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WATER SERVICES TRUST FUND



**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2005**

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WATER SERVICES TRUST FUND

Statement of Director's Responsibilities

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust Fund and of its income and expenditure. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

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

Dr. Eddah Gachukia
Chairperson

Eng. Simon G. Mwangi
Chief Executive Officer



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WATER SERVICES TRUST FUND FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2005

I have audited the financial statements of Water Services Trust Fund for the year ended 30 June 2005 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and the Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Fund's state of affairs and its operating results. My responsibility is to express an Independent opinion on the financial statements based on my audit.

Basis of opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

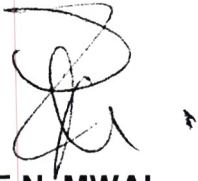
1. Presentation and disclosures in financial statements.

The financial statements have not been prepared and presented according to the requirements of International Financial Reporting Standards and International Accounting Standards as significant accounting policies such as government grants recognition as well as revenue reserves have not been disclosed. Further, there are no notes on donor funds received from SIDA and DANIDA for Kshs.60m and Kshs.151.8m respectively and the nature and purpose for these

funds have not been disclosed. Consequently, the financial statements do not provide reliable, clear and understandable information.

Opinion

In my opinion, except for the above reservation on presentation of financial statements, proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the Trust Fund as at 30 June 2005 and of its surplus and cash flows for the year then ended and comply with provisions of the Water Act 2002.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

14 March 2006

**WATER SERVICES TRUST FUND
BALANCE SHEET
AS AT 30TH JUNE 2005**

ASSETS	NOTES	KSHS
Non Current Assets		
Property and Equipment	1	1,417,712.05
Total Non Current Assets		<u>1,417,712.05</u>
Current Assets		
Staff Debtors	4	391,661.50
Cash and Cash Equivalents	2	268,550,066.05
Prepayments		74,634.00
		<u>269,016,361.55</u>
Current Liabilities		
Tax Payable		168,329.20
Funds Committed to Projects	3	64,349,164.00
Arrears		458,487.00
Total Current Liabilities		<u>64,975,980.20</u>
Net Current Assets		<u>204,040,381.35</u>
Net Assets		<u><u>205,458,093.40</u></u>
FINANCED BY		
Owners' Funds		
Government of Kenya Grant		52,010,000.00
Revenue Reserve (Surplus) Income & Expenditure		153,448,093.40
		<u><u>205,458,093.40</u></u>

SIGNED

DR. EDDAH GACHUKIA

ENG. S G MWANGI

CHAIRPERSON

CHIEF EXECUTIVE OFFICER