

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NYANDARUA WATER AND SANITATION  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



---

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

---

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, 2024**

---

<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 2023/2024 .....	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 <i>Nyandarua Water Company Ltd.</i>	xxi
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2024, 1	
15. Statement Of Financial Position As at 30 June 2024 .....	2
16. Statement of Changes in Equity for the Year Ended 30 June 2024 .....	3
17. Statement Of Cash Flows for The Year Ended 30 June 2024.....	4
18. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024.....	5
19. Notes to the Financial Statements .....	6
20. Appendices .....	45

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**1. Acronyms and Glossary of Terms**

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

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

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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, 2024**

**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 Thuri (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, 2024**

---

**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, 2024




3. The Board of Directors

Directors	Representing	Date of Appointment	Qualification
 1. Dennis Robert Kabaiku (Chairman)	Pro-poor Groups	7 <sup>th</sup> December 2023	He holds a Bachelor in Business Administration
 2. Wilson Kigwa (Member)	Professional Body	7 <sup>th</sup> December 2023	He holds a Master's in business administration, Bachelor in Electrical engineering and Strategic Leadership Development. Program course
 3. Esther Wambui Kamau (Member)	Women Organisation	7 <sup>th</sup> December 2023	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, 2024**





4.	 Zachary Theuri (Member)	Business Community	7 <sup>th</sup> December 2023	He holds Masters in business administration and CPA part one
5.	 Gabriel Thumbi (Member)	Professional Body	7 <sup>th</sup> December 2023	He is Bachelor of commerce holder with a wide range of experience in corporate governance.
6.	 Francis Kibuika (Member)	County Government	7 <sup>th</sup> December 2023	He holds a Master of Science in project Management, Bachelor in Civil Engineering and a higher diploma in Water Engineering.

Nyandarua Water and Sanitation Company Ltd  
 Annual Report and Financial Statements  
 For the Year ended June 30, 2024

7.		County Government	7 <sup>th</sup> December 2023	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
8		Managing director		Managing Director. Diploma in Water Technology. Principal Superintendent Water Engineering. She is in charge of overall business strategy and also serves as Secretary to the board.
9		Company secretary	7 <sup>th</sup> December 2023	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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**4. Key Management Team**

Ref	Management	Details
1.		<p>Mary Kamau            Managing Director. (Outgoing)</p> <p>Diploma in Water Technology.            Principal Superintendent Water Engineering.</p> <p>She is in charge of overall business strategy and also serves as Secretary to the board.</p>
2.		<p>CPA Dickson Kinyua Njiru            (September 2024- date)            Managing Director. (Incoming)</p> <p>He holds Master of Science,            (Finance and Accounting)            Bachelor of Business Administration,            CPAK holder and a            member of ICPAK.</p>
3.		<p>Peter Ndegwa            Technical Manager</p> <p>Diploma in water Technology and Higher            National Diploma in Water Engineering.            Principal Superintendent Water Engineering</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>

### 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. 48,122,825 to Kshs. 50,862,710.

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 

Dennis Kabaiku

Date 10<sup>th</sup> Jan 2025

Chairman

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2024**

---

**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. 50,862,710 from Kshs. 48,122,825 during the year under review. This represents a growth of 5.7%

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. 63,963,904 from Kshs. 57,716,262.

**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 10<sup>th</sup> Jan 2025

Dickson K Njiru

Managing Director

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**7. Statement of Performance Against Predetermined Objectives for FY 2023/2024**

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 2023- FY 2024. 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 2023/2024 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: Capital expenditure</b>				
	To increase water connection with 525 connections.	Number of connections. Increase in revenue	Customer Sensitization, registration and installation of new connections.	Increased 525 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.	Increase rationing hours from 6hrs to 8hrs Increased number of customers by 525, revenue

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

			Connecting new consumers	earned and collected.
	Reduction of non-revenue water from 46% to 42%	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>

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2024**

**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 10<sup>th</sup> Jan 2025

Dickson K Njiru

Managing Director.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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 exhauster.
- 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, 2024**

---

**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 (CISG).

**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. 30,192,381 and total payable is Ksh. 30,182,456. These receivables are unsecured and part of it relate to receivable which inherited from the Leshau Karagoini and Kibathi water projects and government institutions.

**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 forest warden by bringing down fire at Aberdare National park at a cost of Ksh. 22,216.

**Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2024**

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 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, 2024 are set out on page 1-48.

**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, 2024 on his behalf.

**By Order of the Board**

Signature 

10<sup>th</sup> Jan 2025

Dennis Robert Kabaiku  
Board Chairman

## **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, 2024. 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, 2024**

**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 2024, 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.

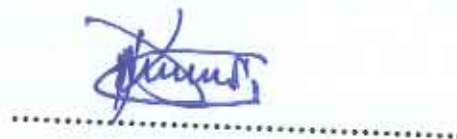
**Approval of the Financial Statements**

The company financial statements were approved by the Board on 10<sup>th</sup> Jan 2025 and signed on its behalf by:



.....

**Chairperson of the Board**



.....

**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, 2024

---

### 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 46, which comprise the statement of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of

---

*Report of the Auditor-General on Nyandarua Water and Sanitation Company Limited for the year ended 30 June, 2024*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyandarua Water and Sanitation Company Limited as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standard (IFRS) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Undisclosed Property, Plant and Equipment**

The statement of financial position reflects net book value of Kshs.10,616,520 in respect of property, plant and equipment as disclosed in Note 14 of the financial statement. As previously reported, the balance includes land with value of Kshs.1,000,000 and water tanks with net book value of Kshs.3,184,125 inherited from the Rift Valley Water Works Development Agency. However, the handover and takeover reports were not provided for audit review. Further, the ownership documents for the eleven (11) parcels of land at Olkangui, Gatimu, Kibathi and Shamata for water treatment plants, pump station and water tanks were not provided for audit review. In addition, the values of these parcels of land were not included in the property, plant and equipment balance reported in the financial statements.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.10,616,520 could not be confirmed.

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

The statement of financial position reflects a Net balance of Kshs.30,192,381 for trade and other receivables as disclosed in Note 17 to the financial statements. The note further, reflects kshs.30,192,381 as gross trade receivable, out of which provision for bad and doubtful debt of Kshs.900,215 was provided during the year. However, a review of the schedule for gross trade receivables revealed debts of Kshs. 29,106,946 have been outstanding for a long time and appear unrecoverable.

In the circumstances, the completeness and recoverability of trade and other receivables balance of Kshs. 29,106,946 could not be confirmed.

#### **3. Long Outstanding Trade and Other Payables**

The statement of financial position reflects Kshs.30,182,456 in respect of trade and other payables as disclosed in Note 25 to the financial statements. The balance includes kshs.20,382,782 in respect of payables to various vendors which have been outstanding for more than one year. Among the payables is a major creditor the Rift Valley Water

Service Board with a balance of kshs.10,955,848 representing 36% of total payables which has been outstanding for more than six (6) years. The Company has no documentary evidence to show how they are planning to settle the debt to avoid litigations, penalties and interest. Further, the Company, do not maintain supplier account statement for vendors, therefore, debt balances, including repayments and additional debts for the year could not be confirmed.

In the circumstances, the ability of the Company to settle debts is doubtful and the validity, accuracy and completeness of trade and other payables balance of kshs.20,382,782 could not be confirmed.

#### **4. Unaccounted for Refundable Deposits and Prepayments**

The statement of financial position reflects Kshs.4,979,543 in respect of refundable deposits and prepayments as disclosed in Note 26 to the financial statements. However, the equity deposit account statement reflects Kshs.96,916 resulting to unsupported and unaccounted refundable deposit balance of Kshs.4,882,627.

In the circumstances, the validity, accuracy and completeness of refundable deposits and prepayments of Kshs.4,882,627 could not be confirmed.

The audit was conducted in accordance with International Standards for 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 opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the 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**

Various prior year audit issues remained unresolved as at 30 June, 2024 and Management has not provided reasons for delay in resolving the prior year audit issues.

#### **Other Information**

#### **Conclusion**

The Management are responsible for the Other Information set out on page iii to xx which comprise of Key Entity Information and Management, Board of Directors profiles, Key Management Team profiles, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Director's Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

### **Basis for conclusion**

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

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. High Non-Revenue Water Threshold**

During the financial year under review, the Company produced a total of 792,675 M<sup>3</sup> of water out of which only 461,936 M<sup>3</sup> was billed (sold). A total of 330,739 M<sup>3</sup> (KShs.36,420,934.06) or approximately 41.72% represented Non-Revenue Water. The Unaccounted Water percentage of 41.72% is 17% above the allowable loss of 25% by the Water Service Regulatory Board (WASREB) guidelines.

The high level of Non-Revenue Water may have contributed negatively on the profitability of the Company, its ability to sustain the services.

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

## **2. Noncompliance of the National Cohesion and Integration Act on Ethnicity**

Review of the personnel records maintained by the Company revealed that the Company has seventy (70) staff members out of which sixty-five (65) or 96% of the staff members are from the dominant ethnic community. In addition, the board members of the Company comprise of seven (7) members who are also from the dominant ethnic community. This is contrary to section 7(2) of the National Cohesion and Integration Act, 2008.

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

## **3. Delay in Remittance of Affordable Housing levy**

The statement of profit or loss & other comprehensive income reflects Kshs. 26,236,449 in respect of staff costs payments as disclosed in Note 9 in the financial statement. However, an audit of the payroll indicated that the Company has not remitted housing levy for the month of April 2024, May 2024 and June 2024 of Kshs. 54,887, Kshs. 62,747 and Kshs. 51,257 respectively all totalling to Kshs. 168,891 which is contrary to section 4 and 5 of the Affordable Housing Act, 2024 that requires prompt remittance of the deducted levy.

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance Section of my report I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **1. Staff Under Establishment**

Review of personnel records maintained by the Company revealed that the Company is operating below its optimal staffing level since it has a staff deficit of fifty- three (53) employees according to the staff establishment prescribed in the Company's human resource policy and procedures Manual which requires the Company to have one

hundred and twenty-three (123) permanent employees. The Company operations may not be carried out optimally due to lack of some of the key employees.

In the circumstances, the effectiveness of internal controls of optimal staff levels could not be confirmed.

## **2. Ineffectiveness of Asset Management**

### **2.1 Failure to Revalue Fully Depreciated Assets**

Company's assets register reflects several assets whose historical costs have been fully depreciated but were still in use, and the Company was deriving economic benefits from their use. The assets should have been revalued to reflect their fair value as required by IAS 16. The long delay to take cognizance of the economic changes in the value of the assets is contrary to International Accounting Standard No.16, Paragraph 31 which stipulates that property, plant and equipment should be revalued regularly.

### **2.2 Failure to tag assets**

The Company maintains an asset register, however assets which include furniture & fittings, computers and other equipment were not tagged for proper identification and reconciliation to the asset register.

In the circumstances, the effectiveness on the asset management system in place could not be confirmed.

## **Basis for Conclusion**

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

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

### **Conclusion**

As required by Company Act, 2015 I report, based on my audit, that:

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

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

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

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

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

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

The Board of Directors are responsible for overseeing the Nyandarua Water and Sanitation Company Limited 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 for 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 IFPP 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

17 January, 2025

Nyandarua Water and Sanitation Company Ltd.  
Annual Report and Financial Statements  
For the Year ended June 30, 2024

15. Statement Of Financial Position As at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non -current Assets</b>			
Property, plant and equipment	14	10,616,520	11,382,057
Intangible assets	15	-	-
<b>Total Non-current assets</b>		<b>10,616,520</b>	<b>11,382,057</b>
<b>Current Assets</b>			
Inventories	16	530,600	294,530
Trade and other receivables	17	30,192,381	31,047,743
Cash and bank balance	18	2,205,318	881,392
<b>Total current assets</b>		<b>32,928,299</b>	<b>32,223,665</b>
<b>Total Assets</b>		<b>43,544,819</b>	<b>43,605,721</b>
<b>Capital and Reserves</b>			
Capital Reserve	20	5,304,334	5,304,334
Retained earnings	21	(5,302,287)	(1,817,029)
Inherited capital gain	22	5,000,000	5,000,000
WSIF grant	23	3,380,774	3,553,214
<b>Total Capital and Reserves</b>		<b>8,382,821</b>	<b>12,040,520</b>
<b>Current Liabilities</b>			
Trade and other payables	25	30,182,456	27,478,778
Refundable Deposits and Prepayments	26	4,979,543	4,086,423
<b>Total current liabilities</b>		<b>35,161,999</b>	<b>31,565,201</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,544,820</b>	<b>43,605,721</b>

The financial statements were approved by the Board on 10<sup>th</sup> Jan 2025 and signed on its behalf by:



Dickson K Njiru  
Managing Director



Jap Gichuki  
Head of Finance  
ICPAK M/No...3359L



Denis Robert Kibunju  
Chairman of the Board

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2024

16. Statement of Changes in Equity for the Year Ended 30 June 2024

	Capital Reserve	Retained Earnings	Inherited capital	WSTF Grant	Totals
At July 1, 2022	5,304,334	(1,627,308)	5,000,000	5,329,821	14,006,847
Profit and Loss for the year		(189,721)			(189,721)
Transfer of depreciation/amortization from capital fund to retained earnings (through profit and loss note 7)				(1,776,607)	(1,776,607)
At June 30, 2023	5,304,334	(1,817,029)	5,000,000	3,553,214	12,040,519
At July 1, 2023	5,304,334	(1,817,029)	5,000,000	3,553,214	12,040,519
Profit and Loss for the year		(3,485,258)		-	(3,485,258)
Transfer of depreciation/amortization from capital fund to retained earnings (through profit and loss note 7)				(1,776,607)	(1,776,607)
Water fund grant				1,604,167	1,604,167
At June 30, 2024	5,304,334	(5,302,287)	5,000,000	3,380,774	8,382,821

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**17. Statement of Cash Flows for The Year Ended 30 June 2024**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Revenue		54,879,924	47,917,767
Customer Deposits		1,012,120	207,700
<b>Total Receipts</b>		<b>55,892,044</b>	<b>48,125,467</b>
<b>Payments</b>			
Staff Costs		21,345,243	18,754,428
Board expenses		2,720,740	
General And Operation Expenses		25,529,326	30,559,451
Maintenance		4,582,181	-5,142,240
Refund Of Customer Deposits		119,000	66,000
<b>Total Payments</b>		<b>54,296,490</b>	<b>44,237,639</b>
<b>Surplus</b>		<b>1,595,554</b>	<b>3,887,828</b>
<b>Net Cash From/(Used In) Operating Activities</b>	30	<b>1,595,554</b>	<b>3,887,828</b>
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)	15	(1,875,789)	-3,355,064
<b>Net Cash From/(Used In) Investing Activities</b>		<b>(280,235)</b>	<b>532,764</b>
<b>Cash Flows from Financing Activities</b>			
CLSG 2 Grant	24	1,604,167	
<b>Net Cash From/(Used In) Financing Activities</b>		<b>1,323,932</b>	<b>532,764</b>
<b>Increase/(Decrease) In Cash And Cash Equivalents</b>		<b>1,323,932</b>	<b>532,761</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	19	<b>881,392</b>	<b>348,631</b>
<b>Cash And Cash Equivalents At End Of The Year</b>	19	<b>2,205,324</b>	<b>881,392</b>

Nyandarua Water and Sanitation Company Ltd  
Annual Report and Financial Statements  
For the Year ended June 30, 2024

18. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	2023-2024 Kshs	2023-2024 Kshs	2023-2024 Kshs	2023-2024 Kshs	2023-2024 Kshs	2023-2024 Percentage
Revenue						
Operating Revenue	57,360,000		57,360,000	54,024,562	3,335,438	6%
Other Income	2,630,000		2,630,000	0		0%
Seconded staff grant	-	4,677,480	4,677,480	4,677,480	0	0%
<b>Total income</b>	<b>59,990,000</b>	<b>4,677,480</b>	<b>64,667,480</b>	<b>58,702,042</b>	<b>3,335,438</b>	<b>6%</b>
Expenses						
Staff cost						
Board expenses	20,550,000	4,677,480	25,227,480	26,236,449	(1,008,969)	-4%
General and operation expenses	2,999,500	0	2,999,500	2,720,740	278,760	9%
Maintenances expenses	30,140,500	0	30,140,500	28,919,875	1,220,625	4%
<b>Total expenses</b>	<b>4,200,000</b>	<b>0</b>	<b>4,200,000</b>	<b>3,471,748</b>	<b>728,252</b>	<b>17%</b>
	<b>57,890,000</b>	<b>4,677,480</b>	<b>62,567,480</b>	<b>61,348,812</b>	<b>1,218,668</b>	<b>2%</b>
Surplus/Deficit						
Capital expenditure	2,100,000	-	-	(2,646,770)	-	-
<b>Total Expenditure</b>	<b>59,990,000</b>	<b>4,677,480</b>	<b>64,667,480</b>	<b>63,224,601</b>	<b>224,211</b>	<b>11%</b>
					<b>1,442,879</b>	<b>0</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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, 2024**

**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 (Amend as appropriate)</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, 2024**

Title	Description	Effective Date
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, 2024**

**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.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 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, 2024**

---

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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, 2024**

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

**Summary of Accounting Policies**

The annual rates in use are:

Item	Years	Rates
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

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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.

**b) 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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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.

**1) 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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

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

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

---

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

**Summary of Accounting Policies**

**s) Budget Information**

The original budget for FY 2023-2024 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, 2024

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

**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, 2024**

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

**6. Operating Revenue**

	2023-2024	2022-2023
	Kshs	Kshs
Water sales	50,862,710	48,122,825
Billing for other services	3,161,852	2,949,632
<b>Total</b>	<b>54,024,562</b>	<b>51,072,457</b>

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

**7. Grants Income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Deferred Income	1,776,604	1,776,604
Payment of behalf on county of Nyandarua	4,677,480	4,677,480
<b>Total</b>	<b>6,454,084</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	Amount recognized in capital fund	Amount deffered under deffered income	Total grant during the year	2023-2024
	kshs	kshs	kshs	kshs	kshs
County Government of Nyandarua	4,677,840	0		4,677,840	4,677,840
Water fund (Funded in 2016)	0		1,776,607	1,776,607	1,776,607
<b>Total</b>	<b>4,677,840</b>	<b>-</b>	<b>1,776,607</b>	<b>6,454,447</b>	<b>6,454,447</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

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

**8. Other Income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Decrease in Bad Debt Provision	26,234	0
<b>Total</b>	<b>26,234</b>	<b>0</b>

**9. Staff cost**

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross Salary and Allowances	18,686,511	16,617,054
Seconded Staff Top up	1,350,000	1,290,000
Employer's Contributions to Social Security Schemes	899,785	675,224
Housing Levy	135,613	0
NITA	42,350	9,350
Staff Bonus	100,000	0
Staff Welfare/Relocation	344,710	162,800
Grant from County Government Seconded Staff	4,677,480	4,677,480
<b>Total</b>	<b>26,236,449</b>	<b>23,431,908</b>
<b>The average number of employees during the year</b>	<b>70</b>	<b>63</b>

*{Grant from the county government (seconded staff salaries) have been reclassified from in kind contribution}*

**10. Board Expenses**

Description	2023-2024	2022-2023
	KShs	KShs
Chairman Honoraria/Stipend/Airtime	204,000	
Sitting allowance	372,500	
Induction and Training	575,750	
Mileage Allowance	569,150	
Travel and accommodation	756,400	
Mcal allowance	56,000	
Other board allowance	186,940	
<b>Total Board Expenses</b>	<b>2,720,740</b>	

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Abstraction Fees	630,000	1,427,792
Wasreb (4%)	2,004,508	1,924,913
Waspa	150,000	130,000
Waspa Benchmark	55,000	55,000
Chemicals Costs	189,144	509,240
Water Bill	8,029,650	7,965,429
Audit Fees Provision	255,200	255,200
Bulky SMS	456,000	490,000
Office Water & Lighting	52,046	55,206
Licenses, Permits	22,800	98,039
Travel and Subsistence	1,539,250	930,640
Electricity for Pumping	11,451,918	9,341,939
Office Expenses	385,337	153,008
Printing, Stationery, Computers & Accessories and Publicity	260,654	105,782
Seminars and Training	554,500	453,650
Telephone and Postage/ Internet	208,514	218,214
Sanitation and Fumigation	16,654	21,765
CSR	22,216	156,000
Bank Charges	136,677	79,615
Insurance	41,100	0
Public Participation	0	924,300
Rent and Rates	0	16,100
Motorbikes Repair	131,225	118,950
Water Quality Test	180,000	99,000
Petty Cash	474,980	791,126
Fuel	860,000	891,712
Sports	66,180	0
Water Bowser	0	28,000
Non-Revenue Water	489,050	0
Uniform and soap	210,915	160,570
Provision Bad debt	0	87,390
Motor Vehicle Repair	46,357	51,120
<b>Total Administrative Expenses</b>	<b>28,919,875</b>	<b>27,539,700</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements**  
**For the Year ended June 30, 2024**

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

**12. Maintenance Expenses**

Description	2023-2024	2022-2023
	Kshs	Kshs
Trenching	350,000	474,800
Software Main/ Server/Tariff Simulation	445,000	279,900
Supply for Production	2,474,814	3,019,753
Intakes Patrol	118,934	143,700
Pump Repair and Servicing	83,000	418,174
<b>Total Maintenance Expenses</b>	<b>3,471,748</b>	<b>4,336,327</b>

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

Description	2023-2024	2022-2023
	KShs	KShs
Property, Plant, and Equipment	2,641,326	2,408,327
<b>Total Depreciation and Amortization</b>	<b>2,641,326</b>	<b>2,408,327</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30, 2024**

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

**14. (a) Property, Plant and Equipment**

Description	LAND ksh	RETUCUATI ON NETWORK ksh	WATER TANK ksh	OFFICE FURNITURES AND FITTINGS ksh	Computers and related equipment ksh	Office equipment and furniture ksh	Motor bikes ksh	SOLAR ksh	METERS ksh	WATER PUMPS ksh	TOTALS ksh
<b>COST</b>											
At June 30, 2023	1,000,000	14,834,793	4,000,000	306,266	469,040	256,566	1,120,000	45,800	2,496,200	1,037,484	25,566,149
Additions				-							
At July 1, 2023	1,000,000	14,834,793	4,000,000	306,266	469,040	256,566	1,120,000	45,800	2,496,200	1,037,484	25,566,149
Cost 1 July 2023											
Additions		603,200							901,652	370,937	1,875,789
<b>Cost as at 30 June 2024</b>	<b>1,000,000</b>	<b>15,437,993</b>	<b>4,000,000</b>	<b>306,266</b>	<b>469,040</b>	<b>256,566</b>	<b>1,120,000</b>	<b>45,800</b>	<b>3,397,852</b>	<b>1,408,421</b>	<b>27,441,938</b>
<b>DEPRECIATION</b>											
At July 1, 2023	-	10,799,826	715,875	269,643	469,040	256,566	1,120,000	4,580	312,025	236,538	14,184,093
Charge for the year	-	1,929,749	100,000	6,213	-	-	-	4,580	424,732	176,053	2,641,326
<b>Accumulated depreciation as at 30</b>	<b>-</b>	<b>12,729,575</b>	<b>815,875</b>	<b>275,855</b>	<b>469,040</b>	<b>256,566</b>	<b>1,120,000</b>	<b>9,160</b>	<b>736,757</b>	<b>412,591</b>	<b>16,825,418</b>
<b>NET BOOK VALUE</b>											
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
At June 30, 2023	1,000,000	4,034,967	3,284,125	36,624	-	-	-	41,220	2,184,175	800,946	11,382,057

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2024

Notes to the Financial Statements (continued)

Description	LAND ksh	RETICULATION NETWORK ksh	WATER TANK ksh	OFFICE FURNITURE S AND FITTINGS ksh	Computers and related equipment ksh	Office equipment and furniture ksh	Motor bikes ksh	SOLAR ksh	METERS ksh	WATER PUMPS ksh	TOTALS ksh
At June 30, 2022	1,000,000	14,712,393	4,000,000	306,266	469,040	256,566	1,120,000	-	-	346,820	22,211,085
At July 1, 2022	1,000,000	14,712,393	4,000,000	306,266	469,040	256,566	1,120,000	-	-	346,820	22,211,085
Cost 1 July 2022											
Additions		122,400									
Cost as at 30 June 2023	1,000,000	14,834,793	4,000,000	306,266	469,040	256,566	1,120,000	45,800	2,496,200	590,664	3,355,064
DEPRECIATION											
At July 1, 2022	-	8,945,477	615,875	263,430	467,565	256,566	1,120,000	-	-	106,853	11,775,766
Charge for the year	-	1,854,349	100,000	6,213	1,475	-	-	4,580	312,025	129,686	2,408,327
Accumulated depreciation as at 30 June 2023	-	10,799,826	715,875	269,643	469,040	256,566	1,120,000	4,580	312,025	236,539	14,184,093
NET BOOK VALUE											
At June 30, 2023	1,000,000	4,034,967	3,284,125	36,624	-	-	-	-	-	-	-
At June 30, 2022	1,000,000	5,766,916	3,384,125	42,836	1,475	-	-	41,220	2,184,175	800,946	11,382,056
										239,968	10,435,320

Omitted opening balance for Office equipment and furniture have been restated in the opening balance.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30, 2024**

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

**Valuation**

Land and buildings were not valued due to financial constraint.

**14 (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
Water Tank	4,000,000	815,875	3,184,125
Computers and Related Equipment	469,040	469,040	
Office Equipment and Furnitures	256,566	256,566	
Motor bikes	1,120,000	1,120,000	
Reticulation Network	15,437,993	12,729,575	2,708,418
Solar Panel	45,800	9,160	36,640
Water Pump	1,408,421	412,591	995,830
Water Meters	3,397,852	736,757	2,661,096
Office Equipment, Furniture, and Fittings	306,266	275,855	30,411
<b>Totals</b>	<b>27,441,938</b>	<b>16,825,419</b>	<b>10,616,520</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>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

Notes to the Financial Statements (continued)

**15. Intangible Asset (Software)**

	2023-2024	2022-2023
	Kshs	Kshs
<b>COST</b>		
	3,100,000	3,100,000
At July 1	-	0
Additions	-	-
Disposals	-	-
At June 30	-	0
	3,100,000	3,100,000
<b>AMORTISATION</b>		
At July 1	3,100,000	3,100,000
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	3,100,000	3,100,000
<b>NET BOOK VALUE</b>		
At June 30	-	-

**16. Inventories**

Description	2023-2024	2022-2023
	Kshs	Kshs
Chemical and repair items	434,600	198,530
Water	96,000	96,000
<b>Total</b>	<b>530,600</b>	<b>294,530</b>

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

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**17. Trade and Other Receivables**

Description	2023-2024	2022-2023
	KShs	KShs
Trade Receivables (note (17a))	30,007,161	30,881,616
Deposits and Prepayments	57,500	57,500
Performance Guarantee	801,935	801,935
Staff Receivables (note 17 (b))	0	7,140
KPLC Deposit	226,000	226,000
<b>Gross Trade and other Receivables</b>	<b>31,092,596</b>	<b>31,974,191</b>
Provision for Bad and Doubtful Receivable	(900,215)	(926,448)
<b>Net Trade and other Receivables</b>	<b>30,192,381</b>	<b>31,047,743</b>

**17. (a) Trade Receivables**

	2023-2024	2022-2023
	Kshs	Kshs
Gross trade receivables	30,007,161	30,881,616
Provision for doubtful receivables	(900,215)	(926,448)
<b>Net trade receivables</b>	<b>29,106,946</b>	<b>29,955,168</b>
<b>As at June 30, the ageing analysis of the gross trade receivables was as follows:</b>		
Less than 30 days	508,329	670,523
Between 30 and 60 days	35,404	542,120
Between 61 and 90 days	794,004	615,365
Between 91 and 120 days	829,153	1,215,435
Over 120 days	27,840,271	27,838,173
<b>Total</b>	<b>30,007,161</b>	<b>30,881,616</b>

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

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**Reconciliation of Impairment Allowance for Trade Receivables**

Description	2023-2024	2022-2023
	KShs	KShs
At the beginning of the year	926,448	839,058
Additional provisions during the year	0	87,390
Recovered during the year	(26,233)	
Written off during the year		
At the end of the year	900,215	926,448

**17. (b) Staff Receivables**

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross staff loans and advances	539,562	539,562
Provision for impairment loss		
Net staff loans	539,562	539,562
Less: Amounts paid	(539,562)	(532,422)
Amounts due	-	7,140

**18. Bank and Cash Balances**

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash at bank	2,183,768	826,232
Mobile money account	21,550	55,160
<b>Totals</b>	<b>2,205,318</b>	<b>881,392</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

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

Financial Institution	Account Number	2023-2024	2022-2023
		KShs	KShs
KCB	1102124575	42,940	12,856
KCB	1102121584	34,094	15,719
Equity (Deposits)	O160295227762	96,916	797,657
Equity (Revenue)	O160284098750	41,091	-
Equity (Expenditure)	O160284099002	-	-
Equity (CLSG 2 project)	O160284099058	1,604,167	-
Escrow Account	O160284099099	364,560	-
Mpsa Paybill	935129	21,550	55,160
<b>Totals</b>		<b>2,205,318</b>	<b>881,392</b>

**19. 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.

**20. Capital Reserve**

Description	2023-2024	2022-2023
	Kshs	Kshs
Capital Reserve	5,304,334	5,304,334
<b>Totals</b>	<b>5,304,334</b>	<b>5,304,334</b>

**21. Retained Earnings**

	2023-2024	2022-2023
	Kshs	Kshs
Opening Retained earning	(1,817,029)	(1,627,308)
Profit or loss for the year	(3,485,258)	(189,721)
<b>Totals</b>	<b>(5,302,287)</b>	<b>(1,817,029)</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**22. Inherited Capital Gain**

Description	2023-2024	2022-2023
	Kshs	Kshs
Inherited Capital Gain	5,000,000	5,000,000
<b>Totals</b>	<b>5,000,000</b>	<b>5,000,000</b>

**23. WSTF Grant**

Description	2023-2024	2022-2023
	Kshs	Kshs
Grant	3,553,214	5,329,821
Deferred Income	(1,776,607)	(1,776,607)
CLSG Grant	1,604,167	
<b>Totals</b>	<b>3,380,774</b>	<b>3,553,214</b>

**24. 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 1,080 per employee per month. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

**25. Trade and Other Payables**

	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	5,873,037	2,896,364
Accrued expenses	1,560,193	2,460,790
Employee payables	1,808,165	1,594,439
Other payables	20,941,061	20,527,185
<b>Total</b>	<b>30,182,456</b>	<b>27,478,778</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**Aging Analysis for Trade and Other Payables**

	2023-2024	% of the total	2022-2023	% of the total
Under one year	9,799,674	32%	10,623,663	38%
1-2 years	3,557,667	12%	3,557,667	8%
2-3 years	3,782,867	13%	255,200	10%
Over 3 years	13,042,248	42%	13,042,248	59%
<b>Total</b>	<b>30,182,456</b>		<b>27,478,778</b>	

**26. Refundable Deposits and Prepayments**

	2023-2024	2022-2023
	<i>Kshs</i>	<i>Kshs</i>
Opening Balance	4,086,423	3,869,975
Collected within the Year	1,012,120	207,700
Refund within the Year	(119,000)	(66,000)
Prepayment from Customers		74,748
<b>Closing Balance</b>	<b>4,979,543</b>	<b>4,086,423</b>

**Aging Analysis for Refundable Deposits and Prepayments**

	2023-2024	% of the total	2022-2023	% of the total
Under one Year	893,120	18%	1,207,700	27%
1-2 Years	1,207,700	24%	1,126,000	7%
2-3 Years	1,126,000	23%	266,925	2%
Over 3 Years	1,752,723	35%	1,485,798	64%
<b>Total</b>	<b>4,979,543</b>		<b>4,086,423</b>	

**27. Deferred Income**

Description	2023-2024	2022-2023
	<i>Kshs</i>	<i>Kshs</i>
Deferred Income (Water Fund)	1,776,604	1,776,604
<b>Total Deferred Income</b>	<b>1,776,604</b>	<b>1,776,604</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**The deferred income movement is as follows:**

	<b>WATER FUND</b>	<b>Total</b>
Balance brought forward	3,553,214	3,553,214
Additions	0	-
Transfers to Capital fund	0	-
Transfers to income statement	(1,776,607)	(1,776,607)
Other transfers	0	-
Balance carried forward	1,776,607	1,776,607

**28. Taxation**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
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]*

**29. Notes to The Statement of Cash Flows**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Operating profit/(loss)	(3,485,258)	(189,721)
Depreciation	2,641,326	2,408,327
Less deferred income	(1,776,604)	(1,776,604)
Amortisation		-
(Gain)/loss on disposal of property, plant and equipment		
Operating profit/(loss) before working capital changes	(2,620,536)	442,002
Increase in prepayments		
(Increase)/decrease in inventories	(236,070)	1,261,367
(Increase)/decrease in trade and other receivables	855,362	(3,229,438)
Increase/(decrease) in trade and other payables	2,703,678	5,197,447
Increase/(decrease) in customer deposit	893,120	216,448
<b>Cash generated from/(used in) operations</b>	<b>1,595,554</b>	<b>3,887,826</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

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

**Other Disclosures**

**30. 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**

	2023-2024	2022-2023
	Kshs	Kshs
<b>a) Grants from the Government</b>		
Water sector trust fund	1,604,167	0
County government of Nyandarua		
National irrigation authority		0
<b>Total</b>	<b>1,604,167</b>	<b>0</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.		0
<b>Total</b>	<b>4,677,480</b>	<b>4,677,480</b>
<b>c) Key management compensation</b>		
Compensation to key management	1,350,000	1,362,500
<b>Total</b>	<b>1,350,000</b>	<b>1,362,500</b>

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

**31. 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.

**32. 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 2024**

**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 2024</b>				
Trade Receivables	29,106,946			
Other Receivables	1,085,435			
Investments	0			
Bank balances	2,205,318			
<b>Total</b>	<b>32,397,699</b>			
<b>At 30 June 2023</b>				
Receivables	29,955,168			
Other Receivables	1,092,575			
Bank balances	881,392			
<b>Total</b>	<b>28,167,936</b>			

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

**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. 29,106,946

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 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
Employee benefit obligation	0			0
<b>Total</b>	<b>31,959,060</b>			<b>31,959,060</b>
<b>At 30 June 2023</b>				
Trade payables	3,741,754	255,200	23,481,824	27,478,778
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	1,776,604	0	0	1,776,604
	0	0	0	0
<b>Total</b>	<b>5,518,358</b>	<b>255,200</b>	<b>13,042,248</b>	<b>29,080,493</b>

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

---

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

---

**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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

---

**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 2024**

**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 2024 Current FY</b>				
<b>Non- financial Assets</b>				
Land and buildings	0	0	5,000,000	5,000,000
	0	0	0	0
<b>At 30 June 2023 Previous FY</b>				
<b>Financial Assets</b>				
<b>Non- financial Assets</b>				
Land and buildings	0	0	5,000,000	5,000,000
	0	0	5,000,000	5,000,000

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.

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

**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:

	2023-2024	2022-2023
		Kshs
Retained earnings	(5,302,287)	(2,747,962)
Capital reserve	5,304,334	5,304,334
<b>Total funds</b>	<b>2,047</b>	<b>2,556,372</b>
Less: cash and bank balances	2,183,768	(881,392)
<b>Gearing</b>		

**33. Incorporation**

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

**34. Events After the Reporting Period**

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

**Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2024**

**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)
1.0	<b>Property Plant and Equipment</b>			
1.1	Unsupported and 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	2024/2025
1.2	Non-disclosure of fully depreciated assets.	The asset is in use and therefore the management is in process of recruiting a Valuer	Not resolved	2024/2025
2.0	Long outstanding trade and other payables	The company have been progressively addressing the issues and have repayment plan	Not resolved	Progressively
	<b>Unresolved prior years</b>	The company have been progressively addressing the issues	Not resolved	Progressively

**Nyandarua Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the Year ended June 30 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Non-revenue water	The management have developed non-revenue strategy and appointed non-revenue team	Not resolved	Progressively
2.0	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
1.0	Information, communication and technology (ICT) environment	Draft policy has been finalised	Not 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 10<sup>th</sup> Jan 2025

Nyandarua Water and Sanitation Company Ltd  
Annual Reports and Financial Statements  
For the Year ended June 30 2024

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	1,604,167	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 2024**

**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 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	Monthly	4,677,480	0	4,677,480	Seconded Staff Salary
<b>Total</b>					

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

Head of Accounts Department - Disbursing Entity:

Name ..... Sign ..... Date .....

Head of Accounts Department - Beneficiary Entity:

Name ..... Dickson K Njiru ..... Sign ..... Date 10th Jan 2025

