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REPORT

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OF

THE AUDITOR-GENERAL

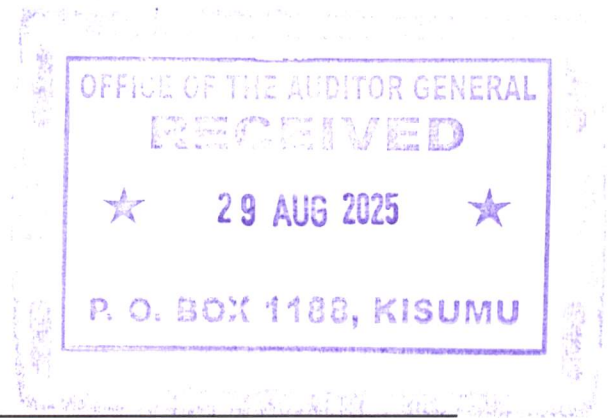
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NYANAS WATER AND SANITATION
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

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NYANAS WATER & SANITATION COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30TH, 2025

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

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

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Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Abbreviations

ICPAK *Institute of Certified Public Accountants of Kenya*

IFRS *International Financial Reporting Standards*

MD *Managing Director*

PFM *Public Financial Management*

PSASB *Public Sector Accounting Standards Board*

WASREB *Water Services Regulatory Board*

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

Background information

Gulf Water services Company Limited was formed by Lake Victoria South Water Services Board as a Limited Company and registered under CAP 486 of the laws of Kenya in January 2007 and given the mandate of providing water and Sanitation Services within six sub counties of Nandi East, Nandi South, Tinderet, Nyakach, Nyando and Muhoroni. The County government of Kisumu are its main shareholders and is represented by County Executive Member responsible for Water and Sanitation services who together with Kisumu Water and Sanitation Company Ltd are responsible for management of the company through collaboration. The Company is domiciled in Kenya and has no branches outside of Kisumu County.

Principal Activities

The principle activity of the Company is to abstract, treat and supply water and to provide sanitation services.

Directors

The Company did not have substantive directors Directors who served the entity during the period under review but uses Kiwasco as the management of the Company.

Corporate Secretary

The Company did not have Corporate Secretary who served the entity during the period under review.

Registered Office

Nyanas Water and Sanitation Company Limited
Off Oyugis-Migori Road
P.O. Box 152 - 30301
KISUMU

Corporate Contacts

Telephone: (+254) 0735 517 020
nyanaskiwasco@gmail.com

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information

Corporate Bankers

Kenya Commercial Bank

P.O. Box 17 - 40100

KISUMU.

Kisumu Main Branch

Independent Auditors

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

Budget Absorption for FY 2024/2025

DESCRIPTION	Budgets 2024/2025	Actual 2024/2025	% ABSORPTION
Total Revenue	25,545,103	52,770,515	207%
Total costs	64,941,004	47,160,700	73%

The absorption rate of the estimated revenue budget compared to the actuals for the year was 207% against the expenditure absorption of 73%.

Description	2025 (Kshs)	2024 (Kshs)	Variance (Kshs)	Percentage
Sales	20,830,995	21,481,275	(650,280)	-3%
Cost of Sales	26,217,243	28,270,311	(2,053,068)	-7%
Gross Profit	(5,386,248)	6,789,036	1,402,788	
Other Operating Income	31,939,520	23,510,232	8,429,288	36%
Total Expense	20,943,457	18,900,538	2,042,919	11%
PBT	5,609,816	(2,179,342)	7,789,157	
Net Profit/(loss)	5,609,816	(2,179,342)	7,789,157	-357%
Fixed assets	5,809,605	6,670,873	(861,268)	-13%
Long-Term Liabilities	4,264,755	3,755,255	509,500	14%
Current Assets	14,928,610	13,407,453	1,521,156	11%
Current liabilities	9,573,293	15,032,720	(5,459,427)	-36%
Total Assets	20,738,214	20,078,326	659,888	3%
Total Liabilities	13,838,048	18,787,975	(4,949,927)	-26%

Notes;

- i. There was decline in sales revenues by 3% and an increase in other income by 36% due to increased grant from CGK and Kiwasco due to increased cost of expenditure incurred to provide water.
- ii. The decrease in cost is due to the reduction in use of water chemicals for production.
- iii. The Company's total assets grew by 3% due to additional purchases.
- iv. Total Liabilities reduced by 26% in current financial year.

11. Report of the Management

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the company's affairs.

i) Principal activities

The principal activities of the Company is to abstract, treat and supply water to the residents of Nandi East, Nandi South, Tinderet, Nyakach, Nyando and Muhoroni sub-countys.

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page 1. Below is summary of the profit or loss made during the year.

	2025	2024
RESULTS	Kshs	Kshs
Profit before tax	5,609,816	(2,179,342)
Tax	-	-
Profit / (loss) for the year	<u>5,609,816</u>	<u>(2,179,342)</u>

iii) Dividends

The company has not declared dividends for the year ended 2025

iv) Directors

The Company did not have substantive directors Directors who served the entity during the period under review.

Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Management

Name: Eldah Odongo

Signature 

Date: 27/08/2025

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 require the Directors to prepare financial statements in respect of that Company, 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 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 the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2025. 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 the entity;
- 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 the Company;
- v) selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company 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 in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company 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 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 financial statements were approved by the Management on 27/08/2025 and signed on its behalf by:

Signature:



Name: Eldah Odongo
Project Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 NYANAS WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

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; and,
- 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.

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. The Report on 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.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Nyanas Water and Sanitation Company Limited set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Failure to Maintain Fixed Asset Register

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant, and equipment net book value of Kshs.5,809,605. However, Management did not provide fixed asset register to support the assets constituting the balance.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.5,809,605 could not be confirmed.

2. Unsupported Expenditure

2.1. Maintenance Expense

The statement of profit or loss and other comprehensive income and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.3,682,348, being maintenance expense. However, the expenditure was not supported by approved requisitions, inspection reports and stores cards used to receipt the operational materials in stores.

In the circumstances, the accuracy of the expenditure could not be confirmed.

2.2. Production Expense

The statement of profit or loss and other comprehensive income and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.26,217,243 being production expense. Included in the amount is Kshs.3,954,845 which relates to chemicals used during the year under review. This expenditure on chemicals was not supported by approved requisitions, inspection reports and stores cards used to receipt the chemicals in stores.

In the circumstances, the accuracy of the expenditure could not be confirmed.

2.3. Establishment Expense

The statement of profit or loss and other comprehensive income and as disclosed in Note 14 to the financial statement reflects an amount of Kshs.1,113,134 being establishment expense. Included in the figure is Kshs.154,334 being Water Regulatory Authority (WRA) levy whose ledger and supporting documentation was not provided for audit.

In the circumstances, the accuracy of the expenditure incurred under establishment cost could not be verified.

2.4. Unsupported Customers Deposits

The statement of financial position and as disclosed in Note 39 to the financial statements reflects non-current liabilities of Kshs.4,264,755 relating to customer water

deposit. Review of the documents provided for audit verification revealed that no separate customer deposit accounts and a corresponding cash book were maintained to confirm the individual deposits done by customers.

In the circumstances, the accuracy and validity of trade and other payables – customer deposits amount of Kshs.4,264,755 could not be confirmed.

3. Non-Compliance with Financial Management Regulations on Settlement of Outstanding Accounts

The statement of financial position and as disclosed in Note 40 to the financial statements reflects trade and other payables of Kshs.9,573,293. Included in the balance is an amount of Kshs.4,307,982 in respect of trade payables and other payables which were outstanding for more than one year. Further, review of schedules and invoices provided revealed that trade payables balance of Kshs.1,597,144 were outstanding for a period of over three (3) years. However, this was not disclosed in the creditors ageing analysis. In addition, in the statement of financial position, the current liabilities are disclosed as Note 39 while the corresponding notes to the financial statement it is disclosed under Note 40.

In the circumstances, the accuracy and completeness of the disclosed creditors' balances could not be confirmed.

4. Non-Compliance with Law and Effectiveness of Procurement Planning

The management of the Company did not prepare a procurement plan for the year under review. As such, procurements were not controlled against the procurement plan as required by Regulation 50(2) of the Public Procurement and Asset Disposal Regulations of 2020.

In the circumstances, the compliance with law and effectiveness of procurement planning could not be confirmed.

5. Failure to Deduct 0.03% on Procurement of Goods and Services

The Public Procurement and Regulatory Authority (PPRA) gave guidelines to all procuring entities to deduct 0.03% levy on all contracts entered into after 1 September, 2024, as well as any contract extensions, renewals and/or variations made from 1 September, 2024; Review of some of the sampled payment vouchers and procurement files revealed that payments of Kshs.82,550 were not compliant on whose levy totaled to Kshs.24.

In the circumstances, the entity was in breach of the Public Procurement Capacity Building Levy Order, 2023.

6. Non-Compliance with Law on Constitution of a Board of Directors

Review of the company's records revealed that the entity did not have a Board of Directors in place. This was contrary to the requirement of Section 79(1) of the Water Act, 2016 which provides that water services providers shall have a Board of Directors and in the case of a Company, the members of its Board of Directors shall be

constituted in accordance with the Companies Act, 2015 and any other written law and the Directors shall be nominated to serve on the Board in accordance with the Company's Memorandum and Articles of Association. It was therefore, not possible to confirm the validity of the operations of the Company in the absence of a board of directors.

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

7. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees on the entity's payroll were 18 out of which 14 or 77.8 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community. Details of ethnicity are summarized below:

Ethnic Background	Count	%
Kalenjin	2	11.1%
Luhya	2	11.1%
Luo	14	77.8%
Total	18	100.0%

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

8. Non-Compliance with Law on Gender Balance

During the year under review, the total number of employees on the entity's payroll were 18 out of which 14 or 77.8 % of the total number were male. This is contrary to Article 27(8) of the Constitution of Kenya, 2010. Details of ethnicity are summarized below:

Gender	Count	%
Male	14	77.8%
Female	4	22.2%
Total	18	100.0%

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

9. Non-Compliance with Treasury Circular on Maintenance of an Integrated HR System

Review of Human Resource information provided for audit review revealed that the entity maintains summary payrolls and not integrated payroll products containing integrated details of specific and gross earnings for employees, details of specific payroll deductions and total deductions for employees.

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

10. Weaknesses in Payroll Management

Review of the Company's payroll revealed that the Company operated without a human resource policy manual, staff establishment and scheme of service.

In the circumstances, it was not possible to confirm the existence of effective internal controls on staff recruitment, promotions and management in the Company.

11. Non-Revenue Water

Examination of water production and sales records indicated that the Company produced 1,149,971m³ of water during the year under review out of which 351,980m³ was billed to customers resulting to a variance of 740,492 of un-accounted for water equivalent to 64% of total production. This is 39% the industry's allowable ratio set at 25% of total production.

OUTPUT ANALYSIS	Total
Water Prod (m ³ /month)	1,149,971.00
Water Sold: - Metered (m ³ /month)	348,452.00
Water sold: - Flat Rate (m ³ /month)	3,528.00
Total Water Sold (m ³ /m)	351,980.00
NRW Volume (M ³)	740,492.45
NRW%	64%

12. Trade Receivables

The statement of financial position and as disclosed under Note 28a to the financial statement reflect a balance of Kshs.13,616,736 in relation to trade receivables. Review of the ledgers provided indicate an amount of Kshs.28,879,554 as trade receivables leading to unexplained variance of Kshs.15,262,818.

In the circumstances, the accuracy and completeness of a balance of Kshs.13,616,736 in relation to trade receivables could not be confirmed.

13. Non-Compliance with Climate Change and Financing Requirements

During the year 2024-2025, management of Nyanas Water and Sanitation Company Limited did not establish mandatory climate change unit required by the Climate Change Act, 2016, and constitutional provisions under Articles 42 of the Constitution of Kenya, 2010.

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

14. Failure to Disclose Inventory

Review of internal audit report on inventory count report dated 16 August, 2025 revealed that the company had inventory balance as at year end. However, these balances were not disclosed in the financial statement as required by paragraph 15 of IFRS 1.

In the circumstances, the accuracy of the financial statements could not be confirmed.

15. Lack Of Risk Register and Disaster Recovery Plan

Review of internal governance documents revealed that the entity did not have an approved Risk Management Policy and a Disaster Recovery Plan.

In the circumstances, Management was in breach of law.

16. General and Operational Expenses

The statement of profit or loss & other comprehensive income, and as disclosed in Note 11 to the financial statements is general and operations expense amount of Kshs.3,690,220. Included in the amount is legal and professional fees amount of Kshs.273,886, out of which amount of Kshs.123,250 was paid to a firm of advocates for the case matter, Case number KERICHO ELRC16 OF 2016 - KUCFAW VS. NYANAS, KIWASCO, LVSWSB & COUNTY OF KISUMU, fee. The payment relates to prior year fee note, which was not disclosed in the prior year financial statements as a contingent liability. Further, a payment of Kshs.50,000 to Otieno and Amisi Advocates through payment voucher 2090 reported as balance for ELRC 11 of 2022, relates to a fee note of prior year, amount which was not disclosed in the prior year as an account payable.

17. Unresolved Prior Year Matters

In the audit of prior year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during the audit of Nyanas Water and Sanitation Company Limited in 2024/2025 revealed that all the matters remained unresolved as detailed in **Appendix 1**.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer

of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of the Management and the 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 of 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 ISSAIs 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

8 December, 2025

Appendix 1

Unresolved Prior Year Matters

	Year	Matter
1.	2023/2024	Unsupported Production Expebses
2.	2023/2024	Unsuported Vehicle Running Expenses
3.	2023/2024	Unsupported Legal Expenses
4.	2023/2024	Unsupported Trade and Other Payables
5.	2023/2024	Failure to Maintained Fixed Assets Register
6.	2023/2024	NON-Compliance with Finanacial Management Regulations on Settlement of Outstanding Accounts
7.	2023/2024	Non disclosure of Trade Payables
8.	2023/2024	Lack of Risk Managment Policy and Disaster Recovery Plan
9.	2023/2024	Non Compliance with Law on Constituion of the Boardd of Directors
10.	2023/2024	Lack of Company's Incorporation Documents
11.	2023/2024	Operation without Substantive Accounting Officer and Managment Team
12.	2023/2024	Opération without Board of Directors
13.	2023/2024	Non Implémentation of Audit Recommandation
14.	2023/2024	Failure to Established Internal Audit Function
15.	2023/2024	Operating without a strategic Plan
16.	2023/2024	Non Compliance with law on Ethinc Compostion
17.	2023/2024	Weakness in Payroll Mangement
18.	2023/2024	Non Compliance with ILaw on Gender Balance
19.	2023/2024	Failure to Meet Revenue Targets
20.	2023/2024	Failure to Provide a Break down on Operation RevenueCollected
21.	2023/2024	Trade and Other Receivables
22.	2023/2024	Non Compliance with Treasury Circular on Maitainance of Intergrated Human Resource System

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement Of Profit or Loss & Other Comprehensive Income For The Year Ended 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	20,830,995	21,481,275
Grants Income	7	30,410,490	22,218,531
Other Operating Income	8	1,529,030	1,291,701
Total Revenue		52,770,515	44,991,507
Expenses			
Staff Costs	9	11,596,486	10,909,670
Production expenses	10	26,217,243	28,270,311
General and Operations expenses	11	3,690,220	3,247,473
Board Expenses	12	-	-
Maintenance Expenses	13	3,682,348	2,926,064
Establishment Expenses	14	1,113,134	819,600
Depreciation and Amortization expenses	15	861,268	997,731
Finance Costs	16	-	-
Total Expenses		47,160,700	47,170,849
Profit/(Loss) Before Taxation		5,609,816	(2,179,342)
Income Tax Expense/(Credit)	17	-	-
Profit/(Loss) After Taxation		5,609,816	(2,179,342)
Earnings Per Share - Basic And Diluted			
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		5,609,816	(2,179,342)
Surplus Or Deficit On Revaluation Of PPE		-	-
Re-measurement Of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity		-	-
Instruments Designated As At FVTOCI		-	-
Total Comprehensive Income For The Year		5,609,816	(2,179,342)

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	20	5,809,605	6,670,873
Intangible assets	21	-	-
Deferred tax	26	-	-
Total Non-Current Assets		5,809,605	6,670,873
Current Assets			
Inventories	27	-	-
Trade and receivable	28a	13,616,736	11,980,404
Staff Recoverable	28c	-	-
Prepayments and deposits	28d	9,500	9,500
Tax Recoverable	29	-	-
Bank and cash balances	30	1,302,374	1,417,550
Total Current Assets		14,928,610	13,407,453
TOTAL ASSETS		20,738,214	20,078,326
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	31	-	-
Revaluation reserve	32	-	-
Retained earnings	34	6,900,167	1,290,352
Capital and Reserves		6,900,167	1,290,352
Non-Current Liabilities			
Borrowings	36	-	-
Trade and other payables	39	4,264,755	3,755,255
Total Non-Current Liabilities		4,264,755	3,755,255

16. Statement of Changes in Equity for the Year Ended 30 June 2025

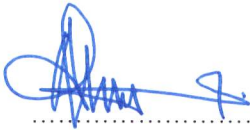
	Note	Ordinary share capital	Revaluation Reserve	Retained Earnings
As at July 1, 2023	34	-	-	12,659,672
Profit for the year		-	-	(2,179,342)
Dividends payable		-	-	-
Opening balance adustments year 2022/2023				(9,189,979)
As at June 30, 2024		-	-	1,290,352
As at July 1, 2024		-	-	1,290,352
Profit for the year		-	-	5,609,816
Dividends payable		-	-	-
At June 30, 2025	-	-	-	6,900,167

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Current Liabilities			
Borrowings	36	-	-
Trade and other payables	39	9,573,293	15,032,720
Current tax	43	-	-
Total Current Liabilities		9,573,293	15,032,720
TOTAL EQUITY AND LIABILITIES		20,738,215	20,078,326

The financial statements were approved by the Management on 27/08/2025 and signed on its behalf by:



.....
Name: Eldah Odongo
Project Manager

.....
Name: Erick Omondi Ogalo
County Government of Kisumu

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Cash Flows for the Year Ended 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows From Operating Activities			
Cash Generated from operations	44	(624,675)	94,461
Tax paid		-	-
Net Cash From Operating Activities		(624,675)	94,461
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)	20	-	(3,406,000)
Purchase Of Intangible Assets	21	-	-
Proceeds From Disposal/ Impaired		-	-
Net Cash From/(Used In) Investing Activities		-	(3,406,000)
Cash Flows from Financing Activities			
Interests Paid	16	-	-
Proceeds From Borrowings	36	-	-
Repayment Of Borrowings	36	-	-
Increase in water deposits	39	509,500	657,500
Grant received	42	-	-
Grants reversed from prior year to P&L account		-	-
Donations received		-	22,734,881
Net Cash From/(Used In) Financing Activities		509,500	22,077,381
Increase/(Decrease) In Cash And Cash Equivalents		(115,175)	(25,388,920)
Cash And Cash Equivalents At Beginning Of Year		- 23,987,076	1,401,844
Cash And Cash Equivalents At End Of The Year	30	(24,102,251)	(23,987,076)

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025		
Revenue						
Operating Revenue	25,545,103	-	25,545,103	20,830,995	(4,714,108)	-18%
Grants Income	1,500,000	-	1,500,000	30,410,490	28,910,490	1927%
Other operating income	-	-	-	1,529,030	1,529,030	-100%
Total Revenue	27,045,103	-	27,045,103	52,770,515	25,725,412	95%
Expenses						
Cost of sales	30,626,898	-	30,626,898	26,217,243	4,409,655	14%
Employment expenses	14,433,995	-	14,433,995	11,596,486	2,837,509	20%
Administrative expenses	8,260,030	-	8,260,030	3,690,220	4,569,810	55%
Board expenses	-	-	-	-	-	-
Maintenance expenses	10,156,189	-	10,156,189	3,682,348	6,473,841	64%
Establishment expenses	-	-	-	1,113,134	(1,113,134)	-100%
Depreciation and amortization	50,000	-	50,000	861,268	(811,268)	-1623%
Finance costs	1,413,892	-	1,413,892	-	1,413,892	100%
Total Recurrent Expenditure	64,941,004	-	64,941,004	47,160,700	17,780,304	27%
Profit or Loss	(37,895,901)	-	(37,895,901)	5,609,816	(43,505,717)	115%
Capital Expenditure	3,264,270	-	3,264,270	-	(3,264,270)	-100%
Total Expenditure	(34,631,631)	-	(34,631,631)	5,609,816	(46,769,987)	135%

Note:

- i. The Company achieved a -18% of the budgeted revenue in the year under review.
- ii. Other incomes increased in the year due to the Government grant and Kiwasco donations to support the company in its operations to continue supplying the rural population with adequate water.
- iii. Employment expenses absorption was less from budget due to prospective recruitment that was not done in the current financial year.
- iv. The overall administrative expenses was an improvement with our aim in reduction of overhead costs.
- v. Maintenance expense was an improvement from budget due to reduced network maintenance activities where majority was done in the course of the last financial year.
- vi. The company did not have any loan obligation in the year under review hence no finance charges incurred as budgeted.
- vii. The improved performance is due to the Donation received from CGK and Kiwasco with their mandate of supporting the company in its activities.

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

19. Notes to the Financial Statements

1. General Information

Kisumu Water and Sanitation Company Ltd is established by and derives its authority and accountability from the Companies Act. The Company is wholly owned by the County Government of Kisumu and is domiciled in Kenya. The Company's principal activity is to abstract, treat and supply portable water and to provide sanitation services. 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.

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 in Note 5a. 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, 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 effective in the year ended 30 June 2023

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 contract 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.

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

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

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

Title	Description	Effective Date
The amendments are effective for annual reporting periods beginning on or after January 1, 2023	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 Single Transaction (issued in May 2021)	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 deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of application of the above, they do not expect that there will be a significant impact on the company's financial statements. the potential impact of

iii. Early adoption of standards

KIWASCO did not early - adopt any new or amended standards in year 2022/2023

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

i) Revenue from the sale of goods and services is recognised in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.

ii) Grants from Government Entities are recognised in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

iii) Finance income comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.

iv) Dividend income is recognised in the income statement in the year in which the right to receive the payment is established.

v) Rental income is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.

vi) Other income is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the Company in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, utilities or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Company includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded but disclosed.

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Rates
Plant, meters and machinery	12.5%
Computers & copiers	30%
Office equipment, furniture and fittings	12.5%

A full year's depreciation charge is only recognized in the year of asset purchase. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives over a period of 5 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired separately are carried at cost less accumulated impairment losses.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

h) Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted.

i) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

j) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

k) Borrowing costs

profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

n) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

o) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2021. The scheme administered by both County Pension Fund (CPF) and LAPFUND teams and are funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

Nyanas Water & Sanitation Company Limited

Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

p) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue. Annual leave pay is utilized in the course of the year hence no provision is made at the reporting date.

q) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

r) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 27th August 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Kshs.NIL on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section XVII. of these financial statements.

s) Service concession arrangements

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

t) Comparative figures

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

u) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Company.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 39.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	20,830,995	21,481,275
Sewerage Services	-	-
Billing for other services	-	-
Total	20,830,995	21,481,275

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	-	-
Capital grants amortized	-	-
Donations from the County Government of Kisumu	23,758,976.48	16,019,628.54
Donations from Kisumu Water & Sewerage Company Ltd	6,651,513.60	6,198,902.64
In Kind contribution/donations from other agencies	-	-
Total	30,410,490.08	22,218,531.18

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs	2024-2025 Kshs
Water Sector Trust Fund	-	-	-	-	-
Ministry	-	-	-	-	-
Other partners	-	-	-	-	-
Total	-	-	-	-	-

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

8. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Illegal connections	-	-
New water connections	1,307,300	1,147,500
Reconnection fees	26,500	27,501
Sewer connection	-	-
Surcharge on meter loss	33,000	42,000
Miscellaneous income	162,230	74,700
Other Income - W/offes of opening balances	-	-
Exhauster Services	-	-
Total	1,529,030	1,291,701

9. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances	8,523,499	8,070,159
Casual workers' Wages	2,087,230	2,000,440
Medical insurance schemes	-	-
Employer's contributions to social security schemes	564,546	420,846
Employer's contributions to pension scheme	188,909	241,162
Employer's contributions to Affordable Housing Fund	146,953	130,440
Provisions for Leave pay (Payment in lieu of leave)	-	-
Staff Gratuity	-	-
Staff welfare	-	-
Staff training	85,350	46,624
Total	11,596,486	10,909,670
The Average number of employees during the year	17	26

- i. Gross Salary and allowances include Basic pay and house allowances for permanent and pensionable staff
- ii. Casual wages relates to contracted staff on either one year or three year contracts payable monthly
- iii. Contributions to social security schemes are made to the National Social Security Fund (NSSF) at the prescribed rates. All staff are eligible to contribute.
- iv. The Company has contracted the services of National Water Conservation & Pipeline Corporation) (NWCPC) to manage staffs pension schemes. The employee contribute 12% while the Employer contributes 15% towards the pension schemes.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

v. The Company equally handles staff welfare issues as and when they arise hence the welfare expense

10. Production Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening stock of Chemicals	-	-
Chemicals	3,954,845	4,034,380
Electricity	22,262,398	24,235,931
Less Closing stock of Chemicals	-	-
Total	26,217,243	28,270,311

11. General and Operations Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening Stocks (Uniforms and Stationery)	-	-
Uniform and protective clothing	-	70,950
Publicity and advertising	244,000	-
Tenders	-	-
Bank Charges and commissions	40,937	59,375
Staff training and development	-	-
Telephone and Postage	111,348	126,993
Vehicle running expenses (Fuel, oil, lubricants & repairs)	1,961,450	2,019,808
Traveling and subsistence	-	-
Printing and stationery	133,762	40,737
Sports and recreation	-	-
Audit fees	-	-
Telecommunication- ICT expenses	461,578	449,602
Debt collection	-	-
Bad debts provision	-	-
Legal and Professional fees	273,886	98,600
Fines and penalties	-	3,000
Office expenses	448,259	363,409
Occupation Safety and health	15,000	15,000
Donations/CSR	-	-
Closing Stocks (Uniforms and Stationery)	-	-
Total	3,690,220	3,247,473

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

12. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman Honoraria	-	-
Sitting allowances	-	-
Induction and Training (Board retreat)	-	-
Annual General Meeting (AGM) & stakeholders meeting	-	-
Refreshments	-	-
Total Board Expenses	-	-

13. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Opening inventories of consumables	-	-
Network maintenance	3,197,567	2,648,497
Sewerage maintenance	-	-
Sanitation	-	-
Laboratory reagent	-	-
Water pump maintenance	-	-
Electrical items	484,781	277,566
Closing inventories of consumables	-	-
Total	3,682,348	2,926,064

14. Establishment Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Conservancy fees	-	-
LTAP - operating Lease	-	-
WASREB levy	-	-
WRA levy	154,334	-
NEMA	-	-
KEBS levy	-	-
WASPA	-	-
Rent and Rates	54,000	54,000
Office repairs and maintenance	-	-
Electricity	-	-
General insurance	-	-
Security services	904,800	765,600
Impairment loss on meters	-	-
Bulk water Costs	-	-
Total	1,113,134	819,600

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

15. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant, and equipment	861,268	997,731
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation and Amortization	861,268	997,731

16. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest expense on loans	-	-
Interest expense Insurance Premium Financing (IPF)	-	-
Interest on lease liabilities	-	-
Total	-	-

17. Income Tax Expense/(Credit)

Current taxation

	2024-2025	2023-2024
	Kshs	Kshs
Adjusted profit for the year	-	-
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
Total	-	-

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2024-2025	2023-2024
	Kshs	Kshs
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year over-provision	-	-
Total	-	-

18. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax by the average number of ordinary shares in issue during the year. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

19. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). The Company has not proposed any dividend payment in the financial year under review.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

2023-2024	Plant, meters and machinery	Computers & Copiers	Office equipment, furniture & fittings	Total
Cost Or Valuation				
At July 1, 2024	9,664,028	384,638	460,480	10,509,146
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
At June 30, 2025	9,664,028	384,638	460,480	10,509,146
Depreciation				
At July 1, 2024	3,481,590	228,015	128,669	3,838,273
Charge For The Year	772,805	46,987	41,476	861,268
Impairment Loss	-	-	-	-
Eliminated On Disposal	-	-	-	-
At June 30, 2025	4,254,395	275,002	170,145	4,699,541
Net Book Value At June 30, 2025	5,409,633	109,636	290,335	5,809,605

2023-2024	Plant, meters and machinery	Computers & Copiers	Office equipment, furniture & fittings	Total
Cost Or Valuation				
At July 1, 2023	9,664,028	384,638	460,480	10,509,146
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
At June 30, 2024	9,664,028	384,638	460,480	10,509,146
Depreciation				
At July 1, 2023	2,598,384	160,890	81,267	2,840,542
Charge For The Year	883,205	67,124	47,402	997,731
Impairment Loss	-	-	-	-
Eliminated On Disposal	-	-	-	-
At June 30, 2024	3,481,590	228,015	128,669	3,838,273
Net Book Value At June 30, 2024	6,182,438	156,623	331,811	6,670,873

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

21. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
COST		
At July 1 2023	-	-
Additions	-	-
Disposals	-	-
At June 30 2024	-	-
AMORTISATION		
At July 1 2023		
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30 2024	-	-
NET BOOK VALUE	-	-

Intangible assets include the Enterprise Resource Planning (ERP) system that the company uses to facilitate the operations e.g. Billing, Customer service, Collections, administration and software licenses required to operate the above systems

22. Investment Property

The Company does not have or maintain any Investment Properties.

23. Right-of-use assets

The Company does not have or maintain any Right-of-use assets.

24. Fixed Interest Investments (Bonds)

The Company does not have or maintain any Fixed interest Investments (Bonds)

25. Quoted Investments

The Company does not have or maintain any Quoted or Unquoted Investments

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

26. Deferred Tax Asset

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The movement on the deferred tax account is as follows:

	2024-2025	2023-2024
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

27. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
General stores	-	-
Water Chemicals	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Electrical items	-	-
Pipes	-	-
Hardware materials	-	-
Uniform and protective clothing	-	-
Stationery and general supplies	-	-
Finished goods	-	-
Total	-	-

- a. The company does not maintain stocks and and consumes stock items on need basis.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

28.) Trade and Other Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Trade receivables (note (28a))	13,616,736	11,980,404
Prepayments and Deposits (note 28 (d))	9,500	9,500
VAT recoverable	-	-
Staff receivables (note 28 (c))	-	-
Gross trade and other receivables	13,626,236	11,989,904
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	13,626,236	11,989,904

28 (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	13,616,736	11,980,404
Provision for doubtful receivables	-	-
Net trade receivables	13,616,736	11,980,404

at June 30, the ageing analysis of the gross trade receivables was as follows:

Less than 30 days	3,404,184	2,995,101
Between 30 and 60 days	10,212,552	8,985,303
Between 61 and 90 days	-	-
Between 91 and 120 days	-	-
Over 120 days	-	-
Total	13,616,736	11,980,404

28 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

28 (c) Staff Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

Reconciliation of Impairment Allowance for Staff Receivables

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

28 (d) Prepayments and Deposits

Description	2024-2025	2023-2024
	Kshs	Kshs
Telephone deposits (Telkom & Safaricom)	-	-
Electricity deposits (KPLC)	-	-
Internet services deposit	-	-
Rent deposit	9,500	9,500
Total	9,500	9,500

29. VAT Recoverable

	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Movement during the year	-	-
At end of the year	-	-

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

30. Bank and Cash Balances

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	1,221,744	1,288,385
Cash in hand	60,000	60,000
Mobile money account	20,630	69,165
Total	1,302,374	1,417,550

Detailed analysis of the cash and cash equivalents

		2024-2025	2023-2024
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial Bank	1167416678	1,221,744	1,288,385
Sub- total		1,221,744	1,288,385
b) On - call deposits			
Co-operative Bank		-	-
others		-	-
Sub- total		-	-
c) Fixed deposits account			
Commercial banks & Others		-	-
Sub- total		-	-
d) Others(specify)			
Cash in hand -Petty Cash		60,000	60,000
Mobile money account		20,630	69,165
Sub- total		80,630	129,165
Grand total		1,302,374	1,417,550

31. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
	-	-
Issued and fully paid:		
	-	-

The company is owned by County Government of Kisumu who hold 100% of the total shares. The shares are held in Trust for the public

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

32. Revaluation Reserve

The company did not have Revaluation Reserve for the period under review.

33. Fair Value Adjustment Reserve

The company did not have Fair Value Adjustment Reserve for the period under review.

34. Retained Earnings

The retained earnings represent amounts available for distribution to the Company's shareholders. Undistributed retained earnings are utilised to finance the Company's business activities including network expansions to meet the coverage level as required by the Regulator (WASREB). The retained earnings for the year are as indicated in the statement of Changes in Equity in page 4.

35. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. There were no deferred tax liability at year end.

36. Borrowings

The Company did not borrowed funds in current period under review.

Description	2024-2025	2023-2024
	Kshs	Kshs
a) External Borrowings	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
C) Total Balance at end of the period c = a+b	-	-
The analyses of the domestic borrowing is as follows:		
Domestic Borrowings		
Kenya Shilling loan from	-	-
Total balance at end of the year	-	-
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

37. Lease Liability

The Company did not have Lease Liability in current period under review.

38. Retirement Benefit Obligations

The entity contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The the scheme is limited to specific contributions legislated from time to time and is currently at Kshs 200 entity's obligation under per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund and Local Authorities Pension Fund. Employees contribute 6.5% while the employer contribute 13% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

39. Trade and Other Payables - Non-current Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Customer water Deposits (note 41)	4,264,755	3,755,255
County Government Contribution (note 42)	-	-
Kisumu Water & Sanitation Company Ltd	-	-
Total	4,264,755	3,755,255

40. Trade and Other Payables -Current Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	7,669,955	12,797,883
Conservancy fee - County Government of Kisumu	-	-
Accrued expenses	-	-
Lease fees - County Government of Kisumu	-	-
Other payables	1,903,338	2,234,837
Lake Victoria South Water Works Development		
WRA Levy		
Total	9,573,293	15,032,720
Ageing analysis:		
Under one year	5,265,311	8,267,996
1-2 years	2,393,323	3,758,180
2-3 years	1,914,659	3,006,544
Over 3 years		
Total	9,573,293	15,032,720

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

41. Analysis of Customer Deposits

	2024-2025	2023-2024
	<i>Kshs</i>	<i>Kshs</i>
Opening Balance	3,755,255	3,300,255
Add: deposits received during the year	509,500	455,000
Less: Refunded deposits during the year		
Closing balance	4,264,755	3,755,255
Ageing analysis:		
Under one year	509,500	455,000
1-2 years	639,713.25	563,288.25
2-3 years	852,951	751,051
Over 3 years	2,262,591	1,985,916
Total	4,264,755	3,755,255

42. Analysis of County Government Contribution

The balance of the County Government Contribution relates to the balance of liability arising from the net assets transferred to the Company at inception but which has crystalized over time.

	2024-2025	2023-2024
	<i>Kshs</i>	<i>Kshs</i>
At the beginning of the year		
Additional declared during the year		
Amortized during the year		
Balance at end of the year	-	-

43. Taxation

	2022-2023	2021-2022
	<i>Kshs</i>	<i>Kshs</i>
At beginning of the year	-	-
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Less -Income tax paid during the year	-	-
At end of the year	-	-

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

44. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/ (loss) to cash generated from/ (used in) operations		
Profit or loss before tax	5,609,816	(2,179,342)
Depreciation	861,268	997,731
Amortisation	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-
Interest Expense	-	-
Account balance reconciliation adjusted in Retained earnings	-	(9,189,979)
Grants Write-back	-	-
Operating profit/(loss) before working capital changes	6,471,084	(10,371,589)
(Increase)/decrease in inventories	-	-
(Increase)/decrease in trade and other receivables	(1,636,332)	6,243,932
Increase/(decrease) in trade and other payables	(5,459,427)	4,222,118
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/(used in) operations	(624,675)	94,461
(b) Analysis of changes in loans		
Balance at beginning of the year		
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Accrued interest	-	-
Balance at end of the year	-	-
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	1,221,744	1,288,385
Cash in hand	80,630	129,165
Balance at end of the year	1,302,374	1,417,550
(d) Analysis of interest paid		
Interest on loans	-	-

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

	2024-2025	2023-2024
	Kshs	Kshs
Interest on bank overdraft	-	-
Interest on lease liabilities	-	-
Interest on loans capitalized	-	-
Balance at beginning of the year	-	-
Balance at end of the year (note 35(b))	-	-
Interest paid	-	-
(e) Analysis of dividend paid		
Balance at beginning of the year	-	-
2025 interim dividends paid	-	-
Balance at end of the year	-	-
Dividend paid	-	-

Other Disclosures

45. Related Party Disclosures

County Government of Kisumu

The County Government of Kisumu is the principal shareholder of the Company, holding 100% of the Company's equity interest.

Other related parties include:

- Lake Victoria South Water Works Development Agencies
- Water Services Regulatory Board (WASREB)
- Water Resources Authority (WRA)
- Water Sector Trust Fund (WSTF)
- Key management

Nyanas Water & Sanitation Company Limited
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Notes to the Financial Statements (Continued)

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Water sales to Govt. agencies - County Government of Kisumu	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Rent expenses paid to Government agencies	-	-
Training and conference fees paid to Government agencies	-	-
Others (specify)	-	-
Total	-	-
c) Grants from the Government		
Grants from National Government agencies (WSTF)	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
d) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services for conservancy services (CGK)	-	-
Total	-	-
e) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total		

46. Capital Commitments

There were no Capital commitments at the year- end for which any provision has been made in these financial statements.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

49. Contingent Assets and Liabilities

Contingent Assets

	2024-2025	2023-2024
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Total	-	-

Contingent Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Contingent liabilities		
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Total	-	-

In the opinion of the management, no provision is required in these financial statements as there were no liabilities expected to crystallize.

50. Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

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

i. Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	13,616,736	-	-	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	1,302,374	-	-	-
Total	14,919,110	-	-	-

At 30 June 2024 (previous Year)				
Trade Receivables	11,980,404	-	-	-
Other Receivables		-	-	-
Investments		-	-	-
Bank balances	1,417,550	-	-	-
Total	13,397,953	-	-	-

The customers under the fully performing category are paying their debts as they continue trading.

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

Nyanas Water & Sanitation Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

Credit Risk (Continued)

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2023 current year				
Trade payables	-	7,669,955	-	7,669,955
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	7,669,955	-	7,669,955
At 30 June 2022 previous year				
Trade payables	-	12,797,883	-	12,797,883
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	12,797,883	-	12,797,883

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Notes to the Financial Statements (Continued)

iii) Market risk

The company has no internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

iv) Foreign currency risk

The Company has no transactional currency exposures since the purchases of goods and services are done in the local currency

v) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

a) Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

b) Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis could not however be performed in the year as the company had no borrowing liability hence no interest accrued.

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vi) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

vii) Capital Risk Management

The objective of the Company's capital risk management is to safeguard the Management's ability to continue as a going concern. The Company's capital structure comprises of the following funds:

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	6,900,167	1,290,352
Capital reserve	-	-
Total funds	6,900,167	1,290,352
Total borrowings	-	-
Less: cash and bank balances	1,302,374	1,417,550
Net debt/(excess cash and cash equivalents)	(1,302,374)	2,707,901
Gearing	-18.87%	209.86%