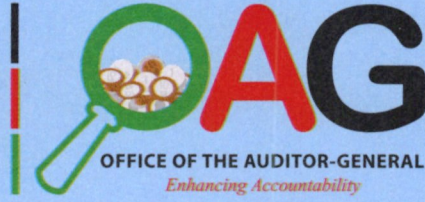


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

NYAHURURU WATER AND SANITATION
COMPANY LIMITED

FOR THE YEAR ENDED

30 JUNE, 2025

DATE	19/11/2025
TABLED BY	Sen. Mutinda on behalf of Majority Leader
COMMITTEE	-
CLERK AT THE TABLE	Belinda



NYAHURURU WATER AND SANITATION COMPANY LTD

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

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

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

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1. Acronyms and Glossary of Terms

A. Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
MD	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards
WASREB	Water Services Regulatory Board
WSTF	Water Sector Trust Fund
NYAHUWASCO	Nyahururu Water and Sanitation Company Ltd
NSSF	National Social Security Fund
CPF	Central Provident Fund
WRA	Water Resources Authority
HELB	Higher education Loan Board
CSR	Corporate Social Responsibility.
NRW	Non-Revenue Water
JICA	Japan International Cooperation Agency
NITA	National Industrial Training Authority
SPA	Service Provision Agreement
LAPFUND	Local Authorities Provident Fund
WARMA	Water Resources Management Authority
O & M	Operation & Maintenance

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Nyahururu Water & Sanitation Company Ltd
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2. Key Entity Information

Background information

The Nyahururu Water and Sanitation company Ltd was established by the Water Act of Parliament in 2002. At 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 Company is domiciled in Kenya and has branches in Nyahururu, Igwamiti, Marmanet and Rumuruti.

Principal Activities

The principal activity of the Company is to provide clean and healthy drinking water and sanitation services to the residents of Nyahururu Town and its Environs, Igwamiti, Marmanet and Rumuruti in compliance with the Service Provision Agreement (SPA).

Company Vision

To be a world Class Utility Committed to Changing Livelihoods

Mission

To Provide Clean and Safe Water, dignified Sanitation and other related services in a socially, commercially, innovative and environmentally sustainable manner to the delight of our customers and other Stakeholders.

Core Objectives

- 1 Increase Access to Clean & Safe Drinking Water & Sanitation Services
- 2 Enhance Financial/ Commercial Growth
- 3 Environmental Sustainability
- 4 Enhanced Customer Focus
- 5 Improve Organizational Processes
- 6 Enhance Learning & People Growth

Directors

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

1.	Rev. Fr. David Munyeki	Chairperson	Appointed in January 2023
2.	Damaris Wanjiku Waiharo	Vice Chairperson	Appointed in January 2023
3.	Maureen Muriithi	Director	Appointed in January 2023
4.	Kipkoech Birgen	Director	Appointed in January 2023

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5.	Caesar Mwangi	Director	Appointed in January 2023
6.	Leah Njeri	Director	Appointed in January 2023
7.	Samuel Wachira Gichigi	Director	Appointed in May 2024
8.	Bernard Mwaura Mbuthia	Managing Director Board Secretary	Appointed in April 2023
9.	Richard Gikuhi Kiana	Company Secretary	Appointed on 4 th June 2021

Company Secretary

Mr. Richard Gikuhi Kiana -**Member ICS**

P.O. Box 1271-10100; **Nyeri.**

Registered Offices

Nyahururu Office (Main); Hekima Building- Kenyatta Avenue
Marmanet Office (Subsidiary); Ol-jabet Chief's Camp Compound
Rumuruti Office (Subsidiary); Behind County Headquarters Building.
Igwaremi Office (Subsidiary); Karuga Trading Centre.

Corporate Headquarters

P.O. Box 952-20300
Nyahuwasco Building
Next to Agricultural Finance Corporation (AFC)
Nyahururu, Kenya

Corporate Contacts

Telephone: (254) 065-2032774
E-mail: info@nyahuwasco.co.ke
Website: www.nyahuwasco.co.ke

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Corporate Bankers

Co-operative Bank

Nyahururu

P.O Box 48231-00100

Nairobi

Equity Bank Kenya

Nyahururu

P.O Box 1048-20300

Nyahururu

Family Bank of Kenya

Nyahururu

P.O Box 74145-00200

Nairobi

Post Bank of Kenya

Nyahururu

P.O Box 30311-00100

Nairobi

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

3. The Board of Directors

Directors	Details
 <p data-bbox="206 940 650 1006">Rev. Fr. David Munyeki , Chairman (51 Years)</p>	<p data-bbox="744 387 1397 497">Fr. David kamiru Munyeki is a non-executive director representing resident organizations. He is the chairperson of board of directors.</p> <p data-bbox="744 530 1397 718">Fr. Munyeki holds a Bachelor’s degree in Canon Law from University of Pontificia Pius X Venice, Bachelor’s degree in Sacred Theology and a Bachelors of Arts in Philosophy from Urbaniana University</p> <p data-bbox="744 752 1397 940">He has previously served as a Board Member at County Assembly Services Board in Nyandarua County and Chaired various board committees. He also served in various Parishes, Saccos and The Nyahururu Sports club.</p>
 <p data-bbox="206 1654 664 1692">Mrs. Damaris Wanjiku (44 Years)</p>	<p data-bbox="744 1017 1397 1094">Ms. Damaris is a non-executive director representing Women and Youth Organizations.</p> <p data-bbox="744 1128 1397 1271">She holds a Bachelor of Commerce (Finance) Degree from Egerton University and a Master of Business Administration Degree (Finance) from Laikipia University.</p> <p data-bbox="744 1305 1397 1382">Currently she is undertaking a Phd in Finance at Laikipia University.</p> <p data-bbox="744 1415 1397 1603">She is a Certified Public Accountant (CPA, K) and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK). She has wide experience in auditing, financial management and corporate governance.</p> <p data-bbox="744 1636 1397 1670">She serves in Finance & Audit Committees.</p>

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Ms. Maureen Muriithi (34 Years)

Maureen is a non-executive director representing manufacturing and business community.

Maureen is An Advocate of the High Court of Kenya, Commissioner of Oaths with over five years' experience in the legal field. She is a partner in a firm based in Nyahururu town and an active member of the Law Society of Kenya Nyahururu Chapter. She previously worked as a Manager in a successful business company based in Nyahururu town and continues to be an active member of the Nyahururu business community.

She holds a Post Graduate Diploma from the Kenya School of Law, and a Bachelor's degree in Law (LLB) from Moi University.

She also serves as a member of the Board in Igwamiti Secondary School within Laikipia County.

She serves in Finance and Audit Committees






Kipkoech Birgen (46 Years)

Kipkoech J Birgen is a non-executive director representing professional organizations. He is a Trained educator with a certificate in primary teacher education, diploma in early childhood development education and a bachelor degree in education.

Birgen is also a trade unionist representing teachers in Kenya National Teachers Union (KNUT)Laikipia branch

He serves in Technical & Audit Committees

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	<p>Director Caesar is a non-executive director representing rural schemes. He holds a Bachelor’s degree in Education (BED) from the University of Nairobi. He is currently undertaking a Masters in Marketing at the Dedan Kimathi University of Technology.</p> <p>Caesar has over 20 years in the education sector. He is the head teacher of Murichu Primary School.</p> <p>He is also a member of other Boards. He serves as the vice chair of Unison Sacco and a member of KTDA board.</p> <p>He serves in Technical & Audit Committee.</p>
<p>Caesar Maina Wanjau (50 Years)</p>	<p>Madam Leah Njeri is the County Executive Committee Member for Water, Environment and Natural Resources.</p> <p>She represents the County Government of Laikipia.</p> <p>She Serves in Finance & Technical Committees</p>
	<p><i>CECM Finance and County planning and Development</i></p> <p>He represents the County Government of Laikipia.</p> <p>He serves in Finance & Technical Committees</p>
<p>Hon. Leah Njeri (57 Years)</p>	
<p>Hon. Samuel Wachira Gichigi (48 Years)</p>	

**Nyahururu Water & Sanitation Company Ltd
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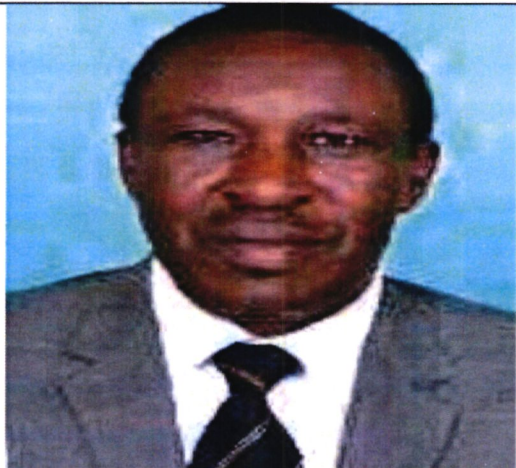


Bernard Mwaura (57 Years)

Mr Benard Mwaura Mbutia is the Managing Director. He holds a masters in International Studies and a Bachelor of Science in Information Science.

He is an astute Managing Director experienced in driving the attainment of corporate objectives through leadership in strategy formulation and ensuring efficient, cost effective and sustainable delivery of water and Sanitation services to the public.

He has served as the Managing Director of Multi-focus Ltd, Managing Director of Nyahururu Water and Sanitation Company Ltd and as General Manager of Ngummo (K) Ltd among other roles.



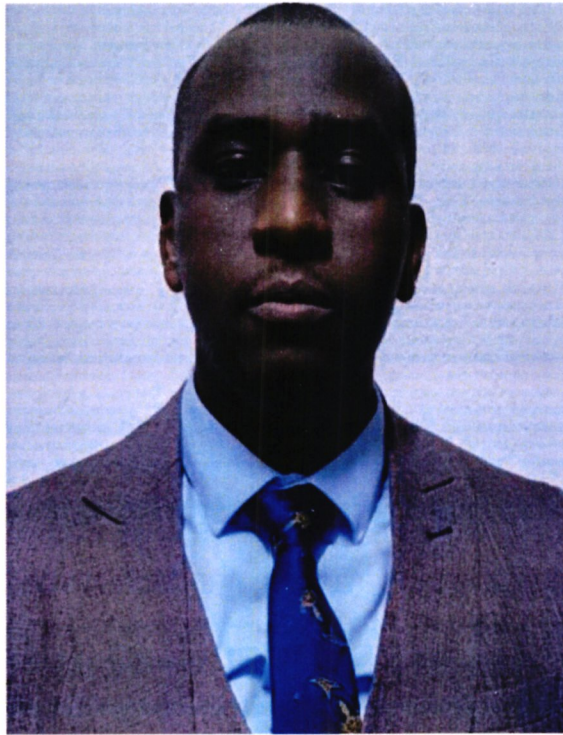
FCS, Richard Gikuhi, Company Secretary

FCS Richard Gikuhi holds an MBA in Strategic Management and is a member of ICS with over thirty years of professional experience

4. Key Management Team

Manager	Details
 <p>Bernard Mwaura</p>	<p>Managing Director</p> <p>Holds a Master’s degree in Intentional studies and a Bachelor’s of science degree in in Information Science with over 20 years’ experience in corporate leadership as Managing Director. He is experienced in driving the attainment of corporate objectives through leadership in strategy formulation and ensuring efficient, cost-effective and sustainable delivery of water and Sanitation services to the public.</p>
 <p>Joseph Gitau Mboi</p>	<p>Technical Services Manager.</p> <p>Holds a Master’s degree in Engineering (<i>Civil and Environment</i>) and a Bachelor’s degree in Agricultural Engineering. Has over 10 years’ experience in water service provision management in public sector.</p> <p>He is Graduate Engineer and a member of E.B.K.</p>

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CPA Dancun Chege

Finance Manager

Dancun Chege, CPA, FA, is a seasoned finance professional with over nine years of experience in financial management, project management, Tax and accounting.

He has successfully overseen multimillion-dollar water and sanitation projects, ensuring compliance with funding contracts.

He is a Certified Public Accountant (CPA-K), A Certified Investment and Financial Analyst(CIFAK) and a member of both ICPAK and ICIFA.



CPA Francis Ndegwa

Commercial Manager.

Francis Ndegwa holds a Bachelor's Degree in Education Arts (Mathematics and Economics) and Certified Public Accountant of Kenya with 15 years' experience in Public Sector Accounting and Commercial services management.

He is a Member of ICPAK

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FCS, Richard Gikuhi, Company Secretary

FCS Richard Gikuhi holds an MBA in Strategic Management, is a member of ICS with over thirty years of professional experience

5. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Chairman's Statement for the financial year 2024–2025. This year marked a remarkable turnaround for the company, moving from a loss of KShs 40,392,742 in 2023–2024 to a profit before tax of KShs 1,813,587.

Our annual Revenue grew to KShs 271,019,237 from KShs 254,476,742, driven by improved operational efficiency and the implementation of a new tariff that aligned revenues with service delivery costs. In addition, total expenses reduced from KShs 294,869,484 to KShs 269,205,650, reflecting strong cost control measures and prudent resource management.

During the year, we implemented the new tariff, signed the CLSG II contract with the Water Sector Trust Fund (WSTF) to expand the water network, and rehabilitate 46.62 km of HDPE pipelines across key estates. The project will also install a GIS management system and conduct a customer identification survey to strengthen our database and improve service delivery.

Despite these gains, we faced challenges including rising external costs, the need for infrastructure upgrades, and demands for expanded service coverage. These remain our priority focus areas in the coming year.

Looking ahead, the company is well-positioned to build on this year's gains. The new tariff, together with our cost containment strategies and operational improvements, will support sustainable growth, enhance customer satisfaction, and ensure financial stability.

I wish to thank the Board, management, staff, and all stakeholders for their dedication and continued support. With their commitment, we are confident in achieving even greater success in the years ahead.

Thank you.



Rev. Fr. David Munyeki,
Chairman, Board of Directors.

6. Report Of the Managing Director

I am pleased to present the Managing Director's Report for the financial year 2024–2025, a period in which the company recorded a major turnaround in financial performance, made substantial operational improvements, and executed critical infrastructure projects. Despite a challenging operating environment, our achievements reflect the resilience of our team, the commitment of our stakeholders, and our unwavering dedication to delivering quality water and sanitation services.

1. Financial Performance

The company recorded a profit before tax of KShs 1,813,587 in 2024–2025, a remarkable improvement from the loss of KShs 40,392,742 reported in 2023–2024. This turnaround was supported by revenue growth and strong cost management.

- Annual Turnover increased to KShs 271,019,237 from KShs 254,476,742, representing a 6.5% growth. This was driven by improved billing efficiency and the implementation of a new tariff aligned to service delivery costs.
- Total Expenses decreased from KShs 294,869,484 to KShs 269,205,650 reflecting prudent financial management.
- O&M Cost Coverage Ratio stood at 104% in 2024–2025, a key step towards full cost recovery and sustainability.

2. Operational Performance

Our operational indicators also showed improvement during the year:

- Total Volume Produced: 2,951,680 m³
- Total Volume Billed: 1,866,541 m³
- Non-Revenue Water (NRW): Reduced to 36.76% in 2024–2025, down from 39% in 2023–2024. This was achieved through enhanced leak detection, improved metering, and targeted infrastructure rehabilitation.

These results reflect our continued focus on efficiency, resource optimisation, and service reliability.

3. Key Activities Undertaken

During the year, the company implemented several strategic projects and initiatives aimed at strengthening service delivery, improving infrastructure reliability, and enhancing operational capacity. These included:

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1. **Implementation of the New Tariff** – Vital in aligning revenues with service delivery costs and ensuring the long-term financial viability of operations.
2. **Support from Laikipia County Government** – Through the construction of the Kigumo Project, which has significantly improved service delivery in the targeted areas.
3. **Signing of the CLSG II Contract with the Water Sector Trust Fund (WSTF)** – This will facilitate the following:
 - **Rehabilitation of 46.62 km of HDPE Pipelines (DN20–DN160)** across Jua Kali, Migingo, Augustino, Asian, Moi, Lumumba, Lower/Upper Cosite, Starehe, PCEA, Buspark, Mosque, and Garden Estates, aimed at reducing water losses, improving supply reliability, and extending asset lifespan.
 - **Acquisition and Installation of GIS Management Software and Hardware** to enhance network mapping, asset management, and operational planning.
 - **Customer Identification Survey** to update the customer database, improve billing accuracy, and strengthen customer relationship management.
4. **Support from JICA** – Technical and operational assistance in NRW management to reduce water losses and improve operational efficiency.

4. Challenges

Despite our achievements, the company continues to face a number of challenges:

- Rising operational costs, particularly electricity and treatment chemicals.
- Ageing infrastructure requiring ongoing rehabilitation and replacement.
- NRW levels, while reduced, remain above sector benchmarks.
- Pressure to expand service coverage to meet growing demand.

Addressing these challenges will remain a key priority in the coming year.

5. Outlook

Looking forward, we will consolidate the gains made in 2024–2025 by focusing on:

- Further reducing NRW to below 30% through intensified leak detection, metering improvements, and targeted pipeline rehabilitation.
- Expanding service coverage under ongoing WSTF projects.
- Investing in energy-efficient pumping systems to lower electricity costs.
- Leveraging digital platforms to enhance customer service and revenue collection.

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- Maintaining strict cost control while exploring new revenue opportunities.

Conclusion

The 2024–2025 performance demonstrates the organisation’s resilience and capacity to adapt to changing circumstances while delivering value to our stakeholders. I wish to express my sincere appreciation to **H.E. Governor Joshua Irungu** and the Laikipia County Government for their immense support, the Board of Directors for their guidance, our dedicated staff for their commitment, and our customers and partners for their continued trust and collaboration. Together, we remain committed to ensuring sustainable, reliable, and affordable water and sanitation services for our community



Bernard Mwaura Mbuthia,
Managing Director.

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7. Statement Of Performance Against Predetermined Objectives for FY 2024/2025

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

Nyahururu Water and Sanitation Company Ltd has six strategic pillars/themes/issues and corresponding objectives within the current Strategic Plan(2024-2029) for the FY 2024/25. These strategic Pillars are as follows:

1. Increase Access to Clean & Safe Drinking Water and Sanitation Services
2. Enhance Financial and Commercial Growth
3. Environmental Sustainability
4. Enhanced Customer Focus
5. Improve Organizational & People Growth
6. Enhance Learning & People Growth

NYAHUWASCO develops its annual work plans based on the above six strategic pillars. Assessment of Board’s performance against its annual work plan is done on a quarterly basis. The Company achieved its performance targets set for the FY 2024/2025 period for its six strategic pillars, as summarised in the table below.

Strategic Pillar / Theme / Issue	Objective	Key Performance Indicators (KPIs)	Activities	Achievements
1. Increase Access to Clean & Safe Drinking Water and Sanitation Services	Expand and improve access to safe and reliable water supply	<ul style="list-style-type: none"> • Total volume produced • Total volume billed, • NRW percentage 	<ul style="list-style-type: none"> • Rehabilitation of 46.62 km of HDPE pipelines (DN20–DN160) across Jua Kali, Migingo, Augustino, Asian, Moi, Lumumba, Lower/Upper Cosite, Starehe, PCEA, 	<ul style="list-style-type: none"> • Volumes Produced 2,951,680 m³ • Billed 1,866,541 m³ • NRW Reduced to 36.76% from 39% in 2023/24; • Improved water supply reliability

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			<p>Buspark, Mosque, and Garden Estates. This has significantly improved supply reliability and reduced leakages.</p> <ul style="list-style-type: none"> • Kigumo water project construction with support from Laikipia County Government 	
2. Enhance Financial and Commercial Growth	Improve financial sustainability and revenue generation	<ul style="list-style-type: none"> • O&M Cost Coverage Ratio, • annual turnover, • profitability 	<ul style="list-style-type: none"> • Implementation of new tariff; • strengthening billing and revenue collection systems 	<ul style="list-style-type: none"> • O&M cost coverage stood at 104% in one year; • Annual revenue increased from KSh 254,476,742 to KSh 271,019,237; • Total expenses reduced from KSh 294,869,484 to KSh 269,205,650 • Improved creditworthiness by posting a profit of KSh 1,813,587 before tax, compared to a net loss of KSh 40,392,742 in the previous year;

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				<ul style="list-style-type: none"> • Improved cash flow and operational viability
3.Environmental Sustainability	Promote water conservation and efficient use of resources	NRW levels, environmental conservation projects	<ul style="list-style-type: none"> • NRW reduction initiatives supported by JICA; • Pipeline rehabilitation; • leak detection programmes 	<ul style="list-style-type: none"> • Significant NRW reduction; • Extended asset life; • Reduced water wastage
4. Enhanced Customer Focus	Strengthen customer relations and service delivery	Customer satisfaction levels, billing accuracy	<ul style="list-style-type: none"> • Customer Identification Survey; • GIS-based network mapping for better service targeting 	<ul style="list-style-type: none"> • Improved customer database accuracy; • Better complaint resolution; • Improved service reliability
5. Improve Organizational & People Growth	Strengthen institutional capacity and staff efficiency	Staff training hours, operational efficiency	<ul style="list-style-type: none"> • Capacity-building workshops; • Improved operational planning tools 	<ul style="list-style-type: none"> • Enhanced staff skills in NRW management, • GIS systems, and customer service
6. Enhance Learning & People Growth	Foster innovation, knowledge sharing, and continuous improvement	Adoption of new systems, training programmes	<ul style="list-style-type: none"> • Acquisition and installation of GIS management software/hardware; • technical training 	<ul style="list-style-type: none"> • Improved decision-making through real-time network data; • Better planning and maintenance scheduling

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8. Corporate Governance Statement

The Company is fully owned by the County Government of Laikipia and is registered with 5,000 shares of Kshs 20 each. According to the Company Memorandum and Articles of Association the shares are held in trust and they are as follows:

Shareholding	Number of Shares held:
The County Government of Laikipia (CGL)	4,996
His Excellency the Governor, CGL	1
The CEC, Finance and Economic Planning, CGL	1
The CEC, Environment, Water and Natural Resources, CGL	1
The County Secretary, CGL	1
TOTAL	5,000

NYAHUWASCO is governed by a Board of Directors that oversees the overall management of the Company. It is tasked with ensuring that company business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

These include compliance with Corporate Governance Guidelines issued by WASREB as well as Mwongozo Guidelines.

The Board of Directors are responsible for the following:

- a) Making policies and approving strategies and development plans;
- b) Implementation of Memorandum and Articles of Association
- c) Approval of business plans, budgets and tariff adjustment.
- d) Approval of major projects and ensuring prudent investment of funds
- e) Appointment of CMT and provision of management guidelines
- f) Fiduciary duty of monitoring and overseeing the activities of management.

Board Composition:

NYAHUWASCO Board of Directors is composed of 7 Non-Executive Directors and one (1) Executive director (Managing Director). The Directors represent various stake holders and have varying skills and experiences.

On appointment, each Director is provided with a comprehensive and tailored induction process detailing their legal and regulatory obligations.

Appointment of Directors:

Once a vacancy in any stakeholder group is identified, an advert is done in at least one daily newspaper. The stakeholders are also invited to select a committee to shortlist the applicants. The

Nyahururu Water & Sanitation Company Ltd
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committee should include three members from the stakeholder group, the managing director and a nominee of the county government of Laikipia. The committee shortlists the applicants and a list of the shortlisted applicants is submitted to the shareholder for appointment of the director(s) in the respective stakeholder groups.

Board Charter:

The Board charter is in place.

Board Meetings: The Board has a regulated formal schedule of meetings to conduct its business. The Board meets 4 times in one financial year except for instances where there are special board meetings. The following is a tabular schedule of the meetings held and the attendance details during the year under review:

Full Board Meeting

Category of meeting	No. of members	Date Held	Members attendance
Full board meeting -Q1	7	26/09/2024	7
Full board meeting -Q2	7	19/12/2024	7
Full board meeting -Q3	7	03/04/2025	6
Full board meeting -Q4	7	03/07/2025	7

Board Committees: The Board has constituted 3 sub-committees chaired by one director in each, namely; Finance and Administration, Technical, Audit, Risk and Governance. Each committee meets 4 times in one financial year. The Board may occasionally appoint adhoc committees as and when necessary to undertake special assignments.

Below is a tabular summary of the committee meetings held during the year;

Category of meeting	No. of members	Date Held	Members attendance
Technical committee -Q1	4	20/09/2024	3
Technical committee -Q2	4	03/12/2024	3
Technical committee -Q3	4	20/03/2025	4
Technical Committee -Q4	4	18/06/2025	3

Category of meeting	No. of members	Date Held	Members attendance
Finance and Administration committee -Q1	4	12/09/2024	3
Finance and Administration committee -Q2	4	13/12/2024	4
Finance and Administration committee -Q3	4	21/03/2025	4

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Finance and Administration committee -Q4	4	28/06/2025	4
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Category of meeting	No. of members	Date Held	Members attendance
Audit, Risk and Governance committee-Q1	4	20/09/2024	3
Audit, Risk and Governance committee -Q2	4	103/12/2024	3
Audit, Risk and Governance committee -Q3	4	20/03/2025	4
Audit, Risk and Governance committee-Q4	4	18/06/2025	3

Other Board Meetings

Category of meeting	No. of members	Date Held	Members attendance
Tariff Consultative meeting	7	05/11/2024	7
Agm board meeting	7	07/02/2025	7
Board Retreat Meeting	7	24/03/2025	7

Board succession plan: The county government ensures that tenures of board of directors are staggered with a 1/3 of directors retiring every AGM. The retiring directors are eligible for re-election subject to a maximum of two terms of three years each. The retiring members are determined on the basis of members who have served longest.

Process of removal of directors:

Directors can be removed from office on the following grounds;

- He/She is removed from the office pursuant to Section 185 of the Act, or by special resolution by the company in General Meeting.
- He/She ceases to be a director by virtue of Section 183 and 186 of the Act.
- He/She ceases to be an officer of the County Government.
- He/She becomes bankrupt or makes an arrangement of composition with his creditors.
- He/She becomes prohibited from being a director by reason of any order under section 189 of the Act.
- He/She becomes of unsound mind.
- He/She fails without any reasonable cause and without consent of the board to attend three (3) consecutive meetings of the Board and the Board resolves that, the reason of such failure he shall cease to be a director.
- He/She resigns his office by notice in writing to the company.
- He/She or any persons to who he has personal ties and transacts with the company
- Unsatisfactory performance on performance evaluation
- He/She breaches the Signed Code of Ethics and Conduct

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- He/She ceases to be a representative of the stake holder's body entity that has appointed him or her.
- He/She is charged with an offence under the Anti-Corruption and Economic Crimes Act or Water Act 2002.
- He becomes a director in any other water sector institution.

Board induction and training:

The board induction and training are done once every year.

Board Evaluation:

Board evaluation is carried out every year

Conflict of Interest:

Directors sign a conflict of interest register in every meeting.

Code of Conduct & Ethics :

All directors have signed the code of conduct and ethics

Policy to manage Conflict of Interest

All directors declare any interest in all meetings and sign the conflict of interest register

Board Remuneration

Board members are remunerated as per the resolution passed by the shareholders during the AGM

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9. Management Discussion and Analysis

1. Overview

The financial year ended 30 June 2025 marked a significant turnaround for the Company, shifting from a loss of Kshs 40,392,742 in FY 2023/24 to a profit before tax of Kshs 1,813,587 in FY 2024/25. This recovery was driven by improved operational efficiency, cost containment, and prudent revenue management.

The Company registered growth in new water connections, a reduction in Non-Revenue Water (NRW), and an improved O&M cost coverage ratio, though collection efficiency marginally declined compared to the previous year.

Performance Indicator	2024-2025	2023-2024	2022-2023	2021-2022	Benchmark
New Water Connections	523	229	830	2510	
New Sewer Connections	8	10	40	19	
Metering Ratio	100%	100%	100%	100%	100%
Billings (Kshs)	283,253,333	267,490,216	236,129,312	242,941,360	
Revenue Collection	265,667,549	258,095,634	227,241,414	238,490,409	
R Collection Efficiency	94%	96%	96%	98%	100%
Production (M3)	2,951,680	3,214,663	3,241,297	3,310,236	
Billing (m3)	1,866,541	1,963,983	2,007,969	1,981,260	
NRW (M3)	1,085,139	1,250,680	1,233,328	1,328,976	
Non-Revenue Water (%)	36.76%	39%	38%	40%	<25%
Annual Income (Turnover)	271,019,237	254,476,742	260,927,273	271,198,588	
O & M Costs	269,205,650	294,869,484	268,365,958	259,360,405	
Depreciation & Provision for Doubtful Debts	9,543,141	10,132,459	7,898,671	7,598,085	
Net O & M Costs	259,662,508	284,737,025	260,467,287	251,762,320	
O + M Costs Coverage	104%	89%	97%	105%	>150%
Personnel Expenditure	148,020,107	145,246,749	144,228,248	136,367,137	
Personnel Expend as a % of Net O+M Cost	57%	51%	55%	54%	<35%
Accrued Payroll Liabilities	56,671,626	28,453,430	19,228,755	18,018,228	

2. Operational Performance

Indicator	Jun-25	Jun-24	Change
New Water Connections	523	229	+128%
New Sewer Connections	8	10	-20%
Metering Ratio	100%	100%	No change
Billings (Kshs)	283,253,333	267,490,216	+5.9%
Revenue Collection (Kshs)	265,667,549	258,095,634	+3%
Collection Efficiency (%)	94%	96%	-2 %

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Production (m ³)	2,951,680	3,214,663	-8.2%
Billed Water (m ³)	1,866,541	1,963,983	-5%
NRW (m ³)	1,085,139	1,250,680	-13.2%
Non-Revenue Water (%)	36.76%	39%	- 2.24%

- The Company achieved a substantial increase in new water connections, expanding its customer base.
- NRW decreased from 39% to 36.76%, indicating progress in water loss reduction strategies. Water production dropped by 8.2%, aligning with efficiency measures to match demand and reduce wastage.
- Collection efficiency fell slightly from 96% to 94%, reflecting the need to reinforce debt collection strategies.

3. Financial Performance

Item	Jun-25 (Kshs)	Jun-24 (Kshs)	% Change
Total Revenue	271,019,237	254,476,742	+6.5%
Total Expenses	269,205,650	294,869,484	-8.7%
Depreciation & Doubtful Debts	9,543,142	10,132,459	-5.8%
Net O&M Costs	259,662,508	284,737,025	-8.8%
Profit/(Loss) Before Tax	1,813,587	(40,392,742)	Turnaround
O&M Cost Coverage	104%	89%	Improved

- In FY 2024/25, revenue exceeded expenses for the first time in two years.
- O&M costs declined significantly due to tighter controls on personnel, maintenance, and operational expenses.

5. Cost Structure and Efficiency

- Personnel Expenditure in FY 2024/25 stood at Kshs 148,020,107 , a slight increase attributed to changes in labour laws such Nhif , Nssf and Housing Levies.
- Maintenance expenses declined by 34.3 % due to deferred repairs and optimization of schedules. General and operations expenses reduced by 19.6%, reflecting cost control measures.

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6. Liquidity and Payables

Category	Amount (Kshs)
Trade Payables	53,303,825
Fees & Levies	48,210,959
Payroll Liabilities	56,671,627
Total	158,186,411

- The Company has made tremendous progress in reducing trade payables, which are lower as at 30 June 2025 compared to the previous year.
- Additionally, the Company continues to settle other payables such as fees and levies through an agreed payment plan.
- While arrears in other obligations remains particularly to WASREB and Laikipia County Conservancy, a structured settlement plans are being implemented to restore full compliance.

7. Key Projects and Investments

During FY 2024/25, the Company implemented and initiated key capital and operational projects, including:

- Rehabilitation of 46.62 km of HDPE Pipelines (DN20–DN160) across Jua Kali, Migingo, Augustino, Asian, Moi, Lumumba, Lower/Upper Cosite, Starehe, PCEA, Buspark, Mosque, and Garden Estates to reduce water losses, improve supply reliability, and extend asset lifespan.
- Acquisition and Installation of GIS Management Software and Hardware to enhance network mapping, asset management, and operational planning
- Customer Identification Survey to update the customer database, improve billing accuracy, and strengthen customer relationship management
- Support from JICA — technical and operational assistance in NRW management to reduce water losses and improve operational efficiency.

7. Compliance with Statutory Requirements

The Company remains compliant in settling regulatory fees and taxes. Additionally, plans have been initiated to gradually settle pension and gratuity arrears owed to LAPFUND and CPF, now that the approved tariff is active.

8. Major Risks

The Company continues to face high NRW levels, though it has reduced from 39% in FY 2023/24 to 36.76% in FY 2024/25. Liquidity pressures persist, and tariff levels are not yet fully cost-reflective. Climate variability also poses a threat to water supply reliability.

9. Review of the Economy and Sector

Kenya's economy recorded moderate growth in 2024/25, though inflation in energy and input costs affected utilities. Sector-wide challenges such as aging infrastructure, high NRW, and limited cost-reflective tariffs persist

10. Future Outlook

Management's focus will be on implementing the NRW reduction masterplan, expanding service coverage to underserved areas, clearing arrears through structured plans, and investing in digital systems for operational efficiency.

10. Environmental And Sustainability Reporting

Introduction – Mandate & Sustainability Approach

The Company's core mandate is to provide water and sanitation services, ensuring that communities have access to safe, reliable, and affordable water supply while maintaining adequate sanitation standards. Our sustainability approach is guided by the principle of ensuring uninterrupted service delivery to citizens over the long term. We recognise that sustainability is not only about environmental stewardship but also encompasses operational efficiency, financial prudence, employee welfare, community engagement, and ethical marketplace practices. Our strategy aligns with national development goals, the Sustainable Development Goals (SDGs), and global best practices in water resource management.

i) Sustainability Strategy and Profile

The global political and macroeconomic environment continues to influence the Company's sustainability priorities, with climate change, population growth, and economic shifts demanding more resilient and efficient water and sanitation systems. The Company remains committed to aligning its operations with international frameworks such as the SDGs, particularly Goal 6 (Clean Water and Sanitation), Goal 13 (Climate Action), and Goal 12 (Responsible Consumption and Production).

During FY 2024/25, the Company achieved notable milestones, including:

- Reduction of Non-Revenue Water (NRW) from 39% to 36.76%, through pipeline rehabilitation, improved metering, and community sensitisation.
- Installation of **solar power systems at production facilities**, reducing energy costs and our carbon footprint.
- Ongoing **tree planting initiatives** within our service area to enhance catchment protection and combat climate change.
- Strengthened partnerships with development agencies to improve operational efficiency.

In line with our service delivery charter, the Company remains committed to fair and inclusive procurement. A proportion of contracts is allocated to local suppliers, youth, women, and persons with disabilities (PWDs), supporting equitable economic participation.

ii) Environmental Performance

The Company is in the process of developing a **Water Safety Plan** that will form the foundation of its environmental policy, guiding resource protection, quality management, and risk mitigation. Implementation measures already underway include:

- **Tree planting programs** for catchment conservation and biodiversity enhancement.
- **Solar installations** at production facilities to reduce dependency on grid electricity and cut CO₂ emissions.
- **Waste reduction measures** such as automation of systems to reduce paper use, discouraging single-use plastics, and encouraging staff to adopt paperless communication.

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

While these initiatives have yielded significant benefits, challenges remain in fully eliminating waste and minimising operational emissions. The Company continues to explore climate-smart solutions and intends to expand the use of renewable energy and eco-friendly technologies in future projects.

iii) Employee Welfare

The Company's hiring policy promotes equal opportunity, gender balance, and inclusivity, with deliberate prioritisation of youth and PWDs. Employee capacity building is a central pillar of our sustainability approach, with regular training sessions aimed at improving technical skills, customer service, and operational efficiency.

We comply fully with the **Occupational Safety and Health Act (OSHA) 2007**, conducting periodic safety audits and employee safety training to minimise workplace accidents. During the reporting period, no major work-related injuries were recorded, underscoring our commitment to a safe and healthy work environment.

iv) Marketplace Practices

a) Responsible Competition Practice

The Company upholds strict anti-corruption principles, ensuring transparency in procurement and service delivery. All tenders are awarded fairly, with competitive bidding processes ensuring contracts go to the lowest evaluated responsive bidders. The Company also uses public sensitisation and customer engagement to enhance service delivery accountability.

b) Responsible Supply Chain and Supplier Relations

We maintain strong, respectful relationships with suppliers, honouring contractual obligations and payment agreements. Procurement processes are conducted openly to promote fairness and market competitiveness.

c) Responsible Marketing and Engagement with Citizens

The Company engages the public through regular information updates, community consultative forums, and accurate service-related communication. We avoid exaggerated claims and ensure that all outreach respects diversity and cultural values.

d) Product Stewardship / Awareness Creation

We safeguard consumer rights by providing accurate service information, clear billing, and accessible complaint resolution mechanisms. Consumer data is treated with strict confidentiality in line with privacy protection standards.

e) Corporate Social Responsibility (CSR) / Community Engagement

CSR remains a central part of our operational philosophy, focused on initiatives that directly complement our mandate. During FY 2024/25, the Company supported the community through:

- **Donation of water tanks** to Lekayusan Primary and Ntabus Primary Schools to improve water access.
- **Support to Barcelona Ladies Soccer Club** to encourage youth sports development.
- **Support to humanitarian organisations**, including the Red Cross and Larche Foundations.

These activities have strengthened our relationship with the community and contributed to improved quality of life within our service area. Additionally, our tree planting and environmental conservation initiatives have created a lasting environmental and social impact.

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 continue to be the provision of clean water and sanitation services to its clients.

ii) Results

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

iii) Dividends

The company has not declared dividends for the year ended 30th June 2025 due to company's shareholder policy not to issue dividend on any surplus but instead it should be reinvested back to upgrade water and sewerage network.


iv) Directors

The members of the Board of Directors who served during the year are shown on page vi in accordance with Regulation of the company's Articles of Association.

v) Auditors

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

By Order of the Board

.....

Name Bernard Mwaura
Secretary to the Board
Date: 14th 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 that Company, 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. 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 (period) 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.

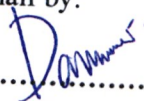
The Directors responsibility for the Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015.


The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the company financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The company financial statements were approved by the Board on 14/08/ 2025 and signed on its behalf by:


.....
Name **DAVID MUNYEKI**
Chairperson of the Board


.....
Name **BERNARD MWAURA**
Managing Director

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NYAHURURU 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 the Financial Statements should be read together with the Report on the Lawfulness and Effectiveness in the Use of Public Resources, and the Report on the 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 Nyahururu Water and Sanitation Company Limited set out on pages 1 to 86, which comprise of the statement of financial

Report of the Auditor-General on Nyahururu Water and Sanitation Company Limited for the year ended 30 June, 2025

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 Nyahururu 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 Standards (IFRS) and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Trade and Other Payables – Fees and Levies

The statement of financial position and Note 43 to the financial statements reflect a balance of Kshs.158,186,411 in respect to trade and other payables, which includes outstanding fees and levies of Kshs.48,210,959. Included in the fees and levies balance is an amount of Kshs.8,480,984 owing to Northern Water Works Agency. However, this balance was not supported by schedules, ledgers, or invoices from the Agency. Further, the Agency financial statements for the year ended 30 June, 2025 reflect a balance of Kshs.8,500,092 as owing from the Company. The variance of Kshs.19,108 has not been reconciled.

In the circumstances, the accuracy and completeness of the trade payables on fees and levies balance of Kshs.8,480,984 could not be confirmed.

2. Plant, Property and Equipment

As previously reported, the statement of financial position and Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.234,403,175. However, the ownership documents for four (4) motor vehicles of unknown value donated by the Northern Water Services Board and the County Government of Laikipia had not been transferred and registered in the Company's name. Further, the Fixed Assets Register provided was incomplete as the building and civil works listed do not reflect the true value, as valuation has not been done nor the purchase prices been included. Additionally, audit inspection of assets showed that furniture, new and old printers, laptops, and boardroom fixtures have not been tagged for easier identification.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.234,403,175 could not be confirmed.

3. Material Uncertainty Related to Going Concern

As previously reported, the statement of financial position as at 30 June, 2025 reflects current assets of Kshs.154,586,296 and current liabilities of Kshs.209,124,692, resulting in negative working capital of Kshs.54,538,396. This indicates that the Company's short-term liabilities exceed its short-term assets, indicating potential liquidity constraints and cash flow pressure. The Company may therefore be unable to meet its financial obligations as they fall due.

In the circumstances, the going concern status of the Company is in doubt.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects final receipts budget and actual amounts on comparable basis of Kshs.435,884,724 and Kshs.335,291,116 respectively, resulting to revenue under realization of Kshs.100,593,608 or 23% of the budget. Similarly, the Company spent an amount of Kshs.315,784,869 against actual receipts of Kshs.335,291,116, resulting to an under-expenditure of Kshs.19,506,247 or 6% of the actual receipts.

The shortfall in receipts affected the planned activities and may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

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 effect 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 Matters

In the Auditor-General's report for the previous year, various issues were raised under the Report on Financial Statements, the Report on Lawfulness and Effectiveness in Use of Public Resources and, the Report on Effectiveness of Internal Controls, Risk

Management and Governance. However, the following issues raised in the previous audit report remain unresolved;

- 1.0 Material Uncertainty Related to Going Concern.
- 2.0 Unrecognized Property, Plant and Equipment.
- 3.0 Trade and Other Receivables.
- 4.0 Inaccuracy of Customer Deposits Account.
- 5.0 Budgetary Control and Performance.
- 6.0 Excess Non-Revenue Water.
- 7.0 Non-Remittance of Revenue Collected.
- 8.0 Payables Not Taken as the First Charge.
- 9.0 Audit Fee Arrears.
- 10.0 Non-Remission of Local Authorities Provident Fund.
- 11.0 Employee Cost
 - 11.1 Over-Representation of One Ethnic Community.
 - 11.2 Non-Compliance with the One-Third of Basic Salary.
 - 11.3 Rule Non-Adherence to Gender Rule.
 - 11.4 Exceeding Industrial Sector Bench Mark on Personnel Costs.

Other Information

The Directors are responsible for the Other Information set out on page iii to xxx, which comprise of Key Entity Information, The Board of Directors, Key Management Team, 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 Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's 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. Non-Revenue Water

The statement of profit or loss and other comprehensive income and Note 6 to the financial statements reflect operating revenue of Kshs.267,447,108, which includes revenue from the sale of water of Kshs.184,825,099. The Company produced a total of 2,951,680 cubic meters (m³) of water. However, only 1,866,541m³ translating to Kshs.184,825,099 was billed to customers. The balance of 1,085,139m³, or approximately 36.76% of the total volume produced represented Non-Revenue Water (NRW), which is above the allowable loss of 25% as provided by Schedule E of the Water Service Regulatory Board (WASREB) guidelines. The Company exceeded the allowable NRW loss of 25% by 11.79% or 347,219m³ of water, resulting in possible loss in water sales estimated at Kshs.34,836,925 (at an average price/m³ of Kshs.100.33) which if not addressed will negatively impact the Company's profitability and its long-term sustainability.

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

2. Compensation to Employees

2.1 Staff Costs Exceeding Industrial Sector Benchmark

The statement of profit or loss and other comprehensive income and Note 11 to the financial statements reflects staff costs of Kshs.148,020,107. The staff costs represented about 55% of the total operating expenditure of Kshs.269,205,650. This was contrary to Section 3.9(10) of the WASREB Corporate Governance Guidelines 2024 providing that, when fixing remuneration of the staff, the total expenditure for each financial year must not exceed the benchmarks set for the water service sector, so that personnel cost as share of operations and maintenance cost shall be contained within the parameters of; (a) Very large companies <30%; (b) Large < 35%; (c) Medium companies <40% and (d) Small companies < 50%. The WASREB Impact Assessment Report No.16-2024 on Performance Report of Kenya's Water Service Sector 2022/2023 ranked the Company as large, and therefore its personnel expenditures as a percentage of total operations and maintenance expenditure must not exceed the 35% threshold.

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

2.2 Non-Compliance with the Law on Staff Ethnic Composition

As previously reported, review of human resource records revealed that during the year under review the Company had one hundred and one (101) staff, out of whom ninety-one (91), or 90% were from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which states that no public establishment shall have more than one-third of its staff from the same ethnic community.

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

2.3 Non-Adherence to Gender Rule

During the year under review, the Company had one hundred and one (101) employees, out of whom seventy-seven (77), or 76% were male and twenty-four (24), or 24% female. This is contrary to Article 27(8) of the Constitution of Kenya, 2010, which states that in addition to the measures contemplated in clause (6), the State shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

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

2.4 Non-Compliance with the One-Third of Basic Salary Rule

The statement of profit or loss and other comprehensive income and Note 11 to the financial statements reflects staff costs of Kshs.148,020,107. However, review of the payroll for the month of June, 2025 revealed that the Company had eleven (11) employees earning below a third of their basic salaries. This is contrary to Section 19(3) of the Employment Act No.11, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

3. Non-Remittance of Conservancy Revenue Collected

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual receipt Kshs.8,264,100 and Kshs.8,275,250 respectively, from conservancy, representing the revenue collected by the Company for garbage collection on behalf of the County Government of Laikipia. Section 8.9 of the Agreement for Conservancy Revenue Collection entered into between the Company and the defunct Municipal Council of Nyahururu on 19 September, 2003 provided that the Water Company was to retain 2.5% of the revenue collected and remit the balance to the County Government of Laikipia. However, the Company remitted an amount of Kshs.4,306,881, or 52% of the revenue collected, to the County Government out of the required amount of Kshs.8,068,369, or 97.5% of the revenue collected, resulting to unremitted conservancy revenue of Kshs.3,761,488. Further, the Company spent the conservancy revenue without the authority from the County Government.

In addition, the Agreement for Conservancy Revenue Collection entered into between the Company and the defunct Municipal Council of Nyahururu on garbage collection for a fee and the continued collection of the revenue by the Company conflicts with the mandate of Laikipia County Revenue Board which is mandated by law to collect and account for all revenues for the County Government of Laikipia.

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

4. Avoidable Expenditure on Court-Awarded Compensation

Audit review revealed that the Company incurred expenditure amounting to Kshs.2,233,471 in the year under review in respect of court-awarded compensation following the termination of an employee's contract. The court determined that the termination was unfair and unlawful, contrary to the provisions of Sections 41, 49, and 50 of the Employment Act, 2007, which require employers to follow due process and provide procedural fairness before effecting termination. As a result, the court ruled against the Company and ordered the payment of compensatory damages, leading to avoidable or nugatory expenditure that could have been prevented had the Company complied with the established employment laws and fair administrative procedures.

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

5. Long-Outstanding Trade and Other Payables

The statement of financial position and Note 43 to the financial statements reflect trade and other payables balance of Kshs.158,186,411, which includes an amount of Kshs.24,137,974 in respect to unremitted Local Authorities Provident Fund (LAPFUND) contributions. This was an increase in non-remittance by Kshs.7,129,599 from Kshs.17,008,375 reported in the previous financial year. No explanation was given for the non-remission of the deductions when they fell due and why the continued deduction from the employees' payroll. This was contrary to Section 1(4) of the LAPFUND Act that requires employers to credit contributions to members' accounts annually and the failure to remit contributions by employers is unlawful with legal consequences.

Further, the balance includes a balance of Kshs.3,540,000 in respect to audit fees payable to the Office of the Auditor-General, up from Kshs.2,960,000 from the previous financial year. In addition, other payables which have been outstanding for more than three years amounted to Kshs.7,909,321.

In the circumstances, Management was in breach of the law and effectiveness in the management of trade and other payables could not be confirmed.

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 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 effects 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 else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Long Outstanding Trade and Other Receivables

The statement of financial position and Note 29 to the financial statements reflect trade and other receivables balance of Kshs.75,413,223 which includes a balance of Kshs.34,562,686, or 45.8% in respect of customer debts outstanding for more than one hundred and twenty (120) days as indicated in the ageing analysis. However, review of the Company's revised Debt Management Policy, 2025 revealed that it does not specify the allowable credit period and therefore it was not possible to determine whether the debts outstanding beyond one hundred and twenty (120) days were within the acceptable credit period. Further, Management did not provide evidence of the outcomes of recovery efforts or documentation demonstrating the effectiveness of the debt follow-up mechanisms in place.

In the circumstances, the existence of effective measures in management of receivables could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report, based on 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. The information given in the Directors' report on pages viii to xvi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 1 has been properly prepared in accordance with the Companies Act, 2015.

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 Financial Reporting Standards (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The Board of Directors is 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

28 October, 2025

Nyahururu Water & Sanitation Company Ltd.
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	267,447,108	239,226,528
Grants Income	7	292,524	300,025
Other Income	8	3,279,605	14,950,189
Finance income	9	-	-
Other gains/(losses)	10		
Total Revenue		271,019,237	254,476,742
Expenses			
Staff Costs	11	148,020,107	145,246,749
General and Operations expenses	12	98,856,951	122,900,164
Board Expenses	13	4,586,544	6,417,355
Maintenance Expenses	14	6,336,567	9,642,474
Depreciation and Amortization expenses	15	9,543,142	10,132,459
Finance Costs	16	1,862,339	530,284
Total Expenses		269,205,650	294,869,484
Profit/(Loss) Before Taxation		1,813,587	(40,392,742)
Income Tax Expense/(Credit)	17	-	-
Profit/(Loss) After Taxation		1,813,587	(40,392,742)
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		1,813,587	(40,392,742)
Surplus Or Deficit on Revaluation Of PPE		-	-
Remeasurement Of Net Defined Benefit Liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
Total Comprehensive Income for The Year		1,813,587	(40,392,742)

Nyahururu Water & Sanitation Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

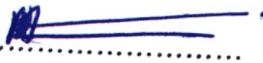
15. Statement Of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	234,403,175	233,154,127
Intangible assets	21	-	-
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		234,403,175	233,154,127
Current assets			
Inventory	28	8,624,796	13,488,989
Trade and Other Receivables	29	75,413,223	60,995,751
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Prepayments	32	-	-
Bank and Cash Balances	33	67,048,277	4,974,468
Performance Guarantee(Wasreb)	33(a)	3,500,000	-
Total Current assets		154,586,296	79,459,209
Total Assets		388,989,471	312,613,335
Equity and liabilities			
Capital and Reserves			
Ordinary Share Capital	34	100,000.00	100,000.00
Revaluation Reserve	35	-	-
Fair Value adjustment Reserve	36	-	-
Retained Earnings	37	(51,492,797)	(47,404,301)
Capital Reserves	37(a)	176,518,440	176,810,964
Capital and Reserves		125,125,643	129,506,663
Non-current liabilities			
Deferred Tax liability	38	-	-


Nyahururu Water & Sanitation Company Ltd.
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	Note	2024-2025 Kshs	2023-2024 Kshs
Borrowings	39	54,739,136	10,442,280
Lease Liability	40		
Provisions	41		
Retirement Benefits obligations	42		
Total non-current liabilities		54,739,136	10,442,280
Current liabilities			
Borrowings	39	-	-
Lease liability	40	-	-
Provisions	41	457,720	457,720
Retirement Benefits Obligations	42	-	-
Trade and Other Payables	43	158,186,411	124,351,959
Refundable customer deposits and Prepayments	44	39,072,119	36,153,747
Deferred Income	45	11,408,442	11,700,966
Dividend Payable	46	-	-
Taxation	47	-	-
Total current Liabilities		209,124,692	172,664,392
Total Equity and Liabilities		388,989,471	312,613,335


The financial statements were approved by the Board on 14/08/ 2025 and signed on its behalf by:


Name : Bernard Mwaura
Mbuthia

Managing Director


Name: Dancun Chege Irungu

Head of Finance
ICPAK M/No:22580


Name: Rev. Fr. David
Munyeki

Chairman of the Board

Nyahururu Water & Sanitation Company Ltd.
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

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
		kshs	kshs	kshs	kshs	kshs	kshs	kshs
As at July 1, 2023(Previous Yr)		100,000	-	-	(7,011,559)	-	165,109,998	158,198,439
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	(40,392,742)	-	-	(40,392,742)
Capital/Development grants received during the year		-	-	-	-	-	12,000,991	12,000,991
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	(300,025)	(300,025)
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As At June 30, 2024(Previous FY)		100,000	-	-	(47,404,301)	-	176,810,964	129,506,663

Nyahururu Water & Sanitation Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Fund	Total
		kshs	kshs	kshs	kshs	kshs	kshs	kshs
As at July 1, 2024(Current Yr)		100,000	-	-	(47,404,301)	-	176,810,964	129,506,663
New Capital Issues								-
Revaluation gain								-
Transfer of Excess depreciation on revaluation								-
Deferred tax on excess depreciation								-
Fair value adjustment on quoted investments								-
Profit for the year					1,813,587			1,813,587
Capital/ Development grants received received during the year							-	-
Transfer of depreciation/amortisation from capital fund to retained earnings					292,524		(292,524)	-
Dividends paid-prior years								-
Allowance for doubtful debts					(2,624,604)			(2,624,604)
Interim dividends paid-current year								-
Owners Equity					(3,570,003)			(3,570,003)
Proposed final dividends								-
As At June 30, 2025(Current FY)		100,000	-	-	(51,492,797)	-	176,518,440	125,125,643

Nyahururu Water & Sanitation Company Ltd.
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17. Statement Of Cash Flows for The Year Ended 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		238,622,271	238,051,895
Grants Income		-	12,000,991
Finance Income		-	-
Other Income		16,131,323	9,162,192
Customer Deposits		5,263,459	5,093,550
Conservancy		5,650,496	5,787,997
Total Receipts		265,667,549	270,096,625
Payments			
Staff Costs		114,066,789	145,246,749
General And Operation Expenses		40,210,434	96,146,561
Board Expenses		4,586,544	6,417,355
Maintenance Expenses		6,336,569	9,642,474
Finance Costs		1,862,339	530,284
Refund Of Customer Deposits		1,850,150	3,834,748
Remission of conservancy to county		4,306,881	2,657,848
Remission of Wasreb Levies		6,480,000	-
Remission of Wra Levies		2,700,000	-
Payment of Trade Payables		54,698,700	-
Total Payments		237,098,406	264,476,019
Net Cash From/ (Used In) Operating Activities	48	28,569,143	5,620,606
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(10,792,189)	(19,560,995)
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		(10,792,189)	(19,560,995)

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	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		46,386,536	10,900,000
Repayment Of Borrowings		(2,089,681)	(988,004)
Dividends Paid		-	-
Net Cash From/(Used In) Financing Activities		44,296,855	9,911,996
Increase/(Decrease) In Cash and Cash Equivalents		62,073,810	(4,028,393)
Cash And Cash Equivalents At Beginning Of Year		4,974,468	9,002,861
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year		67,048,277	4,974,468

Nyahururu Water & Sanitation Company Ltd.
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18. 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
	a	b	C=a+b	d	e= c-d	f=d/c %
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
Receipts	Ksh	Ksh	Ksh	ksh	Ksh	
Budget Carryovers from the previous year						
Operating Revenue	365,262,827	(63,102,832)	302,159,995	267,447,108	34,712,887	89%
Non-Operating Revenue	38,073,305	(13,849,306)	24,223,999	3,279,605	20,944,394	14%
Grants (Laikipia County-Kinamba Water Project)	11,910,910	(7,910,910)	4,000,000	4,000,000	-	100%
Grants (Wstf CLSG II)- Conditional	100,000,000	(10,000,000)	90,000,000	45,000,000	45,000,000	50%
Conservancy	7,800,000	464,100	8,264,100	8,275,250	(11,150)	100%
Commercial Borrowing(Md-Vehicle)	7,000,000	(7,000,000)	-	-	-	-
Commercial Borrowing-Unilands Sacco	-	1,733,171	1,733,171	1,733,171	-	100%
Refundable Customer Deposits		5,503,459	5,503,459	5,263,458	240,001	96%
Finance Income	-	-	-	-	-	-
Grant Income Amortized	-	-	-	292,524	(292,524)	-
Total Receipts	530,047,042	(94,162,318)	435,884,724	335,291,116	100,593,608	77%
EXPENSES						
Staff Cost	152,326,936	(1,834,490)	150,492,446	148,020,107	2,472,339	98%
Board Expenses	6,662,311	0	6,662,311	4,586,544	2,075,767	69%
General and Operations Expenses	127,775,707	(12,634,935)	115,140,772	98,856,951	16,283,821	86%

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Depreciation and Amortization Expenses	-	9,000,000	9,000,000	9,543,142	(543,141)	106%
Maintenance Expenses	25,550,910	(18,000,000)	7,550,910	6,336,567	1,214,343	84%
Finance costs	14,636,745	(12,774,406)	1,862,339	1,862,339	-	100%
Total Recurrent Expenditure	326,952,609	(36,243,831)	290,708,778	269,205,650	21,503,128	93%
Capital Expenditure	169,312,500	(67,244,230)	102,068,270	14,792,189	87,276,081	14%
Conservancy Remission	7,800,004	(2,229,520)	5,570,484	4,306,881	1,263,603	77%
Loan Principal Repayment	25,981,929	(11,481,929)	14,500,000	6,739,680	7,760,320	46%
Accrued Liabilities		18,639,214	18,639,214	18,395,382	243,832	99%
Refundable Customer deposits		4,397,978	4,397,978	2,345,088	2,052,890	53%
Sub-Total	203,094,433	(57,918,487)	145,175,946	46,579,220	98,596,726	
Total Expenditure	530,047,042	(94,162,317)	435,884,724	315,784,869	120,099,855	72%
Surplus/Deficit	-	-	-	19,506,247	- 19,506,247	

Budget Notes and Variance Explanations

1. Receipts

- Operating Revenue – Final budget was Kshs 302.16M against an actual of Kshs 267.45M, resulting in a negative variance of Kshs 34.71M (11%). The shortfall was mainly due to unrealised revenue from unimplemented tariff adjustments during the financial year.
- Grants (WSTF CLSG II) – Only 50% of the budgeted Kshs 90M was disbursed (actual Kshs 45M) due to the Water Sector Trust Fund's absorption policy. As at 30 June 2025, procurement for the CLSG II project was still ongoing, hence partial release of funds.

2. Expenditure

- Board Expenses – Actual spending of Kshs 4.59M was 31% below the final budget of Kshs 6.66M, mainly due to cost containment measures.
- General and Operations Expenses – Underspent by Kshs 16.28M (14%) due to implementation of cost-cutting measures and prudent usage of resources.
- Loan Principal Repayment – Only Kshs 6.74M (46% of budget) was paid due to deferred loan repayment as budgeted in the unimplemented tariff.

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Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the Statement of Budget	19,506,246
Reasons for differences:	
Operating Revenue – Final budget Kshs 302.16M vs actual Kshs 267.45M, variance Kshs 34.71M (11%) due to unrealised revenue from unimplemented tariff adjustments.	34,712,888
Non-Operating Revenue – Final budget Kshs 24.22M vs actual Kshs 3.28M, variance Kshs 20.94M (86%) due to unrealised revenue from unimplemented tariff adjustments.	20,944,394
Grants (WSTF CLSG II) – Final budget Kshs 90M vs actual Kshs 45M, variance Kshs 45M (50%) due to absorption policy and ongoing procurement processes.	45,000,000
Capital Projects – Under-expenditure due to delays in project initiation.	87,276,081
Board Expenses – Final budget Kshs 6.66M vs actual Kshs 4.59M, underspend Kshs 2.08M (31%) from cost containment measures.	2,075,767
General & Operations Expenses – Underspent by Kshs 16.28M (14%) due to cost-cutting measures and prudent resource usage.	16,283,821
Loan Principal Repayment – Only Kshs 6.74M (46% of budget) was paid due to deferred repayment linked to the unimplemented tariff.	7,760,320
Closing Cash and Cash Equivalent as per the Statement of Cash Flows	67,048,277

19. Notes To the Financial Statements

1. General Information

Nyahururu Water and Sanitation Company Ltd is established by and derives its authority and accountability from the companies Act 2015 and Water Act 2016. The Company is wholly owned by the Laikipia County Government and is domiciled in Kenya. The Company's principal activity is provision of clean water and sanitation services. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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.

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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.	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: <ul style="list-style-type: none"> 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 directly to changes in basic lending risks and costs; and 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.	1 January 2026

Nyahururu Water & Sanitation Company Ltd.
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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 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	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Directors of Nyahuwasco 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*

Nyahururu Water and Sanitation 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.

b) In-kind contributions

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

c) Property, plant and equipment

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

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 reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Freehold Land	unlimited	0%
Leasehold Land	NA	0%
Buildings and civil works	10	10%
Infrastructure works	40	2.5%
Plant and machinery	4	25%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3.33	30%
Office equipment, furniture and fittings	8	12.5%
Tools & Equipment	3	33.3%

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 are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and impairment of intangible assets

Amortization is calculated on the reducing balance 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 derecognition 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) Right of Use Asset

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

i) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

l) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange. These are measured at fair value through profit or loss (FVTPL).

m) 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.

n) Trade and other receivables

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

o) Taxation

Current income tax

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

p) Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that

are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

q) Borrowing costs

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

r) 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.

s) 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 of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

t) 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.

u) Retirement benefit obligations

The company does not operate a defined benefit scheme for full-time employees. Employees are however entitled to join a registered retirement benefit scheme of their choice. The company and its employees contribute to the Local Authority Provident Fund and National Water Pension Scheme.

Employees contribute 7.5% while the employer contributes 12.5% of basic salary for LAP Fund.

Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

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 entity's obligation under the scheme is limited to specific contributions legislated from time to time.

v) 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.

w) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the

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transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 25th June 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 kshs (94,162,317) on revenue and expenditure on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 18 of these financial statements.

y) Service concession arrangements

The Company analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Company recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at

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the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

z) Comparative figures

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

aa) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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.

The applicable provision for the company is the provision for bad debts. Management estimates this provision at different rates of the gross receivables as indicated in note 29 and the provision is recognized in the statement of financial performance.

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Notes to the financial statements (continued)

6. Operating Revenue

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Water sales	184,825,099	171,695,087
Sewerage Services	65,324,899	57,790,296
Meter charges	8,167,043	9,741,145
Sub-Total	258,317,041	239,226,528
Billing for Other Services		
Estimated water loss charges	238,369	-
Exhauster license	900,000	-
Exhauster Services	904,500	-
Meter replacement Charges	216,750	-
Meter Testing Charges	49,193	-
Private Exhauster	6,000	-
Reconnection Fees	3,713,000	-
Sewer Connection fees	62,500	-
Sewer Inspection Fees	11,250	-
Sewer Unblocking Fees	123,700	-
Water Connection Fees	1,532,305	-
Water Reconnection fees at mains	20,000	-
Water sale (Bowers)	1,343,000	-
Water sale (Private Bowers)	9,500	-
Sub-Total	9,130,067	-
Total Operating Revenue	267,447,108	239,226,528

7. Grants Income

	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs	Kshs
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	-	-
Capital grants amortised	292,524	300,025
Donations from County Governments	-	-
In Kind contribution/donations from other agencies	-	-
Total	292,524	300,025

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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 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 2024-2025 KShs	Total grant income during the year 2023-2024 KShs
Laikipia County- Kinamba water Project	77,782	3,033,490	77,782	3,111,272	8,809,943
Water Sector Trust Fund- UPC 8 th Call	214,742	8,374,952	214,742	8,589,694	3,191,048
Total	292,524	11,408,442	292,524	11,700,966	12,000,991

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Exhauster Services	-	1,014,500
Exhauster License	-	720,000
Private Exhausters Emptying	-	4,200
Reconnection Fees	-	3,682,000
Mileage Charges	1,268,660	2,778,460
Miscellaneous		53,000
Penalties for illegal water use	834,895	1,375,120
Refuse collections Commission (2.5% of refuse collection)	206,881	205,499
Rental Income	766,000	651,000
Sewer Connection Fees	-	138,000
Sewer Inspection	-	25,500
Sewer unblocking	-	64,800
Toilet Income	2,000	7,558
Water Connection fees	-	1,597,551

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Water Sale (Bowser)	-	2,338,950
Water Sale (Private Bowser)	-	8,000
Disconnection on request	15,550	11,751
Bank transaction charges	20,090	32,710
Weekend Surcharges	6,000	25,500
Student Visitation	35,000	60,000
Pipe Damage and Leakage detection charges	2,000	38,100
Labour Charges on customer request	1,700	46,600
Others (Empty Drums sale, copy of bills printouts, application fees)	-	27,100
Meter Test	-	33,200
Fittings Charges	68,010	11,060
Miscellaneous Income-application forms	1,119	-
Miscellaneous Income-Copy of bills	24,850	-
Miscellaneous Income-Empty Drums	22,850	-
Miscellaneous Income-sale of old Tryes	4,000	-
Sub-Total	3,279,605	14,950,189

9. Finance Income

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	-	-
Interest on staff loans	-	-
Dividends	-	-
Total	-	-

There was no Finance income in the year under review

10. Other Gains and Losses

	2024-2025	2023-2024
Description	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-

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Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	-	-

11. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances(commuter, hardship,hazard, House, Overtime and other allowances)	118,178,796	116,883,549
Casual workers' Wages	3,047,285	2,066,360
Staff Medical insurance schemes	7,684,807	7,963,214
Employer's contributions to social security schemes-nssf	3,888,980	2,493,454
Contributions to National Water Marmanet pension schemes(Employers)	217,026	255,249
Local Authorities Provident Fund (Employers)-Lapfund Pension	2,894,066	3,786,364
National industrial Training Institute Levy-NITA	79,250	87,200
Leave Allowance	-	3,318,696
County Pension Fund (Pension)-CPF	118,842	106,299
Gratuity (Lapfund)	3,428,917	2,766,693
Gratuity (CPF)	3,825,472	3,579,884
Court Awarded Compensation	2,233,471	-
Christmas/Easter Holiday Expenses	700,000	624,000
Housing Levy	1,723,195	1,315,786
Total	148,020,107	145,246,749
The average number of employees during the year		
Permanent employees-Management	7	2
Permanent employees-Unionisable	66	76
Corporate Management Team (Contract)	5	4
Temporary and Contracted employees	34	75
Total	112	157

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12. General and Operations Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Audit Fees	580,000	580,000
Allowances-(Lunch Expenses)	1,017,244	1,686,820
Allowance-(Night Out Allowances)	3,790,376	5,262,372
Bank charges	320,024	276,718
Chemicals	16,861,072	19,592,025
cleaning materials	188,544	2,021,621
Communication & Advertisement	661,896	407,168
Consultancy Fees	510,181	2,234,564
consumables	-	64,000
Cost of Sales	27,825	-
Corporate Social Responsibility	140,510	75,000
Disconnection Materials	-	28,200
Electricity	35,902,083	41,931,148
Fire Extinguisher	80,574	-
Fuel,Oil & Gas	5,946,011	10,087,590
Functions, Workshops, Seminars & Training	1,541,096	1,393,457
Hotel Expenses-Outside Catering & accomodation	882,090	-
Provision for Bad Debts(Increase)	-	614,094
Insurance-General	703,485	746,626
Internet Charges	504,948	534,491
Landscaping Services	802,800	-
Licenses & Permits	487,129	163,100
Legal Fees	688,909	977,401
Membership & Subscriptions	525,250	393,000
Mobile Phone Cards	433,981	627,299
Newspapers & Periodicals	12,540	57,485
Office Water	995,788	847,194
Other Communication Expenses	-	17,979
other general and administrative expenses	33,560	7,444
Other Fees & Levies(Excl Wasreb & Wra)	-	23,067
Postage and Courier	1,500,990	1,278,935
Printing and Stationery	1,831,735	3,696,701
Rent and Rates	216,000	1,934,852
Repair & Maintenance	-	166,539
Sanitary Services	131,184	-
Security Services	5,823,800	5,727,360

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sports & recreation	12,500	-
Staff Tea & Official Catering(Hospitality expenses)	337,226	3,554,875
Staff Uniforms & Protective gears	441,321	1,793,799
Staff welfare	338,700	406,700
Stakeholders & AGM Expenses	733,010	-
Staff Training & Development	-	727,760
Telephone	-	11,689
Transport Expenses	1,271,585	926,140
Wasreb Levies	10,888,793	10,167,069
Wra Fees & Levies(Abstraction)	1,550,287	1,687,698
Wra Fees & Levies(Effluent Discharge)	141,904	148,336
Conservation fees	-	-
Entertainment cost	-	21,845
Total General and Operations Expenses	98,856,951	122,900,163

13. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
AGM & Stakeholders Activities (Board)	543,260	290,120
Chairman Honoraria	396,480	396,480
Other Board Functions & Workshops	940,940	2,274,850
Sitting allowances(Full Board)	520,520	600,580
Sub-Committee Sitting allowances	860,860	900,900
Induction and Training	-	910,840
Tax on board members allowances	1,324,484	1,043,585
Total Board Expenses	4,586,544	6,417,355

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14. Maintenance Expenses

	2024-2025	2023-2024
Description	Kshs	Kshs
Building Repairs and Maintenance	246,700	1,243,640
computer -repairs	28,660	157,380
Electrical repairs	248,974	561,477
Furnitures repair Expenses	13,955	-
infrastructural Sewer networks repairs	8,145	494,970
Infrastructural water networks repairs	2,170,596	3,242,608
Motor Vehicles Repairs(Automobile Expenses)	1,588,804	1,424,100
Plant and Equipment repairs	171,607	743,879
pumps and generators	890,466	904,420
Roller Services	8,750	-
Software Maintenance and Upgrading	935,410	870,000
Tools Repair	17,300	-
Vibrator Services	7,200	-
Total Maintenance Expenses	6,336,567	9,642,474

15. Depreciation and Amortization Expenses

	2024-2025	2023-2024
Description	KShs	KShs
Depreciation-Property, Plant and Equipment(PPE)	9,543,142	10,132,459
Amortisation for Intangible Assets	-	-
Amortisation for Grant income	-	-
Total Depreciation and Amortization	9,543,142	10,132,459

16. Finance costs

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest expense on loans	1,862,339	530,284
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Interest expense on water bowser loan	-	-
Total Finance Costs	1,862,339	530,284

The interest is for the loan being repaid by the company during the period under review

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17. Income Tax Expense/(Credit)

Current taxation

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

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

	2024-2025	2023-2024
	Kshs	Kshs
Profit before before taxation	1,813,587	(40,392,742)
add Back		
Depreciation	9,543,141	10,132,459
Prior Year Adjustment	-	-
Less		
Capital Allowances (Wear & Tear)	(9,543,141)	(10,132,459)
Disallowable Expenses	-	-
Adjusted Taxable Profit/(loss)	1,813,587	(40,392,742)
Profit or Loss B/F	(47,404,301)	(7,011,559)
Profit or Loss C/F	(45,590,714)	(47,404,301)
Corporate Tax Payable @30%	-	-

18. Earnings Per Share

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

19. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). During the year ended 30th June 2025, the shareholders did not propose payment of dividends.

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20. Property, Plant and Equipment

2023-2024	Freehold Land	Building & Civil Works	Water & Sewer Infrastructure	Plant & Machinery	Motor Vehicles including motor cycles	Computers & related equipments	Office Equipment, Furniture & fittings	Tools & Equipment	Capital Work in Progress	Totals
Depreciation Rate	0%	10%	2.5%	25%	25%	30%	12.5%	33.3%		
	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs
As at 01.07.2023	-	3,097,056	244,164,666	2,684,538	8,479,720	23,925,755	6,059,638	6,720,998	-	295,132,371
Additions		12,501,466	16,713,069	1,958,577	777,000	1,832,840	1,628,046			35,410,997
Transfers										
Disposals										
Assets as at 30th June 2024	-	15,598,522	260,877,735	4,643,115	9,256,720	25,758,595	7,687,684	6,720,998	-	330,543,368
Depreciation & Impairment										
Cum. Dep as at 1 July 2023	-	463,985	45,986,736	2,312,892	7,824,582	20,558,721	4,392,838	5,717,028	-	87,256,782
Depreciation for the year	-	1,513,454	5,372,275	582,556	358,035	1,559,962	411,856	334,322	-	10,132,459
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
Total Acc. Dep as at 30th June 2024	-	1,977,439	51,359,011	2,895,448	8,182,616	22,118,683	4,804,694	6,051,350	-	97,389,241
NBV As at 30.06.2024	-	13,621,083	209,518,724	1,747,667	1,074,104	3,639,912	2,882,990	669,648	-	233,154,127

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Property, Plant and Equipment (Continued)

2024-2025	Freehold Land	Building & Civil Works	Water & Sewer Infrastructure	Plant & Machinery	Motor Vehicles including motor cycles	Computers & related equipments	Office Equipment, Furniture & fittings	Tools & Equipment	Capital Work in Progress	Totals
Depreciation Rate	0%	10%	2.5%	25%	25%	30%	12.5%	33.3%		
	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs
As at 01.07.2024	-	15,598,522	260,877,735	4,643,115	9,256,720	25,758,595	7,687,684	6,720,998	-	330,543,368
Additions		713,062	9,131,355	6,000	622,524	22,680	-	296,568		10,792,189
Transfers										
Disposals										
Assets as at 30th June 2025	-	16,311,584	270,009,090	4,649,115	9,879,244	25,781,275	7,687,684	7,017,566	-	341,335,558
Depreciation & Impairment										
Cum. Dep as at 1 July 2024	-	1,977,439	51,359,011	2,895,448	8,182,616	22,118,683	4,804,694	6,051,350	-	97,389,241
Depreciation for the year	-	1,433,414	5,466,252	438,417	424,157	1,098,778	360,374	321,750	-	9,543,142
Transfers/adjustments	-									
Total Acc. Dep as at 30th June 2025	-	3,410,853	56,825,263	3,333,865	8,606,773	23,217,461	5,165,068	6,373,100	-	106,932,383
NBV As at 30.06.2025	-	12,900,731	213,183,827	1,315,250	1,272,471	2,563,814	2,522,616	644,466	-	234,403,175

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Valuation

No valuation for land and buildings was done during the period under review.

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20 (b) Property, Plant and Equipment at Cost

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

Asset	Cost	Accumulated Depreciation	NBV
2023-2024	Kshs	Kshs	Kshs
Freehold Land	-	-	-
Building & Civil Works	15,598,522	1,977,439	13,621,083
Water & Sewer Infrastructure	260,877,735	51,359,011	209,518,724
Plant & Machinery	4,643,115	2,895,448	1,747,667
Motor Vehicles including motor cycles	9,256,720	8,182,616	1,074,104
Computers & related equipment's	25,758,595	22,118,683	3,639,912
Office Equipment, Furniture & fittings	7,687,684	4,804,694	2,882,990
Tools & Equipment	6,720,998	6,051,350	669,648
Total	330,543,369	97,389,241	233,154,128

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

Asset	Cost	Accumulated Depreciation	NBV
2024-2025	Kshs	Kshs	Kshs
Freehold Land	-	-	-
Building & Civil Works	16,311,584	3,410,853	12,900,731
Computers & related equipment	25,781,275	23,217,461	2,563,814
Office equipment, Furniture & fittings	7,687,684	5,165,068	2,522,616
Motor Vehicles including motor cycles	9,879,244	8,606,773	1,272,471

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	4,649,115		
Plant & Machinery		3,333,865	1,315,250
Tools & Equipment	7,017,566	6,373,100	644,466
Water & Sewer Infrastructure	270,009,090	56,825,263	213,183,827
Total	341,335,558	106,932,383	234,403,175

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

Asset	Cost or Valuation	Normal Annual Depreciation charge
2024-2025	Kshs	Kshs
Freehold Land	-	
Building & Civil Works	16,311,584	1,433,414
Computers & related equipment	25,781,275	1,098,778
Furniture & fittings	7,687,684	360,374
Motor Vehicles including motor cycles	9,879,244	424,157
Plant & Machinery	4,649,115	438,417
Tools & Equipment	7,017,566	321,750
Water & Sewer Infrastructure	270,009,090	5,466,252
Total	341,335,558	9,543,142

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Notes to the financial statements (continued)

21. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Disposals	-	-
At June 30	-	-
Amortization		
At July 1	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	-	-
Net book value		
At June 30	-	-

22. Investment Property

	2024-2025	2023-2024
	Kshs	Kshs
Opening valuation	-	-
Movements during the year		
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-
Depreciation (if at cost)		
At July 1 2023	-	-
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30 2024	-	-
Net book value		
At June 30 2024	-	-

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23. Right-of-use assets

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2023	-	-	-	-
Additions	-	-	-	-
As at 30 June 2024	-	-	-	-
Additions	-	-	-	-
As at 30 June 2024	-	-	-	-
	-	-	-	-
Accumulated Depreciation				
As at 1 July 2023	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2024	-	-	-	-
Carrying Amount				
As at 30 June 2024	-	-	-	-
As at 30 June 2024	-	-	-	-

24. Biological Assets

	2024-2025	2023-2024
	Kshs	Kshs
Cattle	-	-
Trees	-	-
Others (Specify)	-	-
Total	-	-

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25. Fixed Interest Investments (Bonds)

	2024-2025	2023-2024
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Bond	-	-
AB Corporate Bond (give details)	-	-
CD Corporate Bond (give details)	-	-
Total	-	-

The movement in investment during the year is as follows:

Details	2024-2025	2023-2024
	Kshs	Kshs
Balance at 1 July	-	-
Additions during the year	-	-
Interest accrued during the year	-	-
Investment maturities during the year	-	-
Fair value gain/(loss) – if measured at FVOCI/FVTPL	-	-
Balance at 30 June 2024	-	-

26. Quoted Investments

	2024-2025	2023-2024
	Kshs	Kshs
Opening valuation	-	-
	-	-
Movements during the year	-	-
Additions	-	-
Disposals	-	-
Fair value gains/(losses)	-	-
Closing valuation	-	-

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

27. Unquoted Investments

	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At July 1	-	-
Additions	-	-
Fair value gains/(losses)	-	-
Disposals	-	-
At June 30	-	-
Impairment		
At July 1	-	-
Disposals	-	-
Impairment loss in the year	-	-
At June 30	-	-
Net book value	-	-

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Notes to the financial statements (continued)

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

28. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Building Materials	142,675	-
Chemicals & Laboratory items	569,299	844,973
Cleaning Materials	3,640	73,004
Water meters	232,697	1,756,000
pipe fittings and Accessories	6,230,661	10,027,216
Stationery and general stores	415,729	661,539
Pumps, Generator Services repairs Materials	130,258	-
Sewer Network Repair Materials	413,430	-
Uniform and protective clothing	85,855	118,306
staff Tea Items	-	301
Tools	221,032	7,650
Water Network Materials	179,520	
Total	8,624,796	13,488,989

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28. a) Reconciliation of Impairment Allowance for Inventories

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

29. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables (note (29a))	86,406,714	69,410,005
VAT recoverable	-	-
Staff receivables (note 29 (c))	45,366	-
Other receivables	-	-
Gross trade and other receivables	86,452,080	69,410,005
Provision for bad and doubtful receivable	(11,038,857)	(8,414,254)
Net trade and other receivables	75,413,223	60,995,751
Short- Term Trade and Other Receivables	26,394,628	-
Long- Term Trade and Other Receivables	49,018,595	-

29. (a) Trade Receivables

Description	2024-2025	2023-2024
	KShs	KShs
Gross trade receivables	86,406,714	69,410,005
Provision for doubtful receivables b/f	(8,414,254)	-
Provision for uncollectable Refuse	-	-
provision for doubtful receivables(current)	(2,624,604)	(8,414,254)
Total Provision of Doubtful receivable	(11,038,857)	(8,414,254)
Net trade receivables	75,367,857	60,995,751

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

	2024-2025	2023-2024
	Trade receivables	Trade receivables
Less than 30 days	12,961,007	18,048,562
Between 30 and 60 days	17,281,343	8,176,773
Between 61 and 90 days	12,961,007	6,075,935
Between 91 and 120 days	8,640,671	4,088,222
Over 120 days	34,562,686	33,020,513
Total	86,406,714	69,410,005

Provision for Doubtful Debts

Ageing	2024-2025	% of provision of Doubtful debt	Prov for doubtful debt 2024-2025
Less than 30 days	12,961,007	1%	32,403
Between 30 and 60 days	17,281,343	5%	216,017
Between 61 and 90 days	12,961,007	10%	324,025
Between 91 and 120 days	8,640,671	15%	324,025
Over 120 days	34,562,686	20%	1,728,134
Total	86,406,714		2,624,604

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

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	(16,214,414)	(7,800,160)
Additional provisions during the year	(2,624,604)	(8,414,254)
Recovered during the year	7,800,160	-
Written off during the year	-	-
At the end of the year	(11,038,857)	(16,214,414)

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29. (c) Staff Receivables

Description	2024-2025	2023-2024
	KShs	KShs
Gross staff loans and advances	52,366	30,740
Provision for impairment loss	-	-
Net staff loans	52,366	30,740
Less: Amounts due within one year	7,000	(30,740)
Amounts due after one year	45,366	-

29. (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2024-2025	2023-2024
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	52,366	-
Recovered during the year	(7,000)	-
Written off during the year	-	-
At the end of the year	45,366	-

30. Tax Recoverable

	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 17)	-	-
Under/(over) provision in prior year/s (note 17)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

31. Short Term Deposits

	2024-2025	2023-2024
	Kshs	Kshs
Commercial banks		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-

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Others (specify)	-	-

32. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

33. Bank and Cash Balances

Description	2024-2025	2023-2024
	kshs	KShs
Cash at Bank	63,205,996	4,347,563
cash in Hand	55,000	27,500
Mobile Money Account-Mpesa paybill no 873900	1,062,226	599,405
Mobile Money Account-Mpesa paybill no 4148125 (customer deposits)	2,725,055	
Total	67,048,277	4,974,468

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2024-2025	2023-2024
		KShs	KShs
a) Current account			
Cooperative Bank	01120037721500	880,233	803,566
Equity Bank	0160264259445	330,194	118,108
Family Bank	023000028400	1,848,386	176,669
Post Bank	0744130014862	444,622	233,195
Sub- total		3,503,435	1,331,538
b) On – call deposits			
Equity Bank (Customer Deposits)	0160293799872	8,353,755	2,703,755
Sub- total		8,353,755	2,703,755

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Financial institution	Account number	2024-2025 KShs	2023-2024 KShs
c) Fixed Deposit Account			
Cooperative Bank	02003772150	-	-
others		-	-
Sub- total		-	-
d) Others(specify)			
Wstf UPC 8th Call Project acc(Family Bank)	'023000042457	312,270	312,270
Wstf CLSG II acc(Family Bank)	023000047235	45,000,000	
Wstf CLSG II-Escrow acc(Family Bank)	023000047234	4,650,000	
Unilands Sacco Sewer Project acc(Family Bank)	023000047078	1,386,536	
cash in hand-pettycash		55,000	27,500
Mobile money account-Mpesa paybill acc 873900	873900	1,062,226	599,405
Mobile Money Account-Mpesa paybill no 4148125 (customer deposits)	4148125	2,725,055	
Sub- total		55,191,087	939,175
Grand total		67,048,277	4,974,468

33(a) Performance Guarantee(Wasreb)

Description	2024-2025 kshs	2023-2024 KShs
Wasreb Performance Guarantee	3,500,000	-
Total	3,500,000	-

34. Ordinary Share Capital

Description	2024-2025	2023-2024
	KShs	KShs
Authorized:		
5000 ordinary shares of Kshs 20 par value each	100,000.00	100,000.00
Issued and fully paid:		
5000 ordinary shares of Kshs 20 par value each	100,000.00	100,000.00

35. Revaluation Reserve

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

36. Fair Value Adjustment Reserve

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

37. Retained Earnings

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

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37(a) Capital/ Development Fund

	Notes	Ordinary share capital	Retained earnings	Proposed dividends	Capital/ Development Fund	Total
		kshs	kshs	kshs	kshs	kshs
As at July 1, 2024(Current Yr)		100,000	(47,404,301)	-	176,810,964	129,506,663
Issue of new share capital		-	-	-	-	-
Revaluation gain		-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-
Profit for the year		-	1,813,587	-	-	1,813,587
Capital/Development grants received during the year		-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	292,524	-	(292,524)	-
Dividends paid – prior year		-	-	-	-	-
Allowance for Doubtful Debts		-	(2,624,604)	-	-	(2,624,604)
Interim dividends paid – current year		-	-	-	-	-
Owners Equity		-	(3,570,003)	-	-	(3,570,003)
Proposed final dividends		-	-	-	-	-
At June 30, 2025		100,000	(51,492,797)	-	176,518,440	125,125,643

38. Deferred Tax Liability

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

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	2024-2025	2023-2024
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability	-	-

The movement on the deferred tax account is as follows:

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

39. Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	10,442,280	-
Domestic borrowings during the year	46,386,536	10,900,000
Repayments during the year	(2,089,680)	457,720
Balance at end of the year	54,739,136	10,442,280
C) Total Balance at end of the period c = a+b	54,739,136	10,442,280

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

	2024-2025	2023-2024
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
Domestic Borrowings		
Kenya Shilling loan from Family bank	8,352,600	10,442,280
Kenya Shilling loan from Unilands Sacco	1,386,536	-
Kenya Shilling loan from WSTF CLSG II	45,000,000	-
Total balance at end of the year	54,739,136	10,442,280

Description	2024-2025	2023-2024
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	54,739,136	10,900,000
Total	54,739,136	10,900,000

40. Lease Liability

Description	2024-2025	2023-2024
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

	2024-2025	2023-2024
Maturity analysis	KShs	KShs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-

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	-	-
Less: unearned interest	-	-
	-	-
Analysed as:	-	-
Non-Current	-	-
Current	-	-

41. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provision	Other Provision	Total
	KShs		KShs	KShs	KShs
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	457,720	-	457,720
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	457,720	-	457,720

Provisions details

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
Total	-	-

42. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total	-	-	-	-	-

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Retirement benefit Asset/ Liability

The company does not operate a defined benefit scheme for full-time employees. Employees are however entitled to join a registered retirement benefit scheme of their choice. The company and its employees contribute to the Local Authority Provident Fund and National Water Pension Scheme.

Employees contribute 7.5% while the employer contributes 12.5% of basic salary for LAP Fund.

Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

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 entity's obligation under the scheme is limited to specific contributions legislated from time to time.

	2024-2025	2023-2024
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

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

	2024-2025	2023-2024
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

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b) Amounts recognised in the Statement of Financial Position

	2024-2025	2023-2024
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognized	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

43. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	53,303,825	55,626,422
Sub-Total	53,303,825	55,626,422
Accrued Expenses		
Fees and Levies		
Office of Auditor General	3,540,000	2,960,000
WASREB	16,888,282	12,489,490
Water Resources Authority(WRA)	(611,374)	396,434
Laikipia County Government(Conservancy)	19,913,067	15,945,198
Northern Water Works Agency (Lease Fees)	8,480,984	8,480,984
Sub-Total	48,210,959	40,272,106
Employee Payables		
Payroll Liabilities		
Local Authorities Provident Fund	24,137,974	17,008,375
CPF	3,312,287	2,532,919

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Other Payroll Payables	29,221,366	8,912,137
Sub-Total	56,671,627	28,453,431
Other Payables		
Total Trade and other Payables	158,186,411	124,351,959

Aging Analysis for Trade and other Payables

	2024-2025	% of the Total	2023-2024	% of the Total
	kshs		kshs	
Under one Year	94,911,846	65%	24,870,392	65%
1-2 years	39,546,603	25%	80,828,773	5%
2-3 years	15,818,641	10%	12,435,196	1%
over 3 years	7,909,321	5%	6,217,598	30%
Total	158,186,411	100%	124,351,959	100%

44. Refundable Deposits and Prepayments

Customer Deposits	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	36,153,747	34,894,945
Add: deposits received during the year	5,263,459	5,093,550
Less: Refunded deposits during the year	(1,850,150)	(2,315,255)
less : Water Bill Set-off during the year	(494,938)	(1,519,493)
Closing balance	39,072,118	36,153,747

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Customer deposits constitute monies paid by customers to cushion the company against non-payment of outstanding bills. The deposit is refundable upon formal request of termination of services by the customers and upon clearance of any outstanding bills

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025	% of the Total	2023-2024	% of the Total
	kshs		kshs	
Under one Year	3,443,397	9%	3,186,203	9%
1-2 years	1,350,386	3%	1,249,523	3%
2-3 years	3,593,718	9%	3,325,296	9%
over 3 years	30,684,617	79%	28,392,725	79%
Total	39,072,118	100%	36,153,747	100%

45. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
National/County government	11,408,442	11,700,966
International funders	-	-
Public contributions and donations	-	-
Total deferred income	11,408,442	11,700,966

The deferred income movement is as follows:

	County government/ Agencies	International funders	Public contributions and donations	Total
Balance brought forward	11,700,966	-	-	11,700,966
Additions	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	(292,524)	-	-	(292,524)

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Other transfers	-	-	-	-
Balance carried forward	11,408,442	-	-	11,408,442

46. Dividends Payable

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

	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional declared during the year	-	-
Paid during the year	-	-
Balance at end of the year	-	-

Dividend Payable analysis

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

No dividend were paid during the period under the review

47. Taxation

	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year	-	-
Under/(over) provision in prior year/s	-	-
Income tax paid during the year	-	-
At end of the year	-	-

No tax payable for this year as the adjusted taxable profit on note 17 has been offset by the loss brought forward

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48. 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	1,813,587	(40,392,742)
Depreciation	9,543,142	10,132,459
Amortization	-	-
(Gain)/loss on disposal of property, plant and equipment	-	-
Increase in provision for bad debts	-	614,094
Operating profit/(loss) before working capital changes	11,356,729	(29,646,189)
Working capital changes:		
Increase / (Decrease) in Trade and Other Receivables	(14,417,472)	(5,275,089)
Increase / (Decrease) in Trade Inventory	4,864,194	(3,212,749)
Increase / (Decrease) in Trade Payables	(2,322,597)	19,112,866
Increase / (Decrease) in loans and advances	-	30,740
Increase / (Decrease) in prepayments	-	16,750
Increase / (Decrease) in fees and levies	7,938,854	5,692,341
Increase / (Decrease) in payroll liabilities	28,218,196	9,224,675
Increase / (Decrease) in consumer deposits	2,918,371	1,258,802
Increase / (Decrease) in deferred income	-	11,700,966
Net changes in working Capital	27,199,546	39,115,807
Cash generated from/ (used in) operation	38,556,275	9,469,618
(b) Analysis of changes in loans		
Balance at beginning of the year	10,442,280	-
Receipts during the year	46,386,536	10,900,000
Repayments during the year	(2,089,680)	(457,720)
Repayments of previous year's accrued interest	-	-
Foreign exchange (gains)/losses	-	-
Accrued interest	-	176,020
Balance at end of the year	54,739,136	10,442,280
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	63,205,996	4,347,563
Cash in hand	55,000	27,500

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	2024-2025	2023-2024
	Kshs	Kshs
Mobile Money Account-Mpesa paybill no 873900	1,062,226	599,405
Mobile Money Account-Mpesa paybill no 4148125	2,725,055	
Balance at end of the year	67,048,277	4,974,468
(d) Analysis of interest paid		
Interest on loans	1,862,339	176,020
Interest on bank overdraft	-	-
Interest on lease liabilities	-	-
Interest on loans capitalised	-	-
Balance at beginning of the year	-	-
Balance at end of the year (note 16)	1,862,339	176,020
Interest Paid	(1,862,339)	(176,020)
Analysis of dividend paid		
Balance at beginning of the year	-	-
2024-2025 dividends paid	-	-
2024-2025 interim dividends paid	-	-
Balance at end of the year	-	-
Dividend paid	-	-

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Notes to the financial statements (continued)

Other Disclosures

49. Related Party Disclosures

County Government of Laikipia

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

Other related parties include:

- The County Department in charge of Water
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- Warma-Water Resources Management Authority
- Water Sector Trust Fund
- Key management
- Board of directors
- Others (specify)

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales (Bowser)to County Govt. agencies		3,195,250
Exhauster Services to county Government agencies		99,450
Water Bills for County Gov installations	2,078,885	1,658,110
Interest income from Govt Commercial Banks		-
Interest income from T-bills and Bonds		-
Others (Specify)		-
Total	2,078,885	4,952,810
b) Purchases from related parties		
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-

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Training and conference fees paid to govt. agencies	-	-
Bank charges paid to Govt Commercial banks	-	-
Interest expense to investments by other govt. entities	-	-
Others (specify)	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt Agencies-wstf	-	3,191,048
Grants from County Government	4,000,000	8,809,943
Donations in kind	-	-
Total	4,000,000	12,000,991
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for county employees	-	-
Payments for goods and services for county government	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	4,586,544	6,285,195
Compensation to key management	24,706,336	20,761,351
Total	29,292,880	27,046,546

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50. Capital Commitments

Capital commitments at the year- end for which no provision has been made in these financial statements are:

	2024-2025	2023-2024
	Kshs	Kshs
Amounts authorised and contracted for	-	-
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	-	-
	-	-

51. Contingent Assets and Liabilities

Contingent Assets

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

Contingent Liabilities

	2024-2025	2023-2024
	Kshs	Kshs
Contingent liabilities		
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs (Public Private Partnership)	-	-
Others (Specify)	-	-
Total	-	-

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52. 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:

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	75,413,223	26,394,628	49,018,595	11,038,857
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	67,048,277	67,048,277	-	-
Total	142,461,500	93,442,905	49,018,595	11,038,857
At 30 June 2024(Previous Year)				
Trade Receivables	69,410,005	18,048,562	42,947,189	8,414,254
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	4,974,468	4,974,468	-	-
Total	74,384,473	23,023,030	42,947,189	8,414,254

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Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from over 120 days

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025 current year				
Trade payables	10,660,765	21,321,530	21,321,530	53,303,825
Current portion of borrowings	10,947,828	21,895,654	21,895,654	54,739,136
Fees and Levies	9,642,192	19,284,384	19,284,384	48,210,960
Deferred income	2,281,688	4,563,377	4,563,377	11,408,442
Employee benefit obligation	11,334,325	22,668,651	22,668,651	56,671,627
Total	44,866,798	89,733,596	89,733,596	224,333,990
At 30 June 2024 previous year				
Trade payables	6,883,990	7,450,495	41,294,937	55,629,422
Current portion of borrowings	-	-	10,442,280	10,442,280

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Fees and Levies	5,034,013	12,073,756	23,164,337	40,272,106
Deferred income	-	-	11,700,966	11,700,963
Employee benefit obligation	3,867,893	9,025,083	15,560,454	28,453,430
Total	15,785,896	28,549,334	102,162,974	146,498,201

(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.

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

a) Foreign currency risk

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

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June Current Year			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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The company did not have any foreign currency risk exposure

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June Previous year			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

b) Foreign currency sensitivity analysis

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

The company did not have any foreign sensitivity exposure

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 Current FY			
Euro	-	-	-
USD	-	-	-
2023 Previous FY			
Euro	-	-	-
USD	-	-	-

c) Interest rate risk

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

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i) Management of interest rate risk

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

ii) Sensitivity analysis

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

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

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

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

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

At 30 June 2024 Current FY	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 2024 Previous FY				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets	-	-	-	-

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Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

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

Financial instruments not measured at fair value

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

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
Revaluation reserve	-	-
Ordinary Shares	100,000.00	-
Retained earnings	(51,492,797)	(47,404,301)
Capital reserve	176,518,440	176,810,964
Total funds	125,125,643	129,506,663
Total borrowings	54,739,135	10,442,279
Trade and other payables	158,186,411	124,351,959
Water Deposits	39,072,118	36,153,747
Less: cash and bank balances	(67,048,277)	(4,974,468)
Net debt/ (excess cash and cash equivalents)	184,949,386	165,973,517
Gearing=(Net Debt/ Equity) x 100%	148%	128%

53. Incorporation

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

54. Events After the Reporting Period

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

20. 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.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Material uncertainty Related to Going Concern</p> <p>As previously reported, the statement of financial position reflects current assets and liabilities of Kshs.79,459,208 and Kshs.172,664,392 respectively, resulting in negative working capital of Kshs.93,205,184. Further, the Company’s statement of profit or loss and other comprehensive income for the year ended 30 June 2024 reflects Kshs.254,476,742 in respect to total revenue and Kshs.294,869,484 in respect to total expenditure resulting in an operating loss of Kshs.40,392,742. This deficit has reduced the retained earnings from negative Kshs.7,011,559 on 30 June 2023 to a negative of Kshs.47,404,301 as of 30 June 2024 as reflected in the statement of financial position. The Company may, therefore, be unable to meet its financial obligations as and when they fall due and may, therefore, be technically insolvent on the basis of the negative working capital position. In the circumstances, the sustainability of services delivery and the going concern as a water company is in doubt.</p>	<p>The management is doing its level best to ensure that the going concern of Nyahururu Water and Sanitation is guaranteed.</p> <p>Even though the issue of going concern has not been fully resolved, management has made significant progress in improving the financial sustainability of Nyahururu Water and Sanitation Company. Notable achievements include:</p> <ol style="list-style-type: none"> 1. Turnaround to Profitability: The Company has recorded a profit of Kshs. 1,813,587 for the year ended 30 June 2025 compared to a loss of Kshs. 40,392,742 in the previous year. 2. Cost Control Measures: Through rigorous expense management, total expenses have been reduced from Kshs. 294,869,484 to Kshs. 269,205,650, reflecting enhanced efficiency in operations. 3. Improved O&M Cost Coverage: The Company’s operating and maintenance cost coverage has increased to 104%, indicating that operational revenues are now sufficient to cover core operating costs. 4. Revenue Growth: Total income has grown from Kshs.254,476,742 to Kshs. 271,019,237,supported by improved 	Not Resolved	Dec 2025

		<p>collection efficiency, tariff adjustments, and the pursuit of new revenue streams.</p> <p>5. Strengthened Liquidity Position: The current ratio has improved from (0.46) to (0.74), demonstrating better working capital management.</p> <p>Management remains committed to sustaining these gains through prudent financial management, continuous cost optimization, and revenue diversification strategies.</p>		
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<p>2.0</p>	<p>Unrecognized Property, Plant and Equipment</p> <p>As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.233,154,127. However, the ownership documents for four (4) motor vehicles of unknown value granted by the Northern Water Services Board and the County Government of Laikipia had not been transferred and registered in the name of the water company.</p> <p>Further, the fixed assets register was incomplete and all assets were not tagged.</p> <p>In the circumstances, the accuracy and completeness of the property, plant, and equipment balance of Kshs.233,154,127 as at 30 June 2024 could not be confirmed</p>	<p>Management Response:</p> <p>Management acknowledges the observation regarding unrecognized property, plant, and equipment and appreciates the importance of ensuring accuracy and completeness of the asset records.</p> <p>On tagging and valuation, the Company has budgeted for these activities in the Financial Year 2025/2026, and the exercise will be undertaken accordingly. This initiative will not only ensure that all assets are properly tagged but will also support the updating and verification of the fixed asset register, thereby enhancing accountability and compliance with Section 139(1)(b) of the Public Finance Management (National Government) Regulations, 2015.</p> <p>Regarding the ownership of motor vehicles and other assets, the Company has formally reached out to the Northern Water Services Board to facilitate the transfer of assets currently under their name to Nyahururu Water & Sanitation Company. Engagements with the County Government of Laikipia are also ongoing to ensure full transfer and registration of all assets to the Company.</p> <p>Management remains committed to strengthening its asset management framework through proper tagging, regular valuation, and ensuring legal ownership of all assets rests with the Company</p>	<p>Not Resolved</p>	<p>Sep 2025</p>
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<p>3.0</p>	<p>Trade and other receivables</p> <p>The statement of financial position and as disclosed in Note 29 to the financial statements reflects a balance of Kshs.60,995,751 in respect to trade and other receivables net of provision for doubtful debts of Kshs.8,414,254. However, the provision was less than outstanding customer debts that have remained uncollected for a period exceeding 120 days of Kshs.33,020,513 (representing 54%). Further, there was no evidence confirming that management has determined an allowable credit period in accordance with Chapter 10 of the Company’s Financial Manual.</p> <p>In the circumstance, the recoverability of receivables of Kshs.60,995,751 as at 30 June 2024 could not be confirmed.</p>	<p>Management Response</p> <p>The company has taken note of the audit observation and has taken steps to address the issues raised. The Debt Management Policy has been updated to define an allowable credit period and provide clear guidelines on the management of outstanding debts. The revised policy was presented to the Finance Committee for adoption on 13th December 2024 and was adopted.</p> <p>This policy update will ensure that overdue debts are actively managed, improve debt recovery processes, and enhance the company's ability to minimize financial risk. The company will also implement regular monitoring and reporting procedures to track outstanding debts and intervene in a timely manner, as per the updated policy.</p>	<p>Not Resolved</p>	<p>Dec 2025</p>
<p>4.0</p>	<p>Inaccuracy of Customer Deposits Account</p> <p>As previously reported, the statement of financial position and as disclosed in Note 43 to the financial statement reflects Kshs.36,153,747 in respect to customer deposits, which includes Kshs.5,093,550 in respect to customer deposits received during in the year under review. However, a review of bank confirmation certificate and bank statements revealed that the actual Customer Deposit balance as at 30 June 2024 stood at Kshs.2,703,755 resulting to a variance of Kshs.33,449,992. The variance constituted funds spent by</p>	<p>Management acknowledges the audit observation regarding the inaccuracy of customer deposits and wishes to provide the following clarifications and updates:</p> <ol style="list-style-type: none"> 1. Implementation of Senate Recommendations: The Company has fully implemented the Senate’s recommendations regarding the management of customer deposits. Specifically: 	<p>Not Resolved</p>	<p>Dec 2025</p>

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<p>Management without authority from the Company’s Board of Directors and which had not been refunded to the customer deposits account as of 30 June, 2024.</p> <p>Further, records provided for audit review show that the board decided to build up the customer deposit account by authorizing a standing order of Kshs.2,000,000 to be deposited into this account every financial year until the balance in the account is equal to the corresponding balance reported in the financial statements. However, there was no evidence to show that Kshs.2,000,000 was banked into the customer deposits account in the year under review.</p> <p>In the circumstances, the accuracy of the customer deposits of Kshs.36,153,747 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nyahururu Water and Sanitation Company Ltd 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.</p>	<ul style="list-style-type: none"> ○ An independent customer deposits bank account has been opened at Equity Bank, Account Number 0160293799872, solely dedicated to customer deposits. ○ A dedicated M-Pesa paybill account, Number 4148125, has also been established to receive customer deposits exclusively. <p>2. Improved Customer Deposit Balances: To demonstrate commitment towards addressing the variance, the Company has topped up the customer deposit account from Kshs. 2,703,755 as at 30 June 2024 to Kshs. 8,353,755 as at 30th June 2025.</p> <p>3. Strengthened Controls and Accountability: Management has further instituted measures to ensure that customer deposits are not co-mingled with operational funds. This includes periodic reconciliations, independent monitoring of deposit inflows, and reporting to the Board to enhance transparency and accountability.</p> <p>Management remains committed to progressively building up the customer deposits account in line with Board and Senate directives until the</p>	
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		reported balances fully align with the financial statements.		
1.0	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</p> <p>Excess Non-Revenue Water The statement of profit or loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects Kshs.239,226,528 in respect to operating revenue which includes Kshs.171,695,085 in respect to revenue from the sale of water. Information provided for audit review revealed that the Company produced 3,241,297 cubic meters (M³) of water out of which only 2,007,969 M³ were billed to the customers. The balance of 1,233.328 M³ or approximately 38% of the total volume of water produced, therefore, represents non-Revenue water (NRW) which was 13% over and above the allowable loss of 25% in accordance with schedule E of Water Service Regulatory Board (WASREB) guidelines. The significant level of Non-Revenue Water could be an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact on the Company’s profitability and its ability to sustain services. In the circumstances, Management was in breach of the WASREB guidelines.</p>	<p>Management Response</p> <p>The Non-Revenue Water of 39% surpasses WASREB allowable loss of 25% by 14%. The management is cognizant to the fact that this significant level of Non-Revenue Water which may negatively impact on the Company’s profitability and its ability to sustain services. The company has put tremendous efforts in trying to minimize non-revenue water within the service area. Among the efforts undertaken include:</p> <ol style="list-style-type: none"> 1. The company still uses water pipeline constructed in 1973 and 1984. The bulk of the pipelines of 1973 and 1984 comprise of UPVC and Galvanized iron pipes most of which have surpassed their useful service life and are prone to rampant leaks and bursts which result in huge water losses. The company requires immense financial resources to undertake a complete replacement of all the old pipes. To address this problem, the management has been seeking assistance from both the National and County Governments as well as from other development partners for infrastructure renewal. The company has secured KES 90 million from Water Sector 	Not resolved	June 2026

		<p>Trust Fund for pipe replacements in Nyahururu town which will significantly assist in curbing physical water losses. Pipelines renewal has been factored in NYAHUWASCO's strategic plan 2024-2029 where replacement of 50km of pipeline is targeted each year.</p> <p>2. With over 16,000 active water connections, the company has about 10,000 consumer meters that have surpassed their service life and hence their accuracy may have reduced resulting in commercial losses. These meters have been factored for replacement over the next 5 years in accordance with the strategic plan 2024-2029.</p> <p>3. To improve on operational efficiency and reduce Non revenue water, the company has done the following:</p> <ul style="list-style-type: none"> (i) Establishment of Non-revenue unit with 5 staff members which is dedicated to dealing with formulation and implementation of non-revenue water reduction strategies and activities. (ii) Use of smart technologies in meter reading (use of smart phones) and automated billing system to minimize human errors that can cause commercial NRW. 		
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		<ul style="list-style-type: none"> (iii) Use of high accuracy water meters to reduce commercial losses (iv) Use of Enterprise Resource Planning system in management of reporting of leaks and bursts and assigning of tasks to artisans for prompt action and feedback. (v) Use of GIS Mapping system for easier mapping of leaks and bursts and other reported issues for prompt action (vi) Continuous training of staff on NRW issues, including sending staff for special training at KEWI. (vii) Adopted use of HDPE pipes which are more resilient for all new projects to reduce incidences of leaks and bursts. (viii) Benchmarking with other water utilities to exchange ideas on NRW water reduction. <p>Despite those challenges the company has been able to reduce the NRW From 39% to 36.76% as at 30th June 2025</p>		
2.0	<p>Non-remittance of Revenue Collected As previously reported, the statement of comparison of budget and actual amounts for the period ended 30 June, 2024 reflect Kshs.7,800,000 and Kshs.8,219,950 in respect to budgeted revenue from Conservancy and actual receipt respectively.</p>	<p>Management Response The company has taken note of the auditor's observation and wishes to respond as follows: The county and Nyahururu Water & Sanitation has so far entered into an agreement to increase the remittance limit from kshs 200,000 per month</p>	Not Resolved	SEP 2025

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<p>This represented revenue collected by the water company for garbage collection on behalf of the County Government. The water company was supposed to retain 2.5% of the revenue collected and remit the balance to the County Government of Laikipia. However, the Company remitted only Kshs.2,657,848 of out of the Kshs.8,055,551 (98% of the revenue collected) resulting to unremitted conservancy revenue collection of Kshs.5,397,703. The water company spent the conservancy revenue without the authority from the County Government. Further, as reflected in Note 42 to the financial statement, the water company reported unremitted conservancy revenue of Kshs.15,945,198 payable to the County Government of Laikipia (Conservancy).</p> <p>In addition, the agreement for conservancy revenue collection was entered between the water company and the defunct Municipal Council of Nyahururu which was dated 19 September, 2003 on garbage collection for a conservancy fee. However, this agreement has not been renewed to reflect the reality on the ground and to incorporate the policies of County Government of Laikipia. The continued collection of conservancy revenue by the water company based on 'obsolete' agreement conflicts with the mandate of Laikipia county revenue board which is mandated by law to collect and account for all revenues for the county government of Laikipia.</p> <p>In the circumstances, Management was in breach of the agreement.</p>	<p>to kshs 675,000 as per the attached letter (Annex 3)</p> <p>The County Government of Laikipia is aware of the financial difficulties currently faced by Nyahururu Water and Sanitation Company and has consistently supported the company in its efforts to provide services to the residents of Nyahururu. Both parties have engaged in discussions to identify a mutually beneficial approach for remitting the outstanding balances without imposing undue financial strain on the company.</p> <p>To address this, the company is counting on the new tariffs, which it fully supports, as a critical step toward settling the outstanding balance. The management of Nyahururu Water and Sanitation Company remains fully committed to clearing all arrears owed to the County Government of Laikipia.</p> <p>The company has also initiated steps to renew and update the revenue collection agreement.</p>	
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<p>3.0</p>	<p>Payables Not Taken as the First As previously reported, Note 42 to the financial statements reflects Kshs.124,351,959 in respect to trade and other payables which includes Kshs.26,709,033 in respect to trade and other payables which has been outstanding for more than three year contrary to the Treasury circular No.7/2021 paragraph 22 which requires accounting officers to ensure that all payments emanating from the previous periods are treated as the first charge against the current financial year budgetary allocation before entering into new commitments.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management Response</p> <p>Management acknowledges the audit observation regarding long-outstanding payables and confirms that steps have been taken to address the matter in compliance with Treasury Circular No. 7/2021.</p> <p>The Company has treated outstanding payables as a first charge against the current financial year’s budget and has made progress in reducing these obligations. Specifically, trade payables have been reduced from Kshs. 55,626,422 to Kshs. 53,303,825. In addition, the Company continues to pay amount owed to suppliers, thereby demonstrating commitment to settling obligations that have been outstanding for over one year.</p> <p>The company is hopeful that the issue will be resolved fully as it is now implementing the new tariff.</p>	<p>Not Resolved</p>	<p>Dec 2025</p>
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4.0	<p>Audit Fee Arrears</p> <p>The Statement of Financial Position and as disclosed in Note 42 to the financial statements reflects Kshs.124,351,958 in respect to trade and other payables which further includes Kshs.55,626,422 in respect to trade payables as at 30 June 2024 which includes Kshs.40,272,106 charged under fees and levies. Included in the balance is an amount of Kshs.2,960,000 in respect to audit fees payable to the Office of the Auditor General. The fees arrears relate to audit fees for the previous years. Therefore, Management of the Company did not comply with Section 41(1) of the Public Audit Act, 2015 which empowers the Auditor General to charge audit fees at the rates prescribed and the same paid by the audited entities.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management response</p> <p>Management takes notes of the observation regarding audit fee arrears amounting to Kshs.2,960,000 payable to the Office of the Auditor General. This balance, which includes fees for previous years, reflects the financial challenges faced by the company. As earlier explained, the company has been operating on a non-cost-effective tariff for the last five years. This has significantly affected cash flow and delayed the payment of various obligations, including audit fees.</p> <p>Despite these challenges, the company is committed to clearing the outstanding audit fees and ensuring full compliance with Section 41(1) of the Public Audit Act, 2015, which mandates payment of audit fees as prescribed by the Auditor General. Management remains focused on addressing these arrears and restoring good standing with the Office of the Auditor General.</p> <p>The management commits to settle the matter as it is now implementing a new tariff</p>	Not Resolved	Sep 2025

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5.0	<p>Non-Remission of local Authorities Provident Fund</p> <p>Note 42 to the financial statements as trade and other payables is an amount of Kshs.17,008,375 balance in respect to Local Authorities Provident fund. The amount has accumulated from the previous years and no explanation was given as to why the deduction was not remitted to the Authority when it fell due. The Company therefore risks being charged with interest and penalties, and possible attachment of its properties for delay in payment of the deducted amount to local authority provident fund.</p> <p>In the circumstance, the management has exposed the Company to possible legal tussles/confrontations with the local Authorities Provident Fund, which may result to huge financial losses.</p>	<p>Management Response</p> <p>Management takes note the observation regarding the outstanding balance of Kshs.17,008,375 in respect of the Local Authorities Provident Fund. This amount has accumulated over previous years due to the company’s significant cash flow challenges, primarily stemming from operating on a non-cost-effective tariff for the past five years. These financial constraints have affected the timely remittance of deductions to the Provident Fund, despite the amounts being deducted from employees’ payroll.</p> <p>The Management is committed to ensuring compliance with all relevant laws and regulations and prioritizing the settlement of these arrears.The company has taken the recommendation of the Auditor and is currently considering a payment plan with the Local Authorities Provident Fund to settle the outstanding balance in instalments while minimizing the financial strain on the company. The Management is confident that the ongoing implementation of the revised tariff will significantly improve the company’s financial position, enabling the fulfilment of all obligations promptly</p>	Not Resolved	Dec 2025
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<p>6.1</p>	<p>Over-Representation of One Ethnic Community As reported in the previous year, a review of human resource records revealed that during the year under review, the Company had a total of one hundred and fifty-two (152) employees out of which one hundred and thirty-nine (139) or ninety one percent (91%) were from the dominant ethnic community, with only about nine percent (9%) being from non-dominant ethnic community. This is contrary to Section 65(e) of the County Governments Act, 2012 which requires the County Governments to ensure that at least thirty percent (30%) of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management Response The company has taken note of the observation regarding the ethnic composition of its staff and the management team and it is taking corrective action which will include:</p> <ol style="list-style-type: none"> 1. Ethnic Diversity in Recruitment: The company is committed to promoting ethnic diversity in its recruitment process. Management has taken note of the imbalance and is working to ensure that future recruitment, especially for managerial positions, complies with the guidelines of the National Cohesion and Integration Act 2008. This will involve prioritizing ethnic diversity and ensuring no ethnic group exceeds one-third threshold. 2. Progressive Implementation: While the company is currently not in full compliance with the ethnic balance requirement, management is actively addressing this issue and will implement corrective measures gradually to ensure adherence to the law. <p>The company remains committed to promoting national cohesion and ensuring an equitable representation of ethnic groups in line with the National Cohesion and Integration Act, 2008</p>	<p>Not Resolved</p>	<p>June 2026</p>
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<p>6.2</p>	<p>Non-Compliance with the One-Third of Basic Salary Rule</p> <p>The statement of receipts and payments and as disclosed in Note 11 to the financial statements reflects Kshs.145,246,749 in respect of staff costs. However, examination of the payroll records revealed that ten (10) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section 19 (3) of the Employment Act, 2007 which states that the total amount of deduction of the wages of an employee shall not exceed two thirds (2/3) of such wages.</p> <p>In the circumstances, Management was in breach</p>	<p>Management Response</p> <p>The company has taken note of the observation regarding the non-compliance with the 1/3 rule as outlined in Section 19(3) of the Employment Act No.11 of 2007, where some employees were found to have net pay below a third of their basic salary.</p> <p>This situation arose due to unforeseen statutory levies that were implemented during the review period, and employees having committed their salaries towards bank loans. The specific levies contributing to this issue include:</p> <ul style="list-style-type: none"> • House Levy & NSSF Deductions <p>The management is taking corrective actions which include:</p> <ol style="list-style-type: none"> 1. Engagement with Commercial Banks: Management is actively engaging with the commercial banks to renegotiate and adjust the repayment periods for employees' loans, ensuring that the deductions do not exceed the allowable limits as per the law. 2. Monitoring and Compliance: Going forward, management will implement a monitoring process to ensure full compliance with the 1/3 rule and avoid any future non-compliance issues. <p>These steps are being undertaken to align with legal requirements and ensure that employees are not financially strained due to excessive deductions.</p>	<p>Not Resolved</p>	
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<p>6.3</p>	<p>Non-Adherence to Gender rule During the year under review, the Company had a staff establishment of one hundred and fifty-two (152) employees consisting of one hundred and nine (109) or 72% as male and forty-three (43) employees or 28% as female. This was contrary to contrary to Article 27(8) of the Constitution of Kenya, 2010 which states that that in addition to the measures Contemplated in clause (6), the State shall take legislative and other measures to Implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management Response</p> <p>The company has taken note of the observation regarding the gender composition of its workforce, which does not fully align with the constitutional requirement of not having more than two-thirds of the members of appointive bodies of the same gender, as stipulated under Article 27(8) of the Constitution of Kenya, 2010. The management is taking Corrective Actions by:</p> <ol style="list-style-type: none"> 1. Encouraging Female Recruitment in Technical Roles: The company has initiated strategies to encourage more women to apply for technical roles within the organization, which are traditionally seen as male-dominated. This will help improve gender diversity across all departments, particularly in technical and management roles. 2. Gender-Sensitive Recruitment Process: Management is actively reviewing and revising its recruitment processes to ensure equal opportunities for both male and female candidates, with particular focus on increasing female representation in management and technical positions. 3. Progressive Improvement: The company is committed to progressively addressing this issue and working towards meeting the constitutional and legal gender requirements. Management is aware of the disparity and is 	<p>Not resolved</p>	<p>June 2026</p>
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		<p>taking steps to balance the gender composition within the organization.</p> <p>These actions reflect the company's commitment to promoting equal opportunity in employment and ensuring a more gender-inclusive workforce in line with the Constitution and Employment Act.</p>		
6.4	<p>Exceeding Industrial Sector Bench Mark on Personnel Costs</p> <p>The statement of profit or loss and other comprehensive income and as disclosed in Note 11 to the financial statement reflects Kshs.145,246,749 in respect of staff costs compared to total operation and maintenance cost of Kshs.132,542,637. However, review of the WASREB Impact Assessment Report Issue No.16-2024 on performance report of Kenya's water service Sector-2022/2023 revealed that Nyahururu water and sewerage company was ranked as a large company and its personnel expenditures as a percentage of total operation and maintenance cost was 51% which is poor contrary to Paragraph 3.6 of WASREB Impact Assessment Report No.16-2024 on performance analysis and ranking under economic efficiency which states that the personnel expenditure for any company ranked as large Company should not exceed 30% as percentage of Operation and Maintenance Cost Coverage.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management Response</p> <p>Management acknowledges the observation regarding personnel costs exceeding the benchmark of 30% of Operation and Maintenance (O&M) costs for large companies, as outlined in the WASREB Impact Assessment Report No.16-2024.</p> <p>To address this concern, the Company has implemented a structured plan aimed at reducing staff costs while ensuring operational efficiency and financial sustainability. Key actions taken include:</p> <ol style="list-style-type: none"> 1. Establishment of Cost Centres: The Company has now established cost centres across all schemes and operational departments. This will enable more precise tracking of personnel expenditures, accountability at unit level, and ensure that staffing levels are aligned to actual service delivery needs. Cost centres will also help identify underperforming sections and guide management actions towards optimal resource allocation. 2. Optimal Utilization of Staff: With cost centres in place, staff deployment will be guided by workload and performance, reducing duplication of roles. The Company is also re- 	Not Resolved	June 2026

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		<p>assigning staff to critical service areas, ensuring that the available workforce is fully utilized to improve productivity without the need for additional recruitment.</p> <p>3. Adoption of Technology: The Company is increasingly embracing technology in its operations, including the introduction of smartphones and digital platforms for meter reading, billing, and customer engagement. This reduces reliance on manual labour, improves efficiency, and cuts down recurring personnel-related costs.</p> <p>4. Revenue Optimization: To complement cost containment, the Company has intensified efforts to enhance revenue collection efficiency. This includes stricter debt management, improved customer service to reduce revenue loss, and expansion of services such as sewer coverage in Rumuruti. By boosting revenues, the proportion of personnel costs relative to O&M expenses will reduce over time, moving the Company closer to compliance with WASREB's 30% benchmark.</p> <p>Management is confident that the combined effect of cost centre accountability, staff rationalization, technology adoption, and revenue growth will significantly reduce the burden of personnel costs and align the Company with regulatory requirements for economic efficiency</p>		
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Name..... Bernard Mueurya
Managing Director
 Signature..... [Signature]

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Date..... 14/8/2025

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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)
Conditional liquidity Support Grant Project (Wstf Clsg II)	CLSG II	Water Sector Trust Fund	1 st Jan 2025-Oct 2025	Yes	Yes	Yes
Solana Sewer Project	Sewer 01	Uniland Sacco	9 th Aug 2025	Yes	no	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Conditional liquidity Support Grant Project (Wstf Clsg II)	90,000,000	-	20%	90,000,000	90,000,000	Wstf
2	Solana Sewer Project	1,733,170	-	50%	1,733,170	1,733,170	Unilands Sacco

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Appendix IV: Reporting of Climate Relevant Expenditures

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

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Appendix V: Reporting Disaster Management Expenditure

Date:						
Entity						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

(Attach forms from each transferring Government entity.)

Nyahururu Water & Sanitation Company Ltd
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For the year ended June 30, 2025

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor or 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	
Water Sector Trust Fund	14/02/2025	Development	45,000,000	-	√	-	-	-	45,000,000
Laikipia County Government	22/11/2024	Development	4,000,000		√				4,000,000
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-
USAID	-	Donor Fund	-	-	-	-	-	-	-
name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			49,000,000	-	-	-	-	-	49,000,000