

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

Scanned
18/3/22
PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**NYERI WATER AND SANITATION COMPANY
LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2020**

| PAPERS LAID | |
|--------------------|------------|
| DATE | 09/03/2022 |
| TABLED BY | SUL |
| COMMITTEE | - |
| CLERK AT THE TABLE | CHEROP C. |

NYERI WATER & SANITATION COMPANY LTD.

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB

31 MAR 2021

RECEIVED
P. O. Box 267 - 10100, NYERI



NYEWASCO ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020

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



Table of Contents

| | Page |
|---|--------|
| 1. KEY NYERI WATER AND SANITATION COMPANY LIMITED INFORMATION..... | iii |
| 2. THE BOARD OF DIRECTORS | vi |
| 3. MANAGEMENT TEAM | x |
| 4. CHAIRMAN'S STATEMENT | xii |
| 5. REPORT OF THE CHIEF EXECUTIVE OFFICER..... | xiv |
| 6. REVIEW OF THE COMPANY'S PERFORMANCE FOR FY 2019/2020 AGAINST THE PREDETERMINED OBJECTIVES | xvii |
| 7. CORPORATE GOVERNANCE STATEMENT..... | xxiv |
| 8. MANAGEMENT DISCUSSION AND ANALYSIS | xxvi |
| 9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING | xxvi |
| 10. REPORT OF THE DIRECTORS | xxviii |
| 11. STATEMENT OF DIRECTORS' RESPONSIBILITIES..... | xxix |
| 12. REPORT OF THE INDEPENDENT AUDITORS ON THE NYERI WATER AND SANITATION COMPANY LIMITED | xxxi |
| 13. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020..... | 1 |
| 14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020..... | 2 |
| 15. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020 | 4 |
| 16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020 | 5 |
| 17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020..... | 7 |
| 18. NOTES TO THE FINANCIAL STATEMENTS..... | 10 |
| APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS | 47 |
| APPENDIX I1: PROJECTS IMPLEMENTED BY THE NYERI WATER AND SANITATION COMPANY LIMITED..... | 48 |



1. KEY NYERI WATER AND SANITATION COMPANY LIMITED INFORMATION

Background information

The Nyeri Water and Sanitation Company Limited was established as a limited liability company under the Company's Act Cap 486 on 23rd September 1997 with a Board of directors appointed in accordance with the Water Act 2016. During the year, the company's mandate was widened from offering sewerage services to Sanitation services leading to a change of name.

The Company reports to the Board of Directors, who are responsible for the general policy and strategic direction of the Company. Nyeri Water and Sanitation Company Limited is domiciled in Kenya and has serves the Nyeri Town Sub county and surrounding areas.

Principal Activities

The principal activity of the Nyeri Water and Sanitation Company Limited is to provide potable water and sanitation services to the residents of Nyeri Town sub-county and the environs.

Vision:

"A world class water and sanitation services provider"

Mission:

"To provide quality water, sanitation and allied services at commercially and environmentally sustainable levels through application of outstanding processes and technology to the delight of our customers and other stakeholders"

Directors

The Directors who served the Nyeri Water and Sanitation Company Limited during the year/period were as follows:

| S/no. | Name | Particulars | Date Appointed |
|-------|-----------------------|--|--|
| 1. | Patrick K. Munuhe | Chairman | April 2018 |
| 2. | CPA Peter M. Gichaaga | Managing Director | October 2015 (Deceased 3rd November 2020) |
| 3. | Patrick Stom | Rep' the National Treasury | May 2017 |
| 4. | Joseph Wachiuri | Member | April 2015 |
| 5. | Angela Kimaru | Member | April 2018 |
| 6. | Mary Mutonyi | Member | May 2019 |
| 7. | Paul Wambugu | Rep' Office of the Governor | May 2018 |
| 8. | Veronica Maina | Member | May 2019 |
| 9. | Jackson Kanyingi | Member | April 2015 |
| 10. | Pauline Ndegwa | Chief Officer, Department of Water & Irrigation Services | October 2019 |
| 11. | Mary Kigia | Rep' CEO TWWDA | July 2018 |
| 12. | Eng. Peter G. Kahuthu | Ag. Managing Director | W.E.F 27 th October, 2020 |



Corporate Secretary

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

Corporate Headquarters

P.O. Box 1520 - 10100
NYERI
Off Kenyatta Road, Next to Nyeri Fire Station
Tel: 061-2034548, 061-2034623, 0800721095
Email: info@nyewasco.co.ke
Website: www.nyewasco.co.ke
NYERI, KENYA

Corporate Contacts

Telephone: 061-2034548, 061-2034623, 0800721095
E-mail: info@nyewasco.co.ke
Website: www.nyewasco.co.ke

Corporate Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Barclays Bank of Kenya Limited
Nyeri Business Centre,
P.o Box 239-10100
NYERI.
3. National Bank of Kenya Limited
Nyeri Branch,
P.O Box 1629-10100
NYERI.
4. Consolidated Bank
Nyeri Branch
P.o Box 935-10100
NYERI.
5. Equity Bank
Nyeri Branch
P.o Box 2064-10100
NYERI.
6. KCB Bank Limited
Nyeri Branch
P.O Box 215- 10100
NYERI.
7. Co-operative Bank of Kenya Ltd.
Nyeri Branch
P.O. Box 1032-10100
NYERI.
8. Ecobank Kenya Limited
P.O. Box 926-10100
NYERI.
9. Family Bank of Kenya
P.O. Box 163 10100
NYERI.



Independent Auditors

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




Principal Legal Advisers





- | | |
|---|---|
| 1. G.K.Kibira Advocates P.O. Box 681-10100 NYERI | 2. Kamotho Njomo & Company P.O. Box 7182-00100 NAIROBI |
| 2. Sichangi Partners Advocates P.O. Box 2088-10100 NYERI | 4. Wahome Gikonyo & Copmany P.O. Box 983-10100 NYERI |



1. THE BOARD OF DIRECTORS

| NAME | DESCRIPTION |
|--|--|
| <p>1. Patrick K. Munuhe – Chairman – Board of Directors</p>  | <p>He was appointed in April 2018 as a director representing farmers’ organizations. He is a teacher by profession and pursuing a Master’s degree in Educational leadership Management at the Kenya Methodist University and is a graduate of the University of Nairobi with a Bachelors of Education degree. He also possess a Diploma in Education Management from the Kenya Education Management Institute</p> |
| <p>2. Joseph Wachiuri</p>  | <p>Chairman, Finance, Administration and Strategy Committee</p> <p>He is the immediate former chairman of the Board and was appointed in April 2015 as a director representing the professionals and has over thirty years’ experience from both the private and public sector.</p> <p>He holds a Master of Business Administration degree in Finance and Bachelor of Commerce degree from the University of Nairobi. He is an accomplished leader and is involved in various social and local development initiatives.</p> |
| <p>3. Jackson Kanyingi</p>  | <p>Chairman, Technical Committee</p> <p>He was appointed in April 2015 as a director representing resident associations and is a professionally trained teacher with over thirty years’ experience from both the teaching and private sector.</p> <p>He is a P1 teacher and an accomplished leader involved in various social and local development initiatives.</p> |

| | |
|--|---|
| <p>4. Mary Mutonyi</p>  | <p>Chairperson, Audit Risk and Governance Committee</p> <p>She was appointed in May 2019 as a director representing the Business Community. She is a holder of Bachelor of Commerce from Nairobi University and a Master's in Business Administration (Entrepreneurship) from the Kenya Methodist University. She is pursuing a PhD in Business Administration (Entrepreneurship) at the Jomo Kenyatta University of Agriculture and Technology. She is also a director representing women at the Kenya National Chamber of Commerce and Industry Nyeri Chapter.</p> |
| <p>5. Patrick M. Stom</p>  | <p>He was appointed in May 2017 as a director representing the Cabinet Secretary, National Treasury. He is an accountant and a financial analyst. He holds a Master of Science in Finance, from Jomo Kenyatta University, a Bachelor degree in Business Administration (Accounting option) from Moi University, Certified Public Accountants of Kenya and Certified Securities and Investment Analysts Part II. He is a member of the Institute of Certified Public Accountant of Kenya (ICPAK).</p> |
| <p>6. Patrick M. Wambugu</p>  | <p>He was appointed in May 2018 as a director representing the Office of the Governor of the County Government of Nyeri.</p> <p>He holds a Bachelor of Arts Degree from Kenyatta University and post graduate Diploma in Marketing from Chartered Institute of Marketing. He is currently the Chief of Staff at the County Government of Nyeri.</p> |

| | |
|--|--|
| <p>7. Pauline Ndegwa</p>  | <p>She was appointed in October 2019 as a Director representing the County Government of Nyeri. She is a holder of a degree in BA, Cultural Studies from Moi University.</p> <p>She is currently the Chief Officer of the Department of Water and Irrigation Services. She has over 10 years of experience working in both the Private and Public sector.</p> |
| <p>8. Veronica W. Maina</p>  | <p>She was appointed in May 2019 as director representing women. She is an approved teacher 1 with over 20 years of experience in the teaching profession. She is a Pro poor Champion. She initiated the formation, registration and the operationalization of women's wing of the Kenya Association of retired officers (KARO) where she is a member of the executive committee.</p> |
| <p>9. Angela W. Kimaru</p>  | <p>She was appointed in April 2018 as a director representing Institutional Consumers. She is a professionally trained teacher with a Master of Education degree from Kenyatta University and a Bachelor of Education degree from Egerton University. She has over twenty years' experience.</p> |
| <p>10. Mary W. Kigia</p>  | <p>Representing the CEO, Tana Water Works Development Agency (TWDDA), She holds a Diploma in Water Technology from Kenya Water Institute. Mary has vast knowledge and experience in the water sector having worked in the sector for the last 30 years. In the last nine (9) years she has been on secondment at Tana Water Works Development Agency. She is an internal Auditor in TWWDA for ISO 9001:2015.</p> |



11. CS Richard K. Gikuhi



He is the Company Secretary and has Master's degree in Business Administration from Moi University and Certified Public Secretary with a wide range of experience in Corporate Governance and Management of over forty years.

He is an accomplished leader and a fellow of the Institute of Certified Public Secretaries of Kenya and a member of the Kenya Institute of Management.

12. CPA Peter Gichaaga



Managing Director and CEO

He holds Master of Science (Finance), from the University of Nairobi, Master of Business Administration (Strategic Management) and Bachelor of Business Administration (Accounting and Finance) from Kenya Methodist University and also a Diploma in Business Management from the Kenya Institute of Management. He is a Certified Public Accountant, Certified Public Secretary.

(Deceased 3rd November 2020)

13. Eng. Peter Kahuthu








Ag. Managing Director and CEO

Bsc Civil Engineering, Registered Engineer and member of EBK. In Charge of the overall business strategy and direction. Executed the duties of the Managing Director/ CEO and secretary to the Board of Directors in acting capacity with effect from 27th October 2020.



2. MANAGEMENT TEAM

| | |
|---|--|
| <p>1. CPA Peter Gichaaga</p>  | <p>Managing Director / CEO</p> <p>MBA, B Com, CPA, CS In Charge of the overall business strategy and direction. Served as the CEO and secretary to the Board of Directors</p> <p>(Deceased 3rd November 2020)</p> |
| <p>2. Eng. Peter Kahuthu</p>  | <p>Chief Manager Technical Services Bsc Civil Engineering</p> <p>In Charge of the Technical Services which encompassed Water Production, Treatment, Distribution, Waste Water Treatment, Design & Construction and Quality Control.</p> |
| <p>3. CPA David Ndumo</p>  | <p>Chief Manager Corporate Services MBA, BBM, CPA</p> <p>In Charge of the Corporate Division and supervising the Finance, Human Resource, Administration, Information Communication Technology, Procurement.</p> |

| | |
|---|---|
| <p>4. CPA Francis Kiura</p>  | <p>Chief Manager Commercial Services and Strategy MBA, BBIT, Bed, CPA, CS</p> <p>In charge of the Commercial Services and Strategy division, driving the customer experience and engagement with the company. The division encompasses meter reading, Billing, Debt Collection, New Connections and Customer Care. Also domiciled in the division is Corporate Planning, Strategy, Planning and Pro-Poor</p> |
| <p>5. Eng. James Ngunjiri</p>  | <p>Manager, Operations and Maintenance Bsc Civil Engineering</p> <p>In charge of the Operations and Maintenance of the Water distribution systems including the Electromechanical unit, NRW, Water Operations, Sewer Maintenance.</p> |
| <p>6. Keziah N. Nyambura</p>  | <p>Manager, Legal Services</p> <p>LLB, CS, Dip Law</p> <p>In Charge of the newly created Legal Department within the Directorate. Handled both litigation and conveyancing matters of the Company.</p> |
| <p>7. CPA Reuben G. Gitau</p>  | <p>Manager, Internal Audit B Econ, CPA, CISA</p> <p>In Charge of the Company's Internal Audit department within the Directorate.</p> |



8. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am honoured to present to you the Annual Report and Financial Statements of the Nyeri Water and Sanitation Company Limited (“NYEWASCO”) for the Financial Year ended 30th June, 2020. During the year under review, NYEWASCO continued with its transformation journey towards the achievement of its vision of becoming a “World Class Water and Sanitation Services Provider. This marks a significant milestone towards the achievement of our 2016/17 – 2020/21 five-year Strategic Plan. In line with our Strategic Plan, the year under review saw us focus on activities aimed at advancing the organization and laying the foundation for the realization of our Vision. My statement focuses on these activities and their impacts on NYEWASCO’s future.

The year under review continued to be a challenging year for the Company due to the increased demand for our services by potential customers outside our original area of service. We therefore cautiously extended our services to areas beyond our original area of service in Mathira West, Kieni East and Tetu Sub Counties. We are well aware of the many challenges and opportunities in the water services subsector and are continually improving on our commitment to innovation and new technology to enhance our services to our customers. Our ambition is to continue leading the sector’s results on best management approaches to reduce Non Revenue Water levels, enhance customer service, and project management including Operations and maintenance. Aware of the challenges facing the company, we continued to ensure minimum water losses within our water pipeline network and as a result closed the year with a Non-Revenue Water level of below the 20% as required by our regulatory guidelines.

The Board approved a reviewed organizational structure during the year for effective management and to drive strategy in the medium term and commenced to implement the new organizational structure in order to mitigate against any form of adversities and ensure business continuity. Following the expiry of employment of contract for most of the top management team, the Board appointed a competent senior management team on 1st July 2019 to run the Company operations and assist the Managing Director. The newly appointed senior management team has the necessary skills, strengths, courage and enthusiasm to deliver on our mandate. Further, in accordance with the Leadership and Integrity Act, 2012, the Board has put in place policies and programmes to enhance high standards of ethical behaviour across the Company. We are committed to providing effective leadership in steering the Company towards achieving greater heights of prosperity. Every challenge presents an opportunity therefore, and this is the time to strengthen our foundation and purpose to meet the expectations of our stakeholders. Taking advantage of our performance record by leading in the water services sector, knowledgeable workforce, strong brand and heritage, I am confident that we can transform NYEWASCO into a world class water and sanitation services provider.



Business Environment

During the year, the company continued to extend water and sewerage services to unserved areas within and without its area of operation based on demand, feasibility and cost justification. The major activities entailed construction of new water distribution pipelines in Mathira West Sub County through the support of the County Government of Nyeri and sewerage extension within the Nyeri Central Sub County in Ruringú, Ngangarithi, Kamakwa and King'ong'o estates under a financing facility from Co-operative Bank of Kenya through the Results Based Financing (Output Based Aid) programme of the World Bank Group spearheaded by the Water Sector Trust Fund.

Well aware of the many challenges and opportunities in the water services subsector, we continued to embrace continual improvement in all our operations by embracing research and innovation through adoption of new technology to enhance our level of service delivery to our customers. We remain committed to maintain the sector leadership position in provision of water and sanitation services through attainment of the sector key performance indicators and standards to reduce Non Revenue Water levels, enhance customer service, and strengthening the internal control systems to reduce wastage in operations and maintenance including project management.


Just like in the previous year, we are humbled and delighted to report that the Company's performance culture in the sector continued to be maintained and the Water Services Regulatory Board rating placed the Company as the top ranked water utility in Kenya for the 12th year consecutively in the Impact Issue No.12 of 2020. Overall the company scooped four out of the seven awards considered on the key performance indicators: -

1. Top performing utility
2. Top utility in Non-Revenue Water (NRW) management
3. Top utility in the very large category and
4. Top utility in Tana region

On behalf of the Board of Directors, I wish to commend the management, staff, shareholders and stakeholders for their positive contribution to the attainment of the encouraging results and to our customers for their co-operation and immeasurable support.

In Conclusion

The Board and Management will continue to work together to strengthen the Company's internal controls and enterprise risk management, promote a culture of integrity and strive for highest ethical business standards.


Patrick K. Munuhe
Chairman, NYEWASCO
29th March, 2021



9. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Managing Director's Statement

I am pleased to present a review of NYEWASCO's key operational performance for the year ended 30th June 2020. The review also highlights our strategic priorities in the short and medium-term focusing on improving service delivery to customers and ensuring sustainable business growth. Our role as a water service provider utility in Nyeri County is critical considering that water and sanitation services are an enabler and key drivers for economic and social development. In this regard, the Company made remarkable progress in the quest to enhance our water distribution network coverage and improve reliability of both water supply and sewerage services to the customers. Projects prioritized during the year included water extension and sewer system expansion including network upgrade projects as well as County Government's funded projects in both water and sewer distribution network expansion to unserved areas. As a major step towards the entrenchment of a customer centric-culture, we continued to enhance our customer service unit and successfully rolled out the customer outreach programme for the completed sewer extension project. Towards this, the Company deployed its technical and support staff to meet with the potential customers in the new areas to be served by the new project.

Despite our desire to sustain connectivity drive by further extensions and connection of customers to other unserved areas beyond our official area of service, improve system reliability and complete key projects, our operational performance during the year was affected by an unfavorable operating environment mainly caused by our continued implementation of a non-cost recovery tariff thus straining of Cash flow projections.

Operational Performance

In the course of the year, we connected 2027 and 3483 new customers to our water and sewer network respectively, growing the overall customer base by 11.26% to 42,245 connections mainly driven by the successful completion of the OBA sewer extension project. This was largely achieved through a sustained customer outreach programme for new areas and brand loyalty by the residents leaving within the company's service area. As a result, access water to stands at 98%. The access to sanitation services has risen to 33% compared to 28% from the previous year. The connectivity drive is premised on our strategic goal to secure the water distribution and provide clean and affordable water to every household within the area served by the company and support the country's goal of providing water to all Kenyans which is an important ingredient for socio-economic transformation and development.

In the period, the Company completed phase II of new sewer extension project financed under the Results Base Financing Programme (Output Based Aid) by the Water Sector Trust Fund (WSTF) and supported by the World Bank Group. The



commercial financing was advanced by the Co-operative Bank of Kenya to the tune of Kshs. 282 million. The scope of the project covered the areas of King'ong'o – Gatende Estate; Ruring'u – Skuta Estate; Kamakwa – Kandara Estate and Classic – Ngangarithi Estate. The project achieved additional No. 2963 new sewer connections and benefit a population of approximately fourteen thousand. In addition, the Company has benefitted from a 60% subsidy from the World Bank Group and has substantially increased the sewer revenue by Kshs over 2 million per month.

In addition, the company also executed other projects involving minor extensions and upgrade of both water and sewer network. Similarly, customers are central to our business sustainability. Customer satisfaction is a key driver in fostering brand loyalty which leads to business growth and long-term viability. Towards this end, we conducted a Customer Satisfaction Survey in collaboration with Dedan Kimathi University of Technology and upgraded our Customer Service Management System – Majisoft to enhance customer experience and efficient service delivery. In addition, we also maintained a close partnership with our revenue collection agents. In today's diverse and highly dynamic business environment, it has become vital to tailor our communication and engagement programmes to effectively address the varied stakeholder needs. In this regard, we sustained mutually beneficial and strategic stakeholder interactions throughout the year. These included participatory meetings and forums with customers, investors, business partners, stakeholder institutions and both the County and National government ministries and institutions. We have enhanced our Corporate Communication and PR section to ensure that various communication platforms and channels are readily accessible to our customers, stakeholders and the general public. This gives alternative modes of communication which guarantees efficiency in dissemination of information both internally and externally. In support of the Big Four Agenda initiative, we completed the construction of the phase 1 and II of sewer extension highlighted above and built 200 No. of Safisan toilets in Witemere Low Income Area in an effort to upscale sanitation standards for the urban poor.

Business Performance

During the year, our total revenue grew by Kshs. 15,263,130 from Kshs. 473,360,970 reported in the previous year to Kshs. 488,624,100 mainly due to an increase in water billings. Water billings however registered a marginal growth of Kshs.3.5 Million as the volume of water produced and sold was 6,940,820 cubic meters as compared to 6,866.825 cubic meters in the previous year.

Net Surplus

The surplus before tax reduced to Kshs. 26.8 million from a restated amount of Kshs. 101.4 million reported in the previous period. This was mainly due to the effects of the Corona Virus pandemic and an increase in maintenance costs due to the heavy rainfall experienced in the last quarter of the financial year.



Our Commitment


As a matter of priority, the management team is focusing on provision of quality water supply and sanitation services by upgrading our water distribution network and streamlining internal processes to improve customer experience and stakeholder confidence. We sustained our connectivity drive by completing the Last Mile Connectivity of the Sewer Project to further entrench our market presence. Further, to ensure we sustain good water quality, Nyeri Water and Sanitation Company testing and calibration laboratories are among the first laboratories to have undergone the stringent assessment and successfully transited to the new ISO/IEC 17025: 2017 Standard accreditation in Kenya. This gives an increased confidence on the accuracy and reliability of the results issued from the laboratories.

One of the core values of the Company is to engage in continual improvement of its products, services and processes. This led the management to pursue recertification after the lapse of the previous ISO 9001:2015 certification period. This process was successfully completed in April 2020 and a certification of registration which is valid until January 2023 was issued by the Kenya Bureau of Standards.

Further, we have completed the review of the Company's Strategic plan which lays emphasis on improving employees' productivity; providing adequate, quality and reliable water supply and provision of sanitation services; improving service delivery; and ensuring financial sustainability. The purpose of conducting the review included the following reasons among others:

1. Good management practice so as to track the implementation of the Strategic Plan
2. Changing/dynamic Business Environment both internal and external
3. As advised by WASREB during the last 2019 Performance review
4. Align the SP to the 5-year License issued by WASREB in May 2019.

The findings of the Midterm Review will be important as it forms basis for the upcoming preparation of the new strategic plan for the next planning period starting 2021/22. The strategy was formulated in cognizance of the dynamic business environment, technological advancements and the anticipated policy shift in the water services sector. I am confident that we have the right initiatives and strategies in place to enable us realize our business goals.


Peter M. Gichaaga
Managing Director, NYEWASCO
29th March, 2021



10. REVIEW OF THE COMPANY'S PERFORMANCE FOR FY 2019/2020 AGAINST THE PREDETERMINED OBJECTIVES

Strategic Plan Implementation

NYEWASCO has a well-defined strategic direction that is encapsulated in her vision and mission statements. The vision statement paints clearly the desired future state of NYEWASCO while mission statement articulates the purpose or what NYEWASCO wants to do.

Vision:

“A world class water and sanitation services provider”

Mission:

“To provide quality water, sanitation and allied services at commercially and environmentally sustainable levels through application of outstanding processes and technology to the delight of our customers and other stakeholders”

The main thrust in 2016 - 2021 Strategic Plan will be in the realization of the following strategic objectives:

1. Ensure the company is driven by the principles & practices of good governance that can withstand the test of time.
2. Ensure that the company is financially viable.
3. Advance and automate operations and services for enhancement of service delivery.
4. Provide water and sanitation services in an efficient, effective, affordable and sustainable manner
5. Attract, develop and maintain adequate, qualified and competent staff

Alignment of Strategy

In the year under review, the Board managed to revise our Five Year Strategic Plan to align our Company to the changing business environment and meet the needs of customers and other stakeholders as envisaged. It is expected that the new strategy will provide an adjusted roadmap to the formulation of the next Strategic Plan 2021-2026. The strategic plan has been revised to strengthen the commercial aspects of our business, entrench a competitive mindset in our operations, develop a more customer centric culture and align our risk framework to the strategy.



In addition, the revised strategic plan will safeguard our interests and support the Company's growth strategy and objectives in a competitive water distribution and sanitation services environment in line with the new Water Act 2016. It is also imperative to note that the company changed its name from Nyeri Water and Sewerage Company Limited to Nyeri Water and Sanitation Company Limited as one of its strategic focus towards ensuring availability and sustainable management of water and sanitation for all in line with the United Nations, Sustainable Development Goal number six.

The Five Strategic pillars are explained as follows:

1. Corporate Governance

Corporate Governance is concerned with the establishment of an appropriate legal, economic and organizational environment that would facilitate and allow business enterprises to grow, thrive and survive as institutions for maximizing shareholder value while being conscious of and providing for the well-being of all other stakeholders and society. Governance thus, is concerned with the processes, systems, practices and procedures that govern institutions. This also relates to the manner in which rules and regulations are applied and followed, the relationships that these rules and regulations determine or create, and the nature of those relationships. Essentially, governance addresses the leadership role in the institutional or organizational framework.

2. Financial Sustainability

Financial resources are key in driving NYEWASCO from one point to the other in the business environment. Proper management and utilization of financial resources will enable NYEWASCO to thrive even in harsh economic conditions. Financial allocation and budgeting are important business activities that seek to place the organization in an economically stable position. Issues that concern NYEWASCO in regard to financial sustainability include unstable foreign exchange rates, inflation, unstable interest rates, and multiple taxation regimes among others. Unstable economic conditions affects the way NYEWASCO handle business operations including purchase and acquisition of goods and services, increasing wage bill, client concentration risk and others. The company has sound financial management policies, enjoys goodwill from development partners, bills accurately and collects nearly 95 percent of all billing. This has positioned the company in proper financial health so much that it is able to meet its financial obligations as and when they fall due. Conversely, the company lacks funds to expand sewer reticulation system among other needs.



3. Service Delivery

Service delivery and customer satisfaction remains the core business of NYEWASCO. The company serves a community composed of clients who are increasingly becoming well informed, have preferences and tastes, clearly understand their rights, and always want their voices heard. It remains difficult for NYEWASCO to make milestones forward without critically addressing issues surrounding service delivery and customer satisfaction.

Some of the issues affecting the way NYEWASCO does her business include; vandalism of water accessories, uncontrolled informal settlements, demographical changes, low uptake of technology by customers, and increased activism among others. NYEWASCO seeks to address these issues by deliberately embracing new technology such as social media, automation of services, and speed of service as well as striving to offer high quality services and products. The company also seeks to map out client concentration risk in order to address emerging divergent customer issues.

4. Production and Operations

Production and operations pose as the wheels for NYEWASCO driving the company from point A to point B in her business operations. Production and operations facilitate NYEWASCO to offer high quality goods and services to the customers thus strategically creating value for the society. This calls for NYEWASCO to remain keen on how her operations could add value to the society without necessarily affecting the environment negatively. NYEWASCO is operating in a dynamic environment characterized by such phenomena such as climate change, pollution, environmental degradation, and topography among others.

NYEWASCO will endeavor to engage in activities that lead to environment protection, going green and promote good stewardship of the environment while serving her customers. The company seeks to remain environmentally friendly through proper waste disposal being guided by National and County government policies on environmental conservation. As NYEWASCO produces and offers high quality goods and services, environment protection remains at the centre of her operations. This includes activities such as corporate social responsibility and sensitization of the society on the need to protect the environment. NYEWASCO will continuously partner with the National government and Nyeri County government to promote Vision 2030 Flagship projects as well as Nyeri County Government projects.

Production and operations heavily rely on new technologies and improved systems in order to offer quality services and products to serve our



customers efficiently. This includes factors such as integrity and credibility of data in servers and making sure access to data is safeguarded thus no unauthorized alteration of data. It also calls for proper billing system with credibility and that is well protected from manipulation.

5. Institutional Capacity Development

NYEWASCO endeavours to strategically address issues relating to institutional capacity development by embracing the culture of innovation and continuous learning, talent management, and putting in place succession planning system among others. It becomes strategically important for NYEWASCO to position itself by making sure there is in place business continuity and disaster recovery plan as well as mitigating high management staff turnover. NYEWASCO will seek to build capacity in her employees through training, coaching and staff development. This will be achieved through contacting job analysis and Human Resources needs assessment as well as establishing proper organizational structure that fits the operations and mandate of NYEWASCO. Capacity building equips staffs of NYEWASCO with skills and knowledge in diverse areas including job performance, professionalism, and implementation of strategicPlan



| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|---|---|--|---|---|
| Pillar 1: Good Corporate Governance | Ensure the company is driven by the principles & practices of good governance that can withstand the test of time | Board Orientation, capacity building and efficient operations | Conducting a Board Orientation / Training Conduct regular Board meetings | The Company held Board Elections in August 2019 and an Orientation Training in Kenya School of Government Embu |
| Pillar 2: Financial Health and Sustainability | Ensure that the company is financially viable. | Company Cost Management and Profitability Ability to meet all company obligations as and when they fall due Make regular remittances to the National Treasury for the KfW Loan Ensure attractiveness and ability to meet conditions for grant funding | Implement cost management practices Ensure increased revenue stream Regularly set aside funds for the KfW Loan and other obligations Ensure efficient operations to low the cost of doing business Ensure compliance with donor and funder requirements | The company implemented austerity measures leading to heavy cost savings. Further through the effective implementation of the OBA project, the Company achieved all the targets set and earned the 100% Subsidy by the World Bank. Lastly, the company was on time in the payment of her obligations including the KfW loan through the National Treasury |
| Pillar 3 Service Delivery | Advance and automate operations and | Business process automation and reducing customer waiting time for services | Adopt and deploy business automations, improve business systems and service | The company adopted smart meter reading using mobile telephone, upgraded her billing |



| | | | | |
|---|---|---|---|---|
| | services for enhancement of service delivery | | delivery | software |
| Production and Operations | Provide water and sanitation services in an efficient, effective, affordable and sustainable manner | <p>Implementation of planned plant maintenance and line upgrades.</p> <p>Repair and service the plant and other associated machines / infrastructural renewal</p> | <p>Service the electromechanical assets for service delivery</p> <p>Upgrade at least 10Kms of the existing water infrastructure</p> <p>Construct water and sanitation extension projects to ensure wider customer reach</p> | The company sustained her investments on line upgrades and realignments to ensure water supply and NRW management. |
| Institutional Capacity Development | Attract, develop and maintain adequate, qualified and competent staff | <p>Effective staff recruitment</p> <p>Staff Training</p> <p>Capacity building and staff motivation</p> | <p>Conduct effective staff recruitment</p> <p>Ensure staff training needs are assessed and addressed</p> <p>Ensure staff motivation and capacity building initiatives are fully implemented</p> | <p>The company converted the engagement of over 120 casuals into regular employment on 6 months contracts reducing the staff numbers to the regulated levels.</p> <p>The management implemented and resolved the staff leave management reducing the days to compliance levels.</p> |



Strategic plan performance review of the 5 strategic objectives

| Strategic Objective | Comments on implementation | Percentage Score in Implementation |
|--|---|------------------------------------|
| Objective 1: To ensure the company is driven by the principles and practices of good governance. | All the items are on course as expected. A new SPA was replaced by a 5 year license from WASREB. | 80% |
| Objective 2: To ensure the company is financially viable/Sustainable | The revenue has been increased by 5% from 424.7M to 443.8M. The level of active connections was also increased from 25000 to 31,000 while new sewer connections growth was double the target as a result of the successful completion of the OBA Sewer Project which achieved 2963 connections. The company has moved towards financial sustainability except the challenge of implementing the new tariff which is in the final stages of approval by WASREB. The tariff review was at an advanced stage before being effected by Government | 75% |
| Objective 3: To improve service delivery through automation and modernization of processes. | Most of the automation activities lagging behind schedule. The benchmarking exercise is a continuous process. The rest of the activities have been as per plan. | 70% |
| Objective 4: To provide water and sanitation services in an efficient, effective, affordable and sustainable | Most of the activities earmarked under this objective have been achieved while others have been postponed or suspended for future consideration due to financial constraints. | 70% |



| | | |
|--|---|------------|
| <p>Objective 5: To attract, develop and maintain adequate, qualified and competent staff/develop and strengthen institutional capacity</p> | <p>Under this objective, most of the activities have been achieved as per plan and are either done continuously or annually. The level of execution has however been affected by the financial constraints as well. The organizational structure has been reviewed as captured on the strategic plan.</p> | <p>75%</p> |
|--|---|------------|

11. CORPORATE GOVERNANCE STATEMENT

The company is managed through a 10 member board who serve for a term of 6 years each while the Chairperson is elected from among the independent members and who serves for a term of 4 years. During the year, a board chairmanship election was conducted and a new Chair installed following the expiry of the term of the previous chairperson.

Changes in the Board

Pauline W. Ndegwa was appointed director representing the Department of Water and Irrigation Services on 9th October 2019. After the successful training and induction of new members, Mr. Patrick K. Munuhe was elected as the Chairman of the Board during the Board's inaugural Full Board meeting held on 16th August 2019 to replace Mr. Joseph Mwangi Wachiuri whose term as a Chairman of the Board had lapsed.

Board Committees

The Board exercised its oversight function through three committees that reported to the full board on a quarterly basis. The Committees that operated during the year were:

1. Audit, Risk and Governance Committee
2. Finance, Administration and Strategy Committee
3. Technical Committee

The membership to the committees was drawn from the Board of Directors and the committees were chaired by independent directors.



Composition of the Board Committees

Audit Risk and Governance Committee

Mary W. Mutonyi- Chairperson
Patrick M. Stom - Member
Mary W. Kigia - Member

Finance and Administration Committee

Joseph M. Wachiuri- Chairman
Angela W. Kimaru- Member
Paul M. Wambugu - Member

Technical Committee

Jackson G. Kanyingi - Chairman
Veronica W. Maina - Member
Pauline W. Ndegwa - Member

Meetings, Training and Functions Attendance

| S/No. | Item | No. of Meetings FY 2019-2020 |
|-------|--------------------------------|------------------------------|
| 1. | Finance and Strategy Committee | 4 |
| 2. | Audit, Risk and Governance | 4 |
| 3. | Technical Committee | 4 |
| 4. | Special Full Board | 1 |
| 5. | Full Board | 4 |
| 6. | Trainings, Seminars and Tours | 2 |
| 7. | Other Functions | 2 |



12. MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance

During the year, the company's total revenue grew by Kshs. 15,263,130 from Kshs. 473,360,970 reported in the previous year to Kshs. 488,624,100 mainly due to an increase in water billings. Water billings however registered a marginal growth of Kshs.3.5 Million as the volume of water produced and sold was 6,940,820 cubic meters as compared to 6,866.825 cubic meters in the previous year.

Net Surplus

The surplus before tax reduced to Kshs. 26.8 million from a restated amount of Kshs. 101.4 million reported in the previous period. This was mainly due to the effects of the Corona Virus pandemic and an increase in maintenance costs due to the heavy rainfall experienced in the last quarter of the financial year.

13. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

The company's sustainable operations is highly anchored on environmental, Social and Economic pillars of sustainability. There is heavy reliance on the water from the catchment area leading to the need for environmental conservation while the social aspects are important to maintain the good name.

2. Environmental performance

Annually, the company conducts several initiatives on environmental and catchment area conservation. During the year, a tree nursery was established where over 20000 seedlings were processed for transplanting to the service area. Further the company ensured adherence to NEMA protocols on waste water processing and controlled the discharge to the environment.

3. Employee welfare

Nyeri Water and Sanitation Company is an equal opportunity employer and through the year, has encouraged ALL to apply for positions available. During the year, the company offered opportunities for upskilling and capacity building to the staff in form of training opportunities and competitively promoted staff within the company. The company has also



complied with the provisions and requirements of the Occupational, Safety and Health Act of 2007 by creating a safe work environment.

4. Market place practices-

a) Responsible competition practice.

The company's products pricing, service area and service offering and general operations are regulated by the Water services regulatory board. It is the company's policy to provide to potential customers relevant information only.

b) The company maintains her quarterly registration of suppliers and advertises her open tenders regularly. Supplier payments are made on a first in first out basis,

c) Product stewardship- Nyeri Water and Sanitation Company limited maintains a customer feedback system through the toll free line and the face book page where customer complaints and concerns are addressed regularly and timeously.

5. Community Engagements-

During the year, the company supported several institutions including the Nyeri Hospice, the Nyeri level 5 hospital (Paediatric Ward), Chania River Users Association, the National Aids Control Council among others.



14. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Nyeri Water and Sanitation Company Limited's affairs.

Principal activities

The principal activities of the company are the provision of water and sanitation services within the area of the Nyeri Sub-County and its environs .

Results

During the year, the company made a surplus before tax of **Kshs. 26.739,200** as shown by the results for the year set out on page 31.

Dividends

Subject to the approval of the shareholders, the Directors do not recommend the payment dividends as all earnings are applied to the payment of the KFW Loan through the National Treasury.

Directors

The members of the Board of Directors who served during the year are shown on page 6 to 8 In accordance with Regulation of the Nyeri Water and Sanitation Company Limited's Articles of Association, Mr Robert G. Wanjau and Ms Purity Gathoni Ngunjiri retired by rotation and, being eligible offered themselves for re-election.

Auditors

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

By order of the Board

Board Secretary



Date: 29th March, 2021



15. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 - and the Companies Act 2015 require the Directors to prepare financial statements in respect of that Nyeri Water and Sanitation Company Limited, which give a true and fair view of the state of affairs of the Company at the end of the financial year and the operating results of the Company for that period. 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 Nyeri Water and Sanitation Company Limited.

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Nyeri Water and Sanitation Company Limited for and as at the end of the financial year ended on June 30, 2020. 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 Company; (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's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 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 Nyeri Water and Sanitation Company Limited's transactions during the financial year ended June 30, 2020, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Nyeri Water and Sanitation Company Limited, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control.

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



Approval of the financial statements

The Company's financial statements were approved by the Board on 28/08/ 2020 and signed on its behalf by:

.....
Chairperson of the Board

.....
Accounting Officer/MD/CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyeri Water and Sanitation Company Limited set out on pages 1 to 47, which comprise the statement of financial position as at 30 June, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyeri Water and Sanitation Company Limited as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards, and comply with the Water Act, 2016, the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Trade and Other Receivables and Amounts Due from Directors

The statement of financial position and as disclosed in Note 16 to the financial statements reflects trade and other receivables balance of Kshs.237,947,398 as at 30 June, 2020. This was net of provision for doubtful debts of Kshs.41,940,699 for the financial year under review. Included in this balance is an amount of Kshs.88,234,691.12 in respect of debts which has remained outstanding over a long period of time. Management has not demonstrated efforts made to recover the amount.

In addition, included in this amount is Kshs.420,000 to the Board of Directors to attend a Board Audit Committee workshop which did not take place due to Covid-19 restrictions. The Board of Directors had not surrendered the unspent amount at the time of the audit.

Consequently, the trade and other receivables balance of Kshs.237,947,398 as at 30 June, 2020 is not fairly stated

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-compliance with the Water Services Regulatory Board (WASREB) Regulations on Personnel Costs

The statement of profit and loss and other comprehensive income reflects an expenditure of Kshs.168,372,686 on staff expenses as at 30 June, 2020. The amount represents about 38.6% of the total operating expenditure of Kshs.436,037,659, which is higher than the recommended ratio of 30% in accordance with the WASREB guidelines. The excess personnel costs may negatively impact on the Company's profitability and sustainability of services in the long run if measures are not put in place to contain the cost within the acceptable level.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with books of account; and
- (iv) In my opinion the information given in the report of the directors on page xxviii, is consistent with the financial statements.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015 and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the 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 the Directors either intends to liquidate the Company or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 February, 2022



17. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2019/20 <u>Kshs</u> | 2018/19 <u>Kshs</u> |
|--------------------------------------|-------|------------------------------|------------------------------|
| REVENUES | | | |
| Revenue | 6 | 446,902,259 | 436,696,100 |
| Cost of Sales | 7 | - | - |
| Gross Profit | | 446,902,259 | 436,696,100 |
| Grants from the National Government | 8 | - | - |
| Interest Income | 9 | 12,362,107 | 15,661,818 |
| Other Income | 10 | 28,696,029 | 30,836,901 |
| Amortisation of Grants | 31(b) | 13,025,812 | 5,827,969 |
| TOTAL REVENUES | | 500,986,207 | 489,022,788 |
| OPERATING EXPENSES | | | |
| Administration Costs | 12 | 93,158,347 | 73,434,468 |
| Staff Expenses | 12(b) | 168,372,686 | 150,513,669 |
| BOD Expenses | | 5,067,118 | 11,086,541 |
| Operating & Maintenance Costs | 13 | 169,496,653 | 121,567,652 |
| TOTAL OPERATING EXPENSES: | | <u>436,094,804</u> | <u>356,602,330</u> |
| Finance Costs | 14 | (38,152,203) | (31,585,246) |
| V.A.T Refunds | | - | 549,509 |
| PROFIT/(LOSS) BEFORE TAXATION | | 26,739,200 | 101,384,721 |
| INCOME TAX EXPENSE/(CREDIT) | 16 | <u>(6,699,086.25)</u> | <u>(3,379,974.00)</u> |
| PROFIT/(LOSS) AFTER TAXATION | | <u>20,040,113</u> | <u>98,004,747</u> |



18. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Notes | 2019/20 <u>Kshs</u> | 2018/19 <u>Kshs</u> |
|---------------------------------|-------|-----------------------------|-----------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 19 | 1,262,153,163 | 1,232,698,419 |
| Intangible assets | 20 | - | - |
| Investment Property | 21 | - | - |
| Total Non-Current Assets | | <u>1,262,153,163</u> | <u>1,232,698,419</u> |
| CURRENT ASSETS | | | |
| Inventories | 27(a) | 13,073,101 | 14,839,474 |
| Trade and other receivables | 27(b) | 237,947,399 | 236,412,777 |
| Fixed Deposits | 29 | 175,174,666 | 171,454,589 |
| Bank and cash balances | 30 | <u>50,277,700</u> | <u>58,628,271</u> |
| Total Current Assets | | <u>476,472,867</u> | <u>481,335,111</u> |
| TOTAL ASSETS | | <u>1,738,626,030</u> | <u>1,714,033,530</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and Reserves | | | |
| Ordinary Share capital | 31(a) | 75,000,000 | 75,000,000 |
| Revaluation reserve | 32 | - | - |
| Fair Value adjustment reserve | 33 | - | - |
| Retained earnings | 34 | 505,815,997 | 485,775,883 |
| Proposed dividends | | - | - |
| Capital grant | 31(b) | <u>97,325,763</u> | <u>58,780,586</u> |
| Capital & Reserves | | <u>678,141,761</u> | <u>619,556,469</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 35(a) | 559,629,537 | 610,466,756 |
| Borrowings-Co-op Bank (OBA) | 35(b) | 185,519,315 | 151,468,855 |
| Deferred tax liabilities | | - | - |

Nyeri Water and Sanitation Company Limited (NYEWASCO)

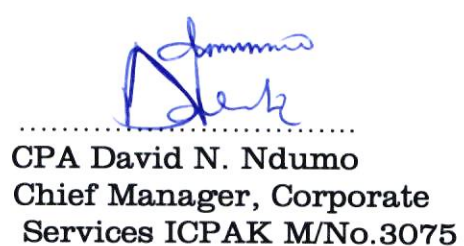
Annual Reports and Financial Statements
For the year ended June 30, 2020

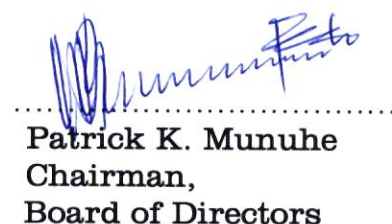


| | | | |
|--------------------------------------|-------|-----------------------------|-----------------------------|
| Lease liabilities | | - | - |
| Total Non-Current Liabilities | | <u>745,148,852</u> | <u>761,935,611</u> |
| CURRENT LIABILITIES | | | |
| Borrowings-KFW Loan | 35(a) | 50,417,076 | 50,417,076 |
| Borrowings -OBA | 35(a) | - | 19,424,940 |
| Trade and other payables | 38(a) | 173,078,733 | 169,165,585 |
| Consumer deposits | 38(b) | 86,710,843 | 89,321,563 |
| Provision for leave pay | 40 | 2,996,785 | 3,273,946 |
| Taxation | 16 | 2,131,980 | 938,340 |
| Total Current Liabilities | | <u>315,335,417</u> | <u>332,541,450</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,738,626,030</u> | <u>1,714,033,530</u> |

The financial statements were approved by the Board on 29/08 2020 and signed on its behalf by:


.....
Peter M. Gichaaga
Managing Director


.....
CPA David N. Ndumo
Chief Manager, Corporate
Services ICPAK M/No.3075


.....
Patrick K. Munuhe
Chairman,
Board of Directors

Annual Reports and Financial Statements

For the year ended June 30, 2020

19. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

| | Ordinary share capital | Revaluation on reserve | Fair value adjustment reserve | Retained earnings | Proposed dividends | Capital/Development Grants/Fund | Total |
|--|------------------------|------------------------|-------------------------------|-------------------|--------------------|---------------------------------|--------------|
| At July 1, 2018 | 75,000,000 | - | - | 387,771,137 | - | 46,862,771 | 509,633,908 |
| Revaluation gain | - | - | - | - | - | - | - |
| Total Comprehensive Income | - | - | - | 98,004,747 | - | - | 98,004,747 |
| Development Grants received during the year | - | - | - | - | - | 17,745,784 | 17,745,784 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - | - | - | (5,827,969) | (5,827,969) |
| At June 30, 2019 | 75,000,000 | - | - | 485,775,884 | - | 58,780,586 | 619,556,470 |
| As at 01/07/2019 | 75,000,000 | - | - | 485,775,884 | - | 58,780,586 | 619,556,470 |
| Revaluation gain | - | - | - | - | - | - | - |
| Total Comprehensive Income | - | - | - | 20,040,113 | - | - | 20,040,113 |
| Development Grants received during the year | - | - | - | - | - | 51,570,989 | 51,570,989 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - | - | - | (13,025,812) | (13,025,812) |
| | | | | | | | |
| At June 30, 2020 | 75,000,000 | | | 505,815,997 | | 97,325,763 | 678,141,761 |

The Company does not pay dividends but instead ploughs back all cash raised for the payment of the KfW Loan and other infrastructural renewals.

Nyeri Water and Sanitation Company Limited (NYEWASCO)

Annual Reports and Financial Statements
For the year ended June 30, 2020

20. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2019/20 <u>Kshs</u> | 2018/19 <u>Kshs</u> |
|---|-------|------------------------|------------------------|
| Cash Generated from/(Used in) Operations | | | |
| Surplus before taxation | | 20,040,113 | 98,004,747 |
| Adjustments for: | | | |
| Depreciation | 19 | 85,516,190 | 55,998,490 |
| Amortisation of Grant | 31(b) | (13,025,812) | (5,827,969) |
| Interest income | 7 | (12,362,107) | (15,661,818) |
| loan interest Charge | 14 | 38,152,203 | 31,585,246 |
| Operating profit before changes in working capital | | 118,320,587 | 164,098,696 |
| Changes in Working Capital | | | |
| Inventories | 26 | 1,766,372 | 513,946 |
| Trade and other receivables | 27(a) | (1,534,621) | (22,970,152) |
| Consumer deposits | 38(b) | (2,610,720) | 7,456,354 |
| Trade and other creditors | 38(a) | <u>3,635,986</u> | <u>7,997,406</u> |
| Cash generated from operations | | 119,577,605 | 157,096,250 |
| Income Tax Paid | 16 | <u>(5,505,446)</u> | <u>(5,097,159)</u> |
| Net cash generated from operations | | <u>114,072,159</u> | <u>151,999,091</u> |
| Cash Flows From Investing Activities | | | |
| Interest received | 9 | 12,362,107 | 15,661,818 |
| KFW Interest Charged | 35(a) | (15,650,300) | (16,910,727) |
| OBA Interest Charged | 35(b) | (22,501,903) | (14,674,519) |
| Purchase of fixed assets | | <u>(114,982,309)</u> | <u>(195,744,778)</u> |

Nyeri Water and Sanitation Company Limited (NYEWASCO)

Annual Reports and Financial Statements
For the year ended June 30, 2020



| | | | |
|--|-------|----------------------|----------------------|
| Net cash generated from/(used in) investing activities | | <u>(129,547,503)</u> | <u>(211,668,206)</u> |
| Cash Flows From Financing Activities | | | |
| Proceeds from Grants | 31(b) | 51,570,989 | 17,745,784 |
| O.B.A Loan | | 80,789,285 | 145,764,494 |
| KFW Loan Interest Accrued but Capitalized | | 5,041,707 | - |
| OBA Loan Capital Repayment | | (59,453,302) | (5,152,095) |
| KFW Loan Capital Repaid | | <u>(55,878,927)</u> | <u>(56,299,068)</u> |
| Net cash generated from/(Used in) financing activities | | <u>10,844,849</u> | <u>102,059,115</u> |
| Net increase/(decrease) in cash and cash equivalents | | (4,630,494) | 42,390,000 |
| Cash and cash equivalents: | | | |
| At the start of the year | 30(b) | <u>230,082,861</u> | <u>187,692,861</u> |
| At the end of the year | 30(b) | <u>225,452,364</u> | <u>230,082,861</u> |
| Prior year adjustment | | | |

Annual Reports and Financial Statements
For the year ended June 30, 2020

21. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED
30 JUNE 2020

| | Note | Original Budget 2019-2020 <u>Kshs</u> | Adjustments 2019-2020 <u>Kshs</u> | Final Budget 2019-2020 <u>Kshs</u> | Actuals on Comparable Basis 2019-2020 <u>Kshs</u> | Performance Difference 2019-2020 <u>Kshs</u> |
|---|------|---|---|--|---|---|
| REVENUE: | | | | | | |
| Sale of Services: | | | | | | |
| a) Income from Water | a) | 378,188,787.00 | - | 378,188,787.00 | 323,349,919.88 | (54,838,867.12) |
| b) Income from Sewer | b) | 186,730,568.00 | - | 186,730,568.00 | 123,552,339.58 | (63,178,228.42) |
| Finance income | | 11,000,000.00 | - | 11,000,000.00 | 12,362,106.85 | (1,362,106.85) |
| Other Income | c) | 12,000,000.00 | - | 12,000,000.00 | 28,696,028.50 | 16,696,028.50 |
| Total Income form Operations | | <u>587,919,355.00</u> | <u>-</u> | <u>587,919,355.00</u> | <u>487,960,394.81</u> | <u>(102,683,173.89)</u> |
| Amortization for Grants | | 6,938,387.00 | - | 6,938,387.00 | 13,025,812.13 | 6,087,425.13 |
| Total Income | | <u>594,857,742.00</u> | <u>-</u> | <u>594,857,742.00</u> | <u>500,986,206.94</u> | <u>(93,871,535.06)</u> |
| EXPENSES: | | | | | | |
| Administration expenses | d) | (125,148,200.00) | - | (125,148,200.00) | (74,384,120.04) | 50,764,079.96 |
| Staff Expenses | e) | (184,276,104.00) | - | (184,302,253.00) | (168,372,686.02) | 15,929,566.98 |
| Board of Directors Expenses | f) | (10,500,000.00) | - | (10,500,000.00) | (5,067,117.95) | 5,432,882.05 |



**Annual Reports and Financial Statements
For the year ended June 30, 2020**

| | | | | | | |
|-------------------------------|----|-------------------------|----------|-------------------------|-------------------------|------------------------|
| Operations Expenses | g) | (85,926,600.00) | - | (85,926,600.00) | (83,980,463.86) | 1,946,136.14 |
| Regulatory Fee | i) | (24,000,000.00) | - | (24,000,000.00) | (18,774,226.85) | 5,225,773.15 |
| Depreciation | j) | (71,569,473.00) | - | (71,569,473.00) | (85,516,189.57) | (13,946,716.57) |
| Net Finance Costs | | (35,270,443.00) | - | (35,270,443.00) | (38,152,203.06) | (2,881,760.06) |
| Taxation | k) | - | - | - | (6,699,086.25) | (6,699,086.25) |
| Total Expenditure | | (536,690,820.00) | - | (536,716,969.00) | (480,946,093.60) | 55,770,875.40 |
| Surplus for the Period | | 58,166,922.00 | - | 58,140,773.00 | 20,040,113.34 | (38,100,659.66) |

Explanatory Notes: Income

a & b) The Performance difference (-)14.50% and (-)33.8% Water/Sewer revenue respectively was mainly due to the effect of Covid 19 pandemic. Sewer revenue is also expected to grow following OBA sewer project consumers connections.

c) Other income was above the budgeted by 16,696,028 (-)139% during the year. This was as a result of new categorization of other incomes to comply with new financial guidelines.

Explanatory Notes: Expenditure

d) The Performance difference of Kshs. 50,764,080.36(+) 40.56% Administration expenses was mainly due to cost saving on some admin expenses such as Legal fees and Regulatory fees among others as compared to the budgetary allocation.

e) Staff Cost was lower than the budgeted by Kshs.15,929,567(+)8.64% although the management implemented the 3rd and the final CBA negotiations for July 2017- June 2020.



- The Board of Directors expenditure was less than the Budgeted by Kshs. 5,432,882 representing
- f) (+)51.74%. This was well within the set threshold by the regulator of 3% of O & M.
 - g) The Performance difference of 2,003,281 (+)2.33% Operations expenses was an improvement from previous year when it was (+)5.7%.
 - h) No provisions has been made in the accounts in respect of Water Service Board fee and County Government lease fee as per External Auditors recommendations and as per regulatory requirement.
 - i) Regulatory fee was less than the budget by Kshs. 5,225,773.(+)21.77%.
 - j) Depreciation provision for the year is above the budgeted by 13,946,717(-)19.49%. This was due to Capitalisation of both OBA I and OBA II respectively.
 - k) The Company made a corporation Tax provision of Kshs.6,699,086.It is however important to note that Sewer projects has been concluded which may result into taxable losses.

Nyeri Water and Sanitation Company Limited (NYEWASCO)

Annual Reports and Financial Statements

For the year ended June 30, 2020

22. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nyeri Water and Sanitation Company Limited was established as a limited liability company on 23rd September 1997 in compliance with the water act of 2016. The Company is wholly owned by the County Government of Nyeri. Its main mandate is to provide high quality water and sewerage to the people of Nyeri Sub County and it's environs. During the year, the company's mandate was changed from offering Sewerage Services to the wider Sanitation Services.

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

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 Nyeri Water and Sanitation Company Limited's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nyeri Water and Sanitation Company Limited.

The financial statements have been prepared in accordance with the PFM Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented. These financials statements have been prepared using the newly released financials reporting template for Semi-Autonomous Government Agencies developed by Public Sector Accounting Standards Board (PSASB).

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Relevant new standards and amendments to published standards effective for the year ended 30 June 2020 IFRS 16: Lease

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**
 - i) **Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)**

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. The company operated infrastructure previously owned by the Defunct Nyeri Municipal Council under a lease agreement which is expired.

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure pre payable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that an Nyeri Water and Sanitation Company Limited applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures. The Company does not hold shares or operate any associated company.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017.

The amendments, applicable to annual periods beginning on or after 1st January 2020, provide additional guidance on applying the acquisition method to particular types of business combination.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that when an Nyeri Water and Sanitation Company Limited obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests. The company was not in any Joint Venture within the Financial Year.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the Nyeri Water and Sanitation Company Limited originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2019)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2020, requires an Nyeri Water and Sanitation Company Limited to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the Nyeri Water and Sanitation Company Limited re-measures its net defined benefit liability (asset) in the manner specified in the amended standard



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)
Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised Conceptual Framework published in March 2019, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

iii) Early adoption of standards

The Nyeri Water and Sanitation Company Limited did not early – adopt any new or amended standards in year 2019.

iii) 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 recognised to the extent that it is probable that future economic benefits will flow to the Nyeri Water and Sanitation Company Limited and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Nyeri Water and Sanitation Company Limited's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Nyeri Water and Sanitation Company Limited's activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the Nyeri Water and Sanitation Company Limited delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which the Nyeri Water and Sanitation Company Limited 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 lease agreements.
- vi) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the Nyeri Water and Sanitation Company Limited in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Nyeri Water and Sanitation Company Limited 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized 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 recognized in the income statement on a straight-line 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:

| | |
|--|--|
| Buildings and civil works | 25 years or the unexpired lease period |
| Plant and machinery | 12.5 years |
| Motor vehicles, including motor cycles | 4 years |
| Computers and related equipment | 3 years |
| Office equipment, furniture and fittings | 12.5 years |

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

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 (Continued)

e) **Intangible assets**

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) **Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is 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) **Investment property**

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the Nyeri Water and Sanitation Company Limited, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h) **Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

l) Inventories

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

m) Trade and other receivables

Trade and other receivables are recognised 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.

n) Taxation

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 Nyeri Water and Sanitation Company Limited 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Current income tax (Continued)

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 Nyeri Water and Sanitation Company Limited operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and

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.

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 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Deferred tax (Continued)

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 Nyeri Water and Sanitation Company Limited and the same taxation authority.

o) **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 the Central Bank of Kenya and 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.

p) **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.

q) **Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised 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 Nyeri Water and Sanitation Company Limited or not, less any payments made to the suppliers.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) **Retirement benefit obligations**

The Nyeri Water and Sanitation Company Limited operates a defined contribution scheme for all full-time employees from August, 2002. The scheme is administered by an in-house team and is 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.

s) **Provision for staff leave pay**

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

t) **Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Nyeri Water and Sanitation Company Limited 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.

u) **Budget information**

The original budget for FY 2019-2020 was approved by the Board of Directors on 3rd June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Nyeri Water and Sanitation Company Limited'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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Budget information (Continued)

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 financial performance has been presented under note 17 of these financial statements.

v) Service concession arrangements

The Nyeri Water and Sanitation Company Limited 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 Nyeri Water and Sanitation Company Limited 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 Nyeri Water and Sanitation Company Limited also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Comparative figures

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

x) Subsequent events

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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Nyeri Water and Sanitation Company Limited'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.



5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY (Continued)

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 Nyeri Water and Sanitation Company Limited 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 Nyeri Water and Sanitation Company Limited. Such changes are reflected in the assumptions when they occur.

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 Nyeri Water and Sanitation Company Limited
- 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
- Changes in the market in relation to the asset

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 27(b).

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.

(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REVENUE

| | 2019/20 Kshs | 2018/19 Kshs |
|----------------|---------------------------|---------------------------|
| Water billings | 323,349,920 | 316,563,446 |
| Sewer billings | <u>123,552,340</u> | <u>120,132,654</u> |
| | <u>446,902,259</u> | <u>436,696,100</u> |

7 COST OF SALES

The Company offers services thus does not have direct cost of sales

8 GRANTS FROM NATIONAL GOVERNMENT

There were no grants received from the National Government during the year.

9 INTEREST INCOME

| | | |
|----------------------------------|-------------------|-------------------|
| Consumer Deposits-Treasury Bills | 7,565,850 | 9,806,620 |
| Corporate Special Account | 3,177,657 | 4,929,406 |
| Loan Deposit Account | 1,618,600 | 925,792 |
| | 12,362,107 | 15,661,818 |

10 OTHER INCOME

| | | |
|---------------------|-------------------|-------------------|
| Basic Water Charges | 18,563,425 | 17,538,550 |
| Other Water Sales | 9,005,102 | 11,904,453 |
| Waste Water Sales | 861,902 | 1,151,948 |
| Rent Income | 265,600 | 241,950 |
| | 28,696,029 | 30,836,901 |

11 OTHER GAINS AND LOSSES

There were no other Gains and Losses as the company dealt on local currency throughout the year.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (a) ADMINISTRATION COSTS

| | Kshs. | Kshs |
|--|------------|-------------|
| Training, Workshops & Education Tours | 5,149,352 | 4,569,589 |
| Environmental Protection & Social R. | 551,706 | 549,028 |
| Veh, Fuel & Maint. | 2,307,152 | 2,002,317 |
| Transport | 274,800 | 221,260 |
| Uniforms, Laundry & Cleaning Materials | 3,041,858 | 2,144,244 |
| Electricity | 968,584 | 893,375 |
| Tel. & Postage | 5,137,360 | 4,405,032 |
| Security | 10,741,661 | 9,349,099 |
| Insurance | 17,685,655 | 15,040,238 |
| Audit Fees, Statutory levies & Proff. Fees | 807,746 | 3,268,043 |
| Stationery & Printing | 2,439,908 | 2,271,196 |
| I.S.O 9001 2015 | 2,000,000 | 248,704 |
| Water & Sewerage Charges | 832,352 | 982,701 |
| Catering | 2,421,921 | 2,293,809 |
| Donations & Subscriptions | 580,790 | 512,733 |
| Advert. & P. Relations | 2,002,741 | 2,060,775 |
| Business Travel & Allowances | 1,187,501 | 3,687,481 |
| Water Abstraction | 3,614,041 | 3,531,939 |
| A.S.K Show & Functions | 1,620,087 | 2,252,953 |
| Periodicals | 59,220 | 54,720 |
| Provision For Bad Debts | - | (7,265,734) |
| Sports, OHS & H.I.V Mgt & Resource C | 5,651,724 | 7,742,973 |

Nyeri Water and Sanitation Company Limited (NYEWASCO)

Annual Reports and Financial Statements
For the year ended June 30, 2020



| | | |
|--|--------------------------|--------------------------|
| Staff Lave Days | (277,160) | (8,239,614) |
| Long Service Award | 6,900 | 369,100 |
| NEMA & KEBS & WRMA | 600,000 | 600,000 |
| Disludging, Investigations & Fitness C | 164,555 | 212,144 |
| Sample Analysis | 1,200,000 | 700,000 |
| Office Furniture Repairs | 135,635 | 35,011 |
| Licence Charges | 139,800 | 420,207 |
| Claims | 66,963 | 1,344,791 |
| Tarrif Study | 170,784 | 1,944,032 |
| Legal Fees | 735,715 | - |
| Young Water Professionals | 196,109 | - |
| Bank Charges | <u>2,168,660</u> | <u>977,773</u> |
| | <u>74,384,120</u> | <u>59,179,919</u> |

12 (b) STAFF COSTS

| | | |
|--|------------------------------|-----------------------------|
| Salaries and allowances of permanent employees | 145,000,567.93 | 131,764,432.7 |
| Compulsory NHIF | 1,498,500.00 | 1,300,200.0 |
| Compulsory NSSF | 257,000.03 | 237,800.00 |
| Other pension contributions | 12,653,994.80 | 12,152,006.8 |
| Leave Pay & Gratuity Contributions | 8,558,680.24 | 4,626,979.6 |
| Staff Welfare | <u>403,943.00</u> | <u>432,249.90</u> |
| Total | <u>168,372,686.00</u> | <u>150,513,669.0</u> |

The average no. of employees at the end of the year was:

| | | |
|-----------------------------------|-------------------|-------------------|
| Management | 7 | 3 |
| Permanent employees (unionisable) | 80 | 85 |
| Temporally & contracted employees | <u>112</u> | <u>130</u> |
| Total | <u>199</u> | <u>218</u> |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

| | | | |
|----|-----------------|-------------|-------------|
| 13 | OPERATING COSTS | 2019-2020 | 2018-2019 |
| | | 169,496,654 | 121,567,652 |
| 14 | FINANCE COSTS | | |

| Description | 2019-2020 | 2018-2019 |
|-------------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Interest expense on loans | 38,152,203 | 31,585,246 |
| Interest expense on bank overdrafts | 0 | 0 |
| Interest on lease liabilities | 0 | 0 |
| Total | 38,152,203 | 31,585,246 |

The Company services an infrastructural loan by the KfW Bank through the National Treasury and an OBA Loan with the Co-operative Bank.

15 OPERATING PROFIT/(LOSS)

The Operating Profit/Loss is arrived at after charging:

| | | |
|-----------------------------------|-------------------|-------------------|
| Auditor's remuneration net of VAT | 580,000 | 580,000 |
| Net finance costs-KFW | 15,650,300 | 16,910,727 |
| Net finance costs-OBA | <u>22,501,903</u> | <u>14,674,519</u> |

16 INCOME TAX EXPENSE/(CREDIT)

(a) Current taxation

| | | |
|-------------------------------------|-------------------------|-----------------------|
| Balance B/F | 938,340 | 2,655,525 |
| Current year provision | 6,699,086 | 3,379,974 |
| Payment During the Year | (5,505,446) | (5,097,159) |
| Charge for the year | - | - |
| Balance as at 30th June 2020 | <u>2,131,980</u> | <u>938,340</u> |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax of Kshs.20,040,114 (2018-2019: Kshs.98,004,767) by the average number of ordinary shares in issue during the year of 3,750,000 (2018-2019: 3,750,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

18 DIVIDEND PER SHARE

The Board of Directors do not propose to pay out any dividends.

Annual Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT

| 2020 | Freehold land | Buildings & civil works | Plant and machinery | Motor vehicles, including motor cycles | Computers & related equipment | Office equipment, furniture & fittings | Capital work in progress | Total |
|--------------------------|-------------------|-------------------------|----------------------|--|-------------------------------|--|--------------------------|----------------------|
| COST OR VALUATION | | | | | | | | |
| At July 1, 2019 | 10,686,610 | 119,251,634 | 1,440,436,585 | 33,024,188 | 69,581,806 | 32,506,490 | 184,879,375 | 1,890,366,688 |
| Additions | 15,500 | 6,973,672 | 25,244,886 | 11,593,500 | 1,055,075 | 2,556,313 | 67,543,364 | 114,982,310 |
| Transfers | 14,000,000 | - | 232,025,672 | 6,114,150 | - | - | (252,139,822) | - |
| Disposals | - | - | - | (5,778,411) | - | - | - | (5,778,411) |
| At June 30, 2020 | 24,702,110 | 126,225,306 | 1,697,707,143 | 44,953,427 | 70,636,881 | 35,062,803 | 282,917 | 1,999,570,587 |
| DEPRECIATION | | | | | | | | |
| At July 1, 2019 | - | 29,649,811 | 524,543,485 | 26,676,105 | 56,391,985 | 20,406,880 | - | 657,668,266 |
| Charge for the year | - | 2,208,259 | 72,847,769 | 4,569,331 | 4,058,840 | 1,831,990 | - | 85,516,190 |
| Impairment loss | - | - | - | - | - | - | - | - |
| Eliminated on disposal | - | - | - | (5,767,032) | - | - | - | (5,767,032) |
| At June 30, 2020 | - | 31,858,070 | 597,391,254 | 25,478,404 | 60,450,825 | 22,238,870 | - | 737,417,424 |



Annual Reports and Financial Statements
For the year ended June 30, 2020

| 2020 | Freehold land | Buildings & civil works | Plant and machinery | Motor vehicles, including, motor cycles | Computers & related equipment | Office equipment, furniture & fittings | Capital work in progress | Total |
|---------------------------------|---------------|-------------------------|---------------------|---|-------------------------------|--|--------------------------|---------------|
| NET BOOK VALUE At June 30, 2020 | 24,702,110 | 94,367,236 | 1,100,315,889 | 19,475,023 | 10,186,056 | 12,823,933 | 282,917 | 1,262,153,163 |

Property, plant and equipment include the following items that are fully depreciated:

| | Cost or valuation | Normal annual depreciation charge |
|--|--------------------|-----------------------------------|
| Plant and machinery | 597,391,254 | 12.5% |
| Motor vehicles, including motor cycles | 25,478,404 | 25% |
| Computers and related equipment | 60,450,825 | 30% |
| Office equipment, furniture and fittings | 22,238,870 | 12.5% |
| Buildings & civil works | 31,858,070 | 2% |
| Total | 737,417,423 | |

Annual Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT (Continued)

| 2019 | Freehold land | Buildings & civil works | Plant and machinery | Motor vehicles, including, motor cycles | Computers & related equipment | Office equipment, furniture & fittings | Capital work in progress | Total |
|--------------------------|-------------------|-------------------------|----------------------|---|-------------------------------|--|--------------------------|----------------------|
| COST OR VALUATION | | | | | | | | |
| At July 1, 2018 | 10,686,610 | 118,270,164 | 1,402,853,590 | 33,024,188 | 63,209,149 | 30,834,960 | 35,743,246 | 1,694,621,907 |
| Additions | - | 981,470 | 37,582,992 | - | 6,372,657 | 1,671,530 | 149,136,129 | 195,744,778 |
| Transfers | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| At June 30, 2019 | 10,686,610 | 119,251,634 | 1,440,436,582 | 33,024,188 | 69,581,806 | 32,506,490 | 184,879,375 | 1,890,366,685 |
| DEPRECIATION | | | | | | | | |
| At July 1, 2018 | - | 27,531,564 | 480,256,712 | 24,560,077 | 50,639,980 | 18,681,443 | - | 600,585,510 |
| Charge for the year | - | 2,118,247 | 44,286,773 | 2,116,028 | 5,752,005 | 1,725,437 | - | 55,998,490 |
| Impairment loss | - | - | - | - | - | - | - | - |
| Eliminated on disposal | - | - | - | - | - | - | - | - |
| At June 30, 2019 | - | 29,649,811 | 524,543,485 | 26,676,105 | 56,391,985 | 20,406,880 | - | 657,668,266 |
| NET BOOK VALUE | | | | | | | | |
| At June 30, 2019 | 10,686,610 | 89,601,823 | 915,893,097 | 6,348,083 | 13,189,821 | 12,099,610 | 184,879,375 | 1,232,698,419 |



Property, plant and equipment include the following items that are fully depreciated:

| | Cost or valuation | annual depreciation charge |
|--|--------------------------|-----------------------------------|
| Plant and machinery | 524,543,485 | 12.5% |
| Motor vehicles, including motor cycles | 26,676,105 | 25% |
| Computers and related equipment | 56,391,885 | 30% |
| Office equipment, furniture and fittings | 20,406,880 | 12.5% |
| Buildings & civil works | 29,649,811 | 2% |
| | 657,668,166 | |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 INTANGIBLE ASSETS

The Company did not hold any intangible assets

21 INVESTMENT PROPERTY

| | | |
|-----------------------------------|-------------------------|-------------------------|
| Opening Balance(Historical Cost) | 1,890,366,688.00 | 1,694,621,910.00 |
| Additions | 114,982,310.00 | 195,744,778.00 |
| Disposals | (5,778,411.00) | - |
| Fair value gains/(losses) | - | - |
| Closing at Cost | 1,999,570,587.00 | 1,890,366,688.00 |
| DEPRECIATION | | |
| As At 1st July | 657,668,266.00 | 601,669,775.00 |
| Charge for the year | 85,516,190.00 | 55,998,490.00 |
| Disposals | (5,767,032.00) | - |
| Impairment loss | - | - |
| At June 30th | 737,417,424.00 | 657,668,265.00 |
| NET BOOK VALUE | | |
| At June 30th | 1,262,153,163.00 | 1,232,698,423.00 |

22 Right-of-use assets

The Company did not have any leases during the year.

23 FIXED INTEREST INVESTMENTS (BONDS)

The Company did not hold any bonds during the year.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 QUOTED INVESTMENTS

The Company did not hold any investments in quoted investments

25 UNQUOTED INVESTMENTS

The Company did not hold any investments in the unquoted market

26 INVENTORIES

See 27(a) Below

27 (a) INVENTORIES

| | | |
|----------------------|-------------------|-------------------|
| Pipes and fittings | 10,906,734 | 12,536,708 |
| Chemicals | 1,274,642 | 1,105,246 |
| Clotting and Uniform | - | 78,108 |
| Stationery | 225,297 | 410,464 |
| Cleaning Materials | 32,875 | 44,215 |
| Hardware and Tools | 633,554 | 553,344 |
| Office Equipments | - | 111,389 |
| | <u>13,073,101</u> | <u>14,839,474</u> |

27 (b) TRADE RECEIVABLES

| | | |
|---|--------------------|--------------------|
| Trade receivables | 232,441,974 | 231,343,994 |
| Provision for doubtful debts | <u>-41,940,699</u> | <u>-41,940,699</u> |
| | 190,501,275 | 189,403,295 |
| V.A.T. Refund Claims | 45,506,293 | 45,506,293 |
| Other receivables, deposits and prepayments | <u>1,939,831</u> | <u>1,503,189</u> |
| | <u>237,947,399</u> | <u>236,412,777</u> |

27 (c) STAFF RECEIVABLES

There were no pending staff receivables at 30th June 2020



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 TAX RECOVERABLE

There was no tax recoverable at the end of the year.

29 SHORT TERM DEPOSITS

| | 2019-2020 | 2018-2019 |
|------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Central Bank of Kenya | 143,980,449 | 143,980,449 |
| Consolidated Bank of Kenya | 25,981,717 | 22,474,140 |
| WASREB Performance Guarantee | 5,212,500 | 5,000,000 |
| | <u>175,174,666</u> | <u>171,454,589</u> |

The average effective interest rate on the short term deposits as at June 30, 2020 was 8% (2019: 8 %).

30 BANK AND CASH BALANCES

| | | |
|---------------------------------------|-------------------|-------------------|
| Barclays Operation Account | 265,776 | 8,544,852 |
| National Bank collection account | 521,694 | 1,225,092 |
| National Bank Deposit account | 2,186,223 | 12,898,049 |
| National Bank special account | 5,222,095 | 3,908,179 |
| National Bank UBSUP(Witemere) account | 244,662 | - |
| KCB Salaries Account | 72,483 | 723,303 |
| Co-op Bank-Subsidy/Escrow account | 2,665,512 | 26,214,890 |
| Co-op Bank Collection account | 1,489,413 | 3,003,244 |
| Co-op Bank Call deposit account | 8,655,129 | - |
| Co-op Bank Collateral account | 26,106,656 | - |
| Equity Collection Account | 287,203 | 1,101,906 |
| Family Bank Collection account | 1,870,335 | 398,597 |
| Mpesa Account | 379,746 | 329,652 |
| Eco Bank Collection Account | 310,773 | 280,507 |
| | <u>50,277,700</u> | <u>58,628,271</u> |

Co-operative Bank Collateral Account is attached to a loan facility and accumulates at the rate of Kshs.187,000 per day.



31(a) ORDINARY SHARE CAPITAL

| | 2019-2020 | 2018-2019 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Authorized: | | |
| 3750000 ordinary shares of Kshs.20 par value each | 75,000,000 | 75,000,000 |
| | | |
| Issued and fully paid: | | |
| 3750000 ordinary shares of Kshs.20 par value each | 75,000,000 | 75,000,000 |

31(b) CAPITAL GRANTS

| | 2019-2020 | 2018-2019 |
|------------------------------------|--------------------------|--------------------------|
| | Kshs | Kshs |
| Balance at 1 st July | 58,780,588 | 46,882,771 |
| Additional Grants during the year | 51,750,989 | 17,745,784 |
| Less: Amortisation during the year | <u>(13,025,812)</u> | <u>(5,827,969)</u> |
| Balance at 30 th June | <u>97,325,763</u> | <u>58,780,586</u> |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 REVALUATION RESERVE

The Company has not undertaken any revaluation of assets, as such has no revaluation reserve.

33 FAIR VALUE ADJUSTMENT RESERVE

The Company has not considered impairment of assets, as such has no fair value adjustment reserve.

34 RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the Nyeri Water and Sanitation Company Limited's shareholders. Undistributed retained earnings are utilised to finance the Nyeri Water and Sanitation Company Limited's business activities.

35(a) BORROWINGS

National Treasury Loan

| | | |
|---------------------------------------|---------------------------|---------------------------|
| Amount as at 1st January | 660,883,832 | 711,721,050 |
| Payment made during the year | (66,487,519) | (67,747,945) |
| Interest Charged During the year | <u>15,650,300</u> | <u>16,910,727</u> |
| Total outstanding at 30th June | <u>610,046,613</u> | <u>660,883,832</u> |

Amount due within one year (Current Portion)

50,417,076 50,417,076

Amount due after one year (Non -Current Portion)

559,629,537 610,466,756

35(b) O.B A Project Loan

244,972,617.00 176,045,890.00

Payment made during the year
Outstanding as at 30th June
2019

(59,453,301.65) (5,152,095.00)
185,519,315.35 170,893,795.00

Interest Charged During the year >OBA I

20,884,390.53 14,674,519.00

>OBA II

1,617,512.19 -

22,501,902.72 **14,674,519**

Amount due (Non -Current Portion)

185,519,315.35 170,893,795.00



NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 DEFERRED TAX LIABILITY

No deferred taxation is provided as there are no timing differences.

37 LEASE LIABILITY

The Company did not have any leasing arrangements

| 38(a) TRADE AND OTHER PAYABLES | 2019-2020 | 2018-2019 |
|--|---------------------------|---------------------------|
| Trade payables | 10,775,439 | 14,283,816 |
| Due to County Government of Nyeri | 55,258,622 | 55,258,622 |
| Water Services Board Admin Fees | 66,353,934 | 66,353,934 |
| Prepaid Water accounts Unidentified Customer | 14,886,885 | 11,968,877 |
| Payments | 8,543,166 | 8,543,166 |
| Other payables | 1,573,867 | 1,492,040 |
| | <u>15,686,819</u> | <u>11,265,130</u> |
| | <u>173,078,733</u> | <u>169,165,585</u> |
| | 2019-2020 | 2018-2019 |
| 38(b) CONSUMER DEPOSITS | 86,710,843 | 89,321,563 |

39 RETIREMENT BENEFIT OBLIGATIONS

The Nyeri Water and Sanitation Company Limited operates a defined contribution scheme for all staff on Permanent and Pensionable terms. The company pays 15% of the staff basic pay while each staff pays 12%. All the contributions were remitted to the Fund Manager

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.

Nyeri Water and Sanitation Company Limited (NYEWASCO)

Annual Reports and Financial Statements
For the year ended June 30, 2020



40 PROVISION FOR LEAVE PAY

| | | |
|---|-------------------------|-------------------------|
| Balance at the beginning of the year | 3,273,946 | 11,513,860 |
| Additional provision at the end of the year | (277,161) | (8,239,914) |
| Balance at the end of the year | <u>2,996,785</u> | <u>3,273,946</u> |

41 DIVIDENDS PAYABLE

The Company has no dividends payable.



42 NOTES TO THE STATEMENT OF CASHFLOWS

a) reconciliation of operating profit/(loss) to cash generated from/(used in) operations

| | | | |
|---|----|---------------|----------------|
| Operating profit/(loss) | | 26,739,200 | 98,004,747 |
| Depreciation | 5 | 85,516,190 | 55,998,490 |
| Amortisation of Grant | 19 | (13,025,812) | (5,827,969) |
| Operating profit before working capital changes | | 99,229,578.00 | 148,175,268.00 |

Changes in Working Capital

| | | | |
|--|-------|------------------|--------------------|
| (Increase)/Decrease in Inventories | 15 | 1,766,372 | 513,946 |
| (Increase)/Decrease in Trade and other receivables | 16 | (1,534,621) | (22,970,152) |
| (Increase)/Decrease in Consumer deposits | 21 | (2,610,720) | 7,456,354 |
| (Increase)/Decrease in Trade and other payables | 22(a) | 3,635,986 | 252,208 |
| (Increase)/Decrease in provision for staff leave pay | 22(b) | <u>277,161</u> | (8,239,614) |
| Cash generated from operations | | 1,534,178 | (22,987,258) |
| Net cash generated from operations | | <u>1,534,178</u> | <u>-22,987,258</u> |

b) Analysis of changes in loans

| | | | |
|--------------------------------------|--|---------------|--------------|
| Balance at the beginning of the year | | 781,360,551 | 696,627,078 |
| Receipts during the year | | 67,260,447 | 149,136,129 |
| Repayments during the year | | (125,940,820) | (72,900,040) |
| Accrued interest | | (15,650,300) | (16,910,727) |

| | | | |
|--------------------------------|--|-------------|-------------|
| Balance at the end of the year | | 707,029,878 | 755,952,440 |
|--------------------------------|--|-------------|-------------|

c) Analysis of cash and cash equivalents

| | | | |
|---------------------|--|-------------|-------------|
| Short term Deposits | | 175,174,666 | 171,454,589 |
|---------------------|--|-------------|-------------|



43 RELATED PARTY DISCLOSURES

(a) County Government of Nyeri

The County Government of Nyeri is the principal shareholder of the Nyeri Water and Sanitation Company Limited, holding 100% of the Company's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Nyeri Water and Sanitation Company Limited, both domestic and external.

The Company Collects refuse charges from the Nyeri Residents within the service area and remits the funds to the County Government of Nyeri.

(b) Government of Kenya

The government through the National Treasury guaranteed the Company a loan of Kshs.1,159,592,738 with KFW in the year 2004. During the year, a total of Kshs.50,837,219 was paid and interest amounting to Kshs.15,650,300 charged leaving a closing balance of Kshs.610,046,613 as at the end of the year.

44 CAPITAL COMMITMENTS

The company had no outstanding capital commitments as at 30th June 2020

45 CONTINGENT LIABILITIES

| | 2019-2020 | 2018-2019 |
|---|------------|------------|
| | Kshs | Kshs |
| Bank guarantees | | |
| Legal claims against the Nyeri Water and Sanitation Company Limited | 88,628,300 | 1,018,724 |
| Letters of credit | | |
| Disputed tax penalties | 35,384,476 | 35,384,476 |
| | | |

EXPLANATION:

The Above claims relates to Suits against the company for Land compensation in Kangemi Sewerage (Kshs. 85,350,300) and another one filed by one Robert Wanjohi (Kshs. 3,278,000)



45 FINANCIAL RISK MANAGEMENT

The Nyeri Water and Sanitation Company Limited'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.

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

(i) **Credit risk**

The Nyeri Water and Sanitation Company Limited 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 Nyeri Water and Sanitation Company Limited's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2019 | - | - | - | - |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |

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.

The Nyeri Water and Sanitation Company Limited has significant concentration of credit risk on amounts due from 2009.

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 Nyeri Water and Sanitation Company Limited's directors, who have built an appropriate liquidity risk management framework for the management of the Nyeri Water and Sanitation Company Limited's short, medium and long-term funding and liquidity management requirements. The Nyeri Water and Sanitation Company Limited 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

| | Less than 1 month | Between 1- 3 months | Over 5 months | Total |
|-------------------------------|----------------------|------------------------|------------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2020 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2019 | - | - | - | - |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |

iv) Capital Risk Management

The objective of the Nyeri Water and Sanitation Company Limited's capital risk management is to safeguard the Board's ability to continue as a going concern. The Nyeri Water and Sanitation Company Limited capital structure comprises of the following funds:

| | 2019-2020 | 2018-2019 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | 505,815,997 | 485,775,883 |
| Capital reserve/grant | 97,325,763 | 58,780,586 |
| Total funds | 603,141,760 | 544,556,469 |
| Total borrowings | 765,148,852 | 781,360,551 |
| Less: cash and bank balances | (225,452,485) | (230,082,860) |
| Net debt/(excess cash and cash equivalents) | 539,696,485 | 551,277,691 |
| Gearing | 89% | 101% |



48 INCOPORATION

The Nyeri Water and Sanitation Company Limited is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

49 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

50 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).



APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| 2.0 | <p>Unpaid Lease Fees Trade and other payables disclosed under Note 22 to the financial statements includes payables totalling Kshs. 172,439,531. As previously reported, included in the payables balance are lease fee and board administration fee payables of Kshs. 55,258,622 and Kshs. 66,353,934 respectively. The unpaid board administrative fees relate to unremitted lease fees owed to Tana Water Works Development Agency. However, the company deposits the unpaid lease fees in a special account under instruction from the County Government of Nyeri, although the practice is not supported by relevant legislation.</p> | <p><i>The finding, as per previous audit recommendation has been discussed with the Nyeri County Assembly whose recommendations are expected to be implemented as will be advised by the County Executive Committee (CEC) – Finance and Economic Planning.</i></p> | CPA David Ndumo | Partially Resolved. | To be advised by the County Treasury |


Director General/C.E.O/M.D
(AG. MANAGING DIRECTOR)


Chairman of the Board

Date: 29/03/2021

Date: 29/03/2021



APPENDIX II: PROJECTS IMPLEMENTED BY THE NYERI WATER AND SANITATION COMPANY LIMITED

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|------------------|------------------|---|---|
| 1 | N/A | N/A | N/A | N/A | N/A | N/A |

Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|---------|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

