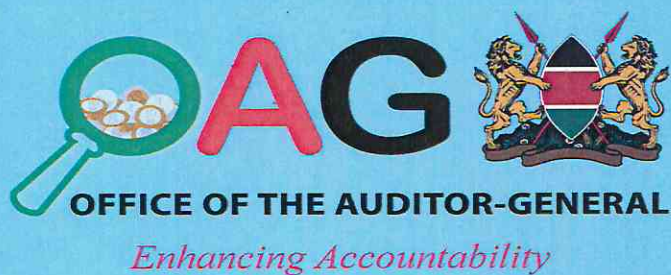


REPUBLIC OF KENYA



REPORT

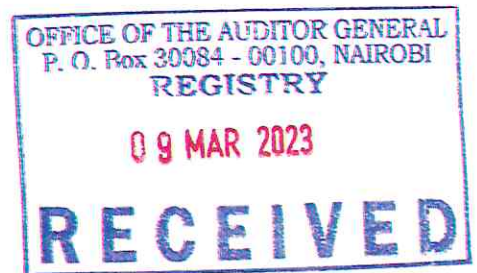
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**



RUIRU-JUJA WATER AND SEWERAGE COMPANY LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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

Ruiru-Juja Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2022

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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 Sub-counties in Kiambu County.

Board of Directors

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

1. Mrs Emma Ng'ang'a -	Chairperson	Appointed in April 2018
2. Mr Dominic Gachanja -	Member	Appointed in April 2018
3. Erastsus Njoroge-	Member	Appointed in February 2022
4. Samuel Mwangi Thiong'o-	Member	Appointed in February 2022
5. Ms Jennifer Musyoki -	Member	Appointed in July 2020
6. Charles Gikonyo-	Member	Appointed in February 2022
7. Joseph Mukabi-	Member	Appointed in February 2022
8. Mrs Josephine Muritu -	Company/Board Secretary	Appointed in April 2018
9. Prof. Bernard Njoroge -	Chairman	Left in February 2022
10. Mr. James Muriuki -	Member	Left in February 2022
11. Eng. Andrew Muigai -	Member	Left in February 2022
12. Mr Samuel Gatama -	Member	Left in February 2022
13. Prof. Steven Njuguna -	Member	Left in February 2022
14. Bishop Solomon Waweru -	Member	Left in February 2022
15. Mr Ndungu Wa Munywe -	Member	Left in February 2022
16. Dr Martin Njogu -	Member	Left in February 2022

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: info@ruiruwater.co.ke

E-mail: rujwasco2017@gmail.com

Website: www.ruiruwater.co.ke

Corporate Bankers

1. Kenya Commercial Bank
Ruiru Branch
P.O. Box 400-00232,
Ruiru
2. ABSA 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

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. THE BOARD OF DIRECTORS AND MANAGEMENT TEAM

	1. Name: Emma Waithera Ng'ang'a 2. Position: Chairperson 3. DoA : April 2018 4. Qualification: Msc Corporate Entrepreneurship 5. Work Experience: 40 years' experience in Business and Marketing
	1. Name: Dominic Gachanja 2. Position: Director 3. DoA : April 2018 4. Qualification: Doctor in Pharmacy 5. Work Experience: Businessman Thika, Board Member Land Control Board
	1. Name: Jennifer Kanini Musyoki 2. Position: Director representing Kiambu County Government 3. DoA: 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: Erastus Njoroge 2. Position: Director 3. DoA : February 2022 4. Qualification: Masters of Economics-Finance, Bachelor of Education (Economics & Mathematics), Member of Economists Society of Kenya(ESK) 5. Work Experience: Currently working as Deputy Director-Portfolio Monitoring at Kenya Development Corporation. Previously worked as Chief of Credit at IDB Bank and as Credit and Risk Manager at Equity Bank-Rwanda, Housing Finance and Fina Bank
	1. Name: Rev. Samuel Thiong'o Mwangi 2. Position: Director 3. DoA : February 2022 4. Qualification: Doctor of Divinity (Honoris Causa), Doctor of Humane Letters (Honoris Causa), M.A. in Counselling Psychology, B.A. in Bible and Theology 5. Work Experience: Director and a senior Lecturer with Gleam Africa Bible Institute . Works as a senior Pastor in African Holy Ghost Christian Church in Nairobi and a General Overseer of Evangelistic Christian Fellowship Church International.
	1. Name: Joseph Mukabi 2. Position: Director representing Kiambu County Government 3. DoA : February 2022 4. Qualification: MBA(Finance), BComm (Finance), Member of ICPAK 5. Work Experience: 10 years in County Government of Kiambu, 13 years in Defunct Ministry of Local Government, 3 years in private sector

	1. Name: Charles Gikonyo 2. Position: Director representing Kiambu County Government 3. DoA : February 2022 4. Qualification: BA Government & Public Administration, Certified Public Secretary, Chartered Institute of Purchasing & Supplies (UK) 5. Work Experience: Current Chief Officer – Administration & Public Service, previously practiced as a Certified Public Secretary
	1. Name: Josphine W. Muritu 2. Position: Company Secretary 3. DoA: April 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. Eng. Bernard Njoroge 2. Position: Chairman; April 2018 to February 2022 3. DoA: April 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 6. DoL: February 2022
	1. Name: Prof Steven Njuguna 2. Position: Director 3. DoA : April 2018 4. Qualification: Phd, Msc, Bsc(1st Class Hons) Environmental Science, Diploma in Education 5. Work Experience: Kenyatta University, Faculty of Environmental Studies 6. DoL: February 2022
	1. Name: Mr. James Gitau Muriuki 2. Position: Director 3. DoA : April 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 6. DoL: February 2022
	1. Name: Samuel Gatama 2. Position: Director 3. DoA : April 2018 4. Qualification: Business man, S 1 Teacher 5. Work Experience: Retired teacher over 30Years Experience 6. DoL: February 2022

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	1. Name: Eng. Andrew Muigai 2. Position: Director 3. DoA : April 2018 4. Qualification: Bsc Civil Engineering UON 5. Work Experience: Director Kenya Industrial Research and Development Institute Entrepreneur Engineer and Management Consultant 6. DoL: February 2022
	1. Name: Ndung'u Wa Munywe 2. Position: Director 3. DoA : April 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 6. DoL: February 2022
	1. Name: Bishop Solomon Waweru 2. Position: Director 3. DoA : April 2018 4. Qualification: Retired Public Officer 5. Work Experience: Bishop of A Church- Representative of NGOs 6. DoL: February 2022
	1. Name: Dr. Martin Njogu Mbugua 2. Position: Director representing Kiambu County Government 3. DoA : April 2018 4. Qualification: Doctor of Philosophy - Chemistry 5. Work Experience: Lecturer and researcher, Department of Chemistry/UoN 6. DoL: February 2022

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
	1. Name: Anne G Kimani 2. Position: Human Resources Manager 3. Academic Qualification: Msc in HRM, BA HRM, CHRP(K), MIHRM

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, drilled 4 no. boreholes and through Athi Water Works Development Agency (AWWDA) the company drilled 6 no. 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 mainly water deficit in portable water.

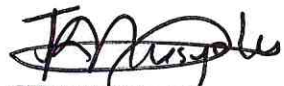
Future Outlook

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 October 2022. This shall resolve water shortage in Githurai.

Construction works for Karimenu II dam project is in progress and expected completion date is October 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 15 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 we have managed to increase our customer base from the initial 2,000 customers at inception to the current 44,000 customers. This has made our company to graduate from small size company to medium size and eventually to the category of very large utility. 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 78km, 14.1km sewer extensions in Ruiru & Juja, major water pipeline network renewal of 70km and four boreholes and storage tanks. Other projects implemented through external financiers were sewer extensions in Juja-Kalimoni and Githurai areas of 4.7Km and 12km respectively funded by World bank under the Kenya Urban Support Program (KUSP) through the County Government of Kiambu. The company has continually updated the Geographical information database of the new water and sewer 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 increasing population in the area of jurisdiction with an approximate deficit of 66,000M³ /day portable water.

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 October 2022. The project which entails increasing Ruiru water supply production in Jacaranda from the current 13,000M³/day to 28,000M³/day, water transmission main and distribution network to the greater Githurai, shall resolve water shortage in the greater Githurai areas of Kahawa, Kiuu, Wendani and Mwiki.

Construction works for Karimenu II dam project which commenced in May 2019 is expected to be completed by January 2023. 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 70M 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 KFW-Githurai water project, which involves expansion of the current water production from 15,000 cubic meters to 28,000 cubic meters shall increase water supply by 13,000 cubic meters by January 2023. Karimenu II dam water project is expected to increase water volumes by 47,000M³/day that shall serve a population of over 600,000 residents in Ruiru and Juja sub-counties. This shall ultimately reduce the water demand deficit by 60,000 cubic meters as the company transitions to a take-over of water supply services in Kahawa and Githurai areas that are currently served 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 FY2021/2022

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 Key Performance Indicators and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These Key Performance Indicators are as follows:

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

KPI 2: Non-revenue water reduction

KPI 3: Collection efficiency improvement

KPI 4: Compliance to budgetary revenue

KPI 5: Number of Paying Customers increase

Ruiru-Juja Water and Sewerage Company Ltd develops its annual work plans based on the above 5 KPIs. 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 2021/2022 period for its 5 strategic pillars, is indicated in the diagram below:

S/No.	Performance Criteria	Unit Measure	Status Previous Year (FY 2020/21)	Target (FY 2021/22)	Actual FY 2021/22
1	Utilisation of Water Production capacity	%	100%	100%	100%
	Water Quality Monitoring	Quarterly Reports	3 Reports	4 Reports	4 Reports
2	Non-revenue water	%	33%	30%	35%
3	Collection efficiency	%	88%	90%	88%
4	Compliance to budgetary revenue	%	98%	100%	105%
5	Number of Paying Customers	No.	86%	90%	85%

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 Licence Agreement 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 Board of Directors comprising of Seven 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 corporate governance guidelines. 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 and corporate governance guidelines issued by WASREB.

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.

Technical Committee

This Committee oversees implementation of capital programmes and reviews annual quality control reports for water supply and sewerage services and give recommendations to the board.

Additionally, the committee is tasked with overseeing implementation of water conservation strategy and programmes and monitoring non-revenue water trends.

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BOARD MEETINGS AGENDA 2021/2022 FINANCIAL YEAR

MEETING	DATES	AGENDA	MEMBERS IN ATTENDANCE
1 FULL BOARD			
9 th Special	16 th September 2021	1. Presentation of 2020/21 Annual Report and Financial Statements	1. Prof. Bernard Njoroge 2. Emma Nganga 3. Prof. Stephen Njuguna 4. Samuel Gatama 5. James Muriuki 6. Eng. Andrew Muigai 7. Dominic Gachanja 8. Ndungu Wa Munywe 9. Bishop Solomon Waweru 10. Jennifer Musyoki
10 th Special	29 th SEPTEMBER 2021	1. Adoption of the 2020/21 Financial Report for purposes of submission to the Auditor General	1. Prof. Bernard Njoroge 2. Prof. Stephen Njuguna 3. Samuel Gatama 4. James Muriuki 5. Eng. Andrew Muigai 6. Dominic Gachanja 7. Bishop Solomon Waweru 8. Jennifer Musyoki
11 th Full Board	3 rd , 4 th and 10 th Nov-21	1) CECM General Remarks – An update on the merger process 2) Presentation of the updated paper of the Finance & ICT Committee Report. 3) Presentation of the Risk & Audit Committee Report. 4) Presentation of the update paper of Human Resource & Administration Committee Report. 5) Presentation of the updated paper Technical Committee Report. 6) Presentation of the Ad Hoc Committee Report. 7) Confirmation of the Minutes of 9 th Full Board Meeting held on 9 th December, 2020	1. Prof. Bernard Njoroge 2. Emma Nganga 3. Prof. Stephen Njuguna 4. Samuel Gatama 5. James Muriuki 6. Eng. Andrew Muigai 7. Dominic Gachanja 8. Ndungu Wa Munywe 9. Bishop Solomon Waweru 10. Jennifer Musyoki 11. Martin Njogu

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Retreat	6 th to 10 th December 2021	1. Finance Committee report	4. Prof. Bernard Njoroge
		2. Human resource committee	5. Emma Nganga
		3. Resolution of the Board workshop on the following issues:	6. Prof. Stephen Njuguna
		• Adoption of the merger Road map	7. Samuel Gatama
		• Guide on the transition plan	8. James Muriuki
			9. Eng. Andrew Muigai
			10. Dominic Gachanja
			11. Ndungu Wa Munywe
			12. Bishop Solomon Waweru
			13. Jennifer Musyoki
			14. Martin Njogu
11 th	10 th and 22 nd February 2022	8) Presentation of the Technical Committee Report	1. Prof. Bernard Njoroge
		9) Presentation of the Human Resource & Administration Committee Report	2. Emma Nganga
		10) Presentation of the Finance & ICT Committee Report	3. Samuel Gatama
		11) Presentation of the Risk & Audit Committee Report	4. James Muriuki
		12) Confirmation of the Minutes of 10 th Full Board Meeting	5. Eng. Andrew Muigai
		13) Confirmation of the Minutes of 8 th Special Board Meeting	6. Dominic Gachanja
			7. Ndungu Wa Munywe
			8. Bishop Solomon Waweru
			9. Jennifer Musyoki

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2	FINANCE			
	10 th	6 th , 7 th & 9 th September 2021	1. Consider, adopt and recommend to the Board the Committee Annual work plan 2. Consider, adopt and recommend to the Board the 2021/22 Financial report 3. Consider, adopt and recommend to the Board the procurement plan performance for the 2021/22 financial year 4. Consider, adopt and recommend to the Board the proposed implementation of the salary harmonisation framework by the Regions 5. Confirmation of the 8 th Financial Committee meeting 6. Confirmation of the 9 th Financial Committee meeting	1. James Muriuki 2. Bishop Solomon Waweru 3. Samuel Gatama 4. Eng. Andrew Muigai
	5 th Special	30 th November, 1 st December 2021	1) Consider and recommend to the Board the Kiambu Region CBA for adoption and approval of its immediate implementation. 2) Consider and recommend to the Board the Kiambu Region's financial capability to implement the harmonised salary framework. 3) Consider and recommend to the Board the Karuri's Region's financial capability to implement the harmonised salary framework. 4) Consider and recommend to the Board Kikuyu's Region solarisation proposal.	1. James Muriuki 2. Bishop Solomon Waweru 3. Samuel Gatama 4. Eng. Andrew Muigai

3	HUMAN RESOURCE			
	9th	13 th July ,2021	1. To consider and approve the recruitment of new staff members	1. Emma Nganga
		2 nd & 3 rd	2. To discuss and adopt the senior management profile and make recommendation to the Board	2. Dminic Gachanja
		Sep-21	3. Consider,adopt and recommend to the Board the status to secondment staff	3. Ndungu Wa Munywe
			4. Consider and adopt the status report of transferred staff members	
			5. Consider,adopt and recommend to the Board the report of the Human Resource committee Mombasa retreat	
			6. Confirmation of the 7 th Human Resource &Administration committee minutes.	
			7. Confirmation of the 8 th Human Resource &Administration committee minutes.	
	5 th Special	21 st October 2021	1. To discuss proposed Kiambu Water & sewerage Company collective bargaining agreement (CBA)	1. Emma Nganga 2. Bishop Solomon Waweru 3. Dominic Gachanja

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6 th Special	29 th & 30 th November 2021	1) To discuss Contract proposed Kiambu County Water Collective Bargaining Agreement (CBA).	1. Emma Nganga
		2) To discuss the status of Seconded and integrated staff Members within the Regions.	2. Bishop Solomon Waweru
		3) To discuss the FY 2021/22 Region's performance.	3. Dominic Gachanja
		4) To Discuss the performance of the Caretaker Manager, Ruiru.	4. Ndungu Wa Munywe
		5) To discuss allowances payable to the Head quarter's team seconded from the County Government.	5. Jennifer Musyoki
		6) To discuss the payment of the hospital Bill, Ruiru Region.	
10 th	18 th January 2022	1) Consider and recommend to the Board the filling of vacant position in Karuri and Githunguri Region.	1. Emma Nganga
		2) Paper on James Muiruri deployment	2. Dominic Gachanja
		3) Paper on Translation of Terms of Employment for the ICT Director.	3. Bishop Solomon Waweru
		4) Consider and recommend the approval of acting allowance for the Headquarter staff member seconded by the County Government	
		5) Confirmation of minutes of the 6 th Special Human Resource Committee meeting	

7 th Special	8 th February, 2022	1) To discuss Contract proposed Headquarters' Staff members allowances	1. Emma Nganga
		2) To discuss Resumption of office of the Managing Director, Kiambu Region	2. Bishop Solomon Waweru
		3) Confirm minutes of the 10 th Human Resource Committee Meeting	3. Dominic Gachanja
		4) Gatundu Region field visit	4. Ndungu Wa Munywe
		5) Githunguri Region field visit	5. Jennifer Musyoki
			6. James Muriuki
			7. Samuel Gatama

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TECHNICAL COMMITTEE				
7 th		13 th & 14 th September, 2021	1) Discussion, adoption and recommendation to the Board the 2020/21 Performance Contracting Report. 2) Discussion, adoption and recommendation to the Board of the 2021/22 Financial year Key Performance Indicators. 3) Discussion, adoption and recommendation to the Board the 2021/22 Committee Work Plan 4) Confirmation of Minutes of the 7 th Technical Committee Meeting.	1. Eng Andrew Muigai 2. James Muriuki 3. Prof. Stephen Njuguna 4. Samuel Gatama 5. Jennifer Musyoki
8 th		24 th January 2022	1) Presentation of the half year performance contracting (a) Kiambu Region (b) Karuri Region (c) Kikuyu Region (d) Limuru Region (e) Githunguri Region (f) Ruiru Region (g) Gatundu Region 2) Confirmation of Minutes of the 7 th Technical Committee Meeting	1. Eng Andrew Muigai 2. James Muriuki 3. Prof. Stephen Njuguna 4. Samuel Gatama 5. Jennifer Musyoki
1 ST		27 th April 2022	1. Review of the Committee's TORS 2. Consideration and recommendation of the Board of the 3 rd Quarter Technical Report 3. Consider and recommend to the Board the status of the on going projects 4. Consider and recommend to the Board the proposed 2022/23 financial year projects	1. James Muriuki 2. James Githu 3. Jennifer Musyoki

Ruiru-Juja Water and Sewerage Company Ltd
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5 RISK AND AUDIT			
7 th	1 st , 2 nd , 3 rd , & 16 th December 2021	5) Confirmation of minutes of the 6 th Risk & Audit Committee Meeting held on 10 th May 2021	1. Dominic Gachanja
	6 th January, 2022	6) Discussion of the Internal Audit Work plan FY2021/2022 7) Discuss, adopt and recommend to the board the Risk Policy 8) Discuss, adopt and recommend to the board the Risk Frame Work 9) Consider, adopt and recommend to the Board the internal audit report for i. Karuri Region ii. Kikuyu Region iii. Limuru Region iv. Githunguri Region v. Gatundu Region vi. Ruiru Region follow up audit vii. Tariff & License summarized. 10) Discuss the exit of the Company Secretary from the Risk and Audit committee	2. Emma Nganga 3. Prof. Stephen Njuguna 4. Ndungu Wa Munywe 5. Jennifer Musyoki

Ruiru-Juja Water and Sewerage Company Ltd
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	MEETING	DATES	AGENDA	MEMBERS IN ATTENDANCE
1	FULL BOARD	6 th May 2022	1.Report of the finance and Administration committee 2.CEC communication on terms of employment on the MD 3.CEC proposal on appointment of a representative to the advisory committee. 3.Report of the technical committee	1.Emma Nganga 2.Rev.Samuel Thiongo 3.Dominic Gachanja 4.Jennifer Musyoki 5.Joseph Mukabi 6.Charles Gikonyo 7.Erastus Njoroge
	FINANCE AND 2 ADMINISTRATION COMMITTEE	6 th April 2022	1.Consideration, Discussion and recommendation of the2022/23 budget to the board 2. Consideration, Discussion and recommendation of the2022/23 procurement plan 3. Consideration, Discussion and recommendation of the2022/23 HR paper on staff organization, declaration of vacancies and proposal for staff	1.Dominic Gachanja-Chairman 2.Samuel Thiongo 3.Joseph Mukabi 4.Jennifer Musyoki
3	TECHNICAL COMMITTEE	12 th April 2022	1.Consideration deliberation and adoption of the technical report for the third quarter	1.Rev Sammy Thiongo-Chairman 2.Jennifer Musyoki 3.Charles Gikonyo 4.Dominic Gachanja
4	AUDIT AND RISK COMMITTEE	16 th May 2022	1.Update to the members on the role of Audit committee and the relevant laws and regulations 2.Introduction to the internal audit charter to the risk and audit committee 3.Familiarizing the risk and audit committee with risk management frame work 4.Risk and audit committee training	1.Mr.Erastus Njoroge-Chairman 2.Joseph Mukabi 3.Charles Gikonyo
		24 th June 2022	1.Final Audit Certificate from OAG for the financial year 2019/2020 2.Internal Audit Report for Jan to June 2021 and follow up on the audit recommendations 3.Internal Audit Work Plan for the financial year 2022-2023 4.Response to Management Letter from the Office of the Auditor General	1.Mr.Erastus Njoroge-Chairman 2.Joseph Mukabi 3.Charles Gikonyo

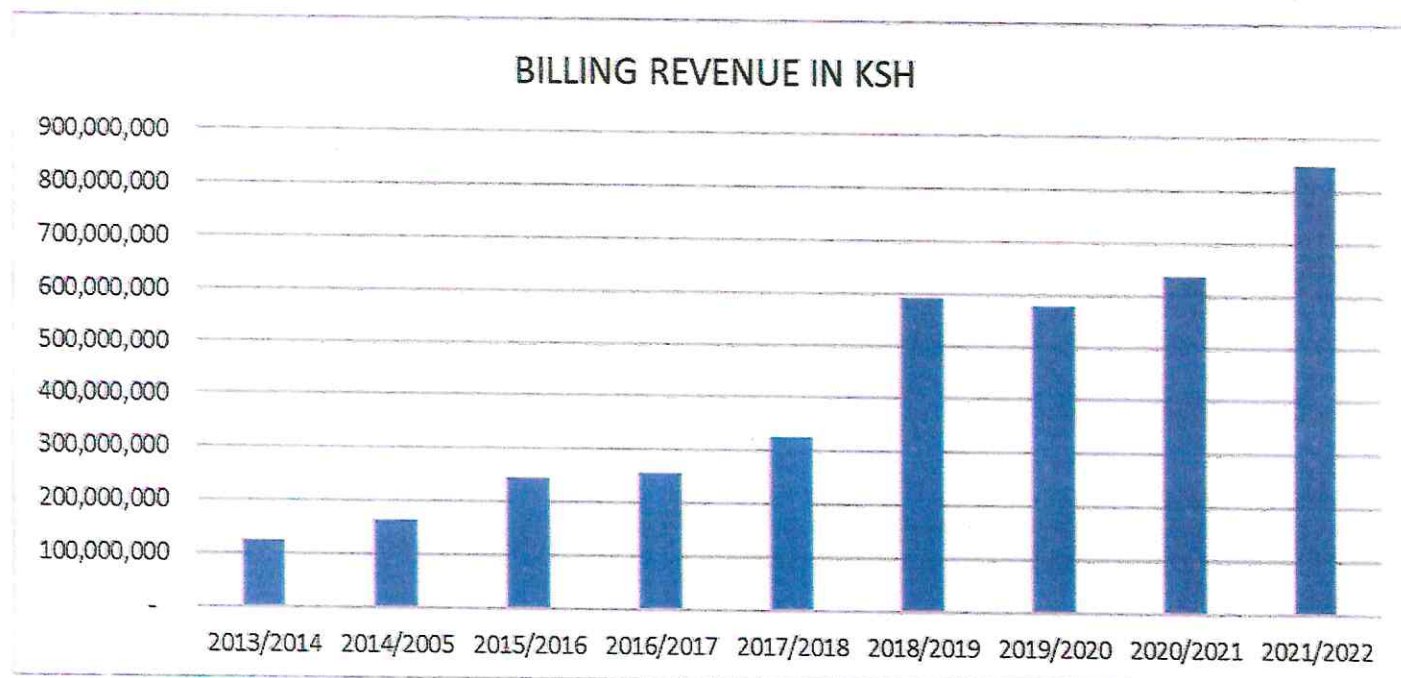
VIII. MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE

Performance has been improving each year despite various challenges. Our customer base has grown from the initial 2,000 customers at inception in 2006 to the current 44,000 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 2013/2014, billing for water was Ksh 124M. This peaked in year 2021/2022 to Ksh 849 million. This has generated resources to the company which have been utilized in rehabilitation and upgrading of old water network and expansion of water and sewer network.

The graph below demonstrates how billing revenue has grown from year 2013/2014 up to year 2021/2022.



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 World Water day held in March 2022 at Ruiru Stadium aimed at conserving water sources. The Company also established a water shed conservation project that will ensure conservation of the 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, 2022 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, 2022 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 Office of 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: 02/03/2023

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, 2022. This responsibility includes: (i) maintaining adequate financial management systems 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, 2022, 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 02/03/ 2023 and signed on its behalf by:



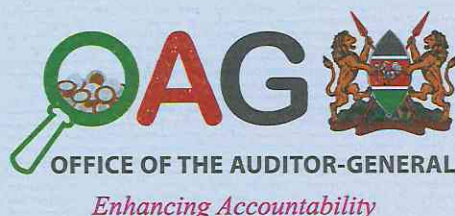
Chairman of the Board.



Managing Director

REPUBLIC OF KENYA

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HEADQUARTERS
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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RUIRU-JUJA WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

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 the 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 31, which comprise of the statement of financial position as at 30 June, 2022, 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 effects of the matter 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, 2022, 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

Non-Disclosure of Water Inventory

The statement of financial position and Note 20 to the financial statement reflects inventories balance of Kshs.8,775,225 which comprises of balances in respect of pipes and fittings of Kshs.6,904,059, chemicals of Kshs.1,726,892 and stationery and general stores of Kshs.144,274. However, disclosure of the opening and closing balances in respect of water stocks held in the reservoirs, water treatment plant and in the water system in the financial statements, which should have been part of cost of sales was not done, 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.8,775,225 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 qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, 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.

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. Excess Non-Revenue Water

The statement of profit or loss and other comprehensive income and Note 6 to the financial statements indicates that the Company realized Kshs.849,642,906 in respect of operating revenue from water sales. Review of records revealed that the non-revenue water for the year under review was 36.2%. The actual non-revenue water exceeded the accepted limit of 25% by 11% percentage points over and above the recommended threshold contrary to the guidelines on NRW issued by the Water Services Regulatory Board (WASREB) that allow a maximum loss of 25% of the quantity of water produced. Management did not provide a satisfactory explanation for the high NRW ratio which implied that the Company's water supply system was inefficient. Should the NRW losses not be controlled, the profitability and sustainability of the Company's operations is likely to be curtailed. Further, 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.

2. Non-Adherence to National Cohesion and Integration Act, 2008 on Diversity in Employment of Staff Members

Review of the human resource records maintained revealed that the company had two hundred and eighteen (218) members of staff, one hundred and eighty (180) or 83% of whom were from one dominant ethnic community contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which provides that the staff establishments of public entities to reflect the diversity of the people of Kenya with least 30% of employees are expected to be from other ethnic communities.

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

3. Irregular Appointment of Board Members

The statement of profit or loss and other comprehensive income and Note 14 to the financial statements indicate that an expenditure of Kshs.5,970,614 was in respect of board expenses. However, information on the rates of allowances due or paid to the Board members was not disclosed. Similarly, the expenditure includes allowances paid to the members of the caretaker board that was in place from 1 July, 2021 to

13 February, 2022 contrary to the provisions of Section 79(1) of the Water Act, 2016 which provides that each water service provider should have a Board of Directors constituted in accordance with the Companies Act, 2015 and any other written law. Available information indicate that the payment was made to twelve (12) directors who held office during the period in question and who were appointed on 26 March, 2019 for a period of two years which was extended for a further one year from 20 April, 2021. Further, as previously reported, the appointment letters indicate that the directors were appointed to act on behalf of Kiambu County Water and Sewerage Company, which is a separate entity from Ruiru-Juja Water and Sewerage Company Ltd.

In addition, according to a letter dated 17 February, 2022 the County Executive Committee Member (CECM) appointed three county officers to be directors of the Water Company. However, according to the Water Act, 2015 the County is supposed to nominate two officers namely Chief Officer Finance and Chief Officer Water Services and not Chief Officer Administration. The CECM Water attended a three-day board meeting and earned all the allowances for a Board member but his role in the meeting was not supported.

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

4. Projects Inspection

4.1 Poor Workmanship on Construction of Perimeter Wall at Kibendera Staff Quarters

The contract was awarded to a local construction firm through request for quotation at a contract sum of Kshs.4,770,268. Field inspection carried out on 1 February, 2023 revealed that the substructure of the entire project was not up to standard since the strip foundation was not elevated above the ground subjecting the foundation to possibilities of flooding. Further, the perimeter fence had developed numerous cracks. In addition, there was no material testing report to approve the materials that were used in the construction.

4.2 Drilling and Equipping Boreholes and Elevated Tanks

Review of procurement records revealed that a local engineering firm was awarded a contract Ref. No. RUJWASCO/T/75/2021/22 for provision of drilling and equipping two boreholes and elevated tanks at Murera and Muthaara Primary Schools at a cost of Kshs.19,258,349. Management latter changed the location of the borehole from Muthaara Primary School to Karamaini Primary School, vide Ref: RUJWASCO/T/75/2021/22(2) for a similar cost due to dry yield at 200m. However, a sum of Kshs.1,446,520 was paid for the first certificate yet no works had been done at the site.

4.3 Stalled Project

Field verification carried out on 1 February, 2023 revealed that a capital project was undertaken by Ruiru-Juja Water Company for the construction of Kenyatta Road - Thiririka River Sewer Project at a cost of Kshs.19,489,102 by a local firm with a completion date of 5 June, 2021. However, the project had stalled after the contractor encountered some difficulties while excavating the sewer line around Juja City Mall. 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 was 75% complete and the value of work certified was Kshs.13,472,075.59 or 69% of the contract price.

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

5. Failure to hold an Annual General Meeting

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.

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

6. Establishment and Functioning of the Internal Audit Function

Review of the internal audit function revealed that although an internal audit Charter had been prepared, it had not been approved by the Board. Further, the internal audit department was understaffed and not adequately facilitated as there was no clear budget line including staffing and training. This is contrary to Regulation 162 (2)a of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall ensure that the organizational structure of the internal audit facilitates the entity to accomplish its internal audit responsibilities.

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

7. Unbalanced Budget

The statement of comparison and actual amounts reflects final revenue budget of Kshs.864,595,728 and total expenditure budget of Kshs.831,300,000 resulting to a budget surplus of Kshs.33,295,728 contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the budget revenue and expenditure appropriations shall be balanced.

As a result, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1. Failure to Prepare a Strategic Plan

Review of Company's records revealed the Company did not have in place a strategic plan as required by Section 149(2)(g) of Public Finance Management Act, 2012. This was occasioned by a planned merger of all water companies in Kiambu County, whereby a single strategic plan was prepared for Kiambu Water and Sewerage Company Limited into which the various water companies were to be consolidated. However, as at 30 June, 2022, the merger had not been effected and therefore the water companies operated independently.

In circumstances, measurable goals may not be achieved.

2. Lack of a Risk Management Policy

During the financial year under audit, the Company did not have an approved risk management policy and did not carry out the risk assessment on risky areas. This is contrary to Regulation 165(1) the Public Finance Management (National Government) Regulations, 2015 which provides that the Accounting Officer shall ensure that the Government entity develops risk management strategies, which include fraud Prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, it was not possible to confirm the existence and effectiveness of the Company's risk management strategies.

3. Lack of Approved ICT Policy

Review of the Company's ICT environment revealed that there was no formal approved ICT policy in place. Further, the ICT organization structure was not provided for audit.

In the circumstances, the security and reliability of the Company's data including the management information system could not be confirmed.

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 controls 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 controls 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 controls 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 controls 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 controls 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

17 April, 2023

Ruiru-Juja Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2022

XXV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021/2022 Kshs	2020/2021 Kshs
REVENUES			
Operating Revenue-Water Sales	6	849,642,906	637,863,640
Grants -Received and Amortised	7	45,581,683	6,191,612
Other Income	8	22,506,146	20,621,172
Finance Income	9	1,929,051	5,180,060
TOTAL REVENUES		919,659,786	669,856,483
OPERATING EXPENSES			
Staff Cost	10	189,953,406	172,136,484
Administration Expenses	11	85,711,155	54,349,366
Operational Expenses	12	122,798,674	110,148,049
Maintenance Expenses	13	268,187,165	196,457,353
Board Expenses	14	5,970,614	3,229,350
Regulatory Expenses	15	49,939,500	50,518,273
Depreciation and Amortization Expenses	16	22,904,264	20,825,700
TOTAL OPERATING EXPENSES		745,464,778	607,664,575
PROFIT/(LOSS) BEFORE TAXATION		174,195,008	62,191,908
INCOME TAX EXPENSE	17	45,057,288	7,914,119
PROFIT AFTER TAXATION		129,137,720	54,277,789

Ruiru-Juja Water and Sewerage Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021/2022 Kshs	2020/2021 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	18	141,432,638	120,857,865
Intangible assets	19	1,902,448	2,789,765
Investment property			
Total Non-Current Assets		143,335,086	123,647,630
Current Assets			
Inventories	20	8,775,225	9,756,158
Trade and other receivables	21	133,413,796	78,604,536
Short-term deposits	22	56,039,036	56,039,036
Bank and cash balances	23	310,161,379	210,848,860
Total Current Assets		508,389,436	355,248,590
TOTAL NON-CURRENT AND CURRENT ASSETS		651,724,522	478,896,220
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	24	40	40
Revaluation reserve	25	5,889,458	5,889,458
Retained earnings	26	409,971,967	280,834,247
Capital and Reserves		415,861,465	286,723,745
Non-Current Liabilities			
Deferred Grant Revenue	27	8,935,561	9,928,401
Total Non-Current Liabilities		8,935,561	9,928,401
Current Liabilities			
Bank Overdraft	28	-	8,790,764
Trade and other payables	29	48,269,172	54,097,235
Customer Deposits	30	129,982,672	115,737,711
Tax Liability	31	48,675,652	3,618,364
Total Current Liabilities		226,927,496	182,244,074
TOTAL EQUITY AND LIABILITIES		651,724,522	478,896,220

The financial statements were approved by the Board on 02/03/2023 and signed on its behalf by:

Director General/C.E. O/M. D
 Name: Simon Mwangi

Sign: 

Head of Finance
 Name: Mary. N. Karogo

Sign: 

Chairman of the Board
 Name: Jennifer Musyoki

Sign: 

ICPAK M/NO: 6346

Reports and Financial Statements for the year ended June 30, 2022

XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary share capital	Revaluation reserve	Retained earnings	Total
At July 1, 2020	40	5,889,458	202,941,161	208,830,659
Over provision of income tax in prior years			28,605,248	28,605,248
Prior year adjustment-tax underprovision			(4,989,951)	(4,989,951)
Total comprehensive income	-	-	54,277,789	54,277,789
At June 30, 2021	40	5,889,458	280,834,247	286,723,745
At July 1, 2021	40	5,889,458	280,834,247	286,723,745
Over provision of income tax in prior years			-	-
Total comprehensive income	-	-	129,137,720	129,137,720
At June 30, 2022	40	5,889,458	409,971,967	415,861,465

I. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash Flows From Operating Activities			
Receipts			
Operating Revenue		813,712,413	555,817,364
Other Income		22,506,146	20,621,172
Finance Income		1,929,051	5,180,060
Grants		44,588,843	5,088,456
Customer Deposits		14,244,960	14,785,447
Total Receipts		896,981,413	601,492,498
Payments			
Staff Costs		206,526,385	32,577,545
Board Expenses		5,970,614	3,229,350
Administration, Operation And Regulatory Expenses		266,832,072	224,592,388
Maintenance		266,957,340	195,802,066
Total Payments		746,286,411	456,201,348
Net Cash From/(Used In) Operating Activities	32(a)	150,695,002	145,291,150
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)	18	(42,591,719)	(41,993,431)
Purchase Of Intangible Assets	19	-	(639,064)
Net Cash From/(Used In) Investing Activities		(42,591,719)	(42,632,495)
Cash Flows from Financing Activities			
Proceeds From Borrowings	28	-	8,790,764
Repayment Of Borrowings	28	(8,790,764)	-
Net Cash From/(Used In) Financing Activities		(8,790,764)	8,790,764
Increase/(Decrease) In Cash And Cash Equivalents		99,312,519	111,449,419
Cash And Cash Equivalents At Beginning Of Year		266,887,896	155,438,477
Cash And Cash Equivalents At End Of The Year		366,200,415	266,887,896

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II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		Performance Difference	Explanation for Variance
					2021/2022	2021/2022		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%		
Sale of Water	688,350,360	121,649,640	810,000,000	849,642,906	39,642,906	4.89%		
Grant –Received & Amortized	-	31,590,386	31,590,386	45,581,683	13,991,297	44.29%		Due to additional grant of 11m from WSTF
Finance Income	-	2,005,342	2,005,342	1,929,051	-76,291	-3.80%		
Other income	24,300,000	-3,300,000	21,000,000	22,506,146	1,506,146	7.17%		
Total income	712,650,360	151,945,368	864,595,728	919,659,786	55,064,058	6.37%		
Expenses					-			
Compensation of employees	233,880,000	-	232,280,000	189,953,406	-42,326,594	18.22%		Due to delay in new recruitment
Finance cost	-	-	-	-	-	0.00%		
Taxation	-	-	-	45,057,288	45,057,288	100.00%		Due to increased profit
Administration Costs	93,782,520	-8,382,520	85,400,000	85,711,155	311,155	-0.36%		
Board Cost	5,480,000	2,040,000	7,520,000	5,970,614	-1,549,386	20.60%		Fewer Meetings were held
Maintenance Cost	192,400,000	97,200,000	289,600,000	268,187,165	-21,412,835	7.39%		
Regulatory Expenses	57,534,016	-3,534,016	54,000,000	49,939,500	-4,060,500	7.52%		
Other Operating costs	178,520,000	-42,020,000	136,500,000	122,798,674	-13,701,326	10.04%		
Wear and Tear	0	26,000,000	26,000,000	22,904,264	-3,095,737	11.91%		Fewer Fixed assets additions
Total expenditure	761,596,536	71,303,464	831,300,000	790,522,066	-40,777,934	4.91%		
Surplus for the period	-48,946,176	80,641,904	33,295,728	129,137,720	95,841,992			

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, 2022

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 2022.*

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 2021/2022.

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 2021-2022 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, 2022.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021/2022 Kshs	2020/2021 Kshs
6 SALES		
Sale of Water	849,642,906	637,863,640
	<u>849,642,906</u>	<u>637,863,640</u>
7 GRANTS FROM GOVERNMENT AND OTHER AGENCIES		
Grant Revenue-Amortised	992,840	1,103,156
Grant Income-Athi Water	1,500,000	-
Grant Income-WSTF	43,088,843	-
Grant Income-JICA	-	5,088,456
	<u>45,581,683</u>	<u>6,191,612</u>
8 OTHER INCOME		
Water Application fees	15,108,837	14,330,500
Sewer Application fees	3,110,350	3,250,500
Sewer Exhausting	-	700,196
Miscellaneous-Others	4,286,959	2,339,976
	<u>22,506,146</u>	<u>20,621,172</u>
9 FINANCE INCOME		
Interest income on bank deposits	1,929,051	5,180,060
	<u>1,929,051</u>	<u>5,180,060</u>
10 STAFF COSTS	2021/2022 Kshs	2020/2021 Kshs
Salaries and allowances of employees	161,765,151	155,395,048
Annual staff bonus	5,896,000	4,941,000
Staff welfare	5,750,457	227,700
Medical insurance	<u>16,541,799</u>	<u>11,572,736</u>
	<u>189,953,406</u>	<u>172,136,484</u>
11 ADMINISTRATION EXPENSES		
Advertising Expenses	180,120	1,572,371
General office Expenses	4,880,506	2,570,755
Hospitality Expenses	5,560,930	3,271,871
Stationery & Printing	2,061,402	1,413,241
Education and Training	4,326,738	3,297,692
Provision for Bad debts	(2,305,789)	(5,331,391)

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Travel & Accommodation	23,729,306	7,494,182
Telephone & Postage	3,943,929	2,882,897
Audit & Professional fee	3,017,682	2,797,209
Bank Charges	1,012,276	886,610
I.T. Costs	4,889,165	4,617,001
Electricity	453,133	662,560
Security Expenses	13,425,526	8,410,960
Environment Conservation	2,543,806	1,506,500
Performance Reward	-	1,070,000
Covid-19 Mitigation	970,860	1,860,965
Transport Expenses	11,073,112	10,850,000
Insurance	3,126,751	2,256,508
Subscriptions	575,625	367,600
Protective clothing	<u>2,254,079</u>	<u>1,891,837</u>
	<u>85,711,155</u>	<u>54,349,366</u>

Electricity expense under administration costs is an estimate i.e., 0.5% of total electricity expenses.

12 OPERATIONAL EXPENSES

Chemicals	14,474,314	13,943,760
Billings	2,204,596	1,931,562
Water User Fees	12,903,108	9,890,782
Electricity	90,173,484	83,435,431
Water Quality	<u>3,043,172</u>	<u>946,514</u>
	<u>122,798,674</u>	<u>110,148,049</u>

13 MAINTENANCE EXPENSES

Office Repairs and Maintenance	21,633,972	9,809,307
Vehicle Maintenance	6,146,397	7,081,039
Maintenance of Water Systems	182,625,713	146,434,460
Sewerage Systems Maintenance	<u>57,781,082</u>	<u>33,132,547</u>
	<u>268,187,165</u>	<u>196,457,353</u>

14 BOARD EXPENSES

	<u>5,970,614</u>	<u>3,229,350</u>
	<u>5,970,614</u>	<u>3,229,350</u>

15 REGULATORY EXPENSES

Administration Cost to AWSB	16,939,500	16,939,500
Accrued Loan Repayment AWSB	-	-
Regulatory Fees to WASREB	<u>33,000,000</u>	<u>33,578,773</u>
	<u>49,939,500</u>	<u>50,518,273</u>

16. Depreciation and Amortization Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant, and equipment	22,016,947	19,938,383
Intangible assets	887,317	887,317
Total Depreciation and Amortization	22,904,264	20,825,700

	2021/2022 Kshs	2020/2021 Kshs
17 INCOME TAX EXPENSE/ (CREDIT)		
(a) Current taxation		
Current taxation based on the adjusted profit for the year at 30%	45,057,288	7,914,119
	<u>45,057,288</u>	<u>7,914,119</u>
(b) Reconciliation of tax expense/(credit) to the expected tax based on accounting profit		
Profit before taxation	174,195,008	62,191,908
Tax at the applicable tax rate of 30%	<u>45,057,288</u>	<u>7,914,119</u>
	<u>129,137,720</u>	<u>54,277,789</u>

Reports and Financial Statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 PROPERTY, PLANT AND EQUIPMENT

2022	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, 2021	-	132,134,035	37,528,025	13,465,690	12,736,675	6,143,794	13,472,076	215,480,296
Additions	-	35,598,539	975,001	1,650,000	2,535,694	1,832,485	-	42,591,719
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At June 30, 2022	-	167,732,574	38,503,026	15,115,690	15,272,369	7,976,279	13,472,076	258,072,015
DEPRECIATION								
At July 1, 2021	-	55,763,654	13,717,604	10,268,965	10,662,005	4,210,203	-	94,622,431
Charge for the year	-	12,021,043	3,618,540	3,360,475	2,333,521	683,368	-	22,016,947
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
At June 30, 2022	-	67,784,697	17,336,144	13,629,440	12,995,256	4,893,571	-	116,639,377
NET BOOK VALUE								
At June 30, 2022	-	99,947,878	21,166,883	1,486,250	2,276,843	3,082,708	13,472,076	141,432,638

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 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

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18 (b) Property, Plant and Equipment at Cost

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost	Normal annual depreciation charge
Civil Works	32,223,481	3,222,348
Plant and machinery	2,317,924	231,792
Motor vehicles, including motor cycles	12,470,690	3,117,673
Computers and related equipment	10,977,535	3,659,178
Office equipment, furniture and fittings	3,106,459	388,307
Total	61,096,089	10,619,298

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021/2022 Kshs	2020/2021 Kshs
19 INTANGIBLE ASSETS		
COST		
At July 1	4,813,355	4,174,291
Additions	-	639,064
Disposals	-	-
At June 30	<u>4,813,355</u>	<u>4,813,355</u>
AMORTISATION		
At July 1	2,023,590	1,136,273
Charge for the year	887,317	887,317
Disposals	-	-
Impairment loss	-	-
At June 30	<u>2,910,907</u>	<u>2,023,590</u>
NET BOOK VALUE		
At June 30	<u>1,902,448</u>	<u>2,789,765</u>
20 INVENTORIES		
Pipes & Fittings	6,904,059	8,133,884
Chemicals	1,726,892	1,410,564
Stationery and general stores	144,274	211,711
	<u>8,775,225</u>	<u>9,756,158</u>
21 TRADE AND OTHER RECEIVABLES		
Trade receivables (note 15 (a))	117,976,770	82,046,276
Deposits, prepayments and staff debtors	20,986,362	4,214,003
Staff Receivables	349,503	548,883
Gross trade and other receivables	<u>139,312,635</u>	<u>86,809,162</u>
Other: Provision for bad and doubtful receivable	(5,898,838)	(8,204,628)
Net trade and other receivables	<u>133,413,796</u>	<u>78,604,534</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021/2022 Kshs	2020/2021 Kshs
21 (a) TRADE RECEIVABLES		
Gross trade receivables	117,976,770	82,046,276
Provision for doubtful receivables	(5,898,838)	(8,204,628)
	<u>112,077,932</u>	<u>73,841,648</u>
As at 30 th June 2022, ageing analysis of gross trade receivables was as follows;		
Less than 30 days	73,534,178	54,346,183
Between 31 to 60 days	16,826,143	13,443,868
Between 61 to 90 days	12,426,692	11,607,565
Between 91 to 120 days	7,300,446	2,648,660
Over 120 days	7,889,311	-
	<u>117,976,770</u>	<u>82,046,276</u>
22 SHORT TERM DEPOSITS		
Kenya Commercial Bank	56,039,036	56,039,036
Postbank	-	-
	<u>56,039,036</u>	<u>56,039,036</u>
23 BANK AND CASH BALANCES		
Cash at bank	310,121,203	210,760,654
Cash in hand	40,176	88,203
	<u>310,161,379</u>	<u>210,848,857</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

Financial institution	Account number	2021-2022 KShs	2020-2021 KShs
a) Current account			
Kenya Commercial bank-Revenue		75,792,641	57,123,232
Kenya Commercial bank-Expenditure		60,781,809	-
Kenya Commercial bank-Deposit		132,328,178	97,082,731
ABSA Bank-Collection		23,784,644	12,150,611
Family Bank-Collection		15,938,472	36,954,179
Postbank-Collection		1,488,276	7,449,901
Family Bank-WSTF Grant a/c		7,183	
Sub- total		310,121,203	210,760,654
b) Fixed deposits account			
Kenya Commercial bank		56,039,036	56,039,036
Sub- total		56,039,036	56,039,036
c) Others(specify)			
Cash in hand		40,176	88,203
Sub- total		40,176	88,203
Grand total		366,200,415	266,887,893

24 ORDINARY SHARE CAPITAL

Authorised:

5000 ordinary shares of Kshs.20 par value each

2021/2022
Kshs

10,000

2020/2021
Kshs

10,000

Issued and fully paid:

2 ordinary shares of Kshs.20 par value each

40

40

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 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.

26 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.

	2021/2022 Kshs	2020/2021 Kshs
27 DEFERRED GRANT REVENUE		
Deferred Grant Revenue	9,928,401	11,031,557
Grant Amortised	(992,840)	((1,103,156))
Balance at end of the year	<u>8,935,561</u>	<u>9,928,401</u>
28 LOANS AND OVERDRAFT		
Bank Overdraft	-	8,790,764
	2021/2022 Kshs	2020/2021 Kshs
29 TRADE AND OTHER PAYABLES		
Trade payables	46,311,866	50,566,072
Accrued Expenses	1,957,306	3,531,163
AWWDA Loan Accrual	-	-
	<u>48,269,172</u>	<u>54,097,235</u>
30 CUSTOMER DEPOSITS		
At beginning of the period	115,737,711	100,952,264
Add: deposits received during the year	14,244,961	14,785,447
Less: refunded deposits during the year	-	-
	<u>129,982,672</u>	<u>115,737,711</u>
31 TAX LIABILITY		
The movement on the tax liability account is as follows:	2021/2022 Kshs	2020/2021 Kshs
Balance at beginning of the year	3,618,364	19,319,539
Payment	-	-
Over provision of income tax in prior years	-	(28,605,245)
Prior year adjustment-income tax under provision	-	4,989,951
Provision for the year	45,057,288	7,914,119
Balance at end of the year	<u>48,675,652</u>	<u>3,618,364</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021/2022 Kshs	2020/2021 Kshs
32 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Operating profit/(loss)	174,195,008	62,191,908
Depreciation	22,016,947	19,938,383
Amortisation	887,317	887,317
Grant Revenue	(992,840)	(1,103,156)
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	196,106,432	81,914,453
(Increase)/decrease in inventories	980,933	1,197,960
(Increase)/decrease in trade and other receivables	(54,809,261)	52,181,272
Increase/(decrease) in trade and other payables	124,188,827	(4,787,981)
Increase/(decrease) in customer deposits	14,244,960	14,785,447
Cash generated from/(used in) operations	150,695,002	145,291,150
(b) Analysis of changes in loans/overdrafts		
Increase/(decrease) in bank overdraft	(8,790,764)	8,790,764
(c) Analysis of cash and cash equivalents		
Short term deposits	56,039,036	56,039,036
Cash at bank	310,121,203	210,760,654
Cash in hand	40,176	88,203
Balance at end of the year	366,200,415	266,887,893

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 RELATED PARTY DISCLOSURES

(a) County Government of Kiambu

The County Government of Kiambu is the principal shareholder of Ruiru-Juja Water and Sewerage Company Ltd, holding 100% of Ruiru-Juja Water and Sewerage Company Ltd equity interest. The Government of Kenya through Athi Water Services Board has provided full guarantees to all long-term lenders of the entity, both domestic and external.

	2021/2022 Kshs	2020/2021 Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from WSTF-amortized	992,840	1,103,156
Grants from WSTF	43,088,843	-
Grants from AWWDA	1,500,000	-
Grants from County Government	-	-
Donations in kind	-	-
Total	<u>45,581,683</u>	<u>1,103,156</u>
b) Key management compensation		
Directors' emoluments	6,000,614	3,229,350
Compensation to the CEO	1,418,124	1,184,820
Compensation to key management	12,885,599	9,361,688
Total	<u>20,304,337</u>	<u>13,775,858</u>

34 FINANCIAL RISK MANAGEMENT

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

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of

allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Trade Receivables	112,077,932	112,077,932	-	-
Other Receivables	21,335,864	21,335,864	-	-
Cash and Bank balances	366,200,415	366,200,415	-	-
Total	499,614,211	499,614,211	-	-
At 30 June 2021				
Trade Receivables	78,841,648	78,841,648	-	-
Other Receivables	4,762,886	4,762,886	-	-
Cash and Bank balances	266,887,893	266,887,893	-	-
Total	350,492,427	350,492,427	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

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

ii) Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 FINANCIAL RISK MANAGEMENT (Continued)

ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	48,269,172	-	48,269,172
Tax Liability	-	48,675,652	-	48,675,652
Refundable Customer Deposits		-	129,982,672	129,982,672
Total	-	96,944,824	129,982,671	226,927,496
At 30 June 2021				
Trade Payables	-	54,097,235	-	54,097,235
Tax Liability	-	-	-	-
Refundable Customer Deposits			115,737,711	115,737,711
Total	-	54,097,235	115,737,711	169,834,946

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Foreign currency risk

The entity has no transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	5,889,458	5,889,458
Retained earnings	409,971,967	285,824,198
Capital reserve	-	-
Total funds	415,861,465	291,713,656
Total borrowings	0	8,790,764
Less: cash and bank balances	366,200,415	266,887,893
Net debt/(excess cash and cash equivalents)	(366,200,415)	(258,097,129)
Gearing	0%	0%

35 INCORPORATION

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

36 EVENTS AFTER THE REPORTING PERIOD

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

37 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

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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)
1	Stalled Project	The company has and still pursuing property owners in the area to get an access of a wayleave	Simon Mwangi-Caretaker Manager	Not Resolved	Continuous
2	Excess Non-Revenue Water	Management has put measures to reduce NRW to acceptable level	Simon Mwangi-Caretaker Manager	Not Resolved	Continuous
3	Non-Compliance with law on board meetings	The County Government of Kiambu has been advised on the matter	Kiambu County Government	Not Resolved	Continuous
4	Non-Compliance with Law on Ethnic Composition	The Company is in process of resolving ethnic balance in future recruitments	Anne Kimani-Human Resource & Administration Manager	Not Resolved	Continuous
5	Lack of policy on provision for Bad and Doubtful Debts	The Management will formulate a clear policy during the review of the finance Policy	Kiambu County Government	Not Resolved	Continuous

Managing Director



Date...02/03/2023.....

Chairman of the Board



Date...02/03/2023.....

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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	Drilling and Equipping of 4 Boreholes in Murera, Karamaini, Gatongora and BTL	32,464,464	32,464,464	100%	47,400,000	32,464,464	Internal

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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				
	Githunguri Water and Sewerage Company Ltd	27/9/2021	116,000	Bacteriological and physiochemical analysis	2021/2022
	Kiambu Water and Sewerage Company Ltd	23/9/2021	39,000	Bacteriological ,physiochemical analysis and waste water samples	2021/2022
	Kiambu Water and Sewerage Company Ltd	16/10/2021	12,000	Bacteriological and waste water samples	2021/2022
	Karuri Water and Sewerage Company Ltd	22/10/2021	64,000	Bacteriological and physiochemical analysis	2021/2022
	Kiambu Water and Sewerage Company Ltd	9/12/2021	24,000	Bacteriological and waste water samples	2021/2022
	Githunguri Water and Sewerage Company Ltd	20/12/2021	116,000	Bacteriological and physiochemical analysis	2021/2022
	Kiambu Water and Sewerage Company Ltd	18/2/2022	16,000	Bacteriological and waste water samples	2021/2022
	Kiambu Water and Sewerage Company Ltd	13/1/2022	34,000	Bacteriological ,physiochemical analysis and waste water samples	2021/2022
	Githunguri Water and Sewerage Company Ltd	9/3/2022	100,000	Bacteriological and physiochemical analysis	2021/2022
	Kiambu Water and Sewerage Company Ltd	15/3/2022	19,000	Bacteriological and waste water samples	2021/2022
	Kiambu Water and Sewerage Company Ltd	12/4/2022	11,000	Bacteriological and waste water samples	2021/2022
	Githunguri Water and Sewerage Company Ltd	11/5/2022	96,000	Bacteriological and physiochemical analysis	2021/2022
	Karuri Water and Sewerage Company Ltd	23/6/2022	48,000	Bacteriological and physiochemical analysis	2021/2022
	Kikuyu Water and Sewerage Company Ltd	1/4/2022	63,000	Physiochemical analysis	2021/2022
	Kiambu Water and Sewerage Company Ltd	7/6/2022	13,000	Bacteriological and waste water samples	2021/2022

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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	8,935,561	-	-	992,840
Water Service Trust Fund(WSTF)	July 2021	Recurrent	31,590,385	-	-	-	31,590,385
Water Service Trust Fund(WSTF)	May 2022	Recurrent	11,498,458	-	-	-	11,498,458
Athi Water WorksDeveopment Agency	2021-2022	Recurrent	1,500,000	-	-	-	1,500,000
Total			63,270,882	8,935,561	-	-	45,581,683

