

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MURANG'A SOUTH WATER AND SANITATION
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2015**



MURANG'A SOUTH WATER & SANITATION COMPANY LIMITED

MURANG'A SOUTH WATER AND SANITATION COMPANY LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2015

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

MURANG'A SOUTH WATER AND SANITATION COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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I. **KEY COMPANY INFORMATION AND MANAGEMENT**

(a) **Background information**

The company is incorporated in Kenya under the Kenyan Companies Act CAP 486 of the laws of Kenya, and is domiciled in Kenya.

(b) **Principal Activities**

The principal mission of the Company is to provide quality, affordable, reliable and sustainable water and sanitation services to our customers within Murang'a South, Kandara and Kigumo Sub-counties.

(c) **Key Management**

The Company's day-to-day management is under the following key Departments;

- Technical Services Department
- Commercial Services Department
- Human Resource and Administration Department
- Internal Audit Department

(d) **Directors**

- | | |
|-----------------------------------|-------------------|
| 1. Mr. Julius K Manyeki | Chairman |
| 2. Mr. John Njata | Director |
| 3. Mr. Joseph Gaitung'u | Director |
| 4. Ms. Nancy Muhoro | Director |
| 5. CEO, Tana Water Services Board | Principal |
| 6. Ms. Beatrice Gicheha | Director |
| 7. Ms. Mary Mwai | Director |
| 8. Mr. Boniface Macharia | Director |
| 9. Ms. Mary Nyaga | Managing Director |

(e) **Company secretary**

Gikuhi Kiana & Company
Certified Public Secretaries
P.O. BOX 1271-10100
Nyeri - Kenya

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(f) Registered office

Muswasco Offices
Kandara Water Office
Next to DC's Office
P.o. Box 87 - 01034
Kandara.

Telephone: 0716 645 345
E-mail: murangasouth@gmail.com

(g) Independent auditor

D.K Wambua & Associates
Certified Public Accountants
P.O Box 5957 - 00100
Nairobi - Kenya

On Behalf Of:

Auditor - General
Kenya National Audit Office
P.O. Box 30084 - 00100
Nairobi - Kenya

(h) Company Bankers

Equity Bank Ltd
Thika Branch
P.O Box 253-01000
Thika

Kenya Commercial Bank Ltd
Thika Branch
P.O Box 271-01000
Thika




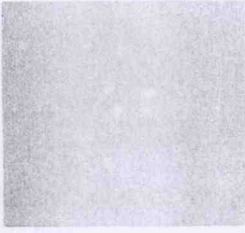
Unaitas Sacco Limited
Kangari Branch
P.O Box 1145-10200
Murang'a

Murata Sacco Ltd
Kandara Branch
P.O Box 4062
Kandara.

K-Rep Bank Ltd
Thika Branch
P.O Box 6043-01000
Thika

**MURANG'A SOUTH WATER AND SANITATION COMPANY LTD.
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THE BOARD OF DIRECTORS






DIRECTOR'S NAME AND PASSPORT-SIZE PHOTO	DIRECTOR'S DATE OF BIRTH, KEY QUALIFICATIONS
 <p>Julius K. Manyeki (BOD Chairman – Representing the Business Community)</p>	<p>Year of Birth: 1956 Undergraduate in Public Relations</p>
 <p>John Njata (Director - Representing Educational Institutions)</p>	<p>Year of Birth: 1969 Diploma In Teaching (P1)</p>
 <p>Nancy Muhoro (Director – Representing Religious organisations)</p>	<p>Year of Birth: 1975 Diploma in Community Development</p>
 <p>Joseph Gaitung'u (Director - Representing Farmers' organisations)</p>	<p>Year of Birth: 1951 Diploma In Teaching (P1)</p>

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 <p>Beatrice Gicheha (Director – Representing Murang’a County Government)</p>	<p>Year of Birth: 1985 UNDERGRADUATE Bachelor of Education</p>
 <p>Mary Mwai (Director – Representing Women organisations)</p>	<p>Year of Birth: 1956 Certificate in Strategic Planning and Management of Projects</p>
 <p>Boniface Macharia (Director – Representing Professional bodies)</p>	<p>Year of Birth: 1953 Diploma In Water Supply and Public Health Engineering</p>
 <p>Mary Gathoni (Managing Director – Secretary to the BOD)</p>	<p>Year of Birth: 1958 BBA (Business Administration) Diploma In Water Engineering</p>

**MURANG'A SOUTH WATER AND SANITATION COMPANY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

MANAGEMENT TEAM

NAME & PROFESSIONAL QUALIFICATION	AREA OF RESPONSIBILITY
 <p>Mary Gathoni Nyaga BBA (KEMU) Dip. Water Engineering (KEWI)</p>	Managing Director
 <p>Paniel Mbogo Munyi CPA (K), Dip. Project Management (KIM)</p>	Internal Auditor
 <p>Julius Mungai Muthoni Dip. Water Engineering (KEWI) Dip. Project Management (KIM)</p>	Ag. Technical Manager
 <p>Tabitha Waithera Nderitu Bachelor of Commerce (Finance) CPA (K)</p>	Ag. Commercial Manager
 <p>Julius Macharia Njoroge B.Arts (Moi), Dip. HRM (KIM), CPA (Part 2)</p>	Human Resource Manager

CHAIRMAN'S REPORT

It's my pleasure to release our Annual Report and Financial Statements for the year ended 30th June 2015. I take this opportunity to affirm that indeed this financial year was a milestone in relation to the performance of the Company. The revenues have continued to grow and as evidenced in the report we realized Kshs 91million from Kshs 62million registering a growth of 47%. This was achieved through rehabilitations of various service lines and doing new extensions which in turn enabled us improve our service coverage area.

Achievements

- The Company implemented to completion the KenolKabatiPhaseII water project with a grant from Water Services Trust Fund. This enhanced water supply in Kenol scheme.
- Gakarara-Gathangari and Sabasaba urban water projects were constructed to improve water services in Kenol, Kandara and Sabasaba schemes leading to additional 1,517 new connections.
- The company facilitated the ongoing Construction of Kiriciungu treatment works, Mariira ,Muthithi ,KaharatiIganjo line and Kandara-Muruka-Kenol-Makuyu line by Athi Water Services Board.
- Rehabilitation of KangonduKaharo Main (Main Line A) and IratiNginda Main in Maragua Scheme which has led to flow of water to Maragua town and Kaharu area.

Though we are still operating under the Water Act 2002 it is worth noting that the water services have been devolved and we are directly reporting to the County government. It is hoped that the water bill 2014 will be passed by parliament soon to chart the way forward for the sector.

I take this opportunity to acknowledge the support of all stakeholders, Tana Water Services Board (TWSB), Athi Water Services Board (AWSB) County Government, Water Services Regulatory Board (WASREB), Water Services Trust Fund (WSTF), CDF, Ministry of Water & Irrigation (MWI) through the District Water Officers (DWO). Not disregarding our suppliers and our esteemed customers for their continued support and patience with us.

I also extend my gratitude to the Board of Directors, management and staff of MUSWASCO for their dedication and hard work throughout the year. God Bless.



JULIUS K. MANYEKI
BOD CHAIRMAN

MANAGING DIRECTOR'S REPORT

INTRODUCTION.

Murang'a South Water and Sanitation Company has now been in existence for seven years and has since achieved tremendous improvement despite various challenges faced. The total area of our Company is 1,034Km² with a population of 456,269 out of which the Company has not yet managed to cover all its service provision, but has progressively grown in service coverage and is managing the water supplies of Kandara, Kigumo and Maragua(Murang'a South) sub-counties within Murang'a County.

During the year the Company achieved the following among others;

- The Company procured both Accounting software (Sage Pastel partner) and payroll software (I-Soft). This has enhanced the company's ability to manage information and has enhanced accurate, timely, effective and efficient report generation for decision making.
- Performance management and staff capacity building through trainings was enhanced thus improving staff productivity.
- We secured two Motor Vehicles from TWSB and additional motorcycles that increased transport facilitation.
- Initiated Geographical Information System(G.I.S) that will enable easy identification and location of our customers.
- Enhanced and extended services to Muruka, Sabasaba, Maragua town Kangondu-Kaharo Main (Main Line A), Irati Nginda, Kaharo area and Kenol town through various projects and rehabilitations which has led to the increased coverage area.

CHALLENGES

- The company is still faced with high levels of NRW that has been contributed by bursts due to high pressures from bulk water into our dilapidated infrastructure, flat rate billing, illegal connections/theft of water.
- High operational costs caused by operations and maintenance of dilapidated infrastructure, chemicals that are now funded internally after devolution.
- Lack of enough resources to address issues like augmentation of distribution lines, proper treatment facilities, rehabilitation and metering that require huge sums of money.
- Culture of our customers that is delay in payments of their water bills hence affecting the normal running of our operations.
- Low Bulk flows during dry seasons, thus affecting our services to our customers.
- Acquisition of Road crossing authority from KeNHA to take services to places like Kimorori-Keno, Wempa. In addition there's lack of sleeves on the ongoing Kenol-Murang'a road construction hence affecting water services provision beyond KeNHA road(A2& G73).

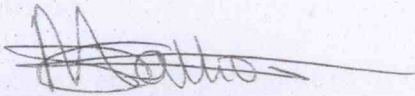
MURANG'A SOUTH WATER AND SANITATION COMPANY LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Staffing

The company operated with an average of 128 staffs who worked tirelessly to provide the services and worked as a team to achieve the targets of the company.

Appreciation

I take this opportunity to register my gratitude to the Board of Directors for their unwavering support the corporate management team and MUSWASCO staff for their hard work, efforts, support and commitments which has made us register a positive growth, TWSB for their contribution and support in both kind and cash, County Government, CDF, DWO'S from the three sub-counties of Kandara, Kigumo and Murang'a South (Maragua) for their continued support. We cannot forget the consumers of our services and suppliers who supported us through throughout the year.



MARY NYAGA
MANAGING DIRECTOR.

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

Murang'a South Water & Sanitation Company Limited (MUSWASCO) and its Board of Directors are committed to achieving and upholding the highest standards of corporate governance.

The Board of Directors and entire management have committed themselves to act honestly, ethically, diligently and in accordance with the law, WASREB issued regulatory guidelines and Service Provision Agreement (SPA) requirements in serving the interests of MUSWASCO's stakeholders, i.e employees, customers and the communities within our area of jurisdiction (Kandara, Kigumo and Murang'a South Districts).

Functions and Responsibilities of the Board of Directors

The implementation of corporate strategies and day-to-day management of MUSWASCO affairs are delegated to management through the managing director, however the Board retains specific responsibility for:

- Defining the limits of authority of the Managing Director and the other corporate management team members in a schedule of duties;
- Reviewing and approving business plans and (annual) budgets in accordance with the Service Provision Agreement;
- Reviewing and approving major expenditure, capital management and acquisitions;
- Reviewing and approving systems of risk management, internal controls and compliance, codes of conduct and legal compliance;
- Approving the Company's financial and accounting policies and financial statements;
- Monitoring the Company's operational and financial position and performance;
- Monitoring compliance with statutory requirements, regulatory directives and guidelines issued by WASREB and ethical standards;
- Evaluating its own performance at least once every year based on the Service Provision Agreement;
- Approving the Company's financial and accounting policies and financial statements;
- Monitoring the Company's operational and financial position and performance;
- Monitoring compliance with statutory requirements, regulatory directives and guidelines issued by WASREB and ethical standards;
- Deciding on any matters which exceed the authority limits delegated to the Managing Director.

Board Composition and Succession

Directors constituting a professional mix are appointed from the Stakeholders through a competitive stakeholder participation procedure (advertisement for positions) such that no individual or group of individuals or interests can dominate its decision making.

Tana Water Services Board is responsible for advertising in the local media positions for the Board of directors and setting the criteria for those eligible to apply in accordance with the corporate governance guidelines.

The Board has also adopted a policy on the appointment, tenure and retirement of Directors.

Director Orientation

All directors undergo formal training on their role, duties, responsibilities and obligations as well as Board practices and procedures on first appointment and subsequently at least once every three years. This includes full briefings on current and emerging issues, meetings with key managers and tours of operational sites.

Board Committees and Meetings

The Board convenes an average of four meetings per year. The agenda, frequency and length of meetings are determined by the Chairman in consultation with the Managing Director.

To assist in the execution of its responsibilities and to allow detailed consideration of complex issues, the Board has established three committees:

- Technical Committee
- Finance /HR Committee
- Audit Committee.

The Board committees meet at least four times each financial year to discuss various issues on performance and position of the company. Ad hoc Board and committee meetings may be convened to consider particular unforeseen matters. Unless expressly delegated by the Board to one of its committees, all matters determined by committees are submitted to the full Board as recommendations for Board decision and approval.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT



Pro-Poor Initiatives:

In a bid to fulfill our mandate to provide quality, affordable, reliable and sustainable water and sanitation services within our service area, MUSWASCO in conjunction with WSTF put up two water kiosks in low income areas in the FY 2014/15. One kiosk at Kagaa slums, in the outskirts of Kenol town and one at Mithii area in Kabati Township.

This initiative besides providing affordable water and at accessible locations also serves as a source of employment for people living within these regions, since they are the ones that run the water kiosks.

The water kiosk operators are supplied with water by the Company at subsidized rates (KShs. 35/M³) and then sell it to needy residents at an affordable price of Ksh.2.00 only per 20 liters jerrican.

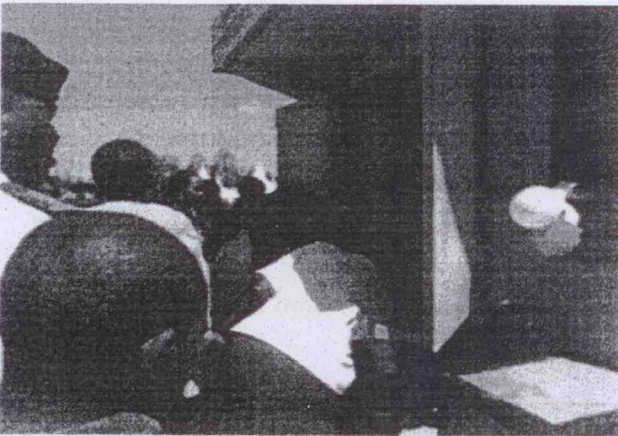
Pictorials

(Top and Middle Left):

[Maragua Constituency MP, Hon. Kamande (in suit) flanked by Ms. Mary Nyaga (MD) and Ms. Nancy Muhoro (Director) at the commissioning of Mithii Kiosk].

(Bottom Left):

[SUWASA Officers at the site of the newly opened kiosk]



Collaborations with County Government of Murang'a:

MUSWASCO wishes to appreciate the unreserved support extended by both the Executive and County Assembly arms of the County Government in increasing the proportion of population served. His Excellency the Governor, Mwangiwaeria and honorable MCAs have demonstrated their commitment to better the lives of Murang'a residents by supplying water pipes meant for service lines in Muruka, Saba Saba, Kinyona and Ruchu wards.

Our technical officers were engaged by the respective MCAs to furnish specifications of pipe sizes and classes as well as collating data on no-flow areas that needed urgent attention.

Milk Coolers:

MUSWASCO has also endeavored to ensure that all milk coolers within her service area are connected and supplied with reliable supply of quality water and thus ensure the sustainability of the County Dairy Program.



II. REPORT OF THE DIRECTORS

The directors submit their report together with the draft financial statements for the year ended June 30, 2015 which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Kenya under the Kenyan Companies Act CAP 486 of the laws of Kenya, and is domiciled in Kenya. The address of the registered office is set out on page iv to v.

Principal activities

The principal mission of the Company is to provide quality, affordable, reliable and sustainable water and sanitation services to our customers within Murang'a South, Kandara and Kigumo Sub-counties.

Results of the year

The net loss for the year was Kshs 992,373. The directors do not recommend the declaration of a dividend.

Dividends

The Company does not declare dividends, where surplus is recognized its normally added to the retained earnings.

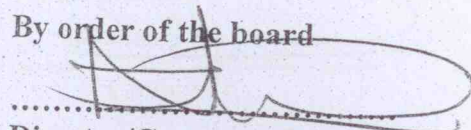
Directorate

The directors who held office during the year and to the date of this report are set out on the page iv to v.

Auditor

Messrs, D. K. WAMBUA & ASSOCIATES, Certified Public Accountants, were appointed auditors on behalf of AUDITOR - GENERAL, Kenya National Audit Office (KENAO), for the year 2014/2015 have expressed willingness to continue in office in accordance with the Section 159 (2) of the Kenyan Companies Act.

By order of the board



Director/Company Secretary

Kandara

Dated

III. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 15 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of Murang'a South Water & Sanitation Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of Murang'a South Water & Sanitation Company.

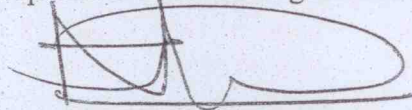
The Directors are responsible for the preparation and presentation of the Murang'a South Water & Sanitation Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Company financial statements give a true and fair view of the state of Company transactions during the financial year ended June 30, 2015, and of the Company financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company financial statements as well as the adequacy of the systems of internal financial control.

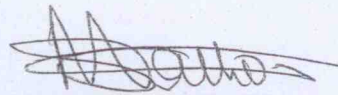
Nothing has come to the attention of the Directors to indicate that Murang'a South Water & Sanitation Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Murang'a South Water & Sanitation Company financial statements were approved by the Board on 25th September 2015 and signed on its behalf by:



Chairman



Managing Director

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MURANG'A SOUTH WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Murang'a South Water and Sanitation Company Limited set out on pages 1 to 20, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by D. K. Wambua & Associates, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Trade and Other Receivables

Note 20(a) to the financial statements reflect water receivables balance of Kshs.42,701,810 net of bad debts provision of Kshs.4,744,646. Included in the amount are receivables amounting to Kshs.27,574,238 inherited from the Ministry of Water and Irrigation (Tana Water Services Board) at the inception of the Company. Although the recoverability of this debt is doubtful, the provision for bad and doubtful debts of Kshs.4,744,646 made in the financial statements appear inadequate.

Under the circumstances, the existence and recoverability of the water sales receivables balance of Kshs.42,701,810 could not be confirmed.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Murang'a South Water and Sanitation Company Limited as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and complies with the Kenyan Companies Act.

Emphasis of Matter

Unaccounted For Water (UFW)

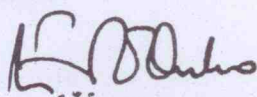
I draw attention to Note 15 to the financial statements which reflects the total revenue from water sales. During the year under review, the company produced 6,210,978 cubic meters (m³) of water. However, out of this volume only 2,107,082 m³ of water was billed to consumers. The balance of 4,103,896 m³ or approximately 66% of total volume produced represented unaccounted for water(UFW) which is 41% above the allowable water loss of 25% in accordance with Water Services Regulatory Board guidelines. The UFW of 66% may have resulted in loss of sales estimated at Kshs.101,031,809. The significant level of UFW may negatively impact on the Company's profitability and its long term sustainability.

My opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenya Companies Act, 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; and
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,
- iii. The Company's statement of financial position is in agreement with the books of account.



F CPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

07 December 2016

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
Financial Statements
For the Year ended 30th June 2015

STATEMENT OF COMPREHENSIVE INCOME

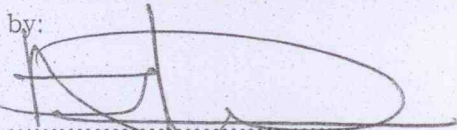
	Note	2014 /2015 Kshs	2013 /2014 Kshs
Operating Income	15	91,034,961	62,160,467
Less Direct Cost	17 (f)	5,513,238	6,101,656
Gross profit		85,521,723	56,058,811
Other income	16	7,877,744	7,836,807
TOTAL		93,399,467	63,895,618
Personnel Cocts	17(a)	42,656,712	37,003,781
Directors Expenses	17(b)	2,203,157	1,116,140
Operating Expenses	17 c	29,096,418	21,574,009
Administrative expenses	17(b)	14,329,918	9,347,174
Legal and Professional Expenses	17(d)	694,450	750,187
Finance costs	17 (e)	5,411,185	4,063,878
TOTAL EXPENSES		94,391,840	73,855,169
Loss for Year Before Tax Expense		(992,373)	(9,959,551)

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
Financial Statements
For the Year ended 30th June 2015

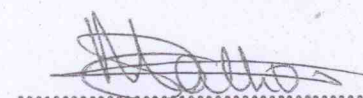
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2015

	Note	2014 / 2015 Kshs	2013 / 2014 Kshs
Non-current assets			
Property, plant and equipment	21	103,898,031	79,867,376
		103,898,031	79,867,376
Current assets			
Inventories	17 (f)	2,528,241	2,095,471
Trade and other receivables	20 (a & b)	45,755,960	36,240,989
Cash at bank and in hand	18	6,474,054	33,786
		54,758,255	38,370,245
Current liabilities			
Trade and other payables	19	55,681,795	38,246,861
Current Loan	25	4,584,252	3,734,902
		60,266,047	41,981,763
Net current assets/(liabilities)		(5,507,793)	(3,611,517)
TOTAL ASSETS		98,390,238	76,255,859
Financed by:			
Equity			
Share Capital	24	100,000	100,000
Capital reserve		29,969,106	29,969,106
Retained earnings		(15,403,558)	(14,411,185)
Total equity		14,665,548	15,657,921
Non-current liabilities			
Loan-Non Current	25	24,824,937	11,823,754
		24,824,937	11,823,754
Deferred Income			
Capital Grant	26 (b)	57,675,883	48,774,184
Compensation	26 (c)	1,223,870	-
		58,899,753	48,774,184
		98,390,238	76,255,859

The financial statements set out on pages 1 to 20 were signed on behalf of Board of Directors by:



 Chairman



 Managing Director

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
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for the Year ended 30th June 2015

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2015

	Note	Share capital Kshs	Capital Reserves Kshs	Retained earnings Kshs	Total Kshs
At 1st July 2014					
As previously reported		100,000	29,969,106	(14,411,185)	15,657,921
		<u>100,000</u>	<u>29,969,106</u>	<u>(14,411,185)</u>	<u>15,657,921</u>
Profit/(loss) for the year		-	-	(992,373)	(992,373)
At 30th June 2015		<u>100,000</u>	<u>29,969,106</u>	<u>(15,403,558)</u>	<u>14,665,548</u>
At 1st July 2013					
As previously reported		100,000	29,969,106	(4,451,634)	29,491,021
		<u>100,000</u>	<u>29,969,106</u>	<u>(4,451,634)</u>	<u>29,491,021</u>
Changes in equity in 2013/2014					
Profit/(loss) for the year		-	-	(9,959,551)	(9,959,551)
Deferred income tax on disposal					
At 30th June 2014		<u>100,000</u>	<u>29,969,106</u>	<u>(14,411,185)</u>	<u>19,531,470</u>

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2014 / 2015 Kshs	2013 / 2014 Kshs
Cash flows from operating activities			
Loss before income tax		(992,373)	(9,959,551)
Adjustments for:			
Depreciation of property, plant and equipment	21	6,236,513	6,213,046
Operating profit/(loss) before working capital changes		5,244,140	(3,746,505)
Decrease/(increase) in:			
Inventories	17 f	(432,770)	1,293,158
Trade and other receivables	20 a & b	(9,514,971)	3,951,182
Increase/(decrease) in:			
Trade and other payables	19	17,434,934	13,568,351
Deferred income	26 (b&c)	10,125,569	8,733,750
Cash generated from operations		17,612,763	27,546,441
Net cash generated from/(used in) operating activities		22,856,903	23,799,936
Cash flows from investing activities			
Purchase of property, plant and equipment	21	(30,267,168)	(39,849,953)
Net cash generated from/(used in) investing activities		(30,267,168)	(39,849,953)
Cash flows from financing activities			
Borrowings	25	17,585,435	18,598,041
Repayments of loan	25	(3,734,902)	(3,039,385)
Net cash generated from/(used in) financing activities		13,850,533	15,558,656
Net (decrease)/increase in cash and cash equivalents		6,440,268	# (491,361)
Cash and cash equivalents at 1st July 2014		33,786	525,148
Cash and cash equivalents at 30th June 2015	18	6,474,054	33,785

NOTES TO THE FINANCIAL STATEMENTS

Summary of significant accounting policies

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

1. Statement of compliance and basis of preparation

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2002 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(i) Relevant new standards and amendments to published standards effective for the year ended 30th June 2015

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments require retrospective application. The application of the new standard has not had any impact on the disclosures or the amounts recognised in these financial statements as the Group does not have any offsetting arrangements
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Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application.

The application of the new standard has not had any impact on the disclosures or the amounts recognized in these financial statements as the Company does not have any goodwill or other intangible assets with indefinite useful lives

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

The application of the new standard has not had any impact on the disclosures or the amounts recognised in these financial statements as the Company does not have any derivatives.

Amendments to
IFRS 10, IFRS 12
and IAS 27
Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

Application of these standard has not had any impact on the disclosures or the amounts recognised in these financial statements as the Company is not an investment entity(assessed based on the criteria set out in IFRS 10 as at 1st January 2014).

IFRIC 21 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application.

The application of the new standard has not had any impact on the disclosures or the amounts recognized in these financial statements as the Company did not have any levies accounted for as a liability

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2015

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2018
IFRS 14	1 January 2016
IFRS 15	1 January 2017
Amendments to IAS 16 and IAS 38	1 January 2016
Amendments to IFRS 11	1 January 2016

The adoption of these standards and interpretations, when effective, is not expected to have a significant impact on the financial statements of the organization.

(iii) Early adoption of standards

The Company did not early-adopt any new or amended standards in 2015.

3. Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. It is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably.

- i) **Revenue from provision of water services** is recognised in the year in which the Company provides water and the customer has accepted the commodity and collectability of related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which the Company actually receives such grants.
- iii) **Other income** is recognised as it accrues.

4. 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.

5. Depreciation

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs 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:

	<u>Rate - %</u>
Furniture, Fittings & Equipments	12.5%
Water Kiosks and Equipments	12.5%
Water Meters	12.5%
Motor Vehicle / Cycles	25%
Computer & Computer Equipments	30%
Infrastructure Pipeline	2.50%

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

6. Impairment of property, plant and equipment

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.

7. Inventories

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

8. 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.

9. 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.

10. 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 the entity or not, less any payments made to the suppliers.

11. Financial risk management objectives

The organisation's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The major types of financial risks faced by the organisation are:

- Market risk
- Credit risk
- Liquidity risk

(a) Market risk management

(i) Currency risk

The organisation is not exposed to currency risk since it does not trade with foreign countries.

(ii) Interest rate risk

The company is exposed to interest rate risk as it has borrowed. As at 30th June 2015, an increase/decrease of 5 % on average borrowing rates would have resulted in an increase/decrease in the surplus of Kshs 144,617, (FY 2013/2014: Kshs 179,393).

F/Year	2014/2015	2013/2014
Interest	2,892,343	3,587,861
Increase of 5%	144,617	179,393

(iii) Price risk

The Company does not hold investments that would be subject to price risk hence there is no exposure to price risk.

(b) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the organisation. The organisation measures, monitors and manages credit risk for each receivable. The organisation's credit risk is primarily attributable to bank balances, trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the organisation's management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited because the nature of the organisation's business is such that the services provided are not chargeable. The bulk of income to the organisation relates to grants from various donors. The credit risk on grants receivable is limited because funds are sourced from credible donors.

As at 30th June 2015

	Total Amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
Receivables	48,298,409	43,612,933	-	4,685,476
Cash in bank	6,461,707	6,461,707	-	-
As at 30th June 2014				
Receivables	39,315,374	35,527,062	-	3,788,312
Cash in bank	(375,220)	(375,220)	-	-

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors through the senior management of the company. Management has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows. The table below shows the maturity analysis of the financial liabilities that affect liquidity:

	Total Amount Kshs	Less than 1month Kshs	Between 1-3months Kshs	Over 3months Kshs
As at 30th June 2015				
Accounts payables	55,681,795	55,681,795	0	0
As at 30th June 2014				
Accounts payables	38,246,861	38,246,861	0	0

12. Related Party Disclosure

(a) Government of Kenya

MUSWASCO is one of the County WSPS under Murang'a County Government and contracted by Tana Water Services Board (TWSB) under the Water Act 2002.

(b) Employees

There are no benefits given to management and employees on terms more favourable than available in the market.

(c) Directors

The fees paid to the directors in the year are disclosed in note 16(b) of the Financial Statements. There was no related party transaction involving the directors.

13. Currency

The Financial Statements are presented in Kenyan Currency that is Shillings.

14. Incorporation

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

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
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	2014 / 2015 Kshs	2013 / 2014 Kshs
15 Revenue		
(a) <u>Operating income</u>		
Water Sales	83,782,476	56,567,281
Labour Charges	6,862,300	5,330,396
Reconnection fee	390,185	258,790
Meter Accessories	-	4,000
	<u>91,034,961</u>	<u>62,160,467</u>
16 Other income		
(a) Other income		
Tender fees	79,000	160,000
Misc Income- Contra Compensation for damages(SS Meta)	229,813	30,000
Grants	7,568,931	7,646,807
	<u>7,877,744</u>	<u>7,836,807</u>
Total Other Incomes		

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
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17.SCHEDULE OF OPERATING EXPENDITURE

a. PERSONNEL COST	2014 / 2015	2013 / 2014
	Kshs	Kshs
a) Regular Salaries	39,325,937	32,742,695
b) Casual wages	354,195	515,322
c) G.O.K Salary grant	2,976,580	3,745,764
Total Personnel Costs	<u>42,656,712</u>	<u>37,003,781</u>
b. ADMINISTRATIVE EXPENSES		
<u>Directors Costs</u>		
Directors Allowancies	1,473,777	628,900
Meeting and Conferencies	729,380	487,240
	<u>2,203,157</u>	<u>1,116,140</u>
<u>Administrative costs</u>		
Staff training	542,678	191,888
Travelling & Subsistence	2,603,001	1,114,995
Staff Welfare	346,642	306,510
Telephone & E-mails	1,270,481	698,950
Computer repairs & Accessories	721,700	684,480
Staff Uniforms	0	245,633
Advertising & Publicity	334,008	580,582
Electricity (Production)	1,547,559	2,264,745
Electricity (Lighting)	167,013	177,223
Security services	1,809,600	1,590,747
End Year Party	670,000	498,000
Bonus and Awards	2,290,029	658,637
Decrease / Increase in Provision for Bad debts	956,333	(25,768)
Postage	55,335	38,177
Office Tea	346,589	212,375
WSTF administrative expenses	558,950	0
Billing Software Maintenance	110,000	110,000
Total other administrative expenses	<u>14,329,918</u>	<u>9,347,174</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>16,533,075</u>	<u>10,463,314</u>

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SCHEDULE OF OPERATING EXPENDITURE (CONTINUED)

c. OPERATING EXPENSES	2014 /2015 kshs	2013 /2014 Kshs
Water Board Levy	7,163,997	5,297,792
Regulatory Levy	1,239,430	562,361
Water Resources Levy	789,100	1,080,726
Transport expenses	49,000	835,530
Printing & Stationeries	818,869	958,199
Motor Vehicle/Cycle running expenses	1,964,087	966,961
Fuels and Oils	3,343,679	2,712,136
Insurance (Staff covers and Motor Vehicles/Cycles)	773,541	1,231,854
Corporate Social Responsibility	83,250	113,000
Provision for Depreciation	6,236,513	6,213,046
Subscription (Waspa)	50,000	52,500
Billing Services	618,078	396,764
Repairs & Maintenance Of Water pumps	769,372	327,940
Legal Fees	485,000	275,000
Repairs & Maintenance of Water Pipe Lines	4,482,689	550,200
Contra-Compensation for damages caused by SS Meta	229,813	-
	<u>29,096,418</u>	<u>21,574,009</u>
d LEGAL AND PROFESSIONAL FEES		
Consultancy Services	250,657	382,699
Audit Fees - D K Wambua & Associates	407,044	336,864
Audit Fees - KENAO Charges	36,749	30,624
	<u>694,450</u>	<u>750,187</u>
e FINANCE COSTS		
Bank Charges	704,802	476,017
Loan Interest	2,892,343	3,587,861
Loan Charges	1,814,040	-
	<u>5,411,185</u>	<u>4,063,878</u>
f DIRECT COSTS		
Opening stock (Inventories)	2,095,471	3,388,629
Chemicals and Treatment	945,420	1,216,625
Water maintenance Costs	2,304,956	2,350,523
Water Lines rehabilitation	2,695,632	1,241,350
Closing Stock (Inventories)	(2,528,241)	(2,095,471)
	<u>5,513,238</u>	<u>6,101,656</u>
Direct Costs		

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
Financial statements
For the year ended 30TH JUNE 2015

NOTES (CONTINUED)

18 Cash and cash equivalents	2014 / 2015	2013 / 2014
	Kshs	Kshs
For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
Cash and current account balances		
Cash at bank and in hand		
Cash in hand	12,347	409,005
Cash at bank (Equity)	(424,291)	(1,761,547)
Cash at bank (K.C.B)	3,419,720	700,568
Cash at bank (Muramati)	22,139	40,580
Cash at bank (Murata)	356,699	93,390
Cash at bank K-REP BANK-1675	412,662	198,310
Cash at bank K-REP BANK-3831	354,010	0
M-PESA Facility	569,857	353,479
WSTF Account	1,750,911	0
	<u>6,474,054</u>	<u>33,785</u>
19 Trade and other payables		
Trade payables	19,585,527	11,644,186
Development Creditors	1,099,097	713,927
Accruals	9,223,286	7,009,948
Other payables (Customer Deposit)	20,773,885	13,878,800
TWSB-guarantor 20% Contribution	5,000,000	5,000,000
	<u>55,681,795</u>	<u>38,246,861</u>
20(a) Receivables		
Water sales debtors	47,446,455	37,883,123
Less: 10% provision for bad debts	4,744,646	3,788,312
	<u>42,701,810</u>	<u>34,094,811</u>
TWSB-unpaid capital	100,000	100,000
TWSB-customer deposit	775,751	775,751
TWSB-SPA deposit	300,000	300,000
Advance salaries	267,896	256,500
	<u>44,145,457</u>	<u>35,527,062</u>
(b) Other Receivables		
WSTF	713,927	713,927
AWSB-Kirichiungu	896,576	
	<u>45,755,960</u>	<u>36,240,989</u>

MURANGA SOUTH WATER AND SANITATION COMPANY LTD
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NOTES (CONTINUED)

2014/2015
21 Property, Plant and Equipment

COST	EQUIPMENTS										TOTAL
	MOTOR VEHICLE & MOTOR CYCLES KSHS	FURNITURE & EQUIPMENTS KSHS	KIOSKS/WATER PUMPS KSHS	WATER METERS KSHS	COMPUTERS KSHS	INFRASTRUCTURE KSHS	WORK-IN-PROGRESS KSHS				
As at 1st July 2014	4,318,650	595,595	7,671,273	33,802,960	2,255,064	49,890,615	15,275,698				98,534,157
Additions			847,400	1,168,496	779,243	12,196,331					30,267,168
As at 30th June 2015	4,318,650	595,595	8,518,673	34,971,456	3,034,307	62,086,946	15,275,698				128,801,325
DEPRECIATION											
As at 1st July 2014	3,166,725	242,009	2,357,021	10,012,932	1,367,097	1,520,997					18,666,781
Charge for the year	287,981	44,198	770,207	3,119,816	500,163	1,514,149					6,236,513
As at 30th June 2015	3,454,706	286,207	3,127,228	13,132,748	1,867,260	3,035,146					24,903,294
NBV											
As at 30th June 2015	863,944	309,388	5,391,446	21,838,709	1,167,047	59,051,800	15,275,698				103,898,031
As at 30th June 2014	1,151,925	353,586	5,314,252	23,790,028	887,967	48,369,618					79,867,376
2013/2014	Property, plant and equipment										
COST											TOTAL
As at 1st July 2013	4,318,650	595,595	6,966,939	33,802,960	1,770,064	11,229,996					58,684,204
Additions			704,334	33,802,960	485,000	38,660,619					39,849,953
As at 30th June 2014	4,318,650	595,595	7,671,273	33,802,960	2,255,064	49,890,615					98,534,157
DEPRECIATION											
As at 1st July 2013	2,782,750	191,497	1,597,842	6,614,357	986,539	280,750					12,453,735
Charge for the year	383,975	50,512	759,179	3,398,575	380,558	1,240,247					6,213,046
As at 30th June 2014	3,166,725	242,009	2,357,021	10,012,932	1,367,097	1,520,997					18,666,781
NBV											
As at 30th June 2013	1,151,925	353,586	5,314,252	23,790,028	887,967	48,369,618					79,867,377
As at 30th June 2012	1,535,900	404,098	5,369,097	27,188,603	783,525	10,949,246					46,230,470

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD

Financial statements

For the year ended 30TH JUNE 2015

NOTES (CONTINUED)

	2014 /2015	2013 /2014
	Kshs	Kshs
22. Creditors		
1 Amua water Systems	250,744	250,744
2 Kinetics Engineering	894,275	481,225
3 TWSB	11,081,150	4,841,015
4 WASREB	989,429	519,589
5 WARMA	167,757	778,660
6 Bikers tech service Centre	91,011	264,024
7 Murithi Kihara & Co.Adv	150,800	150,800
8 Eye quest consulting	37,000	37,000
9 Gatuya Hardware	144,500	144,500
10 Intact Industries	236,610	-
11 Shanjah Auto Works	362,860	-
12 Gatanga Water community	49,160	49,160
13 TWSB-Billing Templates	89,588	89,588
14 Fargo Courier	5,411	8,231
15 Universal Borehole Services	-	345,084
16 Samjan Graphics	223,300	349,550
17 Computing Dev. Strategies	45,300	45,300
18 Marsham General Merchants Ltd.	177,300	177,300
19 Silverspread H/W Ltd	533,860	739,350
20 Utumoni Limited	135,500	135,500
21 D.K Wambua & Associates	472,584	79,344
22 Diamond Chemicals	-	103,100
23 Intercity Secure Homes Ltd	301,600	825,147
24 Bromak General Merchants	160,000	160,000
25 Kimlox Logistics	-	142,600
26 Wantec Computer Services	-	40,500
27 Py-Rex East Africa Ltd	215,800	215,800
28 Limatec (K) Ltd	-	21,150
29 Gisma Agencies	-	19,750
30 Golden Palm	193,130	71,090
31 Prime Movers	-	26,157
32 Tusqee System	132,734	123,120
33 Bulltexemporum	-	197,058
34 Muktar Communication Services	-	212,750
35 Dry Tree General Contractors	527,265	-
36 Madison Insurance	159,939	-
37 Poly Pipes	1,057,800	-
38 Blue Sky Industries	267,000	-
39 Acc Soft Solutions	37,120	-
40 Afriwell Ltd	395,000	-
	19,585,527	11,644,186
b) Accruals		
1 Accrued Salaries	8,281,416	6,066,929
2 Accrued Electricity	461,003	512,031
3 Accrued Audit Fee	474,417	367,488
4 Accrued Staff Training	6,450	63,500
	9,223,286	7,009,948
c) Development Creditors		
1 Development Creditors	1,099,097	713,927
d) Other payables (Customer Deposit)		
1 Balance brought forward	13,878,800	9,357,780
Add: Receipts of new deposits during the year	6,895,085	4,521,020
Balance carried forward	20,773,885	13,878,800
TOTAL CREDITORS AND ACCRUALS	50,681,795	33,246,861

MURANG'A SOUTH WATER AND SANITATION COMPANY LTD
 Financial Statements
 For the Year ended 30th June 2015

NOTES (CONTINUED)

23 Tax expense/income	2014 /2015 Kshs	2013 /2014 Kshs
Current income tax	(297,712)	(2,987,865)
Deferred income tax	-	-
Income tax expense/(credit)	<u>(297,712)</u>	<u>(1,162,065)</u>
The tax on the company's profit/(loss) before income tax differs from the theoretical		
Profit/(loss) before income tax	<u>(992,373)</u>	<u>(3,873,549)</u>
Tax calculated at the statutory tax rate of 30%	(297,712)	(1,162,065)
Tax effect of:		
Expenses not deductible for tax purposes	7,192,846	6,392,388
Expenses deductible for tax purposes	(6,236,513)	(5,837,342)
Recognition of previous Years Loss	<u>(813,446)</u>	<u>(1,368,493)</u>
Tax Loss C/F	<u>142,887</u>	<u>(813,446)</u>

24 Share capital	No. of ordinary shares	Issued and fully paid up capital Shs
At 1st July 2014	5,000	100,000
At 30th June 2015	5,000	100,000
Issue for cash/Bonus issue	-	-
At 30th June 2015.	<u>5,000</u>	<u>100,000</u>

25 Borrowings	Minimum payments		Present Value of Minimum payments	
	2014/2015 Kshs	2013/2014 Kshs	2014/2015 Kshs	2013/2014 Kshs
Not later than an year	6,629,645	6,629,645	4,584,252	3,734,902
Later than 1 year and no later than 5 years	25,875,491	14,916,701	24,824,937	11,823,754
	<u>32,505,136</u>	<u>21,546,346</u>	<u>29,409,189</u>	<u>15,558,656</u>
Less future finance charges	3,095,947	5,987,690	-	-
	<u>29,409,189</u>	<u>27,534,036</u>	<u>29,409,189</u>	<u>15,558,656</u>
Included in the financial statements				
	2014/2015	2013/2014		
Current borrowings	4,584,252	3,734,902		
Non current borrowings	24,824,937	11,823,754		
	<u>29,409,189</u>	<u>15,558,656</u>		
Analysis by cashflows				
As at 1 July 2014	15,558,656	-		
Borrowings in the year	17,585,435	18,598,041		
Repayments during the year	<u>(3,734,902)</u>	<u>(3,039,385)</u>		
	<u>29,409,189</u>	<u>15,558,656</u>		

The lender of this borrowing is K-REP Bank Ltd, at an interest rate of 21% per annum on a reducing balance, four years and four months(52 Months),Security is Monthly Kshs. 57,827 and satisfactory execution of the bank's standard security forms and any other security as may be required in the Bank from time to time.

26. NOTE FOR GRANT SCHEDULE

a. TOTAL REVENUE GRANTS FY 2014/2015

	<u>2014 /2015</u>	<u>2013 /2014</u>
	Kshs	Kshs
SALARIES GOK	2,976,580	3,745,764
Amortisation	4,033,401	3,901,043
WSTF Admin	558,950	-
TOTAL	<u><u>7,568,931</u></u>	<u><u>7,646,807</u></u>

b. TOTAL CAPITAL GRANTS AS AT 30TH JUNE 2015

Balance as at 1st July 2014	48,774,184
Additions during the year	12,935,100
Transfer to statement of comprehensive income	(4,033,401)
Balance as at 30th june 2015	<u><u>57,675,883</u></u>

c. DEFERRED INCOME

Compensation - Road Construction	<u><u>1,223,870</u></u>
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