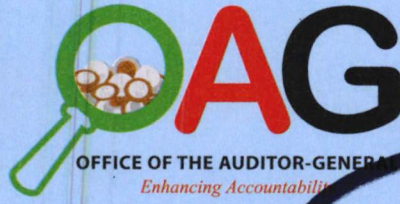
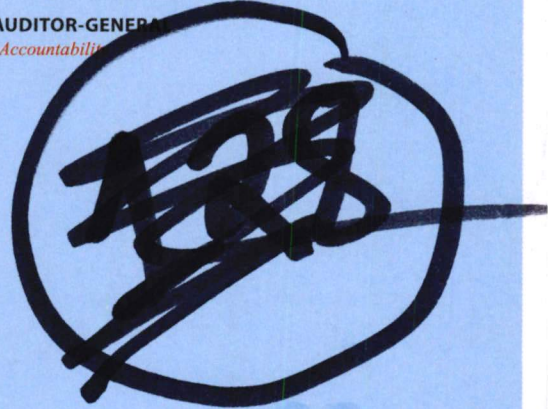


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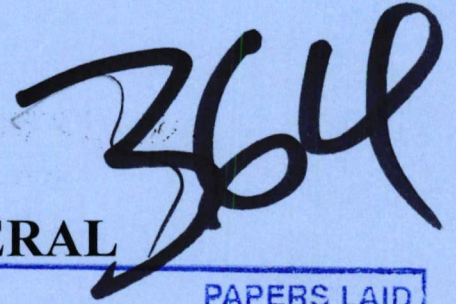


OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



REPORT

OF



THE AUDITOR-GENERAL

ON

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NYANDARUA WATER AND SANITATION  
COMPANY LIMITED

FOR THE YEAR ENDED  
30 JUNE, 2025

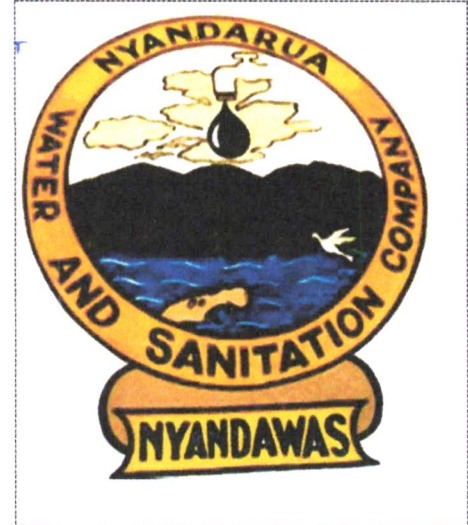


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NYERI REGIONAL OFFICE

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***NYANDARUA WATER AND SANITATION COMPANY LIMITED***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

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<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Glossary of Terms.....	ii
2. Key Entity Information .....	iii
3. The Board of Directors.....	vi
4. Key Management Team .....	ix
5. Chairman’s Statement .....	x
6. Report of the Managing Director .....	xi
7. Statement of Performance Against Predetermined Objectives for FY 2024/2025 .....	xii
8. Corporate Governance Statement.....	xiv
9. Management Discussion and Analysis.....	xv
Management Discussion and Analysis continued.....	xvi
10. Environmental and Sustainability Reporting .....	xvii
11. Report of the Directors .....	xviii
12. Statement of Directors’ Responsibilities.....	xix
13. Report of the Independent Auditors for the financial statements of Nyandarua Water Company Ltd. ....	xxi
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2025. ....	1
15. Statement Of Financial Position As at 30 June 2025 .....	2
16. Statement of Changes in Equity for the Year Ended 30 June 2025 .....	3
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	4
18. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025.....	5
19. Notes to the Financial Statements .....	6
20. Appendices .....	46

**Nyandarua Water and 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**

*Provide Acronyms and glossary of terms that appear in this annual report and financial statements.*

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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**2. Key Entity Information**

**Background information**

The Nyandarua Water and Sanitation Company Limited was established under the Water Act 2016 of Parliament. At County level, the Company is represented by the County Executive Member responsible for water and sanitation and county executive member of finance 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.

**Principal Activities**

The principal activity of the Company is to provide water and sanitation to resident of Nyandarua County.

**COMMITMENT**

The company is committed to provision of efficient, affordable and sustainable water supply and sanitation services to the community within our area of jurisdiction with integrity, accountability and professionalism as authorized by the county government of Nyandarua.

**OUR MANDATE**

Nyandarua Water and Sanitation Company is responsible for the provision efficient and economical water services within the County of Nyandarua as authorized by the Water Services Provision Agreement by Water Services Regulatory Board.

**VISION**

To be the leading Water Services Provider in providing quality Water and Sanitation Services.

**MISSION**

To provide efficient, adequate, sustainable and affordable water supply and sanitation services to all through continuous improvement and expansion.

**CORE VALUES**

Nyandarua Water and Sanitation Company upholds the following values which shall inform all its strategies, programmes and activities: -

- Integrity and good corporate governance
- Customer satisfaction
- Excellence in performance and service delivery
- Team work
- Equity

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**Directors**

The members of the Board of Directors who served during the year are shown on page 6 and 7 and includes:

- Dennis Robert Kabaiku (Chairman)
- Zachary Theuri (Member)
- Wilson Kigwa (Member)
- Esther Wambui (Member)
- James Kungu (Member)
- Gabriel Thumbi (Member)
- Francis Kibuika (Member)

**Company Secretary**

Julius Kamau Muthanwa  
P.O Box 13351-20100  
Nakuru.

**Registered Office**

Nyandarua Water and Sanitation Limited,  
Nyandarua County Building,  
Sharpe Road,  
P.O Box 164-20300,  
Nyahururu.

**Corporate Headquarters**

P.O. Box 164-20300,  
Nyandarua County Building,  
Sharpe Road,  
Nyahururu  
KENYA.

**Corporate Contacts**

Telephone: 254 704221336.  
E-mail: [nyandawas@gmail.com](mailto:nyandawas@gmail.com)

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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**Corporate Bankers**

1. Kenya Commercial Bank,  
Nyahururu Branch,  
P.O. Box 64,  
Nyahururu.
  
2. Equity Bank Ltd,  
Nyahururu Branch,  
P.O Box 1048-20300,  
Nyahururu

**Independent Auditor**


Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084GPO 00100  
Nairobi, Kenya

**Principal Legal Advisers**



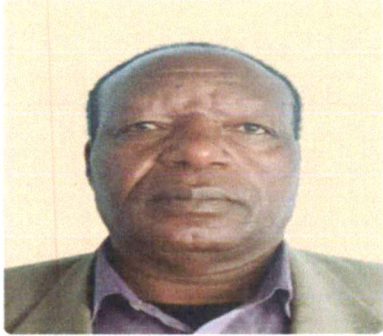

The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**



**3. The Board of Directors**

Ref	Directors	Qualification
1.	 Dennis Robert Kabaiku (Chairman)	He is 41 years old He holds a Bachelor in Business Administration
2.	 Wilson Kigwa (Member)	He is 52 years old. He holds a Master's in business administration, Bachelor in Electrical engineering and Strategic Leadership Development. Program course
3.	 Esther Wambui Kamau (Member)	She is 27 years old She holds a Bachelor of art in international relation with a minor in psychology.

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**




4.	 <p>Zachary Theuri (Member)</p>	<p>He is 51 years old. He holds Masters in business administration and CPA part one</p>
5.	 <p>Gabriel Thumbi (Member)</p>	<p>He is 66 years old He is Bachelor of commerce holder with a wide range of experience in corporate governance.</p>
6.	 <p>Francis Kibuika</p>	<p>He is 64 years old. He holds a Master of Science in project Management, Bachelor in Civil Engineering and a higher diploma in Water Engineering</p>
7.	 <p>James Kungu (Member)</p>	<p>He is 57 years old. He holds a PHD in finance, Masters in Business (Finance)Administration, Bachelor of Education and also a CPA(K), CPS(k)and also a Certified Human Resources Professional (CHRRP)(K) He is a member of ICPAK</p>

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

8	 <p>CPA Dickson K Njiru</p>	<p>He is 51 years old. CPA Dickson Kinyua Njiru Managing Director. He holds Master of Science, (Finance and Accounting) Bachelor of Business Administration, CPAK holder and a member of ICPAK</p>
9	 <p>Julius Kamau Muthanwa</p>	<p>He is 57 years old. He is the company secretary and holds master in business administration, Bachelors of law, post graduate diploma in law. He is a member of Certified secretary.</p>

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

**4. Key Management Team**

Ref	Management	Details
1.		<p>CPA Dickson Kinyua Njiru Managing Director. He holds Master of Science, (Finance and Accounting) Bachelor of Business Administration, CPAK holder and a member of ICPAK.</p>
3.		<p>Technical Manager</p> <p>Bachelor of Engineering Biosystems Engineering and Water Engineer.</p> <p>He is the Head of Technical Department.</p>
4.		<p>CPA Joel Gichuki Finance Manager CPA(K)</p> <p>He is the head of finance and commercial departments.</p> <p>He is a member of ICPAK</p>

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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**5. Chairman's Statement**

Nyandarua Water and Sanitation Company Limited continued to register remarkable progress in its pursuit to serve the people in its area of mandate.

In the year under review, the board of directors were in operation for five months.

The total turnover increased from Kshs. 50,862,710 to Kshs. 54,981,206

Having been elected as board chair, I have realised the major challenges of the company and includes: dilapidated infrastructure resulting to high non- revenue water and inadequate water supply to meet the current demand leading to purchase of bulky water from Nyahururu Water and Sanitation Company Limited.

To address the challenges, the Company will continue working closely with development partners to realize its objectives.

During the financial year, I thank the unrelenting support received from the County Government of Nyandarua, management and entire staff of Nyandarua Water and Sanitation Company Limited fraternity.

I appreciate and look forward to continued teamwork.

May our almighty God bless Nyandarua county and Nyandarua water.

Thank you.



Signature.....

Date 11<sup>th</sup> November 2025

Dennis Kabaiku

Board Chairman

**6. Report of the Managing Director**

It is with pleasure that I take this opportunity to present to you the Nyandarua Water and Sanitation Company's Annual Performance report for the year ended 30th June 2024. The performance has been quite reasonable, despite many challenges. We have forged ahead with our mission to provide Water and Sanitation Services to our customers in the most cost-effective way guided by our slogan "Quality Water for All"

**FINANCIAL REVIEW**

The company's turnover increased to Kshs. 54,981,206 from Kshs. 50,862,710 during the year under review. This represents a growth of 8.1%

We attribute this to improved efficiency in service delivery as well as commitment of staff to duty, increase of service area and upgrading of pipes from unplasticized polyvinyl chloride (Upvc) to High Density-Polyethylene pipes (HDPE)

The total operating expenses increased to Kshs. 74,760,073 from Kshs. 63,963,904.

**COMPANY'S FUTURE OUTLOOK**

We are stepping into the future with a lot of optimism. With renewed vigour and confidence, we look ahead to an even more successful future for we have the Board of directors in place and a new water tariff which is expected to increase revenue for sustainability.

We also intend to increase area of coverage through takeover for existing unmanaged community water projects, national and county governments implemented projects, reduction for non-revenue by replacing faulty meters and installation of meters to flat rate consumers.

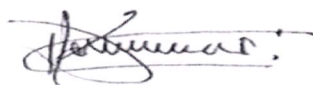
**CONCLUSION**

I must state that we could not achieve all our goals due to inadequate revenue challenges due to prolonged high rainfall as customers relied with roof harvesting and the economy inflation. Despite this I wish to convey my sincere thanks and appreciation to the members of staff for the dedication and commitment to duty. The County Government of Nyandarua guidance and directions has seen us through various challenges and brought us this far.

I wish to thank our esteemed customers and stakeholders, for their unwavering support and trust throughout the year, county government for their enormous contribution to the improvement of this company.

We are facing the future with confidence. We shall strive to continue working as a team. With our unity of purpose, we are well prepared to steer the company to even greater heights.

Thank you.



Signature.....

Date 11<sup>th</sup> November 2025

Dickson K Njiru

Managing Director

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Nyandarua Water and Sanitation Company Limited has 2 strategic pillars and objectives within the current Plan for the FY 2024- FY 2025. These strategic pillars are as follows:

Pillar 1: Capital expenditure

Pillar 2: Operation expenditure

Nyandarua Water and Sanitation Company Limited develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Though the company did not have board of directors the company achieved its performance targets set for the FY 2024/2025 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: Capital expenditure</b>				
	To increase water connection with 220 connections.	Number of connections. Increase in revenue	Customer Sensitization, registration and installation of new connections.	Increased 220 customers as per new customer list (deposit collected within the year)
	Upgrading of pipelines	No of kilometres of pipeline. Number of customers. Increased revenue	Trenching, backfilling and Pipe laying. Connecting new consumers	Increase rationing hours from 6hrs to 8hrs Increased number of customers by 220, revenue

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

				earned and collected.
	Reduction of non-revenue water from 42% to 39%	Increased water for sale. Increased revenue. Reduced water shortage complains.	Installation and replacement of faulty water meters. Efficiency in meter reading and burst repair.	Increased revenue. Customer satisfaction
<b>Pillar2: Operation expenditure</b>				
	Maintenance of Assets	Non-revenue water reductions. Improved service delivery. Reduced cost of operation and maintenances	Repair and servicing of pumping units, meters, pipelines, motorbikes, intakes and storage tanks	<ul style="list-style-type: none"> <li>• Reduced cost of production</li> <li>• Increased billing</li> <li>• Improved water quality</li> </ul>
	Software Maintenance	Customer satisfaction and time saving.	Billing	<ul style="list-style-type: none"> <li>• Effective billing</li> <li>• Streamlined payment channel</li> </ul>

### 8. Corporate Governance Statement

The Principles of Corporate Governance are incorporated in the Water Sector to ensure that the Sector operates in a smooth and Co-ordinated manner. Water forms the backbone of any economy and therefore the county puts a lot of emphasis on any activity that promotes smooth running of the sector. The needs to have the Corporate Governance Principles in place are as follows: -

- i) Ensure the profitability and efficiency of Water services delivery
- ii) Create ethical business enterprises and their capacity to create wealth and employment
- iii) Improve relationships between the different players in the water sector so as to be able to deliver quality affordable water in a sustainable manner
- iv) Improve the relationship between such water enterprises and their various stakeholders comprising shareholders, managers, employees, customers, suppliers etc.

### ROLE AND RESPONSIBILITIES

#### 1. External Auditors the Committee shall

- (i) Recommend external auditors for appointment by the Board including their compensation for all services; such external auditors shall report directly to the Committee and be independent of the Corporation.

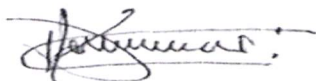
#### Remuneration

The Directors do not draw a salary but they are paid sitting allowances during Board or Committee meetings.

#### Evaluation of Performance

There are methods set out in the Corporate Governance Guidelines by WASREB on how to carry out self-evaluation annually.

The Directors also sign a Code of Ethics that further enhance their evaluation.



Signature.....

Date 11<sup>th</sup> November 2025

Dickson K Njiru

Managing Director.

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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**9. Management Discussion and Analysis**

Nyandarua Water and Sanitation is a Limited Company domiciled in Kenya and a registered office is in Nyahururu town.

Nyandarua Water and Sanitation Company Limited is wholly owned by the County Government of Nyandarua.

We have organized our operation into teams that focus on specific area of specialization to enable us give quality service to our clients.

There financial statement was prepared in accordance with international financial standard under historical cost convention on the accrual basis except for certain financial instrument which are measured at fair values.

**Opportunity and strength**

**Opportunities**

- Upgrading and rehabilitating of the dilapidated infrastructure.
- Higher budgetary allocation for expansion.
- Construction of water treatment to meet demand.
- Construction of sewerage treatment plant to meet demand.
- Procurement of a water bowser and an exhausted.
- Construction of a water bottling plant.
- Protection of the water sources.
- Green energy to reduce production cost.
- Construction of water storage tanks to meet demand.
- Unexploited water sources.
- Improving water quality through ground cover.
- Legalization of illegal connections.

**Strengths:**

- The company has diversified schemes as follows; Gatimu, Kibathi, LeshauKaragoini, Ol/Kangui, Kasuku, Kirima and Gwa Kiongo.
- Our core strength is dedicated workforce.
- Risk Concern
- Supportive county government
- Solarized schemes (Warukira borehole in Shamata and Gatimu scheme)
- Operational billing system.
- Young innovative workforce.
- Supportive development partners.
- Bulky water for resale.
- Community water projects.
- Supportive customers.
- Offices are housed in county government buildings.
- Unpolluted water sources.
- Gravitational water project.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**Management Discussion and Analysis continued**

Nyandarua Water and Sanitation Company Limited risk management consist of:

- Identifying risk
- Assessment of risk
- Mitigation of risk
- Prioritization of risk
- Monitoring of risk

In general, the risk includes:

- Credit risk
- Technical risk

**Financial conditions**

**Sources of revenue**

We derive our revenue from water sale, labour for new customer, reconnections, meter rent and penalties. We also received in kind grants from national and county governments and water sector trust fund (CLSG).

**Expenditure**

As per the approved budget the company incurred cost on direct cost, administrative, operating personnel and finance cost to facilitate smooth running of the business.

**Losses/surplus**

Since inception, the company has been operating at a loss. However, this financial year, the company is on an upward trend, and has made a surplus.

Although, not all the challenges have been addressed, among them include;

- Dilapidated infrastructure leading to high non-revenue water or no water at all.
- High cost of electricity for pumping.
- Bulk buying of water from Nyahururu water and Sanitation Company.
- High maintenance cost for water pumps.
- Former Rift valley water services board fee.
- Auditors' fees.

For an upward trend the company has written:

- Several proposals to development partners for assistance to upgrade the infrastructure.
- Several proposals for solar powers and gravitational water supply projects.
- Several proposals for more water projects to increase the amount of water to our systems.

**Trade Receivable/Payable**

The total trade receivable amounted to Ksh. 33,013,289 and total payable is Ksh 40,091,875 These receivables are unsecured and part of it relate to receivable which inherited from the LeshauKaragoini and Kibathi water projects and government institutions.

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

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**10. Environmental and Sustainability Reporting**

Nyandarua water exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting our clients first in-service delivery, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

**i) Sustainability strategy and profile -**

Nyandarua water and Sanitation Company has established policies which guide staff in attaining company objectives. The company has put in place drafts of the following policies; debt policy, human resource policy, non-revenue policy, arrears collection policy, which help in improving financial status.

**ii) Environmental performance**

Nyandarua water and Sanitation Company works on maintaining and protecting our water sources.

**iii) Employee welfare**

The management in conjunction with the staff has established a welfare group run by staff.

**Market place practices-**

The organization should outline its efforts to:

**a) Responsible competition practice.**

We involve all the major stakeholders.

**b) Responsible Supply chain and supplier relations**

The company has policy on suppliers' payment.

**c) Product stewardship**

The company carries out consumer satisfactory survey every year.

**i) Corporate Social Responsibility / Community Engagements**

The company supported school by purchasing and planting trees at a cost of Kshs. 102,000.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**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.

**Principal activities**

The principal activities of the entity continue to be Provision of water that is;

- Portable
- Adequate
- Reliable
- Affordable

**Results**

The results of the entity for the year ended June 30, 2025 are set out on page 1-49.

**Directors**

The board of directors were in operation for five month during current financial year.

**Auditors**

The Office of The Auditor General is responsible for the statutory audit of the Nyandarua Water and Sanitation Company Limited in accordance with the Public Audit Act 2015 or Certified Public Accountants nominated by the Auditor General to carry out the audit of the Nyandarua Water and Sanitation Company Limited for the year/period ended June 30, 2025 on his behalf.

**By Order of the Board**



Signature.....  
Dennis Robert Kabaiku  
Board Chairman

Date 11<sup>th</sup> November 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 judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, water act 2016 and companies Act 2015)

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**Statement of Directors' Responsibilities (Continued)**

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.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern

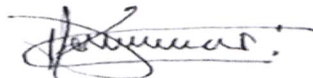
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the Financial Statements**

The company financial statements were approved by the Board on 11<sup>th</sup> November 2025 signed on its behalf by:



**Dennis Robert Kabaiku**  
**Chairperson of the Board**



**Dickson K Njiru**  
**Managing Director**

# REPUBLIC OF KENYA



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

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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nyandarua Water and Sanitation Company Limited set out on pages 1 to 48, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive

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

income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 Nyandarua 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 Water Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Presentation and Accuracy of the Financial Statements**

Review of the annual reports and financial statements presented for audit revealed the following anomalies;

- i. The statement of changes in equity reflects Kshs.(11,826,510) in respect to loss for the year. However, the statement of profit or loss and other comprehensive income reflects Kshs.(9,949,903) resulting in unexplained variance of Kshs.1,876,607.
- ii. Casting errors were noted in the statement of comparison of budget and actual amounts where total final operating cost budget was Kshs.71,515,342 and total actual operating costs was Kshs.68,692,799 but the performance difference was reflected as Kshs.2,824,482. However, on recalculation, the performance difference was Kshs.2,822,543. In addition, the total final budget was Kshs.79,183,042 against total actual payments of Kshs.72,836,752 but the total performance difference was reflected as Kshs.5,196,029 whereas on recalculation, the amount was Kshs.6,346,290 hence a variance of Kshs.1,150,261.

In the circumstances, the accuracy and completeness of financial statements' components could not be confirmed.

#### **2. Long Outstanding Trade and Other Receivables**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects Kshs.33,013,289 in respect to trade and other receivables out of which a total of Kshs.24,026,836 or 72% relates to customers whose debt has remained outstanding for a period of over 60 months. Management did not explain measures put in place including legal action to enforce collection of the outstanding debt.

Further, review of trade and other receivables data revealed that one thousand nine hundred and ninety-seven (1,997) customers with active meter numbers had a cumulative debt of Kshs.2,454,697 some dating back as far as 60 months. This is contrary to paragraph 4.6 (vii) of Nyandarua Debt Management Policy which states that the Company

will have no option but to refer deferred customers to the Credit Reference Bureau if the debt remains unpaid for a period of 60 days.

In the circumstances, the recoverability of receivables balance of Kshs.33,013,289 could not be confirmed.

### **3. Unexplained Estimates in Billing**

The statement of profit or loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects Kshs.58,256,086 in respect to operating revenue which includes Kshs.54,981,206 in respect to revenue from water sales. However, analysis of available data revealed that during the year, out of the five thousand six hundred and sixty-one (5,661) water customer of the Company, one hundred fourteen (114) customers were not billed but issued with estimates totaling to Kshs.167,765. Management did not provide explanation to justify they gave estimates instead of actual meter readings.

In the circumstances, the accuracy and completeness of revenue amount of Kshs.167,765 could not be confirmed.

### **4. Unsupported Customer Deposits**

The statement of financial position and as disclosed in Note 27 to the financial statement reflects Kshs.5,530,683 as refundable deposits and prepayments. However, review of the Company's deposits bank account as at 30 June, 2025 revealed a balance of Kshs.134,929 resulting in unexplained variance of Kshs.5,395,754.

In the circumstances, the completeness and validity of Kshs.5,530,683 in respect to refundable deposits and prepayments could not be confirmed.

### **5. Long Outstanding Payables**

The statement of financial position and as disclosed in Note 26 to the financial statements reflects Kshs.43,726,459 in respect to trade and other payables which includes payables totaling to Kshs. 23,973,817 that have been outstanding for a period of over one year. Management did not explain measures put in place to clear the long overdue trade and other payables.

In the circumstances, the long outstanding payables may attract penalties, interest and litigations which may result to additional financial costs to the Company.

### **6. Land Without Title Deeds**

The statement of financial position as disclosed in Note 15 (a) to the financial statements reflects Kshs.11,744,498 in respect to property plant and equipment which includes Kshs.1,000,000 as value of land. However, records available revealed that the Company had eleven (11) parcels of land but only one was included in the assets register and disclosed in the financial statements. In addition, only one title deed was provided for

audit review. Management did not provide for verification title deeds in respect to ten (10) parcels of land owned by the Company.

In the circumstances, the ownership and value of land owned could not be confirmed.

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

### **Material Uncertainty Related to Going Concern**

The statement of financial position reflects Kshs.49,257,142 in respect to current liabilities against current assets balance of Kshs.35,030,571 resulting in a negative working capital of Kshs.14,226,571.

In the circumstances, the Company's ability to continue as a going concern is doubtful.

My opinion is not modified in respect of this matter.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects expenditures of Kshs.72,836,752 out of actual receipts of Kshs.61,758,870 resulting in over expenditure by Kshs.11,077,882.

In the circumstances, the expenditure exceeding actual revenue may result in accumulation of trade and other payables which may negatively affect long-term sustainability of the Company.

My opinion is not modified in respect of this 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 effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness

of Internal Controls, Risk Management and Governance, respectively. However, review of the status during the audit of the Company in the financial year 2024/2025 revealed that the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Undisclosed Property, Plant and Equipment
2	2023/2024	Long Outstanding Trade Receivables
3	2023/2024	Long Outstanding Trade and Other Payables
4	2023/2024	Unaccounted for Refundable Deposits and Prepayments
5	2023/2024	High Non-Revenue Water Threshold
6	2023/2024	Noncompliance of the National Cohesion and Integration Act on Ethnicity.
7	2023/2024	Failure to Revalue Fully Depreciated Assets

### **Other Information**

Management is responsible for the Other Information set out on page iii to xx which comprise Key Entity Information and Management, 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 effects 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

During the financial year, the Company produced 731,896 cubic meters (M<sup>3</sup>) of water out of which only 448,855 (M<sup>3</sup>) was billed to customers, leaving a balance of 283,041 m<sup>3</sup> which represents approximately 39% of the total volume of water produced as Non-Revenue Water (NRW) which has a projected fiscal value of Kshs.21,262,496. The Non-Revenue Water of 39% was over and above the allowable loss of 25% set by water services regulatory board guidelines.

In the circumstances, the Company may have lost revenue through unaccounted for water.

### 2. Compliance With the Data Protection Act

The Act requires data processors and data controllers to register with the Data Commissioner. However, Management did not provide valid registration certificates to confirm that the Company was registered as required under Section (18) of the Data Protection Act, 2019.

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

### 3. Boards Expenditure Exceeding Threshold

The statement of profit or loss and other comprehensive income reflects Kshs.4,155,280 in respect to board expenses. During the year, the Company's operating revenue totaled to Kshs.58,256,086, five (5) percent of which amounts to Kshs.2,912,804. The Water Services Regulatory Board's guidelines set the Company's Board expenditure at the lower of 5% of turnover or Kshs.4 million whereas the Company incurred Kshs.4,155,280 hence exceeding the allowable limit by Kshs.1,242,475.

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

### 4. Over Expenditure on Staff Costs

The statements of profit or loss and other comprehensive income reflects Kshs. 71,708,773 in respect to total expenses which includes Kshs.25,260,664 as staff cost expenses while general operating expenses and maintenance cost totaled to Kshs. 38,974,916. Therefore, staff cost expenses represents 65% of general operating expenses and maintenance cost as shown below;

Item	Amount (Kshs.)
General and operation expenses	29,768,555
Maintenance expenses	9,206,361
<b>Total</b>	<b>38,974,916</b>
Staff cost expenses	25,260,664
<b>% of Staff cost to Maintenance expenses and General and operation expenses</b>	<b>65%</b>

The sixty five percent (65%) is above the set limit of 50% as per WASREB guidelines.

In the circumstances, the high expenditure on staff costs may hinder capital investments and service delivery to the public.

#### **5. Non- Remittance of Capacity Building Levy of 0.03%**

Records available revealed that during the period between 1 September, 2024 and 30 June, 2025, the Company awarded and paid for contracts totalling to Kshs.2,565,741. However, Management did not provide evidence that the capacity building levy was deducted and the amount remitted to the Authority as per the Public Procurement Regulatory Authority Circular number 01/2024 (Ref:PPRA/6/5 VOL 11 (224) dated 30 August, 2024 which required procuring entities to collect capacity building levy at the rate of 0.03% of the contract sum from suppliers on all procurement contracts signed between the suppliers and procuring entity and remit to the authority through the e-citizen platform.

In the circumstances, there is risk of accumulation of interest and penalties due to non-compliance.

#### **6. Noncompliance with the National Cohesion and Integration Act, 2008 on Ethnicity**

The analysis of personnel records of the Company for the year under review revealed that the Company had fifty-nine (59) staff members out of which fifty-three (53) or 90% of the staff members were from the dominant ethnic community. This is contrary to Section 7 (1) and (2) of National Cohesion and Integration Act, 2008 requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff.

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

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 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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.

## **1. Integrity of Customer Account Records-Missing Meter Numbers**

Analysis of the customer account data from the Company's billing system revealed that that three thousand six hundred and six (3,606) active customer accounts did not have assigned meter numbers even though the meter status showed that the customers were allocated meters.

Further, review of billing reports revealed that one hundred and seventy-nine (179) customers with meter numbers and recorded consumption were charged on estimates and flat rates, with total billings amounting to Kshs.167,765.

In the circumstances, the missing meter numbers undermines integrity of customer data maintained in the 'Pick Pay' System. This may also result in loss of revenue, increased non-revenue water, and non-compliance with license conditions.

## **2. Active Customer Accounts Not Billed**

Comparison of the Pick Pay system billing report as at 30-Jun-2025 with customer listing as at 30 June 2025 revealed that one hundred and eighty-four (184) active customers had not been billed, neither did the bills indicate zero bills in the month of June, 2025 despite their status indicating as active.

Failure to bill active customers may result to loss of revenue to the Company.

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

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

### **Conclusion**

As required by the Companies Act, 2015, I report, based on my audit, that except for the matter described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The Companies Act, 2015) requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate

opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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**

**03 December, 2025**

Nyandarua Water and 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.

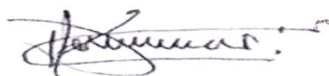
	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenues</b>			
Operating revenue	6	58,256,086	54,024,562
grant income	7	3,502,784	6,454,084
Other income	8	0	26,234
<b>Total Revenues</b>		<b>61,758,870</b>	<b>60,504,880</b>
<b>Operating Costs</b>			
Staff cost expenses	9	25,260,664	26,236,449
Board expenses	10	4,155,280	2,720,740
General and operation expenses	11	29,768,555	28,919,875
Maintenance expenses	12	9,206,361	3,471,748
Depreciation expenses	13	3,015,975	2,641,326
Finance cost	14	301,939	0
<b>Total expenses</b>		<b>71,708,773</b>	<b>63,990,138</b>
<b>Net profit (loss)</b>		<b>(9,949,903)</b>	<b>(3,485,258)</b>

Nyandarua Water and 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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non -current Assets</b>			
Property, plant and equipment	15	11,744,498	10,616,520
Intangible assets	16	0	-
<b>Total Non-current assets</b>		<b>11,744,498</b>	<b>10,616,520</b>
<b>Current Assets</b>			
Inventories	17	1,546,494	530,600
Trade and other receivables	18	33,013,289	30,192,381
Cash and bank balance	19	470,788	2,205,318
<b>Total current assets</b>		<b>35,030,571</b>	<b>32,928,299</b>
<b>Total Assets</b>		<b>46,775,068</b>	<b>43,544,819</b>
<b>Capital and Reserves</b>			
Capital Reserve	21	5,304,334	5,304,334
Retained earnings (Restated)	22	(14,436,315)	(4,486,412)
Inherited capital gain (Restated)	23	4,084,125	4,184,125
WSTF grant	24	2,565,782	3,380,774
<b>Total Capital and Reserves</b>		<b>-2,482,074</b>	<b>8,382,821</b>
<b>Current Liabilities</b>			
Trade and other payables	26	43,726,459	30,182,456
Refundable Deposits and Prepayments	27	5,530,683	4,979,543
<b>Total current liabilities</b>		<b>49,257,142</b>	<b>35,161,999</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,775,068</b>	<b>43,544,820</b>


The financial statements were approved by the Board on 11<sup>th</sup> November 2025 and signed on its behalf by:



Dickson K Njiru  
Managing Director



Joel Gichuki  
Head of Finance



Dennis Robert Kabaiku  
Chairman of the Board

ICPAK M/No...33593.....

Nyandarua Water and 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

	Capital Reserve	Retained Earnings	Inherited capital	WSTF Grant	Totals
<b>At July 1, 2023</b>	5,304,334	(1,001,154)	4,284,125	3,553,214	12,140,519
Profit and Loss for the year		(5,361,865)			(5,361,865)
Transfer of depreciation/amortization from capital fund to retained earnings		1,876,607	(100,000)	(1,776,607)	
Water fund grant				1,604,167	1,604,167
<b>At June 30, 2024</b>	5,304,334	(4,486,412)	4,184,125	3,380,774	8,382,821
<b>At July 1, 2024</b>	5,304,334	(4,486,412)	4,184,125	3,380,774	8,382,821
<b>Profit and Loss for the year</b>		(11,826,510)			(11,826,510)
Transfer of depreciation/amortization from capital fund to retained earnings		1,876,607	(100,000)	(1,776,607)	
Water fund grant				961,615	961,615
<b>At June 30, 2025</b>	5,304,334	(14,436,315)	4,084,125	2,565,782	(2,482,074)

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

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

	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Revenue		55,435,179	54,879,924
Customer Deposits		578,140	1,012,120
<b>Total Receipts</b>		<b>56,013,319</b>	<b>55,892,044</b>
<b>Payments</b>			
Staff Costs		23,200,549	21,345,243
Board expenses		4,397,280	2,720,740
General And Operation Expenses		22,454,592	25,529,326
Maintenance		4,184,152	4,582,181
Finance cost		301,939	
Refund Of Customer Deposits		27,000	119,000
<b>Total Payments</b>		<b>54,565,512</b>	<b>54,296,490</b>
<b>Net Cash From/(Used In) Operating Activities</b>	30	<b>1,447,807</b>	<b>1,595,554</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)	15	(4,143,953)	(1,875,789)
<b>Net Cash From/(Used In) Investing Activities</b>		<b>(4,143,953)</b>	<b>(1,875,789)</b>
<b>Cash Flows from Financing Activities</b>			
CLSG 2 Grant	24	961,615	1,604,167
<b>Net Cash From/(Used In) Financing Activities</b>		<b>961,615</b>	<b>1,604,167</b>
<b>Increase/(Decrease) In Cash And Cash Equivalents</b>		<b>-1,734,531</b>	<b>1,323,932</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	19	<b>2,205,318</b>	<b>881,392</b>
<b>Cash And Cash Equivalents At End Of The Year</b>	19	<b>470,787</b>	<b>2,205,318</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	E=c-d	F=d/c
	Kshs	Kshs	Kshs	Kshs	Kshs	Percentage
<b>Budget carryovers from previous year</b>	0	0	0	0	0	
<b>Receipt</b>						
Operating Revenue	71,083,042	-12,000,000	59,083,042	58,256,086	826,956	1%
Other Income	7,100,000		7,100,000	3,502,784	3,597,216	51%
<b>Total income</b>	<b>78,183,042</b>	<b>-12,000,000</b>	<b>66,183,042</b>	<b>61,758,870</b>	<b>4,424,172</b>	<b>52%</b>
<b>Payments</b>						
Staff cost	27,871,880		27,871,880	25,260,664	2,611,216	9%
Board expenses	3,909,152		3,909,152	4,155,280	(246,128)	-6%
General and operation	29,754,310		29,754,310	29,768,555	(14,245)	0%
Maintenances	9,680,000		9,680,000	9,206,361	473,639	5%
Finance cost	300,000		300,000	301,939	(1,939)	-1%
<b>Total Operating cost</b>	<b>71,515,342</b>	<b>0</b>	<b>71,515,342</b>	<b>68,692,799</b>	<b>2,824,482</b>	<b>4%</b>
<b>Capital cost</b>	<b>5,515,500</b>	<b>-1,000,000</b>	<b>6,515,500</b>	<b>4,143,953</b>	<b>2,371,547</b>	<b>36%</b>
<b>Debt cost</b>	<b>1,152,200</b>		<b>1,152,200</b>			
<b>Total Costs</b>	<b>78,183,042</b>	<b>-1,000,000</b>	<b>79,183,042</b>	<b>72,836,752</b>	<b>5,196,029</b>	<b>0</b>
<b>Surplus/Defecit</b>	-		-	<b>(11,077,882)</b>	-	-

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**19. Notes to the Financial Statements**

**1. General Information**

Nyandarua water and sanitation Company Ltd is established by and derives its authority and accountability from Water Act 2016. The Company is wholly owned by the Nyandarua County Government and is domiciled in Kenya. The Company's principal activity is Water provision 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 17*.

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, Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Nyandarua Water and Sanitation Company Ltd  
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 2024.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	<p>The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.</p> <p><i>The Company does not issue insurance contracts. / The company is an insurance company. The adoption of IFRS 17 has had the following effects:</i></p> <p>Xxx Xxx <i>(Amend as appropriate)</i></p>	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.
IAS (International Accounting Standards) 8- Accounting Policies, Errors, and Estimates	<p>The amendments, applicable to annual periods beginning on or after 1<sup>st</sup> January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.</p> <p><i>(entity to state the effect of amendments on their financial statements for the year ended.)</i></p>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	<p>The amendments, applicable to annual periods beginning on or after 1<sup>st</sup> January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies.</p> <p><i>(Entity to state whether this has brought about changes to the accounting policies disclosed)</i></p>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities	<p>The amendments, applicable to annual periods beginning on or after 1<sup>st</sup> January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to</p>	The amendments are effective for annual periods beginning on or after January 1, 2023.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
arising from a Single Transaction (issued in May 2021)	transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
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 1 <sup>st</sup> 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 1 <sup>st</sup> January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1 <sup>st</sup> January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

**iii. Early Adoption of Standards**

Nyandarua water did not early – adopt any new or amended standards in year under review.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

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**Notes to the Financial Statements (continued)**

**4. Summary of Accounting Policies**

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

**a) Revenue Recognition**

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

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

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**b) In-kind Contributions**

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

**c) Property, Plant and Equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation 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 straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2025**

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

The annual rates in use are:

<b>Item</b>	<b>Years</b>	<b>Rates</b>
Freehold Land	Nil	0%
Buildings, Civil Works and Water tanks	40	2.5%
Infrastructure and Reticulation Networks	8	12.5%
Plant and Machinery (Water Pumps)	8	12.5%
Motor Vehicles, including Motorcycles	4	25 %
Computers and related Equipment	3.3	30%
Office Equipment, Furniture and Fittings	8	12.5%
Solar Panels	10	10%
Meters	8	12.5

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 straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

**f) Amortization and Impairment of Intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

amount, an impairment loss is recognized and the asset is written down to its estimated recoverable amount.

**g) 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.

**h) 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**i) 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**j) Taxation**

**i) Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the profit or loss statement. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**k) 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

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.

**l) 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**m) 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.

**n) 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.

**o) 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**p) Retirement Benefit Obligations**

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month.

**q) 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.

**r) Exchange Rate Differences**

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

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**s) Budget Information**

The original budget for FY 2024-2025 was approved by the Board of Directors. 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. 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.

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**t) Service Concession Arrangements**

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

**u) Comparative Figures**

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

**v) Subsequent Events**

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

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

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

**Notes to the Financial Statements (continued)**

**Summary of Accounting Policies**

**a) Estimates and Assumptions**

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

**b) Useful Lives and Residual Values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17.

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.

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	54,981,206	50,862,710
Billing for other services	3,274,880	3,161,852
<b>Total</b>	<b>58,256,086</b>	<b>54,024,562</b>

*Billing for other services refers to income generated from services relates to reconnections charges, labour for new connections and illegal penalties.*

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Deffered income	1,876,604	1,776,604
Payment by County Government (Secoded staff)	1,626,180	4,677,480
<b>Total</b>	<b>3,502,784</b>	<b>6,454,084</b>

*(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).*

Name of the Entity sending the grant	Amount recognized in statement of comprehensive income kshs	Amount recognized in capital fund kshs	Amount deffered under deffered income kshs	Total grant during the year kshs	2024-2025 kshs
County Government of Nyandarua	1,626,180	0		1,626,180	1,626,180
Water fund (Funded in 2016)	0		1,776,607	1,776,607	1,776,607
<b>Total</b>	<b>1,626,180</b>	<b>-</b>	<b>1,776,607</b>	<b>3,402,787</b>	<b>3,402,787</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

**8. Other Income**

	2024-2025	2023-2024
	Kshs	Kshs
Decrease in provision		26,234
<b>Total</b>		<b>26,234</b>

**9. Staff cost**

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances	21,232,992	18,686,511
Seconded staff top up	-	1,350,000
Employer's contributions to social security schemes	1,058,509	899,785
Gratuity	458,810	
Housing levy	308,773	135,613
NITA	38,550	42,350
Staff bonus		100,000
Staff welfare/ relocation	536,850	344,710
Payment by County Government(Seconded staff)	1,626,180	4,677,480
<b>Total</b>	<b>25,260,664</b>	<b>26,236,449</b>
<b>The average number of employees during the year</b>	<b>59</b>	<b>70</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

**10. Board Expenses**

Description	2024-2025	2023-2024
	Kshs	KShs
Chairman Honoraria/Stipend/Aitime	408,000	204,000
Sitting allowance	282,000	372,500
Induction and Training	0	575,750
Milleage Allowance	2,824,500	569,150
Travel and accommodation	219,600	756,400
Meal allowance	280,000	56,000
Other board allowance	141,180	186,940
<b>Total Board Expenses</b>	<b>4,155,280</b>	<b>2,720,740</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)  
11. General and Operations Expenses

	2024-2025	2023-2024
	Kshs	Kshs
Abstraction fees	560,000	630,000
Advertisement	146,160	
Wasreb (4%)	2,199,248	2,034,508
Waspa	130,000	150,000
Waspa benchmark	55,000	55,000
Chemicals costs	1,387,440	189,144
Water bill	4,282,950	8,029,650
Audit fees provision	255,200	255,200
Bulky sms	500,000	456,000
Office water & lighting	157,071	52,046
Licenses, Permits	140,720	22,800
Travel and sub	2,886,140	2,558,980
Electricity for pumping	11,263,046	11,451,918
Office expenses	786,738	385,337
Office repairs	138,690	
Printing ,stationery,computers &accessories and publicity	517,486	260,654
Seminars and Training	786,400	60,000
Telephone and postage/ internet	170,246	208,514
Sanitation and fumigation	32,549	16,654
CSR	102,300	22,216
Bank charges	107,420	136,677
Insurance	42,000	41,100
Public participation	284,400	-
certificates Authentication	59,680	
NRW	432,100	
Rent and rates		-
MOTORBIKE LEASE	75,000	
Motorbikes repair	77,700	131,225
Water quality test	247,000	180,000
subscription professional bodies	21,200	
Petty cash		474,980
Fuel	1,311,767	860,000
Sport	50,500	
WIBA	209,934	
Water bowser		-
Uniform and soap	229,825	210,915
Provision Bad debt	87,245	-
Motor vehicle repair/ logbook	35,400	46,357
<b>Total Administrative Expenses</b>	<b>29,768,555</b>	<b>28,919,875</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

**12. Maintenance Expenses**

	2024-2025	2023-2024
Description	Kshs	Kshs
Trenching/ casual	806,450	350,000
Software main/ server/tariff simulation	460,000	445,000
Supply for production	7,526,151	2,474,814
Intakes patrol and cleaning	236,800	92,700
Pump repair and servicing	176,960	109,234
<b>Total Maintenance Expenses</b>	<b>9,206,361</b>	<b>3,471,748</b>

**13. Depreciation, Amortization and Provision Expenses**

	2024-2025	2023-2024
Description	Kshs	KShs
Property, plant, and equipment	3,015,975	2,641,326
<b>Total Depreciation and Amortization</b>	<b>3,015,975</b>	<b>2,641,326</b>

**14. Finance cost Expenses**

	2024-2025	2023-2024
Description	Kshs	KShs
Finance	301,939	0
<b>Total in kind contribution</b>	<b>301,939</b>	<b>0</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

15. (a) Property, Plant and Equipment

Description	LAND	RETUCULATI ON NETWORK	WATER TANK	OFFICE FURNITURE S AND FITTINGS	Compute rs and related equipme nts	Office equipme nt and furniture	Motor bikes	SOLAR	METERS	WATER PUMPS	TOTALS
<i>COST</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>	<i>ksh</i>
<b>Depreciation rate</b>	0%	12.5%	2.5%	12.5%	30.0%	12.5%	25.0%	10.0%	12.5%	12.50%	
Cost as at 1 July 2024	1,000,000	15,437,993	4,000,000	306,266	469,040	256,566	1,120,000	45,800	3,397,852	1,408,421	27,441,938
Additions		859,241		145,000				1,706,500	627,750	805,462	4,143,953
<b>Cost as at 30 June 2025</b>	<b>1,000,000</b>	<b>16,297,234</b>	<b>4,000,000</b>	<b>451,266</b>	<b>469,040</b>	<b>256,566</b>	<b>1,120,000</b>	<b>1,752,300</b>	<b>4,025,602</b>	<b>2,213,883</b>	<b>31,585,891</b>
At July 1, 2024	-	12,729,575	815,875	275,855	469,040	256,566	1,120,000	9,160	736,757	412,591	16,825,419
Charge for the year		2,037,154	100,000	24,338	-	-	-	175,230	503,200	176,053	3,015,975
<b>Accumulated depreciation as at 30 June 2025</b>	<b>-</b>	<b>14,766,729</b>	<b>915,875</b>	<b>300,193</b>	<b>469,040</b>	<b>256,566</b>	<b>1,120,000</b>	<b>184,390</b>	<b>1,239,957</b>	<b>588,644</b>	<b>19,841,394</b>
<b>NET BOOK VALUE</b>	<b>1,000,000</b>	<b>1,530,505</b>	<b>3,084,125</b>	<b>151,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567,910</b>	<b>2,785,645</b>	<b>1,625,239</b>	<b>11,744,498</b>
At June 30, 2025	1,000,000	1,530,505	3,084,125	151,074	-	-	-	1,567,910	2,785,645	1,625,239	11,744,498
At June 30, 2024	1,000,000	2,708,418	3,184,125	30,411	-	-	-	36,640	2,661,096	995,830	10,616,520

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30, 2025

Notes to the Financial Statements (continued)

Valuation

Land and buildings were not valued due to financial constraint.

15 (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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
LAND	1,000,000	0	1,000,000
RETUCULATION NETWORK	16,297,234	14,766,729	1,530,505
WATER TANK	4,000,000	915,875	3,084,125
OFFICE FURNITURES AND FITTINGS	451,266	300,193	151,074
Computers and related equipment's	469,040	469,040	0
Office equipment and furniture	256,566	256,566	0
Motor bikes	1,120,000	1,120,000	0
SOLAR	1,752,300	184,390	1,567,910
METERS	4,025,602	1,239,957	2,785,645
WATER PUMPS	2,213,883	588,644	1,625,239
<b>Totals</b>	<b>31,585,891</b>	<b>19,841,394</b>	<b>11,744,498</b>

Software and Property Plant and Equipment which have been fully depreciated are listed below:

Description	Cost or valuation	Normal annual depreciation charge
Motor Vehicles, including Motorcycles	1,120,000	1,120,000
Computers and related Equipment	349,107	349,107
Office Equipment, Furniture and Fittings	256,566	256,566
Software	3,100,000	3,100,000
<b>Total</b>	<b>4,725,673</b>	<b>4,725,673</b>

Notes to the Financial Statements (continued)

**16. Intangible Asset (Software)**

		2023-2024
	Kshs	Kshs
<b>COST</b>	<b>3,100,000</b>	<b>3,100,000</b>
At July 1	-	0
Additions	-	-
Disposals	-	-
At June 30	-	0
	<b>3,100,000</b>	<b>3,100,000</b>
<b>AMORTISATION</b>		
At July 1	<b>3,100,000</b>	<b>3,100,000</b>
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	<b>3,100,000</b>	<b>3,100,000</b>
<b>NET BOOK VALUE</b>		
At June 30	-	-

**17. Inventories**

Description	2024-2025	2023-2024
	Kshs	Kshs
Chemical and repair items	1,226,494	434,600
Water	320,000	96,000
<b>Total</b>	<b>1,546,494</b>	<b>530,600</b>

*[Stock was valued at the lower of cost, market value and net realizable value]*

Notes to the Financial Statements (continued)

**18. Trade and Other Receivables**

	2024-2025	2023-2024
	Kshs	KShs
Trade receivables (note (18a))	32,915,313	30,007,161
Deposits and prepayments	57,500	57,500
Performance guarantee	801,935	801,935
Staff receivables (note 18 (b))	0	0
KPLC Deposit	226,000	226,000
<b>Gross trade and other receivables</b>	<b>34,000,748</b>	<b>31,092,596</b>
Provision for bad and doubtful receivable	-987,459	-900,215
<b>Net trade and other receivables</b>	<b>33,013,289</b>	<b>30,192,381</b>

**18. (a) Trade Receivables**

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	32,915,313	30,007,161
Provision for doubtful receivables	-987,459	-900,215
<b>Net trade receivables</b>	<b>31,927,854</b>	<b>29,106,946</b>

*Provision for bad debt have been made at the rate of 3% which was approved by the previous board of directors.*

Notes to the Financial Statements (continued)

Reconciliation of Impairment Allowance for Trade Receivables

Description	2024-2025	2023-2024
	Kshs	KShs
At the beginning of the year	900,215	926,448
Additional provisions during the year	-	0
Recovered during the year	87,244	(26,233)
Written off during the year		
At the end of the year	<b>987,459</b>	<b>900,215</b>

18. (c) Staff Receivables

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross staff loans and advances	0	0
Provision for impairment loss		
Net staff loans	<b>0</b>	<b>0</b>
Less: Amounts paid	0	0
Amounts due	-	

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2025

Notes to the Financial Statements (continued)

**19. Bank and Cash Balances**

	2024-2025	2023-2024
	Kshs	KShs
Cash at bank	469,908	2,183,768
Mobile money account	880	21,550
<b>Totals</b>	<b>470,788</b>	<b>2,205,318</b>

**Detailed Analysis of the Cash and Cash Equivalents**

		2024-2025	2023-2024
Financial institution	Account number	Kshs	KShs
KCB	1102124575	21,064	42,940
KCB	1102121584	43,031	34,094
Equity (Deposits)	O160295227762	134,929	96,916
Equity (Revenue)	O160284098750	94,030	41,091
Equity (Expenditure)	O160284099002	(528,530)	-
Equity (CLSG 2 Project)	O160284099058	1,719	1,604,167
Escrow Account family Bank	O23000047148	604,665	
Escrow Account Equity Bank	O160284099099	99,000	364,560
Mpesa paybill	935129	880	21,550
<b>Totals</b>		<b>470,788</b>	<b>2,205,318</b>

**20. Ordinary Share Capital**

The company is limited by guarantee with no share capital. The management is in the process of aligning the memorandum and articles of association to align with the Water Act 2016.

**21. Capital Reserve**

Description	2024-2025	2023-2024
	Kshs	Kshs
Capital Reserve	5,304,334	5,304,334
<b>Totals</b>	<b>5,304,334</b>	<b>5,304,334</b>

Notes to the Financial Statements (continued)

**22. Retained Earnings**

	2024-2025	2023-2024
	Kshs	Kshs
Opening Retained earning	(4,486,412)	(1,817,029)
Profit or loss for the year	(9,949,903)	(3,485,258)
Restated inherited capital		815,875
Opening Retained earning	<b>(14,436,315)</b>	<b>(4,486,412)</b>

**23. Inherited Capital Gain**

	2024-2025	2023-2024
	Kshs	Kshs
Inherited capital gain	4,184,125	5,000,000
Deffered income	-100,000	
Restated retained earning		-815,875
	<b>4,084,125</b>	<b>4,184,125</b>

**24. WSTF Grant**

	2024-2025	2023-2024
	Kshs	Kshs
Grant	3,380,774	3,553,214
Deferred income	(1,776,607)	(1,776,607)
CLSG grant	961,615	1,604,167
<b>Totals</b>	<b>2,565,782</b>	<b>3,380,774</b>

Notes to the Financial Statements (continued)

**25. Retirement Benefit Obligations**

Nyandarua Water and Sanitation Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs 4,320 per employee per month. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

**26. Trade and Other Payables**

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	14,515,021	5,873,037
Accrued expenses	6,196,074	1,560,193
Employee payables	2,314,572	1,808,165
Other payables	20,700,792	20,941,061
<b>Total</b>	<b>43,726,459</b>	<b>30,182,456</b>

**Aging Analysis for Trade and Other Payables**

	2024-2025	% of the total	2023-2024	% of the total
Under one year	19,752,841	45	9,799,674	32%
1-2 years	6,118,582	14	3,557,667	12%
2-3 years	2,565,750	6	3,782,867	13%
Over 3 years	15,289,485	35	13,042,248	42%
<b>Total</b>	<b>43,726,658</b>		<b>30,182,456</b>	

Notes to the Financial Statements (continued)

27. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	4,979,543	4,086,423
Collected within the year	578,140	1,012,120
Refund within the year	(27,000)	(119,000)
<b>Closing Balance</b>	<b>5,530,683</b>	<b>4,979,543</b>

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025	% of the total	2023-2024	% of the total
Under one Year	578,140	18%	893,120	27%
1-2 Years	893,120	24%	1,207,700	7%
2-3 Years	1,226,000	23%	1,126,000	2%
Over 3 Years	2,833,423	35%	1,752,723	64%
<b>Total</b>	<b>5,530,683</b>		<b>4,979,543</b>	

28. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Deferred Income (Water Fund)	1,776,604	1,776,604
Deferred income (Inherited capital)	100,000	
<b>Total Deferred Income</b>	<b>1,876,604</b>	<b>1,776,604</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2025

Notes to the Financial Statements (continued)

The deferred income movement is as follows:

	WATER FUND	Total
Balance brought forward	1,876,607	1,776,607
Additions	0	-
Transfers to Capital fund	0	-
Transfers to income statement	(1,876,607)	(1,776,607)
Other transfers	0	-
Balance carried forward	1,876,607	1,776,607

29. Taxation

	2024-2025	2023-2024
	Kshs	Kshs
At Beginning of the Year	0	0
Income tax charge for the year	0	0
Under/(over) provision in prior year/s	0	0
Income tax paid during the year	0	0
At end of the year	0	0

[During the year the company made a net loss]

30. Notes to The Statement of Cash Flows

	2024-2025	2023-2024
	Kshs	Kshs
Operating profit/(loss)	(9,949,903)	(3,485,258)
Depreciation	3,015,975	2,641,326
Less deferred income	(1,876,607)	(1,776,604)
Amortisation		
(Gain)/loss on disposal of property, plant and equipment		
Operating profit/(loss) before working capital changes	(8,810,536)	(2,620,536)
(Increase)/decrease in inventories	-1,015,894	-236,070
(Increase)/decrease in trade and other receivables	-2,820,907	855,362
Increase/(decrease) in trade and other payables	13,544,003	2,703,678
Increase/(decrease) in customer deposit	551,140	893,120
<b>Cash generated from/(used in) operations</b>	<b>1,447,807</b>	<b>1,595,553</b>

Notes to the Financial Statements (continued)

Other Disclosures

31. Related Party Disclosures

**County Government of Nyandarua**

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

Other related parties include:

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

**Transactions with related parties**

	2024-2025	2023-2024
	Kshs	Kshs
<b>a) Grants from the Government</b>		
Water sector trust fund	961,615	1,604,167
County government of Nyandarua		
National irrigation authority		
<b>Total</b>	<b>961,615</b>	<b>1,604,167</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for five (5) seconded staff	4,677,480	4,677,480
Payments for goods and services for repair and maintenance.		
<b>Total</b>	<b>4,677,480</b>	<b>4,677,480</b>
<b>c) Key management compensation</b>		
Compensation to key management	0	1,350,000
<b>Total</b>	<b>0</b>	<b>1,350,000</b>

**Notes to the Financial Statements (continued)**

**32. Contingent Assets and Liabilities**

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

**33. 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:

Nyandarua Water and Sanitation Company Ltd  
 Annual Reports and Financial Statements  
 For the Year ended June 30 2025

Notes to the Financial Statements (continued)

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
<b>At 30 June 2025</b>				
Trade Receivables	31,927,854			
Other Receivables	1,085,435			
Investments	0			
Bank balances	471,745			
<b>Total</b>	<b>33,485,034</b>			
<b>At 30 June 2024</b>				
Receivables	29,106,946			
Other Receivables	1,085,435			
Bank balances	2,205,318			
<b>Total</b>	<b>32,397,699</b>			

**Notes to the Financial Statements (continued)**

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from customer of Kshs. **31,927,854**

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

**ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Trade payables	14,515,021			14,515,021
Current portion of borrowings	0			0
Provisions	0			0
Deferred income	1,776,604			1,776,604
Employee benefit obligation	0			0
<b>Total</b>	<b>16,291,625</b>			<b>16,291,625</b>
<b>At 30 June 2024</b>				
Trade payables	30,182,456			30,182,456
Current portion of borrowings	0			0
Provisions	0			0
Deferred income	1,776,604			1,776,604
	0			0
<b>Total</b>	<b>31,959,060</b>			<b>31,959,060</b>

**Notes to the Financial Statements (continued)**

**(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.

**Notes to the financial statements (continued)**

**b) Interest rate risk**

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

**i) Management of interest rate risk**

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

**Notes to the financial statements (continued)**

**ii) Sensitivity analysis**

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

**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.

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2025

**Notes to the financial statements (continued)**

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

Description	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
<b>Financial Assets</b>				
<b>At 30 June 2025 Current FY</b>				
<b>Non- financial Assets</b>				
Land and buildings	0	0	5,000,000	5,000,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2024 Previous FY</b>				
<b>Financial Assets</b>				
<b>Non- financial Assets</b>				
Land and buildings	0	0	5,000,000	5,000,000
	<b>0</b>	<b>0</b>	<b>5,000,000</b>	<b>5,000,000</b>

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

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

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

**Notes to the financial statements (continued)**

**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
Retained earnings	(14,436,315)	(5,302,287)
Capital reserve	5,304,334	5,304,334
<b>Total funds</b>	<b>(9,131,981)</b>	<b>2,047</b>
Less: cash and bank balances	470,788	2,205,318
<b>Gearing</b>		

**34. Incorporation**

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

**35. 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.

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	undisclosed Property plant and equipment	This are assets which have not been handed over by Central Rift Valley Water Works Development Agency. The management and board of Directors have initiated the process of hand over.	Not resolved	Progressively
2	Long outstanding trade Receivable	The company have been progressively addressing the issues and have repayment plan	Not resolved	Progressively
3	Long outstanding trade and other payables	The management, is in consultation with Central Rift Valley Water Works Development Agency for waiver.	Not resolved	Progressively
4	Unaccounted for refundable deposits and prepayment	The deposits were used to pay operation cost. Management have a repayment plan.	partially	progressively
5	<b>Unresolved prior years</b>	The company have been progressively addressing the issues	Partially	Progressively

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2025

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)
6	Non-revenue water	The management have developed non-revenue strategy and appointed non-revenue team also the NRW have reduced from 41.72% to 39%	Partially	Progressively
7	Non-compliance with the law on staff ethnic composition	In recruitment most of applications are for locals and management are not in controls	Not resolved	Progressively
8	Delay in remittance of affordable housing levy	The delay in remittance was due to lack of clarity on the effective date. However, the arrears have been paid.	Resolved	2024/2025
9	Staff under Establishment	Nyandarua Water and Sanitation Co. Ltd is licenced to supply water to all rural areas of Nyandarua County. However, the company is currently supplying parts of Nyandarua North only. The company is progressively taking over community water projects which will increase our staffing level from the current seventy staffs to one hundred and	Resolved	2024/2025

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2025

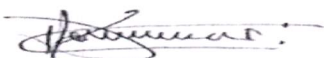
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		twenty-three staff provided for in the approved company's staff establishment. The management have taken over Wiyumiririe borehole in Ngorika. This will also increase the number of registered connections and company's revenue.		
10	Failure to revalue asset	We have carried out the asset's valuation	Resolved	2024/2025
11	Failure to tag assets	Management have tagged all the assets.	Resolved	2024/2025

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

Name: Dickson K Njiru

Signature



Managing Director

Date 11<sup>th</sup> November 2025

**Appendix II: Projects Implemented by the Company  
Projects**

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
CLSG 2 Grant	CLSG 2	WSTF	12	961,615	No	Yes

**Status of Projects completion**

*(Summarise the status of project completion at the end of the reporting period, i.e., total costs incurred, stage which the project is etc.)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Amani pipeline DN50 to DN90, 1500m long	916,667.00	Not started	Not started	916,667.00	Not started	Water Sector Trust fund
2	Solarisation of Kasuku Borehole	2,291,667.00	Not started	Not started	2,291,667.00	Not started	Water Sector Trust fund
<b>Total</b>					<b>3,208,334</b>		

Nyandarua Water and Sanitation Company Ltd  
 Annual Reports and Financial Statements  
 For the Year ended June 30 2025

Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....Nyandarua County Government.....

Name of Beneficiary entity.....Nyandarua Water and Sanitation Company.....

**Confirmation of amounts received by [Nyandarua water and sanitation company Ltd] as at 30<sup>th</sup> June 2025**

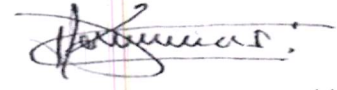
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	Monthly	1,626,180	0	1,626,180	Seconded Staff Salary
Total					

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

**Head of Accounts Department - Disbursing Entity:**

Name .....Joel Gichuki.....Sign .......... Date 11<sup>th</sup> November 2025

**Head of Accounts Department - Beneficiary Entity:**

Name ..... Dickson K Njiru ..... Sign .......... 11<sup>th</sup> November 2025