



Oololaiser Water and Sewerage Company Limited



# Annual Report and Financial Statements

For the Years Ended 30<sup>th</sup> June 2021 and  
30<sup>th</sup> June 2022





# Contents

## Notice for Annual General Meeting

### Chapter 1: Background

3

Background  
Institutional Details  
Board of Directors  
Message from the Chairman  
Message from the Managing Director

### Chapter 2: Corporate Information

9

Corporate Statement  
Performance Overview

### Chapter 3: Financial Statements Year ended 30<sup>th</sup> June 2021

20

Corporate Information  
Report of the Directors  
Statement of the Directors' Responsibilities  
Report of the Independent Auditor/ Auditor General  
Statement of Comprehensive Income  
Statement of Financial Position  
Statement of Changes in Equity  
Statement of Cash Flows  
Notes to the Financial Statements

### Chapter 4: Financial Statements Year ended 30<sup>th</sup> June 2022

21

Corporate Information  
Board of Directors  
Report of the Directors  
Statement of Directors' Responsibilities  
Report of the Independent Auditor/Auditor General  
Statement of Comprehensive Income  
Statement of Financial Position  
Statement of Changes in Equity  
Statement of Cash Flows  
Notes to the Financial Statements





# Notice for 6<sup>th</sup> Annual General Meeting

**NOTICE is Hereby Given, That the Sixth Annual General Meeting** of Oloolaiser Water and Sewerage Company Limited will be held at the Oloolaiser Water Plaza, Ongata Rongai on Friday, 22<sup>nd</sup> September 2023 at 10.00 am to transact the following business:

1. Opening Prayer
2. The reading of the notice convening the meeting
3. Apologies and Record Proxies
4. To confirm the Minutes of the last Annual General Meeting held on 29<sup>th</sup> July 2021 at the Smith – Nkoroi, Ongata Rongai.
5. Receiving the Chairman and Managing Director's statement and report
6. Receiving, considering and if thought fit adopting the Annual Reports and Financial Statements for the years ended 30<sup>th</sup> June 2021 and 30<sup>th</sup> June 2022 together with the Chairman's, Directors' and Auditor's reports thereon
7. To note that audit of the company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed in accordance with the roles and responsibilities of the Auditor General as provided in the Article 229 of the Constitution, The Public Finance Management Act, 2012 and The Public Audit Act, 2015.

**By Order of the Board**

**Julius R. Kaakua**  
Chairman

**Dated 30<sup>th</sup> August, 2023**





## CHAPTER 1

# Background



Oololaiser Water and Sewerage Company Limited





# About Us

Oloolaiser Water and Sewerage Company Limited is a limited company incorporated on the 30th June 2006 under the Companies Act, Cap 486, later reviewed as Companies Act 2015 as part of the comprehensive reforms on institutional framework in the water sector.

## Vision

“To be the industry leader and water service provider of choice”

## Mission

“To provide water and wastewater services that are economically viable, environmentally sound, socially responsible and responsive to customer needs, thereby enhancing the services of the company to all the people across the cluster area”.

## Core Values

Responsiveness to customers,  
Economic viability,  
Environmental sustainability,  
Social responsibility

## Registered Office and Principle Place of Business

Oloolaiser Water Plaza  
Gataka Road - Ongata Rongai  
P.O. Box 333- 00206  
**KISERIAN**

## Bankers

Kenya Commercial Bank  
Ongata Rongai Branch  
Private Bag  
**ONGATA RONGAI**

## Independent Auditor

Auditor General  
Office of the Auditor General  
Anniversary Towers  
P.O. Box 30084 - 00100  
**NAIROBI, KENYA**

## Corporate Contacts

Email: [info@oloolaiserwatercompany.co.ke](mailto:info@oloolaiserwatercompany.co.ke)  
Tel: 020 2012075  
Mobile: +254724310714; +254780310714

## Message from the Chairman

Ladies and Gentlemen, I am pleased and honoured to present the Annual Reports and the Audited Financial Statements of the company for the years ended 30<sup>th</sup> June 2021 and 30<sup>th</sup> June 2022 during this Sixth Annual General Meeting of the Company.

When I look back at the path we have walked since the inception of the Company, I am encouraged by the exceptional effort of Directors, and Management to stay on track, this has been our pillar during times of various challenges encountered in water services delivery.

At Oololaiser Water we realize that provision of water services is a major factor in promoting development in all sectors of the economy. guided by this realization, the company has embarked on intensive water service provision interventions both in urban and rural areas.

It is therefore, our treasured mission to provide a service that is sustainable to meet the ever growing water demand. This in its self is a major challenge in the prevailing demand versus supply deficit but which I want to assure you all that the company is capable of achieving a reliable and sustainable service. We have set for ourselves some challenging targets and given the commitment of all actors, I am confident we will surely achieve the status of an Industry Leader

Though a lot of effort has been put in developing water supplies within the company's service area, coverage is still not satisfactory. even in areas where supplies exit, there is great need of rehabilitation and augmentation. Operation and maintenance of water supplies has become one of the major challenges within the water sector. This is due to a multiplicity of factors touching on planning, design, implementation, operation and maintenance and the associated costs

Over the years, the Company has continued to encounter challenges of water demand exceeding the available water supply, aged and dilapidated infrastructure, limitation of pipeline coverage, high population growth, rapid urbanization and operations and maintenance costs

At Oololaiser Water the guiding tenet is; "The customer is the reason we exist, in this competitive business environment nothing could be further from the truth, it is this simple philosophy that keeps us focused in everything we do and is the one that is ultimately responsible for our success as a provider of an essential serviced. Over the years we have prioritized implementation of system reinforcement and upgrade aimed at improving the reliability of water supply.

The rapid urbanization within our area of service presents a future that will be equally as challenging as the past, the Board of Directors therefore, is committed to uphold, apply and practice the tenets of good governance to overcome the inevitable challenges. The Board shall continue to direct and transform the Company into a dynamic, pro-active, and consumer conscious organization so as to prevail over existing and emerging challenges and attain its vision "To be the industry leader and water service provider of choice".

My appreciation goes out to both the National and County Governments, our esteemed customers, our valued suppliers, development partners and associates, dedicated management team and staff, as well as my fellow Directors who have invested ample time and energy in the promotion of the interest of our stakeholders. Today, we are hopeful of the positive outlook and prospects of our next growth journey and we urge each and every one of you to continue walking hand in hand with us. I thank you all for supporting our company over the past years and look forward to an exciting and prosperous journey ahead. Once again welcome all to this auspicious occasion in the calendar of Oololaiser Water Company

Thank you.

**Mr. Julius R. Kaankua**  
Chairman



## Message from the Managing Director

Ladies and Gentlemen,

Today is a special day for Oloolaiser Water Company, it is therefore my pleasure to welcome us all as I present to you the management annual report for the years ended 30th June 2021 and 30th June 2022 during this Sixth Annual General Meeting.

The Company is licensed by the Water Services Regulatory Board, authorizing it to operate as a Water Services Provider pursuant to the provisions of the Water Act 2016.

Under this Service Provision License, the company is mandated to provide water and waste water services within Kajiado North and parts of Kajiado West Sub Counties to a coverage area of approximately 248km<sup>2</sup>. The company's area of service covers the following wards:

- Ongata Rongai, Nkaimurunya, Ooloolua, Olkeri and Ngong Township Wards
- Keekonyokie, Ewuaso Oonkidong'i Wards

Water is a key driver of social and economic development and over the years, supply of reliable and affordable water to our customers, improvement of customer service and acceleration of water access to the public remains at the center of our strategic objective albeit the prevailing challenges.

As the utility charged with the responsibility of providing water services within the license area, the residents of this service area look upon us to deliver, I am pleased to report that we have set ourselves ambitious performance goals that will consistently steer the Company to deliver. Though the past years have been exceedingly challenging due to increased operation and maintenance costs surpassing available revenues, inadequate water supply distribution networks and an inadequate water source capacity faced with an ever increasing population and rapid urbanization.

The Severe drought experienced in the Company's services area in the past years and the resultant effect on availability of water resources implies that the effects of climate change can no longer be wished away and therefore the need for sector actors to develop strategies for water storage, review resilience in water supply systems, managing domestic water demand among other competing needs and improve operations and maintenance technologies to reduce on wastage.

The national standards provide that water supply meets the basic minimum of 40 litres per day for each person served within a water supply system, however due to inadequacy of source capacity the Company has adopted an equity based water rationing schedule under the water for all mission.

The water coverage currently stands at 52% against the National Water Services Strategy (NWSS) target of 80 per cent. This indicator has continued to register a decline of 3% annually in the last three (3) years due to source capacity stagnation against a growing demand/ population. The ongoing NST-WSDP projects is anticipated to provide an addition 10,600m<sup>3</sup> of water per day increasing the coverage to 85% in the immediate horizon.

The Company, however will needs to grow its source capacity by at least 2% annually to sustain national standards, therefore efforts are required to reduce NRW levels and to increase water production. This situation requires a sustained investment towards expansion of access, expansion of sources and metering. Therefore, the need to explore innovative financing to complement funding from internal revenues.

We continue to implement programmes aimed at improving our service delivery, efficiency and customer convenience in line with our vision "To be the industry leader and water service provider of choice" by committing to provide quality service that delights our customers. Measurement of our performance in this regard will be carried out through customer satisfaction surveys by independent and external institutions. We will use the findings and feedback we get from the surveys to improve our processes and products in line with customer needs and expectations.

The company has initiated the process of installation of an Enterprise Resource Planning (ERP) system to digitize the processes of its key management, operations, billing, customer experience, financial, inventory, human resources management, digital mapping system through Geographical Information System (GIS) to gather and manage digitally stored data of the Company's infrastructure and customers among others. Once complete, it will improve efficiency in managing internal business process as well as customer queries and complaints.

An adequate and robust waste water management infrastructure is key to the delivery of a complete high quality water supply management cycle that guarantees public hygiene to the population. The company in partnership with water works development agencies are in the concluding phases of a comprehensive design for a sewerage system for Ongata Rongai, Ngong, Matasia and Kiserian townships.

The Company has a rich investment plan in its five (5) strategic plan currently under development that focuses on an intensified implementation of system expansion, reinforcement and upgrade of existing systems and processes aimed at improving the quality and reliability of the service and thus improving on operational and financial efficiencies as pillars to uphold an acceptable customer experience.

Ample opportunities exist for business growth in the company's area of jurisdiction as a result of the envisaged economic activities due to the rapid urbanization influenced by its close proximity to the capital city. In order to achieve our goal of business growth we will continue to direct our focus on expanding our customer base, increased sales and improvement of the quality of service

Once again, we acknowledge the support we have received from all stakeholders who have stood by our side throughout the years. Special recognition goes to our customers for being patient and responsive to our services, we thank you for your loyalty and support. We appreciate the two levels of Government and our corporate partners for the solid commitment and support. We further recognize and thank the donor community and financing partners, specifically the Federal Government of Germany, the World Bank, the African Development Bank and the European Union, for their continued support to the Company and the Sector at large

Finally, Ladies and Gentlemen, it is through the dedicated effort of all internal and external stakeholders, that we are now able together to mark the achievements made during the period.

My recognition also goes to the County Government of Kajiado, the Board of Directors, Management and staff for being objective and receptive to the challenges and always eager to provide workable solutions

Thank you and May God Bless You All.

**Dr. Salau Rogei**  
**Managing Director**

A large, dynamic splash of water is captured in a triangular frame, set against a background of geometric blue and cyan shapes.

## CHAPTER 2

# Corporate Information



Oololaiser Water and Sewerage Company Limited

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021 AND 30<sup>TH</sup> JUNE 2022





# Corporate Information

## About Oololaiser Water and Sewerage Company Limited

Oololaiser Water and Sewerage Company Limited is a limited company established under provisions of the Company's Act, Cap 486 of the Laws of Kenya (now Companies Act 2015) and incorporated on the 30<sup>th</sup> June 2006. The shareholding of the Company is by the County Government of Kajiado.

The Company is licensed by Water Services Regulatory Boards to provide efficient and effective water and sewerage services within Kajiado North and parts of Kajiado West Sub Counties. Oololaiser Water Company administrative and operational structures are at the headquarters in Oololaiser Water Plaza, Ongata Rongai and the satellite townships of Kiserian, Gataka, Bulbul, Olekasasi, Ongata Rongai, Matasia, Kimuka and Ngong.

### Vision

"To be the industry leader and water service provider of choice"

### Mission

"To provide water and wastewater services that are economically viable, environmentally sound, socially responsible and responsive to customer needs, thereby enhancing the services of the company to all the people across the cluster area".

### Core Values

Responsiveness to customers,  
Economic viability,  
Environmental sustainability,  
Social responsibility.

### Strategic Objectives

Attain Operational Efficiency  
Attain Financial and Operational Sustainability  
Increase Coverage of Water Services in liaison with TAWSB  
Infrastructure Development  
Mainstream Cross Cutting Issue e.g. poverty alleviation, gender mainstreaming etc.

### Mandate of the Company

The responsibilities and obligation of Oololaiser Water and Sewerage Company as enshrined in the Licence for Service Provision as derived from the Water Act 2016 are:

1. To ensure that it possesses and retains all the necessary expertise necessary to fulfill the technical, commercial, financial and administrative functions.
2. To provide the services within the Service Provider's Defined Service Area.
3. To meet all the required standards, guidelines and provisions of the licence and national standards.
4. To obtain all necessary licenses, permits and warranties necessary to carry out its Obligations in accordance with statutes in force.
5. To fulfill the Performance Targets set through negotiations and achieve them within a time frame agreed upon.
6. To come up with proposals for improvement of the assets so as to enhance service delivery.
7. To Supply portable water and provide for effective waste water management in the area contracted
8. To comply with the Environmental Management and Coordination Act and other environmental Legislations.



## Corporate Governance Statement

The Oololaiser Water and Sewerage Company's Board and Management are committed to ensuring the highest standards of corporate conduct and accountability in accordance with the best practice principles of corporate governance. These principles are applied throughout all levels of the Company.

The administrative and functional independence of the Board from the company's corporate management is ensured by separation of the functions of the Chairman and Managing Director and a clear definition of their responsibilities. The Chairman is primarily responsible for providing leadership of the Board of Directors, while the Managing Director is responsible for the day to day management of the Company. This helps in achieving an appropriate balance of authority, increased accountability and improved capacity for decision making.

### Board of Directors Responsibilities

The primary role of the Board is to ensure long-term wealth and prosperity of the company for the benefit customers, employees, sponsors and other stakeholders. The Board of Directors actively shapes the Company's mission and strategic direction. The board has set out a clear agenda to ensure its overall control of the company's affairs. The responsibilities and limitations of the Directors are primarily set out in the Articles of Association of the Company and the Corporate Governance Guidelines for the water services sector developed by the sector regulator.

The board is responsible for policy formulation, approval of utilization of company funds, administration of the company and protection of the property and assets of the company, certain functions are delegated to established committees of the board as detailed here below. The Board generally meets Four times a year (Once every quarter) and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company.

### Management Responsibilities

The Executive Management, led by the Managing Director, comprises of Head of Departments and Heads of Sections reporting directly to the Managing Director. The Executive Management Committee is chaired by the Managing Director and meets at least twice a month to review performance and to consider policy implementation and business issues including strategic measures, while also reviewing papers before they are tabled before the Board of Directors for consideration and approvals.

### Board of Directors

On a quarterly basis, the Board of Directors considers Policy implementation, Management operational reports from the Managing Director, Management Accounts, reports of each board committee, specific proposals for capital expenditures and acquisition as well as strategic planning for the Company.

## Committees of the Board

The Board oversees the monitoring system and has set specific responsibilities for itself and its committees. Board Committees have been established with formal written terms of reference and observe the rules of conduct and procedures as the Board. The board committees operate within the terms of its charter and to make recommendations to the Board of Directors for approval or ratification.

### 1. Technical Committee

This committee deals with the strategic planning, operations and technical issues. Its responsibilities include infra-structure development, reviewing and evaluating of water service standards and ensuring service efficiency and effectiveness, monitoring and evaluating performance of both the water production and water supply facilities.

### 2. Finance and Administration Committee

This committee deals with financial, recruitment and administrative issues of the company. Its responsibilities include reviewing and evaluation of performance of the approved recurrent budget, bank accounts and sustainability of the company, it facilitates the application of the tariff for water services, administrative and all staff matters.

### 3. Audit Committee

This committee deals with compliance issues. Its responsibilities include examining and assessing the effectiveness of internal controls, evaluate internal audit programs, carry out special audits, receive and consider audit reports and adopt a pro-active risk based approach.



# Performance Overview

## Performance Analysis

A summary of some of the performance indicators are presented in the table below

PARAMETER	UNIT	JUNE 2021	JUNE 2022
Annual Water Production	m <sup>3</sup>	2,445,111	2,342,232
Annual Water Consumption	m <sup>3</sup>	1,418,164	1,428,765
Service Coverage Area	%	55	53
Active Customer Base	No.	6,558	6,621
Metering Ratio	%	100	100
Non-Revenue Water	%	42	39
Water Billings	Kshs	137,708,878.00	152,318,107.00
Water Sales Collection	Kshs	124,204,943.00	128,414,406
Water Sales Collection Efficiency	%	90%	84%
Water Quality	%.	91	90
Staff per 1000 connections	No.	20	22
Cost coverage Operation and Maintenance	%	77	80

### Performance Overview Report, 2020 – 2022

#### Water Production

In line with the Oololaiser Water and Sewerage Company's objective of ensuring reliable water services at the consumers tap, the Company continued with its policy to optimize its production capacity in all its production facilities in the area of jurisdiction. As a result, total annual volumes of water amounting to 2,445,111m<sup>3</sup> and 2,342,232m<sup>3</sup> was realised in the years ended June 2021 and June 2022 respectively, however full potential was not realised due to the adverse effects of the drought and supply interruption arising from power cuts

#### Water Sales Volume

This is the volumes of water accounted for through authorized consumptions. During the years the volume of water sold increased from 1,418,164m<sup>3</sup> in the year ended June 2021 to 1,428,765m<sup>3</sup> in the year ended June 2022 respectively being a reflective increase of 1%. The minimal increase in sales volume was due to the minimal increase in consuming accounts.

### Non-Revenue Water (NRW)

The term non-revenue water (NRW) refers to the difference between the volume of water produced/supplied and volume of water authorized billed consumption. In the past, the term non-revenue water and unaccounted for water (UfW) were used interchangeably. However, the International Water Association (IWA) now recommends the use of the term NRW instead of UfW in the water supply industry. As at June 2022 the overall NRW was 39% being a comparative reduction of 3% from 42% at the end of the previous year ended June 2021.

### Financial Performance - Water Sales

In the reporting period the turnover increased by 11% from KShs 137,708,878.00 in the year ended June 2021 to KShs 152,318,107.00 in the year ended June 2022, comparatively the collections also increased from KShs 124,204,943.00 in the year ended June 2021 to KShs 128,414,406 in the year ended June 2022 being an increase of 3.3%.

Whereas the company had a tariff review covering the period under review which was aimed at achieving full cost recovery, the prevailing harsh economic times occasioned by high inflation rates and currency fluctuations that characterized difficulties in the financial markets during the period, led to high cost of production and operations inputs which consequently led to operational losses and thus a declining performance on cost coverage ratio.

### Water Sales Collection Efficiency

Collection efficiency remains one of the most critical indicators for debt collection and management. The collections efficiency provides for actual revenues realised as a percentage of collectable revenues, for the year ended 2021 the reflective collection efficiency was 90% with a drop in performance in the year ended 2022 at 84%.

### Water Market Segments

In terms of the water consumption, domestic customers comprise the largest segment and account for 86.9% of the Oloolaiser Water and Sewerage Company's total water consumption, followed by Commercial sector at 6.5%, water kiosk at 3.9% and institutions at 2.7%. The domestic customers still constitute the largest customer base accounting for 95% of the total registered accounts followed by Commercial 3.5%. Institutions account for 0.9% and Public Water Kiosks constitute 0.6%. The market segment proportions places Oloolaiser Water as domestic water supply scheme with more usage being at household units





### Water and Sanitation Accessibility to the Low Income Areas (LIAS)

The following projects have been constructed by the company through funding from Water Services Trust Fund (a State Corporation) targeting the low income settlements within the company's area of jurisdiction

- a. Construction of thirty-five (35) water kiosks within the low income areas of Kware (15), Olekasasi (5), Matasia (3), Ngong (2), Gichagi (2) and Bulbul (8). This intervention is objected to make water available to person whose economic status is strained and cannot finance a household connection or service a monthly bill.
- b. Construction of 1500 toilets units at household level under the program of Up-Scaling of Basic Sanitation (UPSUB) to low income urban areas of Kware, Kiserian, Matasia and Ngong

### Challenges Affecting Current Water Service Situation

- 1) Inadequate water supply capacity to meet the current estimated water demand of 23,650m<sup>3</sup>/day against a supply availability of 8,000m<sup>3</sup>/day
- 2) Lack of adequate funds to undertake a comprehensive construction of source and reticulation network for improved water access to underserved and unserved areas
- 3) Aged and dilapidated infrastructure, old consumer meters, metered inaccuracies leading to both physical and commercial losses and a resultant high Non-Revenue Water
- 4) High production costs occasioned by increased KPLC power tariffs and increased cost of water treatment chemicals consuming an estimated 48% of revenues
- 5) Water resources and catchment threatened with degradation due to human and wildlife activities upstream of the Kiserian Dam and Mbagathi River Intake
- 6) Lack of waste water disposal facilities in the service area creating an environmental hazard and theart of water contamination owing to the current waste water disposal methods by some of the water consumers
- 7) Adverse effects of recurrence of serve droughts spells since 2017 affecting available water for production and consumption and consequential low revenues to meet operation and maintenance costs.
- 8) Loss revenue incomes to meet the total cost of the Company's operations leading to a cumulative outstanding creditors.

## Ongoing projects for service improvement

1. Construction/ implementation of Nairobi Satellite Towns Water and Sanitation Development Programme – Kiserian – Ongata Rongai Water Supply Project: construction/ renewal of 205kms pipelines, bulk water supply of additional 5,000m<sup>3</sup> per day, construction of 3no. water tanks, rehabilitation of Kiserian Dam and Mbagathi Water Treatment Plants, drilling of additional boreholes to provide an additional 5,600m<sup>3</sup> per day and construction of 8240 metered consumer connections – completion in December 2023.

Upon commissioning the water production will progressively increase by 10,600m<sup>3</sup> per day and the Non-revenue water reduce to below 20% and propel the company to operation and financial reliability and sustainability with an improve customer service and revenue base

2. Designs of Ngong – Matasia and Ongata Rongai Sewerage Project; Construction of trunk sewer, reticulation sewers and water treatment plant complete with laboratory facility – ongoing with an anticipated construction start in 2025
3. Pre – feasibility designs on the augmentation of Ngong – Matasia Water Supply to provide an estimated additional 5,000m<sup>3</sup> per day through the development of intake works at Kerarapon/ Gitwe Springs, water tanks and pipelines.
4. Solarization of the water production installation to adopt a hybrid system of both solar and electric energy at Kiserian Headworks well field, Mbagathi Treatment works and twelve (12) boreholes objected at reducing the energy costs by 40% and improve on cost coverage



Water Quality Analysis Laboratory

A large, dynamic splash of water is captured in a triangular frame, set against a background of blue geometric shapes. The water is in motion, with droplets and ripples visible, creating a sense of freshness and energy.

## CHAPTER 3

# Financial Statements

Year ended 30<sup>th</sup> June 2021

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



Oololaiser Water and Sewerage Company Limited







## CHAPTER 4

# Financial Statements

Year ended 30<sup>th</sup> June 2022

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



Oolalais Water and Sewerage Company Limited





**Contacts**

Oolaiser Water & Sewerage Company Ltd

Oolaiser Water Plaza

Gataka Road, Ongata Rongai

P.O. Box 333 - 00206

KISERIAN

Tel: +254 20 2012075

Mobile No: +254 724 310 714. +254 780 310 714

[info@oolaiserwatercompany.co.ke](mailto:info@oolaiserwatercompany.co.ke)