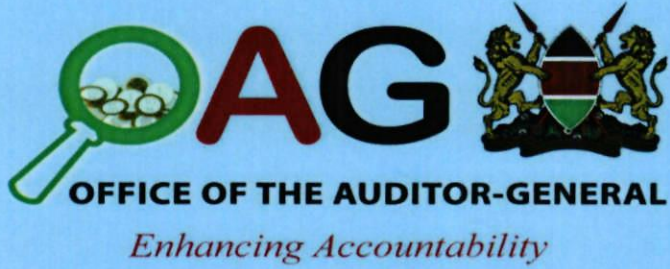


REPUBLIC OF KENYA

Scanned
11/2/22



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**NYAHURURU WATER AND SANITATION
COMPANY**

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS LAID	
DATE	10/02/2022
TABLE NO.	SENATE MAJORITY LEADER
COMMITTEE	
MEMBER	GETULIE

**NYAHURURU WATER & SANITATION COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

TABLE OF CONTENTS

	Page
Corporate information	1
Board of Directors	2
Management Team	2
Chairman's Statement	3
Report of the Managing Director	4
Corporate Governance Statement	5
Corporate Social Responsibility Statement	6
Report of the Directors	7
Statement of Directors' Responsibility	8
Report of the Independent Auditors	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash flows	13
Summary of Significant Accounting Policies	14
Notes to the Financial Statements	15 - 19
Tax Computation	20
Appendix	21



**NYAHURURU WATER & SANITATION CO. LTD
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

CORPORATE INFORMATION

BACKGROUND INFORMATION

Nyahururu Water & Sanitation Company Limited was established by the Water Act 2002 on 18th February 2002. The company is incorporated in Kenya under the Companies Act. Cap 486 of the laws of Kenya.

PRINCIPAL ACTIVITIES

The principal activity of the company is to provide water and sanitation services to Nyahururu Town and its environs.

DIRECTORS

The directors and the management team who served the company during the year are shown in page 2 below.

CORPORATE SECRETARY

Mr. Richard Gikuhi Kiana
P.O. Box 1271-10100
Nyeri.

REGISTERED OFFICE

Nyahururu Water & Sanitation Company Ltd.
Hekima Building -Kenyatta Avenue,
P.o Box 952-20300
Nyahururu Kenya.

CORPORATE CONTACTS

Telephone: 065-2032774
Email: Nyahuwasco@yahoo.com
Website: www.nyahuwasco.co.ke

CORPORATE BANKERS

Cooperative Bank of Kenya Ltd
Nyahururu Branch
P.O.Box 307-20300
Nyahururu.

Equity Bank Ltd
Nyahururu Branch
P.O.Box 1048-20300
Nyahururu.

INDEPENDENT AUDITORS

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O Box 30084 - GPO 00100
Nairobi, Kenya

**NYAHURURU WATER & SANITATION CO. LTD
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

BOARD OF DIRECTORS

<u>Director's Name</u>		<u>Date Of Appointment</u>	<u>Key Qualifications and Work Experience</u>
John Muthee Gathima		Oct-17	Diploma in Education
Director			Represent business community
Wilfred Kimotho		Aug-16	Advanced Diploma in Theology
Director			Represent business community
Rev. Elijah Ngugi Kirika		Nov-18	BSC in Theology
Director			Represents resident organizations
Eunice W. kamau		Nov-18	BSC Finance
Director			Represents resident organizations.
Dr James Ndirangu Kungu		Nov-18	PHD in Business Administration- Finance
Director			Represents professional organizations.
Margaret Njeri Kanja		Nov-18	Diploma in Community Development
Director			Represents women organizations.
Eng. Dorcas Cherangat Korir		Nov-18	BSC Engineering
Director			Represents youths and PWLD.
Doris Kamawera		Oct-17	BSC in Community Development
Director			Represents rural schemes
Njeri Wamithi		Oct-17	BSC in Law
Director			represent County Government
Alexander Muchemi		Dec-18	BSC in Law
			Represent County Government

**NYAHURURU WATER & SANITATION COMPANY LIMITED.
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

CHAIRMAN'S STATEMENT

It is a great honour for me to present to you the company's performance report for the year ended 30 June 2019. It gives me a lot of pleasure to inform you that the company's leadership and staff under the capable guidance of the Board delivered another year of good performance despite operating in a very challenging environment.

Company's Performance:

The company recorded reasonable growth and good performance in key areas during the year. This performance was made possible by the diligent execution of our budget, strategic and business plans.

During the year, the company constructed new sewerlines in Jua Kali and slaughter house areas that were previously unserved in Nyahururu town. The company also extended water supply lines to previously unserved areas in Rumuruti, Nyahururu, marmamet and Igwamiti. The company's area of jurisdiction was also extended to Kinamba and Salama areas in Laikipia West Subcounty.

Corporate Governance:

During the year under review, the Board continued to provide strategic direction with dedication despite the numerous challenges encountered.

In line with provisions of the Corporate Governance Guidelines, two directors retired but were re elected. Further on, a casual vacancy that arose after promulgation of the new constitution was filled. This exercise was conducted through a stakeholders' participation process.

Way Forward:

The company has clear strategies in place to ensure continued growth year on. These strategies are guided by an emphasis on effective corporate governance principles, promotion of competence in the human resource and strategic partnerships with our stakeholders.

With these strategies in place, we will ensure that our mandate of providing high quality water and sanitation services is executed in the most efficient, economical and effective manner.

Conclusion:

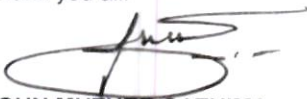
In conclusion ladies and gentlemen, I wish to sincerely thank the management and staff for delivering impressive results under a challenging environment.

I also wish to appreciate my fellow Board members for their devotion, commitment and remaining steadfast during the challenging times. This has greatly contributed to the improved performance of the company.

Finally to all our members and stakeholders, on behalf of the Board, Management and staff we most sincerely thank you for your continued support to this great organization. We are grateful for the confidence you have shown in the team that serves you.

With your continued support and belief, we commit ourselves to delivering even better results in the coming years.

Thank you all.



**JOHN MUTHEE GATHIMA
B.O.D. CHAIRMAN**

**NYAHURURU WATER & SANITATION COMPANY LIMITED.
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

REPORT OF THE MANAGING DIRECTOR

I am pleased to present to you the company's annual performance report for the year ended 30 June 2019. During the year, the company performed reasonably well despite facing numerous challenges. We continued living our purpose of providing high quality water and sanitation services to our customers in the most efficient and cost effective manner.

Financial Review:

The gross turnover or the total revenue generated increased from Kshs 215.5 Million to kshs 244.5 million due to improved efficiency in billing for services and revenue collection process.

The total operating expenses however shot up from kshs 214.4 million (2017/18) to kshs 243.8million in the year 2018/2019. This increase in costs was caused by among other reasons; a rise in power costs due to multiple pumping, a rise in chemical costs due to inflation and increased production.

In addition, the company recorded growth in its customer base by connecting 1,176 new customers to its network during the year.

Future Outlook:

The company in its strategic plan for the period 2014-2019 has earmarked several key projects to help improve on the company's fortunes. These include the following:

- (i).Rehabilitae the intake to increase pumping capacity and increase production for Nyahururu.
- (ii).Set up solar power generation plants in pump stations to reduce the cost of electricity.
- (iii).Rehabilitate water distribution pipelines in Marmanet scheme and construct alternative raw water main line from Kamwana dam
- (iv).Construct sewerage works at Rumuruti township.
- (v).Construct sewer network at coesite eastate in Nyahururu.
- (vi).Provide wwater supply services o new areas of Kinamba and Salama.

For this vision to become a reality, a lot of support both financial and otherwise is required from the Government (National and County), stakeholders and development partners.

Conclusion:

I wish to take this opportunity to sincerely thank the Board for the guidance and oversight provided during the year despite facing numerous challenges.

To all our customers and other stakeholders thankyou for your unwavering trust, support and healthy partnership. You are a great companion.

To my colleagues and members of staff, I am grateful for your commitment, dedication and sacrifice. I am honoured to be your team leader.

With your continued support and unity of purpose, we are better positioned to face tomorrow and to deliver better results in the coming years.

Thank you.


Peter Mwangi
Aq. Managing Director

NYAHURURU WATER & SANITATION COMPANY LIMITED.

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE GOVERNANCE STATEMENT

The company is governed by the Board of Directors whose conduct is guided by the articles and memorandum of association. These are further complemented by the Corporate governance guidelines from the Water Services Regulatory Board (WASREB).

Board Composition:

The board of directors draws its membership from various stakeholder groups namely; business & manufacturing community, professionals, Youth or PLWD, county government of Laikipia, schools & institutions, rural scheme representatives.

The company has 10 (ten) board members who represent each of the above stakeholder groups. The company has a succession plan at the board level where board members retire by rotation upon expiry of their contracts or can either be re-elected by the shareholders during the AGM as provided for (guided) by the Articles and Memorandum of the company

Board Committees:

The board of directors has established three (3) functional committees to assist in the execution of its responsibilities. The board has delegated its authority to the committees with specific terms of reference. These committees are;

- (i) Technical Committee
- (ii) Finance and administration committee
- (iii) Audit, risk and governance committee

Meetings:

The various sub-committees meet once per quarter to deliberate on issues requiring the board of directors' intervention before tabling their reports in the full board meetings.

Full board meetings are held on quarterly basis.

Annual General Meeting:

The company held its AGM in Oct 2018.

Remuneration:

The directors do not earn any fees but receive sitting allowances during meetings. To motivate the directors and enlighten them on any new developments in the sector, the company organizes an annual workshop for the directors on corporate governance.

Code of Ethics

Board of Directors sign code of ethics after the Corporate Governance Training

**NYAHURURU WATER & SANITATION COMPANY LIMITED.
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate social responsibility is a role that the management of the company embraces as part of giving back to the community. This role is a major ingredient in nurturing and fostering unity of purpose between the company and the public that it serves.

The company through the human resource & administration department has set up a CSR team to spearhead all the social responsibility functions and projects.

During the financial year 2018/2019, the company participated in several social responsibility functions as it bid to achieve its social obligations in the society.

These functions were marked by extending a helping hand to various institutions and homes for special cases, destitutes and HIV patients as explained below:

The company participated in Annual Nyahururu hospice walk during the year to assist the community raise money to assist community members suffering from chronicle diseases like cancer and HIV /AIDS.

The company has also partnered with Talithakum children home for orphans who are HIV positive in different ways.

**NYAHURURU WATER & SANITATION COMPANY LIMITED
REPORT OF THE DIRECTORS,
FOR THE YEAR ENDED 30 JUNE 2019**

The directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of affairs of the company.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be provision of Water supply and sanitation services within Nyahururu Municipality.

RESULTS

The results for the year are set out on page 5.

DIVIDENDS

The directors do not recommend payment of any dividend.

DIRECTORS

The Directors who held office as at 30th June 2019 are shown on page 2.

AUDITORS

The Auditor General is responsible for the statutory audit of the company in accordance with the provisions of Article 229 of the constitution of Kenya and Section 14 of the Public Audit Act, 2003.

By Order of the Board

Director

9TH

..... 9TH JULY 2020

**NYAHURURU WATER & SANITATION COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2019**

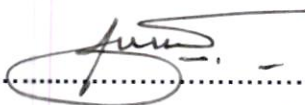
The Law requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.


The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Company's Act.

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

Approval of the Financial Statements

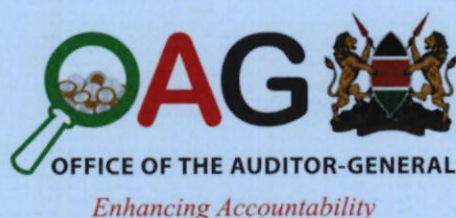
The company's financial statements were approved by the board of directors on^{9th}.....day of JULY....., 2020 and signed on its behalf by:

.......... **Director**

Peter Mwangi.....**Ag. Managing Director**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NYAHURURU WATER AND SANITATION COMPANY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nyahururu Water and Sanitation Company Limited set out on pages 10 to 21, which comprise the statement of financial position as at 30 June, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 the financial position of Nyahururu Water and Sanitation Company Limited as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and do not comply with the Companies Act, 2015 and Water Act, 2016.

Basis for Adverse Opinion

1.0 Unbalanced Trial Balance

The trial balance as at 30 June, 2019 reflects debit balances totalling Kshs.389,228,652.62 and credit balances totalling Kshs.412,779,455.43, resulting in unexplained difference of Kshs.23,550,802.81 between the two sets of accounts. As a result, the accuracy and completeness of the trial balance and the financial statements for the year ended 30 June, 2019 could not be confirmed .

2.0 Unconfirmed Balances

The following balances reflected in the financial statements were not supported with sufficient records:

2.1 Chemicals Costs

The statement of comprehensive income reflects direct cost of sales for the year under review totalling Kshs.40,489,894. Included in the balance is Kshs.17,972,416 spent on purchase of water purifying chemicals, as disclosed in Note 15(a) to the financial

statements. However, the respective ledgers indicated the chemicals cost Kshs.22,724,062. No explanation was provided by Management for the difference amounting to Kshs.4,751,646 between the balances reflected in respect to the item in the two records.

Consequently, the accuracy and completeness of the cost of sales totalling Kshs.40,489,894 for the year ended 30 June, 2019 could not be confirmed.

2.2 Operations and Maintenance

Disclosed under Note 15(c) to the financial statements is expenditure totalling Kshs.12,563,583 spent on purchase of materials for repair of the water pipeline. However, audit review of ledgers, cash books and other records indicated that payments to two vendors who supplied pipes at Kshs.998,775 and Kshs.993,300 respectively were not captured in the expenditure ledgers and in these financial statements. The omission was not explained by Management.

Further, examination of records on operations and maintenance activities indicated that water pipes and repair accessories were bought from two suppliers during the year at a cost of Kshs.993,300 and Kshs.998,940 respectively, or Kshs.1,992,240 in total. However, review of procurement records revealed the following unsatisfactory issues:

- (i) The first purchase was supported with computer generated goods received note (GRN) raised and signed on 14 September, 2018 but denoted as having been printed two weeks later on 3 October. No invoice for the purchase was presented for audit review. In addition, there were no inspection and acceptance committee minutes and report that verified the condition of the items supplied.
- (ii) Similarly, records for the second purchase that was made in February, 2019 revealed that the respective Local Purchase Order (LPO) was raised on 28 February, 2019 whereas the evaluation of the tender and goods received note was signed on 29 March, 2019 and 18 March, 2019 respectively. Therefore the records indicated that the goods were irregularly received before evaluation of quotations and the LPO was raised.

No satisfactory explanation was provided for these anomalies which raised doubt on the occurrence and propriety of the expenditures totalling Kshs.1,992,240.

In view of these issues, the operations and maintenance expenditure totalling Kshs.12,563,583 reflected in the financial statements is not fairly stated.

2.3 Professional Fees

The statement of comprehensive income reflects administrative expenses totalling Kshs.52,451,575 which include professional fees totalling Kshs.1,767,222, as further disclosed in Note 15(b) to the financial statements. However, the fees were not supported with documentary evidence, including payment vouchers. Consequently, the occurrence, measurement and propriety of the expenditure could not be confirmed.

2.4 Cash and Cash Equivalents

The statement of financial position as at 30 June, 2019 reflects cash and cash equivalents balances totalling Kshs.6,866,065 as further disclosed in Note 6(a) to the financial statements. The balance includes Kshs.64,913 held in a commercial bank account .

However, audit review of the cash book indicated an overdraft of Kshs.9,960,942 which was outstanding in respect to the account as at 30 June, 2019. The difference amounting to Kshs.10,025,405 between the cash balances reflected by the two sets of records was not explained. Further, there was no record indicating that the Board of Directors had granted Management permission to overdraw the account.

In view of these issues, the accuracy and completeness of the cash and cash equivalents balance as at 30 June, 2019 could not be confirmed.

2.5 Inventories

The statement of financial position reflects inventories totalling Kshs.8,547,899 as at 30 June, 2019. However, stores ledgers and stock-taking records were not provided for audit to confirm the existence and valuation of the inventories. Consequently, the valuation and completeness of the inventories balance totalling Kshs.8,547,899 as at 30 June, 2019 could not confirmed.

2.6 Customer Deposits

The statement of financial position reflects a water deposits balance of Kshs.25,069,983 as at 30 June, 2019. However, a review of bank statements and the cash book revealed that the actual customer deposits balance as at 30 June, 2019 was Kshs.107,728. The variance of Kshs.24,962,255 constitute money spent by Management. No record was provided to confirm what the withdrawals were spent on, and whether they were authorized by the Athi Water Services Board. Further, the Company did not have an approved policy on use of customers' deposits.

In the absence of a reconciliation for the deposits balance, the propriety of the withdrawals and the accuracy and completeness of the closing balance totalling Kshs.107,728 as at 30 June, 2019 could not be confirmed.

3.0 Material Uncertainty in Relation to Going Concern

The Company reported an operating loss of Kshs.24,098,837 during the year under review after reporting an operating profit of Kshs.5,146,109 in 2017/18 financial year. The loss further depleted the Company's revenue reserves from a debit balance of Kshs.1,395,294 as at 30 June, 2018 to Kshs.25,494,130 as at 30 June, 2019. In addition, the Company's current liabilities balance totalling Kshs.68,875,093 exceeded the current assets balance totalling Kshs.57,999,881 resulting in a negative working capital of Kshs.10,875,212 as at 30 June, 2019.

The unsatisfactory financial performance denotes the existence of a material uncertainty which may cast significant doubt on the Company's ability to meet its obligations as and

when they fall due. The financial statements have been prepared on the assumption that the Company will continue to receive financial support from the County Government of Laikipia and creditors. However, Management has not disclosed the measures it has taken, or intends to take, to reverse the unfavorable financial performance and put the Company on a path to profitability.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nyahururu Water and Sanitation Company Limited Management in accordance with ISSAI 130 on 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

The directors are responsible for the other information. The other information comprises the report of directors as required by the Companies Act, 2015, and the statement of the directors' responsibilities which are obtained prior to the date of this report, and the annual report which is expected to be made available after that date.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance thereon. In connection with the audit of the 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 the knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work I have performed on the other information obtained prior to the date of this auditor's report, if I conclude that there is material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Other Matter

Prior Year Issues

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 Basis for Conclusion on Lawfulness and Effectiveness in 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 Unauthorized Over Expenditure

During the year under review, the Company incurred expenditure totalling Kshs.247,033,200, or 92% of its approved budget for the year totalling Kshs.268,200,000. Records provided for audit indicated that the over-expenditure totalling Kshs.23,076,081 was incurred on the nineteen items shown in the appendix attached to this report.

In addition, the records indicated that , the Company, incurred unbudgeted expenditure totalling Kshs.12,916,737 on travel and lunch allowances, consumables, workshops and seminars and donations. Management therefore breached Regulation 51(2) of the Public Finance Management Act, 2012, which requires Accounting Officers to only make expenditure commitments from allocations in approved budgets.

2.0 Non-Revenue Water (NRW)

During the year under review, the Company produced 3,254,803 cubic meters (m³) of water. However out of this volume only 2,065,110 cubic meters (m³) or 63% of the output were billed to customers. The remainder totalling 1,189,693 cubic meters (m³) or 37% of total production represented Non-Revenue Water. The NRW was twelve (12) percentage points above the allowable loss of 25% set in guidelines issued by the Water Services Regulatory Board (WASREB).

Had the 1,189,693 cubic meters (m³) of NRW been billed to customers, the Company would have made additional revenue totalling Kshs.127,600,522 imputed from its billing rate of Kshs.107.255 per cubic meter (m³) and would therefore have avoided making a loss in the year under review. Therefore, the NRW was a major cause of the Company's unsatisfactory financial performance and is a threat to its ability to sustain its operations. Management has not indicated whether any measures have been taken to improve efficiency of the billing system.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015, I report based on the 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 my audit;
- (ii) in my opinion, proper books of account have not been kept by the Company, so far as appears from the examination of those books;
- (iii) the Company's statement of financial position and statement of comprehensive income are not in agreement with books of account; and
- (iv) in my opinion, the information given in the Report of the Directors, is not consistent with the financial statements.

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

In preparing the financial statements, Management is responsible for assessing the ability of the Company 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 liquidate the Company, or to cease operations.

Management is 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place

to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management .
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 January, 2022

Appendix I: Unauthorized Over-Expenditure

	Item	Budgeted Amount- (Kshs.)	Actual Expenditure- (Kshs.)	Over Expenditure- (Kshs.)
1.	Personnel Costs	110,387,130	111,970,373	1,583,243
2.	Chemical Costs	12,765,850	17,972,416	5,206,566
3.	Advertising Tenders	310,000	469,598	159,598
4.	Abstraction Fees	1,710,000	4,060,378	2,350,378
5.	WASREB (1%)	2,322,000	6,884,624	4,562,624
6.	Full Board Allowances	1,800,000	2,010,000	210,000
7.	Directors' Functions & Workshops	2,000,000	2,402,600	402,600
8.	Office Water & Lighting	72,000	244,848	172,848
9.	Licenses and Permits	460,000	1,020,875	560,875
10.	Cleaning Materials	900,000	1,570,911	670,911
11.	Mobile Phone Cards	720,000	1,048,650	328,650
12.	Staff Tea	1,046,500	2,369,510	1,323,010
13..	Transport Costs	120,000	380,600	260,600
14.	Printing & Stationery	920,000	1,746,000	826,000
15.	Training	1,390,000	2,263,700	873,700
16.	Annual General Meeting Expenses	560,000	703,850	143,850
17.	Building Repairs	500,000	1,730,690	1,230,690
18.	Equipment Repairs	960,000	3,038,240	2,078,240
19.	Repair Materials	10,800,000	10,931,698	131,698
	Total	149,743,480	172,819,561	23,076,081

NYAHURURU WATER & SANITATION COMPANY LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2019

		JUNE 2018/2019	JUNE 2017/2018
Revenues	Notes	Kshs	Kshs
Sales (total billings)	14 (a)	197,361,103	194,559,881
Interest on Fixed deposit	14 (b)	-	100,988
Other Income	14 (c)	25,682,740	24,933,294
Total Revenues		223,043,843	219,594,163
<u>Operating Costs</u>			
Direct Cost of sales	15(a)	40,489,894	36,653,753
Administrative Expenses	15(b)	52,451,575	42,477,274
Operations and maintenance	15(c)	40,884,307.70	42,395,831
Personnel Costs	15(d)	113,207,423	92,426,259
Total operating expenses		247,033,200	213,953,117
Operating Surplus/ (Deficit)		(23,989,357)	5,641,046
Finance costs	15(e)	109,480	494,937
Net (deficit)/surplus		(24,098,837)	5,146,109

NYAHURURU WATER & SANITATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

ASSETS	Notes	JUNE 2018/2019 KSHS	JUNE 2017/2018 KSHS
Non Current Assets			
Properties and equipments	1	82,437,972	79,756,584
		<u>82,437,972</u>	<u>79,756,584</u>
Current Assets			
Inventories	3	8,547,899	5,841,714
Receivables	4	42,585,918	47,970,250
Cash & cash equivalents	6(a)	6,866,065	15,227,830
		<u>57,999,881</u>	<u>69,039,794</u>
Less: Current Liabilities			
Trade Creditors & Others	7	43,805,110	30,746,661
Water Deposits	8	25,069,983	22,388,122
		<u>68,875,093</u>	<u>53,134,783</u>
Net Current Assets/ (Liabilities)		<u>(10,875,212)</u>	<u>15,905,011</u>
TOTAL ASSETS		<u>71,562,760</u>	<u>95,661,596</u>
<u>EQUITY & LIABILITIES</u>			
Share Capital	9	100,000	100,000
Revenue Reserves	10	(25,494,130)	(1,395,294)
Capital Reserves		96,956,890	96,956,890
TOTAL EQUITY & LIABILITY		<u>71,562,760</u>	<u>95,661,596</u>

The financial statements set on pages 10 to 21 were approved by the Board of Directors on, 9th JUN 2019 and signed on its behalf by:

.....  Director
 Peter Mwangi Ag. Managing Director

NYAHURURU WATER & SANITATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Share Capital	Capital Reserves	Revenue Reserves	Totals
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2017	100,000	96,956,890	(6,541,403)	90,515,487
Net profit/(loss) After Tax	-	-	5,146,109	5,146,109
Balance as at 30 June 2018	100,000	96,956,890	(1,395,294)	95,661,596
Balance as at 1 July 2018	100,000	96,956,890	(1,395,294)	95,661,596
Net profit/(loss) After Tax	-	-	(24,731,828)	(24,731,828)
Balance as at 30 June 2019	100,000	96,956,890	(26,127,122)	70,929,768

NYAHURURU WATER & SANITATION COMPANY LIMITED
STATEMENT OF CASHFLOWS
FOR YEAR ENDED 30 JUNE 2019

Kshs
JUNE
2017/2018

JUNE
2018/2019

	Notes	Kshs	Kshs
Cash flows from Operating activities			
Net loss/profit before Tax		(24,098,837)	5,146,109
Adjustments for:			
Depreciation		5,356,568	5,383,514
Prior year adjustment			
Net cash generated from Operating Activities		<u>(18,742,268)</u>	<u>10,529,623</u>
Changes in working capital			
Increase in Inventories		(2,706,185)	1,920,355
Increase in Receivables		5,384,332	(1,331,826)
Increase in Water deposits		2,681,861	2,826,889
Increase in Creditors & Accruals		13,058,449	(7,685,669)
Changes in working capital		<u>18,418,457</u>	<u>(4,270,251)</u>
Cash flows from Investing activities			
Purchase of property and equipments		(8,037,954)	(10,354,560)
Net cash generated from investing activities.		<u>(8,037,954)</u>	<u>(10,354,560)</u>
Net cash inflow/(outflow)		<u>(8,361,765)</u>	<u>(4,095,189)</u>
Cash & Cash equivalents at the beginning of the year		15,227,830	19,323,019
Decrease/Increase during the year		(8,361,765)	(4,095,189)
Cash & Cash equivalents at the end of the year	6	<u>6,866,065</u>	<u>15,227,830</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance and Basis for Preparation

The financial statements cover a period of 12 months from July 2018 to June 2019 and have been prepared under the historical cost basis.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). 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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company and all values are rounded to the nearest thousand (Kshs'000).

The accounting policies adopted have been consistently applied to all the years presented.

Adoption of new accounting policies and amendments to the IFRS during the year had no effect on the financial statements of the company.

Use of Estimates and Judgements: Preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect application of accounting policies, reported amounts and disclosures. The estimates and assumptions are reviewed on an ongoing basis.

2. Revenue Recognition

Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the company's activities and when specific criteria have been met for each of the company's activities as described below:

- (i). **Revenue from the sale of goods and services** is recognised in the year in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- (ii). **Chemical subsidies from National Government** are recognised in the year in which the entity actually receives such grants.

3. Plant, Property and Equipment.

(i) **All categories of plant, property and equipment** are initially stated at cost less accumulated depreciation and impairment losses.

(ii). **All the Company Assets** are held by Northern Water Services Board as per the SPA.

(iii). **Intangible Assets:** they comprise of computer software licenses which are capitalized on the basis of costs incurred to acquire and to bring

to use the specific software. These costs are amortised over the useful life of the intangible asset from the year they are available for use, usually over three years.

4. Depreciation of Plant, Property and Equipment

Depreciation is calculated on the reducing balance method to write off their cost over their estimated useful life. The annual rates in use are:

a). Plant and Machinery	12.5 years
b). Motor vehicles, including motor cycles	4 years
c). Computers and related equipment	3 years
d). Office equipment, furniture and fittings	12.5 years

5. Inventories

Inventories are stated at lower of cost and net realizable value. The cost of inventories comprises purchase price, applicable taxes, transportation and handling charges, and is determined on the moving average price method

6. Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. An estimate is made of the doubtful debts at the rate of 30% of the aged debtors outstanding over three years. Bad debts are written off after all efforts at recovery have been exhausted.

7. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at bank and also short term cash imprests to authorised public officers which were not surrendered or accounted for at the end of the financial year.

9. Trade and Other Payables

Trade and other payables include contractual value of consideration to be paid in future in respect of goods and services supplied, less any payments to the suppliers, outstanding fees and levies and unremitted payroll liabilities.

10. Provision for Staff Leave Pay

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

11. Comparative figures

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

12. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

YAHURURU WATER & SANITATION COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL RISK MANAGEMENT POLICIES:

The company's financial risk management objectives and policies are detailed below:

a. **Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and liability are disclosed in the notes to the financial statements.

b. **Financial risk management objectives**

The water company's activities expose it to a variety of risks including credit, market and liquidity risks. The company's overall risk management strategy seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk and drafting guidelines on the management of these risks.

c. **Credit Risk Management**

The water company's credit risk is mainly attributable to its liquid funds with financial institutions. However, the liquid funds with financial institutions is low because the counter parties are banks with high credit ratings.

The financial assets are fully performing as the company continues to enjoy services secured by this balance.

d. **Liquidity Risk Management**

The ultimate responsibility for liquidity risk management rests with the water company. The company has set up an appropriate liquidity risk management framework for the short, medium and longterm funding requirements.

The company manages the liquidity risk by maintaining banking facilities and through continuous monitoring of forecast cashflows as well as actual cashflows.

e. **Market Risk**

The water company takes on the exposure to market risk, which is the risk that changes in market prices will affect the company's surplus. Such changes in market prices cause fluctuations to the cashflows of the company and are generally caused by changes in interest rates.

Market risk monitoring is done by the management in conjunction with the Board of directors.

Market risk exposures are measured by sensitivity analysis and appropriate management measures instituted.

NOTES TO THE FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT.

Movement Schedule	Sewer & water system	Motor Vehicles	Furniture, Fittings & Equipments	Computer Equipment	Tools	Office Design	Generator	Total
2018-2019	2.5%	25.0%	12.5%	30.0%	33.3%		25.0%	
At 1st July 2018	97,947,332	7,684,720	4,935,968	17,280,840	4,135,314	20,000	1,591,756	133,595,930
Additions	4,668,545		565,530	2,496,500	209,380		98,000	8,037,955
At 30 June 2019	102,615,877	7,684,720	5,501,498	19,777,340	4,344,694	20,000	1,689,756	141,633,885
DEPRECIATION								
At 1st July 2018	28,134,467	6,477,156	2,985,354	10,976,141	3,793,987	-	1,472,240	53,839,345
Charge For the Period	1,862,035	301,891	314,518	2,640,360	183,385	-	54,379	5,356,568
At 30 June 2019	29,996,502	6,779,047	3,299,872	13,616,501	3,977,372	-	1,526,619	59,195,913
At 1st July 2018	69,812,865	1,207,564	1,950,614	6,304,699	341,327	20,000	119,516	79,756,585
At 30th June 2019	72,619,375	905,673	2,201,626	6,160,839	367,322	20,000	163,137	82,437,972

(ii) Depreciation rates applicable

Generator	25%
Computer equipments	30%
Furniture, fixtures and fittings	12.5%
Tools	33.3%
Office Equipment	12.5%
Water & sewer system	2.5%

2. RELATED PARTIES

The company relates to the National Government through the Ministry of Water & Irrigation which sets policy guidelines. Further on, the company draws its shareholders from the Laikipia County Government who participate in the AGM. In addition, the company is licensed, monitored and supervised by Northern Water Services Board

Key Management Compensation: The remuneration of the company employees and other key management during the year were as follows:

	2018/2019 kshs	2017/2018 kshs
Personnel Costs	113,207,423.16	92,426,258
Directors Allowances	4,812,600.00	4,425,000

NYAHURURU WATER & SANITATION COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	JUNE <u>2018/2019</u> KSHS	JUNE <u>2017/2018</u> KSHS
3. INVENTORIES		
Stationery	1,032,779.00	576,140
Cleaning	282,913.00	49,607
Chemicals	1,878,389.60	515,338
Staff tea	62,223.00	10,745
Fittings	5,291,594.00	4,689,884
Closing inventory totals	8,547,899	5,841,714
4. RECEIVABLES		
Opening balance	44,641,618.00	46,638,424
Add: Total billings	222,410,851.95	215,598,645
Less: Total collections	(224,026,969.00)	(214,595,451)
Total Trade Receivables	43,025,500.95	47,641,618
Sundry Debtors(Laikipia county)		
Provision for doubtful debts	(3,385,968.66)	(3,000,000)
Prepayments and others (5)	2,899,037.12	3,328,632
Total receivables	42,538,569.41	47,970,250
5. PREPAYMENTS & OTHERS		
(a). Prepayments		
Insurance	1,009,549.00	2,974,982
bowser	953,227.00	
Leave allowance	922,261.12	338,030
Office rent	14,000.00	14,000
	2,899,037.12	3,327,012
(b). Others		
Loans & Advances	0	1,620
	0	1,620
Grand Total	2,899,037.12	3,328,632
6. (a). CASH & CASH EQUIVALENTS		
Cash in Hand	54,272.00	23,969
Fixed Deposit investment	2,117,682.05	4,119,000
coop-maina ubsup	-	2,351,654
coop-rumuruti	0	0
coop-Main account	64,913.06	1,331,061
Family bank	2,135,833.00	606,894.00
Equity Bank	117,564.17	1,418,502
Equity Bank-Deposit account	2,375,800.40	5,376,750
Sub Totals	6,866,064.68	15,227,830
Totals	8,505,995	15,227,830
7. TRADE AND OTHER PAYABLES		
Lease fees and conservancy	11,674,478.48	10,275,747
Trade creditors	22,639,472.00	14,957,959
payroll deductions	3,095,484.23	1,361,167
External auditors	2,934,000.00	-
Casual wages	111,255.00	-
Rent	184,890.00	-
Gratuity	663,976.00	1,694,770
Other accruals - agm expenses	600,000.00	600,000
Accrued leave	666,198.85	471,268
Warma	1,235,355.66	1,385,750
TOTAL	43,805,110.22	30,746,661

NYAHURURU WATER & SANITATION COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

	JUNE 2018/2019	JUNE 2017/2018
15(a) DIRECT COST OF SALES	ksh	ksh
Chemicals costs	17,972,416.00	13,136,820.90
Electricity-technical	22,517,478.04	23,516,931.87
TOTAL COST OF SALES	40,489,894.04	36,653,752.77
15(b) Administrative Expenses		
advertising tenders	469,598.40	268,492.00
abstraction fees	4,060,378.00	2,545,509.26
assets lease fees		
wasreb (1%)	6,884,624.03	1,855,986.45
audit fees	464,000.00	464,000.00
legal fees		
professional fees	1,767,222.00	4,311,977.55
Full board allowances	2,010,000.00	2,302,000.00
Directors' functions & workshops	2,402,600.00	1,613,000.00
Sub committee Allowances	400,000.00	510,000.00
donations	136,500.00	1,053,000.00
Office water & lighting	244,848.02	342,606.52
Consumables	427,800.00	-
Entertainment costs	120,400.00	290,648.00
Licenses and Permits	1,020,875.00	61,900.00
Cleaning materials	1,570,910.81	2,836,987.86
Internet Charges	384,711.49	268,700.00
mobile phone cards	1,048,650.00	1,372,284.72
staff tea	2,369,510.00	1,496,020.50
transport costs	380,600.00	-
Other expenses-staff welfare		178,607.00
Periodicals and magazines	17,200.00	12,660.00
Printing & stationery	1,746,000.00	1,095,898.00
Rent	2,386,680.00	1,493,000.00
Security costs	4,159,975.00	4,495,970.00
functions,workshops & seminars	2,708,550.00	3,196,893.51
Sports & equivalents	2,242,100.00	356,860.00
Training	2,263,700.00	1,002,696.00
membership and subscriptions	203,630.00	251,560.00
Postage and Delivery	136,590.00	255,340.00
Telephone	76,185.24	80,379.96
Lunch allowance	3,946,087.00	2,486,155.00
Night out allowance	5,697,800.00	5,378,142.00
Provision-Agm expenses	703,850.00	600,000.00
Total Administrative Expenses	52,451,574.99	42,477,274.33
15(c) Operations and maintenance		
motor vehicles and others fuel	4,946,555.32	4,363,762.11
Exhausting-tractor/truck fuel	670,537.00	723,160.00
Building repairs	1,730,690.00	3,098,596.00
Computer repairs	23,000.00	1,086,740.00
Insurance costs	7,322,475.00	6,386,516
electric repairs	402,531.00	1,183,470.00
Equipment repairs	1,900,584.00	2,959,250.10
Manholes repairs	360,190.00	407,570.00
Water pumps repairs	1,137,656.00	60,320.00
repair & maintenance - (Marmanet)	84,865.00	1,734,443.00
repair materials (pipelines repair)	12,563,583.00	7,469,271.00
casual wages tech	626,391.00	1,235,325.65
motor vehicle repairs	2,191,752.00	2,489,965.55
Exhauster Repairs-tractor /truck	246,280.00	968,778.52
Uniforms	1,710,650.00	1,171,294.00
Provision for doubtful debts	3,338,620.20	1,673,855.00
Depreciation Charge provision	5,356,568.38	5,383,513.92
Total Operation & Maintenance	44,612,927.90	42,395,830.85
15(d) Personnel Costs		
Christmas bonus	980,000.00	882,500.00
Admin leave allowance		500,000.00
Comm leave allowance		500,000.00
marmanet leave allowance		534,238.00
Leave allowance (Tech)	2,923,434.78	881,509.82
Nssf contribution-Emp. Cont.	233,600.00	733,600.00
Provident Fund-Emp. Cont.	4,344,729.14	2,878,130.00
Marmanet pension-Emp. Cont.	397,687.94	284,087.00
Gratuity	1,759,436.00	2,032,018.00
Casual wages -adm		7,046.00
Casual wages -comm		59,926.00
Casual wages -marmanet	614,031.00	96,328.00
Lunch & Night out Allowance(Exhausting)	168,787.00	350,850.00
Cash handling allowance		
Debt control allowances		
extraneous allowances		
marmanet staff allowances		
Salaries	101,785,717.30	82,686,025.55
Total Personnel Costs	113,207,423.16	92,426,258.37
15(e) Finance costs		
Bank charges	109,479.76	494,936.74
GRAND TOTAL	250,871,299.85	214,448,053.06

NYAHURURU WATER & SANITATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. WATER DEPOSITS

Opening balance
 Collected
 Paid \Refunded

JUNE	JUNE
2018/2019	2017/2018
KSHS	KSHS
22,388,122.00	19,561,233
4,429,854.00	3,759,602
(1,747,993.50)	(932,713)
25,069,982.50	22,388,122

9. SHARE CAPITAL

Authorised Share Capital: 5,000 Ordinary Shares @ Kshs.20
 Issued and fully Paid-up : 5,000 Ordinary Shares @ Kshs.20

100,000.00	100,000
100,000.00	100,000

10. REVENUE RESERVES

Constitute of the sum of accumulated deficits and surpluses over the years.

Balance at 1st july

(1,395,293.00)	(6,541,402)
-----------------------	--------------------

Prior year adjustment

0	-
---	---

Net Profit/(loss) After Tax

(24,098,836.70)	5,146,109
-----------------	-----------

Balance at 30th june

(25,494,129.70)	(1,395,293)
------------------------	--------------------

11. CAPITAL RESERVES

Constitute the reconciling difference between assets and liabilities during handover from the municipal council to the company.

96,956,890.00	96,956,890.00
96,956,890.00	96,956,890

12. INSTITUTIONAL CAPACITY GRANT

The following items were received from Northern Water Services Board during the year:

Item Description

Quantity

(i). Meters: Volumetric Water Meters (Various sizes)
 : Prepaid Water Meters

(ii). Office Furniture & fittings were supplied

(iii). Laboratory equipments

13. ADB Funded Project

The ADB funded project for the rehabilitation of Water and Sewer treatment works and distribution networks was completed during the financial year.

The assets were handed over to Northern water services board the assets holders as per the SPA

Contract Data

Water Component - (NWSB/ICB/CW/006/2011-2012)

Sewerage Component - (NWSB/ICB/CW/007/2011-2012)

Total Contract Amount

14. REVENUE (TURNOVER)

(a). Total Billings for the year
 (b). Subsidies for the year
 (c). Other Income for the year

197,361,102.75	194,559,881
25,682,740.20	24,933,294
223,043,842.95	219,493,175

NYAHURURU WATER & SANITATION COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. TAX COMPUTATION

JUNE
2018/2019

KSHS

TAXATION

This is calculated on taxable profit at 30%

Profit/(loss) as per accounts	(24,731,828)
ADD:	
Prior Year Adjustment	-
Depreciation	5,356,568
Less: wear & tear	(5,356,568)
Adjusted tax profit (loss)	(24,731,828)
Profit (loss) b/f	(1,395,294)
Loss c/f	(26,127,122)
Corporation Tax Payable @30%	-

NYAHURURU WATER & SANITATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(Appendix 1)	<u>JUNE</u> 2018/2019	<u>JUNE</u> 2017/2018
<u>Turnover</u>		
<u>Billings</u>	<u>KSHS</u>	<u>KSHS</u>
July 2018	16,210,001.00	17,877,859.00
Aug 2018	16,383,197.00	15,721,912.00
Sep 2018	16,206,649.50	15,761,513.25
Oct 2018	17,081,458.75	15,695,057.25
Nov 2018	17,155,537.50	16,307,891.00
Dec 2018	15,397,436.00	15,431,019.50
Jan 2019	16,044,904.50	16,329,408.25
Feb 2019	19,480,132.00	17,010,548.25
Mar 2019	17,507,395.75	19,023,010.50
Apr 2019	18,185,930.25	16,152,702.50
May 2019	17,172,156.00	19,030,371.50
June 2019	17,456,954.50	17,020,537.75
LESS: Conservancy	(6,920,650.00)	(6,801,950.00)
Annual Billing	<u>197,361,102.75</u>	<u>194,559,880.75</u>
Interest on fixed deposit <u>other income</u>		100987.73
Rent	292,000.00	358,000.00
Revenue stamps sales		-
Commission on conservancy	147,596.70	170,048.75
Exhauster charges	2,506,600.00	1,032,000.00
mileage	1,903,368.00	1,517,771.00
penalty & fines	296,287.00	338,834.00
late payment charges	9,827,400.00	11,746,929.00
sale of drums		-
sale of water	2,150,389.50	1,401,988.00
miscellaneous incomes	2,233,624.00	2,023,511.90
staff water	632,991.00	-
sewer connection charges	222,300.00	268,000.00
water and exhausting-county	1,786,726.00	2,976,100.00
sewer inspection charges	34,750.00	53,750.00
unblocking fees		-
water connection charges	3,648,708.00	3,046,361.00
Tender sales		-
<i>Total Other Income</i>	<u>25,682,740.20</u>	<u>24,933,293.65</u>
Total income	<u>223,043,842.95</u>	<u>219,594,162.13</u>

