

**NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
AUDITED FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31ST DECEMBER 2017**

Auditors:

**Elijah & Co. Associates
Certified Public Accountants of Kenya
Twiga Towers, Moi Avenue
P.O. Box 8491 – 00100
Nairobi**

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**NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
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ASSOCIATION INFORMATION

MANAGEMENT COMMITTEE :

SEBASTIAN KIRIAMBURI NJAGI
MARY NJERI NEPHAT

CHAIRMAN
TREASURER

PETER KAGIRI
GEOFFREY M GICHATHA

SECRETARY
VICE-CHAIRMAN

JOSEPH KAWARA
JANE MUTHONI
JOSEPH MBUITU
JOHN KANAMBIU
CHRISTOPHER MUGAI
ZEPHANIA MUGAMBI
STEPHEN NJIRU
KENNETH MUCIRI
ELAS WANJA

REGISTERED OFFICE:

NGANDORI NGINDA WATER
CONSUMERS ASSOCIATION
P.O BOX 1328-60100
KANGARU
EMBU KENYA

PRINCIPAL BANKERS :

COOPERATIVE BANK OF KENYA LTD
NAWIRI SACCO SOCIETY LTD
DAIMA SACCO SOCIETY LTD

AUDITORS :

ELIJAH & CO. ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS OF KENYA
TWIGA TOWERS, MOI AVENUE
TEL; 0722 934187 / 0712 280055
P.O BOX 8491-00100
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EXECUTIVE MEMBERS' REPORT

The executive members submit their report and audited financial Statements for the 12 months period ended 31st December 2017, which disclose the state of affairs of the association.

PRINCIPAL ACTIVITIES

The association's principal activity is to engage in sale of water.

OPERATING RESULTS

The operating results for the period under review are set out on page 6.

EXECUTIVE MEMBERS

The executive members who held office during the period as set out on page 1, were :

Sebastian Kiriamburi Njagi - Chairman

Mary Njeri Nephath - Treasurer

Peter Kagiri - Secretary

AUDITORS

During the period, Elijah & Co. Associates were the association's auditors and have expressed their willingness to continue in office in accordance with Section 159(2) of the Societies Act.

SECRETARY 

NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
AUDITED FINANCIAL STATEMENTS
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MANAGEMENT COMMITTEE RESPONSIBILITIES

The Societies Act requires the executive members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the association as at the end of the financial year and of its operating results for that year. It also requires the executive members to ensure that the association maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the association. The executive members are also responsible for safeguarding its assets.

The executive members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Societies Act. The executive members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the association as at 31ST December 2017 and of its operating results for the year then ended. The executive members further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the management committee on 16 / 08 2018 and signed on its behalf by:

CHAIRMAN 

TREASURER 

SECRETARY 

**NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
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**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NGANDORI NGINDA WATER CONSUMERS ASSOCIATION**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ngandori Nginda Water Consumers Association, set out on pages 6 to 17 which comprise the Statement of Financial Position as at 31ST DDecember 2017, Statement of Comprehensive Income, Statement of Cash Flows and Statement of changes in Equity for the period ended 31ST DDecember 2017, and a summary of significant accounting policies and other explanatory notes.

EXECUTIVE MEMBERS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The executive members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Societies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether they lead to fraud or error. In making those risk assessments, we considered the internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used, as well as evaluating the overall presentation of the financial statements.

OPINION

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the association as at 31ST December 2017, its surplus and cash flows for the period then ended is in accordance with Societies Act. The Internal control system of the Association is as well strong and well maintained in accordance to the Societies Act.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Societies Act we report to you, based on our audit, that: we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

I) In our opinion, proper books of account have been kept by the association, so far as appears from our examination of those books; and

II) The association Statement of Financial Position and Statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Elijah Mwangi P/NO 1601

Elijah & co. Associates
Certified Public Accountants of Kenya

Elijah & co Associates

Nairobi

16 / 05 2018

NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
 AUDITED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2017

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 Kshs.	2016 Kshs.
Income from sale of water	(2a)	56,217,360	41,195,314
Investment and Other Incomes	(2b)	1,274,304	56,288
Cost of goods sold	(3)	(1,222,144)	(1,417,144)
Gross Margin		<u>56,269,520</u>	<u>39,834,458</u>
Staff Expenditure	(4)	22,194,047	16,672,278
Members Expenditure	(5)	3,323,427	2,215,839
Administrative Expenses	(6)	8,103,119	8,231,897
Depreciation Expenses	(7)	8,307,969	7,077,429
Financial Expenses	(8)	102,634	91,181
Total Expenditure		<u>42,031,196</u>	<u>34,288,623</u>
Surplus for the year		<u>14,238,324</u>	<u>5,545,835</u>

The notes set out form an integral part of these Financial Statements

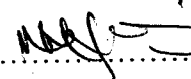
NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
 AUDITED FINANCIAL STATEMENTS
 AS AT 31ST DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

	Notes	2017 Kshs.	2016 Kshs.
ASSETS			
NON - CURRENT ASSETS			
Property & Equipments	(1e)	79,232,153	66,968,294
Total Non - Current Assets		<u>79,232,153</u>	<u>66,968,294</u>
CURRENT ASSETS			
Trade Receivables	(12)	13,204,224	11,989,981
Other Receivables	(13)	31,000	125,540
Cash & Bank Balances	(15)	2,607,399	3,833,360
Inventory	(14)	134,112	133,836
		<u>15,976,735</u>	<u>16,082,717</u>
TOTAL ASSETS		<u>95,208,888</u>	<u>83,051,011</u>
FINANCED BY:			
CURRENT LIABILITIES			
Trade & Other payables	(9)	17,888,524	15,581,338
Customer Deposits	(10)	9,360,495	8,326,450
Customer Water Pre-payments	(11)	768,894	270,278
Total Current Liabilities		<u>28,017,913</u>	<u>24,178,066</u>
Suspended Income		-	5,920,294
Retained Earnings		<u>67,190,975</u>	<u>52,952,651</u>
		<u>67,190,975</u>	<u>58,872,945</u>
EQUITY & CAPITAL		<u>95,208,888</u>	<u>83,051,011</u>

The financial statements were approved for issue by the Management Committee
 on 16 / 03 2018 and were signed on its behalf by:

CHAIRMAN 

TREASURER 

SECRETARY 

NGANDORI NGINDA WATER CONSUMERS ASSOCIATION
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STATEMENT OF APPROPRIATION ACCOUNT

	Retained Earnings Kshs.	Totals Kshs.
Balance as at 1st Jan 2017	52,952,651	52,952,651
Suspended income written off	(5,920,294)	
Surplus for the year	14,238,324	14,238,324
Balance as at 31 st December 2017	<u>67,190,975</u>	<u>67,190,975</u>
	Retained Earnings Kshs.	Totals Kshs.
Balance as at 1st Jan 2016	47,406,816	47,406,816
Surplus for the year	5,545,835	5,545,835
Balance as at 31 st December 2016	<u>52,952,651</u>	<u>52,952,651</u>

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 AUDITED FINANCIAL STATEMENTS
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1.e. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED...)

PROPERTY & EQUIPMENTS

COST	Land	Motor Vehicle	Buildings	Furniture & Equipments	Motor cycles	Water & Pitting	Water Meter	Extension (Kavurokoti Pipeline)	Water Pipes	Computers & Printers	Tools	Tank	Total
Balance as at 1.1.2017	Kshs. 3,288,710	Kshs. -	Kshs. 198,610	Kshs. 147,605	Kshs. 2,053,475	Kshs. 11,726,680	Kshs. 15,348,150	-	Kshs. 73,637,933	Kshs. 682,256	Kshs. 239,920	Kshs. 1,091,657	Kshs. 108,414,996
Additions/ Disposal	500,000 ¹	6,031,869 ²	-	599,335 ³	1,183,680 ⁴	525,555 ⁵	3,765,650 ⁶	6,000,000	1,432,120 ⁷	345,000 ⁸	28,620 ⁹	160,000 ¹⁰	14,571,829 ¹¹
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	6,000,000
Balance as at 31 st December 2017	3,788,710	6,031,869	198,610	746,940	3,237,155	12,252,235	19,113,800	6,000,000	75,070,053	1,027,256	268,540	1,251,657	128,986,825
Depreciation	-	-	137,773 ¹²	98,780	1,372,925	6,822,049	2,443,397	-	29,926,719	441,471	78,969	124,620	41,446,702
Balance as at 1.1.2017	-	-	6,084	81,020	372,846	1,086,037	833,520	-	4,514,333	175,735	9,479	22,541	8,307,969
Charge for the year	-	1,206,374	143,857	179,800	1,745,771	7,908,086	3,276,917	-	34,441,052	617,207	88,447	147,160	49,754,671
Net Book Value (31.12.2017)	3,788,710	4,825,495 ¹³	54,753 ¹⁴	567,140 ¹⁵	1,491,384 ¹⁶	4,344,148	15,836,883	6,000,000	40,629,001	410,049 ¹⁷	180,073	1,104,497 ¹⁸	79,232,153
Net Book Value (31.12.2016)	3,288,710	-	60,837	48,825	680,550	4,904,630	12,904,753	-	43,711,214	240,785	166,951	967,037	66,968,294

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 FOR THE YEAR ENDED 31ST DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED...)

	2017 Kshs.	2016 Kshs.
2. INCOME		
(2a) Water sales	56,217,360	41,195,314
(2b) Investment and Other Income		
Bank interest	171	42
Sundry Income	8,500	16,440
New Connections	1,133,250	-
Insurance compensation	132,383	39,806
Total Investment & other Income	1,274,304	56,288
Total Income	57,491,664	41,251,602
3. Cost of Sales		
Opening stock	133,836	76,443
Add: Purchases	1,222,420	1,474,537
Closing stock	(134,112)	(133,836)
Cost of Sales	1,222,144	1,417,144
	56,269,520	39,834,458
4. Staff Expenditure	Note	
Salaries to Permanent staff	* 17,945,763	13,464,910
Casual wages	(7) 755,310	716,896
Staff Welfare	384,637	171,378
* NSSF	(7) 138,400	130,200
Staff Travel & subsistence	(7) 855,214	542,597
Medical expenses	156,320	218,785
Staff uniforms	301,603	23,792
Staff education	(7) 1,656,800	(7) 1,403,720
Total	22,194,047	16,672,278

5. Members Expenditure

Committee Allowance	1,000,000	1,061,500
Committee Subsistence	485,427	119,059
Education to members	850,000	1,035,280
AGM Expenses	988,000	-
Total	3,323,427	2,215,839

6. Administrative Expenditure

Office Rent	216,000	216,000
Stationery & Printing	97,607	219,928
SMS Bills	149,200	-
Telephone & Postage	241,755	211,229
Minor extensions	612,750	617,421
Fuel, Oil & Electricity	640,200	328,480
Transport hire	163,870	156,635
Service Fee(TWSB)	1,075,000	1,350,000
WASREB fees	367,240	462,176
WRMA Levy	609,090	709,870
Public relation & Advertising	311,260	38,460
Provision of doubtful debts (12) *	694,959	631,052
Sundry expenses	13,600	19,961
Insurance	407,786	231,446
Repair & Maintenance to Motor Cycle	36,860	178,220
Repair & Maintenance to Buildings	102,250	82,614
Computer Expenses	242,344	329,729
Operation & Maintenance cost	915,678	1,322,236
Water Chemicals	1,205,670	1,126,440
	8,103,119	8,231,897

7. Depreciation Expenses

Provision for depreciation (1e) *	8,307,969	7,077,429
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8. Financial & Professional Expenses

Bank Charges	35,034	41,161
Professional expenses	20,000	10,900
Audit fees	35,000	32,000
Legal fees	7,000	2,000
V.A.T on Audit fee	5,600	5,120
	102,634	91,181

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	2017 Kshs	2016 Kshs
9. Trade and Other Payables		
Tana Water Services Board	16,897,854	13,853,070
WRMA	60,355	55,885
WASREB	39,863	32,503
Omosh Cycle repair	22,130	-
Beekay Suppliers Ltd	549,130	1,396,810
Motormax Enterprises	5,050	650
Matrix Code	48,500	-
Eastern Emporium	1,500	-
Kinetics Engineering Ltd	37,000	-
Elijah & Co Associates	-	194,300
Eslon Plastics k Ltd	186,542	-
Audit fees	35,000	32,000
VAT on audit fee	5,600	5,120
NSSF	-	11,000
Total Payables	17,888,524	15,581,338

The company entered into a contract for extension of Kavurokori 315mm 2.5 km pipeline works undertaken by Space Geo Enterprises Ltd at a total cost of 25,895,650. As at the end of the year, 31/12/2017, only Kenya shillings 6,000,000 had been paid which represents 100% of certified work.

10. Customer Deposits

As at beginning of the year	8,326,450	7,389,450
Additions during the year	1,034,045	937,000
Closing balance	9,360,495	8,326,450

11. Customer Water Pre- Payments

Kairuri	181,881	131,535
Kathangariri	52,775	11,720
Kangaru	253,101	59,098
Nembure	253,087	33,340
Kibugu	28,050	34,585
	768,894	270,278

12. Trade Receivable from water Sales

Kairuri	5,474,774	4,853,590
Kathangariri	1,176,420	395,860
Kangaru	2,189,365	2,266,968
Nembure	3,472,345	4,203,060
Kibugu	1,586,279	901,555
Total	<u>13,899,183</u>	<u>12,621,033</u>
5% Provision for doubtful debt	<u>(694,959)</u>	<u>(631,052)</u>
Total Receivables	<u>13,204,224</u>	<u>11,989,981</u>

13. Other Receivables

Kithimu CycleMart	-	56,240
Staff Debtors	31,000	9,300
Prepayment of Rent	-	60,000
Total other Receivables	<u>31,000</u>	<u>125,540</u>

14. Inventory

Chemicals HTL 65%	128,412	131,625
O&M materials	5,700	2,211
Total	<u>134,112</u>	<u>133,836</u>

15. Cash & Bank balances

Co-operative bank savings a/c	26,982	27,422
Co-operative bank savings a/c	23,055	23,495
Co-operative bank current account	978,785	915,476
Daima SACCO savings a/c	262,136	988,726
Embu Front Office/Nawiri SACCO	583,060	1,522,810
Paybill		181,948
Kangaru	439,017	
Kairuri	65,635	
Kathangariri	39,710	
Kibugu	3,710	
Nembure	93,381	641,453
Cash at hand	91,927	173,482
	<u>2,607,399</u>	<u>3,833,360</u>