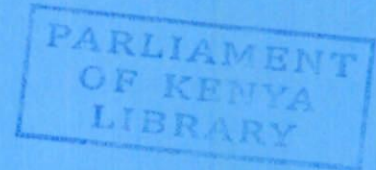
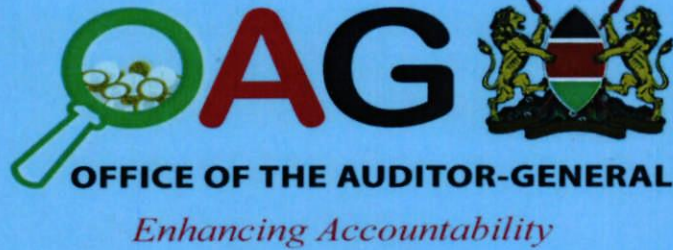


REPUBLIC OF KENYA

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A. M. S.



REPORT

OF

THE AUDITOR-GENERAL

ON

**OTHAYA MUKURWEINI WATER SERVICES
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2019**



OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. SHORT TERM DEPOSITS

	2019	2018
	Kshs	Kshs
Kenya Commercial Bank	20,471,909	18,378,221
	20,471,909	18,378,221

These relates to customer deposits associated held by the company in a call deposit account. The average effective interest rate on the call deposits as at June 30, 2019 was 5% (2017: 5 %).

		2018-2019	2016-2018
Financial institution	Account number	KShs	KShs
a) Call deposits account			
Kenya Commercial bank	1118358708	20,471,909	18,378,221
Sub- total		20,471,909	18,378,221

22. BANK AND CASH BALANCES

	2019	2018
	Kshs	Kshs
Current account	17,402,953	6,672,837
Others	435,069	618,167
	17,838,022	7,291,004
	=====	=====

The bulk of the cash at bank was held at Equity Bank of Kenya, Cooperative Bank of Kenya and Kenya Commercial Bank, the entity's main bankers. The composition of bank balances and short term deposits is as follows:

Detailed analysis of the cash and cash equivalents

		2018-2019	2016-2018
Financial institution	Account number	Kshs	Kshs
a) Current account			
Cash At Bank (K.C.B.)	1101548886	1,800,234	1,320,910
Cash At Bank (Equity Bank-Development)	0080290363165	636,861	385,231
Cash At Bank (Coop Bank)	01100509955300	1,959,496	1,959,496
Cash at equity	0080290289364	13,006,362	3,007,200
Sub- total		17,402,953	6,672,837
b) Others(specify)			
Cash at Hand	N/A	27,781	32,110
M-pesa account	Paybill-968200	256,436	170,864
Cash at bank-Equity Eazzy 24/7	00802299032536	150,852	415,193
Sub- total		435,069	618,167
Grand total		17,838,022	7,291,003

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CONSUMER DEPOSITS

During the year under review the company accumulated deposits on account of water connections. Deposits are held in a call deposit account and are refunded upon expiration of contract where the account is closed. The movement in consumer deposit is regulated by IFRS 15 and during the year the movement is as follows.

	2019	2018
	Kshs	Kshs
Balance Brought forward	18,044,583	15,767,083
Deposits for the year	2,427,000	2,297,500
Refund to customers	-	(20,000)
	20,471,583	18,044,583

24. CREDITORS, PREPAYMENTS AND ACCRUALS

	2019	2018
	Kshs	Kshs
Related Parties	51,826,196	41,835,093
Staff Costs	3,777,762	5,751,181
Due to Suppliers	12,011,311	12,681,305
Prepaid Creditors	1,116,905	945,210
WHT VAT payable	118,478	
	68,850,652	61,212,789
	=====	=====

During the year the company accumulated accrued amounts due to various related parties including, Kenya Forest Service Kshs 103,500/=, Tana Lease Fee, Kshs 44,414,699/=, WARMA, Kshs 3,466,730/=, Billing Tana Kshs 124,120/=, WASREB Kshs 3,717,147/=. The company staff deductions not paid at the close of the financial year amounted to Kshs 3,787,842/= whereas suppliers not paid at the close of the year amount to Kshs 12,011,311/=

25. PROVISION FOR TAX

Profit before Taxation	18,544,492	8,163,001
Tax at applicable rate 30%	5,563,348	2,448,900
Tax effect on expenses not deductible for tax	1,891,164	2,717,809
Tax effect on incomes not deductible for tax	(3,253,617)	(3,243,963)
Tax effect on Capital allowance	(1,644,834)	(1,588,917)
Deferred Tax prior year overprovision	-	(333,829)
Tax effect on Losses B/f	(2,556,061)	
Tax on Interest Income	298,251	249,923
Current Tax;2017/2018 under provision	97,933	
Bal B/d	249,922	
Total	646,105	249,922

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. OTHER PROVISIONS

	2019	2018
	Kshs	Kshs
Provision for Audit Services 2016/2017		464,000
Provision for Audit Services 2017/2018		464,000
Provision for Audit Services 2018/2019	464,000	
Provisions for Secretarial Services	-	174,441
Provision for environmental Audit	791,700	
Provisions for Legal fees		250,000
Provision for leave	10,080	46,410
	1,265,780	1,398,851

PROVISION FOR LEAVE PAY

	2019	2018
	Kshs	Kshs
Balance Brought forward	46,410	51,271
Leave Provision for the year	1,080,393	989,857
Leave taken in the year	(1,116,723)	(994,718)
	10,080	46,410
	=====	=====

Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year. Leave pay has been recognised in determination of staff costs at the close of the year.

27. DEFERED INCOME

	2019	2018
	Kshs	Kshs
Balance Brought forward	12,943,620	22,794,843
Grants	(9,851,223)	(9,851,223)
	3,092,397	12,943,620
Current	3,092,397	9,851,223
Non current	-	3,092,397
	3,092,397	12,943,620

28. REVENUE RESERVES

	2019	2018
	Kshs	Kshs
Brought Forward	144,144,329	135,430,532
Surplus	18,992,342	8,963,719
Tax provision	(396,183)	(249,922)
	162,740,488	144,144,329

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. ORDINARY SHARE CAPITAL

The company is registered under guarantee and has no share capital.

30. REVALUATION RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. The company did not undertake any revaluation and therefore no surplus are stated in the financial report.

31. RETAINED EARNINGS

The retained earnings represent surplus available in the account. The company having no share capital does not distribute its surplus. Undistributed retained earnings are utilised to finance water extension works at the company in a bid to achieve water coverage in the area of supply.

32. BORROWINGS

The company did not borrow any funds both internally and externally.

33. RETIREMENT BENEFIT OBLIGATIONS

The entity contributes to a contribution scheme for all full-time employees. The employer contributes to the scheme is based on 15% of monthly salary of an employee while the employee contributes 7.5%. At the close of the year the outstanding contributions to the scheme were Ksh.1,260,670.

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

34. ADB loan obligation

The company received a subsidiary loan for constructing of sewer pipeline in Othaya, Extension of treatment works at Chinga and Kihuri, Transmission mains and distribution tanks at Githagara, Gichecheni. The loan obligation is due for payment and the company is awaiting treasury instruction to pay the loan. During the year the company set aside Kshs 10 Million towards payment of the loan.

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NOTES TO THE STATEMENT OF CASH FLOWS

	2019	2018
	Kshs	Kshs
(a) Reconciliation of operating profit/ (loss) to cash generated from/ (used in) operations		
Operating profit/(loss)	17,998,174	8,130,644
Amortisation of capital grants	(9,851,223)	(9,851,223)
Depreciation	4,907,537	-
Amortization	377,000	5,777,725
Provisions	1,016,315	377,000
Provisions for bad debts	1,265,780	1,942,652
Provisions made and confirmed	(1,398,851)	902,494
Operating profit/(loss) before working capital changes	14,314,732	7,311,650
Working Capital Changes		
Increase in Trade and Receivables	(5,081,574)	(9,713,262)
Increase other receivables	(3,989,196)	(2,830,149)
Decrease in Inventories	(2,210,702)	(456,215)
Decrease in Consumer deposits	2,427,000	2,277,500
Increase in Creditors	7,637,863	16,107,934
Increase in Prepayments		0
Cash generated from/(used in) operations	13,098,123	12,697,457
(b) Analysis of Financing Income		
Interest Income	994,169	833,073
	994,169	833,073
(c) Analysis of Investments		
Purchase of assets	(1,451,585)	(1,514,520)
	(1,451,585)	(1,514,520)
Cash generated at end of the year	12,640,706	12,016,010
Cash balance at the beginning of the year	25,669,225	13,653,214
	38,309,931	25,669,224
(d) Analysis of cash and cash equivalents		
Cash At Bank (K.C.B.)	1,800,234	1,320,910
Cash At Bank (Equity Bank- Development)	636,861	385,231
Cash At Bank (Coop Bank)	1,959,496	1,959,496
Cash at bank-Equity Eazzy 24/7	150,852	415,192
Cash at equity	13,006,362	3,007,200
Cash at Hand	27,781	32,110
M-Pesa Account	256,436	170,864
Cash At Bank (K.C.B Bank-Deposit)	20,471,909	18,378,221
Balance at end of the year	38,309,931	25,669,224

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

36. RELATED PARTY DISCLOSURES

County Government of Nyeri

The Nyeri County government is the principal owner of the company. The Nyeri County Government has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) County Government of Nyeri
- iii) WASREB
- iv) TWSB
- v) WARMA
- vi) Key management;
- vii) Board of directors;

37. RELATED PARTY DISCLOSURES (Continued)

Transactions with related parties

	2019	2018
	Kshs	Kshs
a) Sales to related parties		
Sales of goods	N/A	N/A
Sales of services	N/A	N/A
Total	N/A	N/A
	=====	=====
b) Grants from the Government		
Grants from County Government		961,987
Total		961,987
	=====	=====
c) Expenses incurred on behalf of related party		
Payments for labour expenses for extension of lines for TWSB	-	915,663
WASREB	4,078,028	2,747,999
KFS	414,000	414,000
WARMA	2,670,240	3,756,060
Lease fees provision at 9% of all collection	9,851,667	10,470,975
Total	17,482,997	18,304,697
	=====	=====
The company received a legal notice for change in license fees payable at 4% to WASREB effective November 2018. The net effect is on reduction of TANA lease fee.		
During the year the company received Kshs 1,000,000 from TWSB for rehabilitation works. The costs were accounted for as at the close of the financial year.		
d) Key management compensation		
Directors' emoluments	3,632,300	2,269,000
Compensation to the CEO	2,438,526	2,383,034
Compensation to key management	5,632,443	4,531,479
Total	11,703,269	9,183,513
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. CONTINGENT LIABILITIES

	2019	2018
	Kshs	Kshs
Legal claims against the entity		250,000
		250,000
	=====	=====

The company has been involved in a legal suit instituted by the Kenya county government workers union. The company being a member of FKE requested for legal representation to defend the company. The matter is in conciliation to address the relevant issues relating to unionized staff.

39. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each class of 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.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
36. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	2,345,640	846,504	120,062	12,011,311
Related Party	974,501	3,590,209	47,261,486	51,826,196
Other Provisions	1,265,780			1,265,780
Tax Provision	396,183		249,922	646,105
WHT vat	118,478			118,478
Prepayments	1,116,905			1,116,905
Deferred income			3,092,397	3,092,397
Employee benefit obligation	3,777,762			3,777,762
Total	9,995,249	12,055,255	51,804,430	73,854,934
At 30 June 2018				
Trade payables	1,726,496	5,671,576	5,283,233	12,681,305
Related Party	974,501	3,590,209	37,270,383	41,835,093
	1,398,851			1,398,851
	249,922			249,922
Prepayments	945,210			945,210
Deferred income		9,851,223	3,092,397	12,943,620
Employee benefit obligation	5,497,960		253,221	5,751,181
Total	10,792,940	19,113,008	45,899,234	75,805,182

(iii) Market risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Interest rate risk

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

Management of interest rate risk

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

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds: The Company has a negative gearing which essentially means that the company has no borrowings for which to settle.

	2018-2019	2017-2018
	Kshs	Kshs
Retained earnings	162,740,488	144,144,327
Total funds	162,740,488	144,144,327
Total borrowings	N/A	N/A
Less: cash and bank balances	(38,309,931)	(25,669,224)
Net debt/(excess cash and cash equivalents)	(38,309,931)	(25,669,224)
Gearing	-23.54%	-18%

41. INCORPORATION

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

42. EVENTS AFTER THE REPORTING PERIOD

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

39. CURRENCY

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

Managing Director

Chairman of the Board

Date.....

Date.....
 27/09/19

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
1. Trade Receivables	Note 20 to the financial statements includes gross trade receivables balance of Kshs. 220,207,979 as at 30 June 2018 which includes an amount of Kshs 189,726,828 in respect of debts which have been outstanding for a considerable long period of time. Although the recoverability of these debts is clearly uncertain, the provision for bad and doubtful debts Kshs.44,041,595 made in the financial statements against the outstanding debts appears inadequate. Consequently, trade and other receivables net balance of Kshs.181,	<ul style="list-style-type: none"> •The company inherited debts from the ministry. Further there were bills in areas where water was never supplied (dry Lines). The company has plans to supply water to the lines and raise adjustments to the bills upon supply and mapping of the dry lines. The following Lines have been revived and adjustments raised for all customers, Mbari ya Ngai, Mbari ya Njue, Mbari ya Thige in Kanunga, Kanyari in iriaini, Upper ikiiu, Kahiho, in Thiha, Ngorano in Gikondi. • The management has noted with concern the matter of adequacy of the provisions for trade and receivables made in the financial statements. The company identified at the close of 2018-2019 FY a total of Kshs 66.7M from 3,500 connections out of 12,000 dormant connections which cannot be traced on the ground and have not been paid for over five years. The company is making a 	Peter Ndirangu; Commercial Manager	Ongoing	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
	522,602 reflected in the statement of financial position as at 30 th June 2018 is not fairly stated.	<p>follow-up of all dormant connections.</p> <ul style="list-style-type: none"> The company has made arrangements to identify uncollectable debts for the purpose of write off by use of GIS Mapping and data collection that is 60% complete and ongoing. This will assist management to recommend the right provisions/ write-off of bad debts. The management is reviewing the finance policy to ensure adequate provisions for accounts receivables. A draft Debt Management Policy which has a clause on provisioning has been prepared and is under board review, this will be anchored in the company finance policy once approved. The company has been negotiating with various consumers and have secured part payments for outstanding debts. As at the close of 2018-2019 FY a total of 2634 customers have entered into an agreement with the company for payment of commitments totalling Kshs 5,975,114 per quarter. 			
1.2 Unremitted Lease Fees	The statement of financial position reflects creditors, prepayments and accruals balance of Kshs. 61,051,508	<ul style="list-style-type: none"> The company was instructed by the county government of Nyeri Via a letter dated 25th February 2015 not to submit payment of lease fee to Tana water 	Peter Ndirangu Commercial Manager	Ongoing	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
	<p>as at June 30, 2018. Included in this balance are lease fees of Kshs. 36,263,031.96 owed to Tana Water Services Board comprising of Kshs. 15,437,017 for the financial year 2015/2016, Kshs. 10,362,260 for the financial year 2016/2017 and Kshs. 10,463,754.96 for year 2017/2018 which had not been remitted as at June 30, 2018. Non-payment of lease fees contravenes section 104(1) of the water act 2002. Further the company was depositing the unpaid lease fees to a special account under instructions from the county government of Nyeri although the practice was not supported by any legislation. In addition, the purpose for depositing lease fees in a special account was not explained.</p>	<p>services board as the county government was responsible for payment of salaries for the Tana Water services board staff.</p> <ul style="list-style-type: none"> The new constitution places water under the county government. As a result, there have been demands that WSPs comply with county Executive orders some of which have a direct impact on the operations. The management acknowledges the accrued debt owed to TWSB. This was partly caused by above stated reason. The matter has since been discussed in two sittings between the Company, TWSB and Nyeri County Government during the financial year 2018-2019 where it was agreed that subject to agreement between TWSB and the County government, the company will be advised on payment mode but the company could pay part of the debt as a condition for issue for meters that were with TWSB towards flat rate connection metering and creation of DMAs. During the year the company made five payments to TWSB adding up to Kshs1.7M from its collections in the year 2018-2019. 			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
1.3 Non-Revenue Water (NRW)	<p>During the year under review the company produced a total of 5,913,590 cubic meters (M³) of water. However, out of this volume, only 2,515,682 M³ of water was billed to customers. The balance of 3,397,908 M³ or approximately 57.5% of the total volume of water produced represented Non-Revenue Water (NRW) which is 32.5% over and above the allowable loss of 25% in accordance with WASREB guidelines. The NRW of 57.5% may have resulted in loss of water sales estimated at Kshs. 163,024,283. Therefore, the Company's profitability and its long term sustainability.</p>	<p>The following measures have been made to address technical losses.</p> <ul style="list-style-type: none"> Repairs of bursts within 24 hours of identification for service lines and within 6 hours for transmission lines. During the year ending June 2018, a total of (i) 906 Trunk (transmission) and (ii) 4944 Distribution mains repairs were done made in the year addressing the bursts. There is need for overhaul of the system. The requirements to undertake overhaul of the pipelines is a capital intensive exercise that may need external financing. The company has written proposals for funding to TWSB, and World Bank to facilitate replacement of the pipelines in Mukurweini and Othaya urban centers. The company will procure ball valves, PRVs and replace pipelines as funds become available internally on select tanks and pipelines affected by overflows and pressure. The company has a full-fledged NRW team which has conducted a pilot NRW study at Karima whose results was reduction NRW to 34%. 2016-2017 financial year the company conducted Operation Fagia at Kanunga zone where 	<ol style="list-style-type: none"> Eunice Githinji- Non revenue officer Jeremiah Kireri-Revenue Collection officer 	Ongoing	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
		<p>all the above activities was conducted. The company has been monitoring NRW at Kanunga averaging 45%. The company has installed Ball valves, PRVs and air valves to continually manage bursts in the DMAs.</p> <ul style="list-style-type: none"> The company has been in communication with County government of Nyeri, KERRA, customers and other stakeholders where roads are being upgraded to facilitate effective planning and timely rerouting during routine upgrade. <p>To address the causes of the commercial losses the company has done the following:</p> <ul style="list-style-type: none"> Relocation of 937 customer's meters from the near the end point to the boundaries of customers. This addresses the issue of meter bypasses, leaks behind the connection point. The exercise is ongoing targeting a total of 2000 active connections during the year identified The company during the year ending June 2019, identified and surcharged a total of 280 connections that had illegalities. During the financial year the company metered a total of 1644 flat rate 			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
		<p>connections during reconnection excise and NRW activities undertaken in the year.</p> <ul style="list-style-type: none"> • The company acquired Mobile Meter Reading software in 2016 which ensures the accuracy of meter readings. • The company is undertaking GIS excise which when completed, the coordinates will be integrated with the billing system. • The company disconnected all the dormant connections at the main in Kanunga zone, Chinga North, Thiha and Kihuri. • Meter Servicing for identified stalled meters done on monthly basis • Collection and mapping of customer data on going to determine the number of connections and reconcile the accounts. A total of 3546 connections have been identified as non-existent on the ground and are awaiting board recommendation for action. • As a policy all new connections installed with meters 			
1.4 Shortfall in revenue	The Company budgeted to realize revenue amounting	<ul style="list-style-type: none"> • Delay in implementation of bottled water sales as a result of many regulatory 	Peter Ndirangu- Commercial Manager	Implemented	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Reference No. on the external audit Report
e collection	to Kshs. 167,223,246 during the year under review. However, the actual revenue realized was Kshs. 137,814,568, resulting in revenue shortfall of Kshs. 29,408,679 (or 18% against the budget) which has not been explained. Further, the undesirable performance on revenue budget impact negatively on the overall financial performance of the company.	<p>requirements for the bottling project initiated by the company during the year.</p> <ul style="list-style-type: none"> • Water consumption reduced in the month resulting from heavy rains registered in the financial year period • The company had projected revenue from new connections (target of 2400) which was not realized due to heavy rains in the year resulting in shortfall by (Actual 1318) connections. • Reconnection fee: Revenues from reconnection reduced in the year from reduced reconnection fees in the month of March-June 2018 arising from heavy rains. • Budgeted revenue from new Connection Charges also reduced due to the extended rain reason in the year. • The company had projected revenue from new connections (target of 2400) which was not realized due to heavy rains in the year resulting in shortfall by (Actual 1318) connections. • The revenues were within the targets. The county seconded staff were recalled during the year and this stream may not be realized in subsequent FY. 			

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Managing Director

Date.....27/9/19.....

Chairman of the Board


Date.....27/09/19.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the OMWASCO Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1.	N/A					
2						

During the financial year ending June 2019, the company had no projects funded by the development partners.

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

APPENDIX III: INTER-ENTITY TRANSFERS

There were no inter-entity transfers to the company in the financial year ending June 30, 2019.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)
20 (a) TRADE RECEIVABLES

	2019	2018
	Kshs	Kshs
Debtors	225,289,553	220,207,979
Less-20% provision for bad and doubtful debts.	(45,057,911)	(44,041,596)
Net Trade and Receivables	180,231,642	176,166,383
	=====	=====
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	11,744,040	10,562,539
Between 30 and 60 days	7,142,768	8,132,883
Between 61 and 90 days	6,229,521	6,503,938
Between 91 and 120 days	4,834,249	5,281,791
Over 120 days	195,338,975	189,726,828
	225,289,553	220,207,979
	=====	=====

Accounts over 120 days represent debts received from National water most of which are not traceable to the consumers. There are registered complaints concerning billing without water during the years 2007 to 2014 when ADB project was completed that improved water supply in the company 10,155 accounts are disconnected.

20 (b) OTHER RECEIVABLES

	2019	2018
	Kshs	Kshs
Pipeline Extension TWSB	3,138,856	3,138,856
Imprest Received	(1,000,000)	
Imprest Surrendered	999,980	
Balance on TWSB account	3,138,836	
Safaricom Ltd	5,000	5,000
	3,143,836	3,143,856

20 (c) VAT RECEIVABLES

	2019	2018
	Kshs	Kshs
VAT b/f	2,212,363	233,335
Debits	1,374,316	-
Credits	(1,411,200)	-
Claims refunds/credited	-	1,979,028
VAT C/F	2,175,479	2,212,363

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. INTANGIBLE ASSETS

	2019	2018
	Kshs	Kshs
COST		
At July 1		
Additions	1,662,628	1,662,628
Disposals	-	-
	-	-
At June 30	1,662,628	1,662,628
AMORTISATION		
At July 1		
Charge for the year	(1,285,628)	(908,628)
Disposals	(377,000)	(377,000)
Impairment loss	-	-
At June 30	(1,662,628)	(1,285,628)
NET BOOK VALUE		
At June 30	-	377,000

19. INVENTORIES

	2019	2018
	Kshs	Kshs
Stationery and general stores	5,738,336	4,793,009
Goods in transit	1,265,375	
	7,003,711	4,793,009
	=====	=====

20. TRADE AND OTHER RECEIVABLES

	2019	2018
	Kshs	Kshs
Trade receivables (note 20 (a))	225,289,553	220,207,979
VAT Recoverable	3,143,836	2,212,363
Other receivables (note 20 (b))	2,175,479	3,143,856
Staff Insurance Medical Cover	4,026,100	
Gross trade and other receivables	234,634,968	225,564,198
Other: Provision for bad and doubtful receivable	(45,057,911)	-44,041,595
Trade receivables (note 20 (a))	189,577,057	181,522,603



NOTES TO THE FINANCIAL STATEMENTS (Continued)
17. PROPERTY, PLANT AND EQUIPMENT

ASSETS	Furniture and Fittings Kshs.	Computers and Accessories Kshs.	Water meters and Distribution Pipelines Kshs.	Motorcycle/Vehicle Kshs.	Water Tanks & Buildings Kshs.	Laboratory Equipment & Loose tools Kshs.	Totals Kshs.
	12.50%	33.30%	20.00%	25.00%	2.50%	12.50%	
Bal B/f (cost) at 01.07.19	1,797,734	5,572,936	93,618,481	5,700,000	3,861,211	1,857,558	112,407,920
Additions during the year	76,620	690,000		104,000	199,000	381,965	1,451,585
Total Assets	1,874,354	6,262,936	93,618,481	5,804,000	4,060,211	2,239,523	113,859,505
Accumulated Dep. at 01.07.18	832,682	4,701,012	74,461,531	5,120,957	810,452	849,030	86,775,661
Depreciation Charge for the year	130,209	520,121	3,831,390	170,761	81,244	173,812	4,907,537
Total Accumulated Depreciation	962,891	5,221,132	78,292,921	5,291,717	891,696	1,022,841	91,683,198
NBV. AT 30.06.19	911,463	1,041,804	15,325,560	512,283	3,168,515	1,216,682	22,176,307
Bal b/f (cost) at 01.07.17	1,194,234	5,112,436	93,618,481	5,700,000	3,861,211	1,407,038	110,893,400
Additions during the year	603,500	460,500	-	-	-	450,520	1,514,520
Total Assets	1,797,734	5,572,936	93,618,481	5,700,000	3,861,211	1,857,558	112,407,920
Accumulated Dep. at 01.07.17	694,817	4,265,703	69,672,293	4,927,942	732,227	704,954	80,997,936
Depreciation Charge for the year	137,865	435,309	4,789,238	193,015	78,225	144,076	5,777,725
Total Accumulated Depreciation	832,682	4,701,012	74,461,531	5,120,957	810,452	849,030	86,775,661
NBV. AT 30.06.18	965,052	871,924	19,156,950	579,044	3,050,759	1,008,529	25,632,259

The company does not have assets that are fully depreciated as it uses reducing balance method of depreciation.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. INCOME TAX EXPENSE/(CREDIT)

(a) Current taxation

	2019	2018
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	298,251	249,922
Current year deferred tax charge	97,933	-
Prior year under-provision for deferred tax	-	-
Total	396,183	249,922

Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2019	2018
	Kshs	Kshs
Operating Profit before Taxation	18,992,342	8,163,001
Tax at applicable rate 30%	5,697,703	2,448,900
Current Tax;2017/2018 under provision	97,933	-
Tax effect on expenses not deductible for tax	1,890,255	2,717,809
Tax effect on Incomes not deductible for tax	(3,253,617)	(3,243,963)
Tax effect on excess capital allowances	(1,643,925)	(1,588,917)
Deferred Tax prior year overprovision	-	(333,829)
Taxable interest income	298,251	249,922
Tax effect on losses B/F net of loss C/F	(2,690,416)	
Total	396,183	249,923
Tax provision B/F	249,923	-
Tax Charge for the year	298,251	249,923
Tax Under provision	97,933	-
	646,106	249,923

Property plant and Equipment		
(Attached on page 17)		
NBV b/d	25,632,259	29,895,464
Additions	1,451,585	1,514,520
Depreciation	(4,907,537)	(5,777,725)
	22,176,307	25,632,259

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. WATER SUPPLY OPERATION

	2019	2018
	Kshs	Kshs
Electricity for Production	1,150,287	1,279,017
Environment Conservation	46,300	105,010
Intake Maintenance	522,210	348,820
Minor Works	806,958	-
Non-Revenue Management costs	11,296,417	2,553,141
Pipes & Fittings & Meters	6,873,123	6,132,933
Sewerage Expenses	535,035	204,900
Water Bottling Expense	1,428,387	520,337
Water Treatment Chemicals	5,445,169	6,113,728
Total Repairs & Maintenance Costs	28,103,886	17,257,885

13. BOARD EXPENSES

	2019	2018
	Kshs	Kshs
Sitting Allowance	3,038,300	2,269,000
Total Board Costs	3,038,300	2,269,000

14. FINANCE INCOME

	2019	2018
	Kshs	Kshs
Interest income from current account	994,169	833,073
	994,169	833,073

15. OPERATING PROFIT/(LOSS)

	2019	2018
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Administration and General Expenses	23,300,060	23,174,060
Personnel Costs	60,097,984	60,672,157
Direct Expenses	23,314,787	25,477,749
Water Supply Operation and Maintenance	28,103,886	17,257,885
Board Expenses	3,038,300	2,269,000
Total	137,855,017	128,850,852

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	2019	2018
	Kshs	Kshs
	11,548,028	12,558,258
Total General Administration Costs	23,300,060	23,174,060

10. Personnel Costs

	2019	2018
	Kshs	Kshs
Personnel Costs		
Salaries	53,455,949	53,107,769
NSSF	251,800	258,400
Pension	5,135,041	5,075,561
Gratuity	1,059,994	1,147,440
GoK staff remuneration	-	961,987
Staff end year party	195,200	121,000
Total Personnel Cost	60,097,984	60,672,157
The average number of employees at the end of the year was:		
Permanent employees – Management	5	5
Permanent employees – Unionisable	94	99
Temporary and contract employees	9	0
Interns	1	
Total	109	104

11. DIRECT EXPENSES

	2019	2018
	Kshs	Kshs
Amortization	377,000	377,000
Kenya forest	414,000	414,000
Provision for bad and doubtful debts	1,016,315	1,942,652
Water Abstraction Fee (WARMA)	2,670,240	3,756,060
Provision for depreciation	4,907,537	5,777,725
Lease fee & regulatory levy	13,929,695	13,210,312
Total Direct Expenses	23,314,787	25,477,749

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. ADMINISTRATION AND GENERAL EXPENSES

(i) Motor vehicle running cost

	2019	2018
	Kshs	Kshs
Motor Vehicles/cycles service	1,996,062	2,383,331
Motor Vehicle/Cycle Fuel and Lubricants	4,019,063	3,455,587
	6,015,125	5,838,918

(ii) Administration Costs

	2019	2018
	Kshs	Kshs
Advertisement	1,165,800	450,820
Electricity	316,380	318,448
General Insurance	709,362	651,061
Maintenance of Software	582,080	614,240
Postage and Delivery	829,865	804,335
Repairs and maintenance buildings	309,230	184,857
Repairs Computers & Computer accessories	531,437	506,355
Staff welfare	293,800	365,260
Stationery & Printing	584,403	576,452
Telephone	414,550	305,056
	5,736,907	4,776,884

(iii) General expenses

	2019	2018
	Kshs	Kshs
AGM Costs	1,280,930	971,020
Audit fee	464,000	464,000
Bank Charges	79,017	48,570
Compensation for damages	111,638	-
Conference meetings	668,375	644,972
Corporate Social Responsibility	58,340	116,225
General Office expenses	190,697	126,333
Insurance Medical	-	2,787,616
Internet services	538,228	831,186
Journals and News Paper	40,010	44,460
Legal & professional	1,119,939	949,416
Membership/Subscription fees	121,080	237,100
Permits and licences	115,750	179,050
Public participation	885,450	
Security	2,044,500	1,823,145
Sports	214,184	
Staff Uniforms	44,667	353,858
Travel & Subsistence	2,021,253	1,601,925
Token of appreciation	50,000	
Training costs	1,499,970	1,379,382

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OPERATING REVENUE

	2019	2018
	Kshs	Kshs
Operating Revenue		
Water sales-Billing	139,640,448	120,696,986
Bottled Water Sales	763,305	-
	140,403,753	120,696,986

7. OTHER OPERATING REVENUE

	2019	2018
	Kshs	Kshs
Other Income		
Disposal of assets	44,770	47,800
Exhauster	40,900	29,400
Reconnection fee	1,427,300	1,197,840
Connection Charges	3,756,345	3,602,500
Other income	328,900	593,760
	5,598,215	5,471,300

8. GRANTS & IN-KIND DONATIONS FROM GOVERNMENT

	2019	2018
	Kshs	Kshs
Amortisation of grants	9,851,223	9,851,223
Gok staff remuneration		961,987
	9,851,223	10,813,210

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
CDF MUKURWEINI	3,785,167	0	0	0	3,785,167
DWO	5,387,611	0	0	0	5,387,611
TWSB	678,445				678,445
Total	9,851,223	0	0	0	9,851,223

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SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
(Continued)

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26.

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.

During the financial year the company has made provisions in relation to bad debts, Provision for Audit Services, Provision for environmental Audit, and Provision for leave, Tax,

Contingent liability

The company is engaged in a legal matter relating to change of terms of service and letter of particulars. The company has not affected any negative financial sanction in relation to the letter of particulars. The contingent costs may only arise as a result of court costs. The company has not made any provisions in regard to the same.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget information (Continued)

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

r) Service concession arrangements

The Entity 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) Comparative figures

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

t) 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, 2019.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Retirement benefit obligations

The entity contributes to a defined contribution scheme for all full-time employees. The scheme is administered by CPF where contributions from both the company and its employees are deposited on a monthly basis. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

o) Provision for staff leave pay

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

p) Exchange rate differences

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

q) Budget information

The original budget for FY 2018-2019 was approved by the board on May 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs 2,464,000 on the 2018-2019 budget following the governing body's approval.

The entity'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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation (Continued)

Deferred tax (Continued)

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

k) Cash and cash equivalents

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

l) 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.

m) Trade and other payables

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation (Continued)

Current income tax (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is 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

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges.

i) Trade and other receivables

Trade and other receivables are recognised 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.

j) Taxation

Current income tax

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized in the income statement on a reducing balance method 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:

Buildings and Tanks	2.5%
Furniture and Fittings	12.5%
Laboratory Equipment's	12.5%
Computer and Accessories	33.3%
Motorcycle	25.0%
Water Meters & Pipelines	20.0%

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

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

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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 recognized to the extent that it is probable that future economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the entity's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the entity's activities as described below.

- i) **Operating Revenue** is recognised in the year in which the entity delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from County Government, CDF and National Government;** are recognised in the year in which the entity 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) **Other income** include Disposal of assets,Exhauster,Reconnection fee, Connection Charges and are recognized as they accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity 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.

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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.

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Amendment/Interpretation to a standard	Effective date	Impact
IFRS 16: Leases (Issued 13 January 2016)	Applicable to annual reporting periods beginning on or after 1 January 2019	Company does not have any lease instrument therefore not applicable.
IFRIC 23: Uncertainty over Income Tax Treatments (Issued 7 June 2018)	Applicable to annual reporting periods beginning on or after 1 January 2019	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • The effect of changes in facts and circumstance
Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019)	Annual periods beginning on or after 1 January 2020	<p>Together with the revised Conceptual Framework published in March 2019, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p>

The Directors do not plan to apply any of the above until they become effective. Based on their

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Amendment/Interpretation to a standard	Effective date	Impact
IFRS 16: Leases (Issued 13 January 2016)	Applicable to annual reporting periods beginning on or after 1 January 2019	Company does not have any lease instrument therefore not applicable.
IFRIC 23: Uncertainty over Income Tax Treatments (Issued 7 June 2018)	Applicable to annual reporting periods beginning on or after 1 January 2019	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • The effect of changes in facts and circumstance
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (Issued 7 February 2019)	Annual periods beginning on or after 1 January 2019	<p>The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:</p> <ul style="list-style-type: none"> • If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. <p>(State the impact of the standard if relevant to the entity)</p>

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Amendment/Interpretation to a standard	Effective date	Impact
IFRS 16: Leases (Issued 13 January 2016)	Applicable to annual reporting periods beginning on or after 1 January 2019	Company does not have any lease instrument therefore not applicable.
IFRIC 23: Uncertainty over Income Tax Treatments (Issued 7 June 2018)	Applicable to annual reporting periods beginning on or after 1 January 2019	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • The effect of changes in facts and circumstance
Annual Improvements to IFRS Standards 2015–2018 Cycle (Issued 12 December 2018)	Annual periods beginning on or after 1 January 2019	<p>Makes amendments to the following standards:</p> <ul style="list-style-type: none"> • IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. • IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. • IAS 23 - The amendments clarify that if any

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<p>IFRIC 23: Uncertainty over Income Tax Treatments (Issued 7 June 2018)</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2019</p>	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:</p> <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • The effect of changes in facts and circumstance
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Amendment/ Interpretation to a standard	Effective date	Impact
Annual Improvements to IFRS Standards 2014–2016 Cycle (Issued 8 December 2016)	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2019, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2018	Makes amendments to the following standards: <ul style="list-style-type: none"> • IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose • IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity’s interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations • IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Amendment/Interpretation to a standard	Effective date	Impact
IFRS 16: Leases (Issued 13 January 2016)	Applicable to annual reporting periods beginning on or after 1 January 2019	Company does not have any lease instrument therefore not applicable.

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Amendment/ Interpretation to a standard	Effective date	Impact
IFRS 15: Revenue from Contracts with Customers (Issued 28 May 2014)	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019	The company contracts with new customers for provision of water, Sewerage and Exhauster services. Contract is established under the following criteria <ul style="list-style-type: none"> • Contract for provision of water services becomes effective upon payment for water deposit and installation of the connection at the customer premises. • Contract for provision of sewer services in Othaya town is established upon application by the customer, payment of necessary fee and connection of the plot to the company sewer system • Contract for Exhauster services is established upon payment of the requisite fees by the customer.
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) (Issued 19 January 2016)	Effective for annual periods beginning on or after 1 January 2018	The company does not have debt instruments in the foregoing financial year.
Disclosure Initiative (Amendments to IAS 7) (Issued 29 January 2016)	Effective for annual periods beginning on or after 1 January 2018	The company did not incur any liability under financing activities.

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Amendment/ Interpretation to a standard	Effective date	Impact
IFRS 9: Financial Instruments (Issued 24 July 2014)	Effective for annual periods beginning on or after 1 January 2019	<p>Finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing <u>IAS 39</u> Financial Instruments: Recognition and Measurement.</p> <p>The standard contains requirements in the following areas:</p> <ul style="list-style-type: none"> • Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk. • Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized • Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures • De-recognition. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39 • The company does not have any financial assets in its financial statements. The standard does not apply for OMWASCO

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Othaya Mukurweini Water Services Ltd is established by and derives its authority and accountability from Companies act CAP 486. The entity is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The entity's principal activity is supply of domestic water services and sewerage to residents of Mukurwe-ini and Nyeri south Sub-Counties.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 20.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

- i) **Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

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3. Direct Expenses

- a. **Lease fee & Regulatory levy;** costs associated with lease fees are linked to income. The company budgeted income was not fully received resulting in reduction on the anticipated lease costs by 14%.
4. Water Supply Operations
- a. **NRW costs;** the company heavily invested in NRW measurement tools, pressure management and metering of DMAs, sublines and customer meters. This led to increased costs to the tune of 13%.
 - b. **Intake Maintenance:** the costs exceeded by 17% caused by, hire of casuals to maintain the works. Two seconded staff posted at the treatment works were recalled by the county and redeployed creating the gap in the treatment works.

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Notes on Budget variances exceeding 10% in Revenue

Other Incomes

a. Disposal of containers

The company had budgeted to raise revenues valued at Kshs 52,800/= but only managed to 44,770/=; this represents a variance of 15%. This was caused by;

Notes on Budget variances exceeding 10% in Expenditure

1. Administration and General Expenses;

a. Motor Vehicle/Cycle Fuel and Lubricants; During the year the company had budgeted for fuel costs for six vehicles but two of the vehicles were not used in the year caused by an accident on one of the vehicles while the other had no sticker. The company covered this gap by leasing three motor cycles in the year and this led to reduced costs of fuel in the year and a variance of 15%.

b. Electricity; The Company' office costs exceeded the budgeted value by 13% arising from variances in cost of electricity. During the period the company also added security lighting at head office and Branch resulting in increased consumption.

c. Repairs and Maintenance Buildings; during the year the company budget of repairs of buildings reduced by 14%. The company had budgeted for repainting of Mukurweini office which was implemented during construction of generator shed.

d. Stationery; the company exceeded the budget by 17%. This was occasioned by printing of financial statements for the year 2017-2018 for presentation during AGM which had not been provided for in the budget at the time of preparing supplementary budget.

e. Compensation for damages; The absorption of costs were under by 44%. During the year the company anticipated claims of compensation due to operational exposure. Only one claim was raised and settled. The company put in measure to act in case of emergency during the rainy seasons. Further breakdown of pipes during the year were controlled on time by having standby employees.

f. Corporate Social Responsibility; The company made proposals to install new connections for the poor in response to pro poor activities and as giving back to the society. The duty for implementation of CSR was tasked to a committee comprising HRM, CRO and TM. Two of the officers left in the course of the year disrupting the survey and screening process.

g. Legal and Professional Fees; The company had anticipated outcome of a legal case where the company was taken to court by Kenya County Government Workers Union due to disputes in updating of staff files. The company pursued for alternative dispute resolution on the matter which was put under conciliation. While the matter is still in court, the costs associated were not fully absorbed.

h. Permit and Licenses; the costs exceeded the budget by 16% due to renewal of GS1 (Barcode) license for bottled water that had not been anticipated.

i. Staff Uniform; the cost was not utilised due to high cost quoted by suppliers beyond the budgeted cost. Purchase was postponed to next financial year.

2. Personnel Costs;

a. Gratuity; the Company management staff left during the year and therefore budgeted gratuity was not absorbed. The resulting deficit is 11%.

b. End of year party; The Company had planned end of year party which was scaled down due to financial constraints at the time.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2019

Item	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
Operating Revenue	150,872,621	-	150,872,621	139,640,448	-7%
Bottling Income	1,568,000	(784,493)	783,507	763,305	-3%
Other Incomes	9,313,800	(3,359,000)	5,954,800	5,598,215	11%
Grants			9,851,223	9,851,223	
Interest Income	1,020,000	-	1,020,000	994,169	-3%
Total Revenues	162,774,421	(4,143,493)	168,482,151	156,847,360	6%
OPERATING EXPENSES					
Administration and General Expenses	24,352,985	717,300	25,070,285	23,300,060	-9%
Personnel Costs	70,496,854	(5,710,362)	64,786,492	60,097,984	-7%
Direct Expenses	27,041,543	(830,000)	26,211,543	23,314,787	-9%
Water Supply Operation and Maintenance	30,535,182	(2,871,145)	27,664,037	28,103,866	-5%
Board Expenses	2,808,000	604,000	3,412,000	3,038,300	-11%
Total Recurrent Expenditure	155,234,564	(8,090,207)	147,144,357	137,855,017	-6%
Net Surplus(Deficit)	7,539,857	3,946,714	21,337,794	18,992,363	-11%
Other Budgeted Expenditure					
Tax provision	1,300,000	-	1,300,000	396,183	-70%
ADB Loan Provision	12,000,000		12,000,000	10,000,000	-17%
Capital Costs	4,115,000	(2,635,000)	1,480,000	1,451,585	2%
Total Non-recurrent Expenditure	17,415,000	(2,635,000)	14,780,000	11,847,768	-20%

Note: PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

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STATEMENT OF CASH FLOWS

	Note	2019	2018
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus/Loss for the year		17,998,174	8,130,644
Adjustment for:			
Depreciation	17	4,907,537	5,777,725
Amortization	18	377,000	377,000
Provisions for bad debts	20(a)	1,016,315	1,942,652
Other Provisions	26	1,265,780	934,851
Amortisation of capital grants	27	(9,851,223)	(9,851,223)
Provisions Confirmed and Paid	26	(1,398,851)	-
Operating surplus before working capital		14,314,731	7,311,650
Increase in trade and receivables	20 (a)	(5,081,574)	(9,713,262)
Increase other receivables	20 (b)	(3,989,196)	(2,830,149)
Increase in inventories	19	(2,210,702)	(456,215)
Increase in consumer deposits	23	2,427,000	2,277,500
Increase in creditors	24	7,637,863	16,107,934
Net Cash flows from operating activities		13,098,122	12,697,458
CASH FLOW FROM FINANCING ACTIVITIES			
Interest Income	14	994,169	833,073
Net cash flows from financing activities		994,169	833,073
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets	17	(1,451,585)	833,073
		(1,451,585)	(1,514,520)
Net cash flows from investing activities			
Net increase (decrease) in cash and cash equivalents		12,640,706	12,016,011
Cash and Cash equivalents at the beginning		25,669,225	13,653,214
CASH AND CASH EQUIVALENTS AT END		38,309,931	25,669,225

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STATEMENT OF CHANGES IN EQUITY

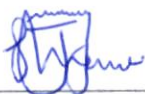
	Retained earnings	Total
At July 1, 2017	135,430,532	135,430,532
Surplus for the year	8,713,795	8,713,795
At June 30, 2018	144,144,327	144,144,327
At July 1, 2018	144,144,329	144,144,329
Surplus for the year	18,596,159	18,596,159
At June 30, 2019	162,740,488	162,740,488

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STATEMENT OF FINANCIAL POSITION

	Note	2019	2018
		Kshs	Kshs
ASSETS			
NON CURRENT ASSETS			
Plant Property and Equipment	17	22,176,307	25,632,259
Intangible	18	-	377,000
TOTAL NON CURRENT ASSETS		22,176,307	26,009,259
CURRENT ASSETS			
Inventories	19	7,003,711	4,793,009
Trade & Other Receivables	20	189,577,057	181,522,602
Short term Deposits	21	20,471,909	18,378,221
Cash and Bank Balances	22	17,838,022	7,291,004
TOTAL CURRENT ASSETS		234,890,699	211,984,836
CURRENT LIABILITIES			
Consumer deposits	23	20,471,583	18,044,583
Creditors, Prepayments and Accruals	24	68,850,652	61,212,789
Provision for Tax	25	646,105	249,922
Other Provisions	26	1,265,780	1,398,851
Deferred income (Current)	27	3,092,397	9,851,223
TOTAL CURRENT LIABILITIES		94,326,518	90,757,368
NET CURRENT ASSETS		140,564,181	121,227,468
TOTAL ASSETS		162,740,488	147,236,726
Financed by;			
NON CURRENT LIABILITIES			
Deferred income	27	-	3,092,397
		-	3,092,397
Equity & Reserves			
Revenue Reserves	28	162,740,488	144,144,329
		162,740,488	144,144,329
ACCUMULATED FUNDS		162,740,488	147,236,726

The financial statements were approved by the Board on August 9, 2019 and signed on its behalf by:



Managing Director
Name: Symon M Munene



Commercial Manager
Name: Peter N Gakuru
ICPAK M/NO: 12592



Board Chairman
Name: Arthur G Mukira

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME


	Note	2019	2018
		Kshs	Kshs
		2018/2019	2017/2018
		Kshs	Kshs
INCOME	Notes		
Operating Revenue	6	140,403,753	120,696,986
Other Operating Income	7	5,598,215	5,471,300
Grant Income	8	9,851,223	10,813,210
Total income		155,853,191	136,981,496
OPERATING EXPENSES			
Administration and General Expenses	9	23,300,060	23,174,060
Personnel Costs	10	60,097,984	60,672,157
Direct Expenses	11	23,314,787	25,477,749
Water Supply Operation and Maintenance	12	28,103,886	17,257,885
Board Expenses	13	3,038,300	2,269,000
Total Operating Expenses		137,855,017	128,850,852
Gross Operating Income		17,998,174	8,130,644
Finance Income			
Interest Income	14	994,169	833,073
		994,169	833,073
Surplus before Taxation		18,992,342	8,963,716
Provision for Taxation		396,183	249,922
Net surplus after Taxation		18,596,159	8,713,795

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 August, 2021

Report of the Auditor-General on Othaya Mukurweini Water Services Company Limited for the year ended 30 June, 2019

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the 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, proper books of account have been kept by the Company, so far as appears from the examination of those books;
- (iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account; and

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 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 assessment of the effectiveness of internal control, risk management and governance.

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

The Management is 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

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

1.0 Non - Revenue Water

During the year under review, the Company produced 5,136,950 cubic meters (M³) of water but only billed 2,663,871 M³. The balance amounting to 2,473,079 M³ or approximately 48% of the total volume of water produced, denoted Non-Revenue Water (NRW). The NRW was twenty-three (23) percentage points above the allowable threshold of 25% set in the guidelines issued by the Water Services Regulatory Board (WASREB). The NRW may have resulted in loss of water sales estimated at Kshs.136,089,836 at the average billing price for the year under review. No satisfactory explanation has been provided for the big loss which suggests that the Company's water distribution system is inefficient or the water put into the system is not properly accounted for, or both.

The significant level of NRW has eroded the Company's profitability and is a major risk in its ability to sustain operations.

2.0 Unremitted Lease Fees

The financial records submitted for audit indicated creditors, prepayments and accruals balance totalling Kshs.68,850,652 as at 30 June, 2019. Included in the balance were lease fees totaling Kshs.44,414,700 owed to Tana Water Services Board comprised of sums amounting to Kshs.15,437,017, Kshs.10,362,260, Kshs.10,463,755 and Kshs.8,151,668 for the financial years 2015/2016, 2016/2017, 2017/2018 and 2018/2019 respectively.

The failure to pay lease fees contravenes Section 104(1) of the Water Act, 2002. Further, as previously reported, the unpaid lease fees were deposited in a special account by the Company as instructed by the County Government of Nyeri. However, the action is not supported by any legislation and further, the purpose of the deposits has not been explained.

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.

balance, that had been outstanding for more than three months as at 30 June, 2019. In spite of the uncertain recoverability of the long outstanding debts, the provision for bad and doubtful debts made by Management amounted to Kshs.45,057,911 resulting in the net trade and receivable balance totalling Kshs.189,577,057 reflected in the statement of financial statement position as at 30 June, 2019. The provision for bad and doubtful debts amounting to Kshs.45,057,911 appears inadequate when matched with the long outstanding debts totalling Kshs.195,338,975.

As a result, recoverability of trade and other receivables balance totalling Kshs.225,289,553 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Othaya Mukurweini Water Services 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.

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 Information

The Directors are responsible for the other information. The other information comprises the report of directors as required by the Companies Act, 2015, and the statement of the directors' responsibilities which are obtained prior to the date of this report, and the annual report which is expected to be made available after that date.

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

In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 matter described in the Basis for Conclusion on Lawfulness

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON OTHAYA MUKURWEINI WATER SERVICES COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Othaya Mukurweini Water Services Company Limited set out on pages 1 to 49, which comprise the statement of financial position as at 30 June, 2019, and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Othaya Mukurweini Water Services Company Limited as at 30 June, 2019, 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 Companies Act, 2015 and Water Act, 2016.

Basis for Qualified Opinion

1. Unconfirmed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.22,176,307 as at 30 June, 2019. However, the fixed assets register has omitted important information on the assets including the serial numbers and location, accumulated depreciation and estimated values of fully depreciated assets. In addition, the fixed assets were not tagged for ease of identification and tracking.

In view of the foregoing, the accuracy and completeness as well as secure custody of the property, plant and equipment balance totalling Kshs.22,176,307 as at 30 June, 2019 could not be confirmed.

2. Doubtful Trade Receivables

Note 20 to the financial statements reflects gross trade receivables totalling Kshs.225,289,553 which includes debts totalling Kshs.195,338,975, or 87% of the total

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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REPORT OF THE INDEPENDENT AUDITORS ON OTHAYA MUKURWEINI WATER SERVICES COMPANY

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes:

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

The Directors accept responsibility for the entity'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. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the Board on August 9, 2019 and signed on its behalf by:



Board Chairman



Managing Director

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019, which show the state of the entity's affairs.

Principal activities

The principal activity of the entity is to provide clean and waste water services to residents of Mukurwe-ini and Nyeri south Sub-Counties.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1. Below is summary of the profit or loss made during the year.

Dividends

The company is limited by guarantee and does not recommend payment of dividends for the financial year ended June 30, 2019.

Directors

The members of the Board of Directors who served during the year are shown on page ii. In accordance with Regulation 42(b) of the entity's Articles of Association, Mr Ephantus M. Gichohi retire by rotation. He was not eligible for re-election.

Auditors

The Auditor General is responsible for the statutory audit of Othaya Mukurweini Water Services Ltd in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



GIKUH KIANA & COMPANY
COMPANY SECRETARY
NYERI

DATE: 27/9/2019.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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The company paid bills for customers who needed water restored due to economic constraints arising from sickness in the family under CSR amounting to Kshs24,500 for the financial year then-ended.

The company constructed a toilet for one customer in line with provision of clean sanitation valued at Kshs 23,840. The company participated in the December 2018 Christmas tree lighting.

Figure 6; Toilet constructed for customer



During the year the company issued 10 cartons of bottled water to Othaya mosque valued at Kshs 3,800 during Ramathan month.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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Figure 4; Board of Directors Tree Planting Exercise



Figure 5; Chairman planting Tree at the Ponds

Figure 1; Tree Planting at Njigari in the forest



Figure 2; Staff tree planting exercise at sewer treatment ponds



Figure 3: Tree planting in forest



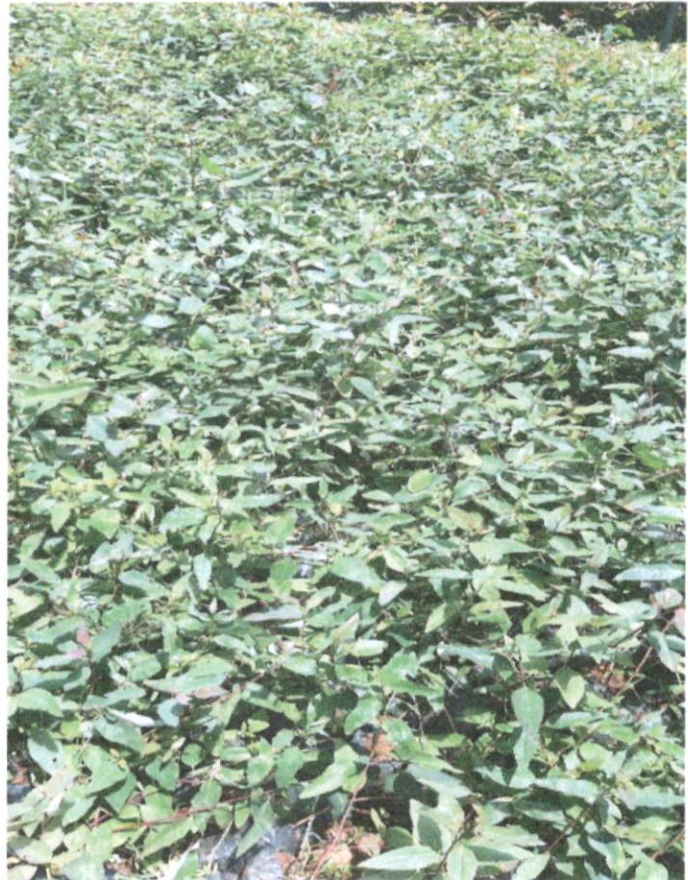
OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The company participated in CSR by consideration of the Sustainable Development Goal No.6 adopted in the United Nations Assembly in September, 2015, which has been enshrined in the 2018-2022 strategic plan of the company.

Environment Conservation; The Company also invested in construction of a tree nursery. The company plan is to ensure the catchment areas are reforested and institutions in the area of distribution also receive tree seedlings. During the year the company raised for planting 6,890 seedlings which were planted and issued to schools and stakeholders. The company planted a total of 3,000 trees at Njigari Forest, 1200 were issued to schools, and the company planted 350 trees in its premises and 800 given to stakeholders to plant in their homes.

The figure below represents company nurseries before transplanting.



OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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For the year ended June 30, 2019

raised a supplementary budget to cater for Incomes not receivable, Payments over/under expenditure. The following items failed to meet the threshold even after careful consideration.

Item	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
Operating Revenue	150,872,621	-	150,872,621	139,640,448	-7%
Other Incomes	9,313,800	(3,359,000)	5,954,800	5,598,215	11%
Bottling income	1,568,000	(784,493)	783,507	763,305	-3%
Interest Income	1,020,000	-	1,020,000	994,169	-3%
Grant			9,851,223	9,851,223	-
Total Revenues	162,774,421	(4,143,493)	168,482,151	156,847,360	-7%
OPERATING EXPENSES					
Administration and General Expenses	24,352,985	717,300	25,070,285	23,300,060	-9%
Personnel Costs	70,496,854	(5,710,362)	64,786,492	60,097,984	-7%
Direct Expenses	27,041,543	(830,000)	26,211,543	23,314,787	-9%
Water Supply Operation and Maintenance	30,535,182	(2,871,145)	27,664,037	28,103,886	2%
Board Expenses	2,808,000	604,000	3,412,000	3,038,300	-11%
Total Recurrent Expenditure	155,234,564	(8,090,207)	147,144,357	137,855,017	-6%
Net Surplus(Deficit)	7,539,857	4,946,714	21,337,794	18,992,363	-11%
Other Budgeted Expenditure					
Tax provision	1,300,000	-	1,300,000	396,183	-70%
ADB Loan Provision	12,000,000		12,000,000	10,000,000	-17%
Capital Costs	4,115,000	(2,635,000)	1,480,000	1,475,827	0%
Total Non-recurrent Expenditure	17,415,000	(2,635,000)	14,780,000	11,872,010	-20%

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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For the year ended June 30, 2019

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(xiv)	Not using riding gear	High	<ul style="list-style-type: none"> • Construct staff storage cabinets • To follow traffic rules • Training of riders • Provide helmets • Allocation of Motor bikes to individual riders
(xv)	Indiscipline	Medium	<ul style="list-style-type: none"> • Team Building • Warning letters • Use of Disciplinary procedures • Evaluation of performance
(xvi)	Communication breakdown	High	<ul style="list-style-type: none"> • Enhance communication • Regular open staff meetings • Cultivate the good culture
(xvii)	Evaluation risks	Medium	<ul style="list-style-type: none"> • Set the performance targets
(xviii)	Virus, hacking, cybercrime	High	<ul style="list-style-type: none"> • Antivirus, restricted administration rights Remote back up
(xix)	Burglary of offices	Medium	<ul style="list-style-type: none"> • Install CCTV • Insure office • Fencing of offices
(xx)	Fire out break	Medium	<ul style="list-style-type: none"> • Insurance • Install fire extinguishers, water Bowsers & Hydrants • Smoke detectors • Trap doors
(xxi)	Legal and compliance risk	High	<ul style="list-style-type: none"> • Compliance • Hire Lawyer

e) Material arrears in statutory and other financial obligations,

The company being in the water sector operates under legal framework guided by the Constitution, water act 2002, Water act 2016, WASREB guidelines, and the company MOA, AOA and policies developed and adopted by the company in its operations. During the financial year the company evaluated itself in regards to various areas of operations and realised the following areas on under-performance as per the table below;

- a. Expired License; the company operating license has expired and the company took steps to apply for a new license with WASREB/. As at the close of the year, the company was looking for finances to pay for the performance guarantee. This is a new condition effected prior to issue of the license.
- b. MOA and AOA; the board evaluated its MOA and AOA with a view to align it with the constitution, Water act 2015, PPOA, and PFM Act.

C. Policies; The company evaluated its Procurement policy, Metering Policy and debt management policy and made steps to strengthen the policies in line with best practice.

d. Budget deficiencies; the company evaluates itself in financial performance in line with the approved budget and make corrective measures for under/over budgets. During the year the company

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(iii)	Consumers with huge debts	High	<ul style="list-style-type: none"> • Negotiate with customers on payment modalities • Timely disconnection of defaulters to manage accumulation of debts • Engage debt collectors • Listing of defaulters with Credit Reference Bureau • Liaison with other agencies e.g. Nyeri County Government, Lands Board • Debt policy
(iv)	Landslides/ mudslide	Medium	<ul style="list-style-type: none"> • Reroute pipelines • Anchoring • Change of pipe materials • Installing of Pressure Reducing Valves • Timely repair of leaks
(v)	Wildlife menace	Low	<ul style="list-style-type: none"> • Engage KWS • Reroute pipelines
(vi)	Destructive land use practices in water catchment areas	High	<ul style="list-style-type: none"> • Rehabilitation of catchment areas • Public awareness • Liaising with the KFS to plant trees
(vii)	Conflict over the competing uses of the water resources	High	<ul style="list-style-type: none"> • Conduct public awareness • Engage Water Resources Management Authority
(viii)	Climate Change	High	<ul style="list-style-type: none"> • Build storage facilities • Participation in Conservation of the environment • Create public awareness
(ix)	Corruption	High	<ul style="list-style-type: none"> • Good corporate governance • Building strong ethical practices • Enforce/ invoke the law
(x)	Irrigation, boreholes and wells	High	<ul style="list-style-type: none"> • Creation of public awareness • Provision of reliable treated water supply.
(xi)	Quality risk	medium	<ul style="list-style-type: none"> • Specification • Reporting & Inspections • Monitoring
(xii)	Safety of valves installations	Medium	<ul style="list-style-type: none"> • Secure the valves by cementing. • Sensitize the community on the need of ownership
(xiii)	Non-delivery of goods risk	Low	<ul style="list-style-type: none"> • Enhance inspection committee • Fill the bin card immediately after issue and delivery of items • Stores management system

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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For the year ended June 30, 2019

c) Entity’s compliance with statutory requirements,

The company ensures compliance with statutory requirements;

- **Board Representation;** The company elects board through stakeholder representing various interest groups in the area of operations. As a policy women, youth and persons with disability are encouraged to apply. The company has three women directors two elected duly and one appointed by the county.
- **Water Quality;** the company undertakes continuous quality checks on the water being supplied to ensure it meets quality tests. The effluent is also checked to ensure adherence with the set standards.
- **Qualification of management;** the company management are appointed on merit basis to ensure they meet the minimum standards for the company.
- **Tax and VAT compliance;** The company files the VAT returns on a monthly basis, in addition the company is an appointed agent for Withholding VAT consequently all vatable invoices are withheld and remitted to KRA by the 20th day of the month following the withholding, and pays PAYE on time. The company files all returns on an annual basis and pay taxes whenever due.
- **Compliance with other statutory requirements;** the company complies with the regulatory requirements in operations. The company reports on a quarterly basis the incomes and expenses with budget comparative to the treasury, the county government MNE reports. The service provision agreement for the company expired in December 2017 and the management prepared the new SPA and submitted the document in May 2018 to WASREB through the County Government of Nyeri.

d) Major risks facing the organisation; the following matrix represents the risks facing the company and the mitigating factors.

No.	RISK FACTOR	LEVEL OF RISK	MITIGATION MEASURE
(i)	Inadequate resources	High	<ul style="list-style-type: none"> • Efficiency in resource utilization through Proper annual work plans & budgets • Documentation and reporting on resource utilization • Enhance Public Private Partnership (PPP) to support capacity building, technical assistance and exchange programs • Increase generation and collection efficiency
(ii)	Staff turnover	Medium	<ul style="list-style-type: none"> • Build Capacity • Enhance staff incentive programs • Improvement working environment

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019

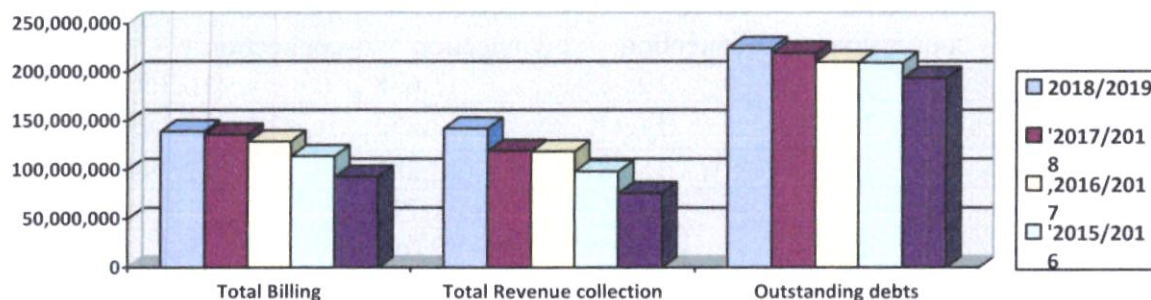
NO	Resolution	Status
1	Reduce NRW to 50% by December 2019 year.	<ul style="list-style-type: none"> • The management invested in PRVs, Air valves, line replacements and Creation of DMAs and Sub DMAs. • Metering of flat connections, meter relocations and disconnection of inactive connections from the main. • Replacement of high loss lines.
2	The approval of procurement policy, metering policy and debt management policy.	<ul style="list-style-type: none"> • The company aligned operations with the approved policies.
3.	ADB loan repayment. The management to make s standing order for Kshs 1Million as arrangement to accrue ADB loan repayment.	<ul style="list-style-type: none"> • A total of Kshs 10 Million set aside against a target of 12 Million.

b) Key projects or investments decision implemented or ongoing,

NO	Projects/Proposals	Status
1	Kangurwe – Ithanji; this was an OMWASCO funded 2.8 km x 110 mm dia HDPE pipeline. It connect water supply between Kangurwe and Ithanji tank of Mukurweini.	<ul style="list-style-type: none"> • It completed and operational.
2	Gichecheni–Ngoru 225mm dia. augmentation pipeline 7km County Government of Nyeri funded pipeline project. It augments water to Ngoru tank.	<ul style="list-style-type: none"> • The project was completed this early this year.
3.	Ngoru-Thangathi 160 mm dia uPVC pipeline, This is a 9km County Government funded pipeline project. It augments water to Thangathi tank.	<ul style="list-style-type: none"> • The project was completed this early this year.
4.	Gichecheni- Karundu 225 mm dia uPVC pipeline This a 15 Km TWSB funded project. 90% of pipe laying is complete. Remaining works are connections at both tanks, joining few sections of the pipeline installation of valves and testing.	<ul style="list-style-type: none"> • Work in progress
	Karundu- Ngamwa 160 mm pipeline This is a 10km County Government of funded project to augment water to Kaini areas and beyond	<ul style="list-style-type: none"> • Work in progress
5	Giathugu tank; The tank was funded by The county Government of Nyer to augment water in Mutonga	Completed and in use
4	Kaharo- Karuithi 225 mm dia. uPVC pipeline. This is a 4.8km County Government funded project to augment water to Kairuthi tank. This is to enable to have adequate water supply to the newly built Othaya Referral Hospital	Ongoing

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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2016/2017	129,086,454	119,117,612	210,874,111
2015/2016	114,080,335	98,491,032	210,303,007
2014/2015	92,767,369	76,313,014	194,713,704



Note

The measurable Key indicators are indicated by the table below.

Indicator	Target	Company Position
Water quality	95%	82%
Non-Revenue water	20%	57%
Water Coverage	90%	77%
Hour of supply	17-24 hrs	23HRS
Staff productivity /1000 connection	<5	6
Personnel Expenditure as percentage of O&M	<20%	51%
Revenue Collection efficiency	>95%	92%
O & M cost Recovery	>150%	105%
Metering Ratio	100%	89%

- The matrix below shows key resolutions made by the board adopted and implemented by the management in the financial year;

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

I am pleased to present the 2018/2019 financial report for Othaya Mukurweini Water Services Company. This reports highlights various operational, Financial and key matters that relate to the company.

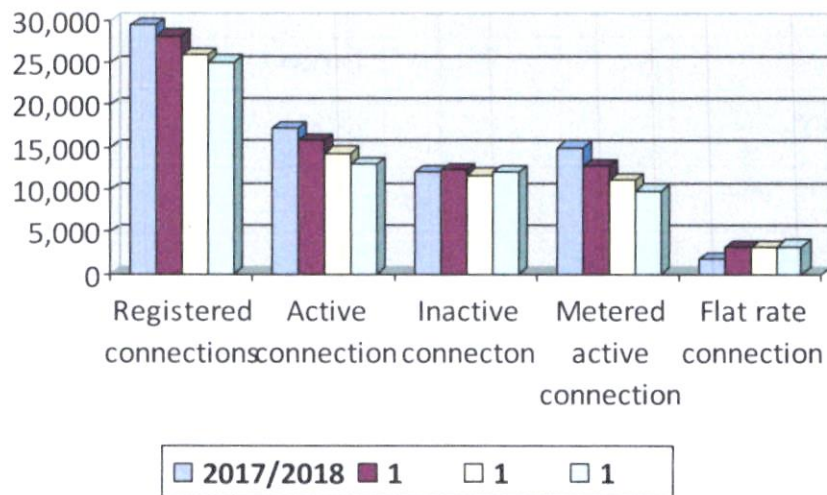
a) Operational and financial performance

The company during the year implemented various board resolutions aimed at improving the performance of the company.

Financial performance; the company performance has been growing over the years as indicated;

- Growth in customer over the four year period

Year	Registered connections	Active connection	Inactive connection	Metered active connection	Flat rate connection
2018/ 2019	30,750	19,383	11,638	16,360	1,000
2017/2018	29,723	17,470	12,253	15,229	1,421
2016/2017	28,172	15,881	12,291	12,799	3,082
2015/2016	25,978	14,265	11,713	11,054	3,211
2014/2015	25,095	13,059	12,036	9,822	3,237



Revenue; The billing, and revenue collection for the years have been on a rising trend as indicated hereunder. However the debts have also increased although with a small margin of about 2.5%. Company makes provisions for debts not recoverable at the rate of 20%.

Year	Total Billing	Total Revenue collection	Outstanding debts
2018/2019	155,853,191	142,477,121	225,289,553
2017/2018	136,981,495	119,486,844	220,207,979

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019

- b) To implement appropriate Asset Management Techniques
- c) To develop an Asset Management Plan and Procedures in accordance with requirements in the SPA.
- d) To manage the assets in an economical, efficient and sustainable manner.
- e) To foresee any improvements and demands of water services within the area.
- f) To connect, disconnect and re-connect and charge for water services to the consumers

In this regard we are committed to best practice and continuously seek to promote best corporate governance practice.

Induction and training, board and member performance, the company board is inducted on the various matters of importance with the board. During the year the board was taken through corporate governance that covered the following topics; corporate governance, role of the board and management. The board had an opportunity to benchmark with Nakuru Rural Water and Nyahururu water on key strategic areas of operations in the year. The board further undertakes an annual self-evaluation of the members and reports to WASREB on the board performance.

Conflict of interest; the board of directors is cognisant of the requirement to be free from any interest and where there is real or perceived interest, the board members are obligated to declare the interest. The board has opened a register of interest to record any member interest at the agenda tabled in committee and board meeting. During the financial year ended June 30, 2019 there was no interest admitted in any of the committee or the board.

Board remuneration, the company operates in a regulated sector. The cost attributed to the board is capped to 2% of the O&M costs. During the year the board costs for the various engagement with the stakeholders amount to Kshs 3,632,300 which is 2.63% of the O&M costs. The board will continue to run within the costs associated to the company.

Ethics and conduct; The Board has identified internal and external stakeholders on which they agree in policy on how to relate to them especially relation to appointing the Directors and monitoring the performance of the company.

CORPORATE GOVERNANCE STATEMENT

OMWASCO is committed to operating under a clear governance framework and strongly adheres to sound management and control practices.

OMWASCO is committed to ensuring compliance with the provisions of the water Act 2016 and the Service Provision Agreement signed with by Tana Water Services Board among other regulatory and supervisory corporate governance requirements.

Company performance

The board shall ensure that:

1. The company adheres to minimum service level guarantee in the Service Provision Agreement and produces quarterly reports on those indicators
2. The company issues a performance guarantee as advised by WASREB to ensure that the specified risks are covered.
3. The company issues a performance evaluation report to its shareholders and stakeholders at the end of year.

OMWASCO has continued to implement corporate governance guidelines. Governance is implemented through three board committee that meet on quarterly basis to deliberate and give guidance on the effective implementation of the company vision, mission and goals.

During the year the board of the company scheduled and met five times to deliberate and make resolutions on general business of the board. The board had additional meetings on need arise basis to discuss, resolve and implement key agendas that would not have been implemented in the ordinary business of the company as follows; Nyeri County PAC invitation, Governor's invitation, Board tour-Water facilities, Board meeting Nyeri county Gov't, MD shortlisting, MD interviews, TM interviews, HRAM Interview, Memorandum and Articles Review, AGM preparation

Succession planning; during the financial year the board in exercise of its mandate recognises the role of a stable company in the achievement of the strategic goals of the company. To effectively plan and execute a seamless implementation of the board mandate, the board in the financial year implemented a number of measures including; during the year the company faced an exit of key management staff including HRAM in search of greener pastures and Technical manager due to performance issues.

The company has implemented the board charter, which defines the roles of the board. The board undertakes an annual evaluation of the board performance in line with the Charter and realigns itself to meet its mandate.

The company memorandum and articles of association have defined the process of appointment and removal of directors. The MOA and AOA recognises the role of stakeholders in effective appointment and retire of directors. As a policy the company recognises the need for gender balance in appointment of board. The company undertook a review of the MOA and AOA to align it with the changes of the company act 2015 and water act 2016. This is stressed in the advertisement & filling the position of the board of directors where women and persons with disability are encouraged to apply.

Roles and functions of the board,

The Board has ensured that proper management structures that maintain integrity, reputation and responsibility are place.

Our key mandate is;

- a) To maintain the assets in serviceable conditions according to good utility practice.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019

Githagara, Gichecheni and Kanunga tanks. Gatura tank at Kanunga zone has been re-commissioned to act as a BPT.

Revenue collection; out the 18,000 billed customers only about 10,000 customers who turn out to pay. This affects the company cash flows and its financial commitments and accumulated debts.

Servicing the ADB loan; from 2012 to 2014 the company Treatment works, main distribution lines were improved through ADB loan. The loan repayment is due for repayment but the company is unable to service the loan due to low customers' repayment.

Dormant accounts; There are about 12,000 inactive customers in our books which add up to 30% of the company total account. The company has made steps to revive them and also increase the connections to more than 35,000 to elevate the company to a very large category as a policy.



SYMON M MUNENE
MANAGING DIRECTOR

REPORT OF THE MANAGING DIRECTOR

The Chairman, BOD, Stakeholders and members of staff, it with great pleasure that I present a report on the company performance for the year ended June 30, 2019. I thank the almighty God for enabling us to walk through the year with a success. I also thank the entire stakeholders for the unrelenting support that has ensured a smooth running of the company.

The following information relates to the company performance in the year and key milestones achieved.

Proposals for funding; the company has prepared and submitted two proposals. One proposal of about Kshs.141 million is a Performance Based Finance (PBF). It was submitted to the World Bank through WASREB. The other one is on Aid on Delivery (AOD) was submitted to WSTF. Both are commercially financed proposals where the company will get commercial loan from financial institutions at commercial interest rate. The proposals are at an advanced stage of evaluation and are aiming to;

- Rehabilitate the weaker section of pipe networks especially at both Othaya and Mukurweini town.
- Water supply treatment facility at Kihari of Gatango –Muranga.
- Sewer extensions at Othaya town and completion of Gakindu Public sanitation facility.

GIS data collection exercise; the company is developing a GIS as system to ease the service delivery. The system will enable to the company to know what the operation technicians are doing on daily basis. The customers will be easily traced through map navigators thus used for meter reading disconnection and reconnections.

Bottling plant; The Company has installed a commercial bottling plant at Chinga T/W with a production capacity of 2000l/hr. The plant is ready with all the approvals and requirements from various bodies.

Technology; the company has been using various technologies for efficiency in service delivery.

i. Meter reading software

The company has adopted the software for meter reading where meters are read and photograph taken and submitted in real time to billing system which generates the bills. The bill are dispatched through SMS for individuals and emails for learning institutions.

ii. Electronic bill payment platforms

M-pesa payment with pay bill No 968200 and Equity Bank eazzy pay No 440440 we will encourage the customers to embraces the electronic payment because sooner or later we shall eliminate the cash payment

iii. Maji-Voice

This a platform to where customers' complaints are registered allocated to different employs for action. For reconnections once entered reflect to the responsible employee immediately.

Challenges;

NRW; The company is still experiencing high NRW ranging between 50-55% due to various factors, like leaks, illegal customers activities i.e. both commercial and technical losses. The company is tackling one zone at a time. During the year there have been effort to manage NRW at Kanunga, Gikondi and Thiha zone of Mukurweini, Chinga North, Iriaini, Karima and Mahiga in Othaya. All customers in the zone have been metered, zonal and sub zonal meters are under installation. The branches have sub zone meters. An area which used to experience rationing is now enjoying water on 24/7 basis. To eliminate overflows float valves have been installed at

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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5. **Board Policies;** the company is managed by a corporate Management team that is accountable to the board through the three board committees (Audit, Finance and Technical committee). The committees meet on quarterly basis to review the operations and bridge any gaps by making recommendations and Policies. During the year, a review of the company Procurement policy, NRW management policies, Metering policy and Debt Management Policies. The company is in the process of reviewing its five year strategic plan.
6. **Environmental conservation;** One of the global challenges affecting the country is environmental degradation. Water being a resource dependent on the environment faces a high risk if adequate measures are not taken. The company has taken measures to be proactive in environment conservation through;
- Treatment of sewer water at Othaya within acceptable benchmarks.
 - Inclusion of environmental conservation in its plans and Budget plans.
 - Planting of tree nurseries (over 6000 trees are ready for planting)
 - The board has launched a tree planting excise in the forest and company facilities
 - The staff and various schools were issued with trees for planting.
 - The stakeholders during the year were also issued with five trees each.
7. **Emerging Audit Issues;** the board has been performing fairly in all matters raised during previous annual audit excise. The only pending matters are lease fees and NRW which the board has made adequate policies to progressively address the issues. The scope of audit has expanded to operational efficiencies where the company has focused its attention.
- Trade Receivables; The company inherited debts from the ministry totalling over 90 Million. These debts have been accumulating to a total of over 220Million, whereas there are strategic and operational objectives to reduce debts, the company is currently reviewing the debt management policy to ensure alignment to company objectives.
 - Revenue Collection; the company has adopted ICT, extension of water pipelines, metering and operational efficiencies which has resulted in increased billing and collection. The Board and management is working together to make policies to address the emerging gaps.

Finally, members I would like to thank the Nyeri county government, TWSB, stakeholders, board of directors, consumers, the management and staff of OMWASCO for their individual and corporate contribution towards the success of the company.



Thankyou
ARTHUR G MUKIRA
CHAIRMAN

CHAIRMAN'S STATEMENT

Distinguished guests, CECM water & Environment, Fellow board members, stakeholders and members of staff good morning. I take this opportunity to welcome you to this year's stakeholder meeting. We thank the almighty God for giving us the opportunity to see another year in which we will consider the gains made by the company. During the year the company has made great strides towards implementation of company policies aimed at achieving growth of the company reduction of NRW and establishment of effective governing system.

1. **Extension of water pipelines;** the company has partnered with the stakeholders in water extension, been proactive on extending water supplied to Othaya and Mukurweini. The company invested over Kshs 10M on various project funded by stakeholders including Tana Water Services Board 8,207,600, County government of Nyeri 721,356 and OMWASCO 1,636,436 applied in rehabilitating of existing pipelines in the company, in addition the company also received Kshs 1,000,000 to facilitate rehabilitation of pipelines. We are grateful to the stakeholders for the input made by the company stakeholders.

2. **Non-Revenue Water Management;** The board in a bid to check the water losses occasioned by water bursts made recommendation for participatory management of NRW. The resolutions passed by the BoD focused on ensuring;
 - All New connections are metered
 - Management of pressures by approving purchase & Installation of PRVs (pressure Reducing Valves) in {Kanunga Zone, and Karima Zone}
 - Active NRW management is underway at Kanunga Zone, Chinga North, Iriaini Zone Mahiga Zone and Karima Zone.
 - Installation of ball valves at Githagara old, Gichecheni and Kanunga tanks

3. **Revenue Growth**
The company revenues have been growing over the years and this is in line with the cost recovery strategies.




Details	Financial Year			
	2015/2016	2016/2017	2017/2018	2018/2019
CASH COLLECTED	98,491,032	119,117,612	119,486,844	142,477,121
EXPENSES PAYABLE (Net of Provision)	108,223,562	127,411,661	126,160,260	132,321,669
Cost recovery	91%	93%	95%	108%

4. Tariff & License

The company license and tariff has expired. The management has made application for the license that is due to be issued upon approval by WASREB. We appreciate stakeholders for the support given during stakeholder participation for license review. The company has been advised by WASREB to pay for performance guarantee in order to receive the approved license.

The company is in the process of review of the tariff to be aligned with the economic conditions and cost recovery measure. You will be updated as the matter progresses. During the year ending June 30, 2019, the company undertook a tariff study which is a requirement for license application.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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 <p>Catherine Gathoni Wambui</p>	<p>Human Resource Manager</p>
 <p>Duncan Nderi</p>	<p>Technical Manager</p>
 <p>CPA Lydia Njeri</p>	<p>Internal Auditor</p>

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

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For the year ended June 30, 2019

MANAGEMENT TEAM



Symon Munene

Managing Director



Richard Kiana Gikuhi

Company Secretary



CPA Peter Ndirangu

Commercial Manager

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
Annual Reports and Financial Statements
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Stanley Mutuota

He is the Chief Officer Water Environment and Natural Resources in Nyeri county Government. Holds BSC agriculture from Nairobi University 1984 and water resource management certification.; He has experience in irrigation water management spanning 35 years and has been provincial irrigation water management officer in central and eastern province before implementation of devolution.



Richard Kiana Gikuhi
Company Secretary

He is a member a member of ICPSK Certificate R/NO 285. He is secretary for various public institution and FKIM member. He hold other directorships in public institution.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019



Samuel Ndiritu Gichuki

He is a Director appointed representing special groups. He holds directorships in various public entities in Nyeri South sub county and is an experienced business man in Nyeri south sub-county. He has certifications in Leadership for change trainer of trainers, and cooperative administration



Mr. Samuel Kago Githaiga




The directors has built his career in the construction industry to the level of site supervisor. He has been a board chair in various education and other institution spanning years and sub county representative in alcoholic regulations board. He was elected to the board at the 2018 AGM.



Ms. Hannah Maranga

She is the Chief Officer Lands, Housing, physical planning and urbanisation in Nyeri county Government. She is registered Physical planner and a senior government officer with over 20 years' experience in land use management. She has held various positions for community development both in the government and private sector. She was seconded from the county government to join the board.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2019

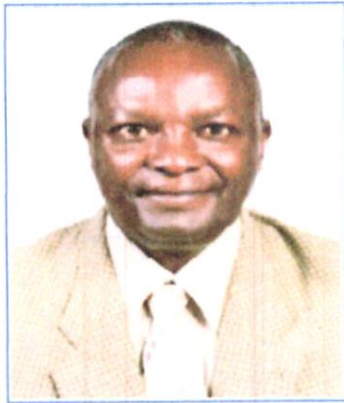
 <p>Mr. Ephantus Gichohi Muthee</p>	<p>He is a board member representing Gakindu Dairy Cooperative. He is a member of Audit & Governance Committee. He holds a Diploma in Modern Salesmanship.</p>
 <p>Mr. Waithaka Kibaki</p>	<p>A Board member representing CDF- Mukurwe-ini and a member of Technical and Planning Committee. He is a holder of certificate in Mechanical Engineering.</p>
 <p>MS. Rachel Muringi</p>	<p>She is a businessperson holding leadership position in Nyeri south sub-county. She is an astute businessperson holding various investments in the county.</p>

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019

THE BOARD OF DIRECTORS



Mr. Arthur Mukira,

He is the Chairman to the board representing Chinga tea factory and a member of Finance and Administration committee.

He holds a B.A degree from USA he has associates in arts Marketing and retailing from Strayer college, an established farmer and former Chairman Chinga Tea factory. He has been a member of board of governance for Chinga Boys, Kiamuya and Kariko secondary

He has extensive knowledge in marketing, debt collections, customer relations & environmental management acquired while working with Crown Paints as the manager in charge.



Mr. Symon M. Munene,

He is the Managing Director and secretary to the board. He is a holder of HND (Water engineering) from Kenya polytechnic, holder of Diploma business management (KIM) holder of MBA (JKUAT), a full member of Kenya Institute of Management and holder of various certificates on short-term courses and a certified M&E. He has extensive experience in water sector like construction of high dams, construction of water supplies, and operation and maintenance of water schemes. He has served the company as the Technical Manager for over five years.



Mr. Robert Mwangi Kingori

He is a board member representing Karima Catholic Church and member of Audit, Risk and Governance Committee. He has served the country as an administration officer (Chief) for many years before his retirement.

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2019

KEY ENTITY INFORMATION (Continued)

Corporate Secretary

Gikuhi Kiana & Company.

P.O. Box 1271 – 10100

Nyeri

BANKERS

1. Kenya Commercial Bank Ltd.

P. O. BOX 201-10106

Othaya

Kenya

2. Equity Bank

P.O. Box 436-10106

Othaya

Kenya.

3. Co-operative Bank

P. O. BOX 256-10106

Othaya

INDEPENDENT AUDITORS

Auditor General

Kenya National Audit Office

P.O. Box 30084 - 00100

Nairobi.

Kenya.

Registered Office & Corporate Headquarters

OMWASCO BUILDING

Off Kanyange Road

P. O. Box 482-10106

Othaya.Kenya.

Corporate Contacts

Telephone: (254) 702145585

E-mail: omwasco@gmail.com

Website: www.omwasco.co.ke

Principal Legal Advisers

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

OTHAYA MUKURWE-INI WATER SERVICES COMPANY

Annual Reports and Financial Statements

For the year ended June 30, 2019

KEY ENTITY INFORMATION

Background information

The company was incorporated in Kenya under the companies Act Cap 486 limited by guarantee on 29th may 2006 and started operations on 7th July 2006.

Principal Activities

The principal activity of the company is to provide water services to residents of Mukurwe-ini and Nyeri south Sub-Counties.

CORE VALUES

OMWASCO is firmly committed to the following core values:

- i. Customer focus
- ii. Corporate responsibility
- iii. Environmental conservation.
- iv. Integrity transparency and accountability
- v. Team work
- vi. Networking
- vii. Response to technology
- viii. Innovation and creativity

VISION

A water service provider choice.

MISSION

To be a provider of accessible, adequate, affordable and quality water services while conserving the environment.

DIRECTORS

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

1) Mr. Symon Munene	Managing Director	Appointed on 01/01/2017
2) Mr. Arthur Gachugi Mukira	Board Chairman	Appointed on 18/06/2018
3) Mr. Robert Mwangi King'ori	Director	Appointed on 26/05/2017
4) Mr. Ephantus Muthee Gichohi	Director	Appointed on 26/04/2016
5) Mr. Waithaka Kibaki	Director	Appointed on 26/05/2017
6) Ms Rachel Muchunu	Director	Appointed on 26/05/2017
7) Mr. Samuel Gichuki Ndiritu	Director	Appointed on 18/06/2018
8) Mr. Samuel Kago	Director	Appointed on 18/06/2018
9) Mr. Stanley Mutuota	Director	Seconded From Nyeri County Govt
10) Ms. Hannah Maranga	Director	Seconded from Nyeri County Govt

OTHAYA MUKURWE-INI WATER SERVICES COMPANY
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P. O. Box 30034 - 00100, NAIROBI
REGISTRY

- 5 JUN 2020

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OTHAYA MUKURWEINI WATER SERVICES COMPANY

DRAFT ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019

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

P.O. BOX 482-10106 OTHAYA
Telephone: 0702145585
E-mail: omwasco@gmail.com
info@omwasco.co.ke

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CENTRAL HUB

30 SEP 2019

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P. O. Box 267 - 10100, NYERI

BUNGOMA COUNTY GOVERNMENT

Reports and Financial Statements

For the year ended June 30, 2020

148	Wassere.a systems	3,780,206	16/6/2020		3,780,206		Drilling Of Syombe And Kimaeti Boreholes In Kimaeti
149	WESTLINK ELECTRICAL ANI	2,600,000	17/06/2020	-	2,000,000		PROPOSED SOLAR POWERED FLOODLIGHTS
150	Wilkore Buildings	466,825.0	10/12/20119		466,825		
151	Xerox ventures 3930 bungoma	993,382	7/8/2015	99,382		894,000	Drilling and equipping of borehole with a hand pump
152	yonak (k) limited	9,694,062	4/8/2018	8,086,100		1,299,200	periodic maintenance of catholic compel pembere- muji r
153	Zebby infor systems ltd	1,424,910	31/3/2015	712,455		712,455	Protection of 8 water Springs and 2No roof catchments
154	Ziggien o Ltd	8,653,281	19/12/2018	8,168,578		484,703	Periodic Maintenance of Roads in Tongaren ward
155	Ziyale Investment	1,601,500	19/9/2015	1,361,275		240,225	Drilling of Mutonyi borehole
156	Ziyale Investment	1,601,500	19/9/2015	1,441,350		160,150	Drilling of Sengeteti Borehole
		1,205,628,920.7		832,324,995.2	143,282,627.8	183,829,004.5	
Supply of goods							
157	AMYLIN CHEMIST	59,250	11.7.16			59,250	MEDICAL DRUGS
158	M/S KENYA SEED COMPAN	20,205,900.00	19/02/2020		20,205,900.00		SUPPLY AND DELIVERY OF CERTIFIED MAIZE
159	ACCORD MEDICAL SUPPLIES	56,250	20.2.17			56,250	LAB REAGENTS
160	AFRICAN TOUCH SAFARIS	962,358.14	30/6/2020		962,358.14		AIR TRAVEL TICKETS
161	AMYLIN CHEMIST	68,000	25.10.16			68,000	MEDICAL DRUGS
162	AMYLIN CHEMIST	1,956,049	20.7.16			1,956,049	NON PHARM
163	augumary	233,700	6/18/2019	206,100.00	27,600.00		supply of news papers
164	AUGUMARY ENTERPRISES	92,000	10.4.18			92,000	supply of newspapers
165	AUGUMARY ENTERPRISES	128,100	10.3.18			128,100	supply of newspapers
166	AUGUMARY ENTERPRISES	25,000	8.5.18			25,000	COMPUTER ACCESSORIES
167	AUGUMARY ENTERPRISES	25,470	20.1.18			25,470	OFFICE STATIONERY
168	AUGUMARY ENTERPRISES	197,000	7.5.18			197,000	OFFICE STATIONERY
169	BANCO AGENCIES LTD	428,400	28.2.19			428,400	BEDDING AND LINEN
170	BANCO AGENCIES LTD	442,000	22.2.19			442,000	BEDDING AND LINEN
171	BAROWEST SUPPLIERS AND S	681,020	24.9.18	-		681,020	SUPPLY AND DELIVERY OF OFFICE STATIONA
172	BENFRY SIMOTWO	1,800,000	26.1.19	-		1,800,000	ACQUISITION OF LAND FOR KOICA
173	BESTECH ENTERPRISE P.O B	127,600	23/2/2015			127,600	SUPPLY OF IPAD
174	BIGSHORE ENTERPRISE	306,500	4.10.16			306,500	NON PHARM
175	BIOCARE DIAGNOSTICS	390,670	17.1.18			390,670	LAB REAGENTS
176	BIOLINE AGENCY	68,400.0	26.3.14		68,400.0		LAB REAGENTS
177	BIOLINE AGENCY	53,500	23.7.16			53,500	LAB MATERIALS
178	BIOLINE AGENCY	91,800	7.6.16			91,800	LAB REAGENTS
179	BIOLINE AGENCY	396,500	11.4.17			396,500	LAB REAGENTS
180	BIOLINE AGENCY	68,400	24.6.17			68,400	LAB REAGENTS
181	Bioline Agency limited	172,400	18.2.17	142,600		29,800	Supply of lab reagents
182	BIOSCAN DIAGNOSTICS	451,790	1.10.16			451,790	LAB REAGENTS
183	BIOSCAN DIAGNOSTICS	55,300	28.12.17			55,300	LAB REAGENTS
184	BIOSCAN DIAGNOSTICS	76,380	12.3.17			76,380	LAB REAGENTS
185	BIOSCAN DIAGNOSTICS	403,900	8.2.18			403,900	NON PHARM
186	BIOTEC LABORATORIES LTD	289,000	15.4.16			289,000	LAB REAGENTS

BUNGOMA COUNTY GOVERNMENT
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187	BROOKHART HEALTHCARE	30,000	22.5.19			30,000	LAB REAGENTS
188	Bungoma Chemist	197,400	1/9/2015			197,400	Farm Inputs For MabangaAtc
189	Bungoma Chemist	197,400	1/9/2015			197,400	Farm Inputs For MabangaAtc
190	BUNGOMA CHEMIST	43,000	18.4.18			43,000	NON PHARM
191	BUNGOMA CHEMIST	55,000	19.4.17			55,000	SANITARY ITEMS
192	CHARLINK GENERAL SUPPLI	6,800.0	31.7.15		6,800.0		BUILDING MATERIALS
193	Chem labs limited	140,795	MAY.18			140,795	Supply of lab reagents
194	Chem labs limited	55,846	MAY.18			55,846	Supply of lab reagents
195	CHEMICALAND LTD	58,420	12.2.18			58,420	FORMALIN
196	CHEMICALAND LTD	57,785	20.2.17			57,785	SANITARY ITEMS
197	CHEMICALAND LTD	33,477	25.10.16			33,477	SANITARY ITEMS
198	CHEMLABS LIMITED	35,000.0	24.9.18		35,000.0		LAB REAGENTS
199	CHEMLABS LIMITED	35,000	30.9.17			35,000	LAB REAGENTS
200	CHEM-LABS LIMITED	1,776,995	29.5.15			1,776,995	LAB REAGENTS
201	CHEM-LABS LTD	171,041.0	27.6.19		171,041.0		LAB REAGENTS
202	CHEMOQUIP LIMITED	58,000	15.2.19			58,000	PLANT AND MACHINERY
203	CHIKHABE ENTERPRISES	383,650	4/1/2019			383,650	Supply of stationery
204	Clark and Colman	42,700,050	31.5.17	31,620,030		11,080,020	Solar street lighting in 18 markets
205	CMC	287,396	22.2.18			287,396	MOTORVEHICLE REPAIR
206	CPF Individual Pension scheme	191,100	June. 2018			191,100	One year pension payable to Nancy Simiyu for one year
207	Crown health care	239,772	12.2.19			239,772	Supply of lab reagents
208	CROWN HEALTHCARE	239,772.0	17.8.18		239,772.0		LAB REAGENTS
209	Crystal hub co. ltd	1,970,000.00			1,970,000.00		supply and delivery of thermo rolls
210	DawaMeds Chemist	99,990.0	26-Aug-17		99,990.0		Medical Drugs
211	DAWAMEDS CHEMIST	129,000	18.3.17			129,000	MEDICAL DRUGS
212	DAWAMEDS CHEMIST	630,890	27.4.16			630,890	NON PHARM
213	Dawn rise Two Enterprises	960,800.00			960,800.00		Deliver of it Equipment
214	DELYCE AGENCIES	351,090	30.6.18			351,090	SUPPLY AND DELIVERY OF OFFICE STATIONAL
215	DEVBEES SOLUTIONS	542,375	22.3.19			542,375	FOOD AND RATION
216	DEVBEES SOLUTIONS	170,000	16.2.19			170,000	FOOD AND RATION
217	DEVBEES SOLUTIONS	170,000.0	31.5.16		170,000.0		FOOD AND RATION
218	DOUGLAS WAFULA BWAMI	96,800	SEP OCT 2019			96,800	DRY MAIZE
219	DOUGLAS WAFULA BWAMI	70,000	3.4.19			70,000	RICE
220	DOVAS PHARMACY	2,500,000	4.11.16			2,500,000	MADICAL DRUGS
221	DOVAS PHARMACY	1,644,690	5.10.16			1,644,690	NON PHARM
222	DOVAS PHARMACY	1,955,805	28.2.17			1,955,805	NON PHARMS
223	DUGLAS WAFULA	70,000	22.1.18			70,000	FOOD AND RATION
224	Eden fumitures	2,393,000	3.8.17	-		2,393,000	Supply of Furniture to dispensaries
225	EMANOK ENTREPRENEURS	84,150	17.1.19			84,150	STEAK MEAT
226	Emperco Alfa Holdings	162,000.00	5/14/2020		162,000.00		purchase of printer and desktop for CECM - finance offi