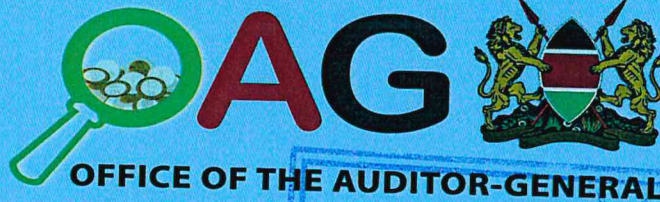


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAYD	
DATE: 23 FEB 2022	DAY: WED
REPORT	
BY:	HON. JIMMY ANGWENTI, MP
CLERK-AT THE-TABLE:	perpetual Karanu

OF

THE AUDITOR-GENERAL

ON

OLOOLAISE WATER AND SEWERAGE
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2018

31

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

- 5 APR 2019

RECEIVED

OLOOLAISER WATER AND SEWERAGE COMPANY

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June, 2018**

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

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Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

KEY ENTITY INFORMATION

Background information

Oloolaiser Water and Sewerage Company was established under the Company's Act (CAP.486) on the Thirtieth day of June two thousand and six.

Principal Activities

The principal activities of Oloolaiser Water and Sewerage Company to provide safe and reliable water services to customers.

Directors

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

Samson Kereya	Chairman
Lt. Col. (Rtd) Dominic Mukundi	Member (Borehole owners Representative)
Francis Mwaura	Member (Professionals Representative)
Isaac Leboi	Member (Consumer representative)
Abraham Mapena	County (Government Representative) up to October 2017
Jeremiah Mepukori	County (Government Representative) up to October 2017
AnnisNaserian	Member (Youth Representative) From November 2017
Christine Mopel	Member (Representing Pastoralists) From November 2017
Joan Metian	Member (Representing NGO'S and institutions) From November 2017

Corporate Secretary

Wanjau and Wanjau Advocates
P.O. Box 15382-00100
Nairobi

Corporate Headquarters

P.O. BOX.333-00206
Isalu Centre Ground Floor
Magadi Road
Rongai.

Corporate Contacts

Telephone: (+254)724310714
(+254)202012075
E-mail: info@oloolaiserwatercompany.co.ke

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

Corporate Bankers

Kenya Commercial Bank

Ongata Rongai

Private Bag

Ongata Rongai

Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

BOARD OF DIRECTORS



Chairman

Mr. Samson Kereya

Date of Birth: 03.06.1974

He has a Diploma in Purchasing and Supplies Management with diverse experience in the public sector. He has also served as a presiding officer with the Electro Commission of Kenya. Currently pursuing a of Science in Purchasing and Supplies Management



Director

Mr. Francis Mwaura Mwangi

Date of Birth: 05.11.1950

He has a Masters of Science degree accompanied with twenty years of experience in public sector. He has a Bachelor's of Education and a Certificate in Bank Supervision.



Director

Lt. Col. (Rtd) Dominic Mukundi

Date of Birth: 1950

He has an Advanced Certificate of Education with further training in Logistics and Security matters. He also have vast experience in the public sector after serving for twenty three years in the Kenyan Military.



Director

Mr. Abraham Mapena

CECM – Finance and Economic Planning, County Government of Kajiado.

He has a Masters Degree in Business Administration with vast experience in the Public Sector. Currently serving in the above stated position under the County Government of Kajiado

Ololaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018



Director

Mr. Isaac Leboi

Date of Birth: 1972

He has a certificate in animal health added with an added certificate in performance competence. He has vast experience having worked in both private and public sector organizations



Director Annis Naserian

She has a degree in BSC Biochemistry and molecular biology. She has a vast experience having worked in livestock and plants research institutes and other organisations



Director Christine Serea Mopel

Date of Birth 1990:

She is an MBA Holder in strategic Management and possesses a degree in Bachelor of Commerce. She has a vast experience in the finance sector having worked for private and in the public sector.



Director Joan Metian Pertet Waiganjo

She is an MBA Holder in Business administration and Bachelors degree in Commerce. She has vast experience in finance sector having worked for the private sector.

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018



Anne Mwangi
Managing Director
Date of Birth: 01.09.1960

She has a Masters of Science Degree in Water Engineering with a Bachelors of Science Degree in Civil Engineering. She has vast experience in the public sector especially in the water sector.



Alpha Mosomi
Commercial Manager
Date of Birth: 15.07.1981

He has a Diploma in Water Engineering. He has experience in the water sector as he has served in different capacities different water companies.



Wilson Munguti
Technical Manager
Date of Birth: 09.04.1969

He holds a Diploma in Water Engineering with a related Certificate in Plumbing and Water Supply. He has vast experience in the water sector as he has worked with different corporate institutions in the water industry.



Elena Wamutitu
Financial and Administration Manager
Date of Birth: 23.01.1982

She holds a Masters Degree in Business Administration and a Bachelors Degree in Economics. She has worked in different organizations under the Finance Department hence she has requisite experience under the docket.

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018



Faith Lekato
Human Resource Officer
Date of Birth: 05.03.1986

She holds a Diploma in Personnel Management and currently pursuing her undergraduate course in Human Resource Management. She has worked as a personnel Assistant in Magadi Soda Company hence she has the required human resource management skills.



Procurement Officer
Geoffrey Shisanya
Date of Birth: 10.10.1982

He holds a Diploma in Purchasing and Supplies and undertaking his undergraduate course in Business Management- Purchasing and Supplies Option.



John Wekesa
Internal Auditor
Date of Birth: 29.10.1985

He holds KATC and CPA final certificates with an undergraduate degree in Commerce. He has also served in different public institutions hence has vast experience in the public sector.

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

CHAIRMAN'S STATEMENT

On behalf of the Board, I am encouraged by the integrity, responsiveness and sheer determination of the Directors, Management and employees which has been key in meeting water services needs within our area of jurisdiction despite the various challenges faced, it is therefore, with great pleasure that I present the Reports Financial Statement of the year ended 30th June 2018.

The company's mission is to provide water and waste water services that are economically viable, environmentally friendly, socially responsible and responsive to customer needs and expectations. This in its self is a major challenge but which I want to assure you that the company is capable of achieving.

We have faced challenges of water demand exceeding the available water supply, aged and dilapidated reticulation system, limitation of the pipeline coverage, water losses and increased costs which outstretch the available revenues. Some of these challenges have been addressed through internally generated resources and Government of Kenya through the Ministry of Water and Irrigation and its agencies, for example the Water Services Trust Fund.

The limited expansion of the Company's pipe network and facilities to support the increasing demand has gone a long way to build on customer confidence and satisfaction. Over the years we have intensified implementation of system expansion, reinforcement and upgrade projects aimed at improving the reliability of water supply, reducing system losses and creating capacity for new customer connections and extension of service coverage.

It is clear that the future will be equally as challenging as the past in consideration of the rapid urbanization within our area of service. The Board is therefore committed to the insistence on good governance to overcome the inevitable challenges. The Board shall continue to transform the Company into a dynamic, pro-active, and consumer conscious organization so as to prevail over existing and emerging challenges and attain its vision "To be the industry leader and water service provider of choice".

Finally, I am humbled to sincerely express my gratitude and appreciation to all shareholders, our esteemed customers, my fellow Directors, the Management team, staff, Government of Kenya, investment partners, and our valued suppliers for their continued support which has contributed to achieving our mandate as a water service provider.

Thank you



Samson Kereya
Chairman

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

REPORT OF THE MANAGING DIRECTOR

The water company, under certificate of operation by Water Services Regulatory Board and through a Service Provision Agreement with Tanathi Water Services Board (a state Corporation) provides water and waste water services within Kajiado North and Kajiado West Sub Counties of Kajiado County and has a coverage area of approximately 716km² targeting an estimated population of 307,455 persons.

The Company has achieved a service coverage of 89km² and 172,175 persons being an achievement of 12.4% and 56% respectively, the low coverage is attributed to a limited reticulation networks which is majorly present within the urban areas of Ongata Rongai, Kiserian, Ngong and Matasia and their immediate environs, for instance Olkeri and Bulbul areas. Water is a key driver of social-economic development, during the year under review, the Company centered on demand focused distribution of water, albeit inadequate, while still ensuring accessibility to all, this enhanced reliability of the service coupled with improved customer service.

The financial year 2017- 2018 has been particularly difficult due to a period of drought, high costs especially on some operational costs and the challenge of high Non-Revenue Water Levels. Challenges of an old dilapidated reticulation networks, poor designs coupled with wrong sizing of pipes and poor class of materials has contributed to physical water losses. Other contributions of water loss has been through poor meter installation techniques, aged consumer meters, wrong meter positioning, meter inefficiencies, incidences of illegal reconnections, meter by passes and water theft making contribution to commercial losses.

As the utility charged with the responsibility of providing water and sewerage services within Kajiado North and Kajiado West Sub Counties, the people of this sub counties look upon us to deliver, I am pleased to state that through the years, we have set ourselves ambitious performance goals and have consistently delivered against them. Though the years have been exceptionally challenging, we have substantially increased our customer base through investments in the expansion of our infrastructure and improvements in the quality of service to our customers

Ladies and Gentlemen, The Company has intensified exploration, planning, designing and implementation of system expansion targeted at improving the quality and reliability of the service by construction of pipeline extension of various diameters and additional storage tanks.

Thank you

Eng. Dickson Ntikoisa
Ag. Managing Director



MANAGING DIRECTOR
OLOOLAISER WATER & SEWERAGE CO. LTD.
P. O. Box 333 - 00206, KISERIAN

CORPORATE GOVERNANCE STATEMENT

The Board of Directors regard corporate governance as pivotal to the successes of the company and are unreservedly committed to ensuring that as a public service institution, the company's decisions are guided by the core tenets as prescribed in the code of conduct. Accordingly the Board of Directors and the established Committees of the Board regularly evaluate the standard of service so as to continuously deliver on our mandate and remain a sustainable and viable entity.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Oloolaiser Water and Sewerage Company recognize that we must be responsible towards its stakeholders, society and our environment in order to achieve a sustainable system in Kenya. As a Company we acknowledge our responsibility to the environment and to our local communities in which we operate. We aim to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including customers, employees, investors, communities and others. The Company actively encourages our staff to recognise those responsibilities and behave in a responsible manner toward the society in which we function. We regard the setting of good examples as an important practice in this regard. Below are some examples of how the Company and its staff have shown commitment to practice responsible corporate behaviour and to establish and support initiatives in the offices.

Environment

The Company seek to contribute to a cleaner environment and hence involved in community exercises which include clean up exercises especially in towns within its area jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations. The company also contributes to the society by giving donations especially during public national holidays.

Employees

The success of the company is based on its people. The Company seek to recruit, retain, reward and develop the best talent in the company. It recognises the need to inculcate among our employees the culture of being sensitive to safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. It train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity. Further, it continually seeks to improve its employees through structured programs for personal and professional development.

Health and Safety

The Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation or regulations and best practice guidelines recommended by national health and safety authorities. It also liaise with staff regarding policies and practices so that it can continue to maintain a healthy, safe and enjoyable work environment.

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June, 2018 which show the state of *Oloolaiser Water and Sewerage Company* affairs.

Principal activities

The principal activities of *Oloolaiser Water and Sewerage Company* are to provide safe and reliable water services to customers.

Results

The results of *Oloolaiser Water and Sewerage Company* entity for the year ended 30th June 2018 are set out on page 14-18.

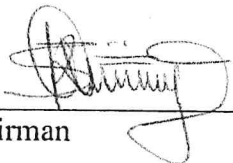
Directors

The members of the Board of Directors who served during the year are shown on page 4-5 in accordance with Regulation 58 of *Oloolaiser Water and Sewerage Company* Articles of Association.

Auditors

The Auditor General is responsible for the statutory audit of *Oloolaiser Water and Sewerage* in accordance with Section 164 subsection 4(5) of 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



Chairman

4/4/2018

Date

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

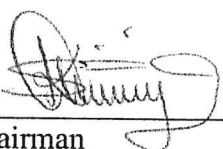
Section 164 of the Public Finance Management Act, 2012 and section 208 of the PFM-County Regulations Act, require the Directors to ensure that Oloolaiser Water and Sewerage Company Limited keeps proper accounting records which disclose with reasonable accuracy the financial position of Oloolaiser Water and Sewerage Company Limited. The Directors are also responsible for safeguarding the assets of the company from any material misappropriation.

The Directors accept responsibility for preparation and presentation of 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 and the State Corporations Act. The Directors are of the opinion that Oloolaiser Water and Sewerage Company Limited financial statements give a true and fair view of the state of affairs and all material transactions carried out during the financial year ended June 30th, 2018, this financial statements also provide the true financial position of our organization as at the above stated date. The Directors further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

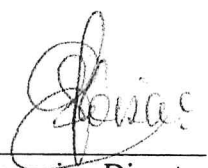
Nothing has come to the attention of the Directors to indicate that the *Oloolaiser Water and Sewerage Company* Limited will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Oloolaiser Water and Sewerage Company Limited financial statements were approved by the Board of Directors on and signed on its behalf by:


Chairman

4/4/2019
Date


Managing Director

MANAGING DIRECTOR
OLOOLAISER WATER & SEWERAGE CO. LT
P. O. Box 333 - 00206, KISERIA

4/04/2019
Date

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 OLOOLAISSER WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Oloolaiser Water and Sewerage Company Limited set out on pages 14 to 27, which comprise the statement of financial position as at 30 June, 2018, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Oloolaiser Water and Sewerage Company Limited as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and do not comply with the Water Act, 2016 and the Company Act, 2015.

Basis for Qualified Opinion

1.0. Inaccuracies in the Financial Statements

The following inaccuracies in the financial statements were observed:

1.1. Overstated Staff Costs

As disclosed in Note 5 to the financial statements, the statement of comprehensive income reflects staff costs amounting to Kshs.68,520,589 which constitutes; staff training of Kshs.197,100, staff uniform and protective clothing of Kshs.179,874 and WASCA sports of Kshs.183,900. However, the sub-components do not relate to employees personal emoluments and therefore overstates staff costs by Kshs.560,874.

1.2. Unconfirmed Cash and Bank Balance

As disclosed in Note 13 to the financial statements, the statement of financial position reflects a figure of Kshs.1,577,665 in respect of cash and bank balances, which includes

Kshs.355,983 held in KCB-Expenditure account as at 30 June, 2018. Review of expenditure cash book, revealed a balance of Kshs.2,810,461, resulting in unexplained variance of Kshs.2,454,572.

1.3. Unconfirmed Provision for bad debts

Note 4 to the financial statements, reflects an increase in provision for bad debts during the year which amounted to Kshs.346,889, the same figure as that of 2016/2017. The basis upon which the balance of Kshs.346,889 has been arrived at could not be established since analysis for debtors outstanding above 180 days was not provided for audit verification.

Consequently, the completeness and accuracy of the financial statements for the year ended 30 June, 2018 cannot be ascertained.

2.0. Undisclosed Uncertainty Relating to Going Concern

The statement of comprehensive income reflects actual revenue received amounting to Kshs.151,283,335 against total expenditure of Kshs.165,645,782 resulting to a surplus of Kshs.14,362,447. Further, the statement financial position indicates that total current liabilities totaling of Kshs.116,068,822 exceeds current assets of Kshs.36,939,065 resulting in a negative working capital of Kshs.79,129,757. This is a clear indication that the company is experiencing financial difficulties that has impacted on its sustainability which has not been disclosed in the notes to the financial statements. The company is technically insolvent and is operating on the goodwill of creditors.

Management has not made this disclosure in the financial statements or measures it intends to take to reverse the trend.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There are no other key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The Statement of comparison of Budget and actual amounts for the year ended 30 June, 2018 reflects total budgeted revenue of Kshs.192,038,560 while actual revenue

received was KShs.146,892,212 resulting to an under-collection of KShs.45,146,348 or about 24% of the budget. . Similarly, the company spent KShs.165,645,782 against an approved budget of KShs.191,449,794 resulting to an under expenditure of KShs.25,804,012 or about 13.47% of the budgeted expenditure. This implies that projects and programs worth KShs.25,804,012 were not implemented although budgeted for.

Management has not given explanations for the under collection of revenue and also the significant decline in revenue collection and the excessive expenditure above the approved budget.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0. Non-adherence to Public Procurement and Asset Disposal Act, 2015

Review of documents supporting procurement of goods and services revealed the following anomalies;

1.1. Advance Payment to a Supplier

During the year under review, the Company paid a firm an advance payment of KShs.1,050,000 which exceeded 20% of the tender price of KShs.2,553,044 and without security as required under Section 147(1) of the Public Procurement And Asset Disposal Act, 2015, which provides that under exceptional circumstances advance payment may be granted and shall not exceed twenty per cent (20 %) of the price of the tender and shall be paid upon submission by the successful tenderer to the procuring entity of an advance payment security equivalent to the advance itself and that security shall be given by a reputable bank or any authorized financial institution.

1.2. Award of Contract to a Non-Prequalified Firm

Examination of procurement and payment records maintained by the water company revealed that the entity paid Nairobi Ironmongers Ltd KShs.1,750,150 for supply and delivery of water treatment chemicals, yet this supplier was not in the list of prequalified firms during the year under review, and there was no evidence that the supplier is the only known supplier for the items in question. This is contrary to section 57(1) of Public Procurement and Asset Disposal Act, 2015, which states that the head of the procurement function of a procuring entity shall maintain and update list of registered

suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs. Further, Section 95(3) of the Act further requires a procuring entity to invite tenders from only the approved persons who have been pre-qualified.

1.3. Delays in Delivery and Payment of Goods

Further, the same company was contracted to supply and deliver 10,000 kilograms of poly aluminum chloride powder (PAC) at a cost of Kshs.754,000 as per a local purchase order dated 25/7/2017. It was however observed that 6000 kilograms of water chemicals was delivered on 13/11/2017 and Management paid the supplier an amount of Kshs.754,000. There was no explanation provided for delivery of goods beyond the tender validity period, contrary to the provisions of regulation 52.(1 2 & 4) of Public Financial Management Regulations of 2015, which states that a local purchase order or local service order shall be valid for a period of thirty days from the date of issue.

1.4. Goods Procured and Paid for Without a Valid Contract

The statement of comprehensive income reflects an expenditure of Kshs.65,247,675 for operational and maintenance costs which includes Kshs.14,613,688, being an amount paid to a firm for supply of water treatment chemicals. However, there is no evidence that a written contract was signed between the two parties in contravention of Section 135(1-5) of Public Procurement and Asset Disposal Act of 2015 which stipulates that no contract is formed between the person submitting the successful tender and the accounting officer of a procuring entity until the written contract is signed by the parties.

1.5. LPO Written Before Issuance of Official Contract

The company also ordered for the supply and delivery of 50 tonnes of aluminum sulphate from another firm at a cost of Kshs.1,972,000 in 13 July, 2017. However, a review of notification of award revealed that it was issued on 20 July, 2017 which implies that LPO was written before the supplier was officially awarded the contract, contrary to Section 87.(1) of the Public Procurement and Asset Disposal Act, 2015.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Internal Controls Effectiveness, Risk Management and Governance section of my report I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1.0 . Unexplained Debtors Increases

The statement of financial position reflects trade and other debtors amounting to Kshs.35,326,115 while staff debtors totaled to Kshs.35,285 as at 30 June, 2018. A review of the current year's financial statements against the previous year's one revealed an increase of Kshs.4,011,915 on trade and other debtors from Kshs.31,314,200 in 2016/2017 to Kshs.35,326,115 in 2017/2018, while staff debtors increased by Kshs.18,585 from Kshs.16,700 to Kshs.35,285. There is therefore a general increase in the company's debts which may be an indication of nonpayment of bills by consumers when they fall due, resulting in bad debts. However, the Management has not provided explanation for the cause of these significant increases in debts or how it intends to reverse the position.

In the circumstances, the existence and effectiveness in the debt recoverability mechanism cannot be confirmed.

2.0. Unaccounted for water (Non-revenue water)

During the year under review, the Company produced 3,048,744 M3 of water. Out of this volume, only 2,134,121 M3 valued at Kshs.134,460,284 was billed to customers. The balance of Kshs 914,623 M3 or approximately 30% of total production represented Unaccounted for water (UFW) and valued at Kshs.56,706,626. This level of Unaccounted for Water (UFW) of 30% is 5% above the allowed industry loss of 25%. This significant level of UFW may have resulted to loss of sales estimated at Kshs.56,706,626 which may have negatively impacted on the company's profitability and sustainability.

The Management has not explained how it intends to improve this position.

3.0. Lack of a Risk Management Policy

The Company does not have a risk management policy and therefore does not have a framework for the management of risk. It is not possible to identify, assess and control risk. Further, the Company has not prepared and implemented an ICT policy as a commitment to the process of implementing digital technology. An ICT policy would give guidance on how to provide confidentiality, integrity and ensure availability of the entity's data.

As a result, it is not possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

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 control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2021

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDING JUNE 2018			
		2017/2018	2016/2017
	Note	Kshs	Kshs
REVENUE			
Water Billings	1	134,460,284	171,061,223
Water Connection fees	2	705,800	2,082,600
Other collections	3		40,719
NITA Reimbursement		81,000	31,476
Collections from rent		297,371	190,673
VAT Refunds		15,738,880	9,243
OPERATING INCOME		151,283,335	173,375,215
EXPENDITURE			
Administration	4	25,751,154	22,899,689
Staff Expenses	5	68,520,589	68,134,788
Directors Expenses	6	6,164,270	5,314,596
Operational Expenses	7	65,856,675	83,556,811
TOTAL EXPENDITURE		166,292,688	179,905,884
PROFIT/(LOSS) BEFORE TAXATION		(15,009,352)	(6,530,669)
TAXATION CHARGE		0	0
PROFIT/(LOSS) FOR THE YEAR		(15,009,352)	(6,530,669)

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

OLOOLAISER WATER & SEWERAGE COMPANY			
STATEMENT OF FINANACIAL POSITION			
AS AT 30TH JUNE 2018			
		30/06/2018	30/06/2017
ASSETS	Note		
Non current assets			
Property Plant & Equipment	12	7,048,661	7,298,925
		7,048,661	7,298,925
Current assets			
Trade & Other Debtors	9	35,326,115	31,314,200
Staff Debtors	10	35,285	16,700
Cash & Bank balance	13	1,577,665	7,660,057
		36,939,065	38,990,957
Total assets		43,987,726	46,289,882
EQUITY AND LIABILITIES			
Share Capital	8. (a)	100,000	100,000
Capital Reserve	8. (b)	3,817,836	3,817,836
General Reserve	8. (b)	(75,998,932)	(56,654,338)
		(72,081,096)	(52,736,502)
Current liabilities			
Trade and Other payables	11	116,068,822	99,026,384
Total equity and liabilities		43,987,726	46,289,882

The notes on pages 23-27 form part of these financial statements.

The financial statements were approved for issue by the board on

.....and signed on their behalf by:

Chairman.....

Managing Director.....

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

CASHFLOW STATEMENT AS AT 30TH JUNE 2018	2017/2018	2016/2017
	Kshs.	Kshs.
OPERATING ACTIVITIES		
Operating (Deficit)/surplus for the year	(15,009,352)	(6,481,719)
Prior year adjustments	(4,335,241)	
Add :		
Depreciation	3,176,079	3,324,515
Operating surplus before working capital changes	(16,168,514)	(3,157,203)
Change in receivables	(4,011,905)	(5,072,578)
Change in staff debtors	(18,585)	(10,316)
Change in payables	17,042,438	13,275,483
NET CHANGE IN WORKING CAPITAL	13,011,948	8,192,589
NET CASH FROM OPERATIONS	(3,156,566)	5,035,386
INVESTING ACTIVITIES		
Purchase of Fixed Asset	(2,926,620)	(4,409,254)
NET CASH USED IN INVESTING ACTIVITIES	(2,926,620)	(4,409,254)
FINANCING ACTIVITIES		
NET CASH FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,083,186)	626,132
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	7,660,057	7,033,925
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,577,665	7,660,057
ANALYSIS OF CASH AND CASH EQUIVALENTS :		
Bank and Cash Balance	1,577,665	7,660,057

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

OLOOLAISER WATER & SEWERAGE COMPANY

STATEMENT OF CHANGES IN EQUITY				
FOR THE YEAR ENDED 30TH JUNE 2018				
	Share	General	Capital	
	Capital	Reserve	Reserve	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 1 July 2012	100,000	(12,442,579)	3,817,836	(8,524,743)
Loss/profit for the year		(2,410,851)		(2,410,851)
Balance as at 30 June 2013	100,000	(14,853,430)	3,817,836	(10,935,594)
Loss/profit for the year		(9,705,318)		(9,705,318)
Balance as at 30 June 2014	100,000	(24,558,748)	3,817,836	(20,640,912)
Balance as at 1st July 2014	100,000	(24,558,748)	3,817,836	(20,640,912)
Loss/profit for the year		(14,375,963)		(14,375,963)
Prior year adjustment		(281,721)		(281,721)
Balance as at 30 June 2015	100,000	(39,216,432)	3,817,836	(35,298,596)
Balance as at 1st July 2015	100,000	(39,216,432)	3,817,836	(35,298,596)
Loss/profit for the year		(10,956,187)		(10,956,187)
Balance as at 30 June 2016	100,000	(50,172,619)	3,817,836	(46,254,783)
Balance as at July 2016				
Loss/profit for the year	100,000	(50,172,619)	3,817,836	(46,254,783)
Balance as at June 2017		(6,481,719)		(6,481,719)
Balance as at June 2017	100,000	(56,654,338)	3,817,836	(52,736,502)
Balance as at 1st July 2017	100,000	(56,654,338)	3,817,836	(52,736,502)
Loss/profit for the year		(15,009,352)		(15,009,352)
Prior year Adjustment		(4,335,241)		(4,335,241)
Balance as at 30 June 2018	100,000	(75,998,932)	3,817,836	(72,081,096)

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

STATEMENT OF BUDGET AND ACTUAL COMPARISON

		APPROVE D BUDGET YR 2017/2018	ANNUAL INCOME/EX PENDITURE TOTALS	ANNUAL INC. /EXPENDI TURE VARIANC E AS PER APPROVE D BUDGET	ANNU AL PERFO RMAN CE RATIN G	REMARKS
	INCOME					
1	Total Billing	187,802,560	134,460,284	53,342,276	28.40	Variance is due to prolonged drought during the Financial year under review
2	Water Billing Collections	180,290,458	130,069,161	50,221,297	27.85	After closure of the Dam, Water available for sale reduced by 57% hence lowering the willingness of customers to pay for unsupplied water.
3	Other Incomes					
4	New connection fee(Miscellaneous)	3,900,000	705,800	3,194,200	81.90	Due to lack of water for supply, there was no new connections to meet the target
5	Staff Houses Maintenance Charge	336,000	297,371	38,629	11.49	The Company's housing policy required that management cadres are moved from the staff quarters hence the drop in the deductions.
6	Other collections	0	15,819,880	15,819,880	0	
7	Total Other Incomes	4,236,000	16,823,051	12,587,051	297.14	The Company received VAT refunds, hence boosting other incomes up to more than 200%
8	Total Income Projection	192,038,560	146,892,212	(45,146,348)	(23.5)	Due to the drought and frequent power shut down, the Company's projected incomes dropped by the observed percentage.
9	Total Cash Projection	184,526,458	151,283,335	(33,243,123)	(18.01)	Due to effect of the drought as explained above
10	EXPENDITUR E					
11	Total Staff costs	79,083,139	68,482,684	10,600,455	13.4	The Company utilized the previous years' staff uniform and protective gear
12	Total General Administration Expenditure	21,962,036	25,751,154	(3,789,118)	(17.25)	Due to the Company's Depreciation policy that was not in the budget.
13	Total Board Expenditures	5,985,613	6,164,270	(178,657)	(2.98)	
14	Total operational expenditures	84,419,006	65,247,675	19,171,331	22.71	Due to the prolonged drought as explained above
15	GRAND TOTAL EXPENDITUR E	191,449,794	165,645,782	25,804,012	13.47	
16	INCOME LESS TOTAL EXPENSES	588,766	(11,263,417)	(10,674,651)		

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES& NOTES

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

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis 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 the *Oloolaiser Water and Sewerage Company* accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of *Oloolaiser Water and Sewerage Company* and all values are rounded to the nearest thousand.

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to *Oloolaiser Water and Sewerage Company* and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of *Oloolaiser Water and Sewerage Company* activities, and when specific criteria have been met for each of the *Oloolaiser Water and Sewerage Company* activities as described below.

- i) **Revenue from the sale of Water** is recognised in the year in which the *Oloolaiser Water and Sewerage Company* bills the customer which is after, the customer has consumed water and collectability of the related receivables is reasonably assured.
- ii) **VAT refunds from Kenya Revenue Authority** are recognised in the year in which the *Oloolaiser Water and Sewerage Company* actually receives after claiming for input tax
- iii) **Reimbursement from National Industrial Training Authority** is recognized in the year which the company has received as a result of offering attachment/Internship services.

b) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation.

c) Depreciation and impairment of property, plant and equipment

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

financial transactions together in a meaningful way as it considers money as the best for the purpose of measuring financial transactions in terms of stability.

In Kenya the monetary unit is the shilling.

3 RISK MANAGEMENT POLICIES

The company's activities expose it to a variety of financial risks. These activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the business and the operational risks are an inevitable consequence of being in business. The Company is exposed to credit risk when the consumers do not pay their bills when they fall due which end up being bad debts the Company is also exposed to liquidity risk due to the Company inability to settle its short term obligations when they fall due. The company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the company's financial performance. The company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and at the same time ensuring adherence to laid down limits. This is achieved by means of reliable and up to-date information systems

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

OLOOLAIER WATER & SEWERAGE COMPANY				
NOTES TO THE FINANCIAL STATEMENTS				
		2017/2018		2016/2017
	Note	Kshs		Kshs
REVENUE				
Water Billings	1	134,460,284		171,061,223
Water Connection fees	2	705,800		2,082,600
OTHER COLLECTIONS				
NITA Reimbursement	3	81,000		31,476
Collections from rent		297,371		190,673
VAT Refunded		15,738,880		9,243
OPERATING INCOME		151,283,335		173,375,215

OLOOLAIER WATER & SEWERAGE COMPANY		
NOTES TO THE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED 30th JUNE 2018		
EXPENDITURE	2017/2018	2016/2017
	Kshs	Kshs
4. ADMINISTRATION		
Auditor's Remuneration	290,000 ✓	290,000
Telephone, Postage and Telegram	1,227,863 ✓	1,624,596
Travel & Accommodation	1,716,580 ✓	4,017,400
Workshops and seminars	1,024,250 ✓	461,250
Office Electricity & Water	48,638 ✓	59,062
Membership to professional bodies	210,200 ✓	244,800
Advertising & Promotions	159,780 ✓	206,551
Insurance	4,043,875 ✓	2,700,880
Library Expenses	59,240 ✓	61,440
Office Tea & Cleaning	200,948 ✓	269,299
Office Stationery	562,543 ✓	294,324
Printing and Photocopying	1,722 ✓	2,035
Bank Charges	81,573 ✓	81,162
Provision for doubtful debts (Increase)	346,889 ✓	346,889
Consultancy & professional fees	3,131,971 ✓	137,600
Revenue Collection Expenses	856,574 ✓	978,461
Security Services	5,549,360 ✓	5,119,800
General Office Expenses	69,375 ✓	63,025
Office Rent	1,696,960 ✓	1,179,240
Depreciation	3,176,079 ✓	3,324,515
Donations	3,660 ✓	0

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

IT Expenses	1,034,018	972,327
Maintenance of Office Equipment	240,557	233,033
Purchase of office furniture & equipment	18,500	0
Legal fees		232,000
	25,751,154	22,899,689
5. STAFF EMOLUMENTS		
Staff Salaries	57,268,455 ✓	53,443,106
Pension Contributions NWPC	1,241,948 ✓	1,156,536
Employer contribution-Lap trust	5,945,081 ✓	5,297,513
Leave and Passage	1,203,381 ✓	1,157,675
N.S.S.F	287,600 ✓	272,600
Casual Wages	96,000 ✓	947,500
OTHER STAFF COSTS		
Staff Welfare	50,000 ✓	316,268
Staff Training	197,100 ✓	461,250
Staff Uniform and Protective Clothing	179,874 ✓	1,972,170
Staff Medical	0	5,100
WASCA Sports	183,900 ✓	734,320
Standby allowances	1,867,250 ✓	2,370,750
TOTAL STAFF COSTS	68,520,589	68,134,788
6. DIRECTORS EXPENSES		
Board Allowances	3,542,048 ✓	3,171,344
Chairman's Honoraria	342,852 ✓	314,281
Other Board Expenses	2,279,370 ✓	1,828,971
	6,164,270	5,314,596
7. OPERATIONAL EXPENSES		
Maintenance of Water Supply	4,352,430 ✓	5,444,073
Maintenance of Buildings and Stations	71,800 ✓	466,885
Maintenance of Pumps and Equipment	3,406,414 ✓	563,985
Power cost	38,302,688 ✓	41,730,255
Water treatment chemicals	14,613,308 ✓	11,297,505
Maintenance of motor vehicles	474,939 ✓	355,187
Billing services	0	1,807,770
M/Vehicles fuel expenses	102,840 ✓	503,450
Minor Investment	0	935,272
licensee's remuneration fee	0	15,150,132
Regulatory Levy	1,361,691 ✓	1,810,439
Permit and Abstraction fee	1,150,683 ✓	1,520,392
Water Quality Tests	23,083 ✓	487,746
Purchase of Bulk water	1,545,100 ✓	1,153,920
Hire of motor vehicles /Plant &Equipment	451,700 ✓	329,800
	65,856,675	83,556,811

Oloolaiser Water and Sewerage Company

Reports and Financial Statements

For the year ended 30th June, 2018

OLOOLAISER WATER & SEWERAGE COMPANY		
NOTES TO THE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED 31ST JUNE 2018		
	2017/2018	2016/2017
	Kshs.	Kshs.
8. SHARE CAPITAL		
8. (a)Authorized		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
Issued:		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
8.(b) Reserves		
Capital Reserve	3,817,836	3,817,836
General Reserve	(75,998,932)	(56,654,338)
	(72,081,096)	(52,736,502)
9. TRADE & OTHER DEBTORS		
Water Supply Debtors	52,542,204	48,183,400
Provision for doubtful debts	(17,393,009)	(17,046,120)
Electricity Deposit	2,500	2,500
Rent Deposit	166,920	166,920
Water Deposit	1,500	1,500
W.S.T.F Accounts	6,000	6,000
	35,326,115	31,314,200
10 . STAFF DEBTORS	35,285	16,700
11. TRADE & OTHER CREDITORS		
Trade Creditors	21,548,995	14,868,366
Net Salaries	3,429,680	3,071,018
N.H.I.F	102,450	106,300
N.S.S.F	47,600	45,600
Higher Education Loans Board	20,302	17,914
NITA	19,550	7,100
Paymaster General	2,364,853	2,291,787
Customers' Deposits	169,483	3,311,741
Laptrust	13,801,672	7,475,796
Honoraria Net	20,000	20,000
KCGWU	75,200	38,400
OWSWA Welfare Association	100,500	42,500
Liberty Life Assurance	14,544	7,272
COTU	28,200	14,400
ICEA Lion Insurance	5,090	2,545
Pan African Insurance	653	0
Kenindia	3,800	1,900
Sanlam life assurance	12,068	7,474
Premier (K) Ltd	8,200	0
Standard Chatered	2,517,208	1,485,395
Ukulima Sacco	216,183	177,168
Staff creditors	1,131,166	524,066
Auditor General	870,000	1,160,000

Oloolaiser Water and Sewerage Company

Reports and Financial Statements For the year ended 30th June, 2018

Nolturesh	7,400	7,400
Loan from Deposit account	13,910,750	8,124,450
Prepaid Water	800,607	619,730
WASREB	669,204	1,248,369
W.R.M.A	987,704*	1,163,933
Tanathi Water Services Board-Licensee's remuneration	50,970,780	50,970,780
Commissioner of Income Tax	2,214,980	2,214,980
	116,068,822	99,026,384

OLOOLAISER WATER & SEWERAGE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2018

12. NON CURRENT ASSETS

	Intangible Assets	Water Meters	Furniture & Fittings	Computers	Tanks	Pumps & Pump Equipment	Total
COST	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 June,2017	295,471	16,143,138	1,560,820	1,518,006	247,254	7,050,026	26,814,715
Additions	-	1,750,000	84,000	315,000	-	777,620	2,926,620
Disposal	-	-	-	-	-	-	-
As at 30 June,2018	295,471	17,893,138	1,644,820	1,833,006	247,254	7,827,646	29,741,335
DEPRECIATION							
At 1 July ,2017	295,471	10,905,903	965,988	905,155	149,085	6,294,993	19,516,595
Charge for Year		2,327,017	81,459.84	278,355	29,451	459,796	3,176,079
As at 30 June,2018	295,471	13,232,920	1,047,448	1,183,510	178,536	6,754,789	22,692,674
NET BOOK VALUE							
At 1 July ,2017	-	5,237,235	594,832	612,851	98,169	755,033	7,298,120
As at 30 June,2018	-	4,660,218	597,372	649,496	68,718	1,072,857	7,048,661

13. Cash Balances

	2017/18	2016/17
Cash at Bank	Kshs.	Kshs.
K.C.B. Ongata Rongai -Revenue	144,253	925,294
K.C.B. Expenditure Account	355,983	1,175,292
K.C.B. Deposit Account	169,483	4,941,098
Posta Corporation	342,922	376,463
Post Bank	182,834	122,459
MPESA	376,790*	119,337
	1,572,265	7,659,943
Cash In Hand		
Office Petty Cash	161,304* 5,400	114
	5,400	114

Moolaiser Water and Sewerage Company

Reports and Financial Statements For the year ended 30th June, 2018

14. PRIOR YEAR ADJUSTMENTS

Prior year adjustments comprise the following

	2017/2018	2016/2017
	<u>Kshs.</u>	<u>Kshs.</u>
To Revenue reserve (i)	2,167,200.15	0
Customer Deposits (ii)	166,849.75	0
Net Salaries (iii)	315,800	0
OWSC Loan Account (iv)	942,031	0
Trade Creditors (v)	597,023	0
Prepaid Water Accounts (vi)	180,877	0
Error in Accounts (vii)	(34,537.90)	0
Total	<u>4,335,243</u>	<u>0</u>

SUB-NOTES

- (i) Customers deposits which were treated as revenue, now corrected
- (ii) Salaries understated
- (iii) Customer Deposits treated as Revenue which are now corrected
- (iv) Expenses for 2016/2017 not accrued in the year
- (v) Expenses for 2016/2017 not accrued in the year
- (vi) Water bills with credit balances treated as revenue
- (vii) Un identified difference in accounts

15. OTHER DISCLOSURES

Remuneration to Tanathi Water Services Board as per the Service Provision Agreement between the Company and the Water Board

16. CURRENCY

The financial statements are presented in Kenya Shillings

17. INCORPORATION

The Company is registered in Kenya under the Companies Act (Cap 486)

18. TAXATION

The Company is subjected to Corporation Tax at a rate of 30% per annum

22,863,063

98,188,547
100,368,820

