

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

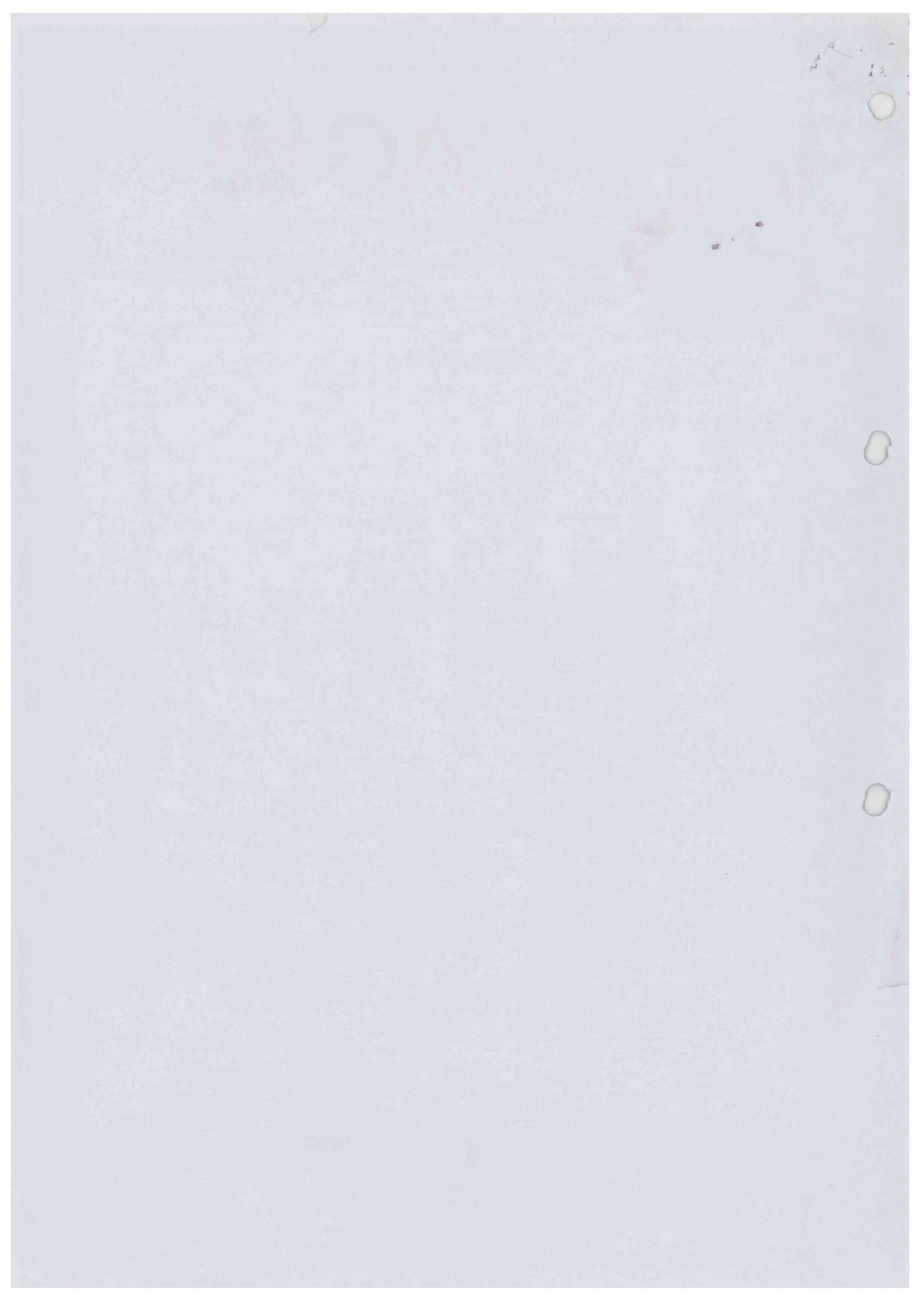
**OF**

**THE AUDITOR-GENERAL**

**ON**

**FORT BEVERAGE INDUSTRIES COMPANY  
LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2024**





**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**

**ANNUAL REPORT & FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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



**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

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**1. Acronyms and Glossary of Terms.**

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
FBIL	Fort Beverage Industries Limited
MUWASCO	Murang'a Water and Sanitation Company
CPS	Certified Public Secretary
KNUT	Kenya National Union of Teachers
CECM	Count Executive Committee Member
NGO	Non-governmental Organization
NCWK	National Council of Women of Kenya
CPA(K)	Certified Public Accountant Kenya
BSC	Bachelor of Science
M&E	Monitoring and Evaluation
CEO	Chief Executive Officer
EBK	Engineers Board of Kenya
AGM	Annual General Meeting
IEK	Institution of Engineers of Kenya
OSHA	Occupational Safety Health Act
ENG	Engineer
DR	Doctor
FOTAPI	Friends For The Abused People International
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
KSG	Kenya School of Government
KIM	Kenya Institute of Management
WASREB	Water Services Regulatory Board
RT. REV	Right Reverend
PROF	Professor

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
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**2. Key Entity Information**

**Background Information**

The company was incorporated on 28<sup>th</sup> December 2016 under the Companies' Act 2015. It is a public company wholly owned by Murang'a Water and Sanitation Company and it is limited by shares. These shares are allotted to the natural person and held in trust for the holding company. The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. The company started its independent operations in July 2017.

**Principal Activity**

The company produces and sells bottled water.

**The Board of Directors**

<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>
RT.REV.DR. T. Gichere	Chairman	Appointed on August 2023
Eng. D. Ng'ang'a	Managing Director	Appointed on August 2023
Susan W. Karina	Member	Appointed on August 2023
Eston G. Kaiyego	Member	Appointed on August 2023
Rosaline N. Kamina	Member	Appointed on August 2023
Robert W. Macharia	Member	Appointed on August 2023
Lucy N. Mugure	Member	Appointed on August 2023
Joyce K. Wachira	Member	Appointed on August 2023
M. Magochi	Member	Appointed on August 2023
Prof. J. Kiarie	Member	Appointed on August 2023
B. Gicheha	Member	Appointed on August 2023
Charles Njenga	Company Secretary	Appointed on August 2023

**Corporate Secretary**

Mr. Charles Njenga  
P.O BOX 52-10200  
Murang'a, KENYA

**Registered Office**

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

**Company Contacts**

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

**Corporate Bankers**

Equity Bank Ltd.  
P. O. BOX 1060 - 10200,  
Murang'a Branch

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**Independent Auditors**

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

**Principal Legal Advisers**

The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**3. The Board of Directors**

 <p>RT.REV.DR.TIMOTHY I. GICHERE</p>	<p>Rt. Rev. Dr. Timothy Irungu Gichere is the current Diocesan Bishop – ACK Diocese of Mt. Kenya Central. He has been a clergy within the Diocese for 28 years and 6 years as a Bishop.</p> <p>A director of Uzima publishing house (ACK Owned) and current chairman Murang’a Water Sanitation Company (MUWASCO). He holds a honorary doctorate degree in Divinity from ACCIU (US), he has a masters in Pastoral Studies AIU formerly Negst (Kenya), a postgraduate diploma in Pastoral work (AIU), a diploma in youth leadership (Mindolo Zambia), a diploma in theology from St. Paul’s University.</p>
 <p>ENG.DANIEL NG’ANG’A</p>	<p>Eng. Daniel Ng’ang’a is the emeritus Chairman of The Water Service Providers Association of Kenya (WASPA), Chairman Molo Technical and Vocational College and the Managing Director of Murang’a Water and Sanitation Company Limited. He has more than Fifteen (15) years’ experience in the Design, Development and Management of water and sanitation utilities in major towns in Kenya.</p> <p>He holds a Bachelor of Science degree in Civil Engineering from JKUAT, Registered by EBK and an active corporate member of IEK. He has a Master’s in Public Policy and Administration (MPPA), Masters in Business Administration (MBA) and a Post Graduate Diploma in Community Development from ABMA (UK).</p>
 <p>SUSAN P.W.KARINA</p>	<p>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.</p> <p>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 Technical committee</p>
 <p>ESTON G. KAIYEGO</p>	<p>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.</p> <p>He has attained certificates in food production, evangelism &amp; discipleship and computer packages. He is a member of Finance and administration committee.</p>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
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 <p>Rosaline N. Kamina</p>	<p>She was born in 1962. She was appointed to the board on 4<sup>th</sup> March 2022 and represents women organizations. She holds a Master's degree in Education from Kenyatta University, Diploma in Special Education and Diploma in Strengthening Policy Dialogue among other numerous certificates in various fields. She has vast experience in teaching in Special needs Education and community and women empowerment programs. She is currently a Senior Executive Officer at KNUT Headquarters and has previously held various positions in the Kenya National Union of Teachers (KNUT). She is an independent member and a member of Audit and Risk Management committee of MUWASCO Board.</p>
 <p>Robert K.W. Macharia</p>	<p>CS Robert Macharia is a businessman in the hospitality and sports industry. He is the Founder and President of Murang'a Seal Sports Academy.</p> <p>He is an advocate of the High Court of Kenya of more than 22 years standing, a Certified Public Secretary and an Accredited Corporate Governance Auditor.</p> <p>He is a member in good standing of the Law Society of Kenya (LSK) and Institute of Certified Public Secretaries of Kenya (ICS).</p> <p>CS Robert Macharia holds of Bachelor of Laws (LLB) degree from the University of Nairobi</p> <p>He represents the business community in the Board of Murang'a Water and Sanitation Company Ltd. He is a member of technical committee.</p>
 <p>Lucy N. Mugure</p>	<p>Lucy Njoki Mugure is a seasoned professional with over a decade of distinguished leadership experience. Currently serving as a Board of Director at Murang'a Water and Sanitation Company Limited, she brings a wealth of knowledge and expertise, holding a Master's degree in Organizational Development and a Bachelor's degree in Business Administration. Her career is defined by a strong commitment to effective governance and strategic planning, which consistently fosters the success and growth of organizations, with a particular focus on water-related initiatives. She a member of Audit and Risk Management committee</p>
 <p>Joyce K. Wachira</p>	<p>Joyce K.wachira is a registered community health nurse and a member of national nurses association of Kenya. She hold a diploma in community health nursing and has over ten year working experience in medical field.</p> <p>She is a national trainer on community case management with over ten year experience in that field, she is also an astute business woman running various businesses in various town. She is a member of Finance and administration committee.</p>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
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 <p>B. Gicheha</p>	<p>She is the current Murang'a Municipal Manager, Murang'a County Government. She holds bachelor of Education-Arts from Egerton University. She have undertaken quite a number of short term trainings locally in KSG,KIM and internationally in Malaysia and Ethiopia. Currently pursuing Masters of Arts in public policy and administration from Kenyatta University. She has over 13 years of work experience, 5 as a banker with Co-operative bank and 8 as a Sub county Administrator with Muranga County government. She a member of Audit and Risk Management committee</p>
 <p>M. Magochi</p>	<p>She is the CECM in charge of Water, irrigation and environment and natural resources ,Muranga County Government . She holds a Bachelor of Science degree in Biosystems Engineering from the University of Nairobi and registered by both EBK and IEK. She has extensive experience in consulting and business development. She is a member of Technical committee</p>
 <p>Prof. J. Kiarie</p>	<p>He is the CEC Finance, IT and Economic Planning Murang'a County Government. Fellow of the Institute Certified Secretaries (ICS), and the immediate former dean of the University of Nairobi's School of Law, where he is a professor of corporate law. He is a certified governance auditor, who has published widely in the area of corporate governance and corporate law and has served on the boards of the Transport Licensing Appeals Board and National Council for Law Reporting. Previously, he has worked as the Vice Chancellor of Riara University.He has served as a consultant on corporate governance for a variety of local and international organizations.He has served as the Chairman of the Murang'a County Initiative (MCI) Steering Committee Towards the realization of goals and development objectives. He is a member of Finance and administration committee.</p>
 <p>Charles Njenga</p>	<p>Charles Njenga is the company's secretary.An advocate of the High Court of Kenya and also a practicing Company Secretary duly registered by the Institute of Public Secretaries'. Holds a Bachelors of Laws degree from the University of Nairobi and a Masters of Laws from ISDE University, Madrid, Spain. He is the legal advisor to the Governor, Muranga County and also a company secretary to various companies including Prime Fuels Ltd and Inter consumer Products Ltd. He is the chairman of the FKF,IDAC committee and also the Chairman of the Egerton University Staff Pension Fund. He is a compliance and governance specialist and has also excelled in the area of litigation and alternative dispute resolution mechanisms within the judicial system.</p>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
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**4. Key Management Team**

The Company's senior management team is as follows:

1.	 ENG. D. NGA'NG'A	BSC Civil Engineering, Emba, Dip. Community Development, Master of Public Policy and Administration.	Managing Director
2.	 CPA. J. MAINA	CPA(K), B.COM, Master of Public Policy and Administration.	Commercial Manager
3.	 ENG.P.KARENJU	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	Acting General Manager/Head Of Corporate Affairs
6.	 P. MWANGI	Diploma In Environmental Technology,Certificate In M&E	Head Of Human Resources & Administration
7.	 L. MAINA	B.Sc. (Hrm) ,Diploma Business Management(Hrm)	Head Of Monitoring And Evaluation

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**5. Chairman's Statement**

Fort Beverage Industries Limited (FBIL) remains as successful model project by Kenyan public utilities in their quest to stabilize and improve their revenue generation, expand their operations and improve their corporate governance”

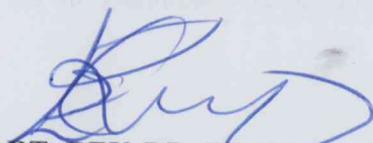
It's my pleasure to present to you our annual reports and financial statements for Fort Beverage Industries Company Ltd for the year ended 30<sup>th</sup> June 2024.

FBIL, a subsidiary company of Murang'a Water & Sanitation Company Limited (MUWASCO) was registered on 28<sup>th</sup> day of December 2016 under the Company's Act, 2015 of the laws of Kenya to manufacture beverages in form of soft drinks and bottled water. With her main goal to expand revenue collection and expand MUWASCO's pro-poor policy, the company's operations have always remained distinct with clearly set goal and operations.

From the previously recorded annual sales of Ksh 20,526,504 for the financial year 2022/2023, the company has recorded an annual sales of Ksh 20,175,918 a decline of Ksh 350,586.

In this financial year, the company intends to implement one of its long standing long term plans of automating its bottling plant through a two-year phase. In completion, automation is expected to improve productivity, efficiency and cost saving that will lead to more profitability enabling the company to efficiently compete with other bottling companies.

We are focused in establishing a stable corporate image and good governance practices that will in the long run be self-sustaining, independent and profitable. I would like to thank all our stakeholders and customers for their continued support and confidence in us. Also special thanks to all Fort Beverage Industries Limited employees for their unending hard work and dedication.



**RT. REV. DR. TIMOTHY GICHERE**

**CHAIRMAN**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**6. Report Of the Managing Director**

It is my honour to release our annual report and financial statements for the year ending 30<sup>th</sup> June 2024. During the year, the company continued to make improvements in the bottled water business.

The company was formed by Murang'a Water & Sanitation Company Limited as its subsidiary to diversify the revenue base and reduce the over-reliance on water and sewerage tariffs.

**Operations**

The 2023-2024 financial year has been a success with the company making huge strides and notable improvements from the previous financial years. Unlike the financial year 2021-2022 where the company was affected by the aftermath of Covid 19 pandemic and the general elections, am happy to report that this year we have been operating optimally. With more improved production facilities and more staff, we have been able to constantly improve on production of bottled water.

With better established corporate and social governance, I believe this company will get better in handling challenges that emanate from the kind of business we are engaging in. Over the past one year, we have constantly worked to integrate corporate responsibility and sustainability across every aspect of our business. We have also continued to engage in sustainable business management practices that recognize that we have to fully maximize the limited resources that are at our disposal to remain in business. Our sustainability initiatives focuses on three key areas; promoting health, minimizing negative environmental impact and benefitting the local community in our area of jurisdiction.

**Future Plans**

In a bid to reduce operational costs and improve efficiency, we have established a long-term goal of automating our production unit. Automation will mean increased productivity, low wastage of raw materials and improved quality resulting in better profit margins.

Am also happy to report that we are at the advanced stages of establishing a fighter brand that will offer our customers more options to cater for their needs.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

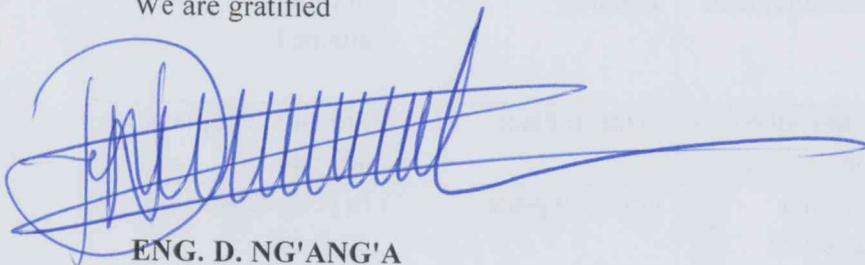
**Report Of the Managing Director (Continued)**

**Tribute**

On behalf of the Board, I would like to appreciate and recognize my fellow directors, all our business partners, and all stakeholders for the support they have offered during this year.

I also thank the management and all employees of Fort beverage industries for their tremendous efforts, enthusiasm and commitment to delivering results in what continues to be a very unpredictable environment.

We are gratified

A handwritten signature in blue ink, consisting of a large, stylized initial 'D' followed by a series of vertical strokes and a long horizontal flourish extending to the right.

**ENG. D. NG'ANG'A**

**MANAGING DIRECTOR**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
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**7. Statement Of Performance Against Predetermined Objectives For  
 Financial Year 2023/2024**

Fort Beverage Industries Company has strategic pillars and objectives within its strategic plan for the financial year 2020/2021 to 2024/2025.

Fort Beverage Industries Company develops its annual work plans based on the strategic plan. Assessment of the Boards performance against its annual work plan is done on a quarterly basis. The company has achieved its performance targets set for the financial year 2023/2024 period for its strategic pillars, as indicated in the diagram below.

Strategic pillar	Objective	Key Performance Indicators	Achievements
Strategy 1:	Bottle Wrapping and Capping Machine	Wrapping machine in place	In progress
Strategy 2:	OSHA Requirements	Training	In progress-90% attained
Strategy 3:	Prepare and adhere to procurement plans	Plans in Place	Procurement plans adhered to
Strategy 4:	Formulate and implement debt collecting policy	Policy in place	In progress-80% attained
Strategy 5:	Monitor customer issues	Customer management	Customer management improved
Strategy 6:	Marketing vans and trucks	Vans TUK TUK and trucks	In progress
Strategy 7:	Mould Blower machine	Machine in place	In progress
Strategy 8:	Commercial Printer	Printer in place	Not yet in place
Strategy 9:	Automatic Water Filling Machines/ Develop and implement automation policy	Automation process in place	Not yet in place

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
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**8. 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 2016 provisions. WASREB conducts governance audit to ensure good corporate governance.

**Board of Directors**

The composition of the Board is compliant with good corporate governance practices and WASREB regulations. The roles 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 chair of the Board. The current Board is composed of Managing Director and ten 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 and exigencies of company operations. The following are the number of Board meetings held:

<b>TYPE OF MEETING</b>	<b>NO.</b>
Full Board Meeting	7
Finance and Admin Committee Meeting	2
Audit Committee Meeting	2
Technical committee	2
<b>Total</b>	<b>13</b>

**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 internal auditor serves as the secretary 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 safeguarded. 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.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Corporate Governance Statement(Continued)**

**Finance and administration committee**

The committee comprises of three non executive. 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 actions 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.

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. 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.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Corporate Governance Statement(Continued)**

**Attendance of board meetings**

date	meeting	P.K MUNGA	DR. TIMOTHY GICHERE	LUCY NJOKI	ROBERT MACHARIA	CHARLES NJENGA	JOYCE WACHIRA	H.M.MWITHIGA	ESTON GATIMA	SUSAN PERIS KARINA	MONICA W GICHOMO	JANE KAMWAGA	ROSALINE KAMINA	CEC WATER	CEC FINANCE	B. GICHEHA
7/25/2023	full board	✓						✓	✓	✓	✓	✓	✓	✓	✓	
10/13/2023	full board		✓	✓	✓		✓		✓	✓			✓	✓	✓	
10/31/2023	full board		✓	✓					✓	✓			✓	✓	✓	
11/14/2023	corporate governance		✓	✓		✓	✓		✓	✓			✓	✓		✓
12/21/2023	full board		✓	✓		✓	✓		✓	✓			✓	✓	✓	✓
1/22/2024	audit committee			✓									✓			✓
1/22/2024	finance and admin committee						✓		✓						✓	
1/22/2024	technical committee				✓					✓				✓		
1/25/2024	full board		✓	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓
3/11/2024	full board			✓	✓	✓	✓		✓	✓			✓	✓	✓	✓
4/19/2024	audit committee			✓									✓			✓
4/19/2024	technical committee				✓					✓				✓		
4/19/2024	finance and admin committee						✓		✓						✓	
4/25/2024	FULL BOARD		✓	✓	✓	✓	✓		✓	✓			✓	✓	✓	✓

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Corporate Governance Statement (Continued)**

**Process of appointment and removal of directors**

A third of directors retire on rotation every year. Election of directors starts with advertisement in the media, their applications are considered by stakeholder's selection committee and this committee does a recommendation to the stakeholders. The recommendations are taken to the Annual General Meeting. The stakeholders at the AGM are at liberty to agree with the recommendations, amend or to disagree with the recommendations.

**Induction and training**

After every Annual General Meeting, the directors undergo an induction and training.

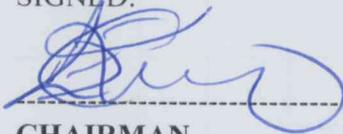
**Ethics and conduct of directors**

To show commitment of proper utilization and management of public resources and proper running of corporation's affairs, Murang'a Water and Sanitation Company has developed a code of ethics to be signed by all board members. The code of ethics provides guidance and direction in the manner in which members of the board of directors are expected to conduct themselves when handling matters relating to the company. This code is guided by the company's strategic plan.

**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:



CHAIRMAN



MANAGING DIRECTOR

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**10. Environmental and Sustainability Reporting**

Fort Beverage Industries Limited is a subsidiary company of a government water utility - **Murang'a Water and Sanitation Company Limited** that was registered in 28<sup>th</sup> day of December 2016, under the Companies Act, 2015 of the laws of Kenya to manufacture beverages in the form of soft drinks and also to process and bottle water. Our bottled mineral water is processed and packaged at Kiharu adjacent to the Murang'a University of Technology, in the most clean environment to avoid contamination and thereby presenting the customers with mineral water with the highest standard of quality. We are bottling and supplying to supermarkets and retail outlets at subsidised rates to enhance corporate citizenship.

**i) Sustainability strategy and profile -**

FBIL has continued to operate within set regulatory framework while executing her mandate. Through strategic planning and time-to-time reviews, we have continued to identify and address risks and opportunities; an exercise that has gradually improved our performance nationally. Our Strategic Plan has been guided to intervene in environmental, climate and conservation guidelines.

**ii) Environmental performance**

Over the years, our environmental conservation programs have remained core towards achieving 10% forest cover, as President William Ruto directed. Indeed, we partnered with our parent organization Murang'a Water and Sanitation Company Limited and the Ministry of Education where we engaged primary and secondary schools in our initiative Muwasco Mazingira Bora program where we planted over 80,000 tees in schools. We are working closely with the school heads in order to ensure that the seedlings are nurtured to growth. This program we believe will prepare young environmentalists who will ensure a we secure a climate-friendly tomorrow.

**iii) Employee welfare**

The company has a human resource policy and manual, which guides hiring, processes. The company also has a collective bargaining agreement which has welfare terms.

To improve skills, the company sets a budget for training every year and pays the training fees for the training that arises. The departmental heads and section heads appraise the staff quarterly and the appraisals are used to reward the staff.

**iv) Market place practices-**

**a ) Responsible competition practice.**

The organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

**b ) Responsible Supply chain and supplier relations**

Developing a strong relationship with suppliers helps ensure that suppliers of essential supplies and contracts are fair and that business conducted together is mutually beneficial. We have supplier strategy, supply chain policy and code of conduct that set out the standards we expect from suppliers' business ethics, human rights and environmental management. The company always obtains value for money spent on procurement by ensuring that only those items needed are bought; that these items are of good quality and stored appropriately to preserve their quality.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**9. Management Discussion and Analysis**

**SECTION A**

<b>The entity's operational and financial performance</b>			
<b>No.</b>	<b>ITEM</b>	<b>2022/2023</b>	<b>2023/2024</b>
1	Total Billings (Kshs in Millions)	20.5 M	20.2 M
2	Operating Exp (Kshs in Millions)	20.6 M	19.8 M

**SECTION B**

<b>Entity's compliance with statutory requirements</b>
Fort Beverage Industries company complies with various statutory requirements and the 1 <sup>st</sup> AGM was held on Friday the 9 <sup>th</sup> June 2023.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Environmental and Sustainability Reporting (Continued)**

**c) Responsible marketing and advertisement**

Our commitment to regulations, directives and laws on marketing and advertisement practices has been harnessed to the letter. Indeed, we continue placing advertisements and marketing information on the government-accredited newspaper "MY GOV" as directed in a memo from the Department of Civil Service in 2017. All information forwarded for such purposes is usually thoroughly screened to meet the required standard.

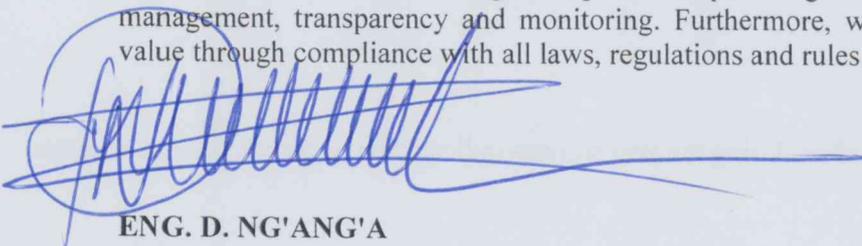
**d) Product stewardship**

We have continually updated our consumer rights and interests by getting and analysing consumer feedback received through various forums and channels of engagement. As a best practice, we must carry out a customer satisfaction survey annually to assess our performance and identify gaps and interests. We are privy to laws on water rights, the Bill of Rights, the Consumer Protection Act and other laws guiding consumer protection and engagement.

**Corporate Social Responsibility / Community Engagements**

We have contributed to society matters by donating bottled water to charity events and participating to events geared towards community empowerment. Indeed we joined a 25 Kilometres Charity walk organised by the Anglican Churches of Kenya Mt Kenya Central Diocese led by Rt Rev Timothy Gichere Bishop of Mt Kenya Central.

We relish to continue strengthening our corporate governance structure in order to enhance management, transparency and monitoring. Furthermore, we will strive to increase our corporate value through compliance with all laws, regulations and rules governing our corporate activities.



**ENG. D. NG'ANG'A**

**MANAGING DIRECTOR**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**11. Report Of the Directors**

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The Board of Directors has the pleasure in submitting their annual Report and Financial Statements for the period ended 30 June 2024

**(i) Principal Activity**

The company produces and sells bottled water.

**(ii) Results**

The results of the company for the year ended June 30 2024 indicate a profit of **Kshs 404,174** as set out on page one of the accounts.

**(iii) Dividends**

Water Act section 131 (1) (3) restrict payment of dividends or other payments to owner of public water services providers as long as the universal rights of access to safe and clean water have not been achieved. This is also in line with the WASREB corporate governance guideline 2024 section 3.3.4 which requires that the profit be re-ploughed back. Consequently no dividend were proposed or paid during the year.

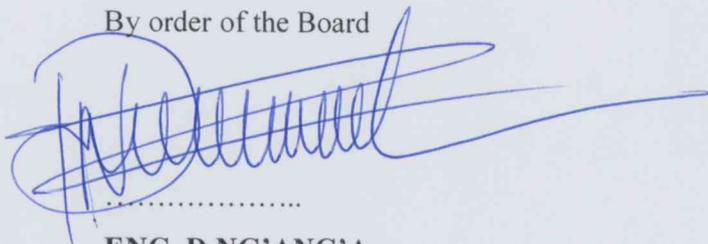
**(iv) Directors**

The board members who held office during the year were as indicated on pages vii, viii and ix of the accounts.

**(v) Auditors**

The auditor general is responsible for the statutory audit of the company's financial statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By order of the Board



.....  
**ENG. D.NG'ANG'A**

**Secretary to the Board**

**19/08/2024**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**12. Statement of Directors' Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and Companies Act 2015 require the Directors to prepare financial statements in respect of that 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. 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 the Company.

The Directors are responsible for the preparation and presentation of the 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, 2024. 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 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, 2012, water act 2016 and companies Act 2015)

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, 2024, 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 financial statements as well as the adequacy of the systems of internal financial control.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Statement of Directors' Responsibilities (Continued)**

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern

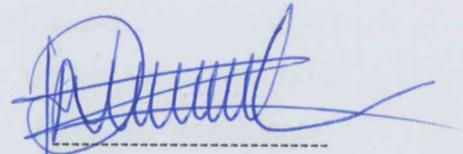
**Approval of the financial statements**

The company financial statements were approved by the Board on 19<sup>th</sup> August 2024 and signed on its behalf by:

SIGNED: \_\_\_\_\_



**RT. REV. DR. T. Gichere**  
**Chairperson of the Board**



**ENG. D. NG'ANG'A**  
**Managing Director**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON FORT BEVERAGE INDUSTRIES COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such Companies are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Fort Beverage Industries Company Limited set out on pages 1 to 18, which comprise the statement of financial

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Report of the Auditor-General on Fort Beverage Industries Company Limited for the year ended 30 June, 2024

position as at 30 June, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of Fort Beverage Industries Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012, Water Act, 2016 and the Companies Act, 2015.

### **Basis for Qualified Opinion**

#### **1. Unsupported Expenditure – Purchase of Motor Vehicle Tyres**

The statement of profit or loss & other comprehensive income and as disclosed in Note 9 to the financial statements reflects Kshs.9,656,248 in respect to production and maintenance expenses which includes Kshs.868,816 in respect to motor vehicles which further includes an amount of Kshs.171,680 for the purchase of motor vehicle tyres. However, Management did not provide relevant documents including advertisement, tender opening and evaluation minutes, award and acceptance letters, invoice, delivery note and inspection and acceptance committee reports for audit verification.

In the circumstances, the validity, accuracy and completeness of production and maintenance expenditure amount of Kshs.171,680 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Fort Beverage Industries Company Limited Management in accordance with ISSAI 130 on the 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget & actual Amounts reflect total final revenue budget and actual on comparable basis of Kshs.22,843,319 and Kshs.20,175,918 respectively, resulting to a budgetary shortfall of Kshs.2,667,401 or 12% of the budget. Similarly, the Company spent Kshs.19,202,876 out of the approved expenditure budget of Kshs.23,071,855 resulting in an under-utilization of Kshs.3,868,979 or 16%.

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Report of the Auditor-General on Fort Beverage Industries Company Limited for the year ended 30 June, 2024

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2024.

In the circumstances, the audit issues remained unresolved.

### **Other Information**

The Management is responsible for the Other Information set out on page to iii to xxi which comprise of Key Entity Information and Board of Directors, Chairman's Statement Report of the Managing Director, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of the Directors' Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact.

Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements

My Opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Non-Adherence to the Law on Staff Ethnic Diversity

During the year under review, the company had five (5) staff members who were all from one dominant ethnic community. This is contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008.

In the circumstances, Management was in breach of the law

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Company 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 , so far as appears from the examination of those records; and,

The financial statements are in agreement with the accounting records and and returns

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**1. Statement of Profit or Loss & Other Comprehensive Income For The Year Ended 30 June, 2024**

	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	6	20,175,918	20,526,504
<b>Total Revenue</b>		<b>20,175,918</b>	<b>20,526,504</b>
<b>Expenses</b>			
Staff Costs	7	2,416,293	2,513,949
General And Operations Expenses	8	7,130,335	264,758
Production and maintenance expenses	9	9,656,248	9,892,352
Depreciation and amortization	10 & 11	568,868	613,208
Administration expenses	12	-	7,287,762
<b>Total Expenses</b>		<b>19,771,744</b>	<b>20,572,029</b>
<b>Profit/(Loss) Before Taxation</b>		<b>404,174</b>	<b>(45,525)</b>



**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**2. Statement of Financial Position As at 30 June, 2024**

	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and Equipment	10	15,813,848	16,370,330
Intangible assets	11	49,537	61,922
<b>Total Non-Current Asset</b>		<b>15,863,385</b>	<b>16,432,252</b>
<b>Current Asset</b>			
Inventory	13	1,032,111	1,115,538
Receivables	14	2,782,185	3,237,055
Bank And Cash Balances	15	725,704	731,146
<b>Total Current Assets</b>		<b>4,540,000</b>	<b>5,083,739</b>
<b>TOTAL ASSETS</b>		<b>20,403,385</b>	<b>21,515,991</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Revenue Reserves	16	(22,049,858)	(22,454,032)
Share Capital	17	40,748,029	40,748,029
<b>Total Capital and reserves</b>		<b>18,698,171</b>	<b>18,293,987</b>
<b>Non current liabilities</b>			
<b>Total Non-Current liability</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
Trade and other payables	18	1,705,214	3,222,004
<b>Total Current Liabilities</b>		<b>1,705,214</b>	<b>3,222,004</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,403,385</b>	<b>21,515,991</b>

The financial statements on pages 1-17 were approved by the board of directors on 19/08/2024 and were signed on its behalf by:

  
 .....  
**ENG.D. NG'ANG'A**  
 Managing Director

  
 .....  
**C.P.A JOSEPH MAINA**  
 Head of Finance  
 ICPAK M/NO.8581

  
 .....  
**RT.REV.DR. T. Gichere**  
 Chairman of the Board

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**3. Statement of Changes In Equity For The Year Ended 30 June 2024**

	NOTES	REVENUE RESERVES (Kshs)	SHARE CAPITAL	TOTALS (Kshs)
As at July 1, 2022		(22,408,507)		(22,408,507)
Loss for the year	16	(45,525)		(45,525)
Share capital		-	-	-
As at June 30, 2023		(22,454,032)		(22,454,032)
As at July 1, 2023		(22,454,032)		(22,454,032)
Profit for the year	16	404,174		404,174
Share capital	17		40,748,029	40,748,029
As at June 30, 2024	16	(22,049,858)	40,748,029	18,698,171

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**4. Statement of Cash Flows for The Year Ended 30 June, 2024**

	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts		23,857,741	23,421,244
<b>Total Receipts</b>		<b>23,857,741</b>	<b>23,421,244</b>
<b>Payments</b>			
Staff cost		2,391,059	2,477,353
Administration expenses		10,325,094	10,008,665
Production and maintenance expenses		11,147,030	10,437,903
General and operating expenses			138,300
Board expenses		-	
<b>Total Payments</b>		<b>23,863,183</b>	<b>23,062,221</b>
<b>Net Cash From/ (Used In) Operating Activities</b>	<b>15</b>	<b>(5,442)</b>	<b>359,023</b>
<b>Cash Flows From Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)		-	-
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>-</b>	<b>-</b>
<b>Cash And Cash Equivalent At Beginning Of Year</b>	<b>15</b>	<b>731,146</b>	<b>372,123</b>
<b>Cash And Cash Equivalent At End of the Year</b>	<b>15</b>	<b>725,704</b>	<b>731,146</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**5. Statement of Comparison of Budget & Actual Amounts for The Period  
 Ended 30 June, 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Explanation of Material Variances
<b>Revenue</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>				
Operating revenue	26,843,319	(4,000,000)	22,843,319	20,175,918	(2,667,401)	(13)	Stiff competition
<b>Total Revenue</b>	<b>26,843,319</b>		<b>22,843,319</b>	<b>20,175,918</b>	<b>(2,667,401)</b>		
<b>EXPENSES</b>							
Staff Cost	3,056,029	(85,000)	2,971,029	2,416,293	(554,736)	(23)	There was no need of casuals
Board Expenses	257,148	(30,000)	227,148	-	(227,148)	(100)	Board meetings were combined with MUWASCO
Production and Maintenance Expense	11,752,478	(1,400,000)	10,352,478	9,656,248	(696,230)	(7)	
General and Operations Expenses	11,541,200	(2,020,000)	9,521,200	7,130,335	(2,390,865)	(34)	Licenses and consultancy fee to be paid in next quarter
<b>Total Recurrent Expenditure</b>	<b>26,606,855</b>		<b>23,071,855</b>	<b>19,202,876</b>	<b>(3,868,979)</b>		
<b>Profit/Loss</b>	<b>236,464</b>			<b>973,042</b>			
Capital expenditure	6,950,000	(6,950,000)	-	-	-		
<b>Reconciliation items not in the budget</b>							
Depreciation				(568,868)			
<b>Profit before taxation</b>				<b>404,174</b>			

**Explanation of variances is on +/- 10%**

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**6. Notes to the Financial Statements**

**1. General Information**

The company is a subsidiary of Muranga Water and Sanitation Company. It was incorporated on 28<sup>th</sup> December 2016 under the Companies Act 2015. It is a private company limited by shares. These shares are allotted to the natural person and held in trust for the holding company.

The nominal capital of Fort Beverage Industries Ltd is Ksh. 100,000 divided into 1000 shares of Ksh 100 each. The company started its independent operations in July 2017.

The shares are not paid up. The parent company made incentives to subsidiary company worthy ksh 40,748,029 subsequently the stakeholder approved the increase of share from 1000 shares of ksh 100 each to 8,152 shares of ksh 5,000 each. The total paid up share capital will amount to 8,150 shares of ksh 40,750,000 while the unpaid up shares 2 of ksh 5,000 amounting to ksh 10,000 will be paid up.

The company produces and sells bottled water.

**2. Statement of Compliance and Basis of Preparation**

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 International Financial Reporting Standards (IFRS).

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

- i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	January 1, 2024.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	January 1, 2024.
Amendments to IAS 1 titled Non-current Liabilities with Covenants	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	January 1, 2024.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	January 1, 2027.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

iii. Early adoption

The company did not early adopt any new or amended standards in financial year 2023-2024

**4. Summary of Significant Accounting Policies**

**a. Revenue Recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

**Revenue from the sale of goods** is recognized in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured

**b. Property, Plant and Equipment**

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

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

Depreciation 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:

<b>Per Annum</b>	<b>RATE</b>
	<b>%</b>
-Computers	30
-Computer software	20
-Buildings	2.5
-Furniture	12.5
-Equipments	12.5

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

**d. Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on the reducing balance basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**e. Reserves**

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

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**f. Taxation**

The company pays income tax at the rate of 30%.

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 recognizes 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.

**g. Related party transactions**

Fort beverage industries co. ltd is a subsidiary of Muranga Water and Sanitation Company. Other related parties are as stipulated in note 18

**h. Inventory**

The company recognizes inventory at the lower of cost and net realizable value using first in first out method of inventory valuation.

**i. Trade and other receivables**

Trade and other receivables are recognized at amortized cost 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.

**j. 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 and Mpesa at the end of financial year.

**k. Trade and other Payables**

The liability for accounts 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.

**l. 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.

**m. Liquidity risk management**

The company has various obligations and liabilities as outlined in note 18 of the accounts. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flow.

**n. Market risk**

The company had no interest bearing financial obligation as at the end of financial year.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**o. 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.

**p. 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 assets are disposed.

**q. Reporting currency**

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

**r. Retirement benefit obligations**

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month. The company and employees also contribute to CPF financial services

**s. Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue. A provision is made for the estimated liability for annual leave at the reporting date.

**t. Comparative figures**

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

**u. Budget information**

The budget for financial year 2023-2024 was approved by the board of directors on 27<sup>th</sup> May 2023. 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.

**v. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2024.

**w. Incorporation**

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

**x. Ultimate and holding entity**

The entity is a subsidiary of Muranga Water and Sanitation Company.

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**5. Significant judgments and sources of estimation**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. This include;

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 8 & 11

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The provision for bad debt is at 10% of total receivables. For depreciation of assets is estimated using useful life of asset.

**6) Operating Revenue**

These are sales for 300 ml, 500ml, 1 ltr, 1.5 ltr, 5 ltr, 10 ltr and 18.9 ltr.

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
300 mls	610,638	898,139
500 mls	12,374,039	11,410,200
1 lts	4,617,534	5,377,401
1.5 lts	91,207	160,573
5.lts	131,345	190,569
10 lts	156,914	237,490
18.9 lts	2,194,241	2,252,132
<b>Total</b>	<b>20,175,918</b>	<b>20,526,504</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**7. Staff Cost**

	2023/2024	2022/2023
	Kshs	Kshs
Salaries	2,196,664	2,292,061
N.S.S.F Contribution	90,300	38,040
Pension	48,516	15,848
Casual Wages	56,900	168,000
Housing Levy	23,913	-
<b>Total</b>	<b>2,416,293</b>	<b>2,513,949</b>

**8. General And Operating Expenses**

	2023/2024	2022/2023
	Kshs	Kshs
Training	3,000	-
Electricity and water bills	410,000	-
Fuel	1,120,754	-
Staff uniforms	132,328	53,880
Office Supplies	221,685	210,878
Consultancy/professional fees	219,000	-
Courier & postal services	2,623	-
Communication and internet expenses	76,688	-
Licenses & permits	94,250	-
Catering services	111,159	-
Contracted guards services	377,258	-
Bank/m-pesa charges	196,285	-
Marketing and promotion	37,000	-
Travel cost	34,650	-
Subsistence allowances	306,460	-
First aid expenses	9,000	-
Provision for bad debts	(38,929)	-
KEBS Levy	40,384	-
Insurance	123,421	-
Taxes	3,653,319	-
<b>Total</b>	<b>7,130,335</b>	<b>264,758</b>

**9. Production & maintenance expenses**

	2023/2024	2022/2023
	Kshs	Kshs
Production materials	8,564,630	9,361,087
Electricity and water bill	-	322,128
Motor vehicle	868,816	-
Operating and maintenance cost	222,802	209,138
<b>Total</b>	<b>9,656,248</b>	<b>9,892,352</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**10. Property, Plant & Equipments (KSHs)**

COSTS	1)Buildings ( Kshs)	2)Furniture ( Kshs)	3)Computer & accessories ( Kshs)	4)Equipments ( Kshs)	TOTALS ( Kshs)
As at 1 July 2023	17,478,737	167,046	334,739	2,702,516	20,683,038
Additions during the year	-	-	-	-	-
<b>As at 30 JUNE 2024</b>	<b>17,478,737</b>	<b>167,046</b>	<b>334,739</b>	<b>2,702,516</b>	<b>20,683,038</b>
<b>DEPRECIATION</b>					
At July 1, 2023	2,463,308	92,076	267,683	1,489,640	4,312,707
Charge for the year	375,386	9,371	20,117	151,609	556,483
<b>As at 30<sup>th</sup> June 2024</b>	<b>2,838,694</b>	<b>101,448</b>	<b>287,800</b>	<b>1,641,249</b>	<b>4,869,190</b>
<b>NET BOOK VALUE</b>					
<b>At June 30, 2024</b>	<b>14,640,043</b>	<b>65,598</b>	<b>46,939</b>	<b>1,061,267</b>	<b>15,813,848</b>
<b>At June 30, 2023</b>	<b>15,015,429</b>	<b>74,969</b>	<b>67,056</b>	<b>1,212,877</b>	<b>16,370,330</b>

-The company's buildings lies on government land but its yet to be transferred by Tana Water Works Development Agency to Muranga'a Water And Sanitation Company.

-The motor vehicle used in the operations of the company also belongs to Tana Water Works Development Agency and is not yet transferred to the Muranga'a Water And Sanitation Company.

**11. Intangible Assets (Payroll Software)**

	Kshs
As at 1 July 2022	175,596
Additions during the year	-
<b>As at 30<sup>th</sup> June, 2024</b>	<b>175,596</b>
<b>AMORTISATION</b>	
At July 1, 2023	113,675
Charge for the year	12,384
<b>As at 30<sup>th</sup> June 2024</b>	<b>126,059</b>
<b>NET BOOK VALUE</b>	
<b>At June 30, 2024</b>	<b>49,537</b>
<b>At June 30, 2023</b>	<b>61,922</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (continued)**

**12. Administration Expenses**

	2023/2024	2022/2023
	Kshs	Kshs
Training	-	3,350
Motor vehicle expenses	-	1,056,810
Consultancy/professional fees	-	211,948
Courier & postal services	-	5,860
Communication and internet expenses	-	176,990
Licenses & permits	-	57,634
Catering services	-	151,114
Contracted guards services	-	338,563
Bank/m-pesa charges	-	124,329
Travel cost	-	36,600
Subsistence allowances	-	364,000
First aid expenses	-	16,266
Provision for bad debts	-	70,492
KEBS Levy	-	84,249
Insurance	-	137,959
Taxes	-	4,451,599
<b>Total</b>	<b>-</b>	<b>7,287,762</b>

**13. Inventory**

	2023/2024	2022/2023
	Kshs	Kshs
Finished goods	382,297	329,283
Empty bottles	420,570	475,084
Labels	110,587	131,261
Seals	17,081	34,800
Shrink wraps	75,476	44,900
Heat gun	26,100	100,210
<b>TOTAL</b>	<b>1,032,111</b>	<b>1,115,538</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (Continued)**

**14. Trade Receivables**

	2023/2024	2022/2023
	Kshs	Kshs
Gross trade receivables	3,091,317	3,585,115
Provision for doubtful receivables	(309,132)	(348,061)
Net trade receivables	<b>2,782,185</b>	<b>3,237,054</b>
<b>As at June 30, the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	721,899	818,731
Between 30 and 60 days	294,800	761,556
Between 61 and 90 days	168,050	299,697
Between 91 and 120 days	83,820	154,376
Over 120 days	1,822,748	1,550,745
<b>Total</b>	<b>3,091,317</b>	<b>3,585,105</b>

**15. Bank And Cash Balances**

	2023/2024	2022/2023
	Shs	Shs
Cash at bank	549,324	688,110
Cash in hand	68,694	30,260
M pesa	107,686	12,776
<b>TOTALS</b>	<b>725,704</b>	<b>731,146</b>

**Detailed analysis of the cash and cash equivalents**

Financial institution	Account /Till number	2023/2024	2022/2023
		Kshs	Kshs
<b>a) Current accounts</b>			
Equity bank	0220272638432	49,324	388,110
<b>b) Sub- total</b>		<b>49,324</b>	<b>388,110</b>
Fixed deposit		500,000	300,000
<b>Sub- total</b>		<b>500,000</b>	<b>300,000</b>
<b>c) Others</b>			
Mobile money account	795410	107,686	12,776
Cash in hand		68,694	30,260
<b>Sub- total</b>		<b>176,380</b>	<b>43,036</b>
<b>Grand Total</b>		<b>725,704</b>	<b>731,146</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (Continued)**

**16. Revenue Reserves**

	2023/2024	2022/2023
	Kshs	Kshs
Brought forward	(22,454,032)	(22,408,507)
Current year	404,174	(45,525)
<b>Balance carried forward</b>	<b>(22,049,858)</b>	<b>(22,454,032)</b>

**17. Share Capital**

	2023/2024	2022/2023
	Kshs	Kshs
MUWASCO loans converted to share Capital	20,259,661	20,259,661
Assets developed by parent company converted to share capital	20,488,368	20,488,368
<b>TOTALS</b>	<b>40,748,029</b>	<b>40,748,029</b>

**18. Trade And Other Payables**

	2023/2024	2022/2023
	Kshs	Kshs
Suppliers creditors	1,136,624	2,050,634
Other creditors	521,036	1,066,866
Muwasco payables	34,953	-
Prepayments by customers	12,601	104,504
<b>TOTALS</b>	<b>1,705,214</b>	<b>3,222,004</b>

**Aging Analysis for Trade and other Payables**

	2023/2024	% of the total	2022/2023	% of the total
Under one year	1,002,443	58.8	2,160,479	67.1
1-2 years	50,761	3	834,485	25.9
2-3 years	631,010	37	21,000	0.7
Over 3 years	21,000	1.2	206,040	6.3
<b>Total</b>	<b>1,705,214</b>	<b>100</b>	<b>3,222,004</b>	<b>100</b>

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**Notes to the Financial Statements (Continued)**

**19. Related Party Disclosures**

The following are the related parties of Fort Beverage Industries Ltd

- (a) Murang'a Water and Sanitation Company
- (b) County Government of Murang'a
- (c) Key Management
- (d) Board of Directors

**20. Ordinary share capital**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorized		
8,152 shares of ksh 5,000 per each	40,760,000	100,000
Issued and fully paid 8,150 of ksh 5,000 per each	40,750,000	-
Un paid 2 of ksh 5,000 per each	10,000	100,000

**FORT BEVERAGE INDUSTRIES COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

**20. Appendices**

**Appendix 1: Progress On Follow Up Of Auditor Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
1.	Unconfirmed share capital balance	We have applied for change of share capital to registrar of company	Not resolved
2.	Inaccuracies in the financial statements	The variances was because of customer prepayments	Resolved
3.	Budgetary control and performance	Budget review	resolved
4.	Non-compliance with the law in staff ethnic composition	Fort beverage is a subsidiary of Murang'a water and sanitation company and most of the staff were seconded from the parent company which was company was started when the National Cohesion and Integration Act was not in operation and the composition of employee was 100% from the dominant community in Murang'a however as management we will ensure progressive compliance with the Act in our future recruitments.	Not resolved
5.	Unexplained supply of goods	Supplier of bottles demands payment on delivery that's why we prepare LPO and write cheque before we receive bottles and invoice. Most of time we do not get all bottles as per LPO but we ensure we receive a receipt or invoice. We have entered into agreement with supplier to be reserving bottles.	Resolved



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

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

REPORT OF THE COMMITTEE ON THE PHYSICS DEPARTMENT

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PHYSICS DEPARTMENT

THE UNIVERSITY OF CHICAGO