



OFFICE OF THE AUDITOR-GENERAL

REPORT

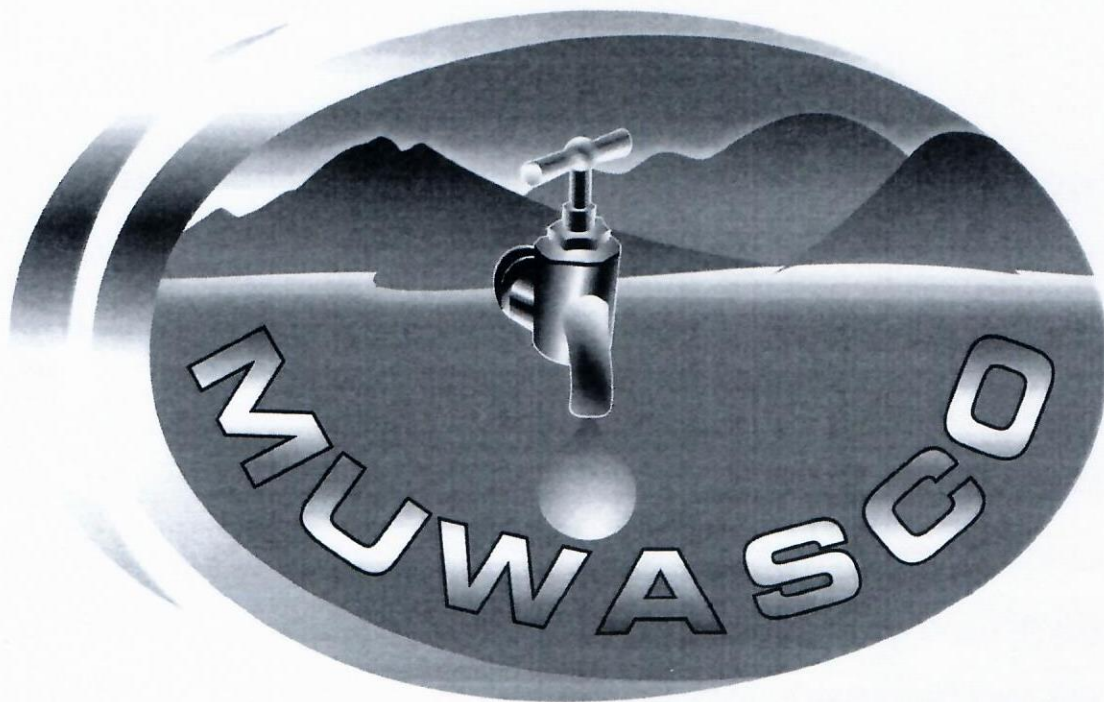
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MURANGA WATER AND SANITATION
COMPANY LIMITED**

**FOR THE YEAR
ENDED 30 JUNE 2017**



MURANG'A WATER & SANITATION CO. LTD.



**ANNUAL REPORT &
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2017**

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

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

TABLE OF CONTENTS	PAGE
I. CORPORATE INFORMATION	2
II. THE BOARD OF DIRECTORS	3-4
III. MANAGEMENT TEAM	5
IV. CHAIRMAN'S STATEMENT	6-7
V. MANAGING DIRECTOR'S STATEMENT	8-9
VI. CORPORATE GOVERNANCE STATEMENT	10-11
VII. MANAGEMENT DISCUSSION AND ANALYSIS	12-14
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT	15
IX. BOARD OF DIRECTORS REPORT	16
X. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES	17
XI. REPORT OF EXTERNAL AUDITORS	18-19
XII. STATEMENT OF COMPREHENSIVE INCOME	20
XIII. STATEMENT OF FINANCIAL POSITION	21
XIV. STATEMENT OF CHANGES IN EQUITY	22
XV. STATEMENT OF CASH FLOW	23
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	24-25
XVII. NOTES TO FINANCIAL STATEMENTS	26-39
XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	40
XIX. APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY	41
XX. APPENDIX 2: INTER-ENTITY TRANSFERS	41

I. CORPORATE INFORMATION**Incorporation**

The company is a limited company by guarantee established under the companies Act Cap 486 and licensed by Tana Water Services Board through Service Provision Agreement (SPA) signed on 2nd May 2006 and reviewed on 4th May 2012.

Principal Activity

The principal activity of the company is to provide water and sanitation services within Murang'a town and its environs.

THE BOARD OF DIRECTORS

<u>NAME</u>	<u>DESIGNATION</u>
Dr. P.K. Munga	Chairman
Eng. D. Ng'ang'a	Managing Director
H. M. Mwithiga	Member
J.K. Mwirigi	Member
J. Ng'ang'a	Member -Left 27/03/2017
S. Karina	Member
M. Gichomo	Member
P. Kiguta	Member
E. Gathima	Member
B. Wanjeri	Member -Joined April 2017

COMPANY SECRETARY

Gichuke Ribathi & Company Advocates
P.O BOX 5556-00200
NAIROBI

REGISTERED OFFICE

Muwasco Building, Murang'a
Kangema Road
P. O. Box 1050 - 10200
MURANG'A.

COMPANY CONTACTS

Telephone-0712292544
E-Mail-managingdirector@muwasco.co.ke
Website-www.muwasco.co.ke

BANKERS






Equity Bank Ltd.
P. O. BOX 1060 - 10200,
MURANG'A.

AUDITORS

Office of Auditor General
P.O. Box 30084 - 00100
NAIROBI.

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

II. THE BOARD OF DIRECTORS

	<p>He is an industrialist and a business man with interests in banking, manufacturing, insurance among others. He has vast experience in both public and private sector and has been contributing immensely to the community in scholarships and other social wellbeing. He is the current chairman of Equity bank and a member of boards of various blue-chip companies. He is the proprietor of Equatorial Industrial Park and Pioneer group of schools among others.</p> <p>He is a qualified Certified Public Secretary (CPS) and holds many other certificates in management and corporate governance. He is chairman to the board.</p>
<p>DR. P.K. MUNGA</p>	
	<p>He is the current Managing Director of Murang'a Water & Sanitation Company since the company's inception in 2007. He has huge experience in the water sector and also has worked in the private sector. He is a registered engineer, has a BSC civil engineering degree, Executive Masters degree in Business Administration and a diploma in Community Development. He has attended numerous managerial and administration courses both locally and abroad.</p>
<p>ENG. D. NG'ANG'A</p>	
	<p>He has vast experience in both the public and private sector having worked for many years with BAT rising to the post of Area Marketing Manager. He founded and is the current proprietor of Murang'a Tobacco Distributors. He has served in many schools management boards as well as ACK church council committees in various capacities.</p> <p>He holds various post high school certificates in sales, management and corporate governance. He is the chairman audit and risk management committee of the board.</p>
<p>H.M. MWITHIGA</p>	
	<p>He is an experienced finance manager who has served in the public sector for more than 10 years and is currently the Murang'a Town Manager for the last three years. He served with the now defunct County Council of Murang'a in the capacity of Marketing superintendent and later as Senior Accountant.</p> <p>He holds a Bcom in Finance. He is also a qualified accountant (CPAK) and also a qualified public secretary (CPSK) and has studied various management and administration courses.</p>
<p>J.K. MWIRIGI</p>	
	<p>She has many years of experience in business and community development activities. She has been a propriety of a beauty college in Murang'a and established an NGO for women organizations. She has served in various schools management boards and has been a member of community policing as well as a member of the red cross society. She has also served as a member of District Education Board.</p> <p>She has a post high school certificate and has attended many training seminars. She left the Board on March 2017</p>
<p>J. NG'ANG'A</p>	



S. KARINA

She has vast experience in community development and the founder and current director of an NGO called Friends For The Abused People International (FOTAPI). She has also worked in various capacities with: NACADA, ECK, Uwezo Kenya, Joyful Women, Probation office and been a member of school boards.

She holds a bachelors degree in social work and administration and has numerous certificates in community development related courses from various institutions. She is a member of finance and administration committee of the board.



M. GICHOMO

She is a career journalist with experience in journalism and social work. She has also worked as an assistant director at Radio Maria station. She has been involved in various youth development programs and represented the youth in various capacities. She is also a founder member of Murang'a Active Youth Group.

She is a diploma holder in Journalism and diverse certificates from various institutions. She is a member of Audit and risk management committee of the board.



P. KIGUTA

A career accountant, he has enormous experience in the private sector as well as participated in many social and community development activities. He is currently a partner with Ruhii & Associates CPAs. He has been the chairman of the Murang'a chapter of the Chamber of Commerce and Industry, organizing secretary of Kikuyu council of elders (Murang'a). He has also served in various capacities in religious organizations.

He various post high school certificates. He is the chairman of the finance and administration committee of the board.



E. GATHIMA

He has many years of experience in representing the physically challenged persons in various capacities. He has served in the capacities of treasurer secretary and chairman in various groups of the physically challenged.

He has attained certificates in food production, evangelism & discipleship and computer packages. He is a member of finance and administration committee of the board.










B. WANJERI

She represents Maendeleo ya wanawake. She is a diploma holder in human resource and guidance and counseling from university of Nairobi. She has also undergone through short courses in local government supervisory management and effective supervision course. She has worked as a human resource officer, administrative officer and senior secretary. She is a member of audit committee. She joined the Board in April 2017

MURANG'A WATER AND SANITATION COMPANY LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

III. MANAGEMENT TEAM

The Company's senior management team is as follows:

1.	 ENG. D. NGA'NG'A	BSC CIVIL ENGINEERING, EMBA, Dip. Community Development.	MANAGING DIRECTOR
2.	 CPA .J. MAINA	CPA(K), B.COM, MPPA.	COMMERICAL MANAGER
3.	 E. MAINA	BSC CIVIL ENGINEERING.	TECHNICAL MANAGER
4.	 CPA. P. NJERU	B.COM CPA(K)	HEAD OF INTERNAL AUDIT
5.	 J. MBUTHIA	BMC, DIPLOMA IN JOURNALISM & MEDIA STUDIES	HEAD OF CORPORATE AFFAIRS
6.	 P. MWANGI	DIPLOMA IN ENVIRONMENTAL TECHNOLOGY, CERTIFICATE IN M&E	HEAD OF MONITORING AND EVALUATION
7		BED(ARTS) ,MBA(HRM)	HEAD OF HUMAN RESOURCES & ADMINISTRATION

IV. CHAIRMAN'S STATEMENT

I am elated to release our annual report and financial statements for the year ended 30th June 2017. Over the year, the company continued to make tremendous improvement in key performance areas which guarantee stakeholders' value and ensure the residents of Murang'a have access to safe and reliable water services.

Operating Environment

Towards the end of the financial year there was generally slowed economic growth in the country which affected all sectors of the economy and generally capital investment was lower than expected.

Despite this difficult operating environment, the demand for our services has continued to rise and we have positioned ourselves to meet the expectations of our customers.

We continue to listen to views of all our stakeholders and endeavor to develop, run and work in an environmentally sustainable and socially responsible manner. This includes a continued focus on operational efficiency, resources conservation efforts and responding to the needs of our customers.

Expansion Programmes

We have continued to focus on ensuring that we deliver the highest level of service to our customers and provide them with reliable and sufficient water. In this regard we initiated programmes to both increase the water supply and also expand our network to reach the un-served residents in our area of jurisdiction.

Our efforts were recognized by the national regulator and the Murang'a county government and our area of jurisdiction was consequently enlarged to include Maragua town and its environs.

In addition, during the year, our continued relationship with our development partners ensured that we procured a water bowser at a cost of **ksh.12million**. We also expanded our water networks and subsidized landlords in low income areas to construct more than **five hundred (500)** modern flush toilets facilitated by Water Sector Trust Fund at a total cost of **ksh.11million**.

Financial performance

I am delighted to report another year of continued progress for MUWASCO in which our financial performance showed improved growth. Revenues from operating activities in the year rose to **ksh 197.6 million** from **ksh.189.9million** reported in the year 2016.

The increased sales and prudent management of the available resources enabled us to deliver an investment of **ksh.43.8million** in fixed assets.

It is also worth noting that the company in its endeavor to diversify its revenue streams has constructed and commissioned a water bottling plant that is intended to improve our revenues which have in the past depended on water and sewerage tariffs.

Future Plans

Our success depends on our ability to figure out the future by anticipating and responding to change. The company has embraced new technology and has acquired new meter reading, billing and reporting systems which are part of an

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

CHAIRMAN'S STATEMENT(Continued)

intricate Enterprise Resource Program (ERP). Looking ahead, the board will continue to support investment in new projects to ensure the continued growth of the company and progress towards achieving the company's main objective, that of delivering greater value to its customers for socio-economic development.

With favorable operating environment, support from our stakeholders and financial partners, we expect to expand our water supply network to Mugoiri Watiri and other un-served areas such as Kambiti. In future we also intend to invest in sewerage project to serve Maragua and Kenol towns which are key towns in the development of Murang'a county.

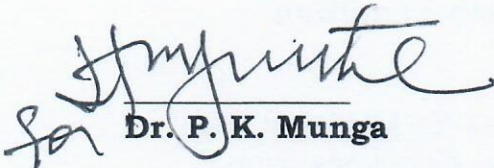
This expansion programme will require an estimated investment of over **ksh. 1.7billion** which calls for a lot of resource mobilization.

We ended the year in a strong position and having the right management team in place, our fixed focus is on high-quality service while our plans for the future are realistic and achievable.

Tribute

Finally, I would wish to extend my earnest gratitude to the MUWASCO Board of Directors, County Government of Murang'a, Tana Water Services Board, the Ministry of Water and Irrigation and our customers for their support. I also thank the management and employees of MUWASCO for their hard work over the financial year.

Thank you.


for **Dr. P. K. Munga**

V. MANAGING DIRECTOR'S STATEMENT

General Overview

I am happy to report on annual performance of the company for the period ended 30th June 2017. The report is an indication of yet another successful year. I am delighted to be part of the team that delivered such results. During the year our area of jurisdiction was expanded to include Maragua and its environs and this has enabled us to expand our coverage from **125 km²** to **350 km²**. The new area has come up with a lot of challenges as well as opportunity and we are in corroboration with Murang'a County Government to ensure that there is reliable water for Maragua as the area is earmarked as industrial area and the demand is high.

Our challenges of high Non Revenue Water has continued to pose a challenge in our operations due to the aged infrastructure which required huge investment for renewal and am grand that through the Public Private Partnership our proposal has passed the feasibility study and recommend to the National Treasury for approval to be considered in the first phase of implementation.

Our customers have continued to enjoy quality services and this is evident from just concluded independent customer satisfaction survey which had an overall score of 70% and we target to improve on this even higher.

The journey towards ISO Certification is in due course and I am optimistic that this will be realized in the new financial year.

Company performance

Our total billings grew From **Ksh 189.9 M** to **Ksh 197.6 M** as our customer base grew by **18%**

No.	ITEM	2014 /2015	2015 /2016	2016 /2017
1	Total Billings (Kshs in Millions)	117.4	189.9	197.6
2	Operating Exp (Kshs in Millions)	119.7	179.1	197.8
3	Capital Exp (Kshs in Millions)	62.2	91.0	43.8
4	Number of active water Connections	8,381	10,073	12,705
5	Number of active sewerage Connections	3,825	4,224	4,710

The efficiency of the company has continued to improve and during the financial year 2016-2017 we were able to start new services for water bowser and bottled water and this will improve our revenue streams.

With the support of partners such as the County Government of Murang'a, W.S.T.F, and Constituency Development Fund the following project were completed during the year.

1. Kiriani Bus public Sanitation Facility Funded by W.S.T.F (Ksh 4 million)
2. Up Scaling Basic Sanitation for Urban poor (UBSUP) All over the Company where there are sewer line area Funded by W.S.T.F (Ksh 9.9 millions)
3. Murang'a water bottling plant in Kiharu (Fortaqua)funded by internally generated funds is operational Ksh. 21.4 millions
4. Kabuta water project is in progress 17 millions funded by Water for life
5. Kiharu Non Revenue Water Project supported by Vitens evides 1.7 Millions

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

MANAGING DIRECTOR'S STATEMENT(Continued)

Information and technology

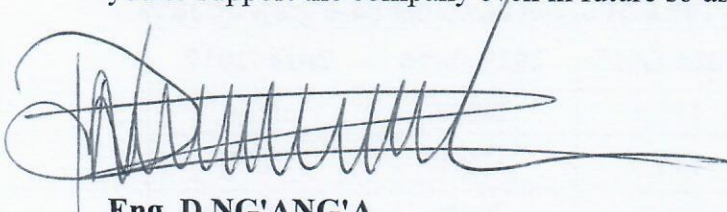
The technology is changing fast and we are in process of automating our processes. After successful implementation of SMART meter reading we are progressing with improved billing software as well as payroll software. We are also focusing in store management software which will improve our record keeping hence efficiency. Towards this end we envision to have integrated software which will serve all the departments of the company through one platform.

Appreciation

I take this opportunity to sincerely thank the Board of Directors for their strategic and policy guidance during the concluded financial year 2016/2017. The management and entire staff members of MUWASCO has continued to discharge their mandate with commitment and dedication and I thank them all with confident that we have all the skills necessary to manage the significant opportunities and challenges that lie before us.

My sincere thanks also go to Murang'a county Government, MUWASCO stakeholders, T.W.S.B, WASREB, W.S.T.F, our development partners and other institutions who supported us financially or otherwise.

I also take this opportunity to thank all those not named above but have given us moral as well as material support. Your contributions have enabled us reach where we are today and we call upon you to support the company even in future so as to attain its strategic goals.



**Eng. D. NG'ANG'A
MANAGING DIRECTOR**

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to direct and manage business affairs of the company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing stockholder's long term value.

The company conducts its operations in accordance with the principles of good corporate governance as provided in the Water services Regulatory Board (WASREB) guidelines and Water Act 2002 provisions.

Board of Directors

The composition of the Board is compliant with good corporate governance practices and WASREB regulations. The role of the chairman and the Managing Director are segregated. The Managing Director is in charge of the day to day running of the business of the company. A non-executive director acts as the chairman of the Board. The current Board is composed of Managing Director, the C.E.O Tana Water Services Board and nine other directors drawn from various stakeholders. The Board is therefore composed of committed individuals with diverse and complementary skills to ensure that there is sufficient wealth of experience at Board level.

Board meetings

Board Meetings are held every quarter and in exceptional circumstances as dictated by demand exigencies of company operations.

Board committees

The Board has approved the delegation of certain authorities to the Board sub committees where applicable, and to the management.

The Board has three committees which are guided by clear terms of reference. The committees are instrumental in monitoring the company operations, systems and internal controls. The committees are as follows:

Audit and risk management committee

The members of this committee are all non-executive directors. All the members meet minimum financial literacy standards. The committee meets at least four times in a year and the managing Director and the internal auditor attend most meetings of the committee.

The committee is responsible for ensuring that the Company's internal controls are adequate and that the assets at the disposal of the company are safe-guarded. It ensures that proper policies and internal control procedures are in place and also helps to ensure that the set policies and procedures are adhered to and advices on improvements and introduction of new control procedures.

Finance and administration committee

The committee comprises of three non executive directors and C.E.O Tana water services Board. The committee is chaired by a non-executive director and meets four times a year.

The role of the committee is to monitor and review the operational and financial performance of the company against key performance indicators, identifying shortcomings and ensuring corrective measures and action are taken. The committee also reviews the company's investment plans in capital expenditure and recommends to the board for approval. The committee has also the responsibility of ensuring that the systems of financial controls are effectively administered.

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

CORPORATE GOVERNANCE STATEMENT(Continued)

This committee as well has the responsibility of ensuring the company has the right staff, at the right place and doing the right thing. More so, the committee will ensure that staff welfare is guaranteed.

Their terms of reference includes but not confined to human resource planning, employee welfare, recruitment, training, performance appraisal, discipline, health and safety and HIV/AIDS.

Technical committee

The committee comprises of three non executive directors and C.E.O Tana water services Board. The committee is chaired by a non-executive director and meets four times a year.

This committee oversees planning, coordination and execution of development and rehabilitation projects to ensure expansion of reticulation system and to improve efficiency in water production and distribution including sewerage network

Directors' Remuneration

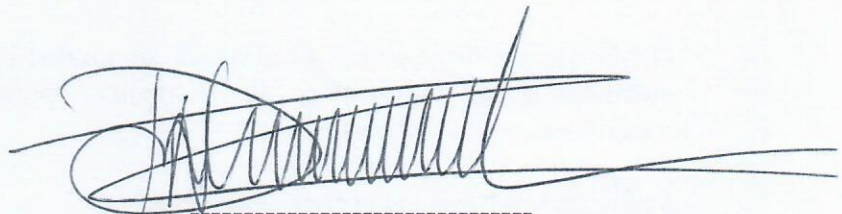
The remuneration of non-executive directors consists of sitting allowances in connection with Board and committee meetings.

Going concern

The directors confirm that the company has adequate resources to continue in business for the foreseeable future and therefore the continued use of the going concern as a basis when preparing financial statements.

SIGNED:


for CHAIRMAN


MANAGING DIRECTOR

VII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

No.	ITEM	2015/2016	2016/2017
1	Total Billings (Kshs in Millions)	189.9	197.6
2	Operating Exp (Kshs in Millions)	179.1	197.8
3	Capital Exp (Kshs in Millios)	90.9	43.8
4	Number of Active Water Connections	10,073	12,647
5	Number of Active Sewerage connections	4,224	4,684
6	Unaccounted for water	38%	30%

SECTION B

Entity's compliance with statutory requirements

Murang'a water and sanitation company complies with various statutory requirements and the 7th AGM was held on Thursday the 13th April 2017. The company has a pending case which emanated from the regular tariff adjustment in Murang'a high court where the applicant was awarded Ksh. 5,410,494 and the company appealed against the decision.

SECTION C

Key projects and investment decisions the entity is planning/implementing

Muranga water and sanitation company is a company limited by guarantee hence it cannot be able to finance its project through equity. The projects are financed either from internally generated funds, Grants from County Government, Constituency Development Funds, Development partners and commercial financing through performance/result based financing. The Company have a role to play if we're going to achieve Sustainable Development goals agreed by the world leaders in year 2015. for a more prosperous, equitable, and sustainable world. Specifically the company strive to meat goal number six of clean water and sanitation.

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

ON GOING PROJECTS

No.	Project	Financed by	Sustainability
1	Kabuta water supply	Water for life	-The project will increase coverage and more consumers will be connected generating more revenue to cover costs of production
2	Up scaling basic sanitation for Urban Poor (UBSUP)	Water Services Trust Fund	-The project will improve sanitation and health in our area of Jurisdiction.

Proposed projects

No	Project	Financed by	Sustainability
1	Maragua Water Supply	Commercial financing with result based financing (RBF) From Water Services Trust fund (WSTF)	-This project target to increase water coverage and will serve areas which are underserved hence improving health and economic growth
2	Mugoiri Wa Teri water Supply	Commercial financing with result based financing (RBF) From Water Services Regulatory Board	-The project will increase the production capacity per day hence more supply to the increasing population and demand.
3	Muranga urban NRW project	Public private partnership	-The project will reduce water losses and increase supply to unserved areas.

MANAGEMENT DISCUSSION AND ANALYSIS(Continued)**SECTION D****Major risks facing the entity****Operation risks**

The Company inherited old dilapidated infrastructure, and this has contributed to high Non Revenue Water. During the years the company has invested in various projects to improve the infrastructure. The funds required to overhaul the whole network is beyond company affordability and various proposals have been made to mobilize funds through Public Private Partnership (PPP)

Market Risks

The company has an outstanding loan from Sidian Bank. The principal outstanding amount is Ksh 12,000,000 as at 30th June 2017 with an interest rate of 14% per annum. With interest rate capping, the company is not exposed to market risk unless the capping is removed and this could adversely affect the company cost of the loan.

Credit Risks

The company supplies water on credit and gives the consumers a period of 14 days to clear their bills. Not all consumers are able to clear their bills within the credit period given and this give rise to credit risk. At the end of the quarter the trade debtors amounted to Ksh 51,628,211 and the highest percentage was owed by the Government institutions and the default risk is assessed as low. The company provides allowance for credit risk against the outstanding specific water and sewerage debts and a general provision of 10% of the net balance.

Liquidity Risk

The company has various obligation and liabilities as outlined in note 18,19,20 and 21 of the accounts. The company manages liquidity risks by maintaining banking facilities through continuous monitoring of forecast and actual cash flow.

SECTION E**Material arrears in statutory/financial obligations**

The company has accumulated administrative fees owed to Tana Water Services Board Amounting to Ksh. 50,206,346. Other trade creditors amounted to Ksh. 78,895,954

SECTION F**The entity's financial probity and serious governance issues**

The Company has no any financial improbity and it observes the guidelines issued by Water Services Regulatory Board on corporate governance and has complied with the guidelines with no any case of conflict of interest among the Board or Member of the Board and top management.

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Here at the Murang'a Water and sanitation company limited, we regard corporate citizenship as the business strategy that shapes the values underpinning a company's mission and the choices made each day by its Directors, Managers and Employees as they engage with society. We want to be a responsible business that meets the highest standards of ethics and professionalism being accountable and responsive to stakeholders, and supporting the sustainable development and achievement of water security to all as a core responsibility.

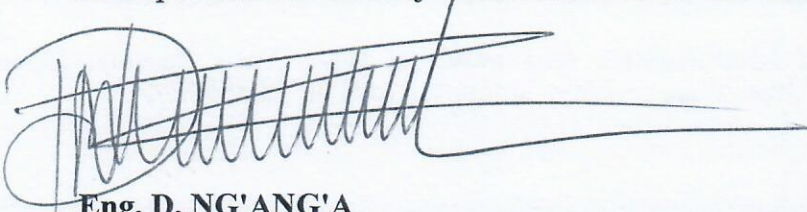
We strongly believe that protecting and restoring water-related ecosystems such as forests, mountains, wetlands and rivers is essential if we are to mitigate water scarcity. We thus recognize the need to protect the natural environment.

Keeping our environment clean and unpolluted is a benefit to all. We'll always follow best practices when collecting, channeling and treating waste waters.

Our company may initiate and support community initiatives and educational programs. For example, it may begin partnerships with needy public schools for constructing of a school sanitation block. It can provide support to nonprofit organizations to promote environmental programs for economic and social good

We continue to encourage our staffs to volunteer in implementing our corporate citizenship initiatives and programs initiated externally . During the year ,we constructed two modern sanitation blocks at Mjini Primary school in our strive to promote sanitation and hygiene. We also donated sanitary towels and two plastic tanks to Kianjiru-ini Primary school in Maragua Sub-county. In order to ensure that the youths acquire the required skills in the job market, we trained and awarded certificates to ten Masons .

We are aware that Corporate responsibility starts with a belief that what you do is important to society. This belief is at the heart of our company.



**Eng. D. NG'ANG'A
MANAGING DIRECTOR**

IX. BOARD OF DIRECTORS REPORT

The Board of Directors has the pleasure in submitting their annual Report and Financial Statements for the period ended 30th JUNE 2017.

PRINCIPAL ACTIVITY

The company's main activity is the provision of wholesome clean water and sanitation services to the residents of Murang'a municipality and its environs.

INCOME

The results of activities for the year show a surplus of **Kshs 19,633,832** as set out on page twenty of the accounts.

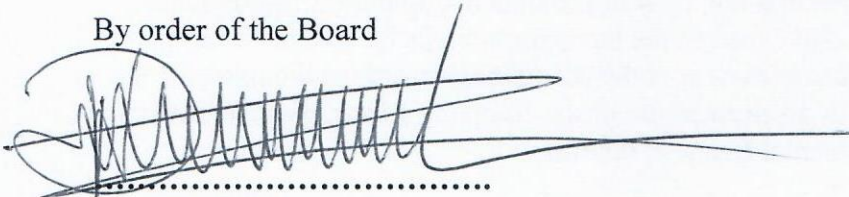
THE BOARD OF DIRECTORS

The board members who held office during the year were as indicated on pages three and four of the accounts.

AUDITORS

The auditor general is responsible for the statutory audit of the companys financial statements in accordance with Article 229 of the constitution of Kenya and the Public Audit Act 2015

By order of the Board

A handwritten signature in black ink, appearing to be 'D. Ng'ang'a', written over a horizontal dotted line. The signature is stylized and extends to the right.

D. NG'ANG'A
MANAGING DIRECTOR

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

X. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

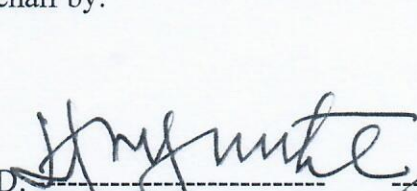
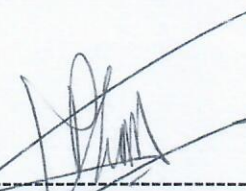
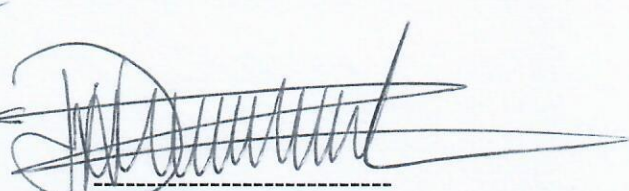
Section 164 of the Public Finance Management Act, 2012 and section 147 of the Companies Act Cap 486 requires the Board of Directors to prepare financial statements for each year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of the activities for that year. It also requires the Board to ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Board is also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2017. 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's 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 company's Act. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2017, and of the company's 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's financial statements as well as the adequacy of the systems of internal financial control

Approval of the financial statements

The company financial statements were approved by the Board on 6th September 2017 and signed on its behalf by:

SIGNED:   

P.K MUNGA
CHAIRMAN

P. KIGUTA
DIRECTOR

D.NG'ANG'A
MANAGING DIRECTOR



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MURANGA WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Muranga Water and Sanitation Company Limited set out on pages 20 to 41, which comprise the statement of financial position as at 30 June 2017, and the statement of 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, the financial statements present fairly, in all material respects, the financial position of Muranga Water and Sanitation Company Limited as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with both the Water Act, 2002 and the Companies Act, 2015 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Muranga Water and Sanitation Company Limited in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Report of the Auditor-General on the Financial Statements of Muranga Water and Sanitation Company Ltd for the year ended 30 June 2017

Other Matter

1. Unaccounted for water

During the year under review, the company produced 2,590,864 cubic metres (M³) of water. However, out of this volume, only 1,673,401M³ of water was billed to customers. The balance of 917,463M³ or approximately 35% of the total volume represents unaccounted for water (UFW) which is 10% over and above the allowable loss of 25% in accordance with Water Services Regulatory Board guidelines. The UFW of 35% may have resulted in loss of sales estimated at Kshs.76,147,712. The significant level of UFW may negatively impact on the Company's profitability and its long term sustainability.

2. Going Concern

The statement of financial position as at 30 June 2017 reflects that the current liabilities balance of Kshs.118,789,066 exceeded current assets balance of Kshs.78,838,846 resulting to a negative working capital of Kshs.39,950,220. This is an indication that the company's financial position is precarious and may be experiencing difficulties in meeting its obligations as and when they fall due. However, the financial statements have been prepared on a going concern basis on the assumption that the Company will continue to receive support from the Government and creditors.

Responsibilities of Management and those Charged with Governance 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.

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 the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 International Standards of

Supreme Audit Institutions (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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Company's 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 procedures as I consider necessary in the circumstance

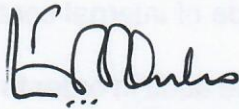
I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

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 my examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 October 2018

XII. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2017

INCOME	NOTES	2016/2017 (Kshs)	2015/2016 (Kshs)
Revenue Grants	1	14,181,272	14,820,418
Billings	2	197,584,436	189,880,495
Other incomes	3	4,863,681	9,625,768
Inherited debtors	4	3,067,766	-
TOTAL INCOME		219,697,155	214,326,681
EXPENDITURE			
Personal emoluments	5	78,362,235	63,337,938
Administration expenses	6	59,696,923	62,279,455
Production and maintenance expenses	7	24,690,512	25,797,540
General office expenses	8	7,316,155	6,155,168
Depreciation and amortisation	9 and 10	23,545,880	21,586,634
Disallowed V.A.T refund claims	11	4,177,720	-
TOTAL EXPENDITURE		197,789,425	179,156,735
SUPRLUS FROM OPERATING ACTITIES		21,907,730	35,169,946
TAX		-	-
SURPLUS AFTER TAX		21,907,730	35,169,946
DEFICIT FROM FORT BEVERAGE INDUSTRIES CO. LTD	12	(2,273,898)	-
TOTAL SURPLUS		19,633,832	35,169,946

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

XIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2017

NON CURRENT ASSETS	NOTES	2016/2017 Kshs	2015/2016 Kshs
Property, plant and Equipments	9	247,732,821	227,713,883
Intangible asset	10	280,000	-
Total non current asset		248,012,821	227,713,883
CURRENT ASSETS			
Receivables	13	67,740,961	61,328,457
Cash and cash equivalent	14	4,164,464	3,337,091
Inventory	15	6,933,421	6,593,438
Total current assets		78,838,846	71,258,986
TOTAL ASSETS		326,851,667	298,972,869
EQUITY AND LIABILITIES			
Capital Reserves	16	33,275,181	33,275,181
G.O.K Capital Grants	17	93,354,861	82,792,232
Revenue Reserves	18	71,119,325	51,485,493
Total Capital and reserves		197,749,367	167,552,906
NON CURRENT LIABILITIES			
Loan Interest payable	20	1,435,521	5,180,370
Loan principal payable	20	8,877,713	11,267,982
Total noncurrent liabilities		10,313,234	16,448,352
Current liabilities			
Trade and other payables	19	106,185,783	76,077,320
Loan interest payable	20	1,560,362	3,560,375
Loan principal payable	20	3,122,287	17,306,864
Tax payable	21	2,510,040	12,616,459
Contingent Liability	22	5,410,594	5,410,594
Total Current Liabilities		118,789,066	114,971,612
TOTAL EQUITY AND LIABILITIES		326,851,667	298,972,869

The financial statements on pages 20-41 were approved by the board of directors on 06/09/2017 and were signed on its behalf by:

Three handwritten signatures are visible at the bottom of the page, representing the approval of the financial statements by the board of directors.

XIV. STATEMENT OF CHANGES IN EQUITY

	NOTES	CAPITAL RESERVES (KSHS)	G.O.K CAPITAL GRANT (KSHS)	REVENUE RESERVES (KSHS)	TOTALS KSHS)
Balance at 1st July 2015		33,275,181	77,020,606	16,315,547	126,611,334
Funds received during the year	16	-	13,900,716	-	13,900,716
Amortization during the year	16	-	(8,129,090)	-	(8,129,090)
Surplus for the year	17	-	-	35,169,946	35,169,946
Balance at 30th June 2016		33,275,181	82,792,232	51,485,493	167,552,906
Balance at 1st July 2016		33,275,181	82,792,232	51,485,493	167,552,906
Funds received during the year	16	-	19,796,504	-	19,796,504
Amortization during the year	16	-	(9,233,875)	-	(9,233,875)
Surplus for the year	17	-	-	19,633,832	19,633,832
Balance at 30th June 2017		33,275,181	93,354,861	71,119,325	197,749,367

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

XV. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2017

		2016/2017	2015/2016
	Notes	(Kshs)	(Kshs)
Cash Flows from operating activities			
(Deficit)/ Surplus generated from operating activities		19,633,832	35,169,946
Adjustment for: Non cash items			
Depreciation and amortisation	9	23,545,880	21,586,634
Provision for bad debts	6	2,073,329	2,481,300
Provision for audit fees	18	362,500	362,500
Amortisation of capital grants	1	(9,233,875)	(8,129,090)
Loss on disposal			
Adjusted Surplus From operating Activities Before Working Capital changes		36,381,666	51,471,290
Changes in working capital			
(Decrease)/increase in inventory	14	(339,983)	(1,908,520)
Increase /(Increase) in receivables	12	(8,485,833)	(31,744,278)
(Increase)/Increase in short term liabilities	19,20,21,22	3,454,954	41,347,121
Increase in long term liabilities	20	(6,135,118)	16,448,352
Net cash flows From Operating Activities		24,875,686	75,613,965
Cash flows from Investing Activities			
Purchase of P.P.E and Intangible asset	9 and 10	(43,844,817)	(90,912,357)
Net Cash flows from investing activities		(43,844,817)	(90,912,357)
Cash flows from Financing Activities			
G.O.K Capital Grant	17	19,796,504	13,900,716
Net Cash flows from Financing Activities		19,796,504	13,900,716
Net Decrease/increase in cash & cash equivalents		827,373	(1,397,675)
Cash and Cash equivalent at start of year		3,337,091	4,734,766
Cash and Cash equivalents at end of year	14	4,164,464	3,337,091

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ACCOUNT NAME	ACTUAL	BUDGET	VARIANCE %	EXPLANATION OF VARIANCE
REVENUES	Kshs.	Kshs.		
WATER	138,632,872	179,201,612	(23)	lower raw water supply at Kiawambeu T/Ws
SEWERAGE	40,659,025	85,425,164	(52)	Downward review of sewer charges in the current tariff
METER RENT	6,729,900	6,374,000	6	
OTHER INCOMES AND BILLINGS	16,426,320	8,400,000	96	Increased no. of new connections and water bowser and exhauster income
TOTAL INCOME	202,448,117	279,400,776	26	
EXPENDITURES				
PERSONEL EMOLUMENTS				
SALARIES	61,554,874	61,200,000	1	
LEAVE ALLOWANCES	1,670,970	1,674,600	(0)	
NSSF COMPANY CONTRIBUTIONS	256,600	264,000	(3)	
PENSION CONTRIBUTION	2,157,239	2,980,000	(28)	Some staff have not enrolled in pension scheme
GRATUITY-CONTRACT EMPLOYEES	2,505,297	2,526,000	(1)	
CASUAL LABOUR	1,091,575	1,537,800	(29)	Reduced no. of casuals.
MEDICAL INSURANCE	4,178,282	9,000,000	(54)	Lesser amount quoted by the tenderers
TOTAL PERSONNEL EMOLUMENTS	73,414,837	79,182,400		
ADMINISTRATION EXPENSIS				
TRAINING	3,157,343	2,833,000	11	Increased staff training needs
ADVERTISING	528,700	910,000	(42)	Few public relations adverts
BOARDS, COMMITTEES, CONFRENCES & SEMINERS & MEDICAL INSURANCE	3,232,380	3,115,488	4	
MAINTENANCE EXPENSES-M/VEHICLES	10,298,285	10,109,600	2	
CONSULTANCY/PROFESSIONAL SERVICES	2,276,719	5,110,500	(55)	i.s.o certification on progress
SUNDRY ITEMS/DONATIONS	47,760	1,620,000	(97)	Fewer CSR activities in the period
INSURANCES	4,791,396	7,600,000	(37)	Fewer motorbikes procured than budgeted
MEMBERSHIP AND SUBSCRIPTIONS	472,942	350,000	35	Subscriptions to women in water sector movement
COURIER & POSTAL SERVICES	137,416	282,800	(51)	Reduced no. of bills delivered through posta
COMMUNICATION AND INTERNET EXPENSES	2,287,284	2,812,000	(19)	Reduction of sms sending cost
LICENCES AND PERMITS	200,000	500,000	(60)	Reduced KEBS levy
CATERING EXPENSES	785,543	1,240,000	(37)	Reduction of prices on catering items
CONTRACTED GUARDS SERVICES	1,452,759	1,728,000	(16)	Fewer guards contracted
TWSB ADMINISTRATIVE COST	16,292,814	17,190,070	(33)	Less revenue collected than budgeted
WASREB LEVY	1,912,788	2,710,008	(29)	Less reneue earned than budgeted
BANK SERVICE COMMISSION & CHARGES	112,922	156,000	(28)	Use of E-banking
LEGAL FEES	85,000	1,420,000	(94)	Only one court activity in the period
MEETING COSTS, CONFERENCE & SEMINARS	1,226,635	2,500,000	(51)	Fewer meetings held
TRAVEL COSTS	287,640	600,000	(52)	Use of company vehicles for travel
SUBSISTENCE ALLOWANCES	7,147,872	12,213,600	(41)	Less no. of seminars and conferences
AUDIT FEES	889,396	934,500	(5)	

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

TOTAL ADMINISTRATION EXPENSES	57,623,595	75,935,566	(5)	
PRODUCTION & MAINTENANCE EXPENSES				
ELECTRICITY	2,840,434	2,760,000	3	High electricity bills for the borehole
OPERATING AND MAINTENANCE COST	18,881,368	31,005,000	(39)	Rerouting of pipes at maragua not yet started
CHEMICALS	2,450,536	5,506,050	(55)	Lower production than budgeted
WATER ABSTRACTION FEE-WARMA	518,174	720,000	(28)	Lower production than budgeted
TOTAL PRODUCTION AND MAINTENANCE EXPENSES	24,690,512	39,991,050		
GENERAL OFFICE EXPENSES				
STAFF UNIFORMS	1,697,440	1,700,000	6	
GENERAL OFFICE SUPPLIES	5,506,035	5,635,000	(2)	
NEWSPAPERS,MAGAZINE AND PERIODICALS	112,680	150,720	(25)	No supply in absence of user department
TOTAL GENERAL OFFICE EXPENSIS	7,316,155	7,485,720		
FINANCIAL COSTS				
K-REP LOAN	7,433,701	15,262,076	(51)	Reduced interest due to WSTF loan principal subsidy
ADB LOAN	-	12,500,000	(100)	Financial constraints
CORPORATE TAX	-	7,000,000	(100)	Set offs of tax by VAT refund claims
TOTAL FINANCE COSTS	7,433,701	34,762,076		
TOTAL EXPENDITURE	170,478,800			
SURPLUS	31,969,317			
RECONCILIATION				
1.ITEMS NOT IN THE BUDGET				
INCOMES				
a) REVENUE GRANTS	14,181,272			
b) INHERITED DEBTORS	3,067,766			
EXPENSES				
a)SALARIES TO SECONDED STAFFS	(4,947,398)			
b)DECREASE FOR CREDIT RISK	(2,073,329)			
DEPRECIATION	(23,545,880))			
DISALLOWED VAT CLAIMS	(4,177,720)			
2.ACCOUNTED FOR IN THE STATEMENT OF FINANCIAL POSITION				
K-REP LOAN	7,433,701			
	21,907,730			
CAPITAL EXPENDITURE				
WATER NETWORKS	23,179,259	26,397,650	(33)	Water projects in progress
SEWER NETWORKS	4,127,801	2,060,000	100	Dislugging tunnel at Karii t/ws
METER AND ACCESSORIES	8,658,081	17,456,000	(50)	Metering of Maragua zones in progress
MOTOR CYCLES	550,000	1,425,000	(61)	More m/bikes to be purchased in the next period
FURNITURE AND FITTINGS		1,000,000	(100)	To be acquired in the next period
NRW MANAGEMENT EQUIPMENT	84,150	1,500,000	(94)	To be acquired in the next period
COMPUTERS,HR SOFTWARE	1,551,414	4,400,000	(65)	Call center not yet implemented

XVII. NOTES TO THE FINANCIAL STATEMENTS

1.GENERAL INFORMATION

Murang'a water and sanitation company limited is established by and derives its authority and accountability from Company's Act.It is a limited company by guarantee and licensed by Tana water services board through service provision agreement signed on 2nd May 2006 and revised on 4th May 2012.The principal activity of the company is to provide water and sanitation services within Muranga town and its environs.

2.STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

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, and International Financial Reporting Standards (IFRS).The accounting policies adopted have been consistently applied to all the years presented.

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazettted members of the Board through Gazette Notice No. 1199 of 28th February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the pronouncements made by the board have no significant impact on the entity's financial statement as Murang'a Water and sanitation company has been preparing its financial statements in accordance to IFRS.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) All new and revised standards and interpretations that have become effective for the first time in the financial year beginning July 2013 have been adopted by the company. Of those the following have had effect on the financial statement;

Amendments to IFRS 7 -The amendment requires disclosure of nature and extent of risk associated with financial instruments. A part from disclosure there were no any significant change in the a mounts reported

Amendments to IAS 24 disclosure of related party transactions, the company has disclosed the related parties and their transactions.

(b) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2017

New and Amendments to standards	Effective for annual period
IFRS 9	1 January 2018
Amendment to IFRS 10,IFRS 12 and IAS 27	1 January 2018

(c) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30th June 2017 and future annual reports

The company has assessed the potential impact of the above and expects that they will not have significant impact of the financial statement for 2016/2017.

(d) Early adoption

The company did not early adopt any new or amended standards in financial year 2016-2017.

MURANG'A WATER AND SANITATION COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS(continued)

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

The company adopts the accrual basis of accounting for revenue. Revenue is recognized when it is earned. Revenue grants comprises of:

- (i) WSTF grants- For UBSUP project.
- (ii) Salaries of the seconded staffs paid by Murang'a county government
- (iii) Amortization of capital grants from murang'a county government, Ministry of water & irrigation, Kiharu constituency development fund, Tana Water Services Board and Water service trust fund.

Billings represents the amount earned from the billings of water, sewerage meter rent. Other billings include miscellaneous billings like water theft penalties, search fee, relocation of meter. Other incomes includes water and sewer connection fees, water sale, interest and surcharges.

b. Property ,Plant and Equipment

Property plant and equipment are stated at historical cost less accumulated depreciation.

c. Depreciation, impairment and amortization of Property, plant and Equipment

Depreciation and amortization is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Per Annum	RATE
	%
-Buildings	2.5
-Motor Vehicles	25
-Computers and Photocopiers	30
-Pipes	2.5
-Equipments and Tools	12.5
-Computer softwares	20

Depreciation and amortization is provided for the full year irrespective of the month of purchase but no depreciation charged to works in progress and in the year of disposal.

Amortisation is provided for the intangible assets like computer software.

d. Reserves

Reserves of the company comprise revenue reserves which represents the excess of the income over recurrent expenditure.

Capital reserves represent net assets capitalized at the formation of the company and represent the book values of those assets.

The Water Act 2002 and the company's Articles of association prohibit distribution of reserves to members and reserves are supposed to be ploughed back to the system in accordance with the Water Act.

G.O.K capital grants relates to grants from Constituency Development Fund. The grants are treated as deferred income. Amortisation on these grants is calculated on reducing balance basis on cost over the life of the asset.

NOTES TO THE FINANCIAL STATEMENTS(continued)

e. Retirement benefits

The company and employees contribute to Local Authority Provident Fund (LAPF) a statutory pension scheme.CPF financial services & Barclays Securities services which is a National water conservation & pipeline corporation staff Superannuation Scheme.

The company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are by the requirements of local statute and are currently limited to KShs 200 per employee per month. The company's contributions to the above schemes are charged to profit or loss in the year to which they relate. Gratuity is provided for at 31% of basic salary.

f. Taxation

The company water services are zero rated for V.A.T and the company pays income tax at the rate of 30%.

g. Related party transactions

Funds received from the government are disclosed under note 14.The company is headed by the Board of directors and corporate management team. Gratuity expense on corporate management team is based on 31% of the basic salaries. At the end of financial year the related party transactions were as per note 23.

h. Inventory

The company recognizes inventory at the lower of cost and net realisable value.

i. Cash and Cash Equivalent

Cash and cash equivalents include cash on hand and cash at bank. Bank account balances include amount held at Equity bank, Family Bank, Cooperative Bank and Mpesa at the end of financial year.

j. Trade and other Payables

The liability for account payable and other payables are non-interest bearing and are carried at cost, which is measured at the fair or contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the company or not, less any payments made to suppliers.

k. Financial risk management

The board of directors is the primary risk supervisor, exercising its role through various board approved committees. The company's internal audit section plays a vital role within governance processes by keeping the Board and senior management aware of risk and control issues and assessing the effectiveness of risk management. Reporting to the Audit and risk management committee of the Board, the section objectively and independently evaluates the existing risk and control framework and analyses department's processes and associated controls.

l. Allowance for credit risk

At the end of financial year the trade debtors amounted to Kshs 52,383,196 million and the highest percentage was owed by the Government institutions and the default risk is assessed as low.

The company provides allowance for credit risk against outstanding specific water and sewerage debts. During the year specific provision was made amounting to Kshs 1,787,334 and a general provision of 10% net balance of Kshs 5,059,586 making a total provision of Kshs 6,846,920

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS(continued)

m. Liquidity risk management

The company has various obligations and liabilities as outlined in note 16 of the accounts. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flow.

	Less than 1 month	Between 1-2 months	Between 2-3 months	Over 3 months	Total
At 30 June 2017 Current liabilities(Kshs)	21,421,480	4,519,748	9,226,988	83,620,850	118,789,066
At 30 June 2016 Current liabilities(Kshs)	38,671,903	2,748,813	4,402,290	69,163,908	114,986,914

n. Market risk

The company had interest bearing financial obligation as at the end of financial year from Sidian bank and there was no significant currency risk as no foreign transaction ensued during the year.

o. Comparative figures

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

p. Significant judgments and sources of estimation

The directors are responsible for selecting and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liability within the next financial year are.

i. Taxation

Judgment is required in determining the tax liability due to the complexity of legislation. There are many transactions and calculations for which tax determination is uncertain during ordinary course of business. The company recognises tax liability for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from amounts that were initially anticipated, such difference will impact the income tax in the period in which such determination is made.

ii. useful lives and residual values of property plant and equipment

The company tests annually whether the useful life and residue value were appropriate and in accordance with its accounting policy. Useful lives and residual values of PPE have been determined based on previous experience and anticipated disposal values when asset are disposed.

q. Reporting currency

The company reports on Kenya shillings currency

r. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the

NOTES TO THE FINANCIAL STATEMENTS(continued)

s. Budget information

The budget for financial year 2016-2017 was approved by the board of directors on 13th June 2016. Both the financial statements and the budget are prepared on accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is presented in the statement of comparison of budget and actual amounts.

EXPLANATORY NOTES TO THE ACCOUNTS

1. GOK GRANTS

Accounting for Government grants

The amount of government grants comprises both capital and recurrent expenditure. The grants have been recognized and accounted for as per IAS N0.20.

<u>REVENUE GRANTS</u>	<u>2016/2017</u>	<u>2015/2016</u>
	<u>KSHs</u>	<u>KSHs</u>
AMOTIZATION-CAPITAL GRANTS	9,233,874	8,129,090
SALARIES PAID TO SECONDED STAFFS	4,947,398	6,327,578
WSTF UBSUP GRANTS	-	363,750
TOTALS	14,181,272	14,820,418

<u>2.BILLINGS</u>	<u>2016/2017</u>	<u>2015/2016</u>
	<u>(KSHs)</u>	<u>(KSHs)</u>
WATER	138,632,872	124,533,232
SEWERAGE	40,659,025	51,770,022
METER RENT	6,729,900	5,665,950
OTHER BILLINGS	7,350,639	3,902,291
RE- CONNECTION FEES	4,212,000	4,009,000
TOTALS	197,584,436	189,880,495

MURANG'A WATER AND SANITATION COMPANY LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS(continued)

3) OTHER INCOMES

<u>INCOME</u>		
WATER CONNECTION FEES	4,602,986	9,506,035
SEWER CONNECTION FEES	50,100	117,600
WATER SALES	202,717	1,000
INTEREST RECEIVED	-	1,133
SURCHARGES	7,878	-
TOTALS	4,863,681	9,625,768

4) INHERITED DEBTORS FROM MURANG'A SOUTH WATER COMPANY

	2016/2017 Kshs	2015/2016 Kshs
<u>ZONES</u>		
MARAGUA	1,917,937	-
GITHUGUYA	111,615	-
GIKOMORA	1,038,214	-
TOTALS	3,067,766	-

5) PERSONEL EMOLUMENTS

SALARIES	61,554,874	49,380,940
SALARIES (G.O.K GRANT)	4,947,398	6,327,578
LEAVE ALLOWANCES	1,670,970	1,303,516
NSSF COMPANY CONTRIBUTIONS	256,600	223,600
PENSION CONTRIBUTION	2,157,239	2,014,083
STAFF GRATUITY	2,505,297	2,264,455
CASUAL WAGES	1,091,575	1,823,766
MEDICAL INSURANCE	4,178,282	-

NOTES TO THE FINANCIAL STATEMENTS(continued)

	2016/2017	2015/2016
	Kshs	Kshs
6) ADMINISTRATION EXPENSES		
TRAINING	3,157,343	2,333,602
ADVERTISING	528,700	512,449
BOARDS,COMMITTEES,	3,232,380	3,372,772
MOTOR VEHICLE EXPENSES	10,298,285	7,164,071
CONSULTANCY/PROFESSIONAL FEES	2,276,719	2,152,958
SUNDRY AND DONATION EXPENSES	47,760	1,200,000
INSURANCES	4,791,396	4,637,477
MEMBERSHIP AND SUBSCRIPTIONS	472,942	268,710
COURIER & POSTAL SERVICES	137,416	135,476
COMMUNICATION AND INTERNET EXPENSES	2,287,284	1,979,921
LICENCES & PERMITS	200,000	-
CATERING SERVICES	785,543	712,686
CONTRACTED GUARDS SERVICES	1,452,759	1,179,758
TWSB ADMINISTRATION COST	16,292,814	15,450,829
WASREB LEVY	1,912,788	1,863,942
BANK SERVICE COMMISSION & CHARGES	112,922	482,271
LEGAL FEES	85,000	6,581,284
MEETING COSTS ,CONFERENCES & SEMINARS	1,226,635	1,311,484
TRAVEL COST	287,640	393,285
INCREASE(DECREASE)FOR CREDIT RISK	2,073,329	2,481,300
SUBSISTENCE ALLOWANCES	7,147,872	7,073,075
AUDIT FEES	889,396	892,982
PENALTIES	-	99,123
TOTAL	59,696,923	62,279,455
7) PRODUCTION & MAINTENANCE EXPENSES		
ELECTRICITY	2,840,434	2,101,395
OPERATING AND MAINTENANCE COST	18,881,368	19,530,160
CHEMICALS	2,450,536	3,676,548
WATER ABSTRACTION FEE-WARMA	518,174	489,437
TOTAL	24,690,512	25,797,540
8) GENERAL OFFICE EXPENSES		
STAFF UNIFORMS	1,697,440	815,959
GENERAL OFFICE SUPPLIES	5,506,035	5,222,449
NEWSPAPERS, MAGAZINES & PERIODICALS	112,680	116,760
TOTAL	7,316,155	6,155,168

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS(continued)

9) PROPERTY PLANT & EQUIPMENTS (KSHs)

COSTS	1)Buildings (KSHS)	2)pipes &fittings (KSHS)	3)EQUIPME NTS (KSHS)	4)motor vehicles & Cycles (KSHS)	5)computers &computer networking (KSHS)	6.Work In Progress (KSHS)	TOTALS (KSHS)
Cost as at 1st July 2015	29,675,950	29,609,806	133,631,805	5,496,201	4,542,480	10,428,230	213,384,472
Additions during the year	4,048,431	19,131,517	12,650,849	331,265	883,840	53,866,455	90,912,357
WIP Transferred To Equipment	-	-	45,970,705	-	-	(45,970,705)	-
TOTAL as at 30th JUNE 2016	33,724,381	48,741,323	192,253,359	5,827,466	5,426,320	18,323,980	304,296,829
Cost as at 1st July 2016	33,724,381	48,741,323	192,253,359	5,827,466	5,426,320	18,323,980	304,296,829
Additions during the year		13,078,667	21,512,411	550,000	1,201,414	7,152,325	43,494,817
WIP transferred to:							
Buildings(PSF)	4,069,797					(4,069,797)	-
Bottling plant	17,926,909		3,279,499		200,100	(21,406,508)	-
TOTAL as at 30th JUNE 2017	55,721,087	61,819,990	217,045,269	6,377,466	6,827,834	-	347,791,646
DEPRECIATION							
As at 1st July 2015	2,339,473	2,322,521	42,261,664	4,592,270	3,480,384	-	54,996,312
charge for the year June 2016	784,623	1,160,470	18,748,962	308,798	583,781	-	21,586,634
Acc Depreciation for Disposal			-				-
Accumulated depreciation As at 1st July 2016	3,124,096	3,482,991	61,010,626	4,901,068	4,064,165	-	76,582,946
charge for the year June 2017	1,314,925	1,458,425	19,504,330	369,099	829,101	-	23,475,880
Accumulated Depreciation on Disposal							-
Total accumulated depreciation	4,439,021	4,941,416	80,514,956	5,270,167	4,893,266	-	100,058,825
NET BOOK VALUE							
As at 30 th JUNE 2017	51,282,066	56,878,574	136,530,313	1,107,299	1,934,568	-	247,732,821
As at 30 th JUNE 2016	30,600,286	45,258,332	131,242,732	926,397	1,362,156	18,323,980	227,713,883

NOTES TO THE FINANCIAL STATEMENTS(continued)

10. INTANGIBLE ASSETS

COST:

Cost as at 1 st July 2016	-
Additions during the year	350,000
Total cost as at 30th June 2017	350,000

AMORTISATION:

As at 1 st July 2016	-
Charge for the year	70,000
Total accumulated depreciation as at 30th June 2017	70,000

NET BOOK VALUE:

As at 30th June 2017	280,000
As at 30th June 2016	-

11.)DISALLOWED V.A.T REFUND CLAIMS

	Kshs.	Kshs.
SEPTEMBER 2014-DECEMBER 2014	1,102,686	-
JANUARY 2015-MARCH 2015	1,764,936	-
MAY 2013-SEPTEMBER 2013	51,201	-
MAY 2012-DECEMBER 2012	51,781	-
JANUARY 2013-APRIL 2013	109,263	-
JANUARY 2011-APRIL 2012	1,097,853	-
TOTAL	4,177,720	-

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS(continued)

**12) STATEMENT OF COMPREHENSIVE INCOME FOR FORT BERERAGE
INDUSTRIES COMPANY LTD AS AT 30TH JUNE 2017**

INCOME

SALE OF BOTTLED WATER 220,510

EXPENSES

ADVERTISING	82,215	-
BANK CHARGES	2,450	-
CATERING SERVICES	11,269	-
GENERAL OFFICE EXPENSES	162,245	-
MARKETING AND PROMOTION	26,140	-
CONSULTANCY/PROFESSIONAL	1,255,214	-
SUBSISTENCE ALLOWANCES	13,800	-
MAINTENANCE OF BUILDING	16,150	-
PRODUCTION EXPENSES	924,925	-
TOTAL EXPENSES	2,494,408	-
LOSS FROM OPERATING ACTIVITIES	(2,273,898)	-

13) RECEIVABLES

Trade Receivables	51,628,211	38,208,045
Less allowance for credit risk	(6,771,421)	(4,698,092)
TOTAL TRADE RECEIVABLES	44,856,790	33,509,953
Other receivables	19,464,066	25,983,262
Prepayment and deposits	3,420,105	1,835,242
NET BOOK VALUE	67,740,961	61,328,457

NOTES TO THE FINANCIAL STATEMENTS(continued)

14) CASH & CASH EQUIVALENT

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

Financial institution	Account number	2016/2017 Kshs.	2015/2016 Kshs.
a) Current accounts			
Equity bank	0220290765689	585,897	650,344
Family bank	06000015543	52,606	1,167,001
Cooperative bank	01141573530000	25,290	41,240
Sidian bank	01012020003971	-35,380	-28,907
Equity bank-Fort Beverage	0220272638432	147,660	-
Sub- total		776,073	1,829,678
b) Deposit account			
Equity bank	0220192975587	911,010	502,211
Sub- total		911,010	502,211
c) Projects accounts			
UBSUP project	0220264133454	1,889,121	153,313
Equity bank-WSTF PSF project		-	420,349
Sub- total		1,889,121	573,662
Others			
d) M-PESA	898600	93,228	188414
e) M-PESA-Fort Beverage	795410	70,400	0
f) Cash at hand –WSTF projects		40,090	17,340
g) Cash at hand		384,542	225,786
Sub- total		588,260	431,540
GRAND TOTAL		4,164,464	3,337,091

15) INVENTORY

Tools and Fittings	1,602,084	2,021,647
Chemicals	862,401	215,870
Pipes	2,387,106	2,059,718
Water Meters and Valves	1,663,350	1,917,850
Stationery and cleaning materials	418,480	378,353
TOTAL	6,933,421	6,593,438

16) CAPITAL RESERVES

Brought forward	33,275,181	33,275,181
Carried forward	33,275,181	33,275,181

MURANG'A WATER AND SANITATION COMPANY LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2016/2017	2015/2016
	Kshs	kshs
<u>17) G.O.K CAPITAL GRANT</u>		
Brought Forward	82,792,232	77,020,606
Amortization on capital grants	(9,233,875)	(8,129,090)
CDF Projects	-	990,000
Murang'a County Government	4,912,000	1,200,000
WSTF-Kiriaini bus park psf	-	4,071,297
WSTF-Kiriaini bus park psf(refund)	(1,500)	-
WSTF-Muchungucha water project	14,886,004	7,554,419
WSTF-UBSUP PROJECT	-	85,000
TOTALS	93,354,861	82,792,232

18) REVENUE RESERVES

Brought forward	51,485,493	16,315,547
Current period	19,633,832	35,169,946
Carried forward	71,119,325	51,485,493

19) TRADE AND OTHER PAYABLES

Customers Prepayments	1,427,107	1,488,598
Suppliers creditors	26,188,559	16,857,974
Other creditors	3,864,036	2,731,197
Provision for audit fees	1,550,000	1,912,500
Accrued bills	53,041,302	39,270,543
Customer deposits	16,975,176	12,913,120
Gratuity payable	758,982	739,125
Withholding tax-V.A.T	412,527	-
Withholding TAX-Income tax	38,883	-
W.S.T.F funds-UBSUP project	1,929,211	1,642,263

NOTES TO THE FINANCIAL STATEMENTS(continued)

20. INTEREST AND LOAN PAYABLE

During the year, the company had an outstanding interest bearing financial obligation from Sidian bank for Muchungucha water project .The total interest for the loan was capitalized under water network in the previous financial year 2015/2016.

	<u>2016/2017</u>	<u>2015/2016</u>
	KSHs	KSHs
Interest payable b/f	8,740,745	-
Interest additions in the year	-	11,284,814
Interest paid during the year	(5,744,862)	(2,544,069)
Interest payable c/f	2,995,883	8,740,745
Interest payable within 1 yr	1,560,362	3,560,375
Interest payable after 1 yr	1,435,521	5,180,370
Total Interest payable c/f	2,995,883	8,740,745
Loan principal payable b/f	28,574,846	-
Loan principal additions in the year	-	36,129,265
Loan principal paid by Muwasco	(1,688,842)	-
Loan principal paid by WSTF subsidy	(14,886,004)	(7,554,419)
Loan principal payable c/f	12,000,000	28,574,846
Loan principal payable within one yr	3,122,287	17,306,864
Loan principal payable after 1 yr	8,877,713	11,267,982
Loan principal payable c/f	12,000,000	28,574,846
<u>21. TAX PAYABLE</u>		
Tax Payable Balance B/F	12,616,459	12,616,459
Charge for the year	-	-
Payment during the year (.V.A.T. receivable offset)	(10,106,419)	-
Tax payable	2,510,040	12,616,459

MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS(continued)

22. CONTINGENT LIABILITY

During the year the company had a pending case in court on adjustment of tariffs where the company was charged with Ksh 5,410,594 of which it appealed to high court.

23. RELATED PARTY

TRANSACTIONS

	<u>2016/2017</u>	<u>2015/2016</u>
	KSHs	KSHs
B.O.D expenses	3,332,380	3,372,772
management salaries and leave allowances	10,431,344	8,953,417
Management gratuity expenses	2,505,297	2,264,455
TOTALS	16,269,021	14,590,644

24. CORPORATION TAX

During the year 2013/2014 the company was assessed for tax by KRA for the period 2007 to 2011 and charged for a principal tax of sh 15,374,415. Penalties and interest on the same of Ksh 17,190,544 were also charged. The company is pursuing waiver of interest and penalty from KRA. During the financial year 2016-2017 KRA allowed V.A.T claims of ksh.4,177,720 Which was used to set off corporation tax arrears.

25. CAPITAL COMMITMENTS

The following capital commitments are expected to be incurred in the year 2017/2018.

<u>NO</u>	<u>DETAILS</u>	<u>Kshs</u>
1	Meters and accessories	8,581,000
2	Water network	164,958,000
3	Sewerage network	2,110,000
4	Computer and computer networking	2,375,000
5	Furniture and office equipments	1,000,000
6	Motor cycles	800,000
7	Non Revenue management and GIS Equipments	10,000,000
	TOTAL	189,824,000

XVIII. PROGRESS ON FOLLOWUP OF AUDITORS RECOMMENDATIONS

<u>NO</u>	<u>Issue raised by the auditor</u>	<u>Observation from Auditor</u>	<u>Current status</u>
1	Sustainability of services	The negative working capital	The company will be able to settle the outstanding debts as the new projects are now complete.
2	Unaccounted For Water - 38 %	The significant level of UFW may affect the profitability and long term sustainability	The UFW has decreased from 38 % to 30 %. The management has made several steps which include pilot zone and sourcing funds to rehabilitate the old infrastructure so as to decrease it further.
3	Spending of customer Deposits	Validity and accuracy of customer deposits not Confirmed	The spending of customer deposits has helped the company do investments in water bottling and extend water services to more customers thus increased revenue.

**MURANG'A WATER AND SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2017**

XIX. APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1.Kiriaini stage public sanitation facility	07S/TWSB/MU RANGA/MURAN GA/45	WSTF	OCTOBER 2015 TO FEB 2017	100 %	YES
2. Upscaling basic sanitation for urban poor(UBSUP)	01HS/TWSB/MU RANGA/MURAN GA/31	WSTF	MAY 2015 TO DEC 2017	100%	YES

STATUS OF PROJECTS COMPLETION

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kiriaini stage public sanitation facility	4,069,797	4,069,797	100 %	4,071,297	4,069,797	WSTF
2	Upscaling basic sanitation for urban poor(UBSUP)	12,112,813	11,895,773	84 %	12,112,813	9,966,562	WSTF

XX. APPENDIX 2: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from Muranga county government			
FY 16/17			
a. Recurrent Grants			
		<u>Amount (KShs)</u>	
	Salaries to seconded staffs	4,947,398	FY 2016/2017
	Total	4,947,398	
b. Development Grants			
	UPVC PIPES,160mm	4,912,000	FY 2016/2017
	Total	4,912,000	