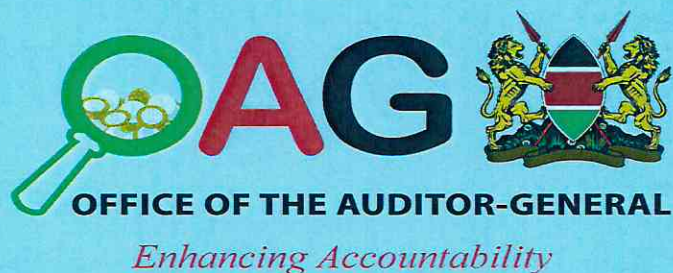


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**RUIRU-JUJA WATER AND SEWERAGE
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2021**



RUIRU-JUJA WATER AND SEWERAGE COMPANY LTD

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

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I. KEY ENTITY INFORMATION

Background information

Ruiru-Juja Water and Sewerage Company Ltd is a public company wholly owned by the County Government of Kiambu and established under the Water Act No. 43 of 2016. It is licensed by Water Services Regulatory Board (WASREB). Ruiru-Juja Water and Sewerage Company Ltd is domiciled in Kenya and has no branches.

Principal Activities

The principal activity of Ruiru-Juja Water and Sewerage Company Ltd is to provide quality and affordable water and sewerage services in Ruiru and Juja Constituencies in Kiambu County.

Board of Directors

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

1. Prof. Bernard Njoroge - Chairman
2. Mr. James Muriuki - Member
3. Eng. Andrew Muigai - Member
4. Mr Samuel Gatama - Member
5. Mrs Emma Ng'ang'a - Member
6. Prof. Steven Njuguna - Member
7. Bishop Solomon Waweru - Member
8. Mr Ndungu Wa Munywe - Member
9. Mr Dominic Gachanja - Member
10. Dr Martin Njogu - Member
11. Ms Jennifer Musyoki - Member
12. Mrs Josephine Muritu - Company/Board Secretary

Registered Office

Ruiru-Juja Water and Sewerage Company, Adjacent to Kenyatta
University Ruiru Campus, Opposite Kenya Power Offices
P.O. Box 1165-00232
Ruiru, KENYA

Corporate Headquarters

P.O. Box 1165-00232
Ruiru-Juja Water and Sewerage Company, Adjacent to Kenyatta University Ruiru Campus
Nairobi, KENYA

Corporate Contacts

Telephone: 020-2022651

E-mail: rujwasco2017@gmail.com

Corporate Bankers

1. Kenya Commercial Bank
Ruiru Branch
P.O. Box 400-00232,
Ruiru
2. Barclays Bank of Kenya
Juja Branch
P.O. Box 580-01001,
Juja
3. Family Bank
Juja Branch
P.O. Box 788-00232,
Ruiru
4. Post Bank
Ruiru Branch
P.O. Box 30311-00100,
Nairobi

Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

	1. Name: Eng. Andrew Muigai 2. Position: Director 3. DoA : 2018 4. Qualification: Bsc Civil Engineering UON 5. Work Experience: Director Kenya Industrial Research and Development Institute Entrepreneur Engineer and Management Consultant
	1. Name: Emma Waithera Ng'ang'a 2. Position: Director 3. DoA : 2018 4. Qualification: Msc Corporate Entrepreneurship 5. Work Experience: 40 years' experience in Business and Marketing
	1. Name: Ndung'u Wa Munywe 2. Position: Director 3. DoA : 2018 4. Qualification: Bachelor of Arts, Advanced Public Administration 5. Work Experience: Worked with UON as Senior Administration Assistant. Ministry of Water and Ministry of Commerce
	1. Name: Dominic Gachanja 2. Position: Director 3. DoA : 2018 4. Qualification: Doctor in Pharmacy 5. Work Experience: Businessman Thika, Board Member Land Control Board
	1. Name: Bishop Solomon Waweru 2. Position: Director 3. DoA : 2018 4. Qualification: Retired Public Officer 5. Work Experience: Bishop of A Church- Representative of NGOs
	1. Name: Dr. Martin Njogu Mbugua 2. Position: Director 3. DoA : 2018 4. Qualification: Doctor of Philosophy - Chemistry 5. Work Experience: Lecturer and researcher, Department of Chemistry/UoN

II. THE BOARD OF DIRECTORS AND MANAGEMENT TEAM

	1. Name: Prof. Eng. Bernard Njoroge 2. Position: Chairman 3. DoA : 2018 4. Qualification: Ph.D Duke University (U.S.A); M.Sc. New Castle Upon Tyne (U.K); B.Sc.(U.O.N.), Civil Engineering Eng.; M.I.E.K. 5. Work Experience: U.O.N Professor Faculty of Engineering from year 2002
	1. Name: Jennifer Kanini Musyoki 2. Position: Chief Officer Water and Director 3. DoA: 29th July 2020 4. Qualification: MBA (Strategic Management); BSc Civil Engineering 5. Work Experience: Previously worked as a Water & Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd. Currently working as the Chief Officer in the Department of Water, Environment, Energy and Natural Resources
	1. Name: Josphine W. Muritu 2. Position: Company Secretary 3. DoA: 2018 4. Qualification: LLB (UoN) 5. Work Experience: Worked with Kiambu County Government Senior Legal Counsel, Assistant Director (Quality Assurance, compliance and Accreditation), Assistant Commission Secretary (Legal Affairs), Assistant Counsel Mwaniki & Company Advocates, Counsel Musyimi & Company Advocates
	1. Name: Prof Steven Njuguna 2. Position: Director 3. DoA : 2018 4. Qualification: Phd, Msc, Bsc(1st Class Hons) Environmental Science, Diploma in Education 5. Work Experience: Kenyatta University, Faculty of Environmental Studies
	1. Name: Mr. James Gitau Muriuki 2. Position: Director 3. DoA : 2018 4. Qualification: Bachelor of Science in Chemistry/Biochemistry, Msc. Environmental Health Engineering Sector: Representative of Water Consumers 5. Work Experience: Ministry of Water and Irrigation, Technical Consultant on Water and Waste water Treatment and Quality Analysis; Environmental Audits, Environmental Impact Assessments (EIA).
	1. Name: Samuel Gatama 2. Position: Director 3. DoA : 2018 4. Qualification: Business man, S 1 Teacher 5. Work Experience: Retired teacher over 30Years Experience

III. MANAGEMENT TEAM

	1. Name: Simon M Mwangi 2. Position: Managing Director 3. Academic Qualification: BComm(Finance), Member of ICPAK
	1. Name: Mary N Karogo 2. Position: Finance Manager 3. Academic Qualification: MBA(Finance), BComm (Finance), Member of ICPAK
	1. Name: Mary W Mwangi 2. Position: Technical Manager 3. Academic Qualification: BSc in Environmental Engineering
	1. Name: Joyce N Mburu 2. Position: Assistant Manager-Procurement 3. Academic Qualification: Graduate Diploma in Purchasing & Supply (MCIPS UK, KISM)
	1. Name: Fridah W Kimani 2. Position: Internal Auditor 3. Academic Qualification: BComm (Finance), Member of ICPAK

IV. CHAIRMAN'S STATEMENT

Overview

Ruiru-Juja water and sewerage Company remains committed to discharging her mandate by fulfilling the mission of serving the residents as stipulated in the service charter. This is evidenced by the continued increase in water and sewer connectivity that is supported by provision of high quality and reliable water supply to customers as well as the improved sanitation standards in our area of jurisdiction.

Key Activities and Successes

In the financial year under review, the company implemented key development projects in line with the strategic objectives of increasing access and coverage to water and sewer services while ensuring long term financial sustainability. Some of the key projects that were implemented includes: water extension works to unserved and underserved areas, sewer extensions and through Athi Water Works Development Agency (AWWDA) the company drilled 6 boreholes and installed storage tanks.

Challenges Faced

The company has however faced few challenges in meeting water demand requirements of the population in the area of jurisdiction. Covid -19 pandemic resulted to revenue collection decline between April 2020 and July 2020.

Future Outlook

The future of the company is very promising as implementation of key development projects that are externally funded are ongoing in the area of its jurisdiction. The Githurai water project funded under KFW financing, commenced construction in May 2020 and the expected completion is June 2022. This shall resolve water shortage in Githurai.

Construction works for Karimenu II dam project is in progress and expected completion date is June 2022. The dam will inject 47,000 M³ per day to Jacaranda Treatment Works.

Appreciation

I greatly appreciate invaluable support that my Board continues to receive from our shareholder, stakeholders and customers. I also wish to thank Management and Staff of RUJWASCO, who have all worked very hard with great motivation to ensure that the Company continues to register excellent performance.



CHAIRMAN,
BOARD OF DIRECTORS

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

INTRODUCTION.

AS we mark 14 years of our company's existence it is always my pleasure to look back and appreciate how far our company has come. Performance has been improving each year and despite COVID-19 effects, we have managed to increase our customer base from the initial 2,000 customers at inception to the current 39,000 customers. This has made our company to graduate from small size company to medium size and eventually to the category of very large company. This has been achieved through the commitment of our shareholder, County Government of Kiambu who has given us an enabling environment and support to perform our duties. The support from our major stakeholders and our partners has been the key driver to our improved infrastructures and other support systems and we are grateful. The commitment of staff and the team spirit has completed the full circle in our Company management and to all I say thank you.

KEY ACTIVITIES AND SUCCESSES

During the financial year, the company implemented key development projects in line with the strategic objectives of increasing access and coverage to water and sewer services while ensuring long term financial sustainability. Some of the key projects that were implemented includes: water extension works to unserved and underserved areas of total length 37km, 7.7km sewer extensions in Ruiru and major pipeline network renewal of 65km. other projects implemented through external financiers were 6 boreholes and storage tanks. The company has continually updated the Geographical information database of the new water infrastructure as well as the new customers in regards to attaining better operations and maintenances efficiency.

CHALLENGES FACED

The company has however faced a few challenges in meeting water demand requirements of the population in the area of jurisdiction with an approximate deficit of 25,000M³ portable water. Covid -19 pandemic also posed a major challenge on revenue collection with revenues registering a declining trend between the months of April to July.

FUTURE OUTLOOK

The future of the company is very promising as implementation of key development projects that are externally funded are undertaken in the area of jurisdiction. I wish to inform that, the Githurai water project funded under KFW financing, commenced construction in May 2020 and the expected completion is June 2022. The project which entails increasing Ruiru water supply production in Jacaranda from the current 13,000M³/day to 28,000M³/day, a water transmission main and distribution network to the greater Githurai area, shall resolve water shortage in the greater Githurai.

Construction works for Karimenu II dam project is also in progress and the company is expected to benefit with a boost of approximately 47,000M³ per day of water supply once completed.

Lastly, Githurai sewer reticulation project commenced in March 2021 under AWWDA and this will go a long way in ensuring provision of good sewerage services to the area.

PERFORMANCE OF THE COMPANY.

The Company continues to perform well in its areas of operations. The monthly revenue collection has improved from Kshs 2M in the year 2009 to an average of Kshs 57M per month in the current year. It is my hope that the company will continue to do better. The improved performance is greatly attributed to efficiency in the areas of operations and therefore the company has managed to utilize internally generated funds to develop its water system infrastructure. The company has also received great support from the world Bank through AWWDA.

IMPACT OF UPCOMING PROJECTS

The company has received funds from KFW through Athi Water Works Development Agency (AWWDA) which will be used to expand the current treatments works from the current water production capacity of 13,000 cubic meters to 28,000 cubic meters through construction of Githurai water supply by the year 2022. This is set to take over areas of Kahawa Sukari and Githurai areas currently supplied by Nairobi Water Co Ltd

CONCLUSIONS

Since much has been said by our Chairman, I thank you all once again for the support we have received from our Shareholder and other stakeholders to take our company, Ruiru-Juja Water and Sewerage Company to the next level. On behalf of all the staff, thank you.



Mr. Simon Mwangi

MANAGING DIRECTOR

VI. REVIEW OF RUIRU JUJA WATER AND SEWERAGE PERFORMANCE FOR FY2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Ruiru-Juja Water and Sewerage Company Ltd has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Utilisation of Water Production capacity and Water Quality Monitoring

Pillar 2: Non-revenue water reduction

Pillar 3: Collection efficiency improvement

Pillar 4: Compliance to budgetary revenue

Pillar 5: Number of Paying Customers increase

Ruiru-Juja Water and Sewerage Company Ltd develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Ruiru-Juja Water and Sewerage Company Ltd level of achievement on its performance targets set for the FY 2020/2021 period for its 5 strategic pillars, is indicated in the diagram below:

S/No.	Performance Criteria	Unit Measure of	Status Previous Year (FY 2019/20)	Target (FY 2020/21)	Actual FY 2020/21
1	Utilisation of Water Production capacity	%	122%	100%	121%
	Water Quality Monitoring	Quarterly Reports	3 Reports	4 Reports	3 Reports
2	Non-revenue water	%	31.70%	30%	32.3%
3	Collection efficiency	%	87.70%	96%	108.81%
4	Compliance to budgetary revenue	%	88.00%	100%	98.09%
5	Number of Paying Customers	No.	76.70%	90%	89.37%

VII. CORPORATE GOVERNANCE STATEMENT

Ruiru-Juja Water and Sewerage Company is committed to operating under a clear governance framework and strongly adheres to sound management and control practices.

Ruiru-Juja Water and Sewerage Company is committed to ensuring compliance with the Service Provision Agreement (SPA) signed with Water Services Regulatory Board(WASREB).

Essential to the establishments of a good governance framework is formal governance structures designed to ensure accurate reporting to the board to facilitate an informed decision making, progress assessment and improvement of performance.

Board of Directors

Ruiru-Juja water and Sewerage Company is governed by a Caretaker Board comprising of Twelve members representing various stake holder's interests. The Board provides leadership, exercises enterprises integrity and judgement in directing Ruiru-Juja Water and Sewerage company. The Board also sets company policies.

The Board is expected to determine the purpose and values of Ruiru-Juja Water and Sewerage Company, determine the strategy to achieve that purpose and implement its values in order to ensure the company survives and thrives.

The Board has been trained in Corporate Governance practices in running of Ruiru-Juja Water and Sewerage Company and to bring the level of governance in the company in line with international standards. The essence of corporate governance is to protect stakeholder interests including the government, water service providers, consumers and the communities.

The Board has been trained in Corporate Governance and Procurement procedures to ensure that the company is run effectively and efficiently.

Managing Director

Responsibility for execution of the Board's policies lies with the Managing Director. The Managing Director's role is to provide the strategic leadership for the organization and act as the link between the staff and the Board of Directors.

Governance Structures

Individual directors of the Board are appointed according to the Water Act No. 43 of 2016 by various stakeholders.

Board Committees

In ensuring that corporate governance is enhanced and that the power of Ruiru-Juja Water and Sewerage Company is exercised in the stewardship of the company's total portfolio of assets and resources with the objective of maintaining stakeholders' value, the Board of Directors has established the following committees:

Finance and Administration Committee

The Finance committee is the overseer of the financial reporting process and the corporation internal controls.

The Committee is also responsible for efficient allocation and utilization of resources, proposing investment and funding programs for the company.

In addition, the Committee ensures that RUJWASCO has the right staff and also ensures that the staff welfare is guaranteed. Their terms of reference include but not confined to human resource planning, employee welfare, recruitment, training, performance appraisal, discipline, health and safety and HIV/AIDs.

Audit Committee

This Committee has the oversight responsibility of ensuring that the integrity of internal controls of the company.

It also reviews financial statements to ensure compliance with accounting Standards and Legal Requirements.

Directors' Attendance in Financial Year 2020/2021

NO	NAME	DESIGNATION	FULL BOARD	SUB COMMITTEES				
				FINANCE	HUMAN RESOURCE	TECHNICAL	RISK & AUDIT	ADHOC
1	PROF. BERNARD NJORGE	CHAIRMAN	16					8
2	JAMES MURIUKI	MEMBER	16	10		15		8
3	ENG. ANDREW MUIGAI	MEMBER	16	10		16		8
4	PROF. STEPHEN NJUGUNA	MEMBER	15			15	7	
5	EMMA NGANGA	MEMBER	15		13		7	7
6	SAMUEL GATAMA NJUGUNA	MEMBER	12	10		14		
7	NDUNGU WA MUNYWE	MEMBER	12		12		5	
8	BISHOP SOLOMON WAWERU	MEMBER	16	10	13			
9	MARTIN NJOGU	MEMBER (COUNTY SECRETARY)	2	4				1
10	JENIFFER MUSYOKI	MEMBER (CHIEF OFFICER COUNTY)	11			4		5
11	DOMINIC GACHANJA	MEMBER	12		13		7	6

BOARD MEETINGS AGENDA 2020/2021 FINANCIAL YEAR

	MEETING	DATES	AGENDAS
1	FULL BOARD		
	7TH	9 th JULY 2020	1. Presentation of the Finance Committee Report 2. Presentation of the Human Resource & Administration Committee Report 3. Presentation of the Technical Committee Report 4. Presentation of the Risk and Audit Committee Report 5. Presentation of the Ad hoc committee 6. Confirmation of Minutes of the 6th Full Board held on 30th September 2019 7. Confirmation of Minutes of the 4th Special Board Meeting held on 31st October 2019 8. Confirmation of Minutes of the 5th Special Board meeting held on 2nd June ,2020 9. Confirmation of Minutes of the 6th Special Board meeting held on 24th June 2020 10. Confirmation of Minutes of the 7th Special Board meeting held on 30th June 2020
	Retreat	9 th – 11 th SEPTEMBER 2020	1. An overview of the Mwongozo code 2. Constitution, function, roles and liabilities of the Board and Board Committees 3. Managing the relationship between the Board and Management 4. The Company Secretary (governance professional) as the conscience of the board 5. Enhancing governance through Governance Audit, Board Evaluation and Governance Awards 6. Ethical leadership 7. Managing Board dynamics and personality conflicts 8. Effective management of meetings
	8 th	28 th September 2020	
	8 th	29 th September 2020	
	Retreat	17 th – 20 th November 2020	
	9 th	10 th December 2020 21 st December 2020	1. Presentation of the Finance Committee Report 2. Presentation of the Human Resource & Administration Committee Report 3. Presentation of the Technical Committee Report 4. Presentation of the Risk and Audit Committee Report 5. Presentation of the Ad hoc committee 6. Confirmation of Minutes of the 8th Full Board meeting held on 28th September 2020 7.

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8 th Special	12 th January 2021	1. Request to open a dedicated bank account by the Regions for the Water sector trust fund grants 2. Application to borrow from Customer deposit by Kikuyu Region 3. Handover Report by Eng. Phillip Gichuki
County assembly members	27 th to 28 th January 2021	
10 th Continuation	12 th April, 2021 15 th April, 2021 6 th May, 2021	1. Presentation of the Finance Committee Report 2. Presentation of the Human Resource & Administration Committee Report 3. Presentation of the Technical Committee Report 4. Presentation of the Risk and Audit Committee Report 5. Presentation of the Ad hoc committee 6. Confirmation of Minutes of the 9th Full Board meeting held on 9th December, 2020
Bosch Consultant	3 rd June, 2021	1. Presentation of the Consultant Report
2 FINANCE		

4 TH Special	3 rd July 2020	1. Presentation of the proposed 2020/21 consolidated budget 2. Presentation of the proposed 2020/21 Committee work plan
5 th	21 st July 2020 17 th August, 2020 18 th August, 2020	1. Presentation of the proposed 2020/21 Consolidated procurement plan 2. Presentation of the proposed Procurement Policy 3. Confirmation of Minute of the 4th Finance committee meeting held on 25th September, 2019 4. Confirmation of 3rd Special Finance committee meeting held on 7th October 2019 5. Confirmation of Minute of the 4th Special Committee meeting held on 3rd July, 2020

6 th	19th August, 2020 1st September ,2020	1. Consider, adopt and recommend to the Board the Regions Annual Statement for the 2019/20 FY a) Ruiru region b) Githunguri region c) Kiambu region d) Limuru region e) Karuri region f) Gatundu region g) Kikuyu region 2. Consider, adopt and recommend to the Board for approval the Regions Physical Inventory report as at 30th June 2020 as follows: a) Ruiru region b) Githunguri region c) Kiambu region d) Limuru region e) Karuri region f) Gatundu region g) Kikuyu region 3. Consider, adopt and recommend to the Board the implementation of the billing system, status and impact 4. Confirmation of Minutes of the 5th Finance Committee meeting 5. In addition, the management intends to make a request to introduce the following new items to said agenda to To the meeting as follows: a) Consideration, adoption and recommendation to the full Board the 2020/21 Budget for the Company's headquarter b) Application to borrow from Customer deposit by Kikuyu, Karuri and Githunguri Regions c) Consideration on the implementation of the performance rewards by Regions
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7 th	19 th OCTOBER, 2019	1. Consider, adopt and recommend to the board the Regions 1st Quarter (ended 30th September 2020) Financial report for the 2020-21 Financial year (a) Ruiru Region (b) Kiambu Region (c) Karuri Region (d) Githunguri Region (e) Limuru Region (f) Kikuyu Region (g) Gatundu Region 2. Consider, adopt and recommend to the board for approval the Regions 2020-21 1st Quarter (ended 30th September 2020) Report on the implementation of the procurement plan (a) Ruiru Region (b) Kiambu Region (c) Karuri Region (d) Githunguri Region (e) Limuru Region (f) Kikuyu Region (g) Gatundu Region
8 th	22 nd February ,2021 23 rd February ,2021	1. Consider, adopt and recommend to the board the Regions half year (2020-21 FY) Financial statement (a) Ruiru Region (b) Kiambu Region (c) Karuri Region (d) Githunguri Region (e) Limuru Region (f) Kikuyu Region (g) Gatundu Region 2. Consider, adopt and recommend to the board the Regions half year (2020-21 FY) implementation of the procurement plan (a) Ruiru Region (b) Kiambu Region (c) Karuri Region (d) Githunguri Region (e) Limuru Region (f) Kikuyu Region (g) Gatundu Region 3. Proposed 2021-22 FY consolidated budget 4. Confirmation of Minutes of the 7th Finance Committee meeting held on 19th October, 2020

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	5 TH SPECIAL	9 th April,2021 12 th April,2021	1. Consider, adopt and recommend to the board the 2021/22 Consolidated budget 2. Consider ,adopt and recommend to the board the 2021/22 Consolidated procurement plan.
3	HUMAN RESOURCE		
	5 TH SPECIAL	3 RD JULY ,2020	1. Presentation of the committee Annual work plan
	6 TH	23 RD JULY 2020	1. Discuss the 2019/20 financial year performance Contract Evaluation Report and make recommendations to the Board 2. Consider and recommend to the Board the 2020/21 financial year performance Contract Targets for the following levels a) Chairman of the Board with the Executive Committee Member b) Chairman of the Board with the Managing Director c) Managing Director with the Regional Directors 3. Confirmation of 5 th Human Resource & Administration Committee held on 26 th September 2019 4. Confirmation of Minute of the 4 th Special Human Resource and Administrative Committee held on 23 rd June 202 5. Confirmation of Minutes of the 5 th Human Resource & Administrative Committee held on the 3 rd July 2020
		24 TH AUGUST, 2020	1. Receive reports from the Finance and technical Committee on the 2019/20 financial year performance Contract evaluation report and make recommendations to the Board. 2. Consider and recommend to the Board the 2020/21 financial year performance Contract Target for the following levels in the line with the recommendations from the Financial and technical Committee of the Board a) Chairman of the Board with the Executive Committee Member b) Chairman of the Board with the Managing Director c) Managing Director with the Regional Directors 3. Confirmation of 5 th Human Resource & Administration Committee held on 26 th September 2019 4. Confirmation of Minute of the 4 th Special Human Resource and Administrative Committee held on 23 rd June 202 5. Confirmation of Minutes of the 5 th Human Resource & Administrative Committee held on the 3 rd July 2020

	9 TH OCTOBER	1. Consider adopt and recommend to the Board the Managing Director report n staff recruitment 2. Consider, adopt and recommend to the Board for approval the Respective Region's Human Resource Department report for the 1st quarter ended on 30th September,2020 on the general staff Performance, welfare and disciplinary issues a) Ruiru Region b) Kiambu Region c) Karuri Region d) Githunguri Region e) Limuru Region f) Kikuyu Region g) Gatundu Region 3. To discuss the Contract extension for the Finance Manager Kikuyu Region 4. Confirmation of Minutes of the 6th Human Resource & Administration Committee
7 TH	26 th OCTOBER	1. Consider, adopt and recommend to the Board the Managing Director report n staff recruitment 2. Consider, adopt and recommend to the Board for approval the Respective Region's Human Resource Department report for the 1st quarter ended on 30th September,2020 on the general staff Performance, welfare and disciplinary issues a) Ruiru Region b) Kiambu Region c) Karuri Region d) Githunguri Region e) Limuru Region f) Kikuyu Region g) Gatundu Region 3. Confirmation of Minutes of the 6th Human Resource & Administration Committee
8 TH	31 ST MARCH 2021 4 TH APRIL 2021 5 TH APRIL 2021 7 TH APRIL 2021 8 TH APRIL 2021	1. Staff movement Report 2. Consider, adopt and recommend to the board the managing director report and staff recruitment 3. Consider, adopt and recommend to the board the Company Career Guidelines 4. Consider, adopt and recommend to the Regions staff simulation in the new Career guideline and salary Harmonisation framework. 5. Confirmation of Minutes of the 7th Human Resource Committee meeting held on 26th October.

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	RETREAT	9 TH TO 11 TH JUNE 2021	
4	TECHNICAL		
	2 ND SPECIAL	2 ND JULY 2020	1. Discussion of the proposed Consolidated Capital Budget 2. Discussion of the Proposed Committee work plan for 2020/21 Financial year
	4 TH	17 TH JULY 2020	1. Discuss the status report of the on-going internal funded projects for all the Regions a) Ruiru Region b) Kiambu Region c) Karuri Region d) Githunguri Region e) Limuru Region f) Kikuyu Region g) Gatundu Region h) Thika Region 2. Consider the current performance and give directions to each Region in respect to Performance contract Target a) Optimisation of the water production capacity b) Enhancement of water quality c) Improvement on the coverage both water and sewerage d) Reduction of non-revenue water and e) Water meter management 3. Confirmation of Minutes of the 2rd Technical Committee meeting held on 11th April 2019 4. Confirmation of Minutes of the 2nd Special Technical Committee meeting held on 2nd July 2020
	3 RD SPECIAL	20 TH AUGUST 2020	1. Consideration of the 2019/20 Performance Contract Analysis

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	5 TH	4 TH SEPTEMBER 2020	
	FIELD VISIT	5 TH TO 7 TH OCTOBER 2020	1. Consider, adopt and recommend to the Board the field report 2. Confirmation of Minutes of the 5 th Committee meeting held on the
		14 TH TO 15 TH OCTOBER 2020	
		2 ND TO 4 TH NOVEMBER 2020	
	6 TH	25 TH TO 26 TH FEBRUARY 2020	1. Presentation of the status of projects presented during the 5 th Technical Committee 2. Presentation of the on-going projects for the period of July – December 2021 3. Presentation of the status of Community water project 4. Discussion on the report of the Technical committee field visits 5. Analysis of Half Year Performance 6. Confirmation of Minutes of the 5 th Technical Committee meeting
	7 TH	6 TH APRIL 2021	
5	RISK AND AUDIT		
	1 ST SPECIAL	2 ND JULY 2020	1. Presentation of the proposed Committee Annual Work Plan
	4 TH	15 TH JULY 2020 10 TH AUGUST 2020	1. Discussion of the Thika water and sewerage Company Audit Report 2. Briefing on the circular and laws guiding the Audit Committee 3. Confirmation of Minutes of the 3 rd Risk and Audit committee meeting held on 5 th March 2019 4. Confirmation of Minute of the 1 st special and Audit Committee Meeting held on 2 nd July 2020
	5 TH	23 RD SEPTEMBER, 2020	1. Update Report on implementation of the audit committee and Board recommendations in respect to previous audit and recommend to the board further follow up action 2. Consider, adopt and recommend to the board internal audit report for Karuri Region 3. Confirmation of minutes of the 4 th Risk and Audit committee meeting held on 15 th July 2020

Ruiru-Juja Water and Sewerage Company Ltd
Reports and Financial Statements
For the year ended June 30, 2021

		27 TH OCTOBER, 2020	1. Discuss and adopt the Monitoring and evaluation template for implementation 2. Consider, adopt and recommend to the board the internal audit report for Gatundu Region 3. Consider, adopt and recommend to the board the internal audit for Limuru Region 4. Consider, adopt and recommend to the board the internal audit for Githunguri Region 5. Confirmation of Minutes of the 4th Risk and Audit Committee meeting held on 15th July and 10th August 2020 . 6. Confirmation of Minutes of the 5th Risk and Audit Committee meeting held on 23rd September and 27th October 2020
	6 TH		
6	ADHOC	10 TH MAY 2021 11 TH MAY 2021	1. Presentation of the proposed Ad hoc Committee work plan 2. Presentation of the proposed 2020/21 annual work plan for the full Board
	1 ST	6 TH JULY 2020	1. Presentation of the proposed merger checklist and ad hoc committee work plan 2. Confirmation of minutes of the 1st ad hoc committee meeting held on 6th July 2020
	2 ND	3 RD AUGUST 2020	1. Consider the merger option and recommend to the Board for adoption 2. Consider and approve the list of key stakeholders to the merger option and proposed date of meeting with the stakeholders 3. Consider and recommend to the Board for approval the Company's strategic plan
	3 RD	12 TH AUGUST 2020	1. Receive reports from the regions on the preparedness on the merger process 2. Confirmation of Minutes of the 3rd Ad hoc Committee
		13 TH AUGUST 2020	1. Receive update report on policy implementation and preparedness to launch the strategic plan 2. Update on the merger checklist 3. Confirmation of Minutes of the 3rd and 4th committee meeting
	4 TH	21 ST OCTOBER 2020	
	5 TH	24 TH FEBRUARY 2021	
	6 TH	13 TH MAY 2021	

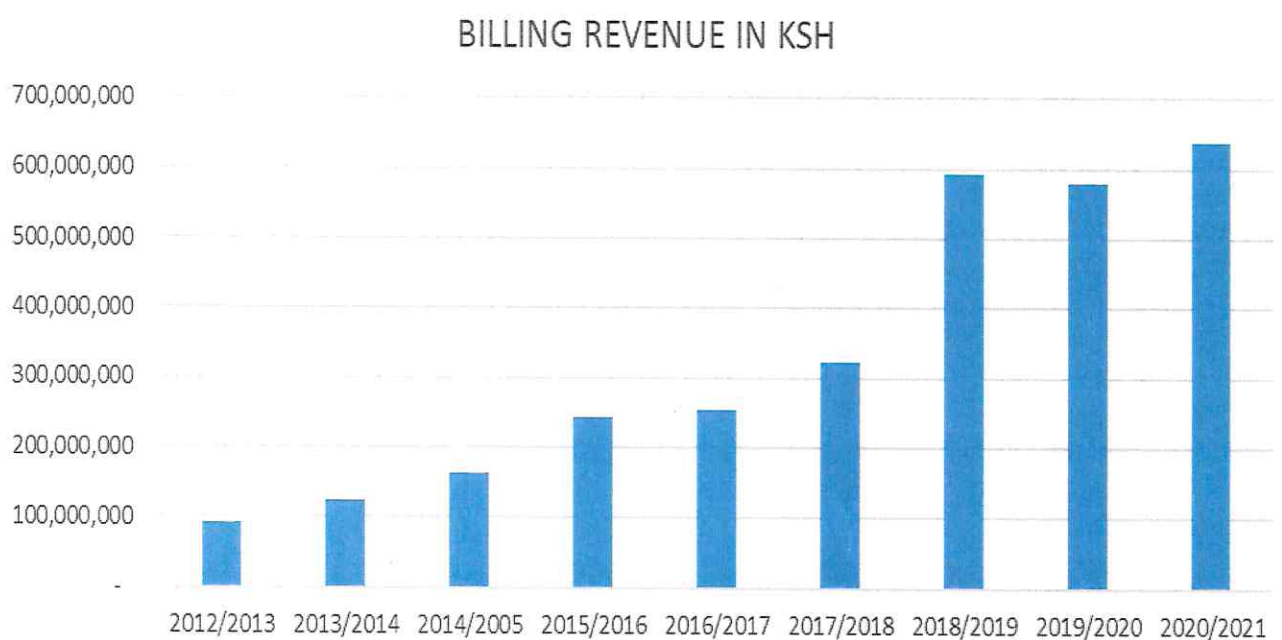
VIII. MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE

Performance has been improving each year and despite all challenges. Our customer base has grown from the initial 2,000 customers at inception in 2006 to the current 39,000 customers. This has made the company to graduate from small size company to medium size and eventually to large water company.

Billing revenue has grown tremendously for the last nine years. In the financial year 2012/2013, billing for water was Ksh 93M. This peaked in year 2020/2021 to Ksh 637 million. This has generated resources to the company which has been utilized in rehabilitation of old production plants, sewer network expansion and modernization of water system network.

The graph below demonstrates how billing revenue has grown from year 2012/2013 up to year 2020/2021.



The company has made it a practice not to hold idle cash. Cash in customer deposits has from time to time been invested in fixed and call deposits and the company in return gets interest income.

IX. ENVIRONMENT AND SUSTAINABILITY REPORTING

Ruiru Juja Water and Sewerage Company Limited vision is to be a world class provider of water and sewerage services. Our mission is to provide quality and reliable water and sewerage services by embracing high standards of professionalism and integrity in our service delivery.

Our core values define our systems of shared norms in our organizational setting.

Everything we do is guided by the following corporate values namely;

- Integrity in all our actions
- Key focus on customer service
- Efficiency in management of all resources
- High commitment to corporate social responsibility
- Embracing team work
- Passion for excellence
- Environmental sustainability
- Continuous staff development/Continuous professional development

Guided by these values Ruiru Juja Water and Sewerage Company Limited was able to achieve the following during the year in these areas;

Sustainability strategy and profile

The company through Athi Water Works Development Agency(AWWDA) and County Government of Kiambu continues to implement water and sewer projects that will ensure increased water and sewer coverage.

The company through its internally generated funds has continued to extend the distribution network to ensure more people under its jurisdiction are served.

Environmental performance

The company participated in tree planting exercise held in May 2021 at Kinale forest aimed at conserving water sources.

Employee welfare

The company hiring process ensures fairness and have met the two third gender rule. We also ensure equity at work place and employees get training regularly depending on training needs identified by HR department.

Market place practices

The company charge customers' levies as stipulated by WASREB tariff guideline.

Community engagements

The company has engaged four sociologists who directly interact with community and give feedback to management on community expectations and pro poor community projects.

X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Ruiru-Juja Water and Sewerage Company Ltd affairs.

Principal activities

The principal activity of Ruiru-Juja Water and Sewerage Company Ltd is to provide quality and affordable water and sewerage services in Ruiru and Juja Constituencies in the Kiambu County.

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1

Dividends

The Directors recommend no dividend payment for the year.

Directors

The members of the Board of Directors who served during the year are shown on page iv In accordance with Ruiru-Juja Water and Sewerage Company Ltd Articles of Association.

Auditors

The Auditor General is responsible for the statutory audit of Ruiru-Juja Water and Sewerage Company Ltd in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Secretary
Nairobi



Date: 28/04/2022

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

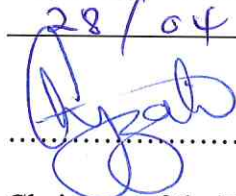
Section 149 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that Ruiru-Juja Water and Sewerage Company Ltd, which give a true and fair view of the state of affairs of Ruiru-Juja Water and Sewerage Company Ltd at the end of the financial year/period and the operating results of Ruiru-Juja Water and Sewerage Company Ltd for that year/period. The Directors are also required to ensure that Ruiru-Juja Water and Sewerage Company Ltd keeps proper accounting records which disclose with reasonable accuracy the financial position of Ruiru-Juja Water and Sewerage Company Ltd. The Directors are also responsible for safeguarding the assets of Ruiru-Juja Water and Sewerage Company Ltd.

The Directors are responsible for the preparation and presentation of Ruiru-Juja Water and Sewerage Company Ltd financial statements, which give a true and fair view of the state of affairs of Ruiru-Juja Water and Sewerage Company Ltd for and as at the end of the financial year (period) ended on June 30, 2021. 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 Ruiru-Juja Water and Sewerage Company Ltd; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Ruiru-Juja Water and Sewerage Company Ltd 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 and the State Corporations Act. The Directors are of the opinion that the Ruiru-Juja Water and Sewerage Company Ltd financial statements give a true and fair view of the state of Ruiru-Juja Water and Sewerage Company Ltd transactions during the financial year ended June 30, 2021, and of Ruiru-Juja Water and Sewerage Company Ltd financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Ruiru-Juja Water and Sewerage Company Ltd, which have been relied upon in the preparation of Ruiru-Juja Water and Sewerage Company Ltd financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

Ruiru-Juja Water and Sewerage Company Ltd financial statements were approved by the Board on 28/04 2022 and signed on its behalf by:



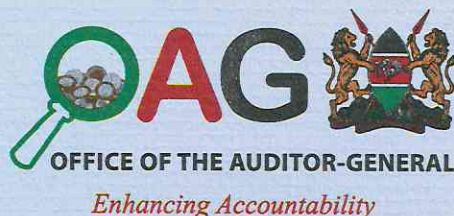
Chairman of the Board.



Managing Director

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 RUIRU-JUJA WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ruiru-Juja Water and Sewerage Company Limited set out on pages 1 to 29, which comprise of the statement of financial

Report of the Auditor-General on Ruiru-Juja Water and Sewerage Company Limited for the year ended 30 June, 2021

position as at 30 June, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ruiru-Juja Water and Sewerage Company Limited as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012, the Companies Act, 2015, and the Water Act, 2016.

Basis for Qualified Opinion

1. Non-Disclosure of Water Inventory

Included in the statement of financial position as at 30 June, 2021 and Note 14 is a balance of inventories of Kshs.9,756,158 which comprises pipes and fittings of Kshs.8,133,884, chemicals amounting to Kshs.1,410,564 and stationery and general stores amounting to Kshs.211,711.

The Company did not disclose the opening and closing water stocks held in the reservoirs, water treatment plant and in the water system in the financial statements, which should have been a part of cost of sales, contrary to International Accounting Standards 2 Section 6 and 9 which defines inventory to include assets held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.9,756,158 could not be confirmed.

2. Apportionment of Board Expenses

The statement of profit or loss and other comprehensive income reflects an expenditure amount of Kshs.3,229,350 in respect to Board expenses. Board minutes provided for audit revealed that there is one Board overseeing the operations of all the seven water companies in Kiambu County. The expenditure which relates to sitting allowances, Board Members travel and accommodation allowances and capacity building was incurred and apportioned by the County Government equally amongst the seven companies. However, no disclosures were provided to show how the expenditure was apportioned by the County Government.

In the circumstances, the accuracy and validity of the expenditure on Board expenses of Kshs.3,229,350 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ruiru-Juja 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 opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total expenditure amount of Kshs.615,578,694 against an approved expenditure budget of Kshs.715,536,500 resulting to an under-expenditure of Kshs.99,957,806 or 14% of the budget.

The under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

3. Excluded Property, Plant and Equipment of Unknown Value

The statement of financial position and Note 12 reflects property, plant and equipment amount amounting to Kshs.120,857,865. However, physical verification carried out in the month of February, 2022 revealed that the Company was in possession of assets which include water works, motor vehicles and buildings of unknown value used by the Company to generate revenue and to support its operations but are owned by Athi Water Works Development Agency.

Information provided indicates that the assets were financed by donor funds through Athi Water Development Agency which developed and then handed them over to the Company for operations. The Company pays monthly administration costs to the Agency for the assets handed over. However, details relating to ownership and valuation were not provided.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.120,857,865 as at 30 June, 2021 could not be confirmed.

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. Stalled Project

The Company entered into a contract with a construction firm for the construction of Kenyatta Road - Thiririka River Sewer Project at a cost of Kshs.19,489,102 with a completion date of 5 June, 2021. It was however noted that the project had stalled after the contractor encountered some difficulties while excavating the sewer line around Juja City Mall and it was agreed that work be suspended pending evaluation and feasibility study on different options available to reroute the sewer line. As at the time of the field inspection, the contractor was not on site and a decision had not been made on the way forward. The project is 66.13% complete and the value of work certified is Kshs.13,472,075.59 or 69 % of the contract price.

Under the circumstances, the projects may not have been properly planned and commissioned and may lead to loss of public funds.

2. Excess Non-Revenue Water

Review of the Company's performance statement reflects that the non-revenue water for the year under review was 32.33% while data on non-revenue water reflects an actual average of 38%. Further, the actual non-revenue water exceeded the accepted limit of 25% by 13%. The Management did not explain the mechanisms it has put in place to ensure a reduction of the high rate of non-revenue water.

In the circumstances, the significant level of non-revenue water is an indication of lack of effectiveness in the use of public resources and, may negatively affect the Company's profitability and its long-term sustainability.

3. Non-Compliance with Law on Board Meetings

The Company did not hold an Annual General Meeting during the year under review, contrary to Section 310(1) of the Companies Act, 2015 which provides that every public company shall hold a general meeting as its annual general meeting within six months

from and including the day following its accounting reference date in each year, whether or not it holds other meetings during that period.

Further, Management did not provide for audit, board minutes and attendance register to confirm that the Board met during the year to approve the financial statements. This is contrary to Section 652(1) of the Companies Act, 2015, which requires that as soon as practicable after a company's annual financial statements have been prepared, the Directors shall approve the statements and arrange for one or more of them to sign it.

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

4. Non-Compliance with Law on Ethnic Composition

During the year under review, the Company had a total of 215 employees out of which 174 or 81% were from one dominant ethnic community contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that at least 30% of employees are from other ethnic communities.

The Management was therefore in breach of the law.

5. Lack of Policy on Provision for Bad and Doubtful Debts

The statement of financial position as at 30 June, 2021 reflects a balance of Kshs.78,604,535 in respect of trade and other receivables. The balance is net of Kshs.8,204,628 provision for bad and doubtful debts.

It was further noted that the Company did not have a clear policy on provisions for doubtful debts since currently 10% of total trade receivables are deemed doubtful irrespective of age of the debt. The aging analysis of trade receivables as at 30 June, 2021 indicates that over 82% of the trade receivables are below 60 days. It is therefore not prudent to apply a flat rate provision of 10% on total trade receivables.

The policy on provision for bad and doubtful debts on trade and other receivables could not be confirmed.

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 matter described in the Basis for Conclusion on

Report of the Auditor-General on Ruiru-Juja Water and Sewerage Company Limited for the year ended 30 June, 2021

Effectiveness of Internal Controls, 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

Lack of a Disaster Recovery Plan

During the year under review, the Company did not have in place a disaster recovery and business continuity plan.

In the absence of a disaster recovery and business continuity plan, the Company lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted.

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 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. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

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 Financial Reporting Standards 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 overall 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 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 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 overall 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 overall 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 Company 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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease 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

20 July, 2022

XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
REVENUES			
Sales	1	637,863,640	578,773,049
Grants -Received and Amortised	2	6,191,612	1,225,729
Other Income	3	20,621,172	15,883,339
TOTAL REVENUES		664,676,423	595,882,117
OPERATING EXPENSES			
Administration Expenses	4	64,227,838	53,594,409
Staff Expenses	5	172,136,484	145,224,475
Board Expenses	6	3,229,350	-
Operational Expenses	7	296,726,930	297,452,199
Regulatory Expenses	8	50,518,273	44,674,318
Depreciation of property, plant and equipment	12	19,938,323	17,587,356
Amortisation of Intangible Assets	13	887,317	759,505
TOTAL OPERATING EXPENSES		607,664,575	559,292,261
OPERATING PROFIT	9	57,011,848	36,589,855
Finance Income	10	5,180,060	1,186,930
PROFIT/(LOSS) BEFORE TAXATION		62,191,908	37,776,786
INCOME TAX EXPENSE	11	7,914,119	11,333,036
PROFIT AFTER TAXATION		54,277,789	26,443,750

Ruiru-Juja Water and Sewerage Company Ltd
Reports and Financial Statements
For the year ended June 30, 2021

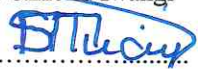
XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	120,857,865	98,802,814
Intangible assets	13	2,789,765	3,038,018
Investment property			
Total Non-Current Assets		123,647,630	101,840,832
Current Assets			
Inventories	14	9,756,158	10,954,118
Trade and other receivables	15(a)	78,733,535	130,785,807
Short-term deposits	16	56,039,036	110,077,072
Bank and cash balances	17	210,848,860	45,361,406
Tax Asset	24	1,371,587	-
Total Current Assets		356,620,177	297,178,403
TOTAL NON-CURRENT AND CURRENT ASSETS		480,267,807	399,019,235
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	18	40	40
Revaluation reserve	19	5,889,458	5,889,458
Retained earnings	20	285,164,557	202,941,161
Capital and Reserves		291,054,055	208,830,659
Non-Current Liabilities			
Deferred Grant Revenue	21	9,928,401	11,031,557
Total Non-Current Liabilities		9,928,401	11,031,557
Current Liabilities			
Bank Overdraft	22	8,790,764	-
Trade and other payables	23	169,834,946	159,837,480
Tax Liability	24	-	19,319,539
Total Current Liabilities		178,625,710	179,157,019
TOTAL EQUITY AND LIABILITIES		480,267,807	399,019,235

The financial statements were approved by the Board on 28/04 2022 and signed on its behalf by:

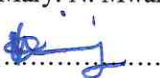
Director General/C.E. O/M. D

Name: Simon Mwangi

Sign: 

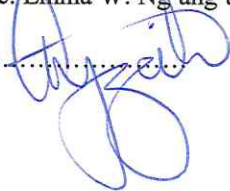
Head of Finance

Name: Mary. N. Mwangi

Sign: 

Chairman of the Board

Name: Emma W. Ng'ang'a

Sign: 

ICPAK M/NO: 6346

**Reports and Financial Statements
For the year ended June 30, 2021**

XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Ordinary share capital	Revaluation reserve	Retained earnings	Total
At July 1, 2019	40	5,889,458	176,497,410	182,386,908
Transfer of excess depreciation on revaluation	-	-	-	-
Total comprehensive income	-	-	26,443,750	26,443,750
At June 30, 2020	40	5,889,458	202,941,160	208,830,658
At July 1, 2020	40	5,889,458	202,941,160	208,830,658
Total comprehensive income	-	-	54,277,789	54,277,789
At June 30, 2021	40	5,889,458	257,218,949	263,108,447

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XVI. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24(a)	148,901,854	46,344,983
Interest received	10	5,180,060	1,186,930
Taxation paid	24	-	-
Net cash generated from operating activities		154,081,914	47,531,913
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(41,993,431)	(16,396,129)
Purchase of intangible asset	13	(639,064)	(3,797,524)
Net cash (used in) investing activities		(42,632,495)	(20,193,653)
CASHFLOWS FROM FINANCING ACTIVITIES			
Net cash generated from/(used in) financing activities		-	-
INCREASE IN CASH AND CASH EQUIVALENTS		111,449,419	27,338,260
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24(b)	155,438,477	128,100,218
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24(b)	266,887,896	155,438,478

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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		Explanation for Variance
					2020/2021	Difference %	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Sale of Water	650,308,000	-308,000	650,000,000	637,863,640	-12,136,360	-1.87%	
Grant –Received & Amortized	-	1,200,000	1,200,000	6,191,612	4,991,612	415.97%	
Finance Income	3,060,000	1,940,000	5,000,000	5,180,060	180,060	3.60%	
Other income	18,090,000	710,000	18,800,000	20,621,172	1,821,172	9.69%	
Total income	671,458,000	3,542,000	675,000,000	669,856,484	-5,143,516	-0.76%	
Expenses					-		
Compensation of employees	175,880,000	-	175,880,000	172,136,484	-3,743,516	-2.13%	
Finance cost	1,000,000	-	1,000,000	886,610	-113,390	-11.34%	Due to fewer transactions
Taxation	10,000,000	-10,000,000	-	7,914,119	0	100.00%	Due to increased profit
Administration Costs	61,924,000	42,306,000	104,230,000	63,341,228	-40,888,772	-39.23%	No contribution was made to merger fund
Board Cost	5,026,500	400,000	5,426,500	3,229,350	-2,197,150	-40.49%	Fewer Meetings were held
Maintenance Cost	130,500,000	89,500,000	220,000,000	179,567,007	-40,432,993	-18.38%	Lower maintenance cost due to modernised infrastructure
Regulatory Expenses	45,000,000	2,000,000	47,000,000	50,518,273	3,518,273	7.49%	
Other Operating costs	144,000,000	-4,000,000	140,000,000	117,159,923	-22,840,077	-16.31%	Lower chemicals cost due to donations by JICA. Reduce power costs after installation of correction capacitors
Wear and Tear	32,000,000	-10,000,000	22,000,000	20,825,700	-1,174,300	-5.34%	Not all Fixed assets budgeted for were added
Total expenditure	605,330,500	110,206,000	715,536,500	615,578,694	-77,841,448	-10.88%	
Surplus for the period	66,127,500	-106,664,000	-40,536,500	27,072,976	67,609,476		

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

Reports and Financial Statements

For the year ended June 30, 2021

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ruiru-Juja Water and Sewerage Company Ltd is established by and derives its authority and accountability from Water Act No. 43 of 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality and affordable water and sewerage services in Ruiru and Juja Constituencies in the Kiambu 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 Ruiru-Juja Water and Sewerage Company Ltd accounting policies

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Ruiru-Juja Water and Sewerage Company Ltd.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

IAS 16 — Property, Plant and Equipment	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

IFRS 1 — First-time Adoption of International Financial Reporting Standards	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.
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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.

ii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to Ruiru-Juja Water and Sewerage Company Ltd 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 Ruiru-Juja Water and Sewerage Company Ltd activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of Ruiru-Juja Water and Sewerage Company Ltd activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which Ruiru-Juja Water and Sewerage Company Ltd delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which Ruiru-Juja Water and Sewerage Company Ltd actually receives such grants.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Other income** is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) In-kind contributions

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

c) Property, plant and equipment

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

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

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line 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:

Buildings and civil works	40 years
Plant and machinery	10 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years
Intangible Asset (Computer Software)	5 years

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation and impairment of property, plant and equipment (Continued)

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

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

h) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

i) Taxation

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

j) 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 financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Trade and other payables

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

l) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2013. The scheme is administered by County Pension Fund Scheme 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 7.5% employee and 15% employer contribution per employee per month.

m) Budget information

The original budget for FY 2020-2021 was approved by the Board of Directors.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

n) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) 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, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2020/2021	2019/2020
		Kshs	Kshs
1	SALES		
	Sale of Water	637,863,640	578,773,049
		<u>637,863,640</u>	<u>578,773,049</u>
2	GRANTS FROM GOVERNMENT AND OTHER AGENCIES		
	Grant Revenue-Amortised	1,103,156	1,225,729
	Grant Income-JICA	5,088,456	-
		<u>6,191,612</u>	<u>1,225,729</u>
3	OTHER INCOME		
	Water Application fees	14,330,500	11,716,000
	Sewer Application fees	3,250,500	3,144,000
	Sewer Exhausting	700,196	794,000
	Miscellaneous-Others	2,339,976	229,339
		<u>20,621,172</u>	<u>15,883,339</u>
4	ADMINISTRATION EXPENSES		
	Advertising Expenses	1,572,371	1,197,825
	General office Expenses	5,842,626	5,769,434
	Stationery & Printing	1,413,241	1,480,175
	Education and Training	3,297,692	1,515,966
	Provision for Bad debts	(5,331,391)	8,589,666
	Travel & Accommodation	7,494,182	2,406,919
	Telephone & Postage	2,882,897	1,779,484
	Audit & Professional fee	2,797,209	1,951,188
	Bank Charges	886,614	746,114
	I.T. Costs	4,617,001	1,603,373
	Electricity	662,560	825,590
	Security Expenses	1,399,086	1,431,658
	Environment Conservation	1,506,500	308,450
	Performance Reward	1,070,000	-
	Covid-19 Mitigation	1,860,965	-
	Transport Expenses	10,850,000	14,114,902
	Repairs and Maintenance	16,890,345	6,336,160
	Insurance	2,256,508	815,776
	Subscriptions	367,600	180,700
	Protective clothing	<u>1,891,837</u>	<u>1,942,458</u>
		<u>64,227,838</u>	<u>53,594,409</u>

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5	STAFF COSTS	2020/2021 Kshs	2019/2020 Kshs
	Salaries and allowances of employees	160,336,048	136,846,495
	Staff welfare	11,800,436	8,377,980
		<u>172,136,484</u>	<u>145,224,475</u>
6	BOARD EXPENSES	<u>3,229,350</u>	=
		<u>3,229,350</u>	=
7	OPERATIONAL EXPENSES		
	Chemicals	13,943,760	19,932,033
	Billings	1,931,562	1,351,400
	Water User Fees	9,890,782	12,168,749
	Electricity	83,435,431	86,287,907
	Security	7,011,874	5,708,462
	Maintenance of Water Systems	146,434,460	78,823,729
	Sewerage	33,132,547	91,128,023
	Water Quality	946,514	2,051,896
		<u>296,726,930</u>	<u>297,452,199</u>
8	REGULATORY EXPENSES		
	Administration Cost to AWSB	16,939,500	16,939,500
	Regulatory Fees to WASREB	<u>33,578,773</u>	<u>27,734,818</u>
		<u>50,518,273</u>	<u>44,674,318</u>
9	OPERATING PROFIT		
	The operating profit is arrived at after charging/(crediting):		
	Staff costs (note 5)	172,136,484	145,224,475
	Depreciation of property, plant and equipment	19,938,383	17,587,356
	Amortisation of intangible assets	887,317	759,505
	Provision for bad and doubtful debts	(5,331,391)	8,589,666
	Directors' emoluments - fees	3,229,350	-
	Auditors' remuneration - current year fees	350,000	-
10	FINANCE INCOME		
	Interest income on bank deposits	5,180,060	1,186,930
		<u>5,180,060</u>	<u>1,186,930</u>

	2020/2021 Kshs	2019/2020 Kshs
11 INCOME TAX EXPENSE/ (CREDIT)		
(a) Current taxation		
Current taxation based on the adjusted profit for the year at 30%	7,914,119	11,333,036
	<u>7,914,119</u>	<u>11,333,036</u>
(b) Reconciliation of tax expense/(credit) to the expected tax based on accounting profit		
Profit before taxation	62,191,908	37,776,786
	<u>62,191,908</u>	<u>37,776,786</u>
Tax at the applicable tax rate of 30%	7,914,119	11,333,036
	<u>7,914,119</u>	<u>11,333,036</u>
	<u>54,277,789</u>	<u>26,443,750</u>

Reports and Financial Statements For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 PROPERTY, PLANT AND EQUIPMENT

2021	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION								
At July 1, 2020	-	106,892,307	36,115,215	13,465,690	10,977,535	6,036,114	-	173,486,862
Additions	-	25,241,728	1,412,810	-	1,759,140	107,680	13,472,076	41,993,434
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2021	-	132,134,035	37,528,025	13,465,690	12,736,675	6,143,794	13,472,076	215,480,296
DEPRECIATION								
At July 1, 2020	-	44,834,299	10,196,624	7,320,990	8,889,906	3,442,229	-	74,684,048
Charge for the year	-	10,929,325	3,521,010	2,947,975	1,772,099	767,974	-	19,938,383
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2021	-	76,370,412	13,717,634	10,268,965	10,662,005	4,210,203	-	94,622,431
NET BOOK VALUE								
At June 30, 2021	-	76,370,411	23,810,392	3,196,725	2,074,670	1,933,591	13,472,076	120,857,865

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 PROPERTY, PLANT AND EQUIPMENT

2020	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
COST OR VALUATION								
At July 1, 2019	-	104,643,867	26,420,957	12,470,690	8,271,805	5,283,414	-	157,090,733
Additions	-	2,248,441	9,694,258	995,000	2,705,730	752,700	-	16,396,129
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2020	-	106,892,308	36,115,215	13,465,690	10,977,535	6,036,114	-	173,486,862
DEPRECIATION								
At July 1, 2019	-	35,514,880	6,816,895	4,373,015	7,704,187	2,687,715	-	57,096,692
Charge for the year	-	9,319,419	3,379,729	2,947,975	1,185,719	754,514	-	17,587,356
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2020	-	44,834,299	10,196,624	7,320,990	8,889,906	3,442,229	-	74,684,048
NET BOOK VALUE								
At June 30, 2020	-	62,058,009	25,918,591	6,144,700	2,087,629	2,593,885	-	98,802,814

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2020/2021	2019/2020
	Kshs	Kshs
13 INTANGIBLE ASSETS		
COST		
At July 1	4,174,291	376,768
Additions	639,064	3,797,523
Disposals	-	-
At June 30	4,813,355	4,174,291
AMORTISATION		
At July 1	1,136,273	376,768
Charge for the year	887,317	759,505
Disposals	-	-
Impairment loss	-	-
At June 30	2,023,590	1,136,273
NET BOOK VALUE		
At June 30	2,789,765	3,038,018
14 INVENTORIES		
Pipes & Fittings	8,133,884	8,789,171
Chemicals	1,410,564	1,968,837
Stationery and general stores	211,711	196,110
	9,756,158	10,954,118
15 (a) TRADE AND OTHER RECEIVABLES		
Trade receivables (note 15 (b))	82,046,276	135,360,186
Deposits, prepayments and staff debtors	4,214,003	8,961,640
Staff Receivables	548,883	
Gross trade and other receivables	86,809,162	144,321,826
Other: Provision for bad and doubtful receivable	(8,204,628)	(13,536,019)
Net trade and other receivables	78,604,534	130,785,807

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2020/2021	2019/2020
	Kshs	Kshs
15 (b) TRADE RECEIVABLES		
Gross trade receivables	82,046,276	135,360,186
Provision for doubtful receivables	(8,204,628)	(13,536,019)
	<u>73,841,648</u>	<u>121,824,167</u>
As at 30 th June 2021, ageing analysis of gross trade receivables was as follows;		
Less than 30 days	54,346,183	48,536,503
Between 31 to 60 days	13,443,868	42,138,710
Between 61 to 90 days	11,607,565	36,382,966
Between 91 to 120 days	2,648,660	8,302,007
Over 120 days	-	-
	<u>82,046,276</u>	<u>135,360,186</u>
16 SHORT TERM DEPOSITS		
Kenya Commercial Bank	56,039,036	110,077,072
Postbank	-	-
	<u>56,039,036</u>	<u>110,077,072</u>
17 BANK AND CASH BALANCES		
Cash at bank	210,760,657	45,324,970
Cash in hand	88,203	36,436
	<u>210,848,860</u>	<u>45,361,406</u>

The bulk of the cash at bank was held at Kenya Commercial Bank ,Family Bank, ABSA Bank of Kenya and Postbank, Ruiru-Juja Water and Sewerage Company Ltd main bankers..

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The make – up of bank balances and short term deposits is as follows:

Detailed analysis of the cash and cash equivalents

		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank-Revenue		57,123,232	32,955,276
Kenya Commercial bank-Expenditure		-	1,230,918
Kenya Commercial bank-Deposit		97,082,731	8,497,179
ABSA Bank-Collection		12,150,611	217,951
Family Bank-Collection		36,954,179	1,072,062
Postbank-Collection		7,449,901	1,351,584
Sub- total		210,760,654	45,324,970
b) Fixed deposits account			
Kenya Commercial bank		56,039,036	110,077,072
Sub- total		56,039,036	110,077,072
c) Others(specify)			
Cash in hand		88,203	36,436
Sub- total		88,203	36,436
Grand total		266,887,893	155,438,478

18 ORDINARY SHARE CAPITAL

Authorised:

5000 ordinary shares of Kshs.20 par value each

2020/2021
Kshs

10,000

=====

2019/2020
Kshs

10,000

=====

Issued and fully paid:

2 ordinary shares of Kshs.20 par value each

40

=====

40

=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 REVALUATION RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

20 RETAINED EARNINGS

The retained earnings represent amounts available for distribution to Ruiru-Juja Water and Sewerage Company Ltd shareholders. Undistributed retained earnings are utilised to finance Ruiru-Juja Water and Sewerage Company Ltd business activities.

	2020/2021	2019/2020
	Kshs	Kshs
21 DEFERRED GRANT REVENUE		
Deferred Grant Revenue	11,031,557	12,257,285
Grant Amortised	(1,103,156)	(1,225,728)
Balance at end of the year	<u>9,928,401</u>	<u>11,031,557</u>

22 LOANS AND OVERDRAFT

Bank Overdraft	8,790,764	-
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	2020/2021	2019/2020
	Kshs	Kshs
23 TRADE AND OTHER PAYABLES		
Trade payables	54,097,235	58,885,216
Customer Overpayments	-	-
Customer Refundable Deposits	115,737,711	100,952,264
	<u>169,834,946</u>	<u>159,837,480</u>

24 TAX LIABILITY

The movement on the tax liability account is as follows:

	2020/2021	2019/2020
	Kshs	Kshs
Balance at beginning of the year	19,319,539	7,986,506
Payment	-	-
Prior year adjustment	(28,605,245)	-
Provision for the year	7,914,119	11,333,033
Balance at end of the year	<u>(1,371,587)</u>	<u>19,319,539</u>

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

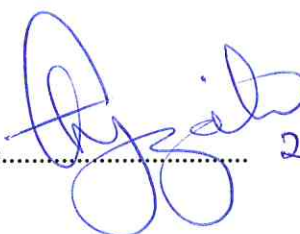
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.4	Non-Revenue Water	Management working on reduction of non-revenue water to acceptable level	Simon Mwangi-Caretaker Manager	Resolved	Continuous
4.5	IT Controls	The Company is in process of developing IT policy	Allan Ngugi-ICT Director, Kiambu County Water & Sewerage Co Ltd	Resolved	

Managing Director

Chairman of the Board



Date...28/04/2022.....



Date.....28/04/2022.....

APPENDIX II: PROJECTS IMPLEMENTED BY RUIRU JUJA AND SEWERAGE COMPANY

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction, Installation and Equiping Steel Tanks in Githurai	5,520,817	5,520,817	100%	6,000,000	5,520,817	Internal

APPENDIX III: INTER-ENTITY TRANSFERS

Ruiru Juja Water and Sewerage Company Ltd

Breakdown of Transfers from Other Water companies in Kiambu County

		Bank Statement Date	Amount	Purpose	FY to which the amount relate
a	Direct Receipts				
	Kiambu Water & Sewerage Co.	29/7/2020	14,000	Bacteriological Analysis & Effluent Analysis	2020/21
	Kiambu Water & Sewerage Co.	18/8/2020	6,000	Effluent Analysis	2020/21
	Karuri Water & Sewerage Co.	28/9/2020	66,000	Bacteriological Analysis &Physiochemical Analysis	2020/21
	Githunguri Water & Sewerage Co.	30/9/2020	32,000	Bacteriological Analysis &Physiochemical Analysi	2020/21
	Kiambu Water & Sewerage Co.	28/10/2020	18,000	Bacteriological Analysis Physiochemical Analysis & Effluent Analysis	2020/21
	Githunguri Water & Sewerage Co.	14/12/2020	28,000	Bacteriological Analysis &Physiochemical Analysis	2020/21
	Karuri Water & Sewerage Co.	14/12/2020	32,000	Bacteriological Analysis &Physiochemical Analysis	2020/21
	Kiambu Water & Sewerage Co.	16/12/2020	6,000	Bacteriological Analysis	2020/21
	Karuri Water & Sewerage Co.	17/12/2020	12,000	Bacteriological Analysis &Physiochemical Analysis	2020/21
	Kiambu Water & Sewerage Co.	27/1/2021	6,000	Bacteriological Analysis	2020/21

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development /Others	Total Amount - KES	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Water Service Trust Fund(WSTF)	2016	Development	18,682,039	9,928,401	-	-	1,103,156
Total			18,682,039	9,928,401	-	-	1,103,156

