REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

GARISSA WATER AND SEWERAGE COMPANY LIMITED

FOR THE YEAR ENDED 30 JUNE, 2024

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GARISSA WATER AND SEWERAGE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024

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

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1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
NWWDA	Northern Water Works Development Agency
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board

2. Key Entity Information

Background information

Garissa Water and Sewerage Company Limited was established by the Companies Act (CAP 486) and the Water Act 2002 on 6th July 2004. At the cabinet level, Garissa Water and Sewerage Company Limited is represented by the Cabinet Secretary for Water and Irrigation, who is responsible for the general policy and strategic direction of Garissa Water and Sewerage Company Limited. The Garissa Water and Sewerage Company Limited is domiciled in Kenya.

Principal Activities

The principal activity/mission of Garissa Water and Sewerage Company is to improve quality of life through the provision of potable water services in an environmentally and commercially sustainable way to the satisfaction of our stakeholders.

Directors

The Directors who served the entity during the year/period were as follows:

Name	Position	Date Appointed
1. Mr. Mohamed Dahir Weyrah	Chairman	1st February 2022
2. Ms Naima Abdinasir Salat	Vice Chair	1st February 2022
3. Mr. Osman Mohamed Barkatle	Member	1st February 2022
4. Ms. Jane Akoth Okalo	Member	1st February 2022
5. Mr. Ismail Daud	Member	1st February 2022

Company Secretary

Mr. Gikuhi Kiana and Co
P.O. Box 1271-10100
Nyeri

Corporate Headquarters

Along Lamu Road opposite Garissa Law Courts
P.O. Box 1088-70100
Garissa,

Corporate Contacts

Telephone: (254) 703688688
E-mail: garissawater@yahoo.com/ info@gawasco.co.ke
Website: www.gawasco.co.ke

Corporate Bankers
Premier Bank
Garissa Branch
P.O. Box 642
Garissa, Kenya

Equity Bank
Garissa Branch
P.O. Box 700-70100
Garissa, Kenya

Kenya Commercial Bank
Garissa Branch
P.O. Box 143-70100
Garissa, Kenya

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

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

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Company Secretary

Mr. Gikuhi Kiana and Co
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Nyeri

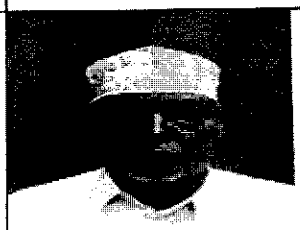
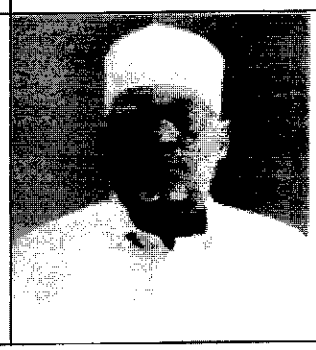
Corporate Headquarters

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Corporate Contacts

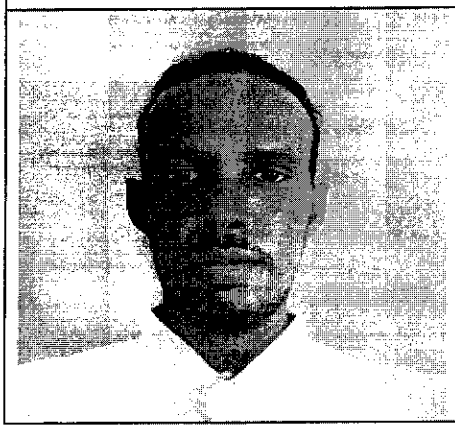
Telephone: (254) 703688688
E-mail: garissawater@yahoo.com/ info@gawasco.co.ke
Website: www.gawasco.co.ke

3. The Board of Directors

REF	DIRECTORS	DETAILS
1.		**Chairman:** Mr. Mohamed Dahir Weyrah
2.		**Vice Chair:** Ms Naima Abdinasir Salat
3.		**Member:** Mr. Osman Mohamed Barkatle
4.		**Member:** Ms. Jane Akoth Okalo
5.		**Member:** Mr. Ismail Daud

6.		**Board Secretary:** Mr Mohamed Mohamud Dolal

4. Key Management Team

	MOHAMED MOHAMUD DOLAL **Managing Director (M.D).** MBA (Public Administration & Management)
	CHRISTOPHER WAHOME KAMAU **Technical Services Manager.** BSC Water and Environment
	MOHAMED ABDULLAHI SUTHEY **Finance Manager.** Degree in Commerce (Finance Option) Certified Public Accountant (CPAK) Member of the Institute of Certified Public Accountants of Kenya (ICPAK)

5. Chairman's Statement

Dear shareholders,

I am delighted to present the annual report and financial statement for the year ended 30th June 2024. The Company has had numerous challenges in the financial year that resulted from, notwithstanding, the heavy rains that occurred between Nov and Dec 2023 resulting in heavy floods that prevented access and operations at our water intake plant. The situation significantly hampered production and supply thus lowering revenues. Despite, these challenges there was a significant improvement in the provision of water and sewer services compared to the previous financial year.

Water sector

Following the enactment of the Water Act of 2002 which called for a series of reform measures to address weaknesses in the sector, Garissa Water and Sewerage Company has contributed to the achievement of these reforms by providing quality services of water and sanitation in a commercialised manner and also increasing community participation in the management of water resources and provision of water supplies within. With devolution, Garissa Water and Sewerage Company Ltd., the County Government's role in water provision cannot be overemphasised. The company is reviewing its memorandum and articles of association to incorporate the County and its environs.

Overview

The external environment had its challenges this year under review. Due to economic fluctuations, our maintenance and operating costs increased due to inflation and salary adjustments. Poor infrastructure in the supply areas was a major cause of high maintenance costs as the vehicles and motorcycles kept breaking down often. Additionally, water tariffs are reviewed by the government and after some time, the rate of inflation keeps on rising every year, and this never made it easy to generate enough revenue to match the increased cost of operation. All these have forced the company to employ a high degree of efficiency in managing our resources to minimize costs. As mentioned earlier, the impact of fluctuations in the operating environment never made our operations easy but there was a slight decrease in the company's income as compared to the previous year. Also noted is the increased power bills and chemical cost which initially was being financed by the National Government but later left to the Company, this consumed the Company's reserve hence more funds should be availed to cater for assets renewal and meet creditors obligation as and when they fall due.

Challenges

Human Resources

Our employees are the most valued asset and the Company is continuing to assess its staffing requirements. Customer care, unaccounted-for water, water quality monitoring and evaluation and billing system remain major challenges to our staff. Through capacity building, staff are being trained to ensure that all these challenges are overcome. Additionally, our staff are being motivated in various ways for higher performance. To increase efficiency and accuracy in staff information management, the company is in the process of acquiring a new payroll system that is more elaborate and conclusive. The new system will facilitate the timely production of accurate reports and data for staff.

Non-revenue Water

Non-revenue water remains a major challenge facing the company. Aged and corroded pipes, vandalism, high pressure, illegal connections, meter tempering by customers and flat rates contribute majorly to the above. Due to its adverse effect on our revenue, the company is undertaking 100% metering, enforcing fully the penalties issued by WASREB to reduce the commercial losses and the

establishment of the Non-Revenue Water Committee with its TOR and budget line that is expected to identify and implement the strategies for the Non-revenue water reduction.
This measure has reduced the level of unaccounted-for water from 70% to 33% in the year under review. The company has also a budget line dedicated to non-revenue water management.

Future Outlook
Due to the evidenced challenges in the economy and especially in the water sector, we must ensure that we evaluate and review our strategies constantly for us to achieve our mission statement and also to shorten our response time to the stated challenges. It is also worth noting that GAWASCO will continue to focus on maintaining the excellent quality of our services and delivery standards to meet our customer's needs. We shall endeavour to develop, strengthen and sustain the trust that the stakeholders, employees and the public have placed in us and also put greater emphasis on a more robust technological system, and competent human resources as well as build strategic partnerships with our stakeholders. The Company is also partnering with various donors to finance and facilitate the implementation of its capital investments. The County Government of Garissa is a major stakeholder in the Company hence the need for a close working relationship for improved efficiency and operation effectiveness of the Company as it pursues its main objectives.

Appreciation
I would like to take this opportunity to register my gratitude to my fellow board members for their support and valuable contribution to the Company and the commitment they showed. I would also like to thank the Managing Director and staff of GAWASCO for the performance achieved in the last year and the progress made in executing the company's growth strategy. I remain confident that we have the skills and resources necessary to manage the significant opportunities and challenges that lie ahead. I thank my colleagues on the board for their sound guidance and support during the eventful year.
We extend our gratitude to our consumers too for their continued support and to our shareholders whose confidence has sanctioned important strategic developments.
I also sincerely thank the regulator, the Water Services Regulatory Board, for their guidance and continued support.



Mr Mohamed Dahir Weyrah
Chairman

6. Report Of the Managing Director

General overview

During the year under review; 2023/24, strategies aimed at securing adequate water supply, expanding water access to the residents, improving the quality of supply and service to our customers, as well as financial performance took the centre stage of our operations.

Company performance

The Company's performance has continued to improve despite the many challenges facing it. The performance has been slowed by the continued use of water and sewerage tariffs which are not recovering and therefore investment in expansion and rehabilitation of the infrastructure has been affected.

We wish to thank the County Government for its assistance in the payment of our electricity bills.

There was a slight increase in income as compared to last year.

Human resource

The Company's human resources has continued to be a valuable asset in achieving business objectives, targets, and customer satisfaction and stakeholder expectations. Consequently, the Company's work ethics are founded on teamwork, staff empowerment, innovation, professionalism, equal opportunity and integrity.



Mohamed Mohamud Dolal
Managing Director

7.Statement Of Performance Against Predetermined Objectives for FY 2023/2024

During the year under review;2023/2024, the revenue decreased as well as the expenditure. However, water and sanitation infrastructure are a key priority for the Company to meet its vision. The existing infrastructure is in dire need of rehabilitation. To achieve coverage targets, new infrastructure will be developed especially focusing on underserved areas and ensuring water sufficiency and sewerage network coverage. Financial sustainability is critical for the Company in ensuring continued service delivery. This will require the Company to mobilize sufficient external and internal resources to fund its recurrent and investment budgets. It will develop and implement strategies to ensure it can meet its operational costs in line with the sector benchmarks and attain commercial viability. These strategic pillars are as follows:

Pillar 1: Increase access to clean and safe drinking water and sanitation services
Pillar 2: Improve financial and operational sustainability
Pillar 3: Enhance customer focus and experience
Pillar 4: Strengthen organizational structures and operational processes
Pillar 5: Strengthen people and communication systems

The Company develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done every quarter. The Company achieved its performance targets set for the FY 2023/2024 period for its 5 strategic pillars as indicated below:

Strategic Pillar	Objective	Key Performance indicators	Activities	Achievements
Pillar 1:	Increase access to clean and safe drinking water and sanitation services	• Coverage of the Service Area	• Increase water coverage from 64% in the year 2021 to 100% coverage by 2024. • Increase sewerage coverage from 40% to 50% coverage by 2024. • Increase water production volume from 10,000m3 /day to 20,000m3 /day.	• Water coverage is currently at 65% • Sewer coverage is currently at 45% • Water production volume is currently at 16,000m3 /day.

Pillar 2:	Improve financial and operational sustainability	• Water Service Coverage • Collection Efficiency • Hours of Supply • Unit Operation Cost	• Increase O&M cost coverage from 50%-year 2021 to 120% by 2024. • Improve collection efficiency from 54 %- year 2021 to 95% by 2024. • Increase revenue collection from Kshs 10 million in 2021 to Kshs 25 million per month by 2024. • Increase billing efficiency from 60 %-year 2019 to 100% by 2024. • Reduce NRW from 42 %-year 2019 to 25% by 2024.	• O&M cost coverage is currently at 62% • collection efficiency is currently at 65% • revenue collection is currently at 16 million • billing efficiency is currently at 65% • NRW is currently at 39%
Pillar 3:	Enhance customer focus and experience	• Metering ratio • Water Affordability • Unaccounted for Water • Hours of Supply	• Increase customer satisfaction level from 65%-year 2019 to 95% by 2024. • Achieve WHO and KEBs water and wastewater standards. • Increases hours of supply from 22 hours year 2021 to 23-hour years in 2024 • Develop and implement consumer engagement strategies.	• The Company is in the process of acquiring a new tariff that is pro-poor and customer-friendly.
Pillar 4:	Strengthen organizational structures and operational processes		• Develop workplace policies and standard operations manuals. • Asset development. • Improve work	• The Company, with the help of the World Bank, is in the process of acquiring new software under

			environment safety and health. • Digitization of Human Resource processes. • Improve regulatory compliance. • Adopt continuous improvement practices. • Improve corporate governance.	the World Bank Utility Turnaround Framework (UTF) programme.
Pillar 5:	Strengthen people and communication systems		• Embark on continuous training of staff and development plan. • Establish a performance management plan. • Develop and implement a communication policy. • Foster innovation. • Attract and retain talent. • Increase employee satisfaction level.	• The Company, with the help of the World Bank, is in the process of acquiring new software under the World Bank Utility Turnaround Framework (UTF) programme.

10. Environmental And Sustainability Reporting

Garissa Water and Sewerage Company Limited (GAWASCO) has realized that safe drinking water and improved sanitation are important pre-conditions for achieving development for our people. Also, the new constitution recognizes access to adequate water, a clean environment and sanitation in the bills of rights. We are therefore no longer looking at environmental conservation merely as a way of achieving the MDGs, but more towards achieving the constitutional rights of our citizens. Hence, interventions that protect the environment and water resources are crucial in our operations.

It is also appreciated that GAWASCO operates within social, economic and environmental dynamics that greatly influence management decisions and actions on her day-to-day operations. In this regard, the Corporate Strategic Plan is driven by GAWASCO's internal capabilities, exploitation of existing opportunities and management of her weaknesses, while controlling risks to the scheduled programmes and activities.

Environmental management and corporate social responsibility activities are considered among the functions that GAWASCO emphasizes to meet the local and international best practices as desired in the vision and mission statements. The strategic goal for the current GAWASCO Strategic Plan concerning social and environmental concerns calls for sustainable management of activities for the benefit of local communities and other stakeholders. Key CSR strategic objectives, therefore, include specific outputs and outcomes upon which the performance of CSR will be judged.

GAWASCO's strategic goals are as follows;

1. **Build harmonious relationships with the local communities.** This will ensure that the company avoids conflicts that could be a hindrance to the successful implementation of the CSR plans.

2. **The Capacity Building for staff on Corporate Social Responsibility (CSR) issues.** Employees are empowered through training and sensitization on basic concepts and the importance of CSR to the company for them to be able to assist the company in driving all the CSR objectives.

3. **Formulate an effective communication strategy**. Communication is the heart of the success of CSR. It is the vehicle through which the impact of CSR is realized.

4. **Decentralize CSR activities to the various departments**. Some level of autonomy in the execution of the plan will not only ensure the relevance of the CSR initiatives to the intended beneficiaries but will also contribute to the monitoring and evaluation of the intended impact within the communities.

5. **Establish strategic partnerships on CSR.** This represents best practices and exposes the company to other horizons through the utilization of synergies with such partnerships – "Unity is Strength."

6. **Develop environmental conservation strategies**. Conservation of the environment is the way forward for self-respecting institutions. Since the company deals with other state corporations, government institutions and agencies and also the private sector, it has a direct interest in environmental conservation.



Board Chairman
GAWASCO

11. Report Of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Garissa Water and Sewerage Company Limited's affairs.

Principal activities

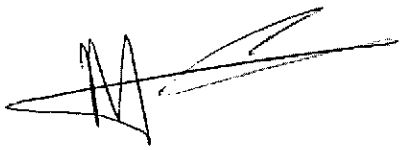
The principal activity/mission of Garissa Water and Sewerage Company is to improve quality of life through the provision of potable water services in an environmentally and commercially sustainable way to the satisfaction of our stakeholders.

Results

The results of Garissa Water and Sewerage Company Limited for the year ended June 30, 2024, are set out on pages 1 to 5.

Auditors

The Auditor-General is responsible for the statutory audit of Garissa Water and Sewerage Company Limited following Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



By Order of the Board
Mohamed Dahir Weyrah

12. Statement Of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of Garissa Water and Sewerage Company Limited, which give a true and fair view of the state of affairs of the company at the end of the financial year and the operating results of the of Company for that year. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of Garissa Water and Sewerage Company Limited's financial statements, which give a true and fair view of the state of affairs of the Company for and as of the end of the financial year ended on June 30, 2024. This responsibility includes:

(i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;

(ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Garissa Water and Sewerage Company Limited.

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.

(iv) Safeguarding the assets of Garissa Water and Sewerage Company Limited

(v) Selecting and applying appropriate accounting policies; and

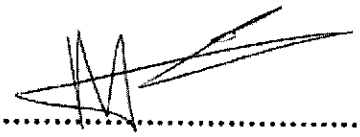
(vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Garissa Water and Sewerage Company Limited's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and the manner required by the PFM Act and the State Corporations Act. The Directors believe that Garissa Water and Sewerage Company Limited's financial statements give a true and fair view of the state of the company's transactions during the financial year that ended June 30, 2024, and of its financial position as of that date. The Directors further confirm the completeness of the accounting records maintained by the company which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that Garissa Water and Sewerage Company Limited will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

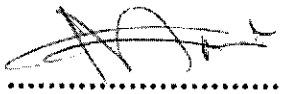
Garissa Water and Sewerage Company Limited's financial statements were approved by the Board on _____ 2024 and signed on its behalf by:



.....

Mohamed Dahir Weyrah

Chairperson of the Board



.....

Mohamed Mohamud Dolal

Managing Director

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT OF THE AUDITOR-GENERAL ON GARISSA WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Garissa Water and Sewerage Company Limited set out on pages 1 to 45, which comprise of the statement of financial

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Garissa Water and Sewerage Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and do not comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Revenue

The statement of profit or loss and other comprehensive income reflects other income of Kshs.464,759,508, as disclosed in Note 7. However, the following unsatisfactory matters were noted.

1.1 Unsupported Income from County Government

Included in the other income of Kshs.464,759,508 is Kshs.54,197,628 in respect of other income from the County Government. However, the amount was not supported by any document to confirm the actual transfer from the County Government to the Company.

In the circumstances, the accuracy and completeness of other income of Kshs.54,197,628 could not be confirmed.

1.2 Failure to Bill all Customers

The statement of profit or loss and other comprehensive income reflects operating revenue of Kshs.304,746,356. However, review of the income records revealed that the number of customers served by the Company was 20,519 out of which only 12,615 or 61% were billed leaving 7,904 metered customers not billed, resulting in loss of revenue. In addition, the Company was using expired water tariffs approved on 14 May, 2010 which were expected to have been reviewed on June, 2012 for further adjustment as per Gazette Notice No.5321, Vol. CXII – No.49, page 1724.

In the circumstances, the accuracy and completeness of operating revenue of Kshs.304,746,356 could not be confirmed.

2.0 Unsupported Trade Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.991,279,622 as disclosed in Note 17 to the financial statements. However, Management did not maintain an updated receivables ledger to disclose the balance brought forward, amount accrued during the year, payments received and balance carried forward. In addition, a breakdown indicating gross trade receivables was not provided during the audit.

In the circumstances, the accuracy and completeness of trade and other receivables balance of Kshs.991,279,622 could not be confirmed.

3.0 Undisclosed Meter Deposits

The statement of financial position reflects the trade and other payables balance of Kshs.272,259,765, as disclosed in Note 23 to the financial statements. The Company utilizes the tariff structure outlined in Gazette Notice No. 5321 of 14 May, 2010, which requires water deposits for the various connection types: Domestic (Kshs. 2,500), Kiosk (Kshs.5,000), Commercial (Kshs.25,000), and Industry (Kshs.50,000). As of 30 June, 2024, the Company had a total of twenty thousand, five and nineteen (20,519) customer connections, with twelve thousand, six hundred and fifteen (12,615) of these metered. However, the statements of financial position did not disclose payables in respect of customers deposits.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.272,259,765 could not be confirmed.

4.0 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.123,887,260 and as disclosed in Note 18 to the financial statements. However, the following unsatisfactory matters were noted:

4.1 Unsupported Cash and Cash Equivalents Balance

Included in cash and cash equivalents balance of Kshs.123,887,260 is Kshs.5,694,938 for one (1) bank account that was not supported by cash books, bank statements, bank reconciliation statements or a Board of Survey report.

In the circumstances, the accuracy, and completeness of cash and cash equivalents balance of Kshs.5,694,938 could not be confirmed.

4.2 Overdrawn (Negative) Cash Book Balance

Included in the cash and cash equivalents are balances for three (3) accounts with negative balances of Kshs.21,078, Kshs.4,511,413 and Kshs.5,694,938, all totaling to Kshs.10,227,429. Offsetting of cash and cash equivalents by a credit balance is contrary to paragraph 48 of the International Public Sector Standards (IPSAS) 1 on presentation of

financial statements, which requires that assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an IPSAS.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.123,887,260 could not be confirmed.

5.0 Unsupported Capital Fund

The statement of financial position reflects capital fund of Kshs.31,758,485 as disclosed in Note 20 to the financial statements. However, the balance includes fixed assets of Kshs.11,969,799, inherited debtors of Kshs.21,351,302 and inherited creditors of Kshs. (1,562,616) which were not supported.

In the circumstances, the accuracy and completeness of the capital fund balance of Kshs.31,758,485 could not be confirmed.

6.0 Failure to Update Fixed Asset Register

The statement of financial position reflects a property, plant, and equipment (PPE) net book value of Kshs.180,764,600, as disclosed in Note 16 to the financial statements. Included in the balance is a net book value of Kshs.65,704,312, Kshs.12,168,105 and Kshs.38,965,946 in respect of motor vehicles, pipeline extensions and boreholes, respectively. However, the asset register reflected a nil net book value for motor vehicles and pipeline extensions and Kshs.17,759,241 for boreholes, resulting in an unexplained variance of Kshs.99,079,122. Further, the asset register did not disclose the number of motor vehicles owned, location, their registration numbers, make, model and values.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.180,764,600 could not be confirmed.

7.0 Irregular Variation of Contract Price – Consultancy Services

Audit review of Contract No. KE-GAWASCO-67422-CS-QCBS for consultancy services, signed on 15 February, 2021, revealed that the original contract price was Kshs.132,988,162 (inclusive of taxes), with a stipulated duration of thirty (30) months from 8 March, 2021 to 8 September, 2023. However, the contract period was extended by a cumulative 22.8 months, comprising a 10.8-month extension for works completion (from 9 September, 2023 to 31 July, 2024) and an additional 12 months for the Defects Liability Period (DLP) (from 1 August, 2024 to 31 July, 2025). This extension led to a price variation of Kshs.121,271,042, bringing the total contract value to Kshs.254,259,204 or 91% of the original contract price. This was contrary to Section 139(4) of the Public Procurement and Asset Disposal Act, 2015 which provides that any variation of a contract shall only be considered after twelve (12) months from the date of signing the contract and shall only be considered if the following are satisfied (e) the cumulative value of all contract variations does not result in an increment of the total contract price by more than twenty-five per cent (25%) of the original contract price.

In the circumstances, irregular variation of the contract may have resulted in loss of Kshs.88,024,002.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Garissa Water and Sewerage Company Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of Matter

Budget and Budgetary Control

The statement of comparison of budgets and actual amounts reflects the final receipts budget and actual on a comparable basis of Kshs.395,155,484 and Kshs.769,505,864 respectively, resulting in an over-funding of Kshs.374,350,380 or 95% of the budget. Similarly, the Fund spent Kshs.612,007,933 against actual receipts of Kshs.769,505,864 resulting in an under-utilization of Kshs.157,497,931or 20%.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Stalled Projects

The statement of financial position reflects a property, plant and equipment (PPE) net book value of Kshs.180,764,600 as disclosed in Note 16 to the financial statements. However, review of the project's implementation status report as of 30 June, 2024 revealed that five (5) projects with a total contract sum of Kshs.711,901,775 had stalled. However, the Management did not provide a satisfactory reason for the stalling of these projects.

In the circumstances, the stalled projects affected delivery of service to the public and could also lead to increased project costs, time overruns and a negative impact on the overall efficiency of resource utilization.

2.0 Unresolved Prior year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation

for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

The Directors are responsible for the other information set out on page iii to xx which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

Inadequate Disclosure in Corporate Governance Reporting

Review of the corporate governance report in the financial statements revealed significant gaps in compliance with the prescribed reporting template. The section did not adequately address key aspects such as the process for the appointment and removal of directors, the roles and functions of the Board, and the existence or implementation of a Board charter. In addition, there was no disclosure on the number of Board meetings held, the attendance of members at these meetings, or any evidence of a succession plan for Board members or senior management. The report also lacked information on induction and training programs for Board members, performance evaluations of the Board and its members and measures for identifying and managing conflicts of interest.

Further, there were no disclosure on Board remuneration, policies on ethics and conduct, or the conduct of an independent governance audit to assess Board effectiveness. The absence of this critical information indicates that the corporate governance section did not conform to the requirements outlined in the reporting template, thereby undermining the transparency, accountability and comprehensiveness of the report.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Employees Earning Less Than a Third of Their Basic Pay

Review of the staff payroll for June, 2024 revealed that thirty-seven (37) employees were receiving net salaries that were less than one third of their respective basic salaries. This was contrary to the requirement of Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, Management was in breach of the law.

2.0 Irregular Engagement of Casual Employees

Review of employees records revealed that sixty-nine (69) casual employees were engaged continuously for more than three (3) months, contrary to the requirement of Section 37(1)(a) and (b) of the Employment Act, 2007 which provides that, where a casual employee works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one (1) month or performs work which cannot reasonably be expected to be completed within a period or a number of working days amounting in the aggregate to the equivalent of three (3) months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

In the circumstances, Management was in breach of the law.

3.0 Imprest Management

The statement of profit or loss and other comprehensive income reflects administrative expenses balance of Kshs.56,542,511 and as disclosed in Note 10 to the financial statements. Included in the amount was Kshs.4,439,300 in respect of travelling and accommodation. It was, however, noted that staff were issued with cash through signed petty cash forms instead of standard imprest warrant (GP26) contrary to Regulation 91(2) of Public Finance Management (County Government) Regulations, 2015, which requires that the officer authorized to hold and operate an imprest shall make formal application for the imprest through an imprest warrant.

In the circumstances, Management was in breach of the law.

4.0 Long Outstanding Trade Payables

The statement of financial position, reflects trade and other payables balance of Kshs.272,259,765 as disclosed in Note 23 to the financial statements. Included in the payables balance is Kshs.136,129,882 that was outstanding for over one year. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

In the circumstances, Management was in breach of the law.

5.0 Non-Revenue Water

Review of water abstraction records revealed that the quantity of water produced during the year under review was 4,696,988M^3 and that water billed for consumption was 2,143,323M^3, resulting in water sales valued at Kshs.304,746,356 as reported in Note 6 to the financial statements. The difference in water volume amounting to 2,553,665M^3, which translates to approximately 54% of the water produced was neither billed nor accounted for. The 54% is above the recommended rate of 25% by 29% whose estimated abnormal loss of water sales is Kshs.165,684,925. Further, the Company did not have master meters and based its production on estimates. The non-revenue water may have resulted in a loss of revenue estimated at Kshs.165,684,925.

In the circumstances, efficiency and effectiveness in the use of public resources could not be confirmed.

6.0 Personnel Expenditure as a Percentage of Operating and Maintenance Costs

A review of records revealed that the Company reported personnel expenditure of Kshs.91,111,391 against total operating and maintenance costs of Kshs.142,422,498 for the year ended 30 June, 2024. Personnel expenditure accounted for 64% of the operating and maintenance costs, which is significantly higher than the expected threshold for commercial viability for medium companies of 40%. This was contrary to requirement of Section 3.9(10) of the Water Services Regulatory Board (WASREB) Guidelines, 2018 which provides that personnel cost as share of operations and maintenance cost for medium companies shall be contained below 40%.

In the circumstances, Management was in breach of the Water Services Regulatory Board Guidelines.

The audit was conducted in accordance with ISSAIs 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Maintenance of Dormant Bank Accounts

Review of records provided for audit indicated that the Company operated commercial bank accounts for the purpose of implementing water projects. Review of the bank statements revealed that the ten (10) accounts had been dormant for over two (2) years with a balance of Kshs.680,668 as at 30 June 2024, incurring bank charges.

In the circumstances, the failure to close dormant bank accounts may have led to lose of public funds through unnecessary bank charges

2.0 Effectiveness of the Internal Audit Unit and Audit Committee

Review of the governance structures at the Company revealed that the Company had established an Internal Audit Unit and an Internal Audit Committee. However, the internal audit unit did not provide audit reports to support the assignments executed during the year. Further, the Audit Committee did not deliberate reports of external auditors.

In the circumstances, the effectiveness of governance structures at the Company could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit that:

i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit
ii. The information given in the Directors' report on pages viii is consistent with the financial statements and
iii. The auditable part of the Directors' remuneration report on pages xiv has been properly prepared in accordance with the Companies Act, 2015.

Responsibilities of the Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of

the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 December, 2024

14. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024

		2023-2024 KSHS	22-2023 KSHS
Revenue			
Operating Revenue	6	304,746,356	301,060,526
Other Income	7	464,759,508	498,175,684
Total Revenue		**769,505,864**	**799,236,210**
Expenses			
Staff Costs	8	91,492,731	91,441,339
Board Expenses	9	1,320,000	882,000
Administrative Expenses	10	56,542,511	51,909,642
Operating Expenditure	11	142,422,498	101,132,508
Depreciation and Amortization	12	31,739,903	36,610,943
Finance Cost	13	604,466	2.211.740
Audit Fees	14	233856	233,856
Project Cost	15	287,258,108	457.070.285
Total Expenses		**611,614,074**	**741.492.313**
Profit/(Loss) Before Taxation		**157,891,790**	**57.743.897**
Income Tax Expense/(Credit)			-
Profit/(Loss) After Taxation		**157,891,790**	**57.743.897**
Other Comprehensive Income			
Profit/ (Loss) After Taxation			
Surplus Or Deficit on Revaluation Of PPE			-
Remeasurement Of Net Defined Benefit Liability			-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)			-
Total Comprehensive Income for The Year		**157,891,790**	**57.743.897**

.....

Name
Mohamed M. Dolal
Managing Director

.....

Name
Mohamed Abdullahi Suthey
Head of Finance
ICPAK M/No:32580

.....

Name
Mohamed Dahir Weyrah
Chairman of the Board

15. Statement Of Financial Position As of 30 June 2024

Assets			
Non-current assets			
Property, plant and equipment	16	180,764,600	205,137,781
Total non-current assets		**180,764,600**	**205,137,781**
Current assets			
Trade and receivable	17	991,279,622	868,725,168
Bank and cash balances	18	123,887,260	16,537,997
Total current assets		**1,115,166,882**	**885,631,145**
Total Assets		**1,295,931,482**	**1,090,400,926**
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	19	100,000	100,000
Capital fund	20	31,758,485	31,758,485
Retained earnings	21	991,813,233	833,921,443
Capital and Reserves		**1,023,671,718**	**865,779,928**
Current liabilities			
Borrowings (Overdraft)	22	-	-
Trade and other payables	23	272,259,765	224,620,998
Total current liabilities		**272,259,765**	**224,620,998**
Total equity and liabilities		**1,295,931,483**	**1,090,400,926**

The financial statements were approved by the Board on 29/09/ 2024 and signed on its behalf by:

.....	.....	.....
Name	**Name**	**Name**
Mohamed M. Dolal	**Mohamed Abdullahi Suthey**	**Mohamed D. Weyrah**
Managing Director	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No:32580	

16. Statement Of Changes in Equity for the Year Ended 30 June 2024

As of July 1, 2022		**100,000**	**776,177,546**	**31,758,485**	**807,976,031**
Profit for the year		-	57,743,897	-	**57,743,897**
As of June 30, 2023		**100,000**	**833,921,443**	**31,758,485**	**865,719,928**
As of July 1, 2023		**100,000**	**833,921,443**	**31,758,485**	**865,719,928**
Profit for the year		-	157,891,790	-	**157,891,790**
At June 30, 2024		**100,000**	**991,813,233**	**31,758,485**	**1,023,611,718**

17. Statement of Cash Flows for The Year Ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts	6	304,746,356	301,060,526
Other Income	7	464,759,508	498,175,684
Total Receipts		769,505,864	799,236,210
Payments			
Staff Costs	8	91,492,731	91,441,339
Board Expenses	9	1,320,000	882,000
Administrative Expenses	10	56,542,511	51,909,642
Operating Expenditure	11	142,422,498	101,132,508
Finance Cost	13	604,466	2,211,740
Audit Fees	14	233,856	233,856
Project Cost	15	287,258,108	457,070,285
Total Payments		579,874,170	704,881,370
Adjust for :			
Increase/Decrease in trade receivable		(122,554,454)	(31,760,971)
Increase/Decrease in trade payable		47,638,767	(2,650,705)
Tax Paid			(39,506,079)
Net Cash From/ (Used In) Operating Activities		114,716,007	20,437,085
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(7,366,723)	(5,387,546)
Proceeds From Disposal Of PPE		-	-
Net Cash From/ (Used In) Investing Activities		(7,366,723)	(5,387,546)
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		107,349,284	15,049,539
Cash And Cash Equivalents At Beginning Of Year		16,537,978	1,488,439
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year		123,887,262	16,537,978

18. Statement Of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Income from operations	339,391,484	-	339,391,481	304,746,356	34,645,125	90%
Other income from operations	55,764,000	-	55,764,000	-	55,764,000	0%
Other income	-	-	-	464,759,508	(464,759,508)	-100%
Total income	**395,155,484**	-	**395,155,481**	**769,505,864**	**(374,350,383)**	195%
Expenses						
Personnel Cost	120,784,050		120,784,054	91,886,590	28,897,464	76%
Directors Emoluments	2,240,000		2,240,000	1,320,000	920,000	59%
Administrative Expenses	37,056,831		37,056,831	56,542,511	(19,485,680)	153%
Operating Expenditure	233,381,409		233,381,409	142,422,498	90,958,911	61%
Finance Cost	1,000,000		1,000,000	604,466	395,534	60%
Audit Fees	463,999		463,999	233,856	230,143	50%
Depreciation Expenses	31,739,903		31,739,903	31,739,903	-	100%
Project Costs	287,258,108		287,258,108	287,258,108	-	100%
Total Expenditure	**713,924,300**	-	**713,924,304**	**612,007,932**	**101,916,372**	**86%**
Surplus for the period	**(318,768,816)**	-	**(318,768,823)**	157,497,932	**(476,266,755)**	-49%
Capital expenditure						

19. Notes To the Financial Statements

1. General Information

Garissa Water and Sewerage Company Ltd was established by and derives its authority and accountability from the Companies Act (CAP 486) and the Water Act 2002. The entity is a Semi-autonomous Government Agency, devolved under the County Government of Garissa and is domiciled in Kenya. The principal activity of Garissa Water and Sewerage Company is to improve quality of life through the provision of potable water services in an environmentally and commercially sustainable way to the satisfaction of our stakeholders.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Financial Reporting Standards (IFRS) accrual basis. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the company. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared based on historical cost unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company. The figures are rounded to the nearest Kenyan shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Water Act 2016 and the Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.	Effective for annual periods beginning on or after 1st January 2023.
IAS (International Accounting Standards) 8-Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their **material** accounting policy information rather than their **significant** accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and	The amendments are effective for annual periods beginning on or after January 1, 2023.

Title	Description	Effective Date
Single Transaction (issued in May 2021)	deductible temporary differences.	