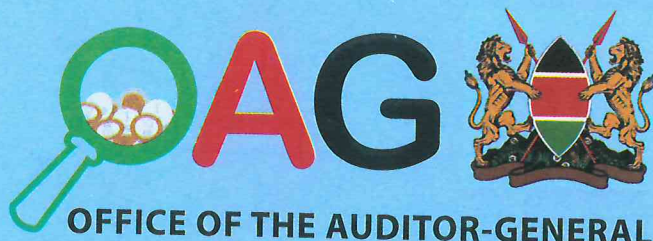


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

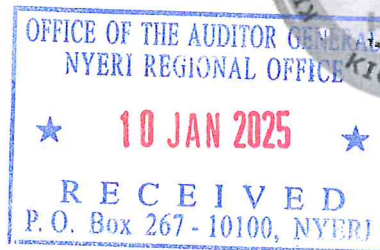
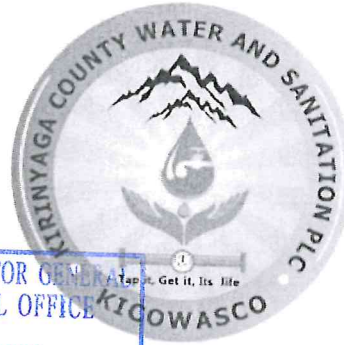
OF

THE AUDITOR-GENERAL

ON

**KIRINYAGA COUNTY WATER AND
SANITATION PLC**

**FOR THE YEAR ENDED
30 JUNE, 2024**



KIRINYAGA COUNTY WATER AND SANITATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Kirinyaga County Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Table of Contents

	Page
1. Acronyms and Glossary of Terms.....	ii
2. Key Entity Information	iii
3. The Board of Directors.....	vi
4. Key Management Team	ix
5. Chairman's Statement	xii
6. Report Of the Ag. Managing Director	xiv
7. Statement of performance against predetermined objectives for FY 2023/24.....	xviii
8. Corporate Governance Statement.....	xxiii
9. Management Discussion and Analysis.....	xxv
10. Environmental and Sustainability Reporting	xxvii
11. Report of the Directors.....	xxxi
12. Statement of Directors' Responsibilities.....	xxxii
13. Report of the Independent Auditors for the financial statements of Kirinyaga County Water and sanitation PLC.....	xxxiv
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024. 1	
15. Statement Of Financial Position As at 30 June 2024	2
16. Statement Of Changes in Equity for the Year Ended 30 June 2024	4
17. Statement of Cash Flows for The Year Ended 30 June 2024.....	6
18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024....	7
19. Notes To the Financial Statements.....	9
20. Appendices.....	48

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

Provide Acronyms and glossary of terms that appear in this annual report and financial statements.

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>KICOWASCO</i>	<i>Kirinyaga County Water and Sanitation PLC</i>
<i>NRW</i>	<i>None Revenue water</i>
<i>WSTF</i>	<i>Water Sector Trust Fund</i>
<i>KERRA</i>	<i>Kenya Rural Roads Authority</i>
<i>KENHA</i>	<i>Kenya National Highways Authority</i>
<i>KURA</i>	<i>Kenya Urban Roads Authority</i>
<i>DTF</i>	<i>Decentralised Treatment Facility</i>
<i>CLSG</i>	<i>Conditional Liquidity Support Grant</i>
<i>WRA</i>	<i>Water Resources Authorities</i>
<i>TWWDA</i>	<i>Tana Water Works Development Agency</i>
<i>EGM</i>	<i>Extra Ordinary General Meeting</i>
<i>NEMA</i>	<i>National Environment Management Authority</i>
<i>OCCR</i>	<i>Operating Cost Coverage Ratio</i>

2. Key Entity Information

Background information

Kirinyaga County Water and Sanitation PLC (KICOWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company was registered and established on 11th October 2023 by the County Government of Kirinyaga. The company is wholly owned by the County Government of Kirinyaga through shareholding. The company effective 24th January 2024 took over all the operations including all assets and liabilities for Kirinyaga Water and sanitation Company Ltd. The company is mandated to supply water and sanitation services in Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County.

Principal Activities

The principal activity of the Company is provision of water and sanitation services in efficient and economical way within its area of jurisdiction.

Main Business Operating Objectives

The Company's main business operating objectives include, but not limited to, the following:

- (a) Increase stake holder's awareness on water sector reforms
- (b) Improve access to sustainable and safe water
- (c) Increase the demand for available safe water
- (d) Increase the access to improved sanitation
- (e) Achieve operational financial sustainability

(a) Vision

'To be a reputable water and sanitation service provider'

(b) Mission

'To provide sustainable, safe and affordable water and sanitation services to our customers through expertise, technology and innovation'

Strategic Objectives

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company's financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

Directors

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

- | | | | |
|-----------------------|---|----------------------|---|
| 1. Mr. Dickson Kinyua | - | Interim of Chairman- | Appointed on 17 th February 2023 |
| 2. Hon. James Mutugi | - | CECM | - Appointed on 22 nd January 2024 |
| 3. Mr. Peter Murimi | - | Chief Officer | - Appointed on 6 th September 2023 |

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

4. Mr. Erastus Waihura	-	Member	-	Appointed on 5 th November 2021
5. Ms. Ivy Prisca Wangari	-	Member	-	Appointed on 17 th February 2023
6. Mr. Kelvin Ndung'u	-	Member	-	Appointed on 23 rd February 2024
7. Ms. Ziphora Wambugu	-	Member	-	Appointed on 23 rd February 2024
8. Ms. Mary Kiura	-	Member	-	Appointed on 23 rd February 2024
9. Ms. Veronica Wangari Waweru-		CECM	-	Left on 22 nd January 2024
10. Mr. James Karuri Kihia	-	Chairman	-	Left on 16 th October 2023
11. Mr. Robert Nganga Munyua	-	Member	-	Left on 6 th September 2023
12. Ms. Lilian Wanja Kagea	-	Member	-	Left on 23 rd February 2024
13. Mr. Peter Muriithi Gichirah	-	Member	-	Left on 12 th October 2023
14. Mr. Robert Githinji Njagi	-	Member	-	Left on 23 rd February 2024

Company Secretary

Gikuhi Kiana & company

P.O Box 10100

NYERI

Registered Office/Headquarters

Kirinyaga County Water and Sanitation PLC

P O Box 360-10300

Kerugoya. opposite Kerugoya Stadium

Corporate Contacts

Telephone: (254) 0746555368/0715413591

Website: www.kicowasco.co.ke

Email: info@kicowasco.co.ke

Corporate Bankers

Co-operative Bank of Kenya

Kerugoya Branch

P O Box 635-10300

Kerugoya

Equity Bank

Kerugoya Branch

P.O Box 1056-10300

Kerugoya

Sidian Bank

Kerugoya Branch

P.O Box 1041-10300

Kerugoya 1020-10300

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

P.O. Box 30084GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya




Magua & Mbatha Advocates

P.O Box 2159-10100


Nyeri

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024



3. The Board of Directors

Directors	Details
 <p>Mr. Dickson Kinyua Ngari</p>	<p>Interim Chairman Full Board</p> <p>Date of Birth: 9th May 1989 He was appointed on 17th February 2023 as a Director representing the Special Interest Group and has eight year experience in Business Administration. Holds a Bachelors of International Business Administration. He is an independent Director</p>
 <p>Mr. James Kinyua Mutugi</p>	<p>Member, Technical Committee</p> <p>Date of Birth: 1973 He was appointed on 22nd January 2024 as a Director representing County Government of Kirinyaga. He is the CECM, Environment, Energy, Climate Change, Natural Resources, Water & Irrigation. Holds Bachelor of Education (Early Childhood Education).</p>
 <p>Mr. Peter Murimi</p>	<p>Member, Fin, HR & Admin and Proc. Committee</p> <p>Date of Birth: 10th September 1986 He was appointed on 6th September 2023 as a Director representing County Government of Kirinyaga. He is the Chief Officer, Water & Irrigation. Holds Bachelor of Education (Arts).</p>




Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

 <p>Mr. Erastus Waihura</p>	<p>Chairman, Fin,HR&Admin and Proc.Committee Date of Birth:7th April 1965 He was appointed on 5th November 2021 as a Director representing Religious organisation. Holds Master of Education in Educational Administration Has over 21 year working experience in teaching profession. He is an independent Director.</p>
 <p>Mr. Kelvin Ngugi</p>	<p>Chairman, Technical Committee Date of Birth: 27th May 1989 He was appointed on 23rd February 2024 as a Director representing Professional Bodies. Holds Bachelor of Engineering in Civil and Structural Engineering. Has 9 year working experience in Engineering. He is an independent Director.</p>
 <p>M/s Ziphorah Wambugu</p>	<p>Chairperson, Audit Committee Date of Birth: 10th August 1973 She was appointed on 23rd February 2024 as a Director representing Commercial Consumers. Holds Bachelor of Business Administration (Accounting and Finance). Has 25 years working experience in Banking and Finance profession. He is an independent Director.</p>
 <p>M/s Mary Kiura</p>	<p>Member, Audit Committee Date of Birth: 29th August 1990 She was appointed on 23rd February 2024 as a Director representing Farmers. Holds Bachelor of Business Management (Purchasing and Supplies Management Option) Has 11 years working experience in procurement. He is an independent Director.</p>





Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

 <p>M/s Ivy priscah Wangari Karanja</p>	<p>Member, Audit/Technical Committee Date of Birth:17th April 1998 She was appointed on 17th February 2023 as a Director representing Women Organisation. She holds Bachelor of Agribusiness management. Has eight years working experience in Business Administration. She is an independent Director.</p>
 <p>Mr. Ephantus Maina</p>	<p>Managing Director Date of Birth:18th July 1979 He is an executive director in charge of the overall business strategy and directions. Serves as the Managing Director and Secretary to the Board of Directors. Holds a bachelor in civil & Water Engineering and has 16 years working experience in engineering and water sector.</p>
 <p>Mr. Richard Gikuhi</p>	<p>Company Secretary Date of Birth:1952 He is the Company Secretary and has Master's degree in Business Administration and Certified Public Secretary with wide range of experience in corporate governance and management of over forty years. He is a member of the institute of Certified Public Secretaries of Kenya and a member of Kenya institute of Management. ICPSK No. 285</p>


4. Key Management Team

Managers	Details
 <p>Mr. Ephantus Maina</p>	<p>Responsibility: Managing Director Qualification: Bachelor in Civil & Water Engineering</p> <p>In charge of the overall business strategy and directions. Serves as the Managing Director and Secretary to the Board of Directors.</p>
 <p>Mr. Richard Gikuhi</p>	<p>Responsibility: Company Secretary Qualification: Master's degree in Business Administration and certified public Secretary.</p> <p>He is a member of the institute of certified public secretaries of Kenya and a member of Kenya institute of management</p> <p>ICPSK No. 285</p>
 <p>Mr. Paul Njau</p>	<p>Responsibility: Technical Services Manager Qualification: BSC Water Resource engineering</p> <p>In charge of the technical Services which encompassed water production, treatment, waste water treatment, design & construction and quality control.</p> <p>EBK NO.B15778 IEK NO 10667</p>

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Managers	Details
 <p>CPA. Caxton Waweru</p>	<p>Responsibility: Finance & Resource Mobilization Manager Qualification: Bachelor of Science in Statistics, CPA(K).</p> <p>In charge of finance and revenue/debt collection and Information technology. ICPAK No.33369</p>
 <p>Mr. Anthony Ndung'u Murigi</p>	<p>Responsibility :Distribution and sales Manager Qualification: :Bachelors of Science (Bio-Systems Engineering)</p> <p>In charge of the operations and maintenance of the water distribution systems , NRW and meter reading EBK No. B16119</p>
 <p>Ms. Susan Wacuka Ngatia</p>	<p>Responsibility: Human Resource & Administration Manager Qualification: Bachelor of Arts in International Relations, Diploma in Human Resource Management.</p> <p>In charge of Human resource and administration.</p>
	<p>Responsibility : Internal Auditor Qualification: MBA (Finance), Bachelor of commerce accounting option, CPA (K), CIFA section 5, CISA.</p> <p>In charge of the Company's Internal Audit department within the directorate. ICPAK No.31817</p>

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

CPA. Joseph Mwangi,	
 <p>Mr. Peterson Murage</p>	<p>Responsibility :Procurement Manager Qualification: MSC procurement &Logistics Bachelor of Purchasing and supplies management</p> <p>In charge of procurement and supply chain.</p> <p>KISM/M/169035</p>

5. Chairman's Statement



I am gratified to present the financial statement of Kirinyaga County Water and Sanitation PLC for the year ended 30th June 2024. On behalf of the board of directors, I take this opportunity to note that, Kirinyaga County Water and Sanitation PLC was established and registered by shares under the company Act 2015 by a certificate of incorporation No. PLC-Y9SGVB dated 11th October 2023. Effective 24th January 2024 Kirinyaga Water and Sanitation Company Ltd (KIRIWASCO) was taken over by Kirinyaga County Water and Sanitation PLC (KICOWASCO) through the signing of asset and liability transfer agreement. The company is wholly owned by the County Government of Kirinyaga.

The statement gives details of the company's performance for the year ended 30th June 2024. This forms the basis for evaluating the company's status and determination of the company's direction in the subsequent year. During the year the company reviewed its Strategic Plan 2021-2026 on September 2023 which is the guide for the company's development direction for the five years. The aim is to improve and increase water coverage from 56% to 75% and sewerage coverage from 0% to 11% by the year 2026.

Within the year the company in its quest to improve water and sanitation service delivery was able to achieve the following;

- a) The company in compliance with Water Act 2016, changed its ownership structure from a company limited by guarantee to a company limited by share (100% owned by Kirinyaga County Government). This was ratified through an Extra Ordinary General Meeting (EGM) held on 17th July 2023.
- b) Increased its annual revenue from Kshs. 162,556,627 for the year ended 30th June 2023 to Kshs. 164,020,552 for the year ended June 2024.
- c) Increase water coverage within our area of jurisdiction from 56% to 64% through extending water services to unserved areas.
- d) Reduced Non-Revenue Water from 55% to 52%.
- e) Secured Kshs. 29,049,250 Million Conditional Liquidity Support Grant II (CLSG II) from WSTF for improvement of the company Operating Cost Coverage Ratio (OCCR)
- f) Secured Kshs. 5,250,485 fund from WSTF on Rurumi Household Sanitation Project to increase the sanitation coverage and also improve construction of improved sanitation in Thiba community thus eradicating water borne diseases.
- g) Worked with Tana water Works development Agency to fast track the completion of Kerugoya/Kutus Water and sanitation infrastructure projects, with a production capacity of 30,000m³/day for water and 5,000m³/day for sewerage which is currently at 97% completion.
- h) Carried out Board of Directors evaluation to determine its effectiveness in management of the company on 21st and 22nd September 2023.

I therefore call upon all company's stakeholders to continue supporting the company for better water and sanitation service delivery within Kirinyaga.

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

Finally, I wish to extend my sincere gratitude to the County Government of Kirinyaga and all stakeholders, the company's Board of Directors, company management and all staff, for their dedicated support.

Thank you.



Dickson Kinyua

INTERIM CHAIRMAN BOARD OF DIRECTORS

6. Report Of the Ag. Managing Director



Introduction

Kirinyaga County Water and Sanitation Company PLC (KICOWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company was registered and established on 11th October 2023 by the County Government of Kirinyaga. The company is wholly owned by the county Government of Kirinyaga through shareholding.

The company effective 24th January 2024 took over all the operations including all assets and liabilities for Kirinyaga Water and sanitation Company Ltd. The company is mandated to supply water and sanitation services in Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County.

Performance during the Year

The Company revenue grew from Kshs. 162,556,627 for the year ended 30th June 2023 to Kshs 164,020,552 for the year ended 30th June 2024. Additionally, the company registered growth on water connection from 32,846 in the year ended June 2023 to 33,527 for the year ended 30th June 2024. In the Financial Year 2023/24 the company has been able to achieve the following by 30th June 2024;

- The company in compliance with Water Act 2016, changed its ownership structure from a company limited by guarantee to a company limited by share (100% owned by Kirinyaga County Government).
- Increase water coverage to 64% through extending water services to unserved areas.
- Reduced Non-Revenue Water to 52%.
- Carried out Board of Directors and management evaluation on 21st and 22nd September 2023 to determine their effectiveness in management of the company.

Summary of the company performance

No.	ITEM	2021/2022	2022/2023	2023/2024
1.	Revenue (Ksh)	155,980,612	162,556,627	164,020,552
2.	Billing (Ksh)	160,688,478	163,526,626	167,215,378
3.	Water production (m ³)	6,341,902	6,042,151	5,302,481
4.	Non- Revenue Water (%)	58	55	52
5.	Number of active connections (nr)	31,048	32,846	33,527
6.	Creditors (Ksh)	88,726,401	91,309,829	127,313,607
7.	Debtors (Ksh)	153,609,231	161,875,160	179,654,712

Kerugoya Kutus water supply project and Kerugoya Kutus Water and sewerage project are substantially complete pending handing over and in conjunction with County Government of Kirinyaga, the Company is working on last mile connectivity for Kerugoya Kutus Water and sewerage project. This is expected to increase water production capacity to 41,000m³/day of treated water, increase water and sewerage coverage and increase revenue. The company continue to receive support

Kirinyaga County Water & Sanitation PLC**Annual Report and Financial Statements for the year ended June 30, 2024**

for water extension projects from the County Government of Kirinyaga. Additionally, the company secured Kshs. 29.1m Conditional Liquidity Support Grant (CLSG II) from WSTF for improvement of the company Operating Cost Coverage Ratio (OCCR).

Development Projects

Through the company internally generated funds and support from County Government Kirinyaga, Water Sector Trust Funds and Tana Water Works Development Agency, the company had been able to carry out various water development project water within Kirinyaga. These are as per tables below;

Completed development projects

No	Project	Total Project cost	Source of Fund	Completion to date	Project impact
1	Reinstatement of Kimicha to Kangai Pipeline	927,000	Kicowasco/County	100%	Increased water coverage

Ongoing development Projects

No	Project	Total Project cost	Source of Fund	Completion to date	Project impact
1	Construction of Rurie water supply project	19,361,580	WSTF	40%	Increased water coverage in Rurie Wamumu low income areas
2	Construction of Kimbimbi Public Sanitation Facility (PSF)	6,199,219	WSTF	98%	Improved sanitation in Kimbimbi
3	Rurumi household sanitation project	5,250,485	WSTF	20%	Increase Sanitation coverage in Thiba ward
4	Reinstatement and testing of Sagana Makutano pipeline	150M	KENHA	95%	Restoration of water supply for consumers affected by road works
5	Conditional Liquidity Support Grant II	29,049,250	WSTF	0%	To improve performance by increasing

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

	i). 7km pipeline extension ii). Procurement of 8no. motorcycles iii). Procurement of 1no. GIS software iv). Procurement and installation of 27no. electromagnetic meters				OCCR to 114%
6	Construction of Kerugoya Kutus sewerage infrastructure	500M	TWWDA	97%	To improve sanitation level for Kerugoya and kutus town
7	Construction of Kerugoya Kutus Water supply infrastructure	1.17B	TWWDA	97%	To improve water quality and quantity
8	Relocation of OD 250mm Sagana-Thiguku pipeline	25M	KERRA(labor) KICOWASC O(materials and fittings)	70%	Restoration of water supply for consumers affected by road works
9	Kenya water, sanitation and hygiene program(K-Wash program)	45.8M	N.G/C.G/KICOWASCO	0%	To increase sustainable access to improved water and sanitation services and improve the financial performance
10	Construction of Wanguru office sanitary wares	0.35m	KICOWASC O	40%	To improve sanitation level at Wang'uru scheme office
11	Relocation of Kimbimbi-Kutus line	0.2m	KICOWASC O	0%	Restoration of water supply for consumers affected by road works

The company as guided by its Strategic Plan 2021-2026 will continue working toward improving and increasing coverage for both water and sanitation services. In addition, the management will ensure sound company management to ensure company's resources are utilised prudently to improve its services.

I wish to appreciate, the County Government (shareholder) for great support, enabling a good operating environment and oversight, the Board of Directors for proper guidance, and management & staff for their dedication to service delivery, customers for trusting in us, and all other stakeholders for their continued support to the company.

Thank you,



Caxton Waweru

AG. MANAGING DIRECTOR

7.Statement of performance against predetermined objectives for FY 2023/24

Kirinyaga County Water and Sanitation PLC has seven strategic pillars and objectives within the current Strategic Plan for FY 2021/2022 - FY 2025/2026. These strategic pillars/ themes/ issues are as follows:

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company's financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

Kirinyaga County Water and Sanitation PLC develops its annual work plans based on the above seven pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The company achieved its performance targets set for the FY 2023/2024 period for its seven strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Increased Water Coverage	To increase the population accessing clean and safe drinking water supply through an increase in water coverage from 56% to 75.4% to serve 52,696 people by 2026	Increase the number of customer connections and water coverage	Construction of Kerugoya-Kutus water supply last mile connectivity <ul style="list-style-type: none"> • Activate 9,553 dormant connections translating to a population of 38,212. • 450 households to be connected along Kianjege Kiaga pipeline (8.5km of Kianjege kiaga pipeline to be extended). • 311 households to be connected along Ngaru Gatuto pipeline (9.32km of Ngaru Gatuto 	<ul style="list-style-type: none"> • Increased water coverage from 58% 64% • Increased the number of active connections from 32846 to 33527 • Reinstated Ngaru-Gatuto pipeline

Annual Report and Financial Statements for the year ended June 30, 2024

xix

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

		No. of flow meters No. of leak equipment procured	Installation of 11 master meters and 23 zonal meters Installation one meter testing bench Procurement of one clamp on ultrasonic flow meter Procure one of leak detection equipment	
Grow the company's financial and commercial position	Enhance efficiency and innovativeness in revenue generation and collection and ensure prudent management of funds	BCP plan Training reports Billing system upgraded No. of proposals No. of connections Audit Revenue	<ul style="list-style-type: none"> • Implement our business continuity plan • Capacity build our ICT in the integration of the current software with compatible systems in the company • Upgrade the current billing system • Seek the support of development partners through actively writing proposals for project development • Increase the water connections to match projected demand every year • Ensuring the company complies with good accounting practices • Expand the company's revenue base through networks and other services 	<ul style="list-style-type: none"> • Upgraded the meter reading up • Awarded two projects by WSTF (CLSGII and Rurumi Household sanitation project.) • Increased water connections from 32846 to 33527 • Audit is done annually. • Increased revenue from 163M to 167M

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

Strengthen institutional capacity	Improve the organisational structures, processes and capacity building to enhance operational efficiency, and organizational sustainability	<p>No of trainings</p> <p>No. of Policies developed</p> <p>Performance management system</p> <p>No. of trainings & Training reports</p> <p>No. of team building activities undertaken</p> <p>No of qualified and experienced staff</p> <p>List of procured tools and equipment</p> <p>No. of motorcycles and motor vehicles procured</p>	<ul style="list-style-type: none"> • Initiate the process of certification towards ISO 9001-2015 QMS in order to streamline procedures so as to allow efficiency. • Develop and review 15No. Policies to suit the strategic intent of better communication, resource mobilization, ICT, pro-poor, metering, NRW, procurement, CSR, water safety, stakeholder engagement and finance; • Development a performance management system to ensure activity implementation and monitoring • Implement annual staff training plans • Train the Board of Directors on corporate governance annually • Conduct staff training on change management annually • Undertake team building activities annually • Retain and source for talented Human Resource • Procure and renewal of tools 	<ul style="list-style-type: none"> • Trained Board of directors on corporate governance annually. • Procured tools and equipments. • Held a stakeholders engagement forum.
-----------------------------------	---	--	--	---

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

			and equipment annually <ul style="list-style-type: none"> • Procure 30No. Motorcycles and 3No. motor vehicles 	
Customer service and stakeholder engagement	Enhance customer service and stakeholder engagement	<p>Communication strategy developed</p> <p>Developed stakeholder engagement framework</p> <p>No. of CSR activities</p> <p>Customer relations report</p> <p>Recognition program</p>	<ul style="list-style-type: none"> • Develop and implement communication strategy • Develop stakeholder engagement framework • Undertake CSR activities • Develop innovative ways of enhancing service delivery, obtaining and acting on customer's feedback • Develop and implement customer recognition program 	<ul style="list-style-type: none"> • Under taken CSR activities (tree planting and donation of drinking water. • Have media platform where customers can launch their complaint. • Held customer care Barazas
Research and development	Gather, store and analyse adequate data and information for planning for growth.	<p>Database</p> <p>No of activities compliance</p>	<ul style="list-style-type: none"> • Gather, store and use reliable data and information for planning for growth • Proactively participate in water sector activities to benchmark and compete with other water services providers • Improve on regulatory compliance 	<ul style="list-style-type: none"> • Benchmarked with other water companies. • Implementation of water tariff and licence conditions

8. Corporate Governance Statement

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

KICOWASCO is committed in ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory corporate governance requirements. Essential to the establishment of a good governance framework are formal governance structures designed to ensure accurate reporting to the Board to facilitate an informed decision making process, assessment and improvement of conformance. KICOWASCO has a Board of Directors Charter which defines the Board role and responsibilities as well as functions and structure in a way that supports the members in carrying out their strategic oversight function.

Board meetings are held at least 4 times a year and not more than 4 months lapse between the date of one meeting and the day of the next meeting. A schedule of the dates of the meetings are agreed upon by the Board members and set out in the Board work plan.

The newly appointed Board members undergo an induction training in order to familiarize themselves with their responsibilities as directors, general principals of corporate governance and Board practices. The Board conducts an annual evaluation to appraise its performance and has kept a record of conflicts of interest declared for accountability purposes. To provide efficiency and act as an incentive to improve performance at oversight level, the Board is entitled to a remuneration of 2% of the annual turnover or Ksh 7,000,000 per annum whichever is higher.

Composition of Board of Directors

The structure of KICOWASCO starts with the Board members representing various stakeholders' interests. The Board members exercise leadership, enterprise, integrity and judgment in directing KICOWASCO. The Board of Directors are expected to determine the purpose and values of KICOWASCO, determine the strategy to achieve that purpose and implement its values in order to ensure the Company survives and thrives.

The structure of the Board is as per the corporate governance guidelines issued by the Water Services Regulatory Board (WASREB). The Board of Directors comprises of 9 members nominated by respective stakeholder institutions where 2 are from the county government executive. The directors are appointed for terms of up to three years and are eligible for re-appointment.

The Board members are expected to enhance the corporate governance practices in running of KICOWASCO to bring the level of governance in the Company in line with international standards. The essence of corporate governance is to protect stakeholder's interest including the government, consumers and the community.

In ensuring that corporate governance is enhanced and that the power of KICOWASCO is exercised in the stewardship of the Company's total portfolio of assets and resources with the objective of maintaining stakeholder's values, the board of directors had constituted the following committees:

1) Human Resources & Administration, Finance and Procurement

The committee comprises of 3 board members whose duty is to ensure that KICOWASCO has the right staff at the right place and doing the right thing. More so, the committee ensures that the staff welfare is guaranteed.

The Committee oversees the financial reporting process, Company's internal controls and efficient allocation and utilization of resources.

1) Technical Committee

The Technical committee comprises of 3 board members who ensure that there is adequate asset development, maintenance and infrastructure improvement to ensure sustainability of all water and sewer infrastructure. The committee also proposes investment and funding programs for the organization.

2) Audit Committee

It's the duty of this committee to ensure that the internal audit department performs its function of an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Appointment and removal of Directors

- i. Whenever there is a vacancy in the Board, the vacancy is advertised in a national widely circulated readership. Interested persons apply after being nominated by the relevant stakeholder's bodies thereafter he/she is elected during the Annual General Meeting. The directors representing the County Government of Kirinyaga are nominated by the Executive Committee member in charge of Water. The names of elected directors are forwarded to the Registrar of Companies.

Board member ceases to be director if the person:

- a) Serves the Chairperson with a written notice of resignation or
 - b) Is absent, without the permission of the Chairperson, from three consecutive meetings;
or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months; or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
 - e) Conducts himself in a manner deemed by the Chairperson to be inconsistent with membership of the Board.
- ii. Any removal of a Board member under (i) above, is through formal revocation.
 - iii. The Managing Director ensures that a record of the appointment letter and written acceptance by the Board member are kept in the personal file of the Board member.

9. Management Discussion and Analysis

Introduction

Kirinyaga County Water and Sanitation Company PLC (KICOWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company was registered and established on 11th October 2023 by the County Government of Kirinyaga. The company is wholly owned by the county Government of Kirinyaga through shareholding. The company effective 24th January 2024 took over all the operations including all assets and liabilities for Kirinyaga Water and sanitation Company Ltd. The company is mandated to supply water and sanitation services in Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County.

Financial Performance of the Organization

During the Financial year 2023/2024, the Company performed fairly well despite the effects of inflation.

A comparative analysis of the Company performance for the last 5 years is tabulated below;

Financial Year	Income
2019/2020	159,433,044.00
2020/2021	177,343,545.00
2021/2022	214,050,273.00
2022/2023	206,343,382.00
2023/2024	207,627,665.00

Key Projects

The Company through financing by various Institutions and donors has started the following projects

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Reinstatement of Kimicha to Kangai Pipeline	1,548,600	1,548,600	100%	1,548,600	1,548,600	Internal
2	Kimbimbi public sanitation facility project	6,199,219		98%	6,199,219	2,414,309.50	WSTF
3	Rurie Water supply project	19,361,580	7,338,440	40%	19,361,580	7,338,440	WSTF

Kirinyaga County Water & Sanitation PLC**Annual Report and Financial Statements for the year ended June 30, 2024**

4	Rurumi Household Sanitation Project	5,250,485	1,092,567	20%	5,250,485	1,092,567	WSTF
5	Tie in Works for Construction of Kerugoya Kutus Water supply	4,554,010	4,357,536	96%	4,554,010	4,357,536	TWWDA
6	Relocation of OD 250mm Sagana-Thiguku pipeline	25,000,000	2,206,800	70%	2,206,800	2,206,800	KERRA/Internal
7	Conditional Liquidity Support Grant II	29,049,250	0	0	14,524,625	0	WSTF

Compliance with statutory requirements,

The company has ensured compliance with WASREB statutory requirements by acquiring a valid tariff and an operational license.

Major risks facing the entity

The major risks facing the entity are: -

(a) Strategic

Risks that are associated with achieving the strategic objectives of the company as a whole. This threatens an organisations ability to deliver expected outcomes which can harm the organisations ability to grow.

(b) Liquidity

Risks that the company may not meet its financial obligations as liabilities fall due.

(c) Governance

Failure to comply with all statutory and regulatory requirements and best practices. This may lead to withdrawal of company's licence, adverse audit opinion and high litigation cost.

(d) Operational

Risks that are associated with the day to day operations, projects or programmes deviating from and not achieving the short medium and long Company's goals.

(e) Market risk

The company is exposed to market risk due to unhealthy competition from the Community water projects. This has effects on reduction in revenue

(f) Environmental risk

This is caused by deforestation and climate change. This leads to reduction of water thus affecting the water supply.

(g) Technological risk

Inadequate technological skills and fast emerging technology. This has impact in inefficiency in performance and lack of competitive edge.

10. Environmental and Sustainability Reporting

Kirinyaga County Water and Sanitation PLC exists to transform lives through provision of water and sanitation services. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The company has continued to ensure that there is sustainability by having framework to focus investment and drive performance as well as engaging internal and external stakeholders. This is driven by our mission to provide safe and clean water through, reliable, affordable and sustainable water services to our customers by developing facilities and managing systems in the most efficient and effective manner.

The company has continued to ensure that there is sustainability in terms of water supply to meet multiple needs for our customers through effective management of water resources. The Company gets its revenue from sales of water and therefore without proper management of the water resources the company would not meet its financial goals.

The company has framework with clear programmes, targets and key performance indicators for each aspect. It also ensures effective implementation by providing guidance to employees following extensive consultation and putting in place systems of governance, external feedback and regular review. Also KICOWASCO ensures that infrastructure investments are cost effective over their lifecycle resource efficient.

ii) Environmental performance

The company is guided by the Environmental Management and Coordination Act (EMCA) which provide appropriate legal and institutional framework for the management of the environment and conservation. EMCA establishes among others the following institutions; National Environment Management authority, public complaints committee, national environment tribunal national environment action plan committee and county environment committees. The National Environment Management Authority (NEMA) was established as the principal instrument of Government charged with the implementation of all policies relating to the environment and to exercise general supervision and coordination over all matters relating to the environment.

The act provides for environmental protection through;

- Environmental impact assessment
- Environmental audit and monitoring
- Environmental restoration orders, conservation orders and easements.

Through NEMA and ecosystem management the company has continued to provide training to its staff and the key stake holders on environment conservation by applying best practices on waste management and increase in forest coverage.

KICOWASCO also ensures that projects funded comply with the National Environmental Management Authority (NEMA) requirements.

iii) Employee welfare

KICOWASCO operates under a Human Resource and Procedures manual that is guided by WASREB on key areas. This guides in the hiring process of employees taking into account the 1/3 ratio on gender. Positions that fall vacant in the company are officially advertised through the newspaper.

KICOWASCO undertakes Training Needs Assessment to determine staffs that require more skills as well as allowing staffs in improving their career skills by allowing them to get back to school. Appraisals are carried out on quarterly basis and best performing units are awarded tokens at the end of the year.

KICOWASCO has a Workplace Environmental Policy and continues to implement environmental awareness programmes among staff and stakeholders, customers, employees, the community

(iv) Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

KICOWASCO operates in a way that safeguards it against unfair business practices. We believe that a responsible approach in developing relationships between company and the communities we serve is a vital part of delivering business success.

When carrying out our business, in consultation with our customers, we determine the environmental, social and economic issues and continually review our policies and business practices to encourage engagement with customers and key stakeholders.

b) Responsible Supply chain and supplier relations

The company follows all the rightful procedures in procurement of Goods, Works and Services as per the Public Procurement and Asset Disposal Act 2015 (PPDA) and Public Procurement and Asset disposal regulations 2020 (PPAD).

The Accounting officer ensures that the company complies with the Act in the performance and responsibility under sub section 1 of the Asset and disposal Act. The accounting officer also has established systems and procedures to facilitate decision making for procurement and asset disposal.

This is by ensuring that the tendering process is done in accordance with the Asset and disposal Act. The Company reserves a prescribed percentage of its procurement budget which is not less than 30% to the disadvantaged groups.

The company treats its own suppliers responsibly by honouring contracts and maintains clear and consistent communication with the suppliers to build a stronger supplier relationship. The suppliers are given orders in good and appropriate time frame to deliver goods, works and services in the company. The company ensures that all the suppliers are paid in good time as per the credit period indicated in their tender documents.

c) Responsible marketing and advertisement

KICOWASCO has continued to make efforts on attracting consumers who want to make a positive difference by having safe and clean water. This has been done through holding customer care Barazas and also using social media and web site platform to promote and sensitize customers on company procedures and benefits of using safe and clean water.

d) Product stewardship

KICOWASCO through partnership with the environmental organisations has continued to promote and safeguard water catchment areas and also promote good environmental practices on waste disposal among employees, stakeholders and customers.

This is through planting trees and also by ensuring that available water is properly utilized. KICOWASCO ensures that it complies with the given regulations on waste disposal management to safeguard the environment.

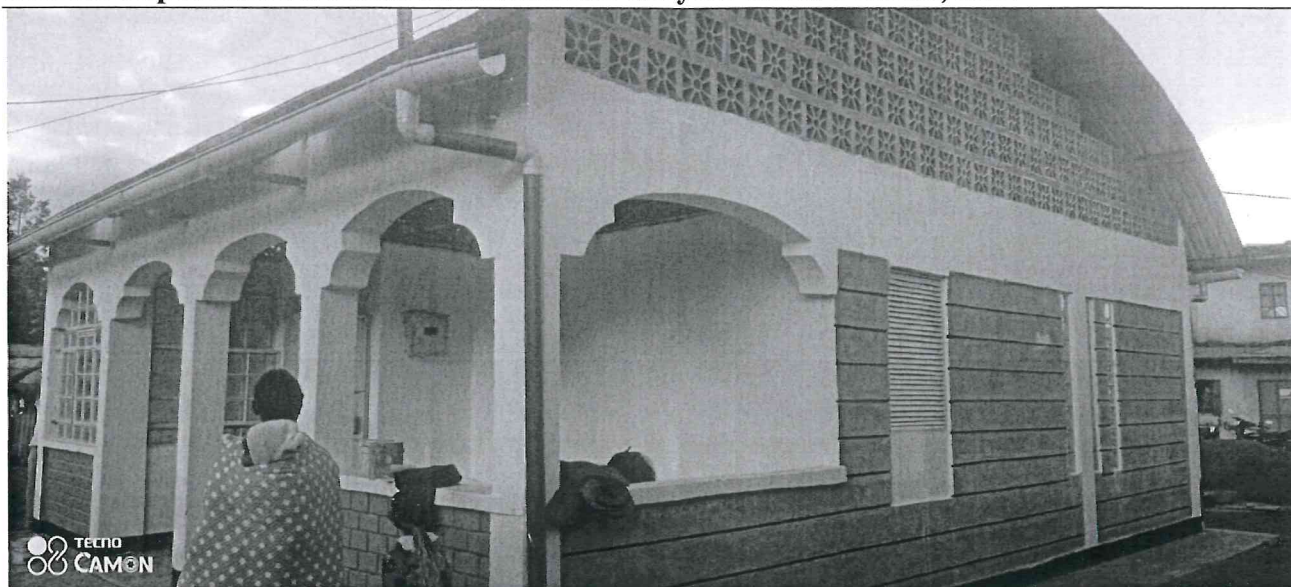
The company also ensures that customer rights are not infringed by having an affordable water tariff for the product.

iv) Corporate Social Responsibility / Community Engagements

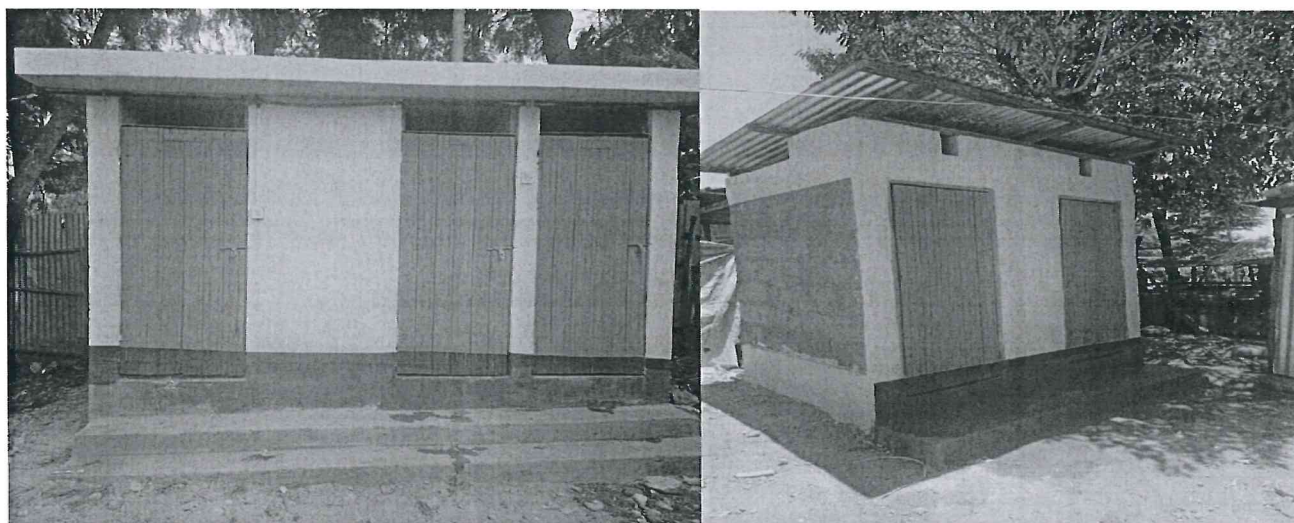
KICOWASCO has a CRS policy whose purpose is to make clear to all stakeholders what we mean by CSR and how we propose to work towards achieving it. The CSR policy applies throughout all our policies and processes and governs our approach to all our activities. In implementing this policy we aim to be responsible; and be an exemplar of good practice.

KICOWASCO participates in various activities such as tree planting to increase forest cover in efforts to conserve water and Participating in National events such as the World Water Day. We recognize that good CSR embraces all aspects of sustainable development and the way we affect people through our business operations. The company has participated in various Corporate Social Responsibility such as donating drinking water to environmental Law court during their 10yr anniversary. Also during world environment day the company provided drinking water to the ministry of Environment, Climate change & forestry.

The company with development partner Water Sector Trust Fund has constructed Modern toilet through Kimbimbi sanitation project and Safisan toilets through Rurumi Household Sanitation project in Thiba. This has improved sanitation in Thiba community and thus eradicating water borne diseases and exercising our Mandate in provision of sanitation services.



Kimbimbi Sanitation project



Rurumi Household Sanitation project

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the company's affairs.

i) Principal activities

The principal activity of KICOWASCO is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in Kirinyaga County and parts of Mbeere District.

The Company's main business operating objectives include, but not limited to, the following:

- a) Increased water coverage
- b) Increased sewerage coverage
- c) Reduced NRW levels
- d) Grow the company's financial position and commercial position
- e) Strengthen institutional capacity
- f) Enhance customer service and stakeholder engagement
- (a) Research and Development

ii) Results

The results of the company for the year ended June 30, 2024 are set out on page 1 below is summary of the profit or loss made during the year.

iii) Directors

The members of the Board of Directors who served during the year are shown on page iii - iv In accordance with Regulations of the company's Articles of Association.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Company for the year/period ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

FCS Richard K. Gikuhi

Company Secretary/Secretary to the Board

Date:

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2024. 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 Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015)

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

Nothing has come to the attention of the Directors to indicate that the Company 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 company financial statements were approved by the Board on 30/09/ 2024 and signed on its behalf by:

.....
Dickson Kinyua Ngari

Dickson Kinyua Ngari

Chairperson of the Board

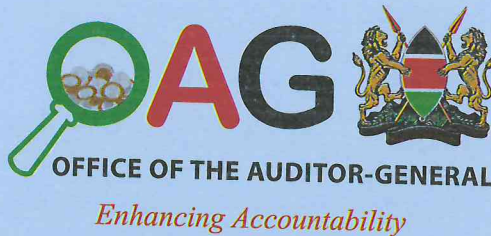
.....
Caxton Waweru

Caxton Waweru

Ag. Managing Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY WATER AND SANITATION PLC FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

Report of the Auditor-General on Kirinyaga County Water and Sanitation PLC for the year ended 30 June, 2024

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kirinyaga County Water and Sanitation PLC as set out on pages 1 to 54, which comprise the statement of financial position as at 30 June, 2024 and the statement of profit or 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 effects 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 Kirinyaga County Water and Sanitation PLC as at 30 June, 2024 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 Company's Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables

The statement of financial position reflects Kshs.182,666,260 in respect of gross trade and other receivables as disclosed in Note 29 to the financial statement, which includes Kshs.179,654,712 in respect to trade receivables, out of which debtors amounting to Kshs.127,357,061 are aged above one year. In addition, the trade receivables aged over one year includes an amount of Kshs.28,190,878 in respect of debtors who had terminated their services with the company but remained unremitted during the financial year under review for which the Company has not demonstrated any efforts in its attempts to recover the outstanding amounts.

Further, the management have made a provision for bad and doubtful debts of Kshs.17,965,471 for the trade debtor balance, the provision appears inadequate to cover the amount that is doubtful.

In the circumstances, the validity, completeness and recoverability of the long outstanding debtors amount of Kshs.127,357,061 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kirinyaga County Water and Sanitation PLC Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled

Report of the Auditor-General on Kirinyaga County Water and Sanitation PLC for the year ended 30 June, 2024

other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.254,768,129 and actual revenue of Kshs.207,627,665 resulting in an underfunding of Kshs.47,140,464 representing 19% of the budget.

The underfunding affected the implementation of the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Management are responsible for the Other Information set out on page iii to xxxii which comprise Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis of Conclusion

In connection with my audit on 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I

Report of the Auditor-General on Kirinyaga County Water and Sanitation PLC for the year ended 30 June, 2024

conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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.High level of Non-Revenue Water (NRW)

During the financial year under review, the Company produced a total of 5,302,481 M3 of water out of which 2,545,191 M3 was billed (sold). A total of 2,757,290 M3 (equivalent to Kshs.181,149,993.) or approximately 52% represented non-revenue water forming 27% (equivalent to Kshs. 94,058,650) over and above the allowable 25% in accordance with Water Services Regulatory Board Guidelines. This translates to an estimated total revenue loss of Kshs.94,058,650. The significant level of non-revenue water may negatively impact the Company's profitability and its ability to keep as a going concern.

In the circumstances, the high level of NRW may negatively impact on the company's profitability and ability to sustain delivery to the public.

2. Non-compliance with the Law on Ethnic Composition

The statement of profit or loss and other comprehensive income for the year ended 30 June, 2024 reflects staff costs balance of Kshs.28,080,627 as disclosed in Note 11 to the financial statements. Examination and analysis of personnel records revealed that the Company has one hundred and sixty-one (161) staff members out of which one hundred and forty-six (146) or 91% of the staff members are from the dominant ethnic community.

This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

3. Non-Remittance of Statutory Deductions

The statement of financial position as at 30 June, 2024 reflects retirement benefit obligations balance of Kshs.42,442,338 as disclosed in Note 41 to the financial statements and these obligations are in respect to statutory deductions unremitted to their various administrative bodies. These balances include amounts owed to LAPTRUST, NWCP Pension and Pension Fund for contract staff of Kshs.39,744,338, Kshs.583,849 and Kshs.2,114,150 respectively.

In the circumstances, Management failed to remit statutory deductions within the set time frame and the Company may be prone to litigation.

4.High personnel Costs

The statement of profit or loss and other comprehensive income reflects staff costs of Kshs.128,080,627 representing about 57% of the total expenditure of Kshs.224,643,917 which is higher than the recommended threshold of 35% in accordance with the Water Services Regulatory Board (WASREB) guidelines. The percentage was 22% higher than the recommended threshold of 35% by the Water Services Regulatory Board (Section 3.9.10 of the Corporate Governance Guidelines, 2018) for the category of large companies under which the Company falls. According to the guidelines, the total staff expenditure for each financial year must not exceed 35% for large companies.

The high level of personnel costs may negatively impact on the Company's profitability and sustainability of services. In addition, Management was in breach of the Water Services Regulatory Board Corporate Governance Guidelines, 2018.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Non implementation of Audit recommendations.

The Company was called upon for discussions to consider the Auditor General Reports on the financial statement for the three (3) Financial Years running up to 2020/2021 by the County Public Investments and Special Fund Committee via a letter dated 12 April 2023 Ref: SEN/DGAC/CPICSF/2023/046 and for the financial year 2021/2022 and 2022/2023 vide letter dated 11 November 2024 Ref SEN/DGAC/CPICSF/2024/204 respectively. The audit examination of the invitation letter further revealed the committee requested to submit written responses, including supporting documentation to the specific issues raised in the said reports of the Auditor General to respective auditors from the Office of the Auditor General. In addition, Appendix I to the financial statements on the Progress on follow up of Auditors Recommendations reflects outstanding issues as raised in the prior year certified audited report.

In the circumstances, repeated findings from previous audits signals lack of corrective action and Management commitment in the implementation of audit recommendations.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on page xxxi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration has been properly prepared in accordance with the Companies Act, 2015.

Report of the Auditor-General on Kirinyaga County Water and Sanitation PLC for the year ended 30 June, 2024

Responsibilities of the Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a

Report of the Auditor-General on Kirinyaga County Water and Sanitation PLC for the year ended 30 June, 2024

material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 January, 2025

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024.

	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue			
Operating Revenue	6	178,077,035	171,166,079
Grants Income	7	25,119,676	25,698,824
Other Income	8	4,430,954	9,433,381
Finance income	9	-	-
Other gains/(losses)	10	-	45,098
Total Revenue		207,627,665	206,343,382
Expenses			
Staff Costs	11	128,080,627	113,311,414
General and Operations expenses	12	53,475,791	55,892,518
Board Expenses	13	6,999,660	12,504,820
Maintenance Expenses	14	24,273,450	28,437,943
Depreciation and Amortization expenses	15	11,814,389	13,096,206
Finance Costs	16	-	-
Total Expenses		224,643,917	223,242,901
Profit/(Loss) Before Taxation		(17,016,252)	(16,899,519)
Income Tax Expense/(Credit)	17	-	-
Profit/(Loss) After Taxation		(17,016,252)	(16,899,519)
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		(17,016,252)	(16,899,519)
Surplus Or Deficit on Revaluation Of PPE		-	-
Remeasurement Of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
Total Comprehensive Income for The Year		(17,016,252))	(16,899,519)

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

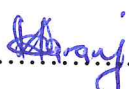
15. Statement Of Financial Position As at 30 June 2024


	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	99,542,437	97,000,586
Intangible assets	21	1,093,762	1,639,823
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		100,636,199	98,640,409
Current assets			
Inventories	28	10,116,372	9,097,184
Trade and receivable	29	164,700,789	148,799,649
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Bank and cash balances	32	23,833,409	17,758,062
Total current assets		198,650,570	175,654,895
Total Assets		299,286,769	274,295,304
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	33	-	-
Capital reserve/Revaluation reserve	34	43,587,914	43,587,914
Capital grants/Fair value adjustment reserve	35	52,958,755	55,695,267
Revenue Reserve/Retained earnings	36	(21,626,094)	5,708,510
Capital and Reserves		74,920,575	104,991,691
Non-current liabilities			
Deferred tax liability	37	-	-
Borrowings	38	-	-
Lease liability	39	-	-


Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

	Note	2023/2024	2022/2023
		Kshs	Kshs
Provisions	40	-	-
Retirement benefits	41	-	-
Total non-current liabilities		-	-
Current liabilities			
Borrowings	38	-	147,518
Lease liability	39	-	-
Provisions	40	5,758,722	3,176,474
Retirement benefit obligations	41	42,442,338	29,103,925
Trade and other payables	42	127,313,607	91,591,313
Refundable deposits and Prepayments	43	48,851,527	45,097,997
Deferred income	44	-	-
Dividends payable	45	-	-
Taxation	46	-	186,386
Total current Liabilities		224,366,194	169,303,613
Total Equity and Liabilities		299,286,769	274,295,304

The financial statements were approved by the Board on 30/09/2024 2024 and signed on its behalf by:


 Caxton Waweru
 Ag. Managing Director


 Caxton Waweru
 Head of Finance
 ICPAK M/No: 33369


 Dickson Kinyua Ngari
 Chairman of the Board

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement Of Changes in Equity for the Year Ended 30 June 2024

	Notes	Capital reserve /Revaluation reserve	Revenue Reserve/Retained earnings	Capital grant / Development Fund	Total
As at July 1, 2022		43,587,914	22,603,029	77,431,596	143,622,539
Profit for the year			(16,899,519)		(16,899,519)
Capital/Development grants received during the year		-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings				(8,922,382)	(8,922,382)
Prior year adjustments			5,000	(12,813,947)	(12,808,947)
As at June 30, 2023		43,587,914	5,708,510	55,695,267	104,991,691
As at July 1, 2023		43,587,914	5,708,510	55,695,267	104,991,691
Profit for the year			(17,016,252)		(17,016,252)
Capital/Development grants received during the year		-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings				(2,736,512)	(2,736,512)
Prior year adjustments			(10,318,353)		(10,318,353)
At June 30, 2024		43,587,914	(21,626,094)	52,958,755	74,920,575

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

1. Prior year adjustment relate to:-

Date	Description	Adjustment Amount		
01-Jul-23	Opening Balance		5,708,510	
04-Jul-23	Board meetings & conferences	(123,000.00)		Correction of BOD expenses that were not recognized in previous years
07-Jul-23	Other board Expenses	(14,000)		
05-Jul-23	Board meetings & conferences	(18,000.00)		
25-Jul-23	Board meetings & conferences	(18,000.00)		
25-Jul-23	Board meetings & conferences	(15,000.00)		
25-Jul-23	Board meetings & conferences	(18,000.00)		
25-Jul-23	Board meetings & conferences	(18,000.00)		
13-Sep-23	Board meetings & conferences	(15,000.00)		
30-Jun-24	Taxation	186,386.00		Being correction of provision of corporate tax posted in year 2018/2019 that was wrongly calculated
30-Jun-24	Taxation	(84,260.00)		Being correction of omission to provide corporate tax for year 2023/2014 to 2022/2023
30-Jun-24	Kamweli VCD Loan	147,517.86		Being writing off Kamweli loan that was paid by Kamweli community project
30-Jun-24	Water Regulatory Levy	(10,328,997.00)		Correction of understated wasreb levy
	Total prior year adjustments		(10,318,353)	
	Restatement of the opening balance		<u>-4,609,843.14</u>	

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		160,615,437	162,900,150
Grants Income		25,119,676	18,435,228
Finance Income			
Other Income		834,500	556,098.00
Customer Deposits		3,378,500	2,353,000
Total Receipts		189,948,113	184,244,476
Payments			
Staff Costs		107,377,567	102,243,489
General And Operation Expenses		32,114,532	33,910,507
Board Expenses		7,024,903	12,393,377
Maintenance Expenses		23,486,086	20,468,519
Finance Costs			
Refund Of Customer Deposits		59,500	141,000
Total Payments		170,062,588	169,156,892
Net Cash From/ (Used In) Operating Activities	47	19,885,525	15,087,584
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(13,810,179)	(16,224,852)
Proceeds From Disposal Of PPE			
Purchase Of Intangible Assets		-	(200,680)
Purchase Of Investment Property			
Net Cash From/ (Used In) Investing Activities		(13,810,179)	(16,425,532)
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		-	-
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		6,075,347	(1,337,948)
Cash And Cash Equivalents At Beginning Of Year	47	17,758,062	19,096,010
Effects Of Foreign Exchanges Rate Fluctuations			
Cash And Cash Equivalents At End of the Year	47	23,833,409	17,758,062

Kirinyaga County Water & Sanitation PLC

Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024

Description	Original budget a	Adjustments b	Final budget C=a+b	Actual on comparable basis d	Performance difference e= c-d	% of utilization f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Operating Revenue	247,780,125	(26,834,827)	220,945,298	178,077,035	42,868,263	81%
Non-Operating Revenue	18,000,000	(16,800,000)	1,200,000	4,430,954	(3,230,954)	369%
Grants	31,549,250	1,073,581	32,622,831	25,119,676	7,503,155	77%
Finance Income						
Other gains						
Total Revenue	297,329,375	(42,561,246)	254,768,129	207,627,665	47,140,464	81%
Expenses						
Staff Costs	134,661,115	(6,533,146)	128,127,969	128,080,627	47,342	100%
Board Expenses	7,000,000	-	7,000,000	6,999,660	340	100%
General and operations Expenses	63,471,013	1,562,356	65,033,369	65,290,180	(256,811)	100%
Maintenance	33,737,997	(9,182,006)	24,555,991	24,273,450	282,541	99%
Finance costs						
Total Recurrent Expenditure	238,870,125	(14,152,796)	224,717,329	224,643,917	73,412	100%
Profit or Loss	58,459,250	(28,408,450)	30,050,800	(17,016,252)	47,067,052	(57%)
Capital Expenditure	58,459,250	(28,408,450)	30,050,800	13,810,179	16,240,621	46%
Total Expenditure	297,329,375	(42,561,246)	254,768,129	238,454,096	16,314,033	94%

Notes on difference actual and budgeted amounts

1. **Operating Revenue:** Didn't attain the estimated revenues due to delay in completion of the Bulk water project and sewer which we expected to be complete by July 2023. This would have increased the number of new connections thus increase the consumption. There is also a challenge with the New tariff due to inflation it's not being able to meet the operation cost.
2. **Grant:** We anticipated to receive the balance of the ongoing projects from WSTF but there was delay in disbursement of funds.
3. **Capital expenditure:** Due to shortfall in revenue, most of the capital projects were not realised.

Notes on changes between original and final budget

1. **Revenue:** There was shortfall in revenue projected.
2. **Expenditure:** There was reallocation of funds from votes that were underutilized to over utilized votes in the financial year.
3. **Capital expenditure:** Due to low income most of the investments were not done during the year thus being moved to the next financial year.

19. Notes To the Financial Statements

1. General Information

Kirinyaga County water and Sanitation PLC is established by and derives its authority and accountability from Companies Act Cap 486 of the laws of Kenya. The Company is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The Company's principal activity is through Service provision agreement (SPA) to carry out water and sewerage services in both urban and rural areas of Kirinyaga County. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

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

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the financial statements (continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

- i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.*

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

Kirinyaga County Water & Sanitation PLC**Annual Report and Financial Statements for the year ended June 30, 2024**

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

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

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

iii. *Early adoption of standards*

Kirinyaga County water and Sanitation PLC did not early – adopt any new or amended standards in year under review.

Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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 straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Buildings and civil works	50	2%
Water Infrastructure works	10	10%
Water Tank	5	20%
Water Meters	5	20%
Plant and machinery	8	12.5%

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings, dozers	8	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

e) Intangible assets

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

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and impairment of intangible assets

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

g) Investment property

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

between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Notes to the financial statements (continued)

Summary of Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI). *(Whichever is applicable).*

j) Quoted investments

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

Notes to the financial statements (continued)

Summary of Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange. These are measured at fair value through profit or loss (FVTPL).

l) Inventories

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

m) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page note 29 of this report.

n) Taxation

i) Current income tax

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

returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) Deferred tax

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

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

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

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

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

p) Borrowing costs

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on 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 capitalized as part of the cost of the project.

s) Trade and other payables

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

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

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

w) Budget information

The original budget for FY 2023-2024 was approved by the Board of Directors on 12th May 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Kshs. (42,561,246) on the 2023-2024 budget following the governing body's approval. The Company's budget is prepared on a

different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section xxx of these financial statements.

x) Service concession arrangements

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

y) Comparative figures

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

z) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29

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.

The company has estimated provision for bad debts at 10% of closing receivables. The estimated provision for bad debts based on historical growth for the last 7 years in the amount of debtors.

Notes to the financial statements (continues)

6. Operating Revenue

	2023/2024	2022/2023
	Kshs	Kshs
Water sales	167,215,378	163,532,453
Sewerage Services	-	-
Reconnection fee	5,050,600	3,431,700
Surcharges/Illegal connections	2,711,057	1,499,226
Capital works	3,100,000	2,702,700
Total	178,077,035	171,166,079

*Billing for other services refers to income generated from services such as reconnection fees
 Surcharges/ illegal connections, Meter testing meter replacement etc*

7. Grants Income

	2023/2024	2022/2023
	Kshs	Kshs
Compensation of pipe damaged (KERRA)	2,206,800	7,566,195
WSTF Thiba Primary School sanitation project	-	1,280,000
WSTF UPC 8 th Call-Kimbimbi sanitation facility project	-	1,983,750
Training fee- TWWDA	-	3,261,600
WSTF UPC 8th Call-Rurie water supply project	-	6,195,706
Compensation of pipe damaged (KURA)	-	2,324,513
Compensation of pipe damaged (KENHA)	259,635	3,087,060
Tie one work	4,554,010	-
WSTF Rurumi household sanitation project	3,574,606	-
Conditional Liquidity Grant II	14,524,625	-
Totals	25,119,676	25,698,824

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the financial statements (continues)

Analysis of grants received from the Government in the table below:

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	2023/2024 KShs
KERRA	2,206,800			2,206,800	2,206,800
KURA	259,635			259,635	259,635
TWWDA	4,554,010			4,554,010	4,554,010
WSTF Rurumi project	3,574,606			3,574,606	3,574,606
Conditional Liquidity Grant II	14,524,625			14,524,625	14,524,625
Total	25,119,676	-	-	25,119,676	25,119,676

8. Other Income

	2023/2024	2022/2023
	Kshs	Kshs
Exhauster services	834,500	511,000
Amortization of capital grants	2,736,512	8,922,381
Cost variance stock adjustment	859,942	-
Total	4,430,954	9,433,381

9. Finance Income

The company had no finance income in the financial year.

Notes to the financial statements (continues)

10. Other Gains and Losses

	2023/2024	2022/2023
Description	Kshs	Kshs
Gain on sale of fixed assets	-	45,098
Total	-	45,098

11. Staff Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Regular Salary	100,362,375	95,560,962
Casual workers' Wages	103,200	0
Staff Medical Cover	9,731,399	487,654
Employer's contributions to social security schemes	2,850,969	2,052,360
Employer's contributions to pension scheme	8,577,445	8,391,172
Gratuity	3,057,654	3,234,447
Staff bonus		0
National industrial Training	95,150	95,100
Leave allowance	2,811,724	2,550,158
Staff Welfare	490,711	939,561
Total	128,080,627	113,311,414
The average number of employees during the year	159	159

Notes to the financial statements (continues)

12. General and Operations Expenses

	2023/2024	2022/2023
Description	Kshs	Kshs
Chemicals	5,751,144	5,885,873
Electricity for productions	407,549	1,376,631
Electricity for Lighting	982,714	357,518
Transport fuels and diesel	10,109,898	6,917,778
Library expenses	134,760	169,180
Stationery	968,142	1,405,215
Uniforms & Other PPES	75,150	9,949
Telephone Expenses	1,389,962	1,492,495
Postage & Telegram Expenses	1,644,390	1,310,580
Email & Internet Expenses	1,128,664	1,189,569
Water bill	40,567	43,554
Insurance of Motor Vehicles & Other assets	319,220	344,837
Rental/leases	309,000	194,000
Transport hire and machinery	55,000	59,650
Travelling & Accommodation	2,982,270	5,919,124
Training Allowances(Capacity Building)	598,200	286,000
Training funded by tana	-	2,214,900
Subscription fees to Professional Bodies	54,400	56,400
Bank Charges	484,202	426,190
Security Expenses	6,921,000	6,492,000
Revenue collection	91,390	88,829
Public Relations	263,370	523,244
Advertising and publicity	289,380	808,596
Provision for Audit fees	464,000	464,000
legal charges	936,542	1,691,714
Consultancy	34,000	86,400
Water Regulatory Board Levies	7,183,557	1,635,325
Subscription to (WASPA)/NEMA/WRUA	180,000	233,000
Water Permits and subscriptions (WARMA Levy)	1,978,281	2,287,976
Sports & games	1,106,900	222,650
AGM expenses	1,743,322	1,177,780
Corporate Social Responsibilities	31,075	89,730
Office consumable	815,038	1,613,646
Staff Meetings	98,400	623,575
End year party	1,614,689	1,523,842
WSTF administration cost	-	11,000
WSTF Toilets Subsidy & admin cost	-	5,142,952
Debt collection	123,300	95,000
Bad debt	-	595,223

Notes to the financial statements (continued)

Description	2023/2024	2022/2023
	KShs	KShs
Increase/(Decrease) in Provision for bad debts	1,777,955	826,593
Occupational Health	186,760	-
Company transition	201,600	
Total	53,475,791	55,892,518

13. Board Expenses

Description	2023/2024	2022/2023
	KShs	KShs
Board meetings & conferences	4,218,326	7,208,602
Board Tour & Training	2,171,628	3,809,274
Other board Expenses	609,706	794,882
Board Medical cover	-	692,062
Total Board Expenses	6,999,660	12,504,820

14. Maintenance Expenses

Description	2023/2024	2022/2023
	Kshs	Kshs
Maintenance of plant equipment	35,135	55,620
Office Repairs, Painting & Renovation	330,387	215,053
Water supplies rehabilitation augmentation & maintenance works	11,402,719	15,523,711
Project extension-CLSG	-	24,750
Project Extensions - Kimicha -Kangai water pipeline extension	1,548,600	927,000
Tie in work	4,357,536	
Rerouting of pipeline	136,150	
Rerouting of pipeline network(KERRA)	2,137,000	1,023,300
Rerouting of pipeline network(KENHA)	259,600	3,086,300
WSTF - Thiba primary school	161,000	2,599,979
NRW management	-	13,300
Computer Expenses	363,655	462,106
Computer software maintenance	1,375,371	1,426,003
Maintenance of furniture and fittings	11,300	2,550
Transport operating expenses	1,446,791	2,753,731

Kirinyaga County Water & Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2024

Cleaning Materials	708,206	324,540
Total Maintenance Expenses	24,273,450	28,437,943

Notes to the financial statements (continued)

15. Depreciation and Amortization Expenses

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant, and equipment	11,268,328	12,277,524
Intangible assets	546,061	818,682
Total Depreciation and Amortization	11,814,389	13,096,206

16. Finance costs

The company had no existing loan or interest in the current financial year.

17. Income Tax Expense/(Credit)

Current taxation

	2023/2024	2022/2023
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
Total	-	-

18. Earnings Per Share

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

19. Dividend Per Share

There were no dividend per share in the financial year as all the profits made by the Company shall be ploughed back to the Company in accordance with the law and sector guidelines.

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30, 2024

Notes to the financial statements (continued)

20. Property, Plant and Equipment

2023/2024	Computers & Mobile Phones	Work in progress	furniture, plant & equipment	Motor Vehicle/ cycles	Water Meters	Water Infrastructure	Water Storage	Office Building	Total
Cost Or Valuation									
At July 1, 2023	9,408,149	13,674,156	18,929,610	11,616,495	56,012,609	16,045,200	15,851,640	28,108,140	169,646,000
Additions	1,123,248	8,938,469	-	-	3,748,462			-	13,810,179
Transfers									-
Disposals									-
At June 30, 2024	10,531,397	22,612,625	18,929,610	11,616,495	59,761,071	16,045,200	15,851,640	28,108,140	183,456,178
Depreciation									
At July 1, 2023	8,024,896	-	5,723,402	9,224,234	41,254,783	3,209,040	1,585,164	3,623,894	72,645,413
Charge For the Year	834,665		1,650,776	598,065	3,701,258	2,567,232	1,426,648	489,685	11,268,328
Disposal									-
At June 30, 2024	8,859,561	-	7,374,178	9,822,300	44,956,040	5,776,272	3,011,812	4,113,579	83,913,741
Net Book Value At June 30, 2024	1,671,836	22,612,625	11,555,432	1,794,195	14,805,030	10,268,928	12,839,828	23,994,561	99,542,437

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Work in progress entails

No.	Details	Opening Balance	Additional	Closing Balance
1	Line Reinstatement	5,160,411		5,160,411
2	Kutus-Kiarie Line	2,411,220	107,800	2,519,020
3	Smart meters	3,965,000		3,965,000
4	Bottling Plant	122,878		122,878
5	WSTF – Rurrie water supply project	262,600	7,075,840	7,338,440
6	WSTF- Kimbimbi public sanitation facility	1,752,048	662,261	2,414,309
7	WSTF- Rurumi public sanitation facility		1,092,567	1,092,567
	Total	13,674,157	8,938,468	22,612,625

**Annual Reports and Financial Statements
For the year ended June 30, 2024**

Notes to the financial statements (continued)

Property, Plant and Equipment (Continued)

2022/2023	Computers & Mobile Phones	Work in progress	furniture, plant & equipment	Motor Vehicle/ cycles	Water Meters	Water Infrastructu re	Water Storage	Office Building	Total
Cost Or Valuation									
At July 1, 2022	9,152,949	71,383,042	5,446,060	11,616,495	50,863,072			17,889,477	166,351,095
Additions	440,800	10,704,115	-	-	5,149,537			-	16,294,452
Transfers		(68,413,000)	13,483,550			16,045,200	15,851,640	10,218,663	(12,813,947)
Disposals	(185,600)								(185,600)
At June 30, 2023	9,408,149	13,674,157	18,929,610	11,616,495	56,012,609	16,045,200	15,851,640	28,108,140	169,646,000
Depreciation									
At July 1, 2022	7,575,832	-	3,836,800	8,426,814	37,565,326			3,124,215	60,528,987
Charge For the Year	610,162		1,886,602	797,420	3,689,457	3,209,040	1,585,164	499,679	12,277,524
Disposal	(161,098)								(161,098)
At June 30, 2023	8,024,896	-	5,723,402	9,224,234	41,254,783	3,209,040	1,585,164	3,623,894	72,645,414
Net Book Value At June 30, 2023	1,383,253	13,674,157	13,206,208	2,392,261	14,757,826	12,836,160	14,266,476	24,484,246	97,000,586

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

Valuation

The valuation of Property, Plant and Equipment was not carried out in the current financial year.

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	28,108,140	4,113,579	23,994,561
Plant and machinery, furniture, and fittings	18,929,610	7,374,178	11,555,432
Motor vehicles, including motorcycles	11,616,495	9,822,300	1,794,195
Computers and related equipment	10,531,397	8,859,561	1,671,836
Water Meters	59,761,071	44,956,040	14,805,030
Water Infrastructure	16,045,200	5,776,272	10,268,928
Water Storage	15,851,640	3,011,812	12,839,828
	160,843,553	83,913,741	76,929,812

21. Intangible Assets

	2023/2024	2022/2023
	Kshs	Kshs
Cost		
At July 1	6,908,112	6,707,432
Additions	-	200,680
Disposals	-	-
At June 30	6,908,112	6,908,112
Amortization		
At July 1	5,268,289	4,449,607
Charge for the year	546,061	818,682
Disposals	-	-
Impairment loss	-	-
At June 30	5,814,350	5,268,289
Net book value		

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

At June 30	1,093,762	1,639,823
-------------------	------------------	------------------

Notes to the financial statements (continued)

Notes on intangible assets

Intangible assets constitutes the Billing software, meter reading software, printer software and accounting software

22. Investment Property

The company did not undertake investment.

23. Right-of-use assets

Not applicable

24. Biological Assets

Not applicable

25. Fixed Interest Investments (Bonds)

The company did not invest in Fixed bonds

26. Quoted Investments

The company did not invest in Quoted Investment

27. Unquoted Investments

The company did not invest in unquoted Investment

Notes to the financial statements (continued)

28. Inventories

	<i>2023/2024</i>	<i>2022/2023</i>
	Kshs	Kshs
Telephone	0	0
Chemicals	1,044,080	563,975
Motor Vehicle/Cycles Spares	441,169	92,443
Meter Maintenance/Scrap	2,258,155	2,151,586
Water Supply Rehabilitation	5,184,900	4,807,939
Buildings Repair & Renovation	556,216	603,321
Stationery	605,752	840,656
Other inventories	-	28,012
Uniform	(0)	0
Cleaning materials	26,100	9,252
Total	10,116,372	9,097,184

[Provide short appropriate explanations as necessary]

29. Trade and Other Receivables

	<i>2023/2024</i>	<i>2022/2023</i>
	KShs	KShs
Trade receivables (note (29a))	179,654,712	161,875,160
WSP performance guarantee-Collateral for SPA	2,511,061	2,511,061
Rental prepaid	-	18,000
Minimum tax recoverable	408,132	408,132
Staff receivables (note 29 (b))	7,109	84,810
BOD debtors	34,000	90,000
Inventory Take on	0	2
Purchase accrual	51,245	-
Gross trade and other receivables	182,666,260	164,987,165
Provision for bad and doubtful receivable	(17,965,471)	(16,187,516)
Net trade and other receivables	164,700,789	148,799,649

Notes to the financial statements (continued)

29. (a) Trade Receivables

	2023/2024	2022/2024
	Kshs	Kshs
Gross trade receivables	179,654,712	161,875,160
Provision for doubtful receivables	(17,965,471)	(16,187,516)
Net trade receivables	161,689,241	145,687,644
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	7,951,283	12,151,153
Between 30 and 60 days	3,699,503	3,820,737
Between 61 and 90 days	3,151,184	3,276,708
Between 91 and 120 days	3,910,403	2,855,643
Over 120 days	160,942,339	139,770,919
Total	179,654,712	161,875,160

29. (b) Staff Receivables

	2023/2024	2022/2023
	Kshs	Kshs
Gross staff loans and advances	7,109	84,810
Provision for impairment loss	-	-
Net staff loans	7,109	84,810
Less: Amounts due within one year	-	-
Amounts due after one year	7,109	84,810

30. Tax Recoverable

	2023/2024	2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 17)	-	-
Under/(over) provision in prior year/s (note 17)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

31. Short Term Deposits

Not applicable

Notes to the financial statements (continued)

32. Bank and Cash Balances

	2023/2024	2022/2023
	Kshs	Kshs
Cash at bank	21,438,457	17,154,426
Cash in hand	-	188,476
Mobile money account	2,394,952	415,160
	23,833,409	17,758,062

Detailed analysis of the cash and cash equivalents

		2023/2024	2022/2023
Financial institution	Account number	KShs	KShs
a) Current account			
Savings Account (Cooperative Bank)	01100035120700	1,504,057	4,078,159
Current Account (Cooperative Bank)	01120035120700	432,307	4,014,346
DTF (Cooperative Bank)	01120567380300	-	102,807
Rurie Water Supply account (Cooperative Bank)	01192035120701	47,971	7,109,346
Kimbimbi Public Sanitation account (Cooperative Bank)	01192035120700	721,236	794,963
Coop Collection account (Cooperative Bank)	01100035120702	76,103	26,010
Thiba WSTF (Cooperative Bank)	01120035120703	-	59,517
Current Account (Equity Bank)	0100291489991	(182,955)	227,189
CLSG Account (Equity bank)	0100280407693		-
Current Account (Equity Bank-KERRA)	0100277709818	148,525	59,239
Rurumi project (Equity Bank)	0100284372508	3,133,841	-
ESCROLL CLSG Account (Equity bank)	0100184372466	629,382	-
CLSG II Account (Equity bank)	0100284372412	14,524,625	-
Post bank	0744130011342	182,259	675,376
Sidian bank account-Current	01013090014941	221,106	7,475
Sub- total		21,438,457	17,154,426
b) Others(specify)			
Cash in transit		-	-
Cash in hand		-	188,476
M-pesa account (Paybill No, 350850)	350850	2,394,952	415,160
Sub- total		2,394,952	603,636
Grand total		23,833,409	17,758,062

Notes to the financial statements (continued)

33. Ordinary Share Capital

The company is wholly owned by the county government of Kirinyaga through shareholding.

34. Capital Reserves

Capital reserves represent net assets capitalized at the formation of the company and represent the book values of those assets.

35. Capital Grants

G.O.K capital grants relates to Motor bikes and water meters donated by Tana Water Services Board and also an amount of subsidy on a loan given to the organization under the “Maji ni Maisha” World Bank funded project and also funds from Water Sector Trust Fund(WSTF) for various projects as depicted in note 19. Amortization on these grants is calculated on reducing balance basis on cost over the life of the asset.

36. Revenue Reserves/ Retained Earnings

Revenue reserves represent the excess of the income over recurrent expenditure. This is as a result accumulation of surplus and deficits over the years.

37. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%.

The movement on the deferred tax account is as follows:

38. Borrowings

No borrowing was done in the financial year.

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

39. Lease Liability

There was no lease agreement done in the financial year

40. Provisions (Gratuity)

Description	Leave Provision	Bonus Provision	Gratuity provisions	Total
	KShs		KShs	KShs
Balance at the beginning of the year	-	-	3,176,474	3,176,474
Additional Provisions	-	-	3,037,752	3,037,752
Provision utilised	-	-	(455,504)	(455,504)
Change due to discount and time value for money	-	-		
Balance at the end of the year	-	-	5,758,722	5,758,722

Provisions details

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Portion of Provisions	5,758,722	3,176,474
Long-term portion of Provisions	-	-
Total	5,758,722	3,176,474

41. Retirement Benefit Obligations

Description	Defined benefit plan	Post- employe nt medical benefits	Other Benefits	2023/2024	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	42,442,338	-	-	42,442,338	29,103,925
Non-current benefit obligation	-	-	-	-	-
Total	42,442,338	-	-	42,442,338	29,103,925

Notes to the financial statements (continued)

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2018. The scheme is administered by in-house team and is funded by contributions from both the company and its employees.

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month and the company contribute the same. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

42. Trade and Other Payables

	2023/2024	2022/2023
	Kshs	Kshs
Trade payables	43,550,862	31,897,241
Accrued expenses	63,167,285	44,326,257
Payroll deductions	20,595,460	15,357,094
2% withholding		10,717
Supplier taken on	0	4
Total	127,313,607	91,591,313

Aging Analysis for Trade and other Payables

	2023/2024	% of the total	2022/2023	% of the total
Under one year	31,672,036	30%	29,004,730	38%
1-2 years	24,919,644	23%	8,666,252	11%
2-3 years	12,626,441	12%	7,778,653	10%
Over 3 years	37,500,026	35%	30,773,863	41%
Total	106,718,147		76,223,498	

Notes to the financial statements (continued)

43. Refundable Deposits and Prepayments

	2023/2024	2022/2023
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits	45,257,970	41,938,970
Prepayments by customers	3,593,557	3,157,474
Staff debtors	-	1,553
Total	48,851,527	45,097,997

44. Deferred Income

Description	2023/2024	2022/2023
	KShs	KShs
Deferred income	-	-
Total deferred income	-	-

The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

45. Dividends Payable

The company had not issued any shares thus no dividend to declare.

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

46. Taxation

	2023/2024	2022/2023
	Kshs	Kshs
At beginning of the year	186,386	186,386
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	(102,126)	-
Income tax paid during the year	(84,260)	-
At end of the year	-	186,386

[Provide short appropriate explanations as necessary]

47. Notes to The Statement of Cash Flows

	2023/2024	2022/2023
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(17,016,252)	(16,899,519)
Provision for Depreciation	11,268,328	12,277,524
Amortisation of intangible Assets	546,061	818,682
Provisions for Bad Debts	1,777,955	1,421,816
Amortization of capital Grants	(2,736,512)	(8,922,382)
Gain on disposal		(45,098)
Prior year adjustment	(10,304,353)	5,000
Operating profit/(loss) before working capital changes	(16,478,773)	(11,343,977)
Working capital changes:		
(Increase)/decrease in inventories	(1,019,189)	1,916,751
(Increase)/decrease in trade and other receivables	(17,679,094)	(4,207,728)
Increase/(decrease) in trade and other payables	55,062,581	28,722,537
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/ (used in) operation	19,885,525	15,087,583
(b) Analysis of changes in loans		
Balance at beginning of the year	147,518	147,518
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

	2023/2024	2022/2023
	Kshs	Kshs
Loan w/o	(147,518)	-
Accrued interest	-	-
Balance at end of the year	-	147,518
(c) Analysis of cash and cash equivalents		
Cash at bank & M-pesa	23,833,409	17,569,586
Cash in hand	-	188,476
Balance at end of the year	23,833,409	17,758,062

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Notes to the financial statements (continued)

Other Disclosures

48. Related Party Disclosures

County Government of Kirinyaga

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

Other related parties include:

- The County Department in charge of Water
- County Government of Kirinyaga
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2023/2024	2022/2023
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	7,129,565	6,383,335
Others (Specify)	-	-
Total	7,129,565	6,383,335
b) Purchases from related parties		
Water Regulatory Board Levies	7,183,557	1,635,325
Subscription to Water Services Providers Association (WASPA)/NEMA/WRUA	180,000	233,000
Water Permits and subscriptions (WRA Levy)	1,978,281	2,287,976
Total	9,341,838	4,156,301
b) Grants from the Government		

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

	2023/2024	2022/2023
	Kshs	Kshs
WSTF-Funding	18,099,231	9,459,456
TWWDA-Funding	4,554,010	-
Donations in kind	-	-
Total	22,653,241	9,459,456
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Management Salaries	12,128,069	13,272,714
Gratuity	3,057,654	3,234,447
Directors' emoluments	6,999,660	12,504,820
Total	22,185,383	29,011,981

49. Capital Commitments

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2023/2024	2022/2023
	Kshs	Kshs
Amounts authorised and contracted for	34,299,735	35,050,312
Amounts authorized but not contracted for	-	16,000,000
Less: Amounts included in Work in progress	(1,092,567)	(11,659,509)
	33,207,168	39,390,803

50. Contingent Assets and Liabilities

Contingent Assets

There were no contingent assets and liabilities in the financial years

Notes to the financial statements (continued)

51. Financial Risk Management

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

(i) Credit risk

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

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

Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from kshs.1,000.

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

Notes to the financial statements (continued)

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables & accruals	7,723,988	8,577,832	90,416,327	106,718,147
Payroll deduction	9,250,030	2,352,513	8,992,917	20,595,460
Gratuity	276,435	525,497	4,956,790	5,758,722
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	17,250,453	11,455,842	104,366,034	133,072,329
At 30 June 2023				
Trade payables	7,132,134	12,814,899	56,276,465	76,223,498
Payroll deductions	8,535,318	3,683,836	3,137,940	15,357,094
Gratuity	218,462	436,924	2,521,088	3,176,474
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	15,885,914	16,935,659	61,935,493	94,757,066

(iii) Market risk (*Tailor as appropriate*)

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..

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

The company had no any interest bearing the financial instrument or obligation as at the end of financial year and there was no significant currency risks as no foreign transaction ensued during the year.

Notes to the financial statements (continued)

iv) Capital Risk Management

The objective of the Company's capital risk management is to safeguard the Board's ability to continue as a going concern. The Company's capital structure comprises of the following funds:

	2023/2024	2022/2023
	Kshs	Kshs
Capital Grants	52,958,755	55,695,268
Revenue reserve/Retained earnings	(21,626,094)	5,708,510
Capital reserve	43,587,914	43,587,914
Total funds	74,920,575	104,991,692
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

52. Incorporation

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

53. Events After the Reporting Period

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

20. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1	Understated property, plant and equipment: The statement of financial position reflects property, plant and equipment balance of Ksh. 97,000,586 as disclosed in note 20 to the financial statements. However, review of the asset register provided for audit revealed that the Company owned thirty four (34) parcels of land and twenty nine (29) water tanks whose values were not included in the assets register and subsequently in the property, plant and equipment schedule. Further, ownership documentations for thirty four (34) parcels of land were not provided for Audit review.	<i>Since devolution 2013 there has been a continuous unbundling of functions specifically between the National Government and the County Government on devolved functions. Water Service Providers are part of this, thus the issues of assets and liabilities in terms of transfer is yet to be resolved. The IGRTC (Intergovernmental Relations Technical Committee) is currently working on the total unbundling of all remaining devolved functions thus we shall communicate on the correct position once we receive a communication to the same effect.</i>	Not resolved. Acquisition of documents in progress	June 2026
2	Long Outstanding trade and other receivables: The statement of financial position reflects net trade and other receivables of Ksh 148,799,649 and as disclosed in note 29 to the financial statement .However, the balance includes an amount of Ksh	<i>The Company has put measures in place to ensure trade receivables are recovered.</i>	Not resolved	June 2026

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	121,282,980 in respect of receivables, which were outstanding from 2021/2022 financial year and earlier years.			
3	Budgetary Controls and performance: The statement of comparison of budget and actual amounts reflects total budgeted revenue of Ksh 236,271,519 and actual revenue of Ksh 206,343,382 resulting in an underfunding of Ksh 29,928,137 representing 12.7% of the budget.	<i>During the financial year, it was anticipated that Kerugoya Kutus Water supply project would have been completed by November 2022 which would have injected 30,000 m³ per day but this was not realised within the financial year. This would have increased the number of new connections thus increase the consumption.</i> <i>The Company has adhered to PFM Act on Budget preparation to ensure that a balanced budget is available.</i>	Resolved	
4	Long Outstanding trade and other payables: The statement of financial position reflects trade and other payables of Ksh 91,591,313 as disclosed in Note 42 to the financial statement. The amount includes trade payables amounting to Ksh 46,675,399 which were outstanding since 2021/2022 financial year and earlier years.	<i>This is a historical issue which started in the year 2016 when the company was doing badly due to lack of proper Corporate Governance. This led to accumulation of trade creditors and levies. After resolving governance issue, revenue collection was</i>	Not resolved	September 2026

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		<i>affected by COVID 19. Currently we have payment plans for trade creditors as we continue to sustain the company. We also have payment plans via MOU with TWWDA, WASREB, WRA as evidenced below.</i>		
5	High level of Non-Revenue Water During the year under review, the Company produced a total of 6,202,774 cubic meters (m ³) of water out of which only 2,618,120m ³ were billed to customers. However, the difference of 3,588,654M ³ of the total water produced or approximately 57.82% of the total water production represents non – revenue (NRW), which was 32.82% over and above the allowable threshold of 25% as per water services regulatory Board Guidelines.	<i>In line with company's strategic plan 2021-2026, the company has set a road map to reduce NRW from 59% to 40% by 2026. This is also in line with company licence conditions issued on 15th December 2022 and tariff conditions gazette on 3rd February 2023</i>	Not resolved	June 2026
6	High personnel cost: The statement of profit or loss and other comprehensive income reflects staff cost of ksh 113,311,414 representing approximately 51% of the total expenditure of ksh 223,242,901. The percentage was 16% higher than the recommended threshold of 35% by the Water Services Regulatory Board (Section 3.9.10 of the	<i>The company has put the following measures to attain 35% as per the provisions of Regulation 25(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015.</i> <i>- Increase in water coverage ratio</i>	Not resolved	June 2026

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	Corporate Governance Guidelines, 2018) for the category of Large companies under which the Company falls. According to the Guidelines, the total staff expenditure for each financial year must not exceed 35% for large companies	<p><i>without increasing workforce.</i></p> <p>- <i>The current CBA 2022/2023-2025/26 is based on performance where salary increase is pegged on revenue growth. This will enhance the staff performance hence increasing revenue. Improve on collection efficiency.</i></p> <p><i>The company strategic plan 2021/2026 has set road map on company revenue growth</i></p>		
7	<p>Exceeded limit for Board Expenses:</p> <p>The statement of profit and loss and other Comprehensive income reflects board expenses of Ksh 12,504,820 and as disclosed in note 13 to the financial statements. The Board expenses exceeded the recommended threshold of 35% by the water services regulatory board (section 3.4.6 of the Corporate Governance Guidelines, 2018) of Ksh 7,000,000. According to the guidelines Board expenses for companies with an annual turnover of up to 500,000,000 are capped at the higher of 2% of the turnover and Ksh 7,000,000 per annum.</p>	<p><i>Board activities are guided by among other things;</i></p> <p><i>a. WASREB Corporate Governance guidelines.</i></p> <p><i>b. Code of Governance for state corporation (Mwongozo).</i></p> <p><i>c. Company's MAA (Memorandum of and Articles of association).</i></p> <p><i>Based on the above, the activities were overwhelming and demanding more time, thus leading to the over expenditure beyond the set threshold.</i></p>	Resolved	

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		<i>The board has however properly planned for the preceding years as guided and advised by law and the County Assembly.</i>		
8	<p>Delay in completion of project The statement of financial position reflects plant property and equipment balance of Ksh 97,000,586 as disclosed in Note 20 to the financial statements, which includes capital works in progress balance of Ksh 13,674,157. Included in the balance is an amount of ksh 262,600 in respect to construction of Rurie water supply project. The tender for the project was awarded to a contractor at a contract price of Ksh 18,100,102 on 20 September 2022 and was scheduled to be completed in April 2023. However, inspection of the project carried out in the month of November 2023, six months after the expected completion date revealed that the project was approximately 25% complete despite the contract period having been extended twice.</p>	<p><i>The project was properly managed as the delay was caused by viable reasons as explained below:-</i></p> <p><i>i. <u>WSTF Rurie Project</u></i></p> <p><i>There was delay in commencement of the project due to:-</i></p> <p><i>-Hard rock at CFU site which delayed earthworks by 2 months. After earth works the area received heavy rains in the month of October 2023 to December 2023 hence causing challenges in accessing the site thus causing delay in project by 2 months.</i></p> <p><i>-Delay in acquisition of pipeline way leaves and intake chamber which the company had requested for approval from NIA in the month of June 2022 and the approval for pipeline way leave was done in the month</i></p>	Not Resolved	June 2025

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
		<p><i>of April 2023 thus causing delay in excavating pipeline trenches by 10 months. The company has not yet Acquired Intake Chamber Way Leave.</i></p> <p><i>Delay in acquisition of consent to abstract water along existing Thiba canal from National Irrigation</i></p> <p><i>ii. Board <u>WSTF</u></i></p> <p><i><u>Kimbimbi Project</u></i></p> <p><i>There was delay in commencement of construction of Kimbimbi Project due to:</i></p> <p><i>The land where the PSF site is located is a market site and the makeshift structure had to be relocated to pave way for the toilet construction hence causing delay by 4 months since public participation had to be carried out.</i></p> <p><i>-Heavy Rain: between the month of October and December 2023 Kirinyaga County experienced heavy rain which delayed completion of superstructure works which caused delay of project by 2 months.</i></p>		

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Refer ence No. on the extern al audit Repor t	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
9	<p>Non-compliance with the Law on Ethnic Composition:</p> <p>The Company has a total of one hundred and sixty two (162) staff members as at 30th June, 2023. However, one hundred and fifty (150) or 93% of the staff members were from the dominant ethnic community. This was contrary to the requirements of section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.as per previously reported, one hundred and fifty (150) or 93% of the staff members are from the dominant ethnic community. This is contrary to section 65 (e) of the county Government Act, 2012 which requires the County Governments to ensure that at least thirty percent of the vacant posts at entry level are by candidates who are not from the Dominant ethnic community in the county</p>	<p><i>Most of our staff were recruited during the company's inception in year 2006 when Section 7 (1) & (2) of the National Cohesion and Integration Act, 2008 was not in place.</i></p> <p><i>In the event of arising vacancies in Kirinyaga county Water and sanitation company we encourage all people to apply through circulating the advert in the company's website and newspaper of national circulation clearly indicating that the Company is an equal opportunity employer and we receive responses from interested applicants</i></p>	Not resolved	Progressivel y

Name CAXTON WAWERU

Signature 

Ag. Managing Director

Date...30/07/2024.....

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Kimbimbi public sanitation facility project	WSTF	12 Months	5,207,343.88	Yes	Yes
2	Rurie Water supply project	WSTF	12 Months	16,263,727.20	Yes	Yes
3	Conditional Liquidity Support Grant II	WSTF	12 Months	29,049,250	Yes	Yes
4	Rurumi Household Sanitation Project	WSTF	12 Months	5,250,485	Yes	Yes
5	CLSG II	WSTF	12 Month	29,049,250	Yes	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Comp lection % to date	Budget	Actual	Sources of funds
1	Reinstatement of Kimicha to Kangai Pipeline	1,548,600	1,548,600	100%	1,548,600	1,548,600	Internal
2	Kimbimbi public sanitation	6,199,219		98%	6,199,219	2,414,309.50	WSTF

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

	facility project						
3	Rurie Water supply project	19,361,580	7,338,440	40%	19,361,580	7,338,440	WSTF
4	Rurumi Household Sanitation Project	5,250,485	1,092,567	20%	5,250,485	1,092,567	WSTF
5	Tie in Works for Construction of Kerugoya Kutus Water supply	4,554,010	4,357,536	96%	4,554,010	4,357,536	TWWDA
6	Relocation of OD 250mm Sagana-Thiguku pipeline	25,000,000	2,206,800	70%	2,206,800	2,206,800	KERRA/Internal
7	CLSG II	29,049,250	0	0	29,049,250	0	WSTF

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Appendix IV: Reporting of Climate Relevant Expenditures

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

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30 2024

Appendix V: Reporting Disaster Management Expenditure

Date:						
Entity						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

(Attach forms from each transferring Government entity.)

Kirinyaga County Water & Sanitation PLC
Annual Reports and Financial Statements
For the year ended June 30, 2024

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor or Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Water Sector Trust Fund (Kimbimbi Project)	March 2023	Donor Fund	1,983,750	-	-	-	-	-	-
Water Sector Trust Fund (Rurie Water Project)	May 2023	Donor Fund	6,195,706	-	-	-	-	-	-
Water Sector Trust Fund (Rurumi Project)	Jan 2024	Donor Fund	3,574,606	3,574,606	-	-	-	-	3,574,606
Tana water Works Development Agency.	Oct 2023	Donor Fund	4,554,010	4,554,010	-	-	-	-	4,554,010
Water Sector Trust Fund (CLSG II)		Donor Fund	29,049,250	14,524,625					
Total			45,357,322	22,653,241	-	-	-	-	8,128,616

