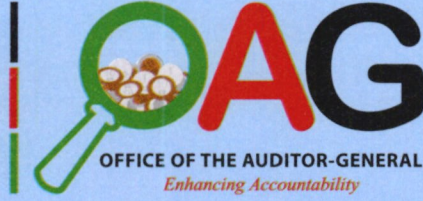


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**NYERI WATER AND SANITATION
COMPANY LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	27/11/25
TABLED BY	SM L
COMMITTEE	—
CLERK AT THE TABLE	Mr. Nabalayo



NYERI WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

Prepared in accordance with the International Financial Reporting Standards (IFRS)
Accounting Standards

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

(Leave page blank)

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

Table of Contents	Page
1. Acronyms and Glossary of Terms	ii
1. Key Entity Information.....	iii
2. The Board of Directors	viii
3. Management Team	xii
2. Chairman’s Statement	xv
3. Report of the Managing Director	xvii
4. Statement of Performance Against Predetermined Objectives for FY 2024/25	xx
5. Corporate Governance Statement.....	xxiv
6. Management Discussion and Analysis	xxix
7. Environmental and Sustainability Reporting	xxxiii
8. Report of the Directors	xxxvi
9. Statement of Directors’ Responsibilities	xxxvii
10. Report of the Independent Auditor on the Financial Statements of Nyeri Water and Sanitation Company Limited.....	xxxix
11. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 20251	
12. Statement of Financial Position as at 30 June 2025.....	2
16.Statement of Changes in Equity for The Year Ended 30 June 2025.....	4
13. Statement of Cash Flows for The Year Ended 30 June 2025.....	5
14. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 20256	
15. Notes to the Financial Statements.....	9
16. Appendices	43

1. Acronyms and Glossary of Terms

A. Acronyms

CEO	<i>Chief Executive Officer</i>
DG	<i>Director General</i>
IAS	<i>International Accounting Standards</i>
IASB	<i>International Accounting Standards Board</i>
IFRS	<i>International Financial Reporting Standards</i>
ICPAK	<i>Institute of Certified Public Accountants</i>
ICS	<i>Institute of Certified Secretaries</i>
MD	<i>Managing Director</i>
NT	<i>National Treasury</i>
PFMA	<i>Public Finance Management Act.</i>
WASREB	<i>Water Services Regulatory Board</i>

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information

Background information

The Nyeri Water and Sanitation Company Limited was established as a limited liability Company under the Company's Act Cap 486 on 23rd September 1997. At the County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the Board of Directors are responsible for the general policy and strategic direction of the Company. The Board of Directors is appointed in accordance with the Water Act 2016 and WASREB's Corporate Governance Standards. Nyeri Water and Sanitation Company Limited is domiciled in Kenya and provides Water and Sanitation services in Nyeri Town Sub County and surrounding areas.

Principal Activities

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

Vision:

"To be a world class water and sanitation services provider"

Mission:

"To provide quality water, sanitation and allied services through application of innovative, sustainable and customer centric processes".

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

Core Values

Core Value	Conceptual Meaning	Strategic Implication
Customer Centric	Putting customer first and at the core of the business	Customers will feel appreciated and paves way for greater business.
Professionalism	Reliability, Competence, Dependability and Respect	Effectiveness and efficiency in service delivery.
Innovativeness	Ability to challenge industry norms and provide solutions	An innovative environment full of creativity leading to superior processes and products.
Teamwork	Harnessing contribution of every partner	Employees will appreciate each other's significant role in the overall success of the Company.
Integrity	Guided by sound moral and ethical principles	This will lead to customer trust and pave way for greater engagement and increased business.
Responsiveness	Providing value within acceptable time	This will lead to effectiveness and efficiency in service delivery
Result Oriented	Focus on outcomes	It will lead to greater productivity and attention to detail hence enhancing quality.

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

DIRECTORS

The Directors who served the entity during the year/period were as follows:

S/no.	Name	Particulars	Date Appointed
1.	CPA Gathogo Mwangi	Chairman, Board of Directors effective 28 th July 2023	May 2021 (Re - appointed on 24 th June 2024)
2.	Eng Hannah N. Kamau	Chair, Technical Committee	July 2022 (Re - appointed on 30 th June 2025)
3.	Mary W. Mutonyi	Chair, Finance, Administration & Strategy Committee	May 2019 (Re-appointed on 31 st May 2023), term ended on 30 th June 2025
4.	Charles K. Mwaniki	Chair, Audit, Risk & Governance Committee	June 2021 Re-appointed on 30 th June 2025
5.	Bernard K. Kiama	Chief Officer, Department of Water Irrigation, Environment & Climate Change Services, County Government of Nyeri	April 2023
6.	Paul M. Wambugu	Office of the Governor Representative- County Government of Nyeri	May 2018
7.	Esther N. Ndirangu	Member	July 2023
8.	Catherine W. Nzioki	National Treasury Representative	Appointed on 28 th March 2024
9.	Angela N. Maina	Member	June 2024
10.	David W. Macharia	Member	Appointed on 30 th June 2025

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

Company Secretary

FCS Richard K. Gikuhi
P.O. Box 1271-10100
NYERI

Company Headquarters

P.O. Box 1520 - 10100
NYERI
Off Kenyatta Road, Next to Nyeri Fire Station

Corporate Contacts

Tel: 0734,732481, 0800721095
Nyeri, Kenya
Email: info@nyewasco.co.ke
Website: www.nyewasco.co.ke

CORPORATE BANKERS

1. Central Bank of Kenya
P.O. Box 60000 00200
NAIROBI, KENYA
2. ABSA Bank
P.O Box 239-10100
NYERI.
3. National Bank of Kenya Limited
P.O Box 1629-10100
NYERI.
4. Consolidated Bank
P.O Box 935-10100
NYERI.
5. Equity Bank
P.O Box 2064-10100
NYERI.
6. KCB Bank Limited
Nyeri Branch
P.O Box 215- 10100
NYERI.
7. Co-operative Bank of Kenya Ltd.

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

Nyeri Branch
P.O. Box 1032-10100
NYERI.




8. Eco bank Kenya Limited
P.O. Box 926-10100
NYERI.

9. Family Bank of Kenya
P.O. Box 163 10100
NYERI.




10. Standard Chartered Bank (Kenya) Ltd.
P.O. Box 300003,00100
NAIROBI.

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




3. The Board of Directors

Ref	Directors	Details
1.	<p>Gathogo Mwangi - Chairman - Board of Directors</p> 	<p>Born in 1974 and was appointed in May 2021 as an Independent director representing Professionals. (Re -appointed on 24th June 2024).</p> <p>He is a holder of Bachelor degree in Business Management (Finance and Banking), Certified Public Accountants of Kenya CPA (K), Post Graduate Diploma in Insurance (AIK). He has over 27 years' experience in accounting and in the insurance sector.</p>
2.	<p>Mary W. Mutonyi - Chairperson, Finance Administration & Strategy Committee</p> 	<p>Born in 1962 and was appointed in May 2019 as an Independent director representing the Business Community. She is a holder of Bachelor of Commerce and a Master's in Business Administration (Entrepreneurship). Her experience spans over 37 years in teaching, civil service, management and as board member in various organisations</p> <p>She was re- appointed as BOD member on 31st May 2023. Her term ended on 30th June 2025.</p>
3.	<p>Charles M. Kariuki - Chairperson Audit Risk & Governance Committee</p> 	<p>Born in 1958 and was appointed in June 2021 (Re-appointed on 30th June 2025) as an Independent director representing Resident Associations.</p> <p>He is a holder of Bachelor degree of Science (BSC) and a postgraduate Diploma in Education (PGDE)</p> <p>He holds over 30 years' experience in entrepreneurship.</p>

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

<p>4.</p>	<p>Eng. Hannah Kamau - Chairperson Technical Committee</p> 	<p>Born in 1980 and was appointed in July 2022 (Re-appointed on 30th June 2025) as an Independent director representing Institutional Consumers.</p> <p>She holds a Bsc in Civil Engineering (Hons), Post graduate diploma in Project Management (DeKUT). Continuing Masters of Science in Project Management She has over 15 years' experience as an engineer in both structural and water services engineering.</p> <p>A registered Professional Engineer with Engineers Board of Kenya and a fellow of the Institution of Engineers of Kenya (IEK).</p>
<p>5.</p>	<p>Paul M. Wambugu</p> 	<p>Born in 1967 and was appointed in May 2018 as a director representing the Office of the Governor, County Government of Nyeri.</p> <p>He holds a Bachelor of Arts Degree from Kenyatta University and post graduate Diploma in Marketing from Chartered Institute of Marketing.</p>
<p>6.</p>	<p>Bernard K. Kariuki</p> 	<p>Born in 1982 and was appointed in April 2023 as a Director representing the Department of Water Services, County Government of Nyeri.</p> <p>He holds a degree in B. Ed Biology and Chemistry.</p> <p>He is currently the Chief Officer for Water, Irrigation, Environment & Climate Change.</p>




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

<p>7.</p>	<p>Esther N. Ndirangu</p> 	<p>Born in 1967 and was appointed on 28th July 2023 as an Independent Director representing the Registered Women Organisations.</p> <p>She holds a degree in Bachelor of Education from Kenyatta University and Continuing Masters of Leadership and Governance.</p> <p>She has over 9 years' experience in teaching, entrepreneurship and as a board member of various institutions.</p> <p>She is currently the Pro-Poor Champion at the Board Level.</p>
<p>8.</p>	<p>Catherine W. Nzioki</p> 	<p>Born in 1986 and appointed on 28th March 2024 as a director representing the Cabinet Secretary, National Treasury.</p> <p>She holds Bachelor of Economics and Finance, member of Institute of Certified Investment and Financial Analysts (ICIFA). A Certificate in Financing County Government Capital Projects.</p>
<p>9.</p>	<p>Angela N. Maina</p> 	<p>Born in 1982 and was appointed on 24th June 2024 as an Independent Director representing the Special Interest Groups, Minorities and Youth.</p> <p>She is an Advocate of High Court and holds Postgraduate Diploma in Law from Kenya School of Law.</p> <p>She has 9 years post admission experience in both civil and criminal litigation, conveyancing & commercial law practices.</p>

**Nyeri Water and Sanitation Company Limited.
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>10.</p>	<p>David W. Macharia</p> 	<p>Born in 1967, he was appointed on 30th June 2025 as an Independent director representing the Business Community.</p> <p>He holds a Bachelor of Agricultural Engineering (Hons). He has over 30years experience in Corporate Governance, ICT and Enterprise Development.</p>
<p>12.</p>	<p>Eng. Peter G. Kahuthu</p> 	<p>Managing Director / CEO</p> <p>B.Sc. Civil Engineering, Reg. EBK, MIEK</p> <p>Appointed on 11th June 2021. His contract was renewed on 11th June 2024.</p> <p>In Charge of the overall business strategy and direction of the Company. Serves as the CEO and Secretary to the Board of Directors.</p>
<p>13.</p>	<p>FCS Richard K. Gikuhi</p> 	<p>He is the Company Secretary and holds a Master's Degree in Business Administration and Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years.</p> <p>He is a fellow of the Institute of Certified Secretaries of Kenya, an accredited Governance Auditor and a member of the Kenya Institute of Management.</p>

4. Management Team

Ref	Management	Details
1.	<p>Eng. Peter G. Kahuthu</p> 	<p>Managing Director / CEO B.Sc. Civil Engineering Reg. EBK, MIEK</p> <p>First appointment on 11th July 2016 and current position appointed on 11th June, 2021. His contract was renewed on 11th June 2024.</p> <p>In Charge of the overall business strategy and direction in the Company. Serves as the CEO and secretary to the Board of Directors.</p>
2.	<p>FCS Richard K. Gikuhi</p> 	<p>He is the Company Secretary and holds a Master's Degree in Business Administration and Certified Secretary with a wide range of experience in Corporate Governance and Management of over forty years.</p> <p>He is a fellow of the Institute of Certified Secretaries of Kenya, an accredited Governance Auditor and a member of the Kenya Institute of Management.</p>
3.	<p>James N. Ngunjiri</p> 	<p>Chief Manager, Technical Services B. Tech. Civil Engineering</p> <p>First appointment on 11th July 2016 as the Chief Water & Sewerage Engineer. His contract as the Chief Manager Technical Services commenced on 1st September 2021 and was renewed effective 1st September 2024.</p> <p>In charge of Technical Directorate including Production & Climate Change, Quality Assurance, Distribution, Non-Revenue Water, Sanitation, Design & Construction and Electromechanical.</p>

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

<p>4.</p>	<p>CPA Rose Gitahi</p> 	<p>Chief Manager, Finance & Corporate Services MBA, BBA, CPA(K)</p> <p>Appointed on 1st February, 2023</p> <p>In charge of the Finance and Corporate Services Directorate including: Finance & Accounts, Human Resource & Administration, Corporate Planning & Strategy, Security & Investigations and ICT.</p>
<p>5.</p>	<p>Keziah N. Nyambura</p> 	<p>Manager, Legal Services LLB, Dip Law</p> <p>Appointed on 1st July 2019. Her contract was renewed on 1st July 2022 and ended in June 2025.</p> <p>In Charge of the Legal Department. Handles both litigation and conveyancing matters of the Company.</p>
<p>6.</p>	<p>CPA Beatrice W. Muigai</p> 	<p>Manager, Audit Risk and Compliance</p> <p>MBA, BSC, CPA(K), CIA</p> <p>Appointed on 3rd June 2024.</p> <p>In Charge of the Company's Audit, Risk & Compliance Department.</p>
<p>7.</p>	<p>John K. Wamathai</p> 	<p>Senior Officer Billing & Debt Collection BA of Arts, CPA section 3</p> <p>First appointment on 18th October 2021. In charge of the Commercial Services directorate, including: Commercial Services, Customer Service/Experience, Pro-Poor Services, Communication and Business, Development & Marketing on acting capacity since 1st June 2024.</p>

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

<p>8.</p>	<p>Andrew W. Karani</p> 	<p>Supply Chain Officer I</p> <p>BA in Purchasing and supplies Management, MKISM No. 65995</p> <p>First appointment in 1997 and to head Supply Chain Department since 1st January 2024.</p>
<p>9.</p>	<p>CHRP Joyce W. Munira</p> 	<p>Senior Officer HR & Administration</p> <p>MBA, BSC, CHRP</p> <p>Appointed on 1st November 2001 to date.</p> <p>In Charge of the Company's Human Resource Department.</p>

5. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Nyeri Water and Sanitation Company Limited (NYEWASCO) for the financial year ended 30th June 2025. This year marked significant progress in our mission to provide quality water and sanitation services to the residents of Nyeri Town and its environs, despite the challenges posed by a dynamic operating environment.

Our ambition remains clear: to continue leading the sector through exemplary management practices, minimizing Non-Revenue Water (NRW), enhancing customer service, and ensuring prudent project management, particularly in Operations and Maintenance. Despite the challenges faced, our commitment to minimizing water losses across our pipeline network resulted in an impressive NRW level of 18.34% –surpassing the regulatory benchmark of 20%.

The Board has taken deliberate steps to fortify our governance framework, continuously reviewing and refining our policies while developing new ones aimed at mitigating risks that could hinder our progress. With our exceptional track record, a highly knowledgeable and skilled workforce, and a strong brand identity, I am confident that NYEWASCO is well-positioned to maintain its stature as a world-class leader in water and sanitation services.

Despite these achievements, we faced several challenges including delayed revenue collections, particularly from government accounts, rising operational costs for electricity and materials, and the impacts of climate variability on water availability. Looking ahead, we remain focused on strengthening our revenue collection systems, expanding infrastructure to underserved areas, and implementing innovative solutions to ensure sustainable water resource management.

We take immense pride in the recognition we have garnered. NYEWASCO maintained its leading performance culture, with the Water Services Regulatory Board (WASREB) ranking us as the top water utility in Kenya in its Impact Issue No. 17 of 2025. Our key accolades include:

1. Top Utility in Non-Revenue Water (NRW) Management
2. Top Utility in the Tana Region
3. Top Utility in Pro-Poor Services
4. Top Utility in the Very Large Category

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

The Board remains committed to steering the Company towards financial sustainability and operational excellence. Our focus will include:

- i) Strengthening revenue collection and reducing non-revenue water.
- ii) Expanding infrastructure to underserved areas.
- iii) Enhancing stakeholder engagement and corporate governance.

I wish to express my sincere gratitude to our Board of Directors for their strategic guidance, our dedicated management and staff for their hard work, and all our stakeholders for their continued support. Special appreciation goes to the County Government of Nyeri for their partnership and to our valued customers for their trust in our services. As we move forward, we remain committed to building on these achievements and addressing our challenges to deliver even better results in the coming year.



CPA Gathogo Mwangi
Chairman, Board of Directors
Nyeri Water and Sanitation Company Limited.

6. Report of the Managing Director

I am pleased to present a review of NYEWASCO's key operational performance for the year ended 30th June 2024. The review also highlights our strategic priorities in the short and medium-term focusing on improving service delivery to customers and ensuring sustainable business growth. Our role as a water service provider in Nyeri County is critical considering that water and sanitation services are an enabler and key drivers for economic and social development. The financial year 2024/25 was a period of resilience and growth for NYEWASCO. Despite economic challenges, we achieved significant milestones in service delivery, financial performance, and sustainability. This report provides a detailed overview of our achievements, challenges, strategic direction and dedication to serving Nyeri County's growing needs.

Operational Performance

During the year under review, we successfully connected 2,040 new water customers and 687 sewer connections, expanding our total customer base to 59,314. This growth, achieved through strategic infrastructure investments and community outreach programs, has enabled us to maintain 100% water access while increasing sewerage coverage to 28%. Key projects such as the KCC-Chaka water mainline upgrade and Giakanja water extension have significantly enhanced service reliability across our network. Our customer satisfaction rating of 87%, measured through comprehensive surveys and feedback mechanisms, reflects our unwavering focus on service quality and customer experience. We've strengthened our communication channels and stakeholder engagement initiatives to ensure transparent and responsive service delivery.

The Company continued implementation of recommendations from the Customer Satisfaction Survey and through feedback channels. In today's diverse and highly dynamic business environment, it has become vital to tailor our communication and engagement programmes to effectively address the varied stakeholder needs. In this regard, we sustained mutually beneficial and strategic stakeholder interactions throughout the year. These included participatory meetings and forums with customers, investors, business partners, stakeholder institutions and both the County and National government ministries and

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

institutions. We have enhanced our Corporate Communication and PR section to ensure that various communication platforms and channels are readily accessible to our customers, stakeholders and the general public. This gives alternative modes of communication which guarantees efficiency in dissemination of information both internally and externally.

Business Performance

We achieved a notable turnaround with a surplus before tax of Kshs. 15.9 million, a substantial improvement from the previous year's Kshs. 121,699. This positive performance was driven by a 5.4% increase in total revenue to Kshs. 718.9 million, with water sales contributing Kshs. 514.0 million and sewerage services Kshs. 125.3 million. While we've made progress in cost containment, with operating expenses maintained at Kshs. 703.0 million, we continue to face challenges including delayed revenue collections from government accounts and rising operational costs for electricity and materials, which increased by Kshs. 12.7 million during the year. The ongoing effects of climate variability have also impacted our water availability, requiring innovative adaptation strategies.

Challenges and Mitigation

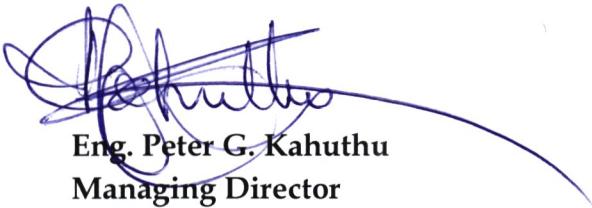
Outstanding debts, particularly from government accounts, remain a concern. We are engaging stakeholders and implementing stricter collection measures. Reduced rainfall has affected water supply. We are investing in alternative water sources and conservation initiatives. Rising costs are being addressed through energy-efficient technologies and budget optimization.

Our Commitment

Looking ahead, our strategic priorities remain clear: we will focus on completing critical infrastructure projects including the Lusoi and Thegu water extensions and Kamakwa Treatment Plant upgrades; maintaining our exemplary water quality standards through our ISO/IEC 17025:2017 accredited laboratories; expanding our environmental sustainability programs; and implementing more rigorous revenue collection measures to ensure financial sustainability. These initiatives build on our strong foundation of operational excellence and position us well for future challenges. We shall continue to maintain open communication with customers and partners to improve service delivery.

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

I extend my sincere appreciation to our dedicated staff, whose hard work made these achievements possible, to our Board for their strategic guidance, and to all our stakeholders including the County Government of Nyeri for their continued partnership. With our proven track record of performance and the robust strategies we have in place, I am confident that NYEWASCO will continue to deliver exceptional services and sustainable growth in the years to come.



Eng. Peter G. Kahuthu
Managing Director
Nyeri Water and Sanitation Company Limited

7. Statement of Performance Against Predetermined Objectives for FY 2024/25

In the year under review, the Company implemented the reviewed strategic plan 2021/22-2026/27 which was done a midterm review in 2024. The Board approved the reviewed strategic plan which was to align the Company to the changing business environment and meet the needs of customers and other stakeholders as envisaged. It is expected that the strategic plan will provide an adjusted roadmap which will guide the Company's operations through the current Strategic Planning period, 2021/22-2026/27. The reviewed strategic plan will strengthen the commercial aspects of our business, develop a more customer centric culture and align the Company's risk framework to the strategy. In addition, the Company is committed to contributing towards the attainment of the United Nations Sustainable Development Goal No. 6, Social pillar under Vision 2030, Nyeri County Integrated Development Plan (2023 - 2027) and the Strategic Objectives which are paramount to the success of the Company. During a review of the implementation of the reviewed strategic Plan for the year, which is the fourth year of implementation, it was noted that the strategic objectives were on course and the performance averaged 92%.

The Company has 7 Key Result Areas (KRAs) and 15 strategic objectives within the current Strategic Plan for the FY 2025/26. These KRAs are as follows:

1. Corporate Governance
2. Financial Sustainability
3. Service Delivery
4. Low Income Areas (LIA) residents
5. Human Resource Capacity
6. Environmental Awareness and Sustainability
7. Partnerships & Collaborations.

The Company develops its annual work plans based on the above 7 KRAs. Assessment of the Board's performance against its annual work plan is done on a quarterly/annual basis. The Company achieved its performance targets set for the FY 2024/2025 period for its 7 KRAs, as indicated in the diagram below:

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

KRAs	Strategic Objective	KPI	Activities	Achievements
1. Corporate Governance	SO1 Maintain sound Governance	% of Board Charter activities implemented	Implement TNA & board charter	Relevant trainings and charter implemented
			Develop criteria & appoint committee	Criteria developed; committee appointed
	SO2 Enhance business continuity and performance at NYEWASCO	No. of engagements SP monitoring MOUs	Lobby policy support; Maintain stakeholder relations	Policy support secured; Regular forums held
			Develop SP framework; Resolve challenges	Framework rolled out; Pending Issues resolved
2. Financial Sustainability	SO3 To enhance revenue generation	Tariff implemented & survey done	Apply tariff & conduct survey	Tariff applied; Survey published
		% revenue from Knowledge Management Hub & Lab	Market lab & knowledge services	Revenue generated
		% increase in water/sewer connections	Expand water & sewer connections	Water connections increased by 17% Sewer connections increased by 2.2%
	SO4 To improve Capital-based financing	% increase in revenue collection	Strengthen collection & recover old debt	102% collection achieved; Ksh 23.3M recovered from old

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

KRAs	Strategic Objective	KPI	Activities	Achievements
		NRW <15%	Install PRVs; Rehabilitate/replace pipelines	NRW at 15.4% with a moving average of 18%; 34.5km rehabilitated 21.4km replaced
		Timely report submission	Adhere to deadlines	Reports submitted on time
	SO5 To ensure Prudent utilization of resources	Submit 4 proposals	Submit funding proposals	4 proposals submitted
3. Service Delivery	SO6 Enhance water Distribution and Sanitation Network/infrastructure	Water networks done	Expand networks	Activities not achieved
	SO7 Raise Customer satisfaction to at least 80% in service delivery	100% quality compliance & service automation	Monitor quality; Upgrade ERP	Standards met; ERP enhanced
	SO8 Adopt appropriate Technology in service delivery.	Automation of treatment	Install hydropower & smart meters	Automated meters installed
4. Low Income Areas (LIA) residents	SO9 Enhance provision of water and sanitation service delivery among LIA residents and other consumers	Service coverage in LIAs	Improve service availability	Availability improved
5. Human Resource Capacity	SO 10 To increase staff productivity	PCs signed; Targets set	Sign PCs & set targets	PCs and targets signed
	SO 11 To improve human capital development	Retention & % trained	Train and retain staff	Trainings and benchmarks done

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

KRAs	Strategic Objective	KPI	Activities	Achievements
6. Environmental Awareness and Sustainability	SO12 Engender Environmental awareness Initiatives among stakeholders Environmental awareness	No. of sensitizations	Conduct stakeholder campaigns	Sensitizations held
	SO13 Engage in environmental sustainability initiatives with stakeholders	Plant 50,000 trees	Support tree planting	16,372 seedlings planted
7. Partnerships & Collaborations.	SO 14 Build and strengthen partnerships and Collaborations with Key stakeholders	Stakeholders mapped	Identify and map partners	Stakeholders mapped
	SO 15 Harness opportunities with stakeholders through partnerships and collaborations	MOUs implemented	Implement MOUs	MOUs implemented

The Company's achievements are closely tied to the signed Performance Contract with the County Government of Nyeri, which serves as a key accountability and results-based management tool. The Corporate Work plan is directly derived from the current Strategic Plan, ensuring that all the Company's initiatives are aligned with the broader institutional goals and priorities. The work plan is systematically cascaded to the various directorates and division heads, who further customise it to reflect their functional mandates while maintaining alignment with corporate objectives. By linking performance targets to strategic outcomes, the Company is able to track progress effectively and drive continuous improvement. This structured approach ensures that every department contributes to the realization of both the Strategic Plan and the Performance Contract obligations, reinforcing a culture of planning, execution, and performance at all levels of the organization.

8. Corporate Governance Statement

A) Board Charter

The Company has developed a Board Charter setting out the role, composition and responsibilities of the Board of Directors (“the Board”) of Nyeri Water and Sanitation Company Limited. The conduct of the Board is also governed by the Water Act 2016, Companies Act, 2015 and the Leadership and Integrity Act of 2012 and the Public Officers Ethics Act. The Charter is reviewed at the Board’s 1st meeting of each financial year where necessary

B) Authority

The Board of Directors (“Board”) is responsible for the proper stewardship of the Company. The Board’s mandate is to ensure the maximization of shareholders’ value and safeguarding the stakeholders’ interests including securing sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations. The Board collectively has sound and sufficient knowledge and expertise to enable effective governance and oversight.

C) Composition

The Board consists of nine members, excluding the Managing Director who is the secretary and the representative of Tana Water Works Development Agency CEO who may attend on invitation.

Members are:- One director representing the National Treasury, one director representing the Department of Water, Irrigation and Climate Change Nyeri County, One member representing the Office of the Governor Nyeri County, One members representing Farmers Associations, One member representing Institutional Consumers, One member representing Professional Bodies, One members representing Women’s Organisations, One member representing the Business Community and One member representing Residents Associations.

D) Term of Office

The tenure of an independent director is a cumulative of maximum of Six (6) years. One third of the Board members other than those from the County Government and National Treasury, retire from office by rotation every year starting from the third year after appointment. In the year under review two directors representing business community and institutional consumers respectively retired and were replaced in accordance to the Memorandum and Articles of Association

E) Board Remuneration

The Board's remuneration is dependent upon the Company's financial ability to pay as per the approved annual budget and the requirements of the corporate governance guidelines by the Water Services Regulatory Board and the guidelines of remuneration and benefits by the Salaries and Remuneration Commission.

F) Members and Attendance to meetings and Board Committees

All members endeavour to attend the Board meetings on invitation. The Chairperson is elected among the members and must come from the independent Board members. The Managing Director or his designate is the secretary of the Board.

The quorum for the meeting is at least two thirds of the members of the Board. In the absence of the Chairperson and while quorum of two thirds is respected, a temporary chair is elected to conduct the meeting.

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

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

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

Board Committee & Full Board Meetings and Key Activities for the FY 2024/25

S/No.	Item	No. of Meetings FY 2024-2025
1.	Finance and Strategy Committee	4
2.	Audit, Risk and Governance	4
3.	Technical Committee	4
4.	Inaugural Full Board	1 (12 th July 2024)
5.	Special Full Board	1
6.	Full Board	4
7.	Board Induction Training	1 (July 2024)
8.	Board Evaluation	December 2024
9.	Stakeholders Forum	11 th June, 2025
10.	AGM	30 th June, 2025

G) Procedure at meetings

The business of the Board is conducted in accordance with the roles and responsibilities of the Board or any other applicable Government Circular or guideline. Decisions of the Board are taken by consensus or where it is not agreeable, the decision is supported by a majority of votes cast at a meeting which a quorum is present.

H) Delegation

The Board delegates some of its roles and responsibilities in adherence to the Memorandum and Articles of Association.

I) Roles and Responsibilities

The Board has the following major responsibilities which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company.

- i) To be aware of the Company's operating environment and promote safety and soundness of the Company.
- ii) To be diligent in undertaking his/her duties and avoid conflict of interest.
- iii) To understand his/her oversight role and exercise independent judgement in decision making.
- iv) To devote adequate time and attention to discharge his/her duties and responsibilities effectively.

Nyeri Water and Sanitation Company Limited.

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

- v) To contribute actively to the functions of the board and be able to provide sound and objective advice.
- vi) Adopting and reviewing a strategic plan for the Company.
- vii) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained.
- viii) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- ix) Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior Management of the Company.
- x) Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- xi) Reviewing the adequacy and integrity of the Company's internal control systems and Management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- xii) Approval of the annual budget and procurement plan.

F. Conflict of Interest

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists

G. Board Induction and Continuous Skills Development

The Board will provide new Board members with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction program will also provide the Board member with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

H. Governance Audit

The Board should ensure that a governance audit of the organization is undertaken on a bi-annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- (a) Leadership and strategic management;
- (b) Transparency and disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Board independence and governance;
- (f) Board systems and procedures;
- (g) Consistent stakeholders' value enhancement; and
- (h) Corporate social responsibility and investment.

9. Management Discussion and Analysis

Business Performance

The financial year ended June 30, 2025, saw a notable improvement in the Company's financial performance, with a surplus before tax of Kshs. 15.9 million, compared to Kshs. 121,699 in the previous year. This positive shift was driven by enhanced revenue generation and prudent cost management, despite challenges such as rising operational costs, including electricity, materials, labour, and administrative expenses.

Revenue Growth: Total revenue increased to Kshs. 718.9 million from Kshs. 682.1 million in the prior year, reflecting a 5.4% growth. This was supported by higher water and sewerage sales, which rose to Kshs. 514.0 million and Kshs. 125.3 million, respectively.

Cost Management: Operating expenses were contained at Kshs. 703.0 million, up marginally from Kshs. 690.3 million, demonstrating effective cost control measures.

Operational Performance

In the course of the year, we connected 2040 and 687 new customers to our water and sewer network respectively, growing the overall customer base by 5.9% to 59,314 from 56,013 connections. This was largely achieved through a sustained customer outreach programme for new areas and brand loyalty by the residents living within the Company's service area. As a result, access to water stands at over 100%. The access to sewerage services has risen to approximately 28% compared to 24.8% from the previous year. The connectivity drive is premised on our strategic goal to secure the water distribution and provide clean and affordable water to every household within the area served by the Company and support the country's goal of providing water to all Kenyans which is an important ingredient for socio-economic transformation and development.

In the period, the Company also executed projects involving extensions and upgrade of both water and sewer network. Similarly, customers are central to our business sustainability. Customer satisfaction is a key driver in fostering brand loyalty which leads to business growth and long-term viability.

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

The Company undertook a customer socio-economic survey during the year, which reported a Customer Satisfaction Index of 87%. In addition, the Company continued to implement recommendations from an earlier Customer Satisfaction Survey conducted in collaboration with Dedan Kimathi University of Technology.

The Company maintained active engagement with key stakeholders, including customers, business partners, revenue collection agents, County and National Government institutions, and other stakeholder organizations. These engagements included participatory forums and meetings aimed at addressing stakeholder needs and improving service delivery.

To enhance communication efficiency, the Company strengthened its Call Centre function, ensuring that various communication channels remain accessible to customers and stakeholders. This provides alternative modes of engagement and supports effective dissemination of information both internally and externally

Key Projects Implemented

S/No	Project Name	Year	Project cost (Kshs)
1.	Shelves and workstation for the new container offices	2024/25	299,028.00
2.	Upgrading of KCC-Chaka water mainline Phase II	2024/25	2,828,792.50
3.	Giakanja water extension and improvement project	2024/25	2,811,408.60
4.	Mweiga homes water extension	2024/25	3,113,519.25
5.	Kahua estate sewer extension	2024/25	1,396,548.30
6.	Kandara sewer extension project	2024/25	2,040,999.45
7.	Baraka Chaka water extension project	2024/25	1,390,772.00
8.	Tetu Pump and fittings	2024/25	1,953,579.20
9.	Kangemi Kwa Donn sewer extension project	2024/25	398,082.34
10.	Tetu Tank Repairs	2024/25	474,600.20
11.	Conservation/Tree planting/growing	2024/25	697,743.00

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

Future Developments

- (i) Water extension project to Lusoi and Thegu Locations
- (ii) Electrochlorinator at Kamakwa Water Treatment plant
- (iii) Upgrade water transmission mains from Hill Farm- King'ong'o- Kabiruini Nyeri
- (iv) Upgrade water transmission mains from King'ong'o- Kiganjo
- (v) Exploration of alternative water intake and treatment location
- (vi) Augmenting Kamakwa Water Treatment Plant
- (vii) Acquire exhauster truck
- (viii) Acquire a water bowser truck
- (ix) Extend individual water connections to Mweiga-Gikomo/Kiawara
- (x) Construct Kamatongu Hill Water Distribution Tank
- (xi) Extend sanitation to Chaka Town
- (xii) Extend sanitation to Kiamwathi/Skuta/ Gatitu
- (xiii) Extend sanitation to Mweiga Township
- (xiv) Extend sanitation to Kangemi Breweries area
- (xv) Extend sanitation to Kandara estate
- (xvi) Extend sanitation to Lower Kamakwa

Compliance

NYEWASCO has maintained accreditation, certification and compliance with or through the following:

1. The Company is ISO 9001:2015 certified.
2. KENAS Accreditation ISO/IEC 17025: 2017
3. NEMA Compliant
4. OHS certificate
5. Licensed by WASREB (Valid up to 2032)
6. Compliant to Water Act 2016
7. WASREB Corporate Governance Guidelines for the Water services sector

Risks and their mitigation

No	Risk	Description	Mitigation
1.	Climate Change	General warming trend. Rainfall patterns have changed, with the long rainy season becoming shorter and dryer.	<ul style="list-style-type: none"> • The planned construction of a reservoir dam upstream in liaison with TWWDA. • Reforestation. • Adoption of Green Energy
2.	Vandalism	Repeated vandalism of the manhole covers and other Company	<ul style="list-style-type: none"> • Sensitization drives for the general public.

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

		installations by persons looking for scrap metal to sell.	<ul style="list-style-type: none"> • Use of Nyumba Kumi initiative including area chiefs. • Engaging police to take action on perpetrators. • Adoption of appropriate technology in place of steel rebar to achieve the required concrete strength.
3.	Credit risk	The company has long outstanding debts and is in the process of recovering them.	<ul style="list-style-type: none"> • To present irrecoverable debts to the board for further direction. • Payment agreements entered into with active customers with balances. • Reminders sent to customers for payment of debts.
4.	Power Failure/Interruptions.	Failure to supply water in the high-level areas which require pumping while also disrupting the water supply.	<ul style="list-style-type: none"> • Purchase stand-by generators and solar. • Installation of hydropower generation at Kamakwa Water Treatment plant.
5.	Environmental degradation	Human activities such cutting of trees which may affect our source of water	<ul style="list-style-type: none"> • Aggressive tree planting in our water catchment areas. 1M trees to be planted between year 21/22-25/26. • Community education on tree planting initiatives.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile -

The Company has remained committed in engaging in activities that are sustainable to ensure dependence by the future generations on current resources. Some of the key activities include: Responsible utilization of the available resource i.e. water: The Company ensures the abstraction for the river is optimal and wastage during transmission, treatment and distribution is to the minimum. This is so demonstrated by the annual NRW Management performance of 18.34% for the financial year under review. Effluent from the Company's sewerage treatment plants is discharged back to the environment after undergoing treatment processes to meet the required standards.

Conservation activities through tree growing both internally and through partnerships has been accelerated in the last 2 years.

Enabling political environment despite the biting Covid-19 pandemic saw the Company continue to offer quality water and sanitation services to the consumers during and after the pandemic.

ii) Environmental performance

Annually, the Company conducts several initiatives on environmental and catchment area conservation. During the year, over 20,000 seedlings were processed for transplanting to the service area from the Company's tree nursery established the previous year. A total of 43,100 tree seedlings were planted and continuous monitoring put in place to ensure growth as the Company aims at planting 0.4 M trees by 2026 in support of the governments 15B trees drive to be achieved by 2032. Further the Company ensured adherence to NEMA standards on waste water treatment and controlled the discharge to the environment.

iii) Employee Welfare

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

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

opportunities and benchmarking activities for all staff within the Company. The Company has also complied with the provisions and requirements of the Occupational, Safety and Health Act of 2007 by creating a safe work environment.

Internship

The Company successfully implemented the fourth cohort of the interns during the FY 2024/25. A total of 19 interns were deployed across the Company's several divisions and departments. The recruitment was competitive and the process was able to bring on board diversity in terms of gender, county of origin, education level, ethnicity among other factors. At the end of the programme the interns were evaluated and all of them issued with the relevant certificates.

iv) **Market place practices-**

The organisation outlines its efforts to:

a) Responsible competition practice.

The Company's products pricing, service area and service offering and general operations are regulated by the Water Services Regulatory Board. It is the Company's policy to provide to potential customers' relevant information only.

b) Responsible supply chain and supplier relations

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

c) Responsible marketing and advertisement

The Company maintain ethical marketing practices by employing qualified marketers as well as outsourcing marketing activities to vetted entities that maintain ethical practices.

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

d) Product Stewardship

Nyeri Water and Sanitation Company Limited maintains a customer feedback system through the toll-free line, customers WhatsApp group, X, LinkedIn and the Facebook page where customer complaints and concerns are addressed regularly and timeously.

v) Corporate Social Responsibility / Community Engagements

Through Corporate Social Responsibility (CSR) and community engagements, the Company demonstrates its commitment to addressing social, environmental, and ethical concerns beyond its core business operations. These initiatives have been crucial for building a positive brand image, fostering stakeholder relationships, and contributing to sustainable development. Here are key aspects and examples of CSR and community engagement activities in the year:

S/No.	Nature of CSR Activity	Amount Spent
1.	County Government of Nyeri Vocational Training Centres Graduation ceremony	20,000
2.	Mater Heart Run sponsorship	20,000
3.	Kenya Red Cross charity walk	20,000
4.	St John Ambulance charity walk	30,000
5.	Nyeri County Wellness and Sports	20,000
6.	Allamano Special School Charity Walk	20,000
7.	Fire wood donation to Huruma Children's Home	5,600
8.	Firewood donation to NEEMA Gender Based Violence Rescue Centre	5,600
9.	Little Angles Children's Home in Kihatha	5,600
10.	Nyeri Hospice Charity walk	20,000
11.	Nyeri National Polytechnic Graduation	20,000
12.	World AIDS Day County Government of Nyeri	10,000
13.	National council for persons with disabilities	20,000
14.	Jamhuri Day Celebrations- 12 th December 2024	36,000
15.	Nyeri Hospice - Christmas Gifting - Purchase of foodstuffs and toiletries	30,000
16.	Nyeri Medium Prison- Christmas Gifting	30,000
17.	New Life Trust Children's Home- Christmas Gifting	30,000
18.	John Githogori Gathima- Christmas Gifting	15,000

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

11. Report of the Directors

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

i) Principal activities

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

ii) Results

During the year, the Company made a surplus before tax of Kshs 15,963,257 as shown by the results for the year.

iii) Dividends

The Directors do not recommend the payment dividends as all earnings are applied to the payment of the KFW Loan through the National Treasury. Any surplus would be reinvested back to upgrade the infrastructure in line with the sector guidelines.

iv) Directors

The members of the Board of Directors who served during the year are shown on page vii. In accordance with the Board Regulations of the Nyeri Water and Sanitation Company Limited's Articles of Association, Ms. Mary Mutonyi retired by rotation where Mr. David Wanjohi Macharia was appointed on 30th June 2025. Mr. Charles Mwaniki and Eng. Hannah Kamau were also reappointed on 30th June 2025.

v) Auditors

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

By Order of the Board



RICHARD KIAWA GIKUHI
Certified Secretary
R/NO. 285
P.O. Box 1271 - 10100, NYERI

Name **FCS RICHARD K. GIKUHI**

Company Secretary/Secretary to the Board

Date: **15th AUGUST, 2025**

12. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 and companies Act 2015 require the Directors to prepare financial statements in respect of Nyeri Water and Sanitation Company Limited, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial Management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, Water Act 2016 and Companies Act 2015.

The Directors are of the opinion that Nyeri Water and Sanitation Company Limited Financial Statements give a true and fair view of the state of the Company's transactions during the financial year ended June 30, 2025 and of Nyeri Water and Sanitation Company Limited financial position as at that date. The Directors further confirm the completeness of the

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

accounting records maintained for the Company, which have been relied upon in the preparation of the Company financial statements as well as the adequacy of the systems of internal financial control.

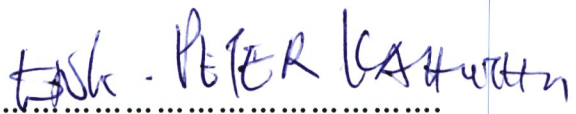
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Company financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:


.....CPA GATHOGO MWANGI.....

Name
Chairperson of the Board


.....PETER KARIUKI.....

Name
Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Nyeri Water and Sanitation Company Limited set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of

comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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 Nyeri Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standard (IFRS) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables

The financial statement reflects Kshs.327,439,359 in respect of gross trade and other receivables balance as at 30 June, 2025 and as disclosed in Note 23. However, the following anomalies were noted:

- i. The balance is not supported by detailed movement schedules showing opening balance, addition during the year, receipts during the year and the closing balance at the year end.
- ii. The amount includes trade receivables of Kshs.294,594,777 (including provision for doubtful receivables) out of which Kshs.197,246,572 has been outstanding for more than 180 days as reported under the aged debtors' analysis provided for the audit. The long outstanding balance may affect the liquidity and going-concern of the Company.

In the circumstances, the validity, accuracy, completeness and recoverability of the Kshs.294,594,777 amount of trade receivables could not be confirmed.

2. Long Outstanding Payables

The Statement of Financial Position and as disclosed in Note 31 to the financial statements reflects trade and other payables balance of Kshs.228,165,602. Included in the amount is an outstanding amount of Kshs.86,492,499 that remained unsettled for over a year, comprising payables of Kshs.31,233,877 aged 1-2 years, and Kshs.55,258,622 aged over three (3) years. The accumulated debts may expose the County to unnecessary litigation.

In the circumstances, the ability of the Company to settle debts is doubtful, and hence the validity, accuracy and completeness of trade and other payables of Kshs.86,492,499 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyeri Water and Sanitation Company

Limited Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Issues

The progress on follow-up on Auditor's recommendations section of the financial statements reflects that the following three issues raised in the previous year's audit report remained unresolved as at 30 June 2025. Long outstanding payables, Non-compliance with the water services Regulatory Board (WASREB) Regulations on Personnel Costs, Irregular award of contracts reserved for the disadvantaged groups.

Failure to resolve prior year issues is an indication of weakened accountability and governance due to lack of action on previously raised issues and non-compliance with statutory requirements of the Public Audit Act, 2015.

Other Information

Management is responsible for the Other Information set out on page i to xxxviii, which comprise of Key Entity Information and Management, Board of Directors profiles, Key Management Team profiles, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Director's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Nyeri Water and Sanitation Company Limited financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Comply with The Law on Award of Contracts to Disadvantaged Groups

Review of the Company's annual procurement report shows that during the year under audit, the Company awarded contracts amounting to Kshs.161,311,255 to suppliers which include contracts worth Kshs.11,766,796.63 that were awarded to suppliers under the reserved category. This represents 14% which is below the recommended 30% threshold.

In the circumstances, Management did not comply with the provisions of Section 53(6) and Section 157(5) of the Public Procurement and Asset Disposal Act, 2015.

2. Staff Costs Exceeding Operation and Maintenance Costs

The statement of profit or loss & other comprehensive income and as disclosed in Note 10 to the financial statements reflects staff costs amount of Kshs.300,535,726, representing 43% of the total expenditure of Kshs.703,012,262. This is higher than the recommended ratio of 30% for very large companies as per section 3.9(10) of Water Services Regulatory Board (WASREB) guidelines on corporate governance, 2018.

In that circumstance, Management is in breach of WASREB guidelines.

3. Non-Compliance with the Rights and the Privileges of Persons with Disabilities

Review of payroll information revealed that out of two hundred and thirty-eight (238) member staff, only three (3) are Persons Living with Disabilities, representing just 1% of the workforce-significantly below the 5% threshold recommended by the Persons with Disabilities Act, 2025 and Section N1.4 of the NYEWASCO, Human Resource Policy and Procedure Manual, 2023.

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

4. Non-Compliance of the National Cohesion and Integration Act on Ethnicity

The Company has two hundred and thirty-eight (238) staff members out of which two hundred and thirty-four (234) or 98% of the staff members are from the dominant ethnic

community. Further, all the five (5) members of staff in top management are all from the same dominant ethnic community.

In addition, the board members of the Company comprise of ten (10) members, out of which nine (9) belong to the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008.

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

5. Non-Compliance with the Requirements for Staff Gender Equality and Equity

The Company has two hundred and thirty-eight (238) staff members out of which one hundred and eighty (180) or 75% of the staff members are male and only fifty-seven (57) members of staff are female contrary to Section N1.5 of the NYEWASCO, Human Resource Policy and Procedure Manual, 2023.

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

6.0 Ineffective Billing for Water and Sewerage Services

6.1 Un-Metered Customers

Included in the operating revenue balance of Kshs.685,085,316, is revenue from water services of Kshs.514,019,304 which further include an amount Kshs.19,304,336 realized after billing five thousand four hundred and ten (5,410) customers without metered serial numbers. Further, five thousand seven hundred and eighty (5,780) un-metered customers were charged meter rents amounting to Kshs.1,610,200 without supporting rating system.

6.2 Unbilled Sewer Services

Included in the billings are two thousand nine hundred and forty-six (2,946) customers with water and sewer connection and with a consumption of 43,802 units of water who had been billed water service totaling to Kshs.3,399,905 without a corresponding sewer billing resulting to an estimated revenue loss of Kshs.2,233,902 (charged at minimum Tariff rate of Kshs.51 per M3 for sewer charge). The unbilled sewer services affected the Company's profitability for the year.

6.3 Active Accounts not Billed

Included in the billing are twenty-two thousand eight hundred and ninety-nine (22,899) active customers who were not billed during the year and no explanation was given for failure to bill the customers resulting to undetermined revenue loss through non-revenue water.

6.4 Un-billed Customers with Water Consumption

Included in the billing are four thousand six hundred and fifty-two (4,652) accounts with actual consumption of two hundred and thirty-seven thousand six-hundred and forty cube meter (237,640 m³) who had not been billed during the year. No explanation for failure to bill the customers resulting to loss of revenue.

6.5 Billed Customers Without Sewer Connections

Included in the billings are two hundred and forty (240) customers with water connection only but were charged sewer services amounting to Kshs.199,318 during the year without any reasonable justification. No explanation was provided for billing the customers for services not rendered.

In the circumstances, the effectiveness of billing water and Sewerage services could not be confirmed.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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 effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance Section of my report I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Staff Under Establishment

The Company is operating below its optimal staffing level with a staff deficit of fifteen (15) employees as reflected in the staff establishment.

In the circumstances, the effectiveness of the staff management system in place 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

Conclusion

As required by Company Act, 2015 I report, based on my 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. 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 the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 November, 2025

Nyeri Water and Sanitation Company Limited.

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

14. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	685,085,316	641,813,053
Grants Income	7	13,817,787	29,227,744
Other Income	8	11,432,339	3,211,475
Finance income	9	8,640,077	7,926,730
Total Revenue		718,975,518	682,179,002
Expenses			
Staff Costs	10	300,535,726	295,966,375
General and Operations expenses	11	228,751,428	219,300,506
Board Expenses	12	13,999,666	11,865,803
Maintenance Expenses	13	81,342,008	76,939,505
Depreciation and Amortization expenses	14	69,035,269	74,681,853
Finance Costs	15	9,348,164	11,553,914
Total Expenses		703,012,262	690,307,956
Profit/(Loss) Before Taxation and exceptional items		15,963,257	(8,128,954)
Over provision of tax in prior years written back	16	-	8,250,654
		-	
Profit/(Loss) Before Taxation		15,963,257	121,699
Income Tax Expense	16	4,788,977	36,510
Profit/(Loss) After Taxation		11,174,280	85,189
Earnings Per Share - Basic And Diluted	17	3	0.02




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

15. Statement of Financial Position as at 30 June 2025

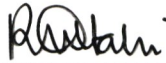
	Note	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant, and equipment	19	1,110,502,559	1,145,487,660
Intangible assets	20	12,821,350	16,316,874
Total Non-Current Assets		1,123,323,909	1,161,804,534
Current Assets			
Fixed Interest Investments	21	100,000,000	100,000,000
Inventories	22	18,186,876	24,684,801
Trade and other receivables	23	265,880,861	220,015,698
VAT Recoverable	24	45,506,293	45,506,293
Short-term deposits	25	13,496,505	28,107,173
Bank and cash balances	26	84,729,910	35,660,878
Total Current Assets		527,800,445	453,974,843
Total Assets		1,651,124,354	1,615,779,377
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	27	75,000,000	75,000,000
Retained earnings	28	698,069,844	686,895,564
Capital and Reserves		773,069,844	761,895,564
Non-Current Liabilities			
Borrowings	29	305,443,448	356,280,667
Capital Grant/Deferred Income	33	167,891,894	125,709,681
Total Non-Current Liabilities		473,335,341	481,990,348
Current Liabilities			
Borrowings	29	50,417,076	50,417,076
Provisions for Leave Pay	30(a)	6,734,157	6,618,092
Trade and other payables	31	228,165,602	202,100,215
Refundable Deposits and Prepayments	32	114,576,847	112,721,572
Taxation	34	4,825,487	36,510
Total Current Liabilities		404,719,169	371,893,465
TOTAL EQUITY AND LIABILITIES		1,651,124,354	1,615,779,377

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

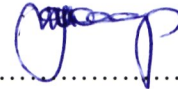
The financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:



.....
Eng. Peter G. Kahuthu
Managing Director
15th August, 2025



.....
CPA Rose W Gitahi
Chief Manager, Finance &
Corporate Services
ICPAK M/No: 12491
15th August, 2025



.....
CPA Gathogo Mwangi
Chairman of the Board
15th August, 2025

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

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

	Ordinary share capital	Retained earnings	Capital/Development Grants/Fund	Total
As at July 1, 2023	75,000,000	686,810,375	147,745,924	909,556,299
Development Grants during the year				
Transfer of depreciation/amortization from capital fund to retained earnings			(22,036,244)	(22,036,244)
Total Comprehensive Income		85,189		85,189
As at June 30, 2024	75,000,000	686,895,564	125,709,680	887,605,245
As at July 1, 2024	75,000,000	686,895,564	125,709,680	887,605,244
Development Grants during the year			56,000,000	56,000,000
Transfer of depreciation/amortization from capital fund to retained earnings			(13,817,786)	(13,817,786)
Total Comprehensive Income		11,174,280		11,174,280
As at June 30, 2025	75,000,000	698,069,844	167,891,894	940,961,737

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

16. Statement of Cash Flows for The Year Ended 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Generated from/(Used in) Operations			
Surplus before taxation		15,963,257	121,699
Adjustments for:			
Over provision of tax in prior years written back	16	-	(8,250,654)
Depreciation	19	69,035,269	74,681,853
Amortization of Grant	7	(13,817,787)	(22,036,244)
Provisions for Leave Pay	11	116,065	676,767
Operating profit before changes in Working Capital		71,296,804	45,193,421
Changes in Working Capital			
Inventories	22	6,497,925	6,299,226
Trade and other receivables	23	(45,865,163)	51,787,670
Trade and other Payables	31	82,065,387	(10,684,124)
Customer deposits	32	1,855,275	2,480,911
Cash generated from operations		115,850,228	95,077,104
Income Tax Paid	17	-	(4,344,969)
Net cash generated from operations		115,850,228	90,732,153
Cash Flows From Investing Activities			
Purchase of fixed assets	19	(30,554,643)	(27,177,511)
Net cash generated from/(used in) investing activities		85,295,585	(27,177,511)
Cash Flows From Financing Activities			
KFW Loan Capital Repaid	29	(50,837,219)	(49,891,897)
Net cash generated from/(Used in) financing activities		(50,837,219)	(49,891,897)
Net increase/(decrease) in cash and cash equivalents	25,26	34,458,366	13,662,727
At the start of the year 1st July		163,768,051	150,105,324
Cash and cash equivalents	21,25,26	198,226,417	163,768,051

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

17. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Operating Revenue	673,314,630	54,000,000	727,314,630	685,085,316	42,229,314	94%
Other Income	72,000,000	(54,000,000)	18,000,000	11,432,339	6,567,661	64%
Grants Income	17,996,617		17,996,617	13,817,787	4,178,830	77%
Finance income	11,916,667		11,916,667	8,640,077	3,276,590	73%
Total Budget Revenue Estimates	775,227,914	-	775,227,914	718,975,518	56,222,396	93%
Payments						
Staff Costs	313,327,445	(4,700,000)	308,627,445	300,535,726	8,091,719	97%
Board Expenses	12,000,000	2,000,000	14,000,000	13,999,666	334	100%
General and Operations expenses	246,057,010	4,289,500	250,346,510	228,751,428	21,595,082	91%
Maintenance Expenses	86,455,000	4,940,000	91,395,000	81,342,008	10,052,992	89%
Depreciation	86,000,000	-	86,000,000	69,035,269	16,964,731	80%
Finance Costs	26,268,309	(12,000,000)	14,268,309	9,348,164	4,920,145	66%
Total Recurrent Expenditure	770,107,764	(5,470,500)	764,637,264	703,012,262	61,625,002	92%
Surplus	5,120,150		10,590,650	15,963,257	(6,651,510)	151%
Capital Expenditure- Internal Funds	92,740,000	(28,402,200)	64,337,800	30,554,643	33,783,157	47%
Capital Expenditure- Grants	135,000,000	132,283,500	267,283,500	56,000,000	211,283,500	21%
Total Capital Budget Exp.	227,740,000	103,881,300	331,621,300	86,554,643	251,718,167	26%
Total Budget Expenditure	997,847,764	98,410,800	1,096,258,564	789,566,905	306,691,659	72%

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

Budget notes: explanation of differences between actual and budgeted amounts (10% over/ under)

	Final budget	Actual on a comparable basis	Performance difference	% of utilization	Remarks
	2024-2025	2024-2025	2024-2025		
Revenue	Kshs	Kshs	Kshs	%	
Other Income	18,000,000	11,432,339	(6,567,661)	64%	The expected growth in alternative services could not be realised due cash flow constraints.
Grant Income	17,996,617	13,817,787	(4,178,830)	77%	The Company expected to have grant income after completion of Kiamwathi Sewer projects which did not materialise.
Finance income	11,916,667	8,640,077	(3,276,590)	73%	Decrease in interest rate of treasury bills and KFW Loan deposits.
Expenses					
Maintenance Expenses	91,395,000	81,342,008	(10,052,992)	89%	The Company issued cost cutting measures during the year due to cash flow constraints.
Depreciation	86,000,000	69,035,269	(16,964,731)	80%	The anticipated infrastructural networks was negatively affected by reduced cash flows.
Finance Costs	14,268,309	9,348,164	(4,920,145)	66%	The Company had provided for AOD interest on loan for Kiamwathi Sewer extension. The loan was not issued in the reporting period.
Capital Expenditure- Internal Funds	64,337,800	30,554,643	(33,783,157)	47%	The Company had provided for funds for Kiamwathi Sewer extension. AOD interest on loan. The loan was not issued in the reporting period..
Capital Expenditure- Grants	267,283,500	56,000,000	(211,283,500)	21%	The Company did not receive funds for AOD from WSTF for Kiamwathi Sewer Project

Budget Notes: Explanation of changes between original and final budget

	Original budget	Adjustments	Final budget	Remarks
	2024-2025	2024-2025	2024-2025	
Incomes				
Operating Revenue	673,314,630	54,000,000	727,314,630	There was a reallocation of billing for other services to operating income to align with financial reports
Other Income	72,000,000	(54,000,000)	18,000,000	There was a reallocation of billing for other services to operating income to align with financial reports
Expenses				
Staff Costs	313,327,445	(4,700,000)	308,627,445	To reflect on reduction of cost due to retired staff and resignations.
Board Expenses	12,000,000	2,000,000	14,000,000	This was aligned to the corporate governance guidelines by WASREB.
General and Operations expenses	246,057,010	4,289,500	250,346,510	Adjusted to cater for change in prices of goods and services. In addition, more training was required on ISO hence increasing the budget.
Maintenance Expenses	86,455,000	4,940,000	91,395,000	Increased to cater for repair of assets and meter costs due to increase in prices and meter vandalism.
Finance Costs	26,268,309	(12,000,000)	14,268,309	Reduced due to delay in issuance of the AOD loan for Kiamwathi Sewer project.
Capital Expenditure- Internal Funds	92,740,000	(28,402,200)	64,337,800	Due to cash flow constraints the Company reviewed the capex budget and moved the budget items to the next financial period.
Capital Expenditure- Grants	135,000,000	132,283,500	267,283,500	Increased due to the change of cost of the Kiamwathi Sewer project by KES 84,783,500 and the award of CLSG II Grants of KES 56M

18. Notes to the Financial Statements

1. General Information

Nyeri Water and Sanitation Company Limited was established as a limited liability Company on 23rd September 1997 in compliance with the water act of 2016. The Company is wholly owned by the County Government of Nyeri. Its main mandate is to provide high quality water and sanitation services to the people of Nyeri sub county and its environs. 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. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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.

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

Notes to the financial statements (continued)

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

- i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss. <i>This amendment had no effect on NYEWASCO's financial statements for the year ended June 2025</i>	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate	1 January 2026

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

Title	Description	Effective Date
	<p>directly to changes in basic lending risks and costs; and</p> <p>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</p> <p><i>This amendment had no effect on NYEWASCO's financial statements for the year ended June 2025</i></p>	

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

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was	An entity may elect to apply this Standard for reporting periods beginning on or after 1

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

Title	Description	Effective Date
	issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	January 2027. Earlier application 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.

iii. Early adoption of standards

The Company did not early - adopt any new or amended standards in year under review.

Notes to the financial statements (continued)

4. Summary of 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 recognized 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 recognized 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 recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Notes to the financial statements (continued)

Summary of 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. 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. No revaluation was carried out in the period of reporting.

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line/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. No revaluation was carried out in the period of reporting.

The annual rates in use are:

Item	Years	Rates
Freehold Land	NIL	NIL
Leasehold Land	NIL	NIL
Buildings and civil works	50	2.0%
Infrastructure works	40	2.5%
Plant and machinery	8	12.5%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3	30%
Office equipment, furniture and fittings	8	12.5%
Intangible Assets	3	30%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

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 reducing balance basis over their estimated useful lives. The estimated useful life and amortization method may be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. No review of useful life was carried out in the period of reporting.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. No impairment of assets was carried out in the period of reporting.

f) Amortization and impairment of intangible assets

Amortization 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 recognized and the asset is written down to its estimated recoverable amount.

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 from 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.

h) Fixed interest investments (Bills)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) Treasury Bills with the intention of earning interest. The Bills are measured at amortized cost or at fair value through profit or loss or at fair value through other comprehensive income (FVOCI). The Treasury Bills held by Nyeri Water and Sanitation Company Limited are measured at fair value through profit or loss.

i) 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.

j) Trade and other receivables

Trade and other receivables are recognized at fair value 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 using the Simplified Provision Matrix Approach as per IFRS 9. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on page 29 of this report.

k) 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 profit or loss statement. 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. 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.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by Management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

m) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on 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 capitalized as part of the cost of the project.

n) Trade and other payables

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

o) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from August 2002. The scheme is administered by an in-house team and is funded by contributions from both the Company and its employees. The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 4,320 per employee per month.

Summary of Accounting Policies

p) Provision for staff leave pay

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

q) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 3rd May 2024. 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 KES 92,940,300 on the FY 2024-2025 budget following the governing body's approval. 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 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 in these financial statements.

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value for 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 30

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.

Provisions for bad debts are calculated using the Simplified Provision Matrix Approach on its Trade Receivables as per IFRS 9. This allows for recognition of lifetime expected losses without the need to identify significant increases in credit risk.

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

Notes to the financial statements (continues)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	514,019,304	471,078,812
Sewerage Services	125,319,341	121,162,747
Billing for other services*	45,746,671	49,571,494
Total	685,085,316	641,813,053

Billing for other services refers to income generated from services such as reconnection fees, sales of sludge, water analysis samples etc.

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Recurrent/operational grants from other agencies		7,191,500
Capital grants amortized	13,817,787	15,786,300
In Kind contribution/ donations from other agencies		6,249,944
Total	13,817,787	29,227,744

For capital/development grants the amount recognized in the statement of comprehensive income is the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20)

[Detailed analysis of grants received in the current year from the Government in the table below:]

Grants from the Government

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2024-2025 KShs
Water Sector	-	-	28,000,000	-	28,000,000
Trust Fund			28,000,000		28,000,000
Total	-	-	56,000,000	-	56,000,000

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

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Rental income	856,000	928,500
Miscellaneous income	8,496,339	2,282,975
Sundry income	580,000	-
Project Income	1,500,000	-
Total	11,432,339	3,211,475

9. Finance Income

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest income from treasury bills	8,475,370	6,573,630
Interest from commercial banks and financial institutions	164,708	1,019,767
Interest Receivable- Consolidated Bank Deposits		333,333
Total	8,640,078	7,926,730

The interest relates to treasury bills invested at Central Bank of Kenya, KFW Loan deposits at Consolidated Bank of Kenya and WASREB performance guarantee deposit at National Bank of Kenya.

10. Staff Costs

	2024-2025	2023-2024
Description	Kshs	Kshs
Gross Salary and Allowances	246,340,041	244,500,077
Casual workers' Wages	164,718	535,321
Employer's contributions to social security schemes	7,374,688	4,248,110
Employer's contributions to pension scheme	16,822,956	18,313,716
Gratuity	18,981,247	18,089,326
Staff welfare	985,831	822,781
Leave pay	8,542,328	8,941,659
Other Allowances (Overtime Allowance)	1,323,917	515,385
Total	300,535,726	295,966,375
The average number of employees during the year		
Management	5	5
Permanent employees	86	91
Contracted employees	147	147
Total	238	243

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

11. General and Operations Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Transport Refunds	584,675	527,210
Chemicals	15,399,141	16,614,771
Re-agents/Laboratory Apparatus	1,593,870	1,497,860
Uniforms & PPEs	2,485,666	1,599,869
Branded & Promotional Materials	0	443,520
Diesel for Generator	0	298,396
Clean Materials	1,534,764	2,016,188
Electricity for Operations	39,065,360	43,831,096
Telephone & Communication	3,997,903	5,396,070
Internet	1,835,351	-
Postage/SMS/Billing	2,856,405	4,015,605
Laundry	0	10,570
Samples Analysis	1,310,207	962,204
Security	14,752,636	12,993,799
Investigations	158,049	33,424
Entertainment vote	352,904	234,224
Catering	4,329,066	3,372,745
Water & Sanitation Charges	1,316,336	1,236,731
Customer Sensitization/ Marketing Events	1,422,100	297,125
Recruitments	9,500	1,360,349
Task force allowances	0	619,286
Printing & Stationery	1,784,667	1,135,219
I.S.O 9001-2015	1,796,970	-
Advert & Public Relations	1,453,501	1,113,105
Subscription	1,132,615	818,042
Accreditation ISO/IEC 17025	4,842,421	1,775,565
Periodicals	193,560	145,080
Group Life Assurance cover	2,038,747	2,137,864
Bank Charges	724,652	2,253,491
Water Abstraction Levies	5,170,800	3,729,272
Audit Fees	600,000	600,000
Licence Charges	216,100	860,425
Consultancy and Related Costs	2,850,391	3,913,691
Business Travel & Foreign Travel expenses	9,552,497	6,270,321

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

Claims and Penalties	317,866	55,566
Sports	12,597,777	13,645,281
Occupational Health & Safety	525,258	370,930
A.S.K Show	850,354	1,506,326
Water Resources Catchment Protection	10,000	160,000
Gift Vouchers	4,010,000	3,805,000
Legal Fees	341,120	639,666
Social Responsibility Fund	650,603	771,173
Environmental Protection	866,207	2,769,899
Training & Workshops	12,789,009	10,614,435
N.E.M.A Payments	210,000	210,000
KEBS Payments	400,000	400,000
Market /Customer Satisfaction Survey	599,000	514,024
Bad & Doubtful debts	2,188,214	921,276
Regulatory fees	28,068,396	23,021,187
Tariff Study	4,483,959	
Strategic Planning	0	4,465,340
Young Water Professionals	788,083	260,866
Resource Centre	19,600	5,109
General Insurance	3,526,609	3,487,664
Medical insurance schemes	27,853,060	25,822,009
Provisions for Leave pay	116,065	676,767
Admin expenses UBSUP II	0	655,987
Corporate Functions & Celebrations	2,179,394	2,408,885
Total General & Operations Expenses	228,751,428	219,300,506

12. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman Honoraria	840,000	800,000
Sitting allowances	8,555,227	7,412,525
Induction and Training	1,790,196	1,913,000
Travel and accommodation	2,759,243	1,646,458
Other allowances	55,000	93,820
Total Board Expenses	13,999,666	11,865,803

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

13. Maintenance Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Plant and Equipment	3,745,493	3,236,448
Buildings	4,402,029	2,644,919
Infrastructural networks	28,072,682	25,373,158
Grounds	3,276,684	1,938,073
Motor vehicles	14,380,519	14,593,212
Software	7,149,821	5,398,356
Furniture	230,970	252,654
Water Meter maintenance costs	20,083,810	16,939,754
UBSUP II		6,562,931
Total Maintenance Expenses	81,342,008	76,939,505

14. Depreciation and Amortization Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Property, plant, and equipment	63,540,405	67,688,907
Intangible assets	5,494,864	6,992,946
Total Depreciation and Amortization	69,035,269	74,681,853

15. Finance costs

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest expense on loans - KFW	9,348,164	11,553,914
Total	9,348,164	11,553,914

The interest relates to the KFW.

The treasury amount relates to a loan acquired from KFW, of the Federal Republic of Germany through the assistance of the Government of Kenya in the year 2004 at an annual rate of 2.5% for the rehabilitation and extension of Water and Sewerage services.

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

Notes to the financial statements (continued)

16. Income Tax Expense

Current taxation

	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	36,510	12,595,623
Income tax charge for the year	4,788,977	36,510
Under/(over) provision in prior year/s	-	(4,344,969)
Income tax paid during the year	-	(8,250,654)
At end of the year	4,825,487	36,510

17. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. 11,174,280 (2023-24: KShs. 85,189) by the average number of ordinary shares in issue during the year of 3,750,000 (2023-24: 3,750,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

18. Dividend Per Share

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

**Annual Reports and Financial Statements
For the year ended June 30, 2025**

19. Property, Plant and Equipment

	Freehold Land Kshs.	Buildings Kshs.	Plant & Machinery Kshs.	Furniture & Equipment Kshs.	Motor Vehicles/Cycles Kshs.	Computers & Typewriters Kshs.	Computers Software & Enhancement	Work in Progress	Total Kshs.
COST									
At 1st July 2023	24,702,109	129,060,092	1,772,283,152	42,117,637	48,258,967	81,022,687	39,880,000	58,632,387	2,195,957,030
Additions for the Year	-	-	6,069,535	635,700	975,000	1,107,500	-	25,773,053	34,560,788
WIP provisions Reversals								(7,382,477)	(7,382,477)
Transfer during the year	-	14,161,627	4,037,309	-	-	720,000		(18,918,936)	-
At 30th June 2024	24,702,109	143,221,719	1,782,389,996	42,753,337	49,233,967	82,850,187	39,880,000	58,104,027	2,223,135,341
DEPRECIATION									
At 1st July 2023	-	38,305,934	796,368,905	28,956,467	36,226,171	70,221,297	16,570,180	-	986,648,954
Charge for the year	-	2,348,411	56,706,109	1,724,609	3,251,949	3,657,830	6,992,946	-	74,681,854
At 30th June 2024	-	40,654,345	853,075,014	30,681,076	39,478,120	73,879,127	23,563,126	-	1,061,330,807
NET BOOK VALUE	24,702,109	102,567,374	929,314,982	12,072,261	9,755,847	8,971,060	16,316,874	58,104,027	1,161,804,534
COST									
As at 1st July 2024	24,702,109	143,221,719	1,782,389,997	42,753,338	49,233,967	82,850,187	39,880,000	58,104,027	2,223,135,343
Additions for the Year	-	234,825	12,998,753	1,150,917	-	2,687,427	-	13,482,721	30,554,643
WIP provisions Reversals									-
Prior year adjustments									-
Transfer during the year	-	1,161,920	691,760	4,430,795	425,600	161,412	1,999,340	(8,870,827)	-
Disposal	-	-	-	-	-	-	-	-	-
At 30th June 2025	24,702,109	144,618,464	1,796,080,510	48,335,049	49,659,567	85,699,026	41,879,340	62,715,921	2,253,689,986
DEPRECIATION									
At 1st July 2024	-	40,654,348	853,075,012	30,681,075	39,478,120	73,879,127	23,563,126	-	1,061,330,808
Charge for the year	-	2,323,125	53,023,872	2,206,747	2,545,362	3,441,300	5,494,864	-	69,035,269
Disposal	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	42,977,473	906,098,884	32,887,822	42,023,482	77,320,427	29,057,990	-	1,130,366,077
NET BOOK VALUE	24,702,109	101,640,991	889,981,626	15,447,227	7,636,085	8,378,600	12,821,350	62,715,921	1,123,323,909

[Include a brief description of what the Capital Work in Progress relate

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Valuation

During the year under consideration, no valuation was done. Land and Buildings are carried at historical cost.

19 (b) Property, Plant and Equipment at Cost

The freehold land, buildings and other assets are stated on the historical cost basis the amounts is as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	24,702,109	-	24,702,109
Buildings	144,618,464	42,977,473	101,640,991
Plant and machinery	1,796,080,510	906,098,884	889,981,626
Motor vehicles, including motorcycles	49,659,567	42,023,482	7,636,085
Office equipment, furniture, and fittings	48,335,049	32,887,822	15,447,227
Computers and related equipment	85,699,026	77,320,427	8,378,600
Computers Software & Enhancement	41,879,340	29,057,990	12,821,350
Work In Progress	62,715,921	-	62,715,921
Total	2,253,689,986	1,130,366,077	1,123,323,909

20. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
COST		
At July 1	39,880,000	39,880,800
Additions	1,999,340	
Disposals		
Prior Year Adjustment (Correction of cost)		(800)
At June 30	41,879,340	39,880,000
AMORTISATION		
At July 1	23,563,126	16,570,180
Charge for the year	5,494,864	6,992,946
Disposals		
At June 30	29,057,990	23,563,126
NET BOOK VALUE		
At June 30	12,821,350	16,316,874

Intangible assets include various computer software used by the Company

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

21. Fixed Interest Investments (Treasury Bills)

	2024-2025	2023-2024
	Kshs	Kshs
Central Bank of Kenya (Treasury Bills Maturing on Oct 2025)	60,000,000	100,000,000
Central Bank of Kenya (Treasury Bills Maturing on Feb 2026)	40,000,000	
Total	100,000,000	100,000,000

22. Inventories

	2024-2025	2023-2024
	Kshs	Kshs
Pipes and fittings	13,005,172	17,678,797
Chemicals	1,444,531	1,999,673
Stationery	218,628	439,401
Clothing and Uniforms	719,220	-
Cleaning Materials	20,580	16,450
Hardware and Tools	1,176,245	1,083,674
Water Meters	1,602,501	3,466,807
Less: Impairment of Stocks		-
Total	18,186,876	24,684,801

The Company uses the moving average method to value its inventories. The Company did not impair its inventory.

23. Trade and Other Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Trade receivables (note (23a))	294,594,777	274,829,259
Deposits and prepayments	1,996,581	2,013,581
Staff receivables (note 23 (c))	75,832	0
Other receivables	2,772,170	2,543,143
Grant receivable	28,000,000	0
Gross trade and other receivables	327,439,359	279,385,983
Provision for bad and doubtful receivable (Note 30b)	(61,558,498)	(59,370,284)
Net trade and other receivables	265,880,861	220,015,698

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Analysed as:		
Short- Term Trade and Other Receivables	325,442,778	277,372,402
Long- Term Trade and Other Receivables	1,996,581	2,013,581

23. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	294,594,777	274,829,259
Provision for doubtful receivables (Note 30b)	(61,558,498)	(59,370,284)
Net trade receivables	233,036,279	215,458,975
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	21,282,240	21,965,586
Between 30 and 60 days	17,784,778	19,536,772
Between 61 and 90 days	14,424,826	15,045,894
Between 91 and 120 days	16,204,314	10,859,740
Between 121 and 150 days	14,980,307	8,535,045
Between 151 and 180 days	12,671,561	8,902,083
Over 180 days	197,246,752	189,984,140
Total	294,594,777	274,829,259

23. (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	59,370,284	58,449,008
Additional provisions during the year	2,188,214	921,276
Recovered during the year		-
Written off during the year		-
At the end of the year	61,558,498	59,370,284

23. (c) Staff Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross staff loans and advances	122,820	2,192,141
Provision for impairment loss	-	-

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Net staff loans	122,820	2,192,141
Less: Amounts due within one year	(46,988)	(2,192,141)
Amounts due after one year	75,832	-

The Company did not impair any allowances for the staff receivables.

23 (d) Other Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Other receivables	2,772,170	2,543,143
Grant receivable	28,000,000	
Total Other Receivables	30,772,170	2,543,143
As of June 30, the aging analysis of the other receivables was as follows:		
Less than 30 days	29,349,760	693,767
Between 30 and 60 days	8,000	64,172
Between 61 and 90 days		
Between 91 and 120 days		
Between 121 and 150 days		
Between 151 and 180 days		
Over 180 days	1,414,410	1,785,204
Total	30,772,170	2,543,143

24. VAT Recoverable

Description	2024-2025	2023-2024
	Kshs	Kshs
VAT Recoverable	45,506,293	45,506,293
	45,506,293	45,506,293

The amount relates to VAT claims when water was zero rated and the Company was allowed to claim input tax from Kenya Revenue Authority for the year 2015 to 2018.

25. Short Term Deposits

	2024-2025	2023-2024
	Kshs	Kshs
Commercial banks		
Consolidated Bank Loan Deposit Account	7,000,000	22,000,000
National Bank-Performance Guarantee	6,496,505	6,107,173
	13,496,505	28,107,173

The average effective interest rate on the short term deposits as at June 30, 2025 was 8% (2023-2024: 9%)

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

26. Bank and Cash Balances

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	80,385,135	34,741,850
Mobile money account	4,344,775	919,028
	84,729,910	35,660,878

Detailed analysis of the cash and bank balances

		2024-2025	2023-2024
Financial institution	Account number	Kshs	Kshs
Current account			
Commercial banks			
ABSA Operations A/c	030301198124	3,948,578	1,456,120
Co-op Bank Collection account	01148667897100	2,704,521	12,686,776
Eco Bank Collection Account	6652000567	9,823	9,822
Equity Collection Account	0110261003593	2,415,857	1,001,617
Family Bank Collection account	055000043395	408,805	688,164
KCB Salaries Account	1183066996	156,798	298,097
National Bank (Customer bills payment	7700039291	135,063	188,087
National Bank CLSG II- Escrow A/c	7717803208	4,662,662	0
National Bank CLSG II Project A/c	7717799340	28,000,550	0
National Bank collection A/c	7700039275	23,980,897	15,545,196
National Bank Deposit account	7700039283	3,418,593	793,930
National Bank UBSUP II (Witemere)	7700039305	140,163	2,074,041
Standard Chartered-Operations A/c	0102489064900	2,500,836	0
Standard Chartered-Salaries A/c	0102489064901	7,901,989	0
Sub- total		80,385,135	34,741,850
Mobile Money account			
M-Pesa Account Payment	333915	457,103	2,194
M-Pesa Collection Account	968800	3,441,691	479,022
M-Pesa ATM	4084733	0	6,554
M-Pesa Deposit Refund Payments	3039827	445,981	431,258
Sub- total		4,344,775	919,028
Grand total		84,729,910	35,660,878

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

27. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	Kshs
Authorized:		
3,750,000 ordinary shares of Kshs.20 par value each	75,000,000	75,000,000
Issued and fully paid:		
3,750,000 ordinary shares of Kshs.20 par value each	75,000,000	75,000,000

Nyeri Water and Sanitation Company Limited share capital comprises of 3,750,000 paid up ordinary shares at Kshs.20 each.

28. Retained Earnings

The retained earnings are not available for distribution to the Nyeri Water and Sanitation Company Limited shareholders and are utilised to finance Nyeri Water and Sanitation Company Limited business activities. This financial year ended June 2025 the retained earnings amounted to **Kshs. 698,069,844** and Kshs. 686,895,56 (2023/24) as indicated in the Statement of Changes in Equity (SOCE).

29. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
a) Domestic Borrowings		
Balance at beginning of the year	406,697,743	456,589,640
Repayments during the year- KfW Loan	50,837,220	49,891,897
Balance at end of the year	355,860,523	406,697,743

The analysis of domestic borrowings are as follows:

Description	2024-2025	2023-2024
	Kshs	Kshs
KFW Loan Repayment 1 st Sep	30,250,245	30,880,459
KFW Loan Repayment 28 th Feb	29,935,139	30,565,352
Less Interest Charged for the Year	(9,348,164)	(11,553,914)
Repayments during the year- KfW Loan principal	50,837,220	49,891,897

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Obligation-KfW Loan	50,417,076	50,417,076
Long-term Obligation	305,443,447	356,280,667
Total	355,860,523	406,697,743

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

The treasury amount relates to a loan acquired from KFW, of the Federal Republic of Germany through the assistance of the Government of Kenya in the year 2004 at an annual rate of 2.5% for the rehabilitation and extension of water and sewerage services. This is loan is paid to the National Treasury.

30. Provisions

a. Provision for Leave Pay

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance at the beginning of the year	6,618,092	5,941,325
Additional Provisions	116,065	676,767
Balance at the end of the year	6,734,157	6,618,092

b. Provision for Bad Debts

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance at the beginning of the year	59,370,284	58,449,008
Additional Provisions	2,188,214	921,276
Balance at the end of the year	61,558,498	59,370,284

Provisions details

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Portion of Provisions	68,292,655	6,618,092
Long-term portion of Provisions		59,370,284
Total	68,292,655	65,988,376

c. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	24,111,986	22,932,621
Accrued expenses	53,870,383	41,416,901
Employee payables	15,056,295	15,472,612
Other payables	135,126,939	122,278,081
Total	228,165,602	202,100,215

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Aging Analysis for Trade and other Payables

	2024-2025	% of the total	2023-2024	% of the total
Under one year	141,673,103	62%	122,097,023	60%
1-2 years	31,233,877	14%	22,744,570	11%
2-3 years	-	-	2,000,000	1%
Over 3 years	55,258,622	24%	55,258,622	27%
Total	228,165,602		202,100,215	

d. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Customer deposits	110,200,476	111,636,602
Interest Prepayment from CBK T-bills	3,708,036	1,084,970
Retention/Contract deposits	668,335	-
Total	114,576,847	112,721,572

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025	% of the total	2023-2024	% of the total
Under one year	14,790,372	13%	17,717,336	16%
1-2 years	14,819,200	13%	12,711,372	11%
2-3 years	10,266,800	9%	9,452,787	8%
Over 3 years	74,700,475	65%	72,840,077	65%
Total	114,576,847		112,721,572	

e. Capital Grants/Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
National/County government	20,278,297	21,320,736
International funders	147,613,597	104,388,945
Total capital grants/deferred income	167,891,894	125,709,681

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

The deferred income movement is as follows:

	County government	International funders	Total
Balance brought forward	21,320,736	104,388,945	125,709,681
Additions		56,000,000	56,000,000
Transfers to income statement	(1,042,439)	(12,775,348)	(13,817,787)
Balance carried forward	20,278,297	147,613,597	167,891,894

f. Taxation

	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	36,510	12,595,623
Income tax charge for the year	4,788,977	36,510
Under/(over) provision in prior year/s	-	(4,344,969)
Income tax paid during the year	-	(8,250,654)
At end of the year	4,825,487	36,510

g. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	15,963,257	121,699
Over provision of tax in prior years written back	-	(8,250,654)
Depreciation	69,035,269	74,681,853
Amortization of Grant	(13,817,787)	(22,036,244)
Provision for Leave Pay	116,065	676,767
Operating profit before changes in Working Capital	71,296,804	45,193,421
(Increase)/decrease in inventories	6,497,925	6,299,226
(Increase)/decrease in trade and other receivables	(53,765,163)	51,787,670
Increase/(decrease) in trade and other payables	82,065,387	(10,684,124)
Increase/(decrease) in Consumer deposits	9,755,275	2,480,911
Cash generated from/(used in) operations	115,850,228	95,077,104
(b) Analysis of changes in loans		
Balance at beginning of the year	406,697,743	456,589,640
Repayments during the year	(50,837,219)	(49,891,897)

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

	2024-2025	2023-2024
	Kshs	Kshs
Balance at end of the year	355,860,524	406,697,743
(c) Analysis of cash and cash equivalents		
Fixed interest Investments (T-Bills) (Note 21)	100,000,000	100,000,000
Short term deposits (Note 25)	13,496,505	28,107,173
Bank and Cash balances (Note 26)	84,729,910	35,660,878
Balance at end of the year	198,226,415	163,768,051

Other Disclosures

h. Related Party Disclosures

County Government of Nyeri

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

Other related parties include:

- Tana Water Works Agency
- Water Services Regulatory Board
- Water Resources Authority
- Key Management Compensation
- Water Sector Trust Fund
- Board of directors

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Water & Sanitation sales to Government Agencies	94,419,641	86,823,785
Interest income from Government Commercial Banks	164,708	1,019,767
Interest income from T-bills	8,475,370	6,573,630
Total	103,059,719	94,417,182
b) Purchases from related parties		
Abstraction Levy from Government service providers - WRA	5,170,800	3,729,272
Consultancy Fees paid to Government agencies	-	2,549,600

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

	2024-2025	2023-2024
	Kshs	Kshs
Training and conference fees paid to Government agencies		580,010
Bank charges paid to Government Commercial banks	-	1,980,174
Total	5,170,800	8,839,056
b) Grants from the Government		
Grants from National Government Agencies	56,000,000	7,191,500
Total	56,000,000	7,191,500
c) Key Management Compensation		
Directors' Emoluments	13,657,866	11,865,803
Compensation to Key Management	30,344,957	25,512,940
Total	44,002,823	37,378,743

i. Contingent Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Contingent liabilities		
Court case against the entity	3,998,000	3,328,957
VAT Tax Dispute	35,384,476	35,384,476
Total	39,382,476	38,713,433

Claim for compensation for water damage to property Title Number Ruguru/ Gachika/1178 occasioned by a pipe burst on 9th September 2018. Kingongo Polepole area. The monetary claim is for compensation of **Kshs. 3,278,000/=** as supported by private valuation report dated 5th October 2018.

On 23rd June, 2024, a water pipeline burst occurred in Kagongo Village, Kihatha Sub location, Kamakwa Ward area, following vandalism of our raw water main air valve. This incident resulted in spillage that affected the properties of **Charles Maina Waithaka, Dennis Mutahi Gathogo, and Margaret Wacera Muteru**, causing destruction of crops, vegetation, and erosion of soil. The affected residents lodged claims seeking compensation for the damage caused. Dennis Mutahi Gathogo did a private valuation that showed the damage to be **Kshs. 720,000**.

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

The VAT Tax Dispute relates to an assessment of VAT on sewerage charges which is currently at Alternative Dispute Resolution at the Kenya Revenue Authority. In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize. Court cases against the entity are as detailed below;

- i. Nyeri ELC appeal no. 21 of 2020 formerly Nyeri Chief Magistrates court civil case no 61 of 2019 Robert Wanjohi Mathenge vs NYEWASCO - Kshs. 3,278,000.
- ii. Nyeri CMCC no 30 of 2023 Charles Ngatia Wangechi vs NYEWASCO - Kshs. 50,957
- iii. Tax appeal no. 197 of 2015 NYEWASCO vs Commissioner of Domestic Taxes- **Kshs 35,384,476.**

j. 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:

(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:

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	294,594,777	53,491,843	179,544,435	61,558,498
Other Receivables	30,848,002	30,848,002		
VAT Recoverable	45,506,293		45,506,293	
Deposits and prepayments	1,996,581	1,996,581		
Investments	100,000,000	100,000,000		
Total	472,945,653	186,336,426	225,050,728	61,558,498
At 30 June 2024				
Trade Receivables	274,829,259	56,548,252	158,910,723	59,370,284
Other Receivables	2,543,143	2,543,143		
VAT Recoverable	45,506,293		45,506,293	
Deposits and prepayments	2,013,581	2,013,581		
Investments	100,000,000	100,000,000		
Bank balances	63,768,051			
Total	488,660,327	161,104,976	204,417,016	59,370,284

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 government.

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.

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

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
At 30 June 2025				
Trade payables	24,111,986			24,111,986
Accrued Expenses	53,870,383		56,000,000	109,870,383
Current portion of borrowings		50,417,076		50,417,076
Provisions		6,734,157		6,734,157
Employee benefit obligation	15,056,295			15,056,295
Total	93,038,663	57,151,233	56,000,000	206,189,896
At 30 June previous 2024				
Trade payables	14,026,349	8,412,403	493,869	22,932,621
Accrued Expenses	22,322,470	2,255,617	16,838,814	41,416,901
Current portion of borrowings		50,417,076		50,417,076
Provisions		6,618,092		6,618,092
Total	36,348,819	67,703,188	17,332,683	121,384,690

(iii) Market risk

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.

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

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

Nyeri Water and Sanitation Company Limited does not have transactional currency risk exposures. All purchases of goods and services have been done in local currency.

b) 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 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. It also negotiated for a fixed rate of interest on the KFW loan. This way, interest rate fluctuations are minimal.

ii) Sensitivity analysis

Nyeri Water and Sanitation Company Limited 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±7,081 (2023/24: KShs ±36,272). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs ±36,272 (2023/24 - KShs ±181,360).

iv) 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:

	2024-2025	2023-2024
	Kshs	Kshs
Retained earnings	698,069,844	686,895,564

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Capital reserve	75,000,000	75,000,000
Total funds	773,069,844	761,895,564
Total borrowings	355,860,523	406,697,743
Less: cash and bank balances	198,226,417	163,768,051
Net debt/ (excess cash and cash equivalents)	615,435,738	518,965,872
Gearing	80%	68%

k. Incorporation

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

l. Events After the Reporting Period

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

19. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

No. on the External Audit Report	Issue/ Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
1.0	Long Outstanding Receivables	<p>A significant portion of the long-outstanding receivables, amounting to approximately Kshs. 48.8M is attributable to government accounts. Efforts to recover these amounts have been ongoing, yielding varied results. Specific actions taken include:</p> <ul style="list-style-type: none"> • Engagement with the Principal Secretary for Prisons, resulting in letters of commitment to settle outstanding balances. • Part payments done for Kiganjo Police accounts and ongoing • Clearance of County government accounts already done. <p>Active Accounts with Outstanding Balances over 180 Days (Kshs. 22,165,178): Accounts in this category represent customers who, despite having overdue balances, remain active due to various circumstances:</p>	Resolved	

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> • Some accounts have entered into payment plans to clear outstanding debts progressively. • Others, particularly accounts with balances below Kshs. 1,000, face challenges with disconnections as the associated fees are considered punitive. To address this and improve customer satisfaction, the Company has established a call center to engage directly with clients and encourage timely payments. <p>Doubtful Receivables from Terminated Accounts (Kshs. 59,370,284): This category primarily consists of accounts that have been inactive for a significant period. Management has considered the difficulty of collecting these debts and consequently commenced the process of write-offs which has since been presented to the board for consideration.</p> <p>Collection Enforcement Measures: In addition to the actions highlighted above, the Company has implemented the following initiatives to enhance collections and mitigate the risk of non-recovery:</p> <ul style="list-style-type: none"> • Disconnection of services where feasible, with due consideration to customer satisfaction. 	<p>Resolved</p> <p>Resolved- approved by BOD for write off. Write off process has begun.</p> <p>Resolved</p>	<p>30th June 2026</p>

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)																					
		<p>envisaged and the Company signed the SLA in February 2024 and the amount has been utilized and paid in FY 24/25 hence will clear.</p> <p>The delay in settling the amounts is primarily due to cash flow constraints experienced in prior periods. The Company has been actively implementing measures to improve its financial position and ensure timely settlement of obligations. These measures include enhanced revenue collection efforts, cost optimization strategies, and exploring alternative financing options to address the cash flow gaps. This is notable in the reductions of payables as shown in the table below.</p> <table border="1" data-bbox="689 1034 1503 1353"> <thead> <tr> <th></th> <th>2023-2024</th> <th>2022-2023</th> </tr> <tr> <th></th> <th>Kshs</th> <th>Kshs</th> </tr> </thead> <tbody> <tr> <td>Trade payables</td> <td>22,932,621</td> <td>36,399,611</td> </tr> <tr> <td>Accrued expenses</td> <td>41,416,901</td> <td>34,176,916</td> </tr> <tr> <td>Employee payables</td> <td>15,472,612</td> <td>11,980,327</td> </tr> <tr> <td>Other payables</td> <td>122,278,081</td> <td>130,227,485</td> </tr> <tr> <td>Total</td> <td>202,100,215</td> <td>212,784,339</td> </tr> </tbody> </table>		2023-2024	2022-2023		Kshs	Kshs	Trade payables	22,932,621	36,399,611	Accrued expenses	41,416,901	34,176,916	Employee payables	15,472,612	11,980,327	Other payables	122,278,081	130,227,485	Total	202,100,215	212,784,339	Not Resolved	30 th June 2026
	2023-2024	2022-2023																							
	Kshs	Kshs																							
Trade payables	22,932,621	36,399,611																							
Accrued expenses	41,416,901	34,176,916																							
Employee payables	15,472,612	11,980,327																							
Other payables	122,278,081	130,227,485																							
Total	202,100,215	212,784,339																							

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		It is also worth noting that a repayment plan has been developed and is being implemented progressively to settle the outstanding balances. Management is confident that with the continued implementation of these measures, the payables will be cleared without exposing the Company to unnecessary litigation risks.		
REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES				
1.0	Non-Compliance with the Water Services Regulatory Board (WASREB) Regulations on Personnel Costs	<p>The Management recognize the importance of adhering to regulatory guidelines and the potential impact of excess personnel costs on the Company's profitability and sustainability of services. We take this matter seriously, and we are committed to implementing corrective measures to bring the personnel costs within the acceptable threshold. The personnel costs are in comparison with the operating and maintenance (O&M) expenditure. The Company is still grappling with the effects of Covid-19 that has seen a reduction in revenues and consequently the operating and maintenance (O&M) expenditure. However, the Company intends to take measures such as:</p> <ol style="list-style-type: none"> 1. Enhancing revenues by reviewing and increasing our revenue streams. These revenues will be utilized on 	Not resolved	30.06.2026

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		<p>operations and maintenance expenditure thus lowering the % of staff costs/operations and maintenance expenditure. The Company also reviewed its rate card to allow for increase in other income. The Company is currently reviewing its tariff to increase our revenues.</p> <p>2. Thorough review of our personnel costs, analyzing the components that contribute to the current percentage and identifying areas where cost containment measures can be implemented such as overtime. The Company has implemented system based overtime, moving away from the manual tabulation of overtime.</p> <p>3. Implement targeted cost containment measures to ensure that personnel costs align with the WASREB guidelines. This involves optimizing staffing levels. The Company conducted a workload analysis and upon retire of staff, the Company is employing at lower grades, and exploring other cost-effective contract pay.</p>		
2.0	Failure to Comply with the	The Company has offered equal opportunity to all Kenyans through a competitive process of advertising for vacancies	Not Resolved	Continuous

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
	National Cohesion and Integration Act	<p>nationally as evidenced in the job vacancies adverts. However, the Company has noted very minimal participation by candidates from other regions. The Management is committed to encouraging ethnic diversity in all recruitment processes.</p> <p>Current Status</p> <p>In the last two years the Company has offered opportunities through internship programs as follows:</p> <p>F/Y 2024/2025 2 out of 20 opportunities</p> <p>F/Y 2025/2026 3 out of 23 opportunities as at 31st July 2025</p>		
3.0	Irregular Award of Contracts Reserved for the Disadvantaged Groups to Ineligible Suppliers Under Access to Government Procurement	<p>There are some Tenders that the Company finds a challenge to reserve to the Disadvantaged Groups due to the sensitivity, high value of such tenders and they form a huge part of our Company Operations. They are actually the most expensive and consume a huge portion of our budget. Key among them are:</p> <ul style="list-style-type: none"> i. Supply and Delivery of Water Meters & Water Meter Spare Parts-Open ii. Supply and Delivery of Water Treatment Chemicals-Open 	Not Resolved	Continuous

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
	Opportunities (AGPO)	<p>iii. Supply and Delivery of HDPE Pipes and Fittings-Open</p> <p>iv. Supply and Delivery of UPVC Pipes and Fittings-Open</p> <p>v. Supply and Delivery of GI Pipes and Fittings -Open</p> <p>vi. Provision of Medical Insurance Cover -Open</p> <p>vii. Provision of General Insurance-Open</p> <p>viii. Provision of Life Insurance Cover-Open</p> <p>We have in the past faced challenges with Disadvantaged Groups who sometimes face financial challenges in their deliveries leading to production stoppages/delays of the Company operations.</p> <p>We continue to make all efforts and in consultation with PPRA to increase our Reservations to the Disadvantaged Groups and therefore improve on the 30% requirement of Reservations to the Disadvantaged AGPO Groups.</p> <p>Current Status:</p> <p>The AGPO reservation for FY 2024/2025 was 14% which was an improvement compared to the previous year. This was attributed to increase in our reservations under</p>		

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		<p>Registration of Suppliers categories and our Framework Contracts 2024 like Office Stationery, Cleaning Services, Cleaning & Sanitary materials, Uniforms & PPE's, and Electrical Materials.</p> <p>The challenge still remains on the sensitive tenders that form core business of the Company that is a challenge to reserve to AGPO</p>		
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1.0	Failure to Recruit and Fill Critical Positions in the Staff Establishment	<p>Management acknowledges the importance of these positions to the Company's success and operational stability. As part of our commitment to effective human resource management, the Company is implementing a succession management strategy to groom internal talent for these roles. This approach not only ensures a seamless transition into these critical positions but also supports staff retention by fostering career development and growth opportunities for employees.</p> <p>By utilizing the expertise and institutional knowledge of current staff, we aim to build a stronger leadership pipeline while maintaining operational continuity. The grooming process is underway, and management is committed to</p>	Resolved	31 st July 2025

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		<p>ensuring these positions are filled in a timely and effective manner.</p> <p>For Supply Chain, we promoted the officer to Supply Chain Officer I allowing the officer to sit in management meetings and prepare professional opinions.</p> <p>For Commercial Service- The Senior Officer Billing & Debt Collection has taken over the role in acting capacity and sits in top management meetings.</p> <p>The Company is working on a staff gaps proposal to address this issue.</p> <p>Current Status:</p> <p>The Board, during the Full Board Meeting of 26th May 2025 approved the following Management’s requests:</p> <ul style="list-style-type: none"> i. The Company reviews its Organisational structure to elevate HR and Admin to level three (Department level) in the organogram, making it equivalent to Legal Services, Audit Risk & Compliance and Supply Chain. ii. Develop capacity from within to fill the critical managerial gaps through the implementation of internal suitability assessments. This initiative aligns with NYEWASCO’s strategic objectives of talent 		

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

No. on the External Audit Report	Issue/Observation from the Auditor	Management Comments	(Resolved/Not Resolved)	(Put a date when you expect the issue to be resolved)
		<p>development, succession planning, and operational efficiency. The positions are:</p> <ul style="list-style-type: none"> • Chief Manager, Commercial Services - NW02 • HR & Administration Manager- NW03 • Supply Chain Manager- NW03 <p>The proposed internal assessments aim to identify and promote qualified candidates from within the organization, ensuring merit-based advancement while enabling staff motivation and institutional continuity with priority being on those currently serving in those roles.</p> <p>The critical vacancies will be duly filled effective 1st October 2025</p>		

Name: Eng. Peter G. Kahuthu

Signature:
 Managing Director

Date: 15th August 2025

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

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)
Operationalisation of Nyeri Hill	001	WSTF	9 months	56,000,000	Yes	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Operationalisation of Nyeri Hill	56,000,000	-	0%	56,000,000	-	WSTF

Appendix III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Growing	Planting and taking care of trees until they grow	Conservation of the catchment areas	Seed Sowing in the nursery beds. Planting trees Watering trees	284,896	153,808	31,656	11,064	Internal	County Government of Nyeri, Kiganjo Police College, Equity Bank, Consolidated Bank, Nyeri Prisons, ICPAK
Nyeri hill operationalization	Environmental Social Impact Assessment	Water Extension	Evaluation Report			234,783		Internal	WSTF

Nyeri Water and Sanitation Company Limited
Annual Reports and Financial Statements
For the year ended June 30, 2025

Appendix IV: Recording of Transfers from Other Government Entities

Name of the County/MD A/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	
WSTF	18 th Feb 2025	Development	28,000,000	-	28,000,000	-	-	-	28,000,000
Total			28,000,000	-	28,000,000	-	-	-	28,000,000

