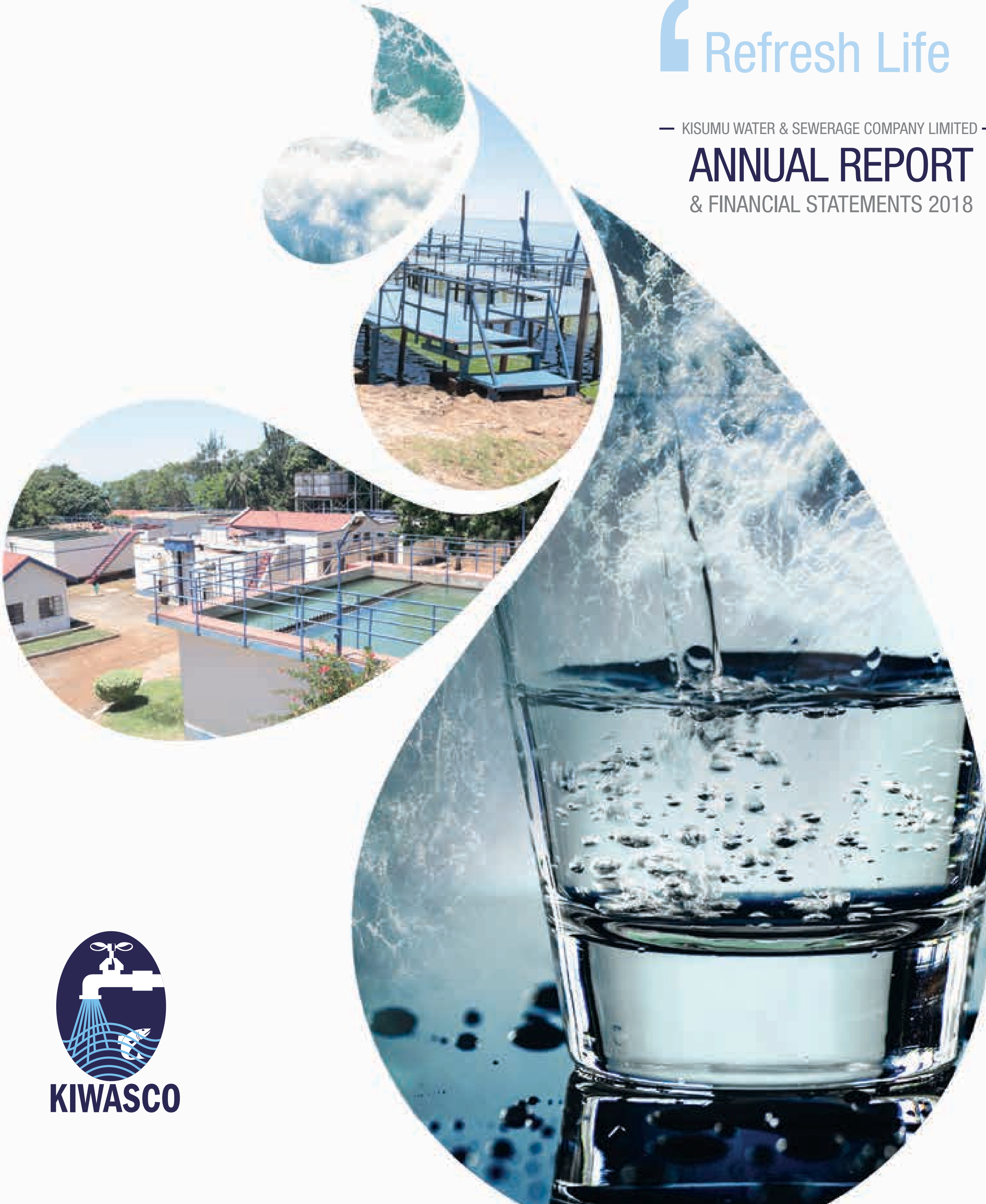
Refresh Life

KISUMU WATER & SEWERAGE COMPANY LIMITED

ANNUAL REPORT

& FINANCIAL STATEMENTS 2018



KIWASCO

OUR VISION

To be the most admired service provider

OUR MISSION

To provide quality water and sewerage services for improved livelihoods

CORPORATE VALUES

PROFESSIONALISM

The level of excellence or competence that is expected of all professionals at KIWASCO

CUSTOMER FOCUS

Being sensitive to the needs of customers, other stakeholders, and the environment

INTEGRITY

Embracing honesty and truthfulness in discharging our responsibilities

CREATIVE & INNOVATION

The ability to continuously look for opportunities to improve on the way things are one and providing solutions

TEAMWORK

Supporting each other and harnessing different skills to create a superior performance culture

KIWASCO
Refresh Life

Contents

NOTICE OF THE ANNUAL GENERAL MEETING

Ref: KWSC/MDO/BOD/4/(14) **Date:** 03 October 2019

RE: NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the members of Kisumu Water and Sanitation Company Ltd will be held on 22nd November 2019 at Ciala Resort, Kisumu from 11.00 am to transact the following business:-

1. To table duly executed proxy forms from members, receive apologies and note presence of quorum
2. To read the notice convening the meeting and agenda
3. To confirm the minutes of the 13th AGM held on 23rd November 2018 and consider matters arising therefrom
4. Matters Arising/Action Status
5. To receive Chairman's and Managing Director's report
6. To receive and approve Financial Statements for the year 2017/18 and Auditor's report thereon
7. To note that Auditor General shall continue in office for the year 2018/19 in accordance with Section 721(2) of the Company's Act, and to authorize Directors to fix their remuneration
8. To discuss any other business for which Notice has been given in accordance with Article of Association.

By Order of the Board,

S.O. Awino
COMPANY SECRETARY

A member entitled to attend and vote at the meeting is entitled by Sec.299 to appoint a proxy to attend and vote on his/her behalf. A proxy needs not to be a member of the company.

Enclosed herein, please find a proxy form for execution as appropriate.
The completed proxy form must be returned to the registered office of the company 48 hours before the meeting date.

WATER CONFERENCE PICTORIALS

BOARD OF DIRECTORS


Mr. Israel Agina
Chairman


Mr. Vinod Patel


Mr. Thomas Odongo
Managing Director


Hon. Salmon Orimba


Ms. Doris Ombara


Mr. Nerry Achar


Mrs. Janet Winnie Ogot


Mrs. Caren Aketch Oloo


Mr. Nirmal Darbar


Mr. Pollyins Ochieng


Mr. Victor Obaso

"Water is a key enabler for each of the four pillars; universal health care, food security, manufacturing and affordable housing."

Israel Otieno Agina
Chairman

CHAIRMANS STATEMENT

During the year under review, Kiwasco continued with its transformation journey to be the most admired service provider. Kiwasco continues to undertake projects that are critical in assisting the Kenyan economy achieve its Big Four agenda, since water is a key enabler for each of the four pillars; universal health care, food security, manufacturing and affordable housing. Our performance weathered the global economic downturns and a financial squeeze to post these commendable results.

International Scene

The global economy experienced decelerated growth of 3.6 per cent in 2018 compared to a 3.8 per cent growth in 2017. Growth in emerging markets and developing economies decelerated from 4.7 per cent in 2017 to 4.6 per cent in 2018.

Country's Economic Performance

Real Gross Domestic Product (GDP) is estimated to have expanded by 6.3 per cent in 2018 compared to 4.9 per cent in 2017. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Agricultural activities benefitted from sufficient rains that were well spread throughout the country. Similarly, the increased precipitation was a significant boost to electricity generation and consequently favorable to growth during the review period. The growth realized was anchored on a relatively stable macroeconomic in 2018. Inflation remained low at 4.7 per cent in 2018 compared to 8.0 per cent in 2017 majorly as a result of considerable declines in prices of food after the shortage experienced in 2017.

Agriculture Sector

The Agricultural sector recorded an improved performance during the year. The weather conditions was favourable for both crops and livestock production, occasioned by the long rains in 2018. Maize production increased by 26.0 per cent from 35.4 million bags in 2017 to 44.6 million bags in 2018. Production of tea and coffee recorded growths of 12.1 and 7.0 per cent, respectively, during the review period. The total domestic sugar production increased by 30.6 per cent from 376.1 thousand tonnes in 2017 to 491.1 thousand tonnes in 2018.

Environment and Natural Resources

The Gross Value Added from the environment and natural resources sector increased to KSh 287.2 billion in 2018 from KSh 254.8 billion registered in the previous year. The value of fish from fresh water sources, which accounted for 81.0 per cent of the total value of fish rose from KSh 18.6 billion in 2017 to KSh 19.4 billion in the year under review.

The National Government expenditure on water supplies is expected to rise by 46.3 per cent to KSh 53.4 billion in 2018/19. Expenditure on Water Development is expected to almost double from KSh 22.5 billion in 2017/18 to KSh 43.1 billion in 2018/19. The Government forest plantations stocking increased from 135.1 thousand hectares in 2017 to 141.6 thousand hectares in 2018Most parts of the country experience heavy rainfall during the year with all the meteorological stations recording Total Rainfall (TOT) above their Long-Term Means (LTMs).

Situation of Water Services in the County

Water and sanitation service provision was devolved to County governments by the Constitution but it continues to face challenges six years after devolution. The Water Act 2016 now provides better clarity on the roles of various players in the sector. It is hoped that this will now facilitate more focus and accountability on the part of all actors. One of the objectives of devolving water service provision was to enhance consumer protection by ensuring a robust governance framework. We have in place a representative Board that oversights the Company operations. The right to water can only be realized when Counties play their rightful role of overseeing the same at the grass roots. Counties are continually expected to spearhead the formulation of development plans, comprising both investment and financial indicators, whose effective implementation is expected to fast track the realization of this right.

The current population coverage in the service area of the Company was estimated at 79%. The production per capita was at 76l/c/d and the consumption per capita stood at 25l/c/d.

The current population coverage in the service area of the Company was estimated at 79%. The production per capita was at 76l/c/d and the consumption per capita stood at 25l/c/d. This means that the County is urged to invest in water and sanitation services. Areas of support by the County government that the Company seeks include:

- Improved coordination in physical planning
- Mobilize investment for renewal of infrastructure
- Coordination with LVEMP and LVBC in removal of water hyacinth from the lake
- Removal of illegal structures that have encroached on wayleaves for services
- Payment of outstanding water bills by the Government departments
- Helping to consolidate the gains achieved through autonomous operations
- Legislation on vandalism and theft of fittings and infrastructure
- Legislation on sewer connectivity
- Stringent legislation on pollution of water ways, water catchment protection and sewer lines connection
- Allocation of a land for building a permanent home/ office This way, the government will be able to progress the right to water as envisaged in the constitution.

Financing Gap

The urban water and sanitation sub-sector requires mobilizing on average Kshs 100 billion annually to attain the Vision 2030 goal of universal access. The following actions are crucial in this intervention:

- Improving self-financing and resilience of the sector
- Enhancing fund mobilization and
- Securing a high fund effectiveness

These interventions require close collaboration between both levels of government. The Regulator has taken the following measures:

- Set minimum standards on availability, quality and safety, affordability, acceptability, accessibility and sustainability to be met by all utilities.
- Enforced the ring-fencing and growth of utility income progressively to cover 150% O+M costs in order to accommodate infrastructure rehabilitation and development
- Advised the County governments to support utilities which have not reached an O+M coverage of 150% by way of subsidy on a reducing balance
- Application of a tariff adjustment and collaboration with relevant financing sources supporting such utilities.
- Ensured utilities pay back loans advanced for asset development
- Ensure that the costs of lending are acceptable and a sustainable flow of funds is secured
- Explore potential of PPP within the sub-sector

Licence under the Water Act 2016 clearly provide for a long-term investment program (10 years and above) backed by a predictable and sustainable financing plan.

At Kiwasco we expect that these measures coupled with the interventions at both National and County levels, including synchronization of investment planning, will translate to better delivery of projects and increased output and impact to the County at large.

Climate Change

The Company developed climate change and disaster preparedness strategies to increase resilience and ensure mitigation measures. This included:

- Ad hoc committee formed to monitor and respond to the effects of drought and water hyacinth on the water supply within the city
- Increased water supply from Dunga Water treatment plant to ensure continued stable supply within Milimani Zone, CBD Zone, Middle East Zone and Manyatta Zone (Kenya Re Kajulu Zone greatly affected)
- Factual Communications on the water situation to all the stakeholders done
- Testing of water (quality assurance) in all the water bowsers collecting bulk water from our Dunga Plant
- Outreach activities on going, sensitizing residents against vandalism on existing infrastructure to access water for their use and animals (In peri-urban areas of Otonglo, Tiengre,Mbeme, Kibos areas), encouraging schools to have adequate water storage facilities and use water sparingly
- Customer relationship management on water safety planning in partnership with IWA

The Company developed climate change and disaster preparedness strategies to increase resilience and ensure mitigation measures.

The United Nations has identified implementation of integrated water resources management, including trans-boundary cooperation, as a key requirement for reaching the targets under goal number six of the SDGs. In terms of implementation of integrated water resources management, Kenya was rated at 52% (SDG report 6), indicating there is still a lot of ground to be covered to attain the target of 100%.

KISIP – Kisumu County Government

The project seeks to undertake construction of trunk main lines and laterals within Obunga and Bandani areas in the Central Business District. Output for Obunga covers 3.2 Km and Bandani trunk main 1.7Km together with laterals 1.5Km, 2 No. pumps in Kisat and I No. submersible pump in old airport station. The project was 85% complete with 100% lines laid, connections and clearing underway and pumps in the process of being procured by the end of the financial year.

OBA Riat Hills Water Supply Project

Construction of water supply pipeline and water reservoirs at Riat hills in Kisumu town was over 85% complete. Network of

Zone A was substantially complete at >95% pending connection to the source and some fittings. Zone C was at about 80% complete pending < 600m of the gravity main line and < 1km of the rising main line. Construction of the pump house was complete. The access road of 5m and installation of the pumps and electrical works were still pending. Pumps had however been delivered to the contractor's stores awaiting KPLC to install a new transformer for better power supply.

KIWASH

Through the Kenya Integrated Water, Sanitation and Hygiene Project (KIWASH), KIWASCO identified informal settlements that are not getting sufficient water supply and where KIWASH gave full grant support. The informal settlement identified included, Gudka, Nyalenda, Pamoja Uzalendo, Bandari-Kombedu and transformer, Katuk Corner mbaya, love bar and Arito-Riat extensions. Phase 1 of the project which mainly covered line extensions was completed. 29,439m uPVC and 1,862m GI pipeline was laid. 24 No. Chambers were constructed and pressure testing and disinfection done for the entire pipeline laid. 10 No. communal water points were constructed and 1 No. water kiosk also done. Phase 2 of the project was reported to be at the Tendering stage.

Construction of water supply pipeline and water reservoirs at Riat hills in Kisumu town was over 85% complete.

Kisumusan Project

KisumuSan project funded by Comic Relief-UK and implemented by KUAP, Practical Action-East Africa, Umande Trust and KIWASCO. It aims to be part of the solution to the problems bedeviling slum dwellers especially on water, hygiene and sanitation by promoting safer, healthier and better futures and enhancing the voice of marginalized slum-dwellers. Project outcomes included:

- Strengthened informal settlement residents (both women and men) in Obunga and Nyalenda through Neighborhood Planning Associations (NPAs) to be actively involved in WASH issues.
- Facilitated residents of Obunga & Nyalenda gain improved supply & coverage of appropriate and affordable water & sanitation facilities and services.
- Promotion of increased sanitation coverage and access to clean water by promoting innovation and use of technology.
- 1,500 new clean water points have been connected
- Capacity building of 3 number Master Operators
- Rehabilitation of 5km water pipeline to replace dilapidated systems and connect new customers
- Improvement of water management systems through 3 DMM water schemes connected to 4 water kiosks.

WSUP Project

WSUP is a tri-sector partnership between the private sector, civil society and academia, focused on addressing the increasing global problem of inadequate access to water and sanitation for the urban poor. KIWASCO and WSUP signed an MOU with a focus to improve provision of water and sanitation for the urban poor. The activities undertaken have been:

- Market-Led Approach for Bop Water Services (MABS)-recruited marketers to intensify uptake of water and sanitation services in LIAs
  - Development of a marketing strategy for the utility
  - Development of the social connection policy
  - Development of debt collection strategy
- Business mentorship for Master operators
- Water network infrastructure of18km across various LIAs

Vitens Evides

KIWASCO partnered with VEI under the Project Performance Enhancement for water utilities in Kenya (PEWAK). The project embraced benchmarking, collective learning and innovative financing.

Through this project KIWASCO has:

- Achieved improvement of access through development of water infrastructure in Kachok – Nyalenda, is in the process of developing water infrastructure in Chiga LIA - 78% complete.
- Piloted 45 pre-paid meters across LIAs in KIWASCO service area
- Creation of Milimani and CBD DMAs for management of NRW and also supported in rolling out the smart meters.
- Training and Development through continuous capacity building for staff on operations of DMAs and also trained MO's and community on use of Pre-paid meters.

Stakeholders' Forum
The board successfully held a stakeholder forum at the Kisumu hotel on 27th March 2018.The forum was well attended with representation from political, business and community stakeholders in the county of Kisumu. Presentations on devolution, water services provision and progress on projects in Kisumu County were discussed. We appreciate and value the feedback that we continue to receive from our stakeholder.

Performance
The Company posted a turnover of Kshs. 691,626,886 (six hundred and ninety one million six hundred and twenty six thousand eight hundred and eighty six million shillings from Kshs. 620,277,501 (six hundred and twenty million two hundred and seventy seven thousand five hundred and one) shillings in 2017 an 11.5% improvement and a profit after tax of eight million three hundred and thirty eight thousand nine hundred and fifty two. (Kshs.8,338,952). The profitability is mainly attributed to increase in throughput volume and prudent cost management.

Total assets increased by 33% due to infrastructure expansion to better our production operations. The customer base increased by 2,671 number of connections from 27,452 (2017) to 30,122 (2018) signifying a 9% increase. Water coverage which is the number of people served with potable water expressed as a percentage of the total population stood at 79%. We continue to aspire to stretch this target to ensure a wider coverage so that all the Kisumu residents have access to water and sanitation.

Dividends
In order to sustain optimum achievement of service coverage as a public utility company, the Board of Directors do not propose payment of a dividend. The reserves are to be utilized to support water development projects within the area of jurisdiction of the water Company in line with the regulators guidelines.

The Year Ahead
For the Company to realize the aspirations of the Big Four Agenda and Vision 2030 development it must deliver clean

portable water that is adequate, affordable and reliable. This presents an opportunity for the Company to scale up its business. To achieve this the Board will embark on a review of the Strategic Plan for a further Five year period. Kiwasco will as well continue to focus on its expansion plan by building strategic partnerships that create a win/win situation. We believe such partnerships will enable productivity of mutual concerns.

As we look into the future, it is important to reflect on the gains we have made and consolidate them as well.

Board Activities
The company has a unitary Board Structure, with 11 Directors representing various stakeholders. The Board is regularly assisted by various committees in discharging its responsibilities.

The Board currently has four standing committees namely Technical, Finance & Commercial, HR & Legal and Audit & Risk all of which are guided by clear terms of reference. The membership and leadership of these committees is regularly reviewed by the Board. All committees report on their activities to the full Board on a regular basis. Scheduled meetings were held to discuss key activities during the year including strategic plan, budget review, regular committee reports on financial performance, investment activities, operations oversight and risk tolerance.

Board Changes

During the year Directors Eng David Onyango, Mr.William Orondo, Mrs. Sheila Okal, Miss. Muthoni Orlale, Dr. Margret Kaseje, Mr. George Ongaya, Prof Barrack Abonyo and Mr. Francis Asuna retired. I appreciate them for their invaluable contribution to the Company. Subsequently Directors Mr.Salmon Orimba, Mrs Janet Ogot, Mrs Caren Oketch Aloo, Mr. Vinod Patel, Mr. Nerry Achar, Mr. Pollins Ochieng, Mr. Nirmal Darbar, Mr. Thomas Odongo, Ms. Doris Ombara and Mr. Victor Obaso were appointed to carry on the good work.

Accolades

Ranked top in the 12 counties covered by Lake Victoria South Water works development Agency in the annual water sector IMPACT Report. Recognised best utility in Customer service 2018.

Runner up in the African Water Utility CEO of the Year Award in 2016 by African Utility Week South Africa.

Gratitude

I sincerely thank the Board of Directors, customers, staff and the entire Kiwasco family for their dedication and zeal to drive the Company's agenda. I am proud of what we do and grateful for your commitment

Israel Otieno Agina
Chairman

Eng. David Onyango Farewell Ceremony

MANAGING DIRECTOR'S STATEMENT

"The profitability was mainly attributed to increase in new connections, improved sales and prudent cost management including electricity savings."

Thomas Odongo
Managing Director

Once again I am pleased to present the Company's annual report and financial statements for the year ended 30th June 2018 during which we recorded good performance.

Delivering Results

The financial year began on a very low note, characterized by insufficient and eratic rainfall all over the Country. The drought experienced during the period affected production volumes and increased the cost of production as well due to the high water treatment associated costs

The Company posted an increased turn-over by 11.5% from Kshs. 620,277,501 (six hundred and twenty thousand two hundred and seventy seven thousand five hundred and one) million shillings in 2017 to Kshs. 691,626,886 (six hundred and ninety one million six hundred and twenty six thousand eight hundred and eighty six million shillings. The profit after tax was Kshs. 8,338,952 (eight million three hundred and thirty eight thousand nine hundred and fifty two shillings. The profitability was mainly attributed to increase in new connections, improved sales and prudent cost management including electricity savings.

Kisumu County Water Investment Pre-Conference

Under the banner "Exploring Opportunities for Investment in Water in Kisumu County", the Kisumu County Water Investment Conference was hosted in Kisumu City, Acacia Hotel on the 29th November 2017 bringing on board key stakeholders for reflection, brainstorming and discussion on the opportunities for water development and investment in Kisumu County for the future.

The pre-conference saw delegates hosted with the highest level of hospitality being offered courtesy of the County Government and KIWASCO. Delegates were drawn from both national and major international organizations. It brought together major water agencies, Universities and Government Development institutions such as Lake Basin Development Authority, Lake Victoria Environmental Program and other regional bodies working around the Lake Basin.

The water Conference provided a platform for scientists, researchers, business people and industry professionals involved in water resources management to exchange knowledge and gain insights on current technologies, techniques and solutions in sustainable water management as they have been developed and applied in different countries. The program of the conference was organized into plenary and panel discussions structured into five thematic areas. This range of interaction at the conference provided a richly textured and reflective engagement with the delegates. The thematic areas included -;

1. Investment/ finance and institutions
2. Technologies and innovation in water and sanitation
3. Water for Agriculture and domestic use
4. Waste water, sanitation and resource recovery
5. Water for marine transport, energy and industry

The conference was officially opened by the Governor of Kisumu County, His Excellency Prof. Peter Anyang' Nyong'o. He noted that the practice of development has renewed interest in water resources, drifting from pre-occupation with land as a primary factor of production while opportunities for investment in the water industry remain largely untapped.

He noted that in the lake region, the main water body in the region is Lake Victoria. In addition, there are large rivers and streams within and across countries. He presented that a broad conception of the water industry entails water for household use and irrigation as well as other natural resources within water bodies. Some of these natural resources could be raw materials in industrial production of various substances. He remarked "I have heard of many possibilities in this regard, including a claim that hippo grass may be used to produce very good wine".

The Conference delivered on its expectations of the meeting in realizing two objectives-;
First, it made an assessment of the investment opportunities in the water industry within Kisumu County and Secondly, participants shared knowledge and data on investment opportunities in the water sector between national and county governments, non-governmental actors as well as perspectives from outside Kenya.

Water Supply and Network Coverage

I am happy to report that the coverage within the jurisdiction of Kisumu City increased from 74% in the previous year to 79%. Supply was expanded to underserved and served peri urban areas of Tiengre, Obwolo, Kanyamedha and Buoye.

Coverage within the jurisdiction of Kisumu City increased from 74% in the previous year to 79%.

In the period under review the average daily production was 37,156 m3/day against a target of 37,500m3/day

We undertook the following strategies to improve on production:

a) We operated our source of water from the lake (Dunga intake and Dunga treatment works prudently and efficiently despite the challenges of water hyacinth by introduction of an aeration system in the raw water pipelines
b) Enhanced water main line patrols and installed pressure gauges in order to minimize occurrences of bursts thereby minimizing supply interruption
c) Strategically operated Dunga water works which is a pumping system and Kajulu water works which is a gravity system in the ratios of 40:60 to manage electricity consumption efficiently while satisfying the needs of all our valued customers in terms of adequate water supply.

WATER NETWORK MAINTENANCE ACTIVITIES

Leaks and Bursts were attended to with a success rate of 96.6% targeting to bring down NRW levels to below 25% which is the national standard. All the bursts and leaks were attended to within 24hrs and 12 hours respectively as per our customer service charter. However, there was a lot of damages caused by the on-going road constructions in the city. This took a little bit much longer to resolve.

All the airvalves on the mainlines were serviced which contributed to reduced occurrences of bursts arising due to excessive pressures.

We undertook the following strategies to improve on our water network performance:

a) Ensured that quality standards are adhered to during repairs and extensions
b) Encouraged teamwork for effective water network maintenance works
c) Ensured availability of resources such as transport and materials for speed and efficiency of the works
d) Liaison with the road contractors and other road authorities i.e KURA, KERRA, KENHA with a view to minimizing the loss and the negative impact on damages that they cause to our esteemed customers.
e) Engagement of the communities in the peri-urban areas to avoid vandalism of pipelines through our outreach officers particularly during dry periods in the year.

The town is over 100 years old and 70% of pipelines are over 50 years in age. These are therefore prone to frequent leaks and bursts due to the many areas of weaknesses in the network that require rehabilitation and replacement. We continue to approach our development partners and we are hopeful they will commit resources to this important initiative to help alleviate the losses currently suffered through frequent pipe bursts.

Sewerage Services

Coverage stood at 18% at the end of the year. We recorded a resolution rate of 98% on all sewer related problems reported within 12 hours. This is very commendable but sewer misuse is still a problem despite our strong outreach programme in the residential areas.

The daily average inflow at Kisat Sewerage Plant was 5,726 m3/day against the design capacity of 8,000m3/day. Nyalenda Waste Water Treatment Plant had a daily average inflow of 5,670 m3/day against a design capacity of 18,000m3/day.

The completion of the rehabilitation of sewer treatment plants at both Nyalenda and KISAT have also contributed to improvement of the quality of waste water discharged into the lake. The discharges meet all the standards. However some factories still exhibit reluctance to pretreat their waste prior to discharge into the public sewer system. We appeal to NEMA and KAM to help solve this problem as we are persuaded that compliance with EMCA Act should be of priority for all industries.

The four pumping stations operated fairly well however there was need to have new standby submersible pumps in three stations.

Theft of cast iron covers is still rampant despite informing relevant law enforcement authorities.

We continued with the project of mapping the sewer network in our GPS with at least a total of 17,440 km being mapped. This will enable efficiency in our operations going forward.

Water Quality Assurance

We are happy to report that the water quality in the period under review met both KEBS and WASREB standards. The quality of water produced continues to occupy the top of our agenda. Bi-annual surveillance audits by KEBS on our processes give

Water treatment chemicals mixing tank with a stirrer

Eng. David Onyango hands over to the incoming Managing Director Mr. Thomas Odongo

us comfort that the systems will continue to guarantee quality water to our customers into the future. In the period under review, water quality compliance to KEBS standards was 99%. The bench-mark is 95%. KEBS continue to conduct surveillance audits on our system as part of fulfillment of requirement to retain ISO 9001:2008 standard. The audits give us comfort that our systems will continue to support the quality standards required by the Regulator. In the new year we look forward to application for the new certification standard ISO 9001:2015.

We continue to implement the recommendations of the Water Safety Planning (WSP) audit as part of WSP certification by International Water Association (IWA). The IWA audit certified KIWASCO to be WSP compliant. This is a further confirmation that KIWASCO is committed to supplying quality water.

Commercial Operations and Customer Service

As defined in the customer value proposition in our Strategic Plan, Customer focus continued to be key to the success of KIWASCO. Within the framework of our mission 'To provide quality water and sewerage services for improved livelihoods', we have set a goal to reach more customers, with our services and increase the number of customers by 10% to ensure a coverage of 80%. This we continued to pursue through aggressive and targeted marketing to grow customer base through extensions and reactivations.

The Company majored on digital meter reading, electronic bills distribution and electronic payment platforms in an effort to improve our customer service. We continued to elevate customer service to be the core of our operations.

Our complaints resolution stood at 97% using the recently introduced telephone hotline. Hours of water supply remained at 24hours/day. All metered customers received a bill each month and the collection efficiency was 92.2%. Our customers need to support us more by paying the bills not only promptly but adequately.

We as well strengthened our customer service management systems by levering on technology to improve our efficiency. Regular and on time servicing and replacement of the customer meters was ensured to minimize on the customer complains. Surveillance was also done on average, disconnected and dormant accounts with a view to bringing the customers all on board. Daily monitoring of major commercial accounts and analysis of consumption patterns helped minimize complains from our major customers.

We look forward to improving on our billing system so as to mitigate on meter inaccuracies and uphold our data integrity.

Cost of new connection is a challenge in peri urban areas and we shall continue to engage the community to determine an amicable approach that is workable for both of us. We continued with marketing in areas that are already served through outreach activities with all staff being given targets to deliver. Our strength of timely delivery of bills shall continue to be up held.

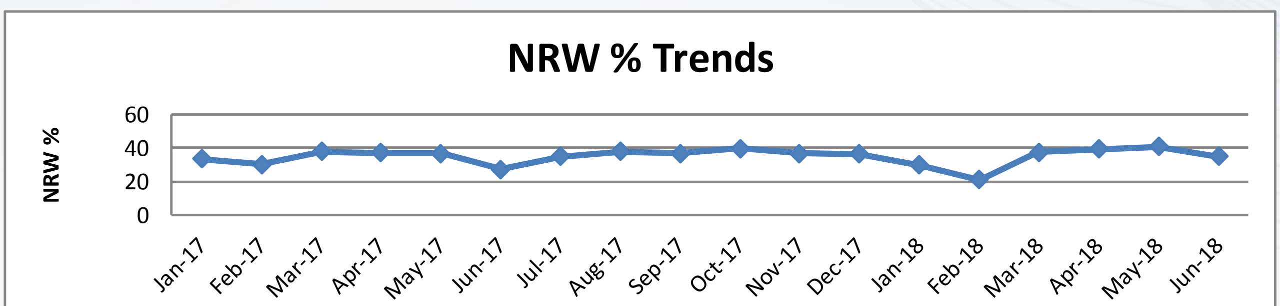
Pro-Poor Services

In pursuit of the SDGs Goal 6 on Water, KIWASCO has to work towards universal coverage – water and sanitation for all. However, due to economic and social disparities in Kisumu County, some areas and communities are disadvantaged and if left on their own may not access the services. The Constitution of Kenya 2010 confirmed water as a basic human right. It is because of this that KIWASCO pays special attention to the poor. The Company has made it a strategic priority to focus on ensuring that the poor have access to quality drinking water and are not disadvantaged due to their status.

As part of this initiative we strengthened the DMMs through business mentorship programs, isolation of additional DMMs in Dago area, digitization of their records and quarterly performance reviews with view to improving areas of weaknesses. For the kiosks we monitored performance of prepaid meters and did capacity building for kiosks billing less amounts.

Non-Revenue Water

Deliberate efforts have been instituted to address the problem among them the Operation Tsunami, creation of dedicated section and staffing it with qualified personnel besides benchmarking with the peers and worlds best in the NRW



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
NRW %	33.65	30.37	37.89	37.23	36.93	27.52	34.96	38	36.75	39.83	36.89	36.42	29.84	21.3	37.58	39.3	40.9	35.2

Volunteer being awarded for reporting illegal connection to save the Company revenue loss

management. The Graph below shows the historical journey travelled by the Company in addressing the NRW concern.

NRW reduction is envisioned in key strategic objective number 6.1.1 under the Strategic Priority number 1 (Water and Sewerage Infrastructure Development). KIWASCO continues to manage NRW through

a) **Speed and Quality of Repairs** - All leaks and bursts reported by staff members and the general public are targeted to be repaired within **12 hours** and **24 hours** respectively. We have also introduced incentives to improve leaks reporting and a reward scheme for good performance by technicians
b) **Pressure Control** - The pressures in our systems are being monitored on hourly basis at our treatment plant. In the distribution lines we have working air valves appropriately installed and excessive pressures are not a major problem, however we have installed **4nr** Pressure gauges within our network to enable us monitor the same.
c) **Active Leakage Control** - Active leaks detection and control in the company is currently being carried out by a dedicated team.
d) **Pipe Replacement** - We have equally set a target of **50km** to replace old pipelines. About **3.0 km** of old pipeline had been replaced in CBD, Arina, Russia and Milimani Estates. This was slowed down by political unrest. During this period we experienced lots of damages resulted by roads constructions and fibre cable contractors in town.

e) **Metering** - All customers in our area of jurisdiction supplied with water are metered - **(100% metered)**. To minimize vandalism / theft of meters- Plastic meters were piloted. 00% of the meters proved good performance. We intend to purchase more to further address water meter theft and vandalism. To further improve on the metering accuracy – 45nr EMF meters are now installed on major accounts with good returns.
f) **Illegal Connections** - Incentive programme for reporting illegal connections has continued with staff receiving 20% of fines paid by those found with the malpractices. This programme has been opened up to include members of the public who also receive Kshs10,000 for reporting confirmed meter theft though the response has been low.
g) **Static meters** - No. of static meters reported per billing cycle was on average of ***12.53%***. Majorly in KRE-Kajulu zone, however we have put in place interventions to reduce the number of statics to the target. Our target is to have no more than **1%** in any billing. Most meters get static due to peeling rust particles lining pipelines especially old GI pipe network and sand in KRE - Kajulu area
h) **Community Outreach** - Done through communities and residents associations. Areas in which meetings were held included Kisian, Kajulu,Tido and Gudka. Reactivations in old municipal estates is still a challenge as uptake is very low

The biggest challenges in addressing NRW include:

a) Old and dilapidated infrastructure
b) Poor quality materials/workmanship by customers when installing service lines
c) Lack of adequate funds to roll out District Metering in the whole network (Piloted areas with VEI have yielded very good results)
d) Damages by on going construction works e.g. Roads, fibre optic cables
e) Illegal practices such as bypasses, collusion with staff
f) Vandalisms in Peri-urban areas, sporadic meter theft.

We purpose to overcome this challenges by addressing:

a) Investment/funding on total replacement/renewal of aged infrastructure within the network
b) Be more pro-active in leak detection and repairs. Both visible and invisible leaks
c) Introduce advanced metering solutions
d) Up-Scale DMAs and caretaker approach in management (Piloting of caretaker approach is on-going)
e) Up-Scaling the DMM platform in other informal settlements within our area of jurisdiction. We are collaborating with other partners e.g. VEI, WSTF, WSUP, KIWASH and others
f) Benchmarking for Capacity Building in Management and Reduction of NRW (learning and implementing best NRW practices)
g) Having our Meter Test Bench accredited and use it as an alternative revenue stream

ICT and Innovation

Use of ICT has given us the flexibility and agility to drive customer-centered solutions in improving services.

Completion of the first phase of the GIS project has mapped all our pipelines and manholes, archived them in electronic form that is easy to access, query and manipulate. The second phase.

is mapping meters with their co-ordinates on the ground to help access meters more easily. We were able to advance this to about 90% in this financial year.

We are still in pursuit of more partnerships in revenue collections strategy in addition to M-pesa and our existing bankers. We have improved bill query, repositioned Facebook and Twitter as channels of customer communication, expanded M-pesa collection and targeting introduction of an electronic collection platform that integrates all mobile money channels. We are as well looking forward to an ERP integrated solution that cuts across all our operations to improve on our efficiencies.

Human Capital

The Company continued to implement the Balanced Score Card (BSC) as a performance management system. The system has significantly improved the performance of our staff and the focus of the Company towards attaining a balanced development.

The Company believes in increasing the personal effectiveness as a means to achieving high organizational performance. Trainings were offered to staff in areas that skills gaps were

Clear water collection chamber in the sedimentation tank

identified. Experiential training has also been our focus targeting mainly our technical staff in the areas of maintenance, quality and production management. Our relationship under the Water Operators Partnership with Vitens, a utility from Netherlands helped us gain confidence in our abilities as we aspire to operate a world class service. The trainings offered under this partnership were invaluable in shaping our approach and gave us exposure to contemporary thought and technologies.

Staff were encouraged to register for self-sponsored training at universities and institutions of higher learning. On industrial relations, our strong shared vision of the KIWASCO of the future has guided our relationships and strongly influenced our dealings with staff representatives. We will continue to build on this experience for the mutual good.

Corporate Social Responsibility (CSR)

To mark the world environment day slated for 5th June annually, we joined Friends of Dunga swamp in a clean up and Tree planting exercise at the Hippo Point in Dunga. Themed 'Beat Plastic Pollution', this year's celebration was hinged on reducing plastics as a pollutant to the environment.
Its time to do something. We are doing ours in our own little way.

Other corporate citizens who graced the event include Kenya Wildlife Service, County Government of Kisumu and Office of the Woman Rep Kisumu County.
World Environment Day is celebrated on the 5th of June every year, and is the United Nation's principal vehicle for encouraging awareness and action for the protection of our environment.

We shall continue to support causes that positively impact on the society that we are part of.

Conclusion

I sincerely thank the Board of Directors, the County Government of Kisumu, Lake Victoria South Water Works Development Agency, all other stake-holders, partners and the family of KIWASCO at large.

I am proud of what you do and grateful for your commitment

Thomas Odongo
Managing Director

CORPORATE GOVERNANCE STATEMENT

Preamble

KIWASCO is committed to observing highest standards in corporate Governance in its operations. For effective governance the Board recognizes that even though it has delegated the daily running of the business to the management team, the Board is ultimately and fully responsible for the way the Company is managed. The Board is therefore actively engaged in leading the Company and is confident that there is an effective system of Corporate Governance in place.

Board Calendar

Operations of the Board are governed by Annual Board Calendar which contains the schedule of meetings of the Board and its Committees.

Board Composition and Appointment

The Board is composed of eleven directors, ten of whom are non executive and independent. The Board is composed of directors with good mix of skills, experience and competence in the relevant fields.

Members of the Board are appointed by various stakeholder segments and elected at the Annual General Meeting.

Board Meetings

The Board meets at least four times a year. The Board deals with all significant matters including strategic directions, ensuring competent management of the business, internal controls, compliance with laws and regulations and reporting performance to the shareholders.

Information to the Board

The Directors are given timely information on key activities of the business regularly.

Conflict of Interest

The Directors are under a fiduciary duty to act honestly and in the best interest of the Company. There is a policy in place that provides that Directors, their families and Companies in which they have interest in do not transact any business with KIWASCO.

Committees of the Board

Subject to strategic policy or formal issues reserved for its approval, the Board has delegated some of the responsibilities to Board Committees which operate within definite terms of reference laid down by the Board.

The Board has four Committees namely:

- Audit and Risk
- Finance and Commercial
- Technical
- Human Resource and Legal

Internal Controls

The Board reviews from time to time the effectiveness of internal controls and relies on management to establish appropriate systems of control for running the business.

The system of internal controls has defined procedures for operational and financial controls to ensure assets are safeguarded, transactions are properly authorized, recorded and irregularities are prevented or detected within reasonable period of time.

Accountability and Audit

The Board recognizes its responsibility to present a balanced assessment of the Company's financial position and prospects.

Financial information is prepared using appropriate accounting policies which are consistently applied.

The Financial statements are prepared in accordance with IAS and the requirements of the Companies Act, and audited in accordance with the recognized auditing standards.

Israel Agina
Chairman

Thomas Odongo
Managing Director

Mr. Thomas Odongo
Managing Director

Eng. Moses Jura
Head of Technical Services

CPA Simon Ondigo
Head of Audit & Risk

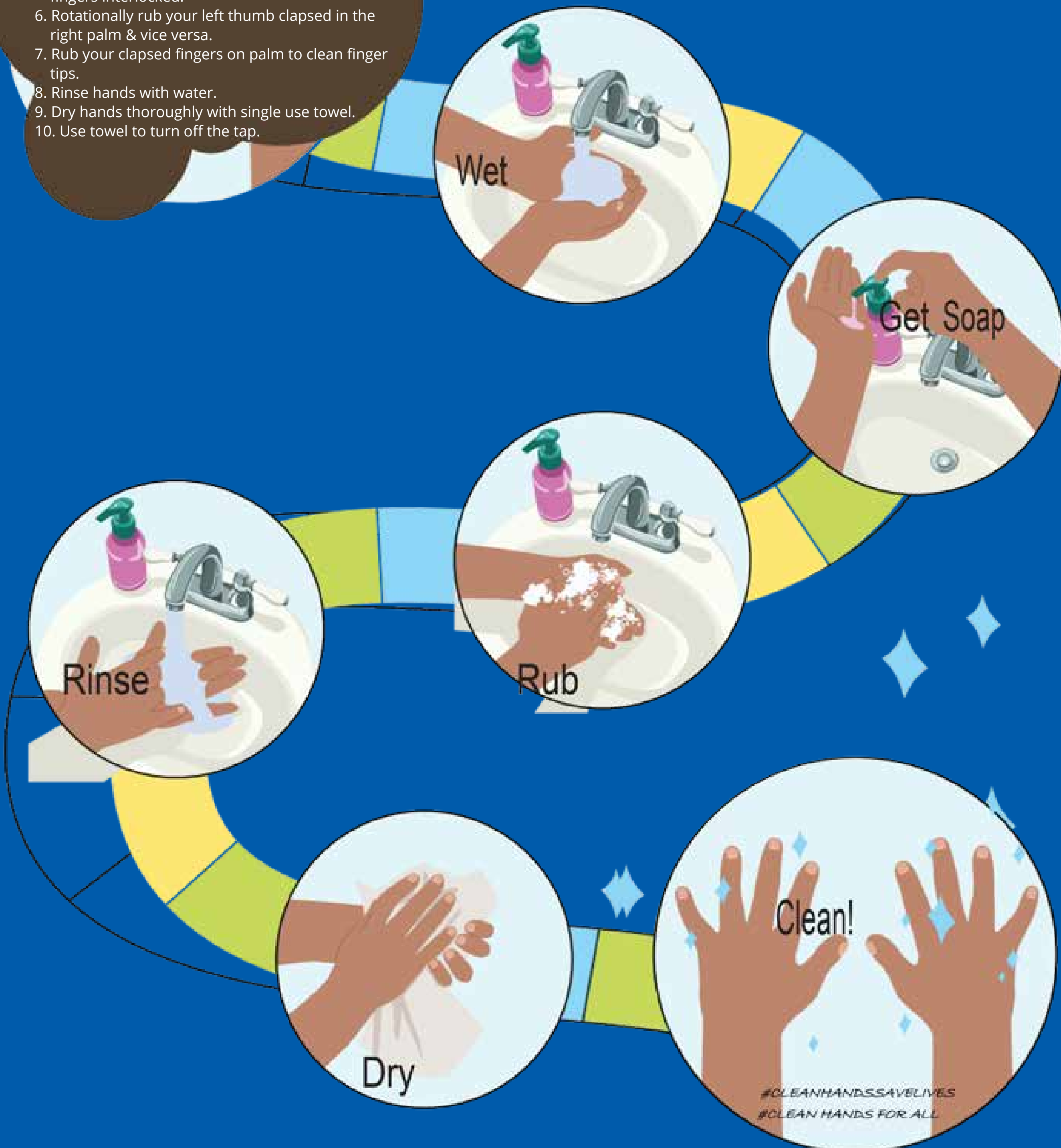
Mrs. Evelyne Opiyo
Head of Human Resources & Administration

CPA Nicholas Moseti
Head of Finance

Mr. Anthony Ogwang
Supply Chain Manager

How should i wash my hands?

1. Wet hands with water.
2. Apply enough soap to cover hand surface.
3. Rub hand palm, right palm over left dorsum with interlaced fingers and vice versa.
4. Rub palm to palm again with interlaced fingers.
5. Rub back of fingers to opposing palms with fingers interlocked.
6. Rotationally rub your left thumb clapsed in the right palm & vice versa.
7. Rub your clapsed fingers on palm to clean finger tips.
8. Rinse hands with water.
9. Dry hands thoroughly with single use towel.
10. Use towel to turn off the tap.



BOARD OF DIRECTORS

Mr. Israel Agina	:	Chairman
Mrs. Sheila Okal	:	Director - Retired November 2017
Miss. Muthoni Orlale	:	Director - Retired November 2017
Mr William Orondo	:	Director - Retired November 2017
Dr. Margaret Kaseje	:	Director - Retired November 2017
Eng. David Onyango	:	Managing Director - Retired March 2018
Mr. Francis Asunah	:	Director - Retired March 2018
Mr. George Ongaya	:	Director - Retired November 2017
Prof. Barrack Abonyo	:	Director - Retired November 2017
Mr. Salmon Orimba	:	Director - Appointed October 2017
Mrs. Janet Ogot	:	Director - Appointed October 2017
Mrs. Caren Aketch Oloo	:	Director - Appointed October 2017
Mr.inod Patel	:	Director - Appointed October 2017
Mr. Nirmal Darbar	:	Director - Appointed October 2017
Mr. Nerry Achar	:	Director - Appointed October 2017
Mr. Pollyins Ochieng	:	Director - Appointed October 2017
Mr. Thomas Odongo	:	Managing Director - Appointed March 2018
Ms. Doris Ombara	:	Director - Appointed October 2017
Mr. Victor Obaso	:	Director - Appointed March 2018

MANAGEMENT TEAM

Eng. David Onyango	:	Managing Director - Retired March 2018
Simon Ondigo	:	Head of Audit and Risk
Evelyne Opiyo	:	Head of Human Resources & Administration
Eng. Moses Jura	:	Head of Technical Services
Nicholas Moseti	:	Head of Finance
Thomas Odongo	:	Managing Director - Appointed March 2018
Eldah Aketch	:	Ag. Head of Commercial Services - March 2018
Anthony Ogwang	:	Supply Chain Manager

REGISTERED OFFICE

: Nafaka House
: Oginga Odinga Street
: P.O. Box 3210, 40100
: KISUMU

AUDITORS

: Auditor General
: P.O. Box 30084, 40100
: NAIROBI

COMPANY SECRETARY

: Equity Secretaries and Registrars
: Certified Public Secretaries
: P.O. Box 14868, 00100
: NAIROBI

PRINCIPAL BANKER

: Co-operative Bank of Kenya Limited
: P.O. Box 1511, 40100
: KISUMU

LEGAL ADVISOR

: Ouma Njoga and Company Advocates

: P.O. Box 2536, 40100
: KISUMU

BOARD COMMITTEES

FINANCE AND COMMERCIAL COMMITTEE

Mrs. Caren Aketch Oloo	:	Chair
Mr. Nerry Achar		
Mrs. Janet Ogot		
Mr. Salmon Orimba		
Mr. Thomas Odongo		

AUDIT AND RISK COMMITTEE

Mr. Nirmal Darbar	:	Chair
Mr. Victor Obaso		
Mr. Nerry Achar		
Mrs. Janet Ogot		
Ms. Doris Ombara		

TECHNICAL COMMITTEE

Mr. Vinod Patel	:	Chair
Mr. Salmon Orimba		
Mrs. Caren Aketch Oloo		
Mr. Thomas Odongo		
Mr. Pollyins Ochieng		

HUMAN RESOURCE AND LEGAL COMMITTEE

Mr. Pollyins Ochieng	:	Chair
Ms. Doris Ombara		
Mr. Nirmal Darbar		
Mr. Victor Obaso		
Mr. Thomas Odongo		

KIWASCO
Refresh Life

The directors submit their report and the audited financial statements for the year ended 30 June 2018 which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES
The principal activities of the company are:

i) To provide and distribute a constant supply of water for commercial, industrial and domestic purposes within the jurisdiction of County Government of Kisumu.
ii) To be responsible for the provision and maintenance of water and sewerage services within the jurisdiction of County Government of Kisumu.

RESULTS	2018 Shs	2017 Shs
Profit before tax	10,209,395	22,480,240
Tax	(1,870,443)	(5,816,552)
Profit for the year	8,338,952	16,663,687

DIVIDEND
The directors do not propose a dividend for the year.

DIRECTORS
The directors who held office during the year and to the date of this report are shown on page ii.

AUDITORS
The company's auditor is the Auditor General and continues in office in accordance with section 159(2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD

DIRECTOR
KISUMU
5th October, 2018

DIRECTOR
KISUMU
5th October, 2018

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Companies Act (Cap. 486) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for that year. It also requires the directors to ensure that the company maintains 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 accept the responsibility for the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine what is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting and applying approporiate accounting policies; and

iii. Making accounting estimates and judgements that are reasonable in the circumstances;

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the company as at 30 June 2018 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 5th October, 2018 and signed on its behalf by:

DIRECTOR

DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenyaweb.com

P.O. Box 30084-00100
NAIROBI

HARAMBEE

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR - GENERAL ON KISUMU WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

OPINION

I have audited the accompanying financial statements of Kisumu Water and Sewerage Company Limited set out on pages 33 to 57, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year 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 Kisumu Water and Sewerage Company Limited as at 30 June 2018, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Company's Act 2015.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kisumu Water and Sewerage Company Limited in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISAAI 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Related Party Transactions

As reported in the year 2015/2016 audit report, according to a letter Ref. KWSCO/MDO/ADM/3/1 dated 30 September 2014 addressed to the County Government of Kisumu from the Board of Directors, the Company was mandated to manage Gulf Water Company Limited and Nyanas Water Company Limited with the Company and County Government of Kisumu each having one signatory to help operate the two companies' bank accounts.

However, for the seven (7) years the financial statements of the two water companies have not been submitted to the office of the Auditor-General for audit contrary to Article 229 of the Constitution of Kenya and the Public Audit Act, 2015.

REPORT ON COMPLIANCE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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-compliance with the Public Service Commission Policy (PSC) HR on a Third rule.

REPORT OF THE AUDITOR - GENERAL ON KISUMU WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

Examination of the Company payroll summary report of January 2018 revealed that some staff suffered payroll deduction in excess of two thirds (2/3) of their basic salaries against the requirement of Section C (3) of the Public Service Commission Human Resource Policies of May 2016 that requires that public officers shall not over commit their salaries beyond two thirds (2/3) of their basic salaries. The company therefore breached the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion
As required by Section 7(1)(a) of the Public Audit Act,2015, based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for conclusion
The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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 belie, were necessary for the purpose of the audit;
ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and
iii. The Company's statements are in agreement with the accounting records and returns.

Responsibilities of 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 and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/sustain services, disclosing, as applicable, matters related to going concern/sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the 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.

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how entity 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 Generals' Responsibilities for the Audit
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatement can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transaction and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further. In planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act,2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern or to sustain its services. 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 or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL
Nairobi
29 May, 2019

Staff repairing pipe water burst.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th June 2018

	Notes	2018 Shs	2017 Shs
Revenue	1	691,626,886	620,277,501
Cost of sales	**6**	**(131,265,466)**	**(129,029,227)**
Gross profit		560,361,420	491,248,274
Other operating income	2	23,899,161	22,233,140
Employment expenses	4	(255,449,104)	(213,660,763)
Administrative expenses	26	(94,641,765)	(87,779,952)
Establishment expenses	27	(136,578,496)	(125,489,041)
Maintenance expenses	28	(79,684,406)	(62,360,256)
Operating profit		**17,906,810**	**24,191,403**
Finance costs	5	(7,697,415)	(1,711,163)
Profit before tax		**10,209,395**	**22,480,240**
Tax Charge	7	(1,870,443)	(5,816,552)
Profit for the year		**8,338,952**	**16,663,687**
Total comprehensive income for the year		**8,338,952**	**16,663,687**
Dividend:			
Proposed final dividend for the year	8		
Total dividend for the year		**-**	**-**

The significant accounting policies on pages 38 to 43 and the notes on pages 44 to 57 form an integral part of these financial statements.

Report of the independent auditors - pages 29 to 31.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	2018 Shs	2017 Shs
CAPITAL EMPLOYED			
Share capital	24	100,000	100,000
Revaluation reserve		1,176,114	1,176,114
Retained earnings		38,605,397	30,266,445
Shareholders' fund		**39,881,511**	**31,542,559**
Non-current liabilities			
Borrowings	9	29,832,474	-
Trade and other payables	14	123,967,046	110,623,527
Grants	17	56,020,733	45,261,814
		209,820,253	155,885,341
		249,701,764	187,427,901
REPRESENTED BY			
Non current assets			
Property, plant and equipment	10	204,411,542	162,060,757
Deferred tax	11	5,014,071	5,014,071
		209,425,613	167,074,828
Current assets			
Inventories	12	16,427,085	12,618,422
Trade and other receivables	13	227,146,013	177,769,362
Cash and cash equivalents	29	19,137,073	12,653,182
		262,710,170	203,040,967
Current liabilities			
Trade and other payables	14	206,173,195	157,253,673
Provision for liabilities and charges	15		2,835,222
Borrowings	9	-	3,200,192
Current tax	7	16,260,823	19,398,808
		222,434,019	182,687,894
Net current assets		**40,276,151**	**20,353,073**
		249,701,764	**187,427,901**

The financial statements on pages 33 to 57 were authorised for issue by the Board of Directors on 5th October, 2018 and were signed on its behalf by:

_______________ Director   _______________ Director

The significant accounting policies on pages 38 to 43 and the notes on pages 44 to 57 form an integral part of these financial statements.

Report of the independent auditors - pages 29 to 31.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June 2018

	Notes	Share capital Shs	Revaluation Reserve Shs	Retained earnings Shs	Total Shs
Year ended 30 June 2017					
At start of year	24	100,000	1,176,114	13,602,758	14,878,872
		100,000	1,176,114	13,602,758	14,878,872
Total comprehensive income for the year		-	-	16,663,687	16,663,687
Dividends: Payable		-	-	-	-
At end of year		**100,000**	**1,176,114**	**30,266,445**	**31,542,559**
Year ended 30 June 2018					
At start of year		100,000	1,176,114	30,266,445	31,542,559
At start of year		100,000	1,176,114	30,266,445	31,542,559
Total comprehensive income for the year		-	-	8,338,952	8,338,952
At end of year		**100,000**	**1,176,114**	**38,605,397**	**39,881,511**

The significant accounting policies on pages 38 to 43 and the notes on pages 44 to 57 form an integral part of these financial statements.

Report of the independent auditors - pages 29 to 31.

STATEMENT OF CASH FLOWS
For the year ended 30th June 2018

	Notes	2018 Shs	2017 Shs
Operating activities			
Cash generated from operations	16	20,626,514	40,478,533
Gratuity Paid		(3,865,302)	-
Tax paid		(5,008,427)	(1,838,606)
Net cash generated from operating activities		**11,752,785**	**38,639,927**
Investing activities			
Purchase of property, plant and equipment	10	(53,702,758)	(47,599,499)
Disposal		-	706,000
Net cash (used in) investing activities		**(53,702,758)**	**(46,893,499)**
Financing activities			
Increase in water deposits	14	13,343,519	11,861,192
Grant received	17	16,156,400	7,495,912
Borrowings Received	9	29,832,474	-
Borrowings Paid	9	(3,201,115)	(2,611,955)
Interest paid	5	(7,697,415)	(1,711,163)
Donations received	9	-	-
Repayment of finance leases		-	-
Net cash from financing activities		**48,433,863**	**15,033,986**
Increase in cash and cash equivalents		**6,483,891**	**6,780,414**
Movement in cash and cash equivalents			
At start of year		12,653,182	5,872,769
Increase/(Decrease)		6,483,891	6,780,414
At end of year	**29**	**19,137,073**	**12,653,182**

The significant accounting policies on pages 38 to 43 and the notes on pages 44 to 57 form an integral part of these financial statements.

Report of the independent auditors - pages 29 to 31.

STATEMENT OF BUDGET VS. ACTUAL PERFORMANCE

For the year ended 30th June 2018

KIWASCO
Refresh Life

	Notes	ORIGINAL BUDGET 2017/2018 Shs	ADJUSTMENTS 2017/2018 Shs	FINAL BUDGET 2017/2018 Shs	ACTUAL ON COMPARABLE 2017/2018 Shs	PERFOMANCE / DIFFERENCE 2017/2018 Shs
Revenue	1	763,946,442	0	763,946,442	691,626,886	(72,319,555.97)
Cost of sales	6	(153,401,348)	7,000,000	(146,401,348)	(131,265,466)	15,135,882.03
Gross profit		610,545,094	7,000,000	617,545,094	560,361,420	(57,183,673.94)
Other operating income	2	29,768,000	0	29,768,000	23,899,161	(5,868,839.20)
Employment expenses	4	(241,673,012)	(5,100,000)	(246,773,012)	(255,449,104)	(8,676,092.31))
Administrative expenses	26	(142,387,271)	(9,000,000)	(151,387,271)	(94,641,765)	56,745,506.05
Establishment expenses	27	(110,549,712)	1,500,000	(109,049,712)	(136,578,496)	(27,528,784.05)
Maintenance expenses	28	(85,849,021)	(6,000,000)	(91,849,021)	(79,684,406)	12,164,615.25
Operating profit		59,854,078	(11,600,000)	48,254,078	17,906,810	(30,347,268.20)
Finance costs	5	(42,494,905)	11,600,000	(30,894,905)	(7,697,415)	23,197,489.90
Profit before tax		17,359,173	0	17,359,173	10,209,395	(7,149,778.30)
Tax Charge	7	(5,207,752)	0	(5,207,752)	(1,870,443)	3,337,309.13
Profit for the year		12,151,421	0	12,151,421	8,338,952	(3,812,469.17)
Total comprehensive income for the year		12,151,421	0	12,151,421	8,338,952	(3,812,469.17)

NOTE:

i) Projected revenue and other incomes for the year were not realised due to harsh economic and political conditions

ii) Employement expenses incresaed due to increase in casual wages and medical expenses on cancelled contract

iii) Administrative,establishment, Finance & Maintenance costs were increased in the approved supplentary budget

iv) Improved profitability in the period under review

V) Farourable terms with the bank led to redution of finance costs

vi) Establishment expenses were above budget due to the reinstatement of the cost by the Board that was not initially budgetted. i.e. LVSWSB Levy of 26M

The significant accounting policies on pges 38 to 43 and notes on pages 44 to 57 form an intergral part of these financial statements

The significant accounting policies on pages 38 to 43 and the notes on pages 44 to 57 form an integral part of these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared under the historical cost basis except for the measurement at revalued amounts of certain items of property, plant and equipment and financial instruments at fair value, impaired assets at their estimated recoverable amounts. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It requires management to exercise judgement in the process of applying the entity's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act 2014 and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all years presented.

Going Concern

The financial perfomance of the company is set out in the Director's report and in the statement of comprehensive income. The financial position of the company is set out in the statement of finacial position.Disclosures in in respect of risk management are set out in note 20.

Based on the financial perfomance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

The financial statements comply with the requirements of the Kenyan Companies Act. The statement of comprehensive income represent the profit and loss account referred to in the Act while the statement of financial position represents the balance sheet referred to in the Act.

Adoption of new and revised International Financial Reporting Standards (IFRSs) and Interpretaions (IFRIC)

Adoption of new and revised International Financial Reportinf Standards (IFRS)

i. New standards and amendments to published standards effective for the period ended 30 June 2017

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

ii. Impact of new and ammended standards and interpretations on the financial statements for the period ended 30 June 2016 and future annual periods

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

iii. Early adoption of standards

The Company did not early-adopt any new or amended standardsin the financial period.

b) Critical Accounting Judgements and Key sources of estimation uncertainty

In the process of applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions abount carrying amounts of assets and liabilities that are not readily apparent from other sources.
The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

i. Critical Judgements in applying accounting policies

There are no critical judgements apart from those involving estimations (in ii below), that the directors have made in the process of applying the company's accounting policies and that are the most significant effect on amounts recognised in the financial statements.

ii. Key sources of estimation uncertainty

Impairment losses - At the end of each period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indications exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit which the asset belongs.

Property, plant, equipment and intangible assets- Management reviews the useful lives of property plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

Contingent liabilities - As disclosed in note 26 to these financial statements, the company is exposed to various contingent liabilities in the normal course of business including a number of legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on directors' evaluation, a present obligation has been established.

c) Sigificant judgements made by management in applying the company's accounting policies

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

i) Sale of water is recognised upon delivery of water and customer acceptance.

ii) Sale of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract.

Operating Expenses

Operating expenses comprise the fair value of the consideration paid or payable for the purchase of goods and services in the ordinary course of business and are stated net of Value Added Tax (VAT). The Company recognises operating expenses when the expense can be reliably measured and is probable that it has been incurred.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated. Assets and liabilities at reporting date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale, are included in other comprehensive income.

e) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on buildings is provided on a straight line basis over its estimated useful life of 40 years.

Freehold land is not depreciated.

Leasehold land is depreciated over the remaining period of the lease.

Depreciation on other assets is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2.5 (Straight line)
Plant, machinery and meters	12.5
Motor vehicles and cycles	25
Furniture and fittings	12.5
Computer equipment	30

Capital work in progress is not depreciated.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

f) Intangible assets

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.
Computer software development costs recognised as assets are amortised over their estimated useful lives which are estimated to be 5 years on a straight line basis.

g) Financial instrument

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets

The company's financial assets which include cash and bank balances and trade and other receivables fall into the following category:
Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date.

All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the company commits to purchase or sell the asset.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining operating profit.

Financial liabilities

The company's financial liabilities which include borrowings, current tax and trade and other payables fall into the following category:
Other financial liabilities: These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the direct purchase value and all costs attributable to bringing the inventory to its current location and condition and is stated on a first-in first-out (FIFO) basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks. In statement of financial position, bank overdrafts are included within borrowings in current liabilities.

j) Share capital

Ordinary shares are classified as equity.

k) Dividends

Proposed dividends are disclosed as a separate component of equity until declared. Dividends are recognised as a liability in the period in which they are approved by the shareholders

l) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax
Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax
Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised. No deferred tax asset/liability was recognised in the year under review .

m) Accounting for leases

Leases of property, plant and equipment, where the company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to profit or loss over the lease period and is included under finance costs. Such property, plant and equipment are depreciated over its useful life.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

n) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the company has present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation nd amount has been reliably estimated. Provisions for future operating losses are not recognised.

The amount recognised as provisions is the best estimate of the present value of expenditures expected obligation using pre-tax rate that reflects the current market assessment of time value of money and the risks specific to the obligation. Increase in provisions due to passage of time is recognised as interest expense in profit or loss under finance costs.

o) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

p) Retirement benefit obligations

Employee entitlements to gratuity and long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date. The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees.

The assets of this scheme are held in a separate trustee administered fund. The company's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid.

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

q) Grants

Grants related to assets, including-non monetary grants at fair value are presented in the statement of financial position by setting up the grant as deferred income. The grant is recognised as income on a systematic and rational basis over the useful life of the asset.

r) Borrowing costs

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset based on either on actual cost on specific borrowing or in the case of general borrowings, based on a weighted average cost. Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Staff sharing a cake with staff of Victoria Suites Hotel Kisumu during Customer Service week

1. REVENUE

	2018 Shs	2017 Shs
Sale of Water/Sewerage and services	691,626,886	620,277,501

2. OTHER OPERATING INCOME

	2018 Shs	2017 Shs
Illegal connections	2,210,400	3,026,160
New water connections	5,130,706	7,131,600
Reconnection fees	1,434,700	1,286,500
Sewer agreement forms	15,400	18,200
Sewer connection	498,000	630,200
Tender income	154,000	543,000
Water connection forms	1,026,859	1,123,903
Surcharge on meter loss	736,500	351,300
Other miscellenaous income	794,170	3,436,882
Other Income - Donations	3,812,456	-
Exhauster Services	2,688,490	-
Write back of grants	5,397,480	4,685,395
Total other operating income	23,899,161	22,233,140

3. OPERATING PROFIT

	2018 Shs	2017 Shs
The following items have been charged in arriving at operating profit:		
Establishment expenses (Note.27)	111,948,552	102,401,919
Depreciation on property, plant and equipment (Note 10)	24,629,944	23,087,122
Administrative costs (Note.26)	98,775,294	86,500,423
Admin Expenses - Auditors' remuneration		
- Current year	580,000	580,000
Trade receivables - impairment	-	-
Repairs and maintenance (Note.28)	79,684,406	62,360,256
Staff costs (Note 4)	255,449,104	213,660,763

4. EMPLOYMENT EXPENSES

	2018 Shs	2017 Shs
Salaries and wages	189,860,213	145,500,995
Other staff costs	26,979,692	34,235,587
Gratuity (Note 15)	1,030,080	1,375,848
Allowances in lieu of leave	2,870,481	0
Pension costs:		
- Defined contribution scheme	14,605,296	12,073,511
- National Social Security Fund	758,105	685,400
Staff medical expense	18,386,492	11,338,986
Staff uniform and protective clothing	0	3,994,054
Staff welfare	764,095	4,264,182
DIT Levy	194,650	192,200
	255,449,104	213,660,763

5. FINANCE COSTS

	2018 Shs	2017 Shs
Interest on Asset Finance - CFC Bank	7,697,415	530,951
Interest on IPF - Medical Insurance	0	614,211
Interest on Bank loan - Sidian Bank	0	566,001
	7,697,415	1,711,163

6. COST OF SALES

	2018 Shs	2017 Shs
Opening inventories of chemicals	1,592,049	1,982,954
Water chemicals	78,459,925	83,279,531
Electricity	53,399,400	45,358,790
Closing inventories of chemicals	(2,185,908)	(1,592,049)
Total cost of sales	131,265,466	129,029,227

7. TAX

	2018 Shs	2017 Shs
Brought forward	19,398,808	15,420,861
Current tax	1,870,443	5,816,552
Tax paid	(5,008,427)	(1,838,606)
	16,260,823	19,398,808
Amount that would arise using the basic rate as follows:		
Profit before tax	10,209,395	22,480,240
Tax calculated at a tax rate of 30% (2018: 30%)	3,062,818	6,744,072
Tax effect of:		
- expenses not deductible for tax purposes	9,330,330	9,544,000
- income not subject to tax	(10,522,706)	(10,471,519)
Tax charge	1,870,443	5,816,552

8. DIVIDENDS

Payment of dividend is subject to a withholding tax at the rate of 5% for residents and 10% for non-residents or 0% where holding is by a resident company holding more than 12.5%.

There was no dividends declared in the year under review.

9. BORROWINGS

	2018 Shs	2017 Shs
Sidian Bank Loan	0	792,007
CFC Asset Finance loan	-	2,409,108
Coop Bank - OBA Project Loan	29,832,474	-
	29,832,474	3,201,115
Maturity Analysis;		
Non-current		
Sidian bank loan	0	923
Coop Bank - OBA Project Loan	29,832,474	-
	29,832,474	923
Current		
Sidian bank loan	-	791,084
Coop Bank - OBA Project Loan	-	-
CFC bank - asset Finance	-	2,409,108
	3,200,192	12,155,021
Total borrowings	29,832,474	3,201,115

Finance leases are secured by a right over the leased assets.

Weighted average effective interest rates at the year end was 14%.

The fair values of current borrowings equal to their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the weighted average rates mentioned above. In the opinion of the directors, it is impracticable to assign fair values to the company's long-term liabilities due to inability to forecast interest rate.

The carrying amounts of the company's borrowings are denominated in the Kenya Shillings.

10. (a) Property, plant and equipment

Year ended 30 June 2018 **Cost or Valuation**	**Leasehold improvements Shs 2.50%**	**Plant, machinery and meters Shs 12.5%**	**Motor vehicles and cycles Shs 25%**	**Furniture and fittings Shs 12.5%**	**Computer equipment Shs 30%**	**Capital work-in-progress Shs**	**Project Assets Shs 12.5%**	**Total Shs**
As at 1st July 2017	1,138,554	149,107,653	19,916,183	9,734,459	9,294,176	11,792,824	69,351,882	270,335,732
Additions	0	39,763,817	-	1,235,797	1,128,048	29,832,474	-	71,960,136
Impairment		(5,690,750)						(5,690,750)
Transfers/Disposal	-	-	-	-	-	-	-	-
As at 30th June 2018	1,138,554	183,180,721	19,916,183	10,970,257	10,422,224	41,625,298	69,351,882	336,605,118
Depreciation								
As at 1st July 2017	336,016	58,633,652	12,392,853	5,983,881	7,447,398	-	23,481,176	108,274,976
Reversal on impairment/Acc. Dep		(711,344)	-	-	-	-	-	(711,344)
Charge for the year	20,063	15,479,465.61	1,880,833	623,297	892,448	-	5,733,838	24,629,944
As at 30th June 2018	356,079	73,401,774	14,273,686	6,607,178	8,339,846	-	29,215,014	132,193,576
Net book value - 30th June 2018	782,475	109,778,947	5,642,498	4,363,079	2,082,378	41,625,298	40,136,868	204,411,542

10. (b) Property, plant and equipment

Year ended 30 June 2017 **Cost**	**Leasehold improvements Shs 2.50%**	**Plant, machinery and meters Shs 12.5%**	**Motor vehicles and cycles Shs 25%**	**Furniture and fittings Shs 12.5%**	**Computer equipment Shs 30%**	**Capital work-in-progress Shs**	**Project Assets Shs 12.5%**	**Total Shs**
As at 1st July 2016	1,138,554	110,655,113	21,721,137	8,520,985	8,826,210	16,235,189	58,275,528	225,372,717
Additions		45,349,540	924,846	1,213,474	467,966	6,633,989		54,589,815
Transfers/Disposal/Impairement	-	(6,897,000)	(2,729,800)	-	-	(11,076,354)	11,076,354	(9,626,800)
As at 30th June 2017	1,138,554	149,107,653	19,916,183	9,734,459	9,294,176	11,792,824	69,351,882	270,335,732
Depreciation								
As at 1st July 2016	315,438	46,817,241	12,482,058	5,448,084	6,655,922	-	16,928,218	88,646,961
Reversal on impairment		(862,125)	(2,596,982)					(3,459,107)
Charge for the year	20,578	12,678,536	2,507,777	535,797	791,476	-	6,552,958	23,087,122
As at 30th June 2017	336,016	58,633,652	12,392,853	5,983,881	7,447,398	-	23,481,176	108,274,976
Net book value - 30th June 2017	802,538	90,474,001	7,523,330	3,750,578	1,846,778	11,792,824	45,870,707	162,060,756

11 Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. (2017:30%). There was no movement in the year under review as shown below:

	2018 Shs	2017 Shs
At start of year	(5,014,071)	(5,014,071)
(Credit)/charge to profit or loss (Note 7)	-	-
At end of year	(5,014,071)	(5,014,071)

Deferred tax (assets) and liabilities, deferred tax charge/(credit) to other comprehensive income and deferred tax charge/(credit) to equity, deferred tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year Shs	At (Credit) to profit or loss Shs	end of year Shs
Deferred tax (assets)			
Provisions	(5,014,071)	0	(5,014,071)
Net deferred tax (asset)	(5,014,071)	-	(5,014,071)

12 Inventories

	2018 Shs	2017 Shs
Chemicals	2,185,908	1,592,049
Consumables	14,241,177	11,026,373
	16,427,085	12,618,422

13 Trade and other receivables

	2018 Shs	2017 Shs
Trade receivables	194,353,112	155,671,072
Less: Offset of Inhertited County Government bills	0	0
Less: provision for impairment/Credits awarded	(8,700,403)	(7,197,865)
Net trade receivables	185,652,708	148,473,207
Prepayments and deposits (Appendix c)	5,140,974	4,223,813
Other receivables (Appendix d)	30,763,015	20,948,671
Receivable from related parties (Note 13a on movements)	5,589,316	4,123,671
	227,146,013	177,769,362

a) Movement in related parties balances

	2018 Shs	2017 Shs
At start of year	4,123,671	(0)
Additions in the year - Bills	5,005,364	11,676,114
Prior year adjustments	0	0
Offset from County Government Liabilities	0	0
Bills paid by the County government	(3,539,719)	(7,552,443)
At end of year	5,589,316	4,123,671

Related party referred to here is the County Government of Kisumu formerly Municipal Council of Kisumu (MCK). KIWASCO is a wholly owned subsidiary of the County Government of Kisumu and supplies water to various institutions and premises owned and operated by the County Government of Kisumu.

b) Movement in impairment provisions

	2018 Shs	2017 Shs
At start of year	-	-
Additions	-	7,197,865
At end of year	-	7,197,865

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value. The company's credit risk arises primarily from trade receivables. The directors have made a provision for the portion of the receivable whose recovery is in doubt.

The carrying amounts of the company's trade and other receivables are all denominated in Kenya Shillings. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

14 Trade and other payables

	2018 Shs	2017 Shs
Non current		
Water deposits	97,306,650	83,963,131
County Government of Kisumu - Contributions	26,660,396	26,660,396
Offset of Contributions by KIWASCO debts	0	0
	123,967,046	110,623,527

Non-current liabilities above include water deposits received from customers to mitigate the company against losses which may arise from non payment of water consumed and bills raised. The deposits are refundable on demand by the customers incase of transfer or movement from the premises. An annual provision of Ksh.1,200,000 (Current liability) is estimated to be refunded within one financial year of operations.

	2018 Shs	2017 Shs
Current		
Trade payables	84,583,967	72,262,862
County Government of Kisumu - Conservancy fee	22,341,900	9,712,430
Accruals (Appendix a)	20,997,586	16,250,707
Other payables (Appendix b)	13,500,739	11,599,563
County Government Lease Fees	19,630,696	8,065,348
Lake Victoria South Water Services Board Levy	43,918,307	38,162,763
Water deposits	1,200,000	1,200,000
Offset of County Government liabilities with debts	0	0
	206,173,195	157,253,673
Total trade and other payables	330,140,241	267,877,200
Movement in County Government of Kisumu (formerly MCK)- Contributions		
At start of year and as previously stated	26,660,396	26,660,396
Prior year adjustment:		
Water deposit	-	-
As restated	26,660,396	26,660,396
Amount offset against irrecoverable water debtors taken over at inception	-	-
At end of year	26,660,396	26,660,396

In the opinion of the directors, the carrying amount of trade and other payables approximate to their fair value. The carrying amounts of the company's trade and other payables are all denominated in Kenya Shillings.

14 Trade and other payables (continued)

	2018 Shs	2017 Shs
The maturity analysis of trade and other payables is as follows:		
Within three months	89,983,967	77,662,862
Three to twelve months	116,189,228	79,590,811
Over one year	123,967,046	110,623,527
	330,140,241	267,877,200

15 Provisions for liabilities and charges

	2018 Shs	2017 Shs
At start of year	2,835,222	1,459,374
Charge to profit or loss (Note 4)	1,030,080	1,375,848
	3,865,302	2,835,222
Utilised during the year	(3,865,302)	-
At end of year	0	2,835,222

16 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2018 Shs	2017 Shs
Profit before tax	10,209,395	22,480,240
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	24,629,944	23,087,122
Amortisation of intangible assets (Note 10)		
Depreciation reversal - Impairment loss on meters (Note 10)	(711,344)	(862,125)
Interest expense (Note 5)	7,697,415	1,711,163
Increase/(decrease) provision for liabilities and charges (Note 15)	(2,835,222)	1,375,848
Grants written back (Note 17)	(5,397,480)	(4,685,395)
Changes in working capital:		
- Increase in Inventories (Note 12)	(3,808,663)	(2,320,598)
- Increase in trade and other receivables (Note 13)	(58,077,054)	(4,108,240)
- Increase in trade and other payables (Note 14)	48,919,523	3,800,519
Prior year adjustment - Trade payables		
Cash generated from operations	20,626,514	40,478,533

17 Grants

	At start of year	Advance during the year	Write back to income	At end of year
Year ended 30 June 2018				
Nyalenda project	1,313,484	-	(164,185)	1,149,298
Lake Victoria South Water Services Board	169,385	-	(21,173)	148,212
Water Service Trust Fund & Others	31,314,898	10,382,077	(5,212,122)	36,484,853
Other Grants - WIP	12,464,047	5,774,323	-	18,238,370
	45,261,814	16,156,400	(5,397,480)	56,020,733
Year ended 30 June 2017				
Nyalenda project	1,501,124	-	(187,641)	1,313,484
Lake Victoria South Water Services Board	193,583	-	(24,198)	169,385
Water Service Trust Fund	23,677,827	12,110,627	(4,473,557)	31,314,898
Other Grants	17,078,763	(4,614,716)	-	12,464,047
	42,451,297	7,495,912	(4,685,395)	45,261,814

18 Related party transactions and balances

	2018 Shs	2017 Shs
i) Sale of goods and services		
Sale of water to related parties - County Government of Kisumu	5,005,364	11,676,114
ii) Purchase of goods and services		
Lease charges and levy from related parties - County Government of Kisumu	46,431,220	43,303,722
iii) Outstanding balances arising from sale and purchase of goods/service and other contractual agreements		
Receivable from related parties (Note 13)	5,589,316	4,123,671
Payable to related parties (Note 14)	22,341,900	9,712,430
Key Management personnel compensation		
Short term employee benefits	24,904,980	21,256,332
Post employment benefits (Ref: Employment benefits)	2,874,593	2,324,091
	27,779,573	23,580,423

19 Risk management objectives and policies

Financial risk management
The company's activities expose it to a variety of financial risks: market risk (including interest rate risk) credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by the management under policies approved by the board of directors Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk

- Interest rate risk
The company has no interest bearing assets and as a result its cashflows are substantially independent of changes in market interest rates.

The company's exposure to interest rate risk arises from current borrowings. Borrowings obtained at different rates expose the company to interest rate risk. Borrowings obtained at fixed rates expose the company to fair value interest rate risk except where the instruments are carried at amortised cost.

	2018 Shs	2017 Shs
Effect on profit-(decrease)	(7,697,415)	(1,711,163)

The table above summarises the effect on post-tax profit had interest rates been 1 percentage point higher, with all other variables held constant. If the interest rates were lower by 1% point, the effect would have been the opposite.

(b) Credit risk

Credit risk arises mainly from cash and cash equivalents and trade and other receivables.
Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors, when determining credit limits.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

None of the financial assets that are fully performing has been renegotiated in the last year. Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes 9 and 16 discloses the maturity analysis of borrowings and trade and other payables.

20 Capital management/ Commitment

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurately with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

As at the reporting date, the company had sufficient cash and cash equivalents to adequately cover its borrowings.

21 Commitments

	2018 Shs	207 Shs
Operating lease commitments		
Operating lease payable within one year	20,365,348	20,365,348

22 Incorporation

Kisumu Water and Sewerage Company Limited is incorporated in Kenya under the Companies Act as a private limited liability company and is domiciled in Kenya.

23 Presentation currency

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

24 Share capital

	2018 Shs	2017 Shs
Authorised:		
5,000 (2017: 5,000) ordinary shares of Shs. 20 each	100,000	100,000
Issued and fully paid:		
5,000 (2017: 5,000) ordinary shares of Shs. 20 each	100,000	100,000

The company is owned by County Government of Kisumu who hold 99.9% of the total shares.

25 Contingent Liabilities

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. There were active litigations against the company as at the reporting date. These are being handled by the company's legal team.

26. Administrative Expenses

	2018 Shs	2017 Shs
Staff uniform and protective clothing	1,544,628	0.00
Board Expenses	13,649,042	9,162,112
Board retreat and annual general meeting	3,707,543	4,125,410
Advertising and publicity	6,039,616	4,014,087
Tenders	564,508	367,750
Bank charges and commissions	2,207,696	1,631,075
Training	2,811,908	8,190,158
Postages and telephones	6,498,000	5,745,538
Vehicle running expenses	19,951,309	15,958,537
Travels and subsistence	7,899,142	8,940,165
Printing and stationery	3,779,073	3,595,249
Audit fees	0	0
- Current year	580,000	580,000
- Under/(over) provision in prior years	0	0
ICT expenses	2,317,153	2,699,529
Debt collection	801,500	765,000
Bad debts Provision	0	7,197,865
Legal and professional fees an subscriptions	7,130,702	2,850,970
Consultancy	9,825,216	7,395,379
Office expenses	5,322,680	4,533,128
Donations	12,050	28,000
Total administrative expenses	94,641,765	87,779,952

27. Establishment Expenses

	2018 Shs	2017 Shs
Lease fees	20,365,348	20,365,348
Conservancy fee	18,892,230	15,299,410
LVSWSB Levy	26,065,872	22,938,374
WASREB levy	6,510,113	5,764,773
WRA levy	5,334,834	5,560,584
NEMA	110,000	0
KEBS levy	400,000	400,000
WASPA	55,000	224,000
Office rent	2,343,348	2,343,348
Office Repairs and maintenance	1,483,008	2,413,901
Electricity	568,294	414,919
General insurance	1,368,357	1,223,202
Security expenses	17,583,018	14,043,789
Impairment loss on meters	4,979,406	6,034,875
Depreciation on property, plant and equipment	24,629,944	23,087,121
Water Bills	5,889,723	5,375,397
Total establishment expenses	136,578,496	125,489,041

28. Maintenance Expenses

	2018 Shs	2017 Shs
Opening inventories of consumables	11,026,373	8,314,870
Network maintenance	64,664,285	47,551,168
Sewerage maintenace	2,528,135	2,042,732
Laboratory reagents	3,716,456	4,989,050
Water pump maintenance	5,505,060	2,801,844
Electrical items	6,485,273	7,686,966
Closing inventories of consumables	(14,241,177)	(11,026,373)
Total maintenance expenses	79,684,406	62,360,256

29 (a) Cash and cash equivalents

	2018 Shs	2017 Shs
Cash in hand	593,576	405,115
Cash at bank	18,543,497	12,248,068
	19,137,073	12,653,182

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above. Details of bank accounts, account numbers and year end balances for every account comprisng the above totals are annexed in page 57 of this financial statements.

29. (b) Bank Register for Cash & Cash Equivalent (Note 14)

As at year ended 30 June 2018

NAME OF THE CORPORATION	NAME OF BANK (BANKERS)	BANK ACCOUNT NUMBERS	BANK BRANCH	CURRENCY	CASH BOOK BALANCE	BANK BALANCE
				KSH	AS AT 30/06/2018	AS AT 30/06/2018
Kisumu Water and Sewerage Company	Cash on Hand	N/A	N/A	KSH	524,549.00	N/A
Kisumu Water and Sewerage Company	Cooperative Bank of Kenya	01100012931300	KISUMU	KSH	1,009.70	1,009.70
Kisumu Water and Sewerage Company	Cooperative Bank of Kenya	01136012931300	KISUMU	KSH	3,237,018.92	4,237,018.92
Kisumu Water and Sewerage Company	Cooperative Bank of Kenya	01136012931301	KISUMU	KSH	355,144.08	147,642.10
Kisumu Water and Sewerage Company	Petty Cash	N/A	N/A	KSH	68.00	N/A
Kisumu Water and Sewerage Company	Cash on Hand - Mpesa	N/A	N/A	KSH	495,609.00	N/A
Kisumu Water and Sewerage Company	NIC Bank - Pamoja Trust	1001789399	KISUMU	KSH	432,042.48	432,042.48
Kisumu Water and Sewerage Company	Sidian Bank	10090001537	KISUMU	KSH	168,138.00	168,138.00
Kisumu Water and Sewerage Company	Post bank	0744130005547	KISUMU	KSH	5,700.00	5,700.00
Kisumu Water and Sewerage Company	HFCK	7040001942-0	KISUMU	KSH	128,882.91	128,882.91
Kisumu Water and Sewerage Company	Equity Bank	0290265172985	KISUMU	KSH	45,020.94	45,020.94
Kisumu Water and Sewerage Company	Cash on Hand - Airtel	N/A	N/A	KSH	17,455.00	17,455.00
Kisumu Water and Sewerage Company	Cash on Hand - Jambopay	N/A	N/A	KSH	783.00	783.00
Kisumu Water and Sewerage Company	Escrow Account - OBA Project	0192012931300-01	KISUMU	KSH	13,725,652	13,725,652

1. Other Operating Income

	2018 Shs	2017 Shs
Illegal connections	2,210,400	3,026,160
New water connections	5,130,706	7,131,600
Reconnection fees	1,434,700	1,286,500
Sewer agreement forms	15,400	18,200
Sewer connection	498,000	630,200
Tender income	154,000	543,000
Water connection forms	1,026,859	1,123,903
Surcharge on meter loss	736,500	351,300
Other miscellenaous income	794,170	3,436,882
Other Income - Donations	3,812,456	-
Exhauster Services	2,688,490	-
Write back of grants	5,397,480	4,685,395
Total other operating income	**23,899,161**	**22,233,140**

2. Employment Expenses

	2018 Shs	2017 Shs
Salaries and wages	189,860,213	145,500,995
Other staff costs	26,979,692	34,235,587
Gratuity (Note 15)	1,030,080	1,375,848
Allowances in lieu of leave	2,870,481	0
Pension costs:		
- Defined contribution scheme	14,605,296	12,073,511
- National Social Security Fund	758,105	685,400
Staff medical expense	18,386,492	11,338,986
Staff uniform and protective clothing	0	3,994,054
Staff welfare	764,095	4,264,182
DIT Levy	194,650	192,200
	255,449,104	213,660,763

1. Accruals

	2018 Shs	2017 Shs
PAYE outstanding	1,925,882	2,855,489
NSSF outstanding	1,214,975	2,288,965
NHIF outstanding	263,600	322,250
Special PAYE	383,090	613,552
WASREB Levy	1,126,016	1,102,456
Accrued Salaries & Wages	8,609,065	2,859,160
WARMA	2,281,387	2,314,238
WASPA	0	112,000
NITA	16,550	16,200
IPF Medical Insurance	1,925,321	1,094,698
KENAO	3,251,700	2,671,700
	20,997,586	16,250,707

2. Other Payables

	2018 Shs	2017 Shs
Voluntary contribution	6,310,131	3,846,708
Union dues outstanding	1,111,449	1,111,449
Pension outstanding	6,035,152	6,641,406
NUWASE	44,007	0
	13,500,739	11,599,563

3. Prepayments

	2018 Shs	2017 Shs
Telephone deposits	57,000	42,000
Electricity deposits	792,900	792,900
Internet	17,400	17,400
NUWASE	0	39,343
Staff medical insurance	4,273,674	3,332,170
	5,140,974	4,223,813

4. Other Receivables

	2018 Shs	2017 Shs
VAT	28,913,106	20,563,400
Staff advances	1,849,909	385,271
	30,763,015	20,948,671

PROXY FORM

The Company Secretary
Kisumu Water & Sewarage Company Limited
P.O. Box 3210
Kisumu

I/We ____

of ____

being a *member/members of Kisumu Water & Sanitation Company Limited:

of (address) ____

hereby appoint: ____

to be *my/our proxy, to vote on *my/our behalf at the 14th Annual General Meeting of the Company to be held on **22nd November 2019** at Ciala Resort or any adjournment thereof.

***(Strike out as appropriate)**

Signed this ______________ day of ___________________________(Month) 2019.

Notes:

1. A proxy need not be a member.
2. In the case of a corporate body, the proxy must be under its Common Seal.
3. This proxy form should be completed and returned not later than 48 hours before the meeting or any adjournment thereof.

NOTES

Nafaka House, Oginga Odinga Street
P.O. Box 3210 Kisumu, Kenya
Tel: +254 (57) 202 3856, 202 3977,
+254 57 202 4100,
Fax: +254 57 202 1604
Cell: +254 721 757 382
Email: info@kiwasco.co.ke

www.KIWASCO.co.ke