the circumstances, Management was in breach of the law.</p> <p>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.</p>	<ul style="list-style-type: none"> <li><i>The company had planned to hold the Annual General Meeting towards the end of 2022/2023 financial year which never took place as the county was in the process of appointing new Board of Directors</i></li> </ul>	Not resolved	
Lack of IT Steering Committee	<p>Review of IT Policy revealed that the Company has an approved disaster recovery plan. However, the plan has not been implemented and the IT Steering Committee to oversee its implementation has not been constituted.</p> <p>In the circumstances, in the event of disaster the Company may lose data, which may affect planning, decision making and operations. Further, in the absence of an IT Steering Committee, it is</p>	<ul style="list-style-type: none"> <li><i>The company appointed an IT steering committee in January 2023, which oversees the implementation of the ICT policy. Attached please find the internal memo appointing the steering committee</i></li> </ul>	Resolved	

**Kiambu Water & Sewerage Company Ltd.**

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

<b>Reference No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>not possible to ascertain how the Company plans to achieve its IT strategic objectives.</p> <p>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 effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>			