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REPORT

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THE AUDITOR-GENERAL

ON

**TETU ABERDARE WATER AND
SANITATION COMPANY LIMITED**

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





TETU ABERDARE WATER & SANITATION COMPANY

P. O. Box 1089 - 10100, NYERI

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TEAWASCO

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2019

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

TETU ABERDARE WATER & SANITATION COMPANY LIMITED ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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TETU ABERDARE WATER & SANITATION COMPANY LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

KEY ENTITY INFORMATION

BACKGROUND INFORMATION

The Company was incorporated under the Companies Act (Cap.486) on 13th April 2006 and that the Company is limited by Guarantee (Certificate of Incorporation for the Company No.C.124262). The Company's mandate is to provide Water and Sanitation Services in Tetu and parts of Nyeri Central sub-counties in Nyeri County in accordance with section 113 of the Water Act 2002 by Tana Water Services Board. The water act has been reviewed and water act 2016 is currently in force to accommodate the 2010 constitution.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide water and sanitation services to residents of Tetu and parts of Nyeri Central sub-counties in Nyeri County

BOARD OF DIRECTORS

<u>NAME</u>	<u>STATUS</u>	<u>DATE OF APPOINTMENT</u>
1. David King'ori Njogu	- Chairman	- 16 th January 2015
2. Felix Mugo Matu	- Director	- 16 th January 2015
3. Lydiah N Kagema	- Director	- 16 th January 2015
4. Pastor Peter Ndiritu	- Director	- 21 st June 2018
5. Joel Kariuki	- Director	- 21 st June 2018
6. Stanley Mutuota	- Director	- 25 th July 2018
7. Ruth Mwangi	- Director	- 17 th July 2018
8. Symon W Wanjau	- General Manager	

CORPORATE SECRETARY

FCS Richard K. Gikuhi,
P.O. Box 1271-10100,
Nyeri-Kenya

REGISTERED OFFICE

Kamakwa Nyeri Central Sub-County Water Office
P.O. Box1089- 10100
Nyeri.

CORPORATE CONTACTS

Telephone :(254-0612034164)

E-mail: teawasco@gmail.com

: info@teawasco.co.ke

Website: teawasco.co.ke

CORPORATE BANKERS

Kenya Commercial Bank Limited Nyeri Branch

P. O. BOX 215 -10100 Nyeri.

INDEPENDENT AUDITORS

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

PRINCIPAL LEGAL ADVISERS

Lucy Mwai & Company Advocate

P.O Box 12233-10109

0725363178

E-mail:lucymwai2012@gmail.com

THE BOARD OF DIRECTORS

	<p>Mr. David King'ori Njogu – Board Chairman A-Level, Bachelor of Science Degree in Wildlife Management He represents Commercial Consumers in TEAWASCO Board. He was the Head of Science Department in Nyeri Baptist High School, Civic Education Facilitator Tetu, Assistant Manager Tetu Constituency Office, Founder Member of Chania River Resources Users Association, Director Tetu Aberdare Water & Sanitation Company in 2006 to 2011 and Secretary-New United Tetu Dairy Group. He has attended Seminars & Workshops in Management Skills and Development, Performance approval and Development Leadership Motivation & Communication Seminar & Corporate Governance Training in Embu.</p>
	<p>Mr. Felix Mugo Matu Trained Motor Vehicle Inspector. Worked as a Motor Vehicle Inspector in Nyeri and Muranga, Instructor at the Mechanics Training School and In-charge Provincial Workshops at Provincial Works Office. He has been the chairman Wandumbi special school and the B.O.G chair Wandumbi Secondary School. He is the chairperson of Finance, Administration & Technical Sub Committee of the Board. He represents Farmers Organizations.</p>
	<p>Mrs Ruth Mwangi Master in Project Management and BSC in General Agriculture Chief Officer Agriculture Nyeri County Government, pursuing PhD.</p>
	<p>Pastor Peter Ndiritu Macharia O-Level Diploma in Theology (Kenya Baptist Theology College), KATC/CPA 1, O level Education. Have attended several leadership and management seminars. Ordained ministers serving with Baptist churches. Currently Pastor in charge of Kiandu Baptist church and Gacatha Baptist church. Founder and manager of Kiandu Baptist Academy and also Instructor Kieni West Baptist Bible School-Bellevue. Director representing religious organization</p>

	<p>Mr Stanley Mutuota BSC in Agriculture Ag. Chief Officer Water, Environment and Natural Resources in the Nyeri County Government.</p>
	<p>Mr. Joel Wang'ombe Kariuki Diploma in Special Education, Certificate in Primary Education, Certificate in ICT Entrepreneurship and Computer packages. Involved in Community work, one of committee members involved in establishing Gakere Boys High School (Kigogo-ini) in Tetu Constituency. O level Education</p>
	<p>Mrs. Lydia Nyokabi Kagema Retired Head teacher she is the Chairperson of the Audit Sub -Committee of the Board and the Chairperson of New United Tetu Dairy. She has been a B.O.G member F.T Nyamu Secondary, chairperson location Development Committee Gaaki and Sub-locational Development Committee Gathaiti. She is representing Farmers organization. She represents Farmers in TEAWASCO Board.</p>
	<p>Mr. Symon W. Wanjau- General Manager K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, CPA (K), CPS Finalist, CIFA Finalist, Registered with ICPAK,</p>

MANAGEMENT TEAM

QUALIFICATIONS AND MAIN AREA OF RESPONSIBILITY



1. Symon W. Wanjau- General Manager

K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, CPA (K), CPS Finalist, CIFA Finalist, Registered with ICPAK, He is responsible for Planning Directing Coordinating and Controlling the Operation of the Company. Effective management of the company so as to ensure achievement of its set goals and objectives



2. Grace N. Gathigia- Commercial Manager

K.C.S.E, Master of Business Administration, Bachelor's degree in Business Administration Finance/Accounting, CPA (K), Registered with ICPAK. More than 15 years' Working Experience She Ensures that all the financial resources of the company are well managed, prudently invested, fully accounted for and reported efficiently. Continuous improvement of Administration and Accounting systems in the company



3. Joshua N Mumo-Technical Manager

K.C.S.E, Diploma in water Engineering from Kenya Water Institute (KEWI) Over three years in water services provision sector. Responsible for production of quality water to customers, operate and maintain existing water infrastructure, ensure efficient and effective provision of water and sanitation services to meet consumer needs.



4. Mary W Kibandi- Human Resource/Administration Officer

K.C.S.E, Bachelor's degree in business administration Human resource option, Diploma in business management Human resource option registered with IHRM. Have over five years' experience in Human Resource field. Pursuing (CHRP) Certified Human Resource Personnel. Responsible for the management of Human Resource function and administration of the company; including formulation, periodic review and implementation of Human Resource policies, coordination of recruitment process; compensation and benefit, staff training and development and employee industrial relations.

CHAIRMAN'S REPORT

The year 2018/2019 was a year with a difference, a year in which we were confronted by many challenges, but emerged more resilient and successful.

The macroeconomic landscape in the year was challenging characterized by depressed economies, disposable incomes in the whole world continued to decline resulting to reduced consumers spending. This greatly constrained our volumes and hindered growth in turnover during the year under review. However, despite the very difficult economic conditions, we are proud of the results we achieved. The Company water billing increased from ksh 56,606,300 to Kshs 62,010,225 for the financial year 2017/2018 and 2018/2019 respectively.

The company too undertook sponsorship of public health projects with Nyeri Hospice. This is targeted to terminally ill Cancer Patients and focuses on quality of life thereby turning the end of life into an important time of living.

Our effort to grow and improve as a company would not have been possible without the leadership of our talented Board of Directors, our employees, our customers, NG-CDF Tetu, Tana Water Works Development Agency, Tetu Sub-County Water Officer, Nyeri County Government and other potential development partners also deserve commendation for their hard work and loyalty.

The results presented today would not have been achieved without the support of the Directors and for this I wish to thank my colleagues in the Board.

On behalf of the Board, I wish to record our gratitude to our consumers for their continued loyalty and support and to all our employees in the company for their dedication and exemplary service without which the results would not have been achieved.



DAVID K. NJOGU
CHAIRMAN –TEAWASCO.

GENERAL MANAGER'S REPORT

WATER SECTOR REFORMS

One of the main principles of the Water Act 2002 was that water services were to be managed at the lowest level possible. In line with this principle the Ministry of Water and Irrigation transferred the provision of water services to Water Services Board with effect from July 2005. The Water Act 2002 stipulates that the Service Boards shall contract agents, known as water service providers, for provision of water services. Now under the Water Act 2016 the water service providers are wholly owned by the County Government.

HISTORY AND LEGAL ESTABLISHMENT

TEAWASCO as a Company has been given the responsibility to take charge of the Management of all the assets that were previously under the Management of both Ministry of Water and Irrigation as Tetu Thegenge and Titie Water Schemes and National Water Conservation and Pipeline Corporation as Aguthi Water Scheme. Over the years all the existing water systems handed over to the Company have passed their ultimate design period, and in the process they have been dilapidated and outlived their economic life. Hence, they need to be rehabilitated and augmented.

However, in order to be able to achieve sustainability there is need to develop and implement the infrastructure involving various components. However, these undertakings requires huge amount of money which is beyond the capability of the Company to generate internally, therefore demanding external funding.

In addition, it is important to note that according to the new dispensation the water and sanitation services are devolved functions under the County Government, and this being the case the Water Act 2016 was enacted in order to accommodate these constitutional changes among other regulations awaiting enactment by Parliament.

In view of the above, the company is working closely with Tana Water Works Development Agency, National Government Constituencies Development Fund (NG-CDF) Tetu – Committee, Sub County Water Office and Nyeri County Government in fulfilling our core mandate.

INFRASTRUCTURE DEVELOPMENT

For the purpose of improving our service delivery especially for Titie Water Scheme, the company is working closely with Nyeri County Government in soliciting for funds for construction of Titie Treatment Works of which the process is underway after construction augmentation of the raw water main under WSTF funding. Meanwhile, the company has acquired two acres of land within the Aberdare forest reserve for the construction purpose and the Treatment Works is on-going. However, the treatment facility will ensure provision of quality water that meets water quality sector standard.

FUTURE DEVELOPMENT PLANS

The Company has earmarked to undertake the following activities in our future development programmes.

- √ Development of Bulk Water Supply by constructing reservoirs on Gura, Chania and Kagumo rivers including rehabilitation and augmentation of existing water systems.
- √ Improvement and development of sanitation services in our rural households and market centres.
- √ Water Catchment conservation and protection programmes.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The company has joined hands with other stakeholders concerned in planting indigenous trees in the Aberdare forest water catchment area bearing in mind that the sustainability of our water sources wholly depends on Aberdare water tower which we desperately need to protect and preserve.

The company planted over three thousand trees at Aberdare forest to conserve the water catchment areas and look forward to conserve all catchments areas that are the sources of our water intake.

The company too undertook sponsorship of public health projects with Nyeri Hospice. This is targeted to terminally ill Cancer Patients and focuses on quality of life thereby turning the end of life into an important time of living. It also donated 10,000 Litres Water tank to Gathungo Primary School.

TETU ABERDARE WATER & SANITATION COMPANY LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE DIRECTORS

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

Principal activity

To provide water and sanitation services to residents of Tetu and parts of Nyeri Central sub-counties in Nyeri County.

Results

The results of the Tetu Aberdare Water and Sanitation Co Limited for the year ended June 30, 2019 are set out on pages 16-19

Dividends

The company is limited by guarantee and does not pay dividends. Any surplus realised is ploughed back to finance capital expenditure.

Directors

The members of the Board of Directors who served during the year are shown on page four. In accordance with Regulation of the company's Articles of Association, XXX and XXX retire by rotation and being eligible offer themselves for re-election.

Auditors

The Auditor General is responsible for the statutory audit of the company's in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Company Secretary

Nyeri

Date:.....

STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, require the Directors to prepare financial statements of Tetu Aberdare Water and Sanitation Co Limited which give a true and fair view of the state of affairs of Tetu Aberdare Water and Sanitation Co Limited at the end of the financial year 2018/2019 and the operating results of the Tetu Aberdare Water and Sanitation Co Limited for year 2018/2019. The Directors are also required to ensure that Tetu Aberdare Water and Sanitation Co Limited keeps proper accounting records which disclose with reasonable accuracy the financial position of Tetu Aberdare Water and Sanitation Co Limited. The Directors are also responsible for safeguarding the assets of Tetu Aberdare Water and Sanitation Co Limited.

The Directors are responsible for the preparation and presentation of Tetu Aberdare Water and Sanitation Co Limited financial statements, which give a true and fair view of the state of affairs of Tetu Aberdare Water and Sanitation Co Limited for and as at the end of the financial year ended on June 30, 2019. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Tetu Aberdare Water and Sanitation Co Limited.
- (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 Tetu Aberdare Water and Sanitation Co Limited.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

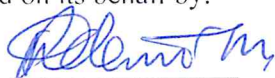
The Directors accept responsibility for Tetu Aberdare Water and Sanitation Co Limited financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), in the manner required by the PFM Act and Public Sector Accounting Standards Board. The Directors are of the opinion that Tetu Aberdare Water and Sanitation Co Limited financial statements give a true and fair view of the state of Tetu Aberdare Water and Sanitation Co Limited transactions during the financial year ended June 30, 2019, and of Tetu Aberdare Water and Sanitation Co Limited financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Tetu Aberdare Water and Sanitation Co Limited, which have been relied upon in the preparation of Tetu Aberdare Water and Sanitation Co Limited financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Tetu Aberdare Water and Sanitation Co Limited financial statements were approved by the Board on 20/21/2020 2020 and signed on its behalf by:







TETU ABERDARE WATER & SANITATION COMPANY LIMITED ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tetu Aberdare water & sanitation company Limited is established by and derives its authority and accountability from Water Act 2016. Tetu Aberdare water & sanitation company Limited is wholly owned by the County Government of Nyeri and is domiciled in Kenya. The Company's principal activity is to provide water and sanitation services to residence of Tetu and parts of Nyeri Central Sub counties in Nyeri County.

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, impaired assets at their estimated recoverable amounts and 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 Tetu Aberdare Water & Sanitation Company Limited accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Tetu Aberdare Water and Sanitation Company Limited.

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

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

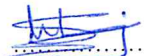
i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

IFRS 16: Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Standard does not affect the Company Currently.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
		<p>dilapidated infrastructure.</p> <p>b. Installation of Ball Measures to curb the increase in volume of UFW.</p> <p>i. Installation of customer meters with an objective of achieving 100% metering level.</p> <p>ii. Have constituted an independent NRW unit within the Technical department in charge of NRW.</p> <p>iii. Valves in our tanks.</p> <p>iv. Liaison with customers in reporting leaks and bursts.</p> <p>v. Water loss due to road construction and upgrading led to disruption of service provision.</p>			

General Manager



Date.....

26/02/2020

Chairman of the Board



Date.....

26/02/2020