

REPUBLIC OF KENYA



*Enhancing Accountability*

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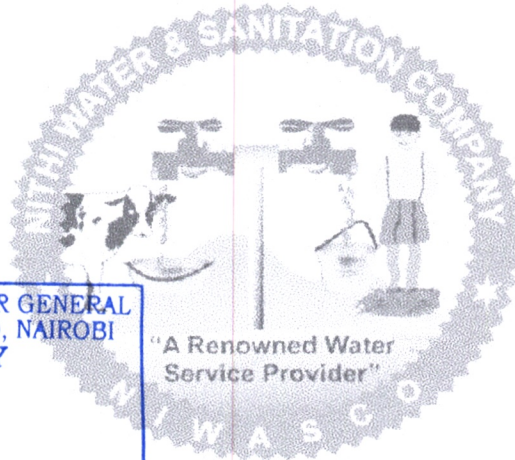
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**THE AUDITOR-GENERAL**

**ON**

**NITHI WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
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# NITHI WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022

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# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

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# NITHI WATER AND SANITATION COMPANY LTD

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## I. KEY ENTITY INFORMATION

### Background information

Nithi Water and Sanitation Company (NIWASCO) was incorporated on 6<sup>th</sup> April, 2006 as a legal company under the company's Act Cap.486 law of Kenya as a public limited company guaranteed by the Government of Kenya with no shareholding but with stakeholders. This was as a result of enactment of water Act 2002 which ushered in the reforms in the water sector. On 2nd May, 2006 the company signed an interim Service Provision Agreement with Tana Water Services Board after being appointed as a Water Service Provider within the board's area of jurisdiction. As required by the Water Act 2016, NIWASCO is in the process of renewing its (5) years' License with Water Services Regulatory Board (WASREB).

Previously, the company's area of SPA jurisdiction as defined in the SPA was 136km<sup>2</sup> with 100km<sup>2</sup> under Chuka/Karingani water Scheme and 36km<sup>2</sup> under Chogoria Water Scheme. In April 2018, the service area was extended further to cover Mutonga-Gituma water supply scheme, Kibunga-Kakimiki water supply scheme Scheme and Kathwana water supply scheme. This brings the total area to approx. 380Km<sup>2</sup>.

The company abstracts water from different sources for each scheme. Water from all rivers is abstracted through gravity fed pipe and conveyed to customers systems with a total production of 9,879hM<sup>3</sup>/day.

Scheme	Source	Production per month in M3
Chuka/Karingani	Tungu River	194,201
Chogoria	Maara River	36,789
Mutonga-Gituma water supply	Mutonga River	19,233
Kibunga-Kakimiki water supply	Kathita River	40,846
Kathwana water supply	Maara River	5,295
<b>TOTAL</b>		<b>296,365</b>

### Principal Activities

The mandate or the principal activities of NIWASCO is to provide reliable, adequate, safe and affordable water and sanitation services in areas formerly served by the GoK through Chuka, Chogoria and Karingani Water Supplies and the newly extended areas and enhance sanitation services in those areas.

### VISION AND MISSION

#### Vision and Core Values

The company's vision is to be the leading water and sanitation services provider in the county.

# NITHI WATER AND SANITATION COMPANY LTD

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### Mission

NIWASCO's mission is to provide quality, affordable and reliable water services and enhance sanitation services for our customers in order to sustain healthy communities through effective resource mobilization and proper asset management.

### Core Values

To achieve our vision through the mission, the company holds clearly the following core values.

- Reliability
- Efficiency
- Accountability and Integrity
- Quality
- Customer Focus
- Employee Satisfaction

### Directors

The Directors who served the company during the year were as follows:

1. Gilbert NkongeNdiga - Chairman - Appointed in August 2020
2. Leonard N. Ngaine - Director - Appointed in August 2018.
3. Elizabeth N. Nyaga - Director - Appointed on 2017
4. Humphrey GitongaNtwiga - Director - Appointed in August 2020
5. Peter K. Kathiga - Director - Appointed in August 2020
6. Joseph KilonzoNthuri - Director - Appointed in August 2020
7. Nancy MuthoniRiungu - Director - Appointed in August 2020
8. David N. Gichoni - Director - CO Water TharakaNithiCounty Govt'
9. ZephaniaMbaka R. - Director - CO Finance TharakaNithi County Govt'
10. Mary WambuiKigia -CEO-Rep - Tana Water Works Development Agency.
11. Laban KaaraMwaniki - Managing Director - Secretary to the Board

### Corporate Secretary

Mr. Gikuhikiana  
Certified Public Secretaries  
PO Box 1271-10100  
NYERI

### Registered Office

County Commissioner's compound  
P.O. Box 263-60400  
CHUKA

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## Corporate Headquarters

County Commissioner's compound,  
P.O. Box 263-60400,  
CHUKA

## Corporate Contacts

Telephone: 064-630434, 020 8032638  
E-mail: [nithiwasco13@yahoo.com](mailto:nithiwasco13@yahoo.com)  
Website: [www.nithiwater.com](http://www.nithiwater.com)

## Corporate Bankers

- |  |  |
|--|--|
| 1. Co-operative Bank of Kenya<br>P.O. Box 101-60400<br>CHUKA | 4. Family Bank<br>P.O. Box 101-60400<br>CHUKA            |
| 2. Kenya Commercial Bank<br>P.O. Box 7014-60400<br>CHUKA     | 5. Kenya Commercial Bank<br>P.O. Box 7014-60400<br>CHUKA |
| 3. Barclays Bank of Kenya<br>P.O. Box 27-60400<br>CHUKA      | 6. Post Bank<br>P.O. BOX3-60400<br>CHUKA                 |

## Independent Auditors

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

## Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112





City Square 00200

Nairobi, Kenya

# NITHI WATER AND SANITATION COMPANY LTD





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## II. THE BOARD OF DIRECTORS

Ref	Directors	Details
1.	 <b>MR. GILBERT NKONGE NDIGA</b>	Business Man Board Chairman Chairman Meru South county council Councillor 3 terms Appointed in August 2019 62 Years Old Certificate in County Governance Independent Director Chair Full Board
2.	 <b>Mr. LEONARD NJERU NGAINE</b>	Mr. Leonard N. Ngaine is a prominent businessman in Chuka Town. He has served as the Chairman, chamber of commerce in Chuka town for 4 years and has a wealth of experience in business management 73 Years Old Diploma Independent Director
3.	 <b>MRS. ELIZABETH N. NYAGA</b>	Mrs Elizabeth N. Nyaga was Higher clerical officer-Judiciary for the last 20years. Chairlady Iga'mbaNg'ombe Women Sacco. Chairlady Bahati women Group. Chairlady Tuinuke women group 63 Years Old Proficiency Course in Clerical Independent Director
4.	 <b>MISS. NANCY MUTHONI RIUNG</b>	Artisan- Garment Making Appointed in August 2019 50 Years old Certificate Independent Director




# NITTHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

5.	 <b>MR. JOSEPH KILONZO NTHURI</b>	<p>Retired Education Officer            Currently a Business Man            Appointed in August 2019            64 years Old            EACE-DIV.II            A Leves-2Subs            Independent Director            Chairman FAT Committee</p>
6.	 <b>MR. PETER N.K FRANK KATHIGA</b>	<p>Business Man            Appointed in August 2019            KNUT Board member 3 Terms            Headteacher 12 years            66 Years Old            A Levels            Independent Director</p>
7.	 <b>MR. HUMPHREY GITONGA HUSSEIN</b>	<p>Farmer            Appointed in August 2019            62 Years Old            KCE-DIV.IV (1980)            Independent Director            Chairman Audit Committee</p>
8.	 <b>MR. DAVID NJUE GICHONI</b>	<p>Chief Officer Water &amp; Irrigation            TharakaNithi County Govt'            53 Years Old            Bachelor of science water Engineering            Executive Director</p>


# NITHI WATER AND SANITATION COMPANY LTD

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9.	 <p><b>MR. ZEPHANIA RWANDA MBAKA</b></p>	<p><b>D.O.B 1985</b> Chief Officer Finance Bachelor of Education( Arts with IT) TharakaNithi County Govt'  Executive Director</p>
10.	 <p><b>MARY WAMBUI KIGIA</b></p>	<p><b>(REP. OF CEO TANA WATER WORKS DEVELOPMENT AGENCY)</b></p> <p>She is the capacity Building Officer at TWWDA and has a vast experience having work in the water sector for over 27 years.  57 Years Old Diploma Water Technology Executive Director</p>
11.	<p><b>Managing Director</b></p>  <p><b>ENG. LABAN KAARA MWANIKI</b> MEMBERSHIP NO. PET00257</p>	<p>He has a degree in Civil Engineering with more than eight years in Water sector as well as civil engineering sector and registered with Kenya Engineering Technology Registration board.  36 Years Old Civil Engineering Secretary to the Board</p>

# NITHI WATER AND SANITATION COMPANY LTD

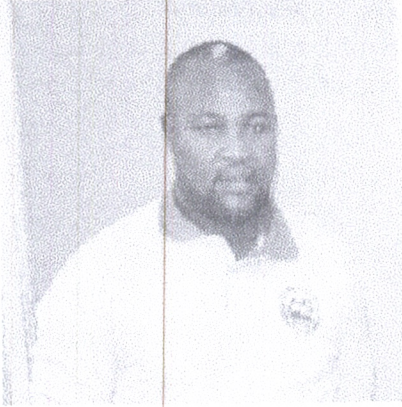

Annual Report and Financial Statements  
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12.	<p><b>Company Secretary</b></p>  <p><b>MR. GIKUHI KIANA (CPSK)</b></p>	<p>He has a wealth of experience having practiced for over 20 years. 66 ears Old</p>

# NITHI WATER AND SANITATION COMPANY LTD




Annual Report and Financial Statements  
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## III. MANAGEMENT TEAM

Ref	Management	Details
1.	 LABAN K. MWANIKI P. ENG. (TECH)	<b>MANAGING DIRECTOR</b> <b>Academic</b> <ul style="list-style-type: none"><li>• Btech in Civil Engineering</li><li>• Diploma in Civil Engineering</li></ul> <b>Profession &amp; Experience</b> <ul style="list-style-type: none"><li>• Member of Engineer Board of Kenya</li><li>• Member of Engineering Technologist Board</li><li>• Member In Institute of Engineering Technologist</li></ul> Served for more than 9 years in
2.	 CPA IRENE WAMUYU KITHAKA	<b>COMMERCIAL AND FINANCE</b> <b>Academic</b> <ul style="list-style-type: none"><li>• Bachelor of Commerce (Finance Option)</li><li>• Certified Public Accountant CPA(K)</li></ul> <b>Profession &amp; Experience</b> <ul style="list-style-type: none"><li>• Member of ICPAK.</li><li>• 16years experience in Finance and as a senior manager</li></ul>

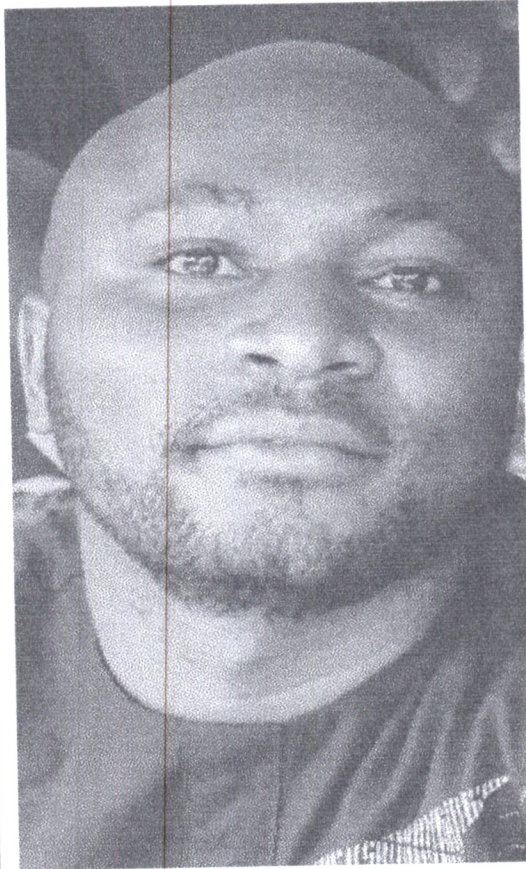
# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

3.	 GLORYFINE KATHURE	<p>TECHNICAL</p> <p><b>Academic</b> Bsc. Water and Environmental Engineering</p> <p><b>Profession &amp; Experience</b></p> <ul style="list-style-type: none"><li>• Member of Engineer Board of Kenya</li></ul> <p>9 Years of experience in civil works and Water works.</p>
4.	 CPA ERICK MUNENE NDIU	<p>INTERNAL AUDIT</p> <p><b>Academic</b></p> <ul style="list-style-type: none"><li>• Pursuing Msc. Finance &amp; Economics</li><li>• Bcom – Finance option</li><li>• CPA(K)</li></ul> <p><b>Profession &amp; Experience</b></p> <ul style="list-style-type: none"><li>• Member of ICPAK – Membership No. 15659</li></ul> <p>12 years' experience</p>
5.	 ANN LENET GAKII	<p>HUMAN RESOURCE AND ADMINISTRATION</p> <p><b>Academic</b></p> <ul style="list-style-type: none"><li>• Higher Diploma – HRM</li><li>• Diploma – HRM</li><li>• Diploma – Public Relations</li><li>• Certificate in Secretarial Studies</li></ul> <p><b>Profession &amp; Experience</b></p> <ul style="list-style-type: none"><li>• Member of IHRM – Membership no. 014752</li></ul>

# NITHI WATER AND SANITATION COMPANY LTD

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6.

EDWIN MURIMI KITHURE

## *PROCUREMENT*

### **Academic**

- Pursuing MBA – Supply Chain Management
- Bcom. Supply Chain Management

### **Profession & Experience**

- A member of KISM
- 8 years' experience



7.

MR. GIKUHI KIANA (CPSK)

### **Academic**

### **Profession & Experience**

# NITHI WATER AND SANITATION COMPANY LTD

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## IV. CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, it is with great honour that I present to you the annual report and financial statements of the Company for the year ended 30<sup>th</sup> June, 2022.

First, I would like to acknowledge the Support of the County Government of TharakaNithi headed by H.E Hon. OnesmusMuthomiNjuki for the support, solid commitment and political goodwill which created an enabling environment to the company in its endeavour to deliver on its mandate. In my opinion, the company is stronger and has the momentum to grow now than any other time in our 15 years history.

During the Financial Year 2021/22 the company was involved in preparation of Integrated Development Plan in relation to provision of water and sanitation services in the county thus we are keen on adjusting our strategic plan to align to the aspirations and strategic objectives as spelt out in the plan

Performance within the period has been favourable as we have continued to witness an overall positive growth.

Some of the achievements are:

1. Gradual and sustained improvement of water and sanitation service coverage from 645Km<sup>2</sup> to 849Km<sup>2</sup>.
2. The gradual adoption of ICT which has improved operational efficiency that is the billing software, USSD services.
3. Improved revenue collection ensuring long-term financial sustainability.
4. Increased investments due to growing partner's confidence
5. The gradual adoption of ICT which has improved operational efficiency that is the billing software, USSD services, prompt payment notifications feedback to customers.
6. Increase in customer connection.
7. Improved relations with company key stakeholderse.g. County Government, national Governments as well as our customers.
- 8.

However, despite milestones attained the company is still facing challenges among them being;

1. High Non-Revenue Water (NRW) levels.
2. Aging and dilapidated infrastructural and assets contributing to high cost of maintenance.
3. Lack of sufficient funds to expand the water reticulation system as envisioned in the strategic plan.

# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

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4. Political dynamics due to new water sector reforms.
5. Mushrooming of unlicensed community water projects within the company's area of supply thus creating conflict of interests.
6. Natural disasters/pandemics that may lead to disruption of our operations

**To attain more progress, the company has envisioned the following the way forward;**

1. Reduced Non-Revenue Water levels to 25%
2. Increase the proportion of the population accessing safe water from 48% to 73% through internally generated funds, County government and Tana Water Works Development Agency support.
3. Improve service delivery to customers by embracing new technology.
4. Enhanced financial sustainability through improvement of billing system, reticulation of old pipelines to reduce NRW, replacement of faulty meters

Thank you all and God bless you.

  
**GILBERT NKONGE NDIGA**  
**BOARD CHAIRMAN**

# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

### V. REPORT OF THE MANAGING DIRECTOR



It is with great pleasure that I present to you an overview of the annual report and financial statements of the Company for the year ended 30<sup>th</sup> June 2022. This is the 16th annual report and financial statements for the Company and demonstrates how far we have come. The strong foundation that we have built over time by embracing our vision and mission; supported by a robust governance structure; continues to drive an increase growth in NIWASCO, providing an impetus for a secure future.

During the period under review, the company received funding from the county Government of TharakaNithi, Water Sector Trust Fund and Funding from ADB through TWWDA that were geared towards increasing of universal access to portable water to the residents within our service area, improvement of performance and efficiency in service delivery and increasing levels of customer satisfaction. This includes:-

1. Kshs.374 Million for construction Chogoria sewerage treatment system that is ongoing.
2. Kshs.459Million forConstruction of Chuka sewerage treatment system that is still ongoing
3. Kshs. 574 Million for construction of Chogoria water supply funded by ADB through TWWDA.
4. Kshs. 628 Million for construction of Chuka water supply funded by ADB through TWWDA.
5. Kshs. 18 Million for NRW activities such as formation of DMAs.
6. Kshs. 12.1Million for extension of 22 kms pipeline.
7. Kshs. 24 Million for reinstatement of 32kms of pipelines damaged by road works.
8. Turnover increased from Kshs70.4M in June 2021 to Kshs80.3M in 2022.Thus representing a 14% growth.
9. Extension of water approximately 22 Km
10. Reinstated 32 Km damaged by KeRRA and county government during expansion of roads.

# NITHI WATER AND SANITATION COMPANY LTD

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## FUTURE OUTLOOK

Over the last 16yrs, the company has demonstrated an impressive trend in growth of revenue, asset base and quality of services to the customers. The company's revenue has grown from Kshs.70.4 Million to Kshs. 80.3 Million from the financial year 2020/2021 to financial year 2021/2022

The company future plans are envisioned in the following strategic objectives

- a) Expand coverage to 90% of area for jurisdiction by 2023.
- b) Expand and diversify the revenue base.
- c) Improve service delivery to customers by adopting new technology.
- d) Enhance capacity of board members, management team and staff.
- e) Strengthen institutional/framework and capacity

The company will also continue to extend it services to unserved residents in all the schemes.

LABAN K. MWANIKI P.Eng(Tech)  
MANAGING DIRECTOR

# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

### VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

*Nithi water and sanitation company ltd* has 9 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022- FY 2027. These strategic pillars/ themes/ issues are as follows:

- 1) Increased urban, peri-urban and rural population accessing safe water and improved sanitation
- 2) Reduced Non-Revenue Water levels
- 3) To improve the Water and effluent quality status and assurance during the planned period
- 4) Through ICT increase revenue collection efficiency and reduce wastage/duplication of roles
- 5) Enhanced financial sustainability
- 6) Enhanced institutional capacity
- 7) Cross cutting issues mainstreamed in all the NIWASCO's operations
- 8) Quality and reliable data
- 9) Improved water supply hours and increased area of coverage.

*Nithi water and sanitation company ltd* develops its annual work plans based on the above 9 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly/Annual basis. The *Board* achieved its performance targets set for the FY 2021/2022 period for its 9 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Sanitation services	Improve sanitation	Exhauster loads	Construct 300 toilets and procure exhauster	Constructed 302 toilets and got 2 exhausters from TANA
Increase access to clean drinking water	Increase new connections	Average registered customers	Register and connect more customers	Connected 1,073 new customers

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## VII. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance of NIWASCO takes place within a framework which exists to regulate and/or guide the conduct of Board members, staff, customers and members of public in assessing the Company's facilities and services. The Board of Directors of NIWASCO is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

### The Board of Directors

The Company Board of Directors are appointed in accordance with section 30 of the Company's Memorandum and Articles of Association.

The Board of Directors are responsible for the following:-

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organisation structure and maintenance of staff terms and conditions of service
- Approval of strategic plan, business plans and budgets
- Provision of management guidelines
- Approval of major contracts/projects
- Approval of tariff adjustment
- Prudent investment of funds to ensure continuity of service
- Appointment of Corporate Management Team
- Implementation of Board charter

The Board is responsible for drawing and implementing strategies for the long term success of the company as well as carrying out the fiduciary duty of monitoring and overseeing the activities of management. The Board meets quarterly with a formal schedule of meetings to discuss matters reserved for its decision with a view of determining and reviewing the strategies of the Company and overseeing the Companies compliance with statutory and regulatory obligations. Notices and agenda for all Board meetings are circulated to all Directors on a timely basis together with the respective documents for discussion. They are required to declare any conflicts of interests on any matters before the Board and are disqualified from participating in deliberations when there is such conflict.

Board members have signed a code of ethics while employees have signed a code of conduct. Non-executive members of the board are institutional and hold office for 3 years. The Board appoints a committee to assist in executing its mandate. The execution of Board's policies is vested in the General Manager who is also responsible for the effective performance of the management which provides support to the Board and its committees.

# NITHI WATER AND SANITATION COMPANY LTD

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## BOARD COMPOSITION

The Board is composed of 9 Non-executive directors from whom the chairman is elected by the board members. The executive member of the Board is the General Manager. The non-executive directors are independent of Management.

Seven (7) directors competitively sourced to represent various stakeholder groups within the company's area of jurisdiction as stipulated in the Corporate Governance Guidelines. Two (2) members are appointed from the county government from the Water and finance ministries. The board has a fiduciary relationship i.e. to treat the organization as their own and take prudent measures to grow the organization.

The stakeholders groups represented in the Board are:-

- i. The Business Community (Chamber of Commerce and the Jua Kali Association) – 2 members.
- ii. Women's organization (Maendeleoya Wanawake) – 1 member.
- iii. Resident Organisations – 3 members.
- iv. County Government of Tharaka Nithi – 2 members (CO Water & CO finance).
- v. Religious institutions – 1 member.

## Board Responsibilities

The primary role of the Board is to ensure long-term wealth and prosperity of the Company for the benefit of customers, employees and other stakeholders. It is responsible for policy formulation, investment of company funds, company administration through the appointed Corporate Management Team, safeguarding of assets and performance of such other duties as may be necessary for the due and faithful performance of the company obligations.

Certain functions are delegated to committees as detailed within this section. The board meets four times a year (once every quarter) and additionally when necessary, to consider all matters relating to the overall control, company performance and strategy.

The Board committees are constituted by the Board which sets out the responsibilities delegated by the Board to the committee and committee structure and operation.

The role of a committee is to operate within the terms of its charter and to make recommendations to the Board for ratification or to determine certain matters with prior approval of the Board. Each committee meets regularly under the terms of reference set by the Board in their respective committee charters.

## Board Committees

The following are the current committees of the Board.

### 1. *Finance, Administration and Technical Committee*

The committee comprises of FIVE (5) members and is mandated to review and make recommendations on the company's financial and accounting policies, annual budgets, investment policy, risk management policy and assets management.

# NITHI WATER AND SANITATION COMPANY LTD

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### Members

- |      |                 |   |
|------|-----------------|---|
| i.   | Joseph Kilonzo  | Chairman  |
| ii.  | Gilbert Nkonge  | Director  |
| iii. | Leonard Njeru   | Director  |
| iv.  | Elizabeth Nyaga | Director  |
| v.   | David Gichoni   | Chief officer-Water and irrigation<br>(TharakaNithi County) |

### 2. *Audit, Risk and Governance Committee*

The committee comprises of four (4) members and is mandated to raise the standards of Corporate Governance by reviewing the quality and effectiveness of the internal control systems, the internal and external audit functions and the quality of financial reporting.

It also monitors managements compliance with relevant legislation, regulations and guidelines as well as the company's laid down policies and procedures. The committee has a direct access to the Audit function.

In the ensuing year the committee received and reviewed the findings of the internal and external audit reports and management action to address them.

### Members

- |      |  |          |
|------|--|----------|
| i.   | HumpreyGitonga   | Chairman |
| ii.  | Peter Kathiga  | Director |
| iii. | Nancy Muthoni  | Director |
| iv.  | Zephaniah Mbaka - Chief officer-Finance and Economic planning(TharakaNithi County) |          |

### **Information and professional development**

Keeping up-to-date with key business developments is essential for the Board of Directors to maintain and enhance their effectiveness. On regular basis the Board receives corporate strategy, financial plans, including budgets and forecasts and discuss them during Board meetings.

The chairman ensures the new board members are inducted and trained after which they are taken through the signing of the Code of Ethics.

### **Board performance evaluation**

The board undertook a self-assessment of the effectiveness of its own decision making process. The outcome of the process concluded that the board members have confidence that the decision-making process enables them to effectively discharge their responsibilities. It also identified areas where the process could be improved and an action plan to address these issues has been agreed.

### **Board Meetings & remuneration**

During the period the company has held meetings as per below table.

# NITHI WATER AND SANITATION COMPANY LTD

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For the year ended June 30, 2022

## FULL BOARD AND SPECIAL MEETING

	Names	6/8/21	16/9/21	7/12/21	8/2/22	25/5/2022	Meeting attended
1	Gilbert Nkonge	✓	✓	✓	✓	✓	5/5
2	Peter Kathiga	✓	✓	✓	✓	✓	5/5
3	Joseph Kilonzo	✓	✓	✓	✓	✓	5/5
4	Hussein Gitonga	✓	✓	✓	✓	✓	5/5
5	Elizabeth Nyaga	✓	✓	✓	✓	✓	5/5
6	Leonard Ngaine	✓	✓	✓	✓	✓	5/5
7	Nancy Riungu	✓	✓	✓	✓	✓	5/5
8	David Gichoni	✓	✓	✓	✓	✓	4/5
9	ZaphaniahMbaka	✓		✓	✓	✓	0/5
10	Mary Kigia						

## SUB-COMMITTEE MEETING

	Committees Names	29/10/21	1/2/22	7/4/22	Meeting Attended
1	Gilbert Nkonge	✓	✓	✓	3/3
2	Peter Kathiga	✓	✓	✓	3/3
3	Joseph Kilonzo	✓	✓	✓	3/3
4	Hussein Gitonga	✓	✓	✓	3/3
5	Elizabeth Nyaga	✓	✓	✓	3/3
6	Leonard Ngaine	✓	✓	✓	3/3
7	Nancy Riungu	✓	✓	✓	3/3
8	David Gichoni	✓	✓	✓	3/3
9	ZaphaniahMbaka		✓	✓	2/3

During the reporting period there was one special meeting which was held on 16<sup>th</sup> September 2021. For the smooth running of the affairs, there are two sub committees delegated to carry out certain functions;

1. Finance, Administration & Technical Committee
2. Audit Risk & Governance they have appointed chairperson.

The committees appoint their chairperson and decision, reports and recommendations are formally reported to the full board.

### Remuneration of the Board

During these meetings every board member is entitled to earn kshs.7, 143 sitting allowance, kshs.3,000 transport and kshs.1,000 lunch allowances. But for the Board Chairman he earns kshs.15,214 gross sitting allowance kshs.4,500 transport allowance and kshs.1500 during Full board meetings.

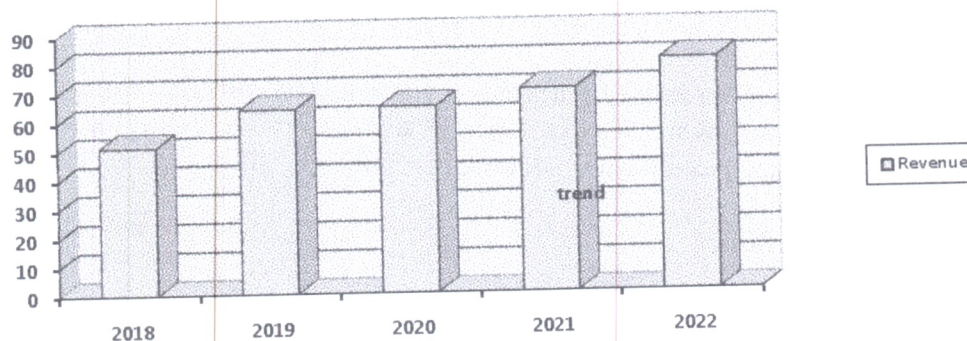
# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue/Income

During the Financial year 2021-2022 the company registered an increase in its revenue by Kshs.9.9M representing a 14% growth compared to the financial year 2020-2021. The revenue trend over the last five(5) years is as shown below;



The company key projects include the following;

- Chuka/Karingani-Operational with 7,500M<sup>3</sup>/day intake which is under rehabilitation. New T/works with a capacity of 15,000M<sup>3</sup>/day is under construction.
- Chogoria -Currently served by a chlorination point and a new T /works with a capacity of 15,000M<sup>3</sup>/day.
- Kathwana- scheme Currently being served by a newly completed T/works
- Mutonga - Currently served by a 2,000M<sup>3</sup>/day T/works
- Kibunga- Intake recently rehabilitated

### Major risks facing the Company

- Limited resources to meet the high cost of infrastructure development to meet the high water demand in the company's area of jurisdiction.
- Increased number of community water projects mostly in Chogoria where there is mass exodus of customers to those schemes.
- Aging and dilapidated infrastructural and assets contributing to high cost of maintenance.
- Lack of sufficient funds to expand the water reticulation system as envisioned in the strategic plan.
- High Non-Revenue Water (NRW) levels.

### Details on compliance with statutory requirement

- The company has complied with the statutory requirements and no material arrears which is pending.

### Company future developments

- Chuka Sewerage Treatment system- Construction of a sewerage treatment plant at Ntutuni
- Chogoria Sewerage Treatment Plant - Construction of a sewerage treatment plant at Kabui
- Construction of Chogoria Water Supply Infrastructure - Construction of 2.1km raw water main
- Construction of Chuka Water Supply Infrastructure - Rehabilitation of Chuka existing twin gravity mains(Chuka Forest)

- Kathwana Scheme extensions - 30kms Dn 63mm-32mm HDPE pipeline extension and appurtenances,

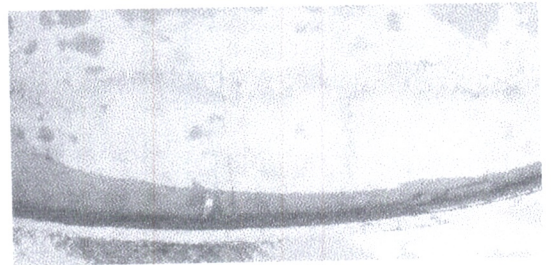
**Customer Base**

The company increased its registered connections by 887 during the year.

**Assets**

The assets maintained an upward trend as a result of purchase of water meters, pipeline extensions, construction of water treatment works and Water Kiosks. Some of these assets were developed through the support of County Government and Water Sector Trust Fund (WSTF)

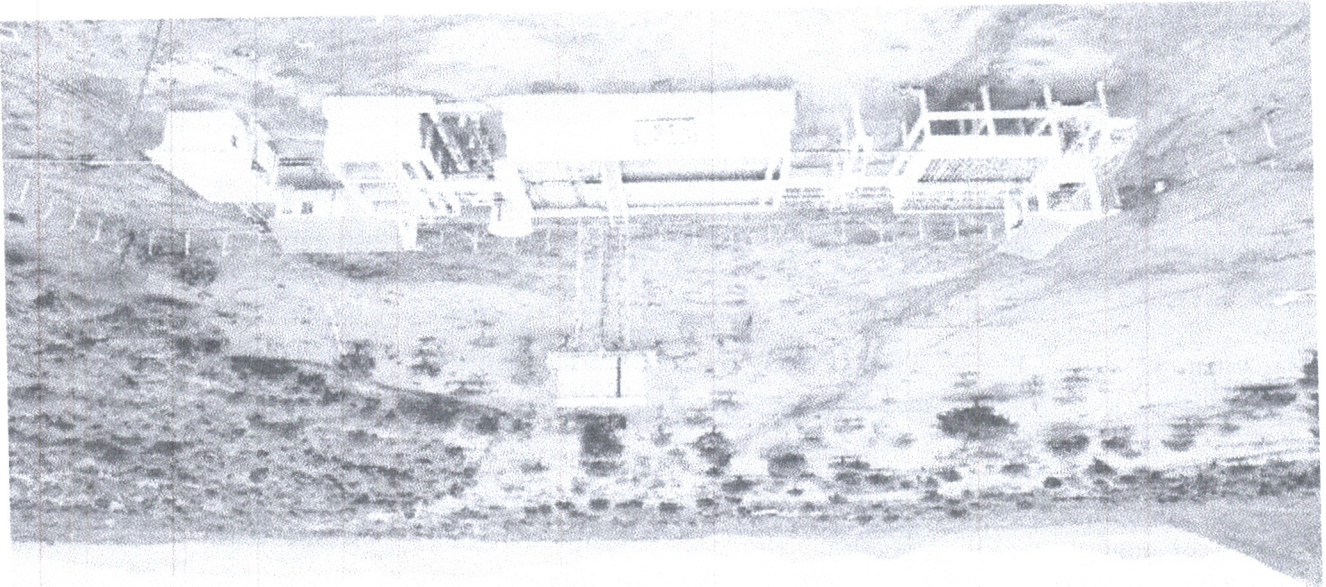
**Kathwana treatment works storage tank**



**Water Service Improvement**

The company developed a Water Treatment Facility during the year.

**KATHWANA WATER TREATMENT PLANT.**



# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

### IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

*Nithi water and sanitation company ltd exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.*

#### **i) Sustainability strategy and profile -**

The main challenge to NIWASCO sustainability is Non-Revenue water, our strategy is to reduce NRW to the market benchmark of 25%. This will be achieved through,

-Procurement of meter testing equipment's

-Capacity builds non-revenue water

-initiate through county government acquisition of community water projects that are consuming water from the company supply.

#### **ii) Environmental performance**

Water supply and sanitation in TharakaNithi is characterised by low levels of access, particularly in urban informal settlements and in rural areas, as well as poor service quality in the form of intermittent water supply. Wastewater and lack of basic sanitation facilities continue to undermine efforts to reduce extreme poverty and disease in the country. Seasonal and regional water scarcity exacerbates the difficulty to improve water supply. These challenges persist despite the water sector undergoing considerable reforms over the years and NIWASCO is in the forefront to mitigate these challenges.

In addition, sewerage systems and wastewater treatment plants experience inadequate operation and maintenance and low connection rate to sewers. Mixing industrial effluent and domestic sewage in mixed sewer system often causes poor performance in pond treatment systems. Cases of pollution by wastewater emptying into storm sewers, soak-ways and cesspits designed for kitchen waste are common. Access to clean drinking water and basic sanitation facilities could transform the lives of millions of citizens, prevent thousands of deaths and free up hours each day for women and children to go to work or school.

# NITHI WATER AND SANITATION COMPANY LTD

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## iii) Employee welfare

The success of NIWASCO as Water Services Provider is based on our staff and we seek to recruit, retain, reward and develop the best skills in our organization. We seek to continually improve through training our employees on the identified needs. During the year the following staff we trained on their relevant areas

Motor Cycle riding-----1NO.  
ICPAK -----2NO.  
KISM-----1NO  
Plumber/Pipe Fitter---.4NO.  
NRW Management-----2NO  
Customer care-----5 NO  
GIS-----2NO

## iv) Market place practices-

The organisation should outline its efforts to:

### a) Responsible competition practice.

This involves ensuring fairness through avoiding discrimination during the Invitation, evaluation and award of procurement contracts. The Company will endeavour to comply with this, through:

- Formulating transparent and practical procedure manuals in tandem with the procurement laws.
- Adhering to the 30% preference and reservation guidelines on Women, Youths and Persons Living with Disabilities as stipulated in the Procurement Act and Regulations;
- Endeavouring to promote local industries and business-people through supporting the Buy-Kenya-Build Kenya Initiative by way of allocating and utilizing at least 40% of the overall annual procurement budget to the buying of locally manufactured items; and in case of services involving provision of foreign manufactured items (that are not available locally) by Kenyan firms, the local ownership in terms of shares in such firms shall not be less than 51%.

### b) Responsible Supply chain and supplier relations

The Company is accountable for the use of public money through procurement, and must be able to give complete and accurate accounts of how public funds have been used and contracts awarded. This will be achieved by the following ways:

- a) Following consistent processes and procedures as provided for under the Company's procurement procedure manuals;

# NITHI WATER AND SANITATION COMPANY LTD

## Annual Report and Financial Statements For the year ended June 30, 2022

- b) Maintaining appropriate records and minutes relating to procurement activities that allow for subsequent review of the decision making process;
- c) Conducting all procurement in a consistent, accurate and unbiased manner while acting in good faith.

### c) Responsible marketing and advertisement

- a. Ethics will be strictly adhered to in all aspects of procurement by ensuring that procurement and Disposal practices are devoid of actual or perceived corruption at all times. The Company is accountable for the use of public money through procurement, and must be able to give complete and accurate accounts of how public funds have been used and contracts awarded

### d) Product stewardship

The Company has the responsibility to manage its resources in an effective and efficient manner and will seek the best possible outcome which will be achieved by:

- Drawing and adhering to annual procurement plans as control tools in the annual utilization of public resources within the Company. This will be done with input from all Departmental/Divisional heads;
- Basing procurement decisions, where practicable, on the total cost of ownership, rather than just consideration of the lowest price;
- Subjecting proposals and tenders solicited and received from the potential suppliers to robust evaluation processes, including benchmarking, and/or comparison of value between proposals or bids;
- Selecting procurement methods and forms of contract appropriate to the scale (value, risk and complexity) of the Company's requirements;

### v) Corporate Social Responsibility / Community Engagements

As a company we recognize our responsibility to the environment and the society in which we operate in. The company encourages its staff to actively recognize those responsibilities and to behave in a responsible manner towards the society in which we function. Some examples of how the company has shown its commitment to show responsible social behaviour are as below;

#### Environment

Planting of trees in the forest to improve water catchment areas

# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022

## NIWASCO STAFF PLANTING TREES DURING THE NANDAGO HILLS REAFFORESTATION.



# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022



## Community

- Starting income generating projects for the youth within our area of jurisdiction.
- Participating in preparations for public holidays budgets.
- Assisting in settling of bills for the poor elderly customers within our area of jurisdiction
- Constructing toilets for primary schools

# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
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## CHUKA TOWN OPEN AIR MARKET PUBLIC SANITATION FACILITY.



Toilet Facility for Household in Chuka Scheme Donated by Niwasco through WSTF under UBSUP Phase III Project.

LABAN KAARA MWANIKI P.Eng.(Tech)

MANAGING DIRECTOR

# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022

## X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the company's affairs.

### i) Principal activities

The principal activities of the company are provide reliable, adequate, safe and affordable water and sanitation services in areas formerly served by the GoK through Chuka, Chogoria and Karingani Water Supplies and the newly extended lower areas of Kathwana, Mutonga-Gituma and Kibunga-Kakimiki and enhance sanitation services in those areas.

### ii) Results

The results of the company for the year ended June 30, 2022 are set out on page 1.

### iii) Dividends

The company was incorporated as a legal company under the company's Act Cap.486 law of Kenya as a public limited company guaranteed by the Government of Kenya with no shareholding but with stakeholders and thus does not declare or pay dividends to the stakeholders. Any profits made are ploughed back to finance the extension


### iv) Directors

The members of the Board of Directors who served during the year are shown on page vii-x. In accordance with Regulation 42 b & c of the company's Articles of Association, Mr Leonard Njeru retire by rotation and is not eligible for re-election. Mss Elizabeth Nyagare retire by rotation and, is eligible for re-election.

### v) Auditors

The Office of the Auditor General is responsible for the statutory audit of the company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General carried out the audit of the Financial Statements for the year ended June 30, 2022.

By Order of the Board

  
Gikuhikiana & Company  
Certified Public Secretaries  
PO Box 1271-00100  
NYERI-KENYA

Date: 30<sup>th</sup> September 2022

# NITHI WATER AND SANITATION COMPANY LTD

Annual Report and Financial Statements  
For the year ended June 30, 2022

## XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 164 of the Public Finance Management Act, 2012 and section 129 of the Water Act, 2016 require the Directors to prepare financial statements in respect of that *NIWASCO*, which give a true and fair view of the state of affairs of the *NIWASCO* at the end of the financial year/period and the operating results of the *NIWASCO* for that year/period. The Directors are also required to ensure that the *NIWASCO* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *NIWASCO*. The Directors are also responsible for safeguarding the assets of the *NIWASCO*.

The Directors are responsible for the preparation and presentation of the *NIWASCO*'s financial statements, which give a true and fair view of the state of affairs of the *NIWASCO* for and as at the end of the financial year (period) ended on June 30, 2022. 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 *NIWASCO*;
- (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 *NIWASCO*;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the *NIWASCO*'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 (the State Corporations Act) – water act 2016 and companies Act 2015.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

The Directors are of the opinion that the *NIWASCO's* financial statements give a true and fair view of the state of *NIWASCO's* transactions during the financial year ended June 30, 2022, and of the *NIWASCO's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *NIWASCO*, which have been relied upon in the preparation of the *NIWASCO'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 *NIWASCO* 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 *NIWASCO's* financial statements were approved by the Board on 30<sup>th</sup> September 2022 and signed on its behalf by:



**GILBERT NKONGE**  
Chairperson of the Board/Council



**LABAN K. MWANIKI P.Eng(Tech)**  
Managing Director

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON NITHI WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nithi Water and Sanitation Company Limited set out on pages 1 to 69, which comprise of the statement of financial position as at 30 June, 2022, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nithi Water and Sanitation Company Limited as at 30 June, 2022, 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**

#### **1. Unreconciled Variance in Customer Deposits**

The statement of financial position reflects customer deposits balance of Kshs.17,813,825 as disclosed in Note 43 to the financial statements. However, the bank confirmation certificates and cash books revealed total customer deposit balance of Kshs.15,616,542 comprised of Kshs.14,506,077 held at KCB Bank account and Kshs.1,110,465 held at Family Bank account resulting to an unreconciled variance of Kshs.2,197,283.

In the circumstances, the accuracy and completeness of the customer deposits balance of Kshs.17,813,825 could not be confirmed.

#### **2. Undisclosed Water Inventory Held in the Distribution Infrastructure**

The statement of financial position reflects inventories of Kshs.4,353,965 as disclosed in Note 28 to the financial statements. The inventory is in respect of stationery and general stores. However, the Company did not value, present and disclose the amount of water held in the treatment plants, reservoirs and distribution systems at the end of year in accordance with International Accounting Standard on Inventories (IAS) 2.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.4,353,965 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nithi 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.

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Further, the issues remained unresolved contrary to Section 149(2) (l) of Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

### **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**

##### **1. Use of Lapsed Water Tariffs Structure**

The statement of profit or loss and other comprehensive income reflects operating revenue of Kshs.80,320,809 as disclosed in Note 6 to the financial statements. It was noted that the Company applied a tariff structure approved by the Water Services Regulatory Board (WASREB) vide Gazette Notice No.15443 dated 26 October, 2012 for the period 2012/2013 to 2014/2015. However, the tariffs have since lapsed and the Company has continued to use the same old tariffs for seven (7) subsequent years without approval.

In the circumstances, Management was in breach of the WASREB Guidelines.

##### **2. High Non-Revenue Water**

Review of records revealed that the Company produced 4,285,186 cubic meters (m<sup>3</sup>) of water, out of which only 1,461,582 m<sup>3</sup> was billed to customers. The balance of 2,823,604 m<sup>3</sup> or approximately 66% of the total volume of water produced with an estimated sale price of Kshs.144,003,804 at the rate of Kshs.51 per m<sup>3</sup> represented non-revenue water (NRW) which is 41% over and above the allowable water loss of 25% as per the Water Service Regulatory Board guidelines.

In the circumstances, the Company exceeded the allowable non-revenue water loss of 25% by 41% or approximately Kshs.89,456,908 which if not addressed will negatively impact on the Company's profitability and its long-term sustainability.

### **3. Long Outstanding Trade Receivables**

Note 29 to the financial statements reflects gross trade and other receivables balance of Kshs.101,809,341 out of which Kshs.62,670,499 relates to trade receivables. Included is Kshs.50,106,761 which has been outstanding for long.

The long outstanding receivables is an indication that the Company's debt collection system is not effective and therefore the risk of illiquidity and bad debts is high. Management has not disclosed plans to enhance collection of debts to improve the financial performance of the Company.

### **4. Non-Compliance with WASREB Guidelines on Incorporation and Shareholding of the Water Company**

The background information included in the key entity information section of the financial statements indicates the Company is a public limited company guaranteed by the Government of Kenya with no shareholding while the Company Memorandum and Articles of Association, 2017 indicates the Company is a private company limited by guarantee. This is contrary to Section 3.1(d) of the Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that the recommended model for Water Service Providers (WSP) is that they be public limited liability companies established under the Companies Act, 2015 under section 77(3) and Section 3.3.1 (3) of Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that if their memorandum of objects and articles of association do not already state that they are owned by the county government which has taken up the shares of the defunct local authorities, amendments should be made to reflect this legal reality.

Further, the statement of financial position does not reflect any share capital contrary to Section 3.3.1(7) of Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that under the direction of section 77 of the Water Act 2016, these companies should then change their memorandum to public companies limited by shares following the model for the sector, care being taken that real public participation in WSP governance is retained and Section 3.3.1 (4) of Water Service Regulatory Board (WASREB) Corporate Guidelines, 2018 which states that the county government shall hold all the shares in trust for the people of the county and the other shareholders who hold the shares in trust and not in their personal capacity are the Office of CECM in charge of Finance, the Office of the CECM in charge of water and the County Secretary who shall hold one share each.

In the circumstance, Management is in breach of the law.

### **5. Non-Compliance with Law on Ethnic Composition**

Review of the staff establishment revealed that the Company had seventy-seven (77) members of staff out of which thirty (30) or 39% are from the dominant ethnic community. This is contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

## **6. Employees Earning Less than One Third Basic Pay**

Review of monthly payroll records revealed that nine (9) officers earned less than one third of their basic pay contrary to Section 19(3) of the Employment Act, 2007 (Revised, 2012) which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

##### **1. Exceeding Maximum Number of Directors**

The Company's Board of Directors comprised of twelve (12) members contrary to Section 3.4.1(2) of Water Service Regulatory Board (WASREB) Guidelines for Water Service Sector, 2018 that requires that Medium and Large companies to have a maximum of seven (7) members where two shall be from the County Government Executive.

In the circumstances, the Company is in breach of the WASREB guidelines.

##### **2. Lapsed Tenure of Office**

The tenure of office for two (2) Board members appointed effective from 11 May, 2017 to serve for a period of 3 years lapsed on 11 May, 2020. However, the two Board members served for the entire period of 2021/2022 financial year with lapsed appointments.

In the circumstances, the Company is in breach of the law.

##### **3. Lack of Necessary Qualifications for Some Board Members**

Review of the Board of Directors section of the financial statements revealed that seven (7) Company Directors did not possess a minimum of Bachelor's degree from a recognized University or a higher national diploma qualifications contrary to Section 3.4.4 of Water Service Regulatory Board (WASREB) Guideline for Water Service Sector, 2018

which states that to be eligible all the persons appointed to the Board shall have a minimum of Bachelor's degree from a recognized university.

In the circumstances, the Board of Directors is not properly constituted in accordance with WASREB the guidelines.

#### **4. Failure to do Board Evaluation**

The Board did not carry out the evaluation exercise contrary to Section 3.8 (2) of Water Service Regulatory Board Guidelines for Water Service Sector, 2018 which states that the Board shall evaluate its performance once every year and set up achievable action points to assess its performance as a whole and that of individual members including the Managing Director.

In the circumstances, the Company is in breach of the guidelines.

#### **5. Lack of Disaster Recovery Plan and Data Recovery Policy**

Review of the internal control environment revealed that although the Company had an ICT policy, there was no disaster recovery plan, data recovery policy, back up and retention strategy and IT continuity plan in place. This is contrary to Section 149(2)(c) of the Public Finance Management Act, 2012 which states that Accounting Officer shall ensure that all financial and accounting records that the entity keeps in any form including in electronic form are adequately protected and backed up.

In the circumstances, the security and reliability of the Company's data including the management information system could not be confirmed.

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 effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the 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 the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

#### **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 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 its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

### **Auditor-General's Responsibilities for the Audit**

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 overall 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 controls 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 controls 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 Company 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

03 May, 2023

**XIII. STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022.**

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue</b>			
Operating Revenue	6	80,320,809	70,446,550
Grants Income	7	12,494,488	26,592,303
Other Income	8	1,863,505	7,109,804
Finance income	9	-	320,877
Other gains/(losses)	10	-	-
<b>Total Revenue</b>		<b>94,678,802</b>	<b>104,469,534</b>
<b>Expenses</b>			
Staff Costs	11	33,562,665	31,725,358
General and Operations expenses	12	35,043,759	42,786,586
Board Expenses	13	2,852,797	2,735,366
Maintenance Expenses	14	21,288,087	19,045,830
Depreciation and Amortization expenses	15	14,925,801	14,246,948
Finance Costs	16	-	-
<b>Total Expenses</b>		<b>107,673,108</b>	<b>110,540,088</b>
<b>Profit/(Loss) Before Taxation</b>		<b>(12,994,307)</b>	<b>(6,070,554)</b>
Income Tax Expense/(Credit)	17	-	-
<b>Profit/(Loss) After Taxation</b>		<b>(12,994,307)</b>	<b>(6,070,554)</b>
Earnings Per Share – Basic And Diluted	18	-	-
Dividend per share	19	-	-
<b>Other Comprehensive Income</b>			
<b>Profit/ (Loss) After Taxation</b>		<b>(12,994,307)</b>	<b>(6,070,554)</b>
Surplus Or Deficit On Revaluation Of PPE		-	-
Measurement Of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI		-	-
<b>Total Comprehensive Income For The Year</b>		<b>(12,994,307)</b>	<b>(6,070,554)</b>

## XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	20	173,052,737	176,251,209
Intangible assets	21	1,457,021	382,772
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological Assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
<b>Total Non-Current Assets</b>		<b>174,509,758</b>	<b>176,633,981</b>
<b>Current Assets</b>			
Inventories	28	4,353,965	5,116,892
Trade and receivable	29	77,524,522	74,928,411.49
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Bank and cash balances	32	18,308,572	28,474,549.16
<b>Total Current Assets</b>		<b>100,187,059</b>	<b>108,519,853</b>
<b>TOTAL ASSET</b>		<b>274,696,817</b>	<b>285,153,834</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	33	-	-
Revaluation reserve	34	-	-
Fair value adjustment reserve	35	-	-
Retained earnings	36	8,516,571	21,510,878
Capital Grant WSTF	49	230,911,590	226,987,502
<b>Capital and Reserves</b>		<b>239,428,161</b>	<b>248,498,380</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	37	-	-
Borrowings	38	-	-
Lease Liability	39	-	-
Provisions	40	-	-
Retirement Benefits	41	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			

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Borrowings	38		
Lease Liability	39		
Provisions	40		
Retirement benefit obligations	41		
Trade and other payables	42	17,454,831	20,711,342
Customer Deposits	43	17,813,825	15,719,825
Deferred Income	44	-	224,286
Dividends payable	45		
Taxation	46		
<b>Total Current Liabilities</b>		<b>35,268,656</b>	<b>36,655,453</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>274,696,817</b>	<b>285,153,833</b>

The financial statements were approved by the Board on 30<sup>th</sup> September 2022 and signed on its behalf by:



.....  
**Laban k. Mwaniki**  
 Managing Director



.....  
**Irene Kithaka**  
 Head of Finance  
 ICPAK M/No:26402



.....  
**Gilbert Nkonge**  
 Chairman of the Board

XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2020		-	-	-	27,581,432	-	178,189,017	205,770,449
New capital issued		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	(6,070,554)	-	-	(6,070,554)
Profit for the year		-	-	-	-	-	48,798,485	48,798,485
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	21,510,878	-	226,987,502	248,498,380
As at June 30, 2021		-	-	-	21,510,878	-	226,987,502	248,498,380
As at July 1, 2021		-	-	-	21,510,878	-	226,987,502	248,498,380

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	Notes	Ordinary share capital	Revaluation Reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	(12,994,307)	-	-	(12,994,307)
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	3,924,088	3,924,088
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2022		-	-	-	8,516,571	-	230,911,590	239,428,161

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Cash Flows From Operating Activities</b>			
<b>Receipts</b>			
Operating Revenue	47(f)	78,163,136	70,236,718
Non-Operating Revenue		-	-
Other Income	8	1,863,505	7,109,804
Finance Income		-	320,877
Grants Income	7	11,830,568	24,068,363
Customer Deposits	43	2,132,500	2,052,500
<b>Total Receipts</b>		<b>93,989,709</b>	<b>103,788,262</b>
<b>Payments</b>			
Staff Costs	11	32,898,745	29,531,518
Board Expenses	13	2,852,797	2,735,366
General And Operation Expenses	12	34,275,978	42,299,145
Maintenance	14	21,288,087	19,045,830
Finance Costs		-	-
Refund Of Customer Deposits	43	38,500	27,500
<b>Total Payments</b>		<b>91,354,107</b>	<b>93,639,359</b>
<b>Net Cash From/(Used In) Operating Activities</b>		<b>2,635,602</b>	<b>10,148,903</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)		(10,998,818)	(45,292,821)
Proceeds From Disposal Of PPE			
Purchase Of Intangible Assets		(1,802,760)	(261,000)
Purchase Of Investment Property			
Purchase Of Quoted Investments			
Proceeds From Disposal Of Quoted Investments			
<b>Net Cash From/(Used In) Investing Activities</b>		<b>(12,801,578)</b>	<b>(45,553,821)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds From Issues Of New Share Capital		-	-
Proceeds from Borrowings	49	-	-
Repayment of Borrowings	35	-	-
Dividends Paid	44	-	-
<b>Net Cash From/(Used In) Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Increase/(Decrease) In Cash And Cash Equivalents</b>		<b>(10,165,977)</b>	<b>(35,404,918)</b>

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash And Cash Equivalents At Beginning Of Year		28,474,549	63,879,467
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End Of The Year		18,308,572	28,474,549

**XVII STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Revenue	Kshs 85,980,000	Kshs 307,000	Kshs 86,287,000	Kshs 80,320,809	Kshs (5,966,191)	93
Operating revenue					-	
Non operating revenue					(663,920)	96
Grants	15,449,838	968,738	16,418,576	15,754,656	-	
Finance Income					(126,079)	94
Other income	22,113,290	(20,123,706)	1,989,584	1,863,505	(126,079)	94
<b>Total income</b>	<b>123,543,128</b>	<b>( 18,847,968 )</b>	<b>104,695,160</b>	<b>97,938,970</b>	<b>(6,756,190)</b>	<b>94</b>
Expenses					751,583	98
Staff cost	45,561,368	(11,911,040)	33,650,328	32,898,745	751,583	98
Board expenses	3,526,288	(622,268)	2,904,020	2,852,797	51,223	
Finance cost	-				-	97
General and operation expenses	32,130,230	3,156,327	35,286,557	34,275,978	1,010,578	
Maintenance	9,985,050	11,339,720	21,324,770	21,288,087	36,683	100
Depreciation & Amortisation	-				-	
<b>Total Recurrent Expenditure</b>	<b>91,202,936</b>	<b>1,962,739</b>	<b>93,165,674</b>	<b>91,315,607</b>	<b>1,850,067</b>	
Profit or Loss	-	-	-	6,623,363	(6,623,363)	
Capital expenditure	32,340,192	(20,810,706)	11,529,486	12,801,578	(1,272,092)	111
<b>Total Expenditure</b>	<b>123,543,128</b>	<b>18,847,968</b>	<b>104,695,160</b>	<b>104,117,186</b>	<b>577,974</b>	<b>99</b>

**Notes on Over/Under Absorption of the Budget**

- ❖ The over absorption on capital expenditure was as result of purchase of water meters which was an emergency due to high demand by consumers, then there was no board meeting held in June 2022

**Notes on Changes of Original Budget V/S Final/Revised Budget**

- ❖ Other incomes changes from Kshs 22,113,290 to Kshs.1,989,584 was due to collection of water sale arrears, our billing software cannot separate collection from arrears with current month collection. Further our reporting is done on accrual basis.
- ❖ Staff cost change from Kshs. 45,561,368 to Kshs. 33,650,328 was due to target of hiring more staff as a result of sewerage plant which was never complete within the stipulated period.
- ❖ Board expenses change from Kshs. 3,526,288 to Kshs. 2,904,020 was as a result of corporate governance training which was never done. We had a target of training new directors after recruitment.
- ❖ General and operation expenses change from Kshs. 32,130,230 to Kshs. 35,286,556 due to lack of enough funds for operation.
- ❖ Maintenance expenses change from Kshs. 9,985,050 to Kshs. 21,324,770 was as a result of damaged pipeline by road construction and grading by county government, KERRA and KURRA.
- ❖ Capital expenditure change from Kshs. 32,340,192 to Kshs. 11,529,486 was due to Lack of enough funds. We had targeted to get finances from donors and county government which never materialized.

**Notes on differences arising from differences of the accounting framework**

Our financial statements and specifically the statement of comprehensive income has been prepared in accordance with accrual basis of accounting hence some of the costs are not included in the budget which is prepared in accordance with cash basis of accounting.

Due to this accounting framework Depreciation and amortisation of kshs. 14,925,800, donation from county government kshs, 663,920 and provisions for bad debts Kshs.767,781 have not been captured in the statement of budget V/S actual expenditures.

## XVIII. NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Nithi Water and Sanitation Company Ltd is established by and derives its authority and accountability from water Act. The Company is wholly owned by the TharakaNithi County Government and is domiciled in Kenya. The Company's principal activity is sale of water. 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 Company's accounting policies.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022*

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts – Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes	The amendments are effective for annual periods beginning on or after January 1,

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Title	Description	Effective Date
cent' Test for Derecognition of Financial Liabilities	when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

*The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 “Presentation of Financial Statements” sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1 <sup>st</sup> January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

Title	Description	Effective Date
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1 <sup>st</sup> January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

*The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements OR The directors have elected to early adopt xxx and they expect xxtto be the impact of the adoption of the entity financial statements.*

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021/2022

NOTES TO THE FINANCIAL STATEMENTS (Continues)

**4. Summary of Significant Accounting Policies**

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

**a) Revenue recognition**

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

- i) **Revenue from the sale of goods and services** is recognised in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- ii) **Grants from Government Entities** are recognised in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

**b) In-kind contributions**

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

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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 costs of ongoing but incomplete works on buildings and other civil works and installations.

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

Item	Years	Rates
Buildings and civil works	-	2.5%
Infrastructure works	-	2.5%
Plant and machinery	-	12.5%
Motor vehicles, including motor cycles	-	25%
Computers and related equipment	-	30%
Office equipment, furniture and fittings	-	12.5%

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)

Summary of Significant Accounting Policies

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount. The amortisation rate is 33.333333%.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

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

m) Trade and other receivables

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

Provisions are made for bad and doubtful debts at the following rates:

Period Outstanding	Percentage Provision
241-360 days (8-12 months)	25%
Over 1 year	50%
Over 2 years	100%

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies**

**n) Taxation**

**i) Current income tax**

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies

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.

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies

#### p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

#### q) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

r) 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.

s) 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 entity or not, less any payments made to the suppliers.

t) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2012. 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.

u) Provision for staff leave pay

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies

#### v) Exchange rate differences

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

#### w) Budget information

The original budget for FY 2021-2022 was approved by the Board of Directors on 6.08.2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Ksh 1,9M on the 2021-2022 budget following the governing body's approval. The revised budget was approved by board of directors on 25.05.2022. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section XVII of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**x) Service concession arrangements**

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

**y) Comparative figures**

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

**z) 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, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Operating Revenue

	2021-2022	2020-2021-1
	Kshs	Kshs
Water sales	74,545,459	65,173,600
Sewerage Services	-	-
Billing for other services*	5,775,350	5,272,950
<b>Total</b>	<b>80,320,809</b>	<b>70,446,550</b>

7. Grants Income

	2021-2022	2020-2021-1
	Kshs	Kshs
Operational grants from Government entities		
Recurrent/operational grants from other agencies	11,830,568	24,068,363
Capital grants amortized( See note Below)		
Donations from County Governments	663,920	2,523,940
In Kind contribution/donations from other agencies		
<b>Total</b>	<b>12,494,488</b>	<b>26,592,303</b>

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2021-2022 KShs
TNCG	663,920	-	-	663,920	663,920
WSTF	11,830,568	-	3,924,088	15,754,656	15,754,656
<b>Total</b>	<b>12,494,488</b>	<b>-</b>	<b>3,924,088</b>	<b>16,418,576</b>	<b>16,418,576</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8. Other Income**

	2021-2022	2020-2021
	Kshs	Kshs
Exhauster Services	640,500	708,000
Connection fees	443,500	536,500
Sale of Materials	629,010	250,270
Fines and penalties	71,700	-
Miscellaneous income( Owners disconnection fee)	78,795	66,419
Compensation from road works contractor	-	5,548,615
<b>Total</b>	<b>1,863,505</b>	<b>7,109,804</b>

**9. Finance Income**

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest income from treasury bonds		
Interest income from treasury bills		
Interest from receivables		
Interest from commercial banks and financial institutions	-	320,877
Interest on staff loans		-
Dividends		-
<b>Total</b>	<b>-</b>	<b>320,877</b>

**10. Other Gains and Losses**

	2021-2022	2020-2021
Description	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**11. Staff Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Gross Salary and Allowances	31,056,025	26,810,824
Casual workers Wages	549,100	238,200
Seconded Staff County payment	663,920	2,193,840
Employer's contributions to social security schemes	185,000	178,460
Employer's contributions to pension scheme	942,054	861,894
Provisions for Leave pay		
Gratuity provisions		
Fringe Benefit tax		
Staff welfare	166,566	1,442,140
Other allowances		
<b>Total</b>		
<b>The average number of employees during the year</b>	<b>33,562,665</b>	<b>31,725,358</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. General and Operations Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chemicals	3,013,749	1,400,814
Electricity	215,914	122,914
Fuel, oil, lubricants, and gases	3,678,756	2,288,756
Bulk water Costs	-	-
Office supplies	310,640	877,853
Uniform and protective clothing	673,050	-
Telecommunication	1,411,843	1,701,873
Postage and courier	36,003	-
Water and sewerage		
Insurance	1,009,452	376,849
Rent and Rates	476,000	456,000
Hire of Equipment and vehicles	19,000	-
Pro-Poor Unit Activities	1,447,600	-
Domestic Traveling and subsistence	7,440,838	2,823,234
Foreign travel and accommodation		
Staff training and development	1,042,232	634,923
Bank Charges	431,523	500,800
Security services	2,220,000	1,635,003
Agency commissions		
Publicity and advertising	1,472,028	902,731
Audit fees	232,000	232,000
Legal fees	195,000	-
Consultancy fees	154,900	423,328
Licensing and levies	3,483,182	2,213,154
Sports and recreation	1,127,050	-
Stakeholders' expenses	512,525	-
Donations/CSR	5,505	-
Hospitality expenses	2,654,095	1,640,550
WSTF project Administration Expenses	40,000	24,068,363
Conservation expenses	873,093	-
Provision for doubtful debts	767,781	487,441
Taxation	100,000	
<b>Total</b>	<b>35,043,759</b>	<b>42,786,586</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>13. Board Expenses</b>		
Description	2021-2022	2020-2021
	KShs	KShs
	-	-
Chairman Honoraria	1,157,288	1,820,066
Sitting allowances		
Medical Insurance	1,414,009	136,000
Induction and Training	191,500	360,000
Travel and accommodation	90,000	419,300
Other allowances	2,852,797	2,735,366
<b>Total Board Expenses</b>		

<b>14. Maintenance Expenses</b>		
Description	2021-2022	2020-2021
	Kshs	Kshs
	286,416	125,640
Plant and Equipment	258,788	99,824
Buildings	17,501,707	16,077,636
Infrastructural networks	-	-
Grounds	1,847,784	2,590,373
Motor vehicles	333,633	-
Software	33,034	152,357
ICT		
Furniture	1,026,724	
Water Meter		
Access roads	21,288,087	19,045,830
<b>Total Maintenance Expenses</b>		

<b>15. Depreciation and Amortization Expenses</b>		
Description	2021-2022	2020-2021
	KShs	KShs
	14,197,290	14,055,562
Property, plant, and equipment		
Right of Use Assets	728,511	191,386
Intangible assets		
Investment property carried at cost	14,925,801	14,246,948
<b>Total Depreciation and Amortization</b>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Finance costs

Description	2021-2022	2020-2021
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (specify)	-	-
<b>Total</b>	-	-

17. Income Tax Expense/(Credit)

Current taxation

	2021-2022	2020-2021
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior year under-provision for deferred tax	-	-
<b>Total</b>	-	-

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

	2021-2022	2020-2021
Profit before taxation	-	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-
Tax effects of excess capital allowances over depreciation/amortization	-	-
Deferred tax prior year over-provision	-	-
<b>Total</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**18. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs.0(2021-2022. KShs. – by the average number of ordinary shares in issue during the year of (2021-2022. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**19. Dividend Per Share**

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2021, a final dividend in respect of the year ended June 30, 2021 of Kshs.0 (2020: Kshs.0) for every ordinary share of par value of KShs.0 is to be proposed. An interim dividend of Kshs.0 (2020: Kshs.0) for every ordinary share of par value of KShs. 0 was declared and paid during the year. This will bring the total dividend for the year to KShs. 0 (2020: KShs. 0).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
20. Property, Plant and Equipment

2021/2022	Water meters	Buildings sewer works	WTP, lab Equipment Stools	Motor vehicles, inju ding motor cycles	Computers related equipment	office equipment furniture & fittings	Pipelines & Extensions	Water testing machine	WSTP Tank sanitation block	Totals
Rate	20.0%	2.5%	12.5%	25.0%	30.0%	12.5%	12.5%	12.5%	2.5%	
COST OR VALUATION										
As at July 1, 2021	23,298,053	911,189	1,403,244	11,553,208	3,098,775	2,575,706	108,660,947	398,275	119,884,451	271,783,848
Additions	2,701,000	-	-	1,630,860.24	776,200	802,170	5,088,588	-	-	10,998,818
As at June 30, 2022	25,999,053	911,189	1,403,244	13,184,068	3,874,975	3,377,876	113,749,535	398,275	119,884,451	282,782,666
DEPRECIATION										
As at July 1, 2021	13,213,313	255,544	721,955	10,194,211	2,439,110	1,632,640	54,155,222	309,573	12,611,071	95,532,639
Charge for the year	2,557,148	16,391.13	85,161.13	747,464.31	430,760	218,155	7,449,289	11,088	2,681,835	14,197,290
As at June 30, 2022	15,770,461	271,935	807,116	10,941,675	2,869,870	1,850,795	61,604,511	320,661	15,292,906	109,729,929
NET BOOK VALUE										
As at June 30, 2022	10,228,592	639,254	596,128	2,242,393	1,005,106	1,527,082	52,145,024	77,614	104,591,546	173,052,737
As at June 30, 2021	10,084,740	655,645	681,289	1,358,997	659,665	943,066	54,505,725	88,702	107,273,380	176,251,209

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment (Continued)

2021	Water meters	Buildings & civil works	WTP, lab Equipment Stools	Motor vehicles including motor cycles	Computers Srelated equipment	office equipment furniture & fittings	Pipelines & Extensions	Meter testing machine	WSTF Tank Sanitation block	Totals
COST OR VALUATION	20.0%	2.5%	12.5%	25.0%	30.0%	12.5%	12.5%	12.5%	2.5%	
As at July 1, 2020	18,086,770	911,189	1,380,086	11,553,208	2,497,459	2,161,935	95,454,697	398,275	94,047,407	226,491,026
Additions	5,211,283	-	23,158	-	601,316	413,771	13,206,250	-	25,837,044	45,292,821
At June 30, 2021	23,298,053	911,189	1,403,244	11,553,208	3,098,775	2,575,706	108,660,947	398,275	119,884,451	271,783,846
DEPRECIATION										
As at July 1, 2020	10,692,128	238,733	624,629	9,741,212	2,156,397	1,497,916	46,368,690	296,901	9,860,471	81,477,077
Charge for the year	2,521,185	16,811.39	97,327	452,999	282,713	134,724	7,786,532	12,672	2,750,599	14,055,562
At June 30, 2021	13,213,313	255,544	721,955	10,194,211	2,439,110	1,632,640	54,155,222	309,573	12,611,071	95,532,640
NET BOOK VALUE										
At June 30, 2021	10,084,740	655,645	681,289	1,358,997	659,664	943,066	54,505,725	88,702	107,273,380	176,251,207
At June 30, 2020	7,394,642	672,456	755,458	1,811,996	341,062	664,019	49,086,007	101,374	84,186,935	145,013,949

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Water meters	25,999,053	15,770,461	10,228,592
Buildings&civil works	911,189	271,935	639,254
WTP,lab Equipment \$tools	1,403,244	807,116	596,128
Motor vehicles,including,motor cycles	13,184,068	10,941,675	2,242,393
Computers \$related equipment	3,874,975	2,869,869	1,005,105
Office equipment, furniture, and fittings	3,377,876	1,850,795	1,527,081
Pipelines \$ Extensions	113,749,535	61,604,511	52,145,024
Meter testing machine	398,275	320,661	77,614
WSTF Tank \$sanitation block	119,884,451	15,292,906	104,591,546
<b>Totals</b>	<b>282,782,666</b>	<b>109,729,929</b>	<b>173,052,737</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motor cycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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21. Intangible Assets

	2021-2022	2020-2021
	Kshs	Kshs
<b>COST</b>		
At July 1	1,380,964	1,119,964
Additions	1,802,760	261,000
Disposals	-	-
At June 30	3,183,724	1,380,964
<b>AMORTISATION</b>		
At July 1	998,192	806,806
Charge for the year	728,511	191,386
Disposals	-	-
Impairment loss	-	-
At June 30	1,726,703	998,192
<b>NET BOOK VALUE</b>		
At June 30	1,457,021	382,772

22. Investment Property

	2021-2022	2020-2021
	Kshs	Kshs
Opening valuation	-	-
Movements during the year		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-
<b>DEPRECIATION (IF AT COST)</b>		
At July 1	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	-	-
<b>NET BOOK VALUE</b>		
At June 30	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Right-of-use assets

	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As at 1 July 2020	-	-	-	-
Additions	-	-	-	-
As at 30 June 2021	-	-	-	-
Additions	-	-	-	-
As at 30 June 2022	=	=	=	=
<b>Accumulated Depreciation</b>				
As at 1 July 2020	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2021	=	=	=	=
Charge for the year	-	-	-	-
As at 30 June 2022	=	=	=	=
<b>Carrying Amount</b>				
As at 30 June 2021	=	=	=	=
As at 30 June 2022	=	=	=	=

24. Biological Assets

	2021-2022	2020-2021
	Kshs	Kshs
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Fixed Interest Investments (Bonds)

	2021-2022	2020-2021
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond (give details)	-	-
CD Corporate Bond (give details)	-	-
<b>Total</b>	-	-

Details	2021-2022	2020-2021
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Balance at 30 June	-	-

26. Quoted Investments

	2021-2022	2020-2021
	Kshs	Kshs
Opening valuation	-	-
<b>Movements during the year</b>		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
<b>Closing valuation</b>	-	-

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Name of entity where investment is held	No of shares			Nominal value of shares/purchase price	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-

27. Unquoted Investments

	2021-2022	2020-2021
	Kshs	Kshs
<b>COST</b>		
At July 1	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
At June 30	-	-
<b>IMPAIRMENT</b>		
At July 1	-	-
Disposals	-	-
Impairment loss in the year	-	-
At June 30	-	-
<b>NET BOOK VALUE</b>	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of entity where investment is held	No of shares			Nominal value of shares/ purchase price	Value of shares less impairment	Value of shares less impairment
	Direct shareholding	Indirect shareholding	Effective shareholding			
	No	No	No	Shs	Current year Shs	Prior year Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-

28. Inventories

	2021-2022	2020-2021
	Kshs	Kshs
General stores	-	-
Chemicals & Laboratory items	-	-
Water fittings and Accessories	-	-
Water meters	-	-
Uniform and protective clothing	-	-
Fuel, oil and lubricants	-	-
Motor vehicle spare parts	-	-
Goods in transit	-	-
Stationery and general stores	4,353,965	5,116,892
Finished goods	-	-
Work in progress	-	-
Less: Impairment of stocks	-	-
<b>Total</b>	<b>4,353,965</b>	<b>5,116,892</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 a) Reconciliation of Impairment Allowance for Inventories

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29.) Trade and Other Receivables

	2021-2022	2020-2021
	KShs	KShs
Trade receivables (note (29a))	62,670,499	60,689,129
Deposits and prepayments	657,203	534,067
VAT recoverable	38,387,203	37,183,003
Staff receivables (note 29I)	94,435	39,250
Other receivables	-	-
<b>Gross trade and other receivables</b>	<b>101,809,341</b>	<b>98,445,449</b>
Provision for bad and doubtful receivable	(24,284,819)	(23,517,038)
<b>Net trade and other receivables</b>	<b>77,524,522</b>	<b>74,928,411</b>

29 (a) Trade Receivables

	2021-2022	2020-2021
	Kshs	Kshs
Gross trade receivables	62,670,499	60,689,129
Provision for doubtful receivables	(24,284,819)	(23,517,038)
Net trade receivables	38,385,681	37,172,092

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

	2021-2022	2020-2021
Less than 30 days	5,301,416	3,614,922
Between 30 and 60 days	2,749,622	2,817,739
Between 61 and 90 days	1,788,179	2,381,251
Between 91 and 120 days	2,724,521	1,654,644
Over 120 days	50,106,761	50,220,573
<b>Total</b>	<b>62,670,499</b>	<b>60,689,129</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29I Staff Receivables

	2021-2022	2020-2021
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

29 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

30. Tax Recoverable

	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 16)	-	-
Under/(over) provision in prior year/s (note 16)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. Short Term Deposits

	2021-2022	2020-2021
	Kshs	Kshs
Commercial banks	-	-
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (specify)	-	-

32. Bank and Cash Balances

	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank	18,033,703	25,101,447
Cash in hand	18,742	10,714
Mobile money account	256,127	3,362,388
	18,308,572	28,474,549

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>(a) Current Accounts</b>			
Co-operative Bank	'01120057875100	421,036	2,007,961
UBSUP- Project Account- Family bank	54000007486	-	224,286
Kibung'a Water Scheme- Family Bank	'054000005545	317,852	781,252
Mutonga- Gituma W/scheme-Family Bank	'054000005544	120,092	46,082
WSTF 8th call Chukakaringani project	'054000010530	400,000	-
WSTF Conditional Liquidity grant	'054000008778	374	-
<b>Sub- total</b>		<b>1,259,354</b>	<b>3,059,581</b>
<b>b) Savings Account</b>			
KCB – Customer Deposits	1125258373	14,506,077	12,120,401
Barclays Bank of Kenya(ABSA)- Chuka Collection	2032435079	103,683	118,948
Kenya Commercial bank-Chuka Collection	1219598690	103,511	789,610
Post Bank- Collection	'0744130012008	28,578	101,665
Kenya Commercial Bank- Investment	1158014856	488,516	5,091,381
Co-operative bank of Kenya ltd-Collection	'01100057875100	377,207	2,063,433
Family Bank Limited- Chuka Collection acc.	'054000004855	56,312	828,963
Family Bank-Kathwana Customer Deposits	54000005527	1,110,465	927,465
<b>Sub- total</b>		<b>16,774,349</b>	<b>22,041,867</b>
<b>c) Others(specify)</b>			
Cash in transit			
cash in hand	Pettycash	18,742	10,714
M pesa	PAYBILL : 901325	246,365	2,791,968
M pesa	PAYBILL : 802064	9,762	570,420
<b>Sub- total</b>		<b>274,869</b>	<b>3,373,102</b>
<b>Grand total</b>		<b>18,308,572</b>	<b>28,474,549</b>

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**33. Ordinary Share Capital**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Authorized:</b>		
NIWASCO ordinary shares of Kshs par value each	-	-
<b>Issued and fully paid:</b>		
NIWASCO ordinary shares of Kshs par value each	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**34. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**35. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**36. Retained Earnings**

The retained earnings represent amounts available for distribution to the shareholders. Undistributed retained earnings are utilised to finance the *key* business activities.

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance brought forward	21,510,878	27,581,432
Adjustment	-	-
Retained Earnings for the year	(12,994,307)	(6,070,554)
<b>Total Retained Earnings</b>	<b>8,516,571</b>	<b>21,510,878</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability	-	-

The movement on the deferred tax account is as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

38. Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
<b>a) External Borrowings</b>		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
<b>b) Domestic Borrowings</b>		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
<b>C) Total Balance at end of the period c = a+b</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The analyses of both external and domestic borrowings are as follows:

	2021-2022	2020-2021
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

Description	2021-2022	2020-2021
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. Lease Liability

Description	2021-2022	2020-2021
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity analysis	2021-2022	2020-2021
	Kshs	Kshs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-
	-	-
Less: unearned interest	-	-
	-	-
Analysed as:	-	-
Non-Current	-	-
Current	-	-

40. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions details

Description	2021-2022	2020-2019
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
<b>Total</b>	-	-

41. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
<b>Totalemployee benefits obligation</b>	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2012. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	60 years	60 years

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Comprehensive Income

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognized	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity'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. Other than NSSF the entity also has a defined contribution scheme operated by CPF Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

42. Trade and Other Payables

	2021-2022	2020-2021
Trade payables	4,811,589	10,068,556
Accrued expenses	1,937,654	2,586,160
Revenue received in advance		
Retention/ contract monies		
Employee payables	912,410	794,054
Other payables	9,793,179	7,262,572
<b>Total</b>	<b>17,454,831</b>	<b>20,711,342</b>

43. Customer Deposits

	2021-2022	2020-2021
Opening Balance	15,719,825	13,694,825
Add: Deposits Received during the year	2,132,500	2,052,500
Less: Refunded Deposits	(38,500)	(27,500)
Closing Balance	17,813,825	15,719,825
<b>Totals</b>	<b>17,813,825</b>	<b>15,719,825</b>

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44. Deferred Income

Description	2021-2022	2020-2021	2019-2020
	KShs	KShs	
National/County government	-	-	-
Water Sector Trust Fund	-	224,286	38,005,689
Public contributions and donations	-	-	
<b>Total deferred income</b>	-	<b>224,286</b>	<b>38,005,689</b>

The deferred income movement is as follows:

	County government	Water Sector Trust Fund	Public contributions and donations	Total
Balance brought forward	-	224,286	-	224,286
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	45,400	-	45,400
Other transfers( To Water sector Trust Fund)	-	178,886	-	178,886
Balance carried forward	-	-	-	-

45. Dividends Payable

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The balances are analysed in annual amount below.

	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. Taxation

	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	-	-
At end of the year	-	-

47. Notes to The Statement of Cash Flows

	2021-2022	2020-2021
	Kshs	Kshs
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations</b>		
Profit or loss before tax	(12,994,307)	(6,070,554)
Depreciation	14,197,289	14,055,562
Amortisation	728,511	191,386
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	1,931,494	8,176,394
(Increase)/decrease in inventories	762,927	(3,643,677)
(Increase)/decrease in trade and other receivables	(2,596,111)	(7,147,260)
Increase/(decrease) in trade and other payables	(3,256,511)	(278,636)
Increase/(decrease) in Customer Deposits	2,094,000	2,025,000
Increase/(decrease) in provision for staff leave pay	-	-
<b>Cash generated from/(used in) operations</b>	<b>(1,064,201)</b>	<b>(868,179)</b>
<b>(b) Analysis of changes in loans</b>		
Balance at beginning of the year	-	-
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>
<b>(c) Analysis of cash and cash equivalents</b>		



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**47(f) Analysis in respect to operating revenue**

<b>MONTH</b>	<b>2021-2022</b>	<b>2020-2021</b>
July	6,545,379	6,101,194
August	6,661,838	6,513,547
September	6,930,952	5,655,321
October	5,838,203	5,021,000
November	6,940,435	5,131,564
December	6,004,857	6,275,892
January	6,881,761	5,941,602
February	5,519,898	4,954,303
March	6,604,563	6,516,160
April	5,946,414	6,478,022
May	6,247,569	6,408,863
June	8,041,267	5,239,250
<b>TOTAL</b>	<b>78,163,136</b>	<b>70,236,718</b>

Our financial statements and specifically the statement of comprehensive income has been prepared in accordance with accrual basis of accounting and therefore some of the non-cash items like provision for bad debts and In-kind donations from county government (Seconded staff salaries) were not included during preparations of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

48. Related Party Disclosures

County Government of Tharaka Nithi

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

Other related parties include:

- The County Department in charge of Water
- County Government of Tharaka Nithi
- Water works Agencies
- WASREB
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Sales to related parties</b>		
Rent Income from govt. agencies		
Water sales to Govt. agencies		
Interest income from Govt Commercial Banks		
Interest income from T-bills and Bonds		
Others (Specify)		
<b>Total</b>		
<b>b) Purchases from related parties</b>		
Purchase of water from govt service providers	215,914	122,914
Rent expenses paid to govt agencies	-	
Training and conference fees paid to govt. agencies	-	

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	2021-2022	2020-2021
	Kshs	Kshs
Bank charges paid to Govt Commercial banks	431,523	500,800
Interest expense to investments by other govt. entities	-	-
Others (specify)		
<b>Total</b>	<b>647,437</b>	<b>623,714</b>
<b>b) Grants from the Government</b>		
Grants from National Govt Agencies	15,754,656	35,085,445
Grants from County Government	663,920	2,193,840
Donations in kind		330,100
<b>Total</b>	<b>16,418,576</b>	<b>37,609,385</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for TNCG employees	176,500	650,000
Payments for goods and services		
<b>Total</b>	<b>176,500</b>	<b>650,000</b>
<b>d) Key management compensation</b>		
Directors' emoluments	2,852,797	2,735,366
Compensation to key management ( Gratuity)	766,548	699,597
<b>Total</b>	<b>3,619,345</b>	<b>3,434,963</b>

**49. Capital Grants**

	2021-2022	2020-2021
Description	Kshs	Kshs
Balance brought forward	226,987,502	178,189,017
Capital grants from Deferred grant income B/F	-	38,005,689
Received during the year	3,924,088	10,792,796
<b>Total</b>	<b>230,911,590</b>	<b>226,987,502</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**50. Contingent Assets and Liabilities**

**Contingent Assets**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent assets</b>		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Receivables from other government entities	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

*(Give details)*

**Contingent Liabilities**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent liabilities</b>	-	-
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

*In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.*

**51. Financial Risk Management**

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
<b>At 30 June 2022</b>				
Trade Receivables	62,670,499	5,301,416	57,369,083	-
Other Receivables	39,138,841	657,203	38,481,638	-
Investments	-	-	-	-
Bank balances	18,308,572	18,308,572	-	-
<b>Total</b>	<b>120,117,912</b>	<b>24,267,191</b>	<b>95,850,721</b>	<b>-</b>
<b>At 30 June 2021 (previous Year)</b>				
Trade Receivables	60,689,129	3,614,922	57,074,207	-
Other Receivables	37,756,320	534,067	37,222,253	-
Investments	-	-	-	-
Bank balances	28,474,549	28,474,549	-	-
<b>Total</b>	<b>126,919,998</b>	<b>32,623,538</b>	<b>94,296,460</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

*Credit Risk (Continued)*

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 company has significant concentration of credit risk on amounts due from Commercial customers.

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

ii) **Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022 current year</b>				
Trade payables	1,896,521	2,458,630	456,438	4,811,589
Accrued expenses	134,291	322,783	1,480,580	1,937,654
Other payables	324,704	814,837	8,653,638	9,793,179
Customer deposits	142,500	492,500	17,178,825	17,813,825
Employee Payables	105,403	316,209	490,797	912,409
<b>Total</b>	<b>2,603,419</b>	<b>4,404,959</b>	<b>28,260,278</b>	<b>35,268,656</b>
<b>At 30 June 2021 previous year</b>				
Trade payables	3,452,146	5,712,841	903,569	10,068,556
Accrued expenses	163,800	330,371	2,091,988	2,586,159
Other Payables	244,080	667,417	6,351,075	7,262,572
Deferred income	-	-	224,286	224,286
Employee payables	96,728	293,584	403,742	794,054

Customer Deposits	147,000	583,500	14,989,325	15,719,825
Total	4,103,754	7,587,713	24,963,985	36,655,452

(iii) Market risk (*Tailor as appropriate*)

The board has put in place an internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Department in charge of risk management is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

a) Foreign currency risk

The Company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(iii) Market risk (Continued)**

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022 Current Year</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	18,742	-	18,742
Debtors	77,524,522	-	77,524,522
<b>Financial Liabilities</b>			
Trade and other payables	35,268,656	-	35,268,656
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The Company manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021 Previous year</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	10,714	-	10,714
Debtors	74,928,411	-	74,928,411
<b>Financial Liabilities</b>			
Trade and other payables	36,431,167	-	36,431,167
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on equity Kshs
<b>2022 Current FY</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021 Previous FY</b>			
Euro	10%	-	-
USD	10%	-	-

c) Interest rate risk

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

i) Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii) **Sensitivity analysis**

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2020: KShs0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs0 (2020 – KShs0)

iii) **Fair value of financial assets and liabilities**

a) ***Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2022 Current FY	Level 1 Kshs	Level 2Kshs	Level 3Kshs	TotalKshs
<b>Financial Assets</b>				
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
<b>At 30 June 2021 Previous FY</b>				
<b>Financial Assets</b>				
Quoted equity investments	-	-	-	-
<b>Non- financial Assets</b>				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

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

***Financial instruments not measured at fair value***

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	8,516,571	21,510,878
Capital reserve	-	-
<b>Total funds</b>	<b>8,516,571</b>	<b>21,510,878</b>
Total borrowings	-	-
Less: cash and bank balances	(18,308,572)	(28,474,549)
Net debt/(excess cash and cash equivalents)	18,308,572	28,474,519
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

52. Incorporation

The Company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

53. Events After the Reporting Period

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

54. Currency

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

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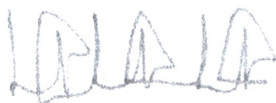
XIX. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITORRECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.0	Excessive Non-Revenue Water	Increased funding to NRW department	Not resolved	5% reduction per year.
2.0	Long outstanding trade receivable	Formation of Debts recovery unit.	Not resolved	Yearly
1.0	Fixed Assets	Following up with the water boards to get lasting solution	Not Resolved	By end of FY-2022-2023
2.0	Trade & other payables	Payables of kshs.7,262,572 relates to Board levies- Reconciliation have been done	Resolved	ok
	Lack of Risk Management Policy	The policy is available and approved by board	Resolved	ok
3.0	Other Income: Unsupported other income balance of Kshs.708,000.	The other income of Kshs.708,000 is supported	Resolved	ok

Name Laban K.Mwaniki



Managing Director

Date....30/09/2022.....

**Appendix II: Projects Implemented By The Company  
 Projects**

Projects implemented by the Company 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	6030-KE	WSTF	6 MONTHS	100%	YES	YES
2						

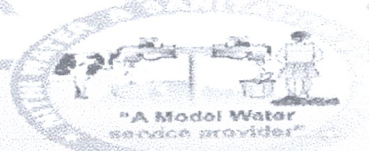
**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	NIWASCO CLSG	15,669,256	15,669,256	100%	15,669,256	15,668,882	WSTF
2							
3							

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**Appendix III- Inter-Entity Confirmation Letter**

**NITHI WATER AND SANITATION COMPANY**



P.O. Box 263-60400 Chuka  
 Tel: 064 630 434; 070 0364785  
 E-mail: nithiwasco13@yahoo.com

**WATER SECTOR TRUST FUND**  
**P.O BOX 49699-60100**  
**NAIROBI.**

Nithi Water & Sanitation Company wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 <sup>th</sup> June 2022								
Reference Number	Date Disbursed	Amounts Disbursed by [Water Sector Fund] (KShs) as at 30 <sup>th</sup> June 2022				Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Difference (K) (F)=(I)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
RFB/CLSG	13/08/2021	1,610,584	3,924,088	-	5,534,672	-	-	
RFB/CLSG	14/12/2021	10,219,984	-	-	10,219,984	-	-	
<b>Total</b>		<b>11,830,568</b>	<b>3,924,088</b>	<b>-</b>	<b>15,754,656</b>	<b>35,085,445</b>	<b>(19,330,7</b>	

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary entity:**

Name ... Irene Kithaka Sign

Date..30.09.2022

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Appendix III- Inter-Entity Confirmation Letter



THARAKA NITHI COUNTY GOVERNMENT  
P.O BOX 10-60406  
KATHWANA.

Nithi Water & Sanitation Company wishes to confirm the Salaries disbursed by you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed by you with the amounts we received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30<sup>th</sup> June 2022

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differen (KShs) (F)=(D - E)
	2021-2022	663,920	-	-	663,920	2,193,840	(1,529,920)
<b>Total</b>		<b>663,920</b>			<b>663,920</b>	<b>2,193,840</b>	<b>(1,529,920)</b>

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name .Irene Kithaka Sign \_\_\_\_\_ Date..30.09.2022

**Appendix IV: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix V: Disaster Expenditure Reporting Template**

Date:						
Entity						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

*(Attach forms from each transferring Government entity.)*

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Comprehensive Income	Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-	-
Ministry/County Department of water.	-	Development Donor Fund	-	-	-	-	-	-	-	-
USAID name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-	-
<b>Total</b>	-		-	-	-	-	-	-	-	-

