

REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KAPSABET NANDI WATER AND SANITATION  
COMPANY LIMITED**

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





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# Kapsabet Nandi Water and Sanitation Company Ltd

## Annual Report and Financial Statements

For the Financial Year Ended June 30, 2025

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

OFFICE OF THE AUDITOR GENERAL  
ELDORET REGIONAL OFFICE  
29 OCT 2025  
**RECEIVED**  
P. O. Box 2774 - 30100, ELDORET

**Kapsabet Nandi Water and Sanitation Company Ltd**  
Annual Reports and Financial Statements  
For the year ended June 30, 2025

# Kapsabet Nandi Water and Sanitation Company Ltd

## Annual Reports and Financial Statements

### For the year ended June 30, 2025

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### 1. ACRONYMS AND GLOSSARY OF TERMS

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
GM	Managing Director
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
NRW	Non-Revenue Water
LVN	Lake Victoria North
FS	Financial Statement
KANAWASCO	Kapsabet Nandi Water and Sanitation Company
AGM	Annual General Meeting
NBV	Net Book Value
CLSG	Conditional Liquidity Support Grants
CF	Carried Forward
BF	Brought Forward
AC	Account
NO	Number
C.P.A.	Certified Public Accountant
D.O.B.	Date of Birth
Eng.	Engineer
YR	Year
Kshs	Kenya Shillings
CEO	Chief Executive Officer
FY	Financial Year

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### 2. KEY COMPANY INFORMATION

#### Background Information

Kapsabet Nandi Water & Sanitation Co. Ltd was established under the Company's Act Cap 486 on 18<sup>th</sup> December 2006 and issued with a Certificate No. 1333231. The company is licensed by Water Services Regulatory Board (WASREB) to provide water and sanitation services to Kapsabet town, Nandi Hills town and their environs. The County Government of Nandi is the sole shareholder whose interests and intentions is represented through the participation of her senior members in the Board of Directors.

The management reports to the Board of Directors, which is responsible for the management oversight, general policy and strategic direction of the Company.

The Company is domiciled in Kenya and has schemes in Kapsabet and Nandi hills towns.

#### Principal Activities

The principal activity of the Company is the provision water and sanitation in Kapsabet and Nandi Hills towns.

#### Vision

To be the leading water and sanitation provider in the region.

#### Mission

To effectively and efficiently provide quality and affordable water and sanitation services.

#### Core Values

- Integrity
- Transparency and accountability
- Gender parity
- Customer focus
- Team work
- Creativity and innovativeness
- Advocate for environmental protection and conservation

#### Management

The day-to-day activities of the Company are under the supervision of the corporate management team whose guidance is derived from the Board of Directors.

#### Board of Directors

The Directors are Independent and therefore not executive.

The following served during the year:

NO	NAME	TITLE	APPOINTMENT DATE	REPRESENTATION
1	Joseph Ng'etich	Board Chairman	1.11.2024	Residence Rep.
2.	Alfayo Lei	Board Secretary	4.09.2023	Chief Executive
3.	CPA Abraham Tarbei	Board Member	1.11.2024	Professional Rep.
4.	Eng. Michael Chebii	Board Member	1.11.2024	Business Community
5	Jonah Biwot	Board Member	24.11.2022	County Government
6	CPA Prisca Muigei	Board Member	24.11.2022	County Government

# **Kapsabet Nandi Water and Sanitation Company Ltd**

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### **Registered Office**

Beek Hse, Off Pamela Jelimo Street,  
Kapsabet, Kenya.

### **Corporate Headquarters**

Beek Hse, Off Pamela Jelimo Street,  
P.O Box 970 – 30300,  
Kapsabet, Kenya.

### **Corporate Contacts**

Mobile No: 0716 006464,  
E-mail: [kapsabetwater@yahoo.com](mailto:kapsabetwater@yahoo.com) / [info@kanawasco.co.ke](mailto:info@kanawasco.co.ke),  
Website: [www.kanawasco.co.ke](http://www.kanawasco.co.ke)

### **Corporate Bankers**

Kenya Commercial Bank: Kapsabet Branch,  
P.O Box 164 – 30300,  
Kapsabet, Kenya.

Post Bank: Kapsabet Branch,  
P.O Box 120 – 30300,  
Kapsabet, Kenya.

### **Independent Auditors**

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

### **Principal Legal Advisers**

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

# Kapsabet Nandi Water and Sanitation Company Ltd




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### 3. THE BOARD OF DIRECTORS

The Company is managed under the direction of a Board of Directors appointed by the shareholder (Nandi County Government).




The Board of Directors were appointed on 1<sup>st</sup> November 2024 and are listed below: -

No	Name	Qualification and Experience	Status
1	<p><b>JOSEPH NG'ETICH</b> Board Chair (DOB 1968)</p> 	<p>Currently pursuing a Doctorate degree in Leadership at USIU-A. Holds an MBA degree in Business Administration (Strategic and Human Resource Management) from USIU-A, and a BBA degree in Business Administration (Accounting Option) from UEAB. Additionally, he holds a Higher Diploma in Human Resource Management from IHRM and a Diploma in Paralegal studies from KSL. A member of the Institute of Human Resource Management, Kenya Institute of Management, and Institute of Directors (K). He has extensive experience in areas of Human Resource Management and Procurement in both Tertiary Institution and Private Security Sectors. A consultant and founder partner of Third Eye Consulting services Ltd.</p>	Appointed 1 <sup>st</sup> Nov 2024
2	<p><b>CPA ABRAHAM TARBEI</b> Board Member (DOB 1986)</p> 	<p>Holds an MBA degree in Financial Management from Catholic University of Eastern Africa and BBA degree accounting option from the University of Eastern Africa, Baraton. He is a certified public accountant of Kenya, registered and licensed by the Institute of Public Accountants of Kenya (ICPAK). Trained in Leadership and Governance in Healthcare systems strengthening from Amref Africa as well as Senior Management Course from Kenya School of Government. A consultant and founder of Carab Solutions providing financial management services with extensive experience in finance and administration in the private sector. Sub-committee chair - Finance, HR and ICT Committee</p>	Appointed 1 <sup>st</sup> Nov 2024
3	<p><b>ENG. MICHAEL CHEBII</b> Board Member (DOB 1984)</p> 	<p>Holds a Master's degree in Project Planning and Management from University of Nairobi (UoN), and a BSc degree in Mechatronic Engineering.  Graduate member - Engineers Board of Kenya.  Director - Kapsabet Comfy Hotel and Caromi Logistics Ltd. Founder member - Rotary Club of Eldoret. Has extensive experience in areas of engineering and project management in the private sector.  Committee chair - Technical and Audit committee.</p>	Appointed 1 <sup>st</sup> Nov 2024

# Kapsabet Nandi Water and Sanitation Company Ltd

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4	<p><b>CPA PRISCA MUIGEI</b> Board Member (DoB 1984)</p> 	<p>Holds a Bachelor's Degree in Economics. She is a Certified Public Accountant by ICPAK. She has served as Director of Budget at the County Government of Nandi. She's the Chief Officer for Finance &amp; Economic Planning and a member of the Finance, HR &amp; ICT subcommittee of the Board.</p>	Appointed 24 <sup>th</sup> Nov 2022
5	<p><b>JONAH BIWOT</b> Board Member (DoB 1980)</p> 	<p>Holds Bachelor of Education Science (Kabarak University) and is a teacher by profession. Has previously served as the Chief Officer for Transport &amp; Infrastructure at the County Government of Nandi. He's the Chief Officer for Water, Natural Resources and Climate Change and a member of the Technical and Finance, HR &amp; ICT subcommittees of the Board.</p>	Appointed 24 <sup>th</sup> Nov 2022
6	<p><b>ALFAYO LEL</b> Board Secretary (DoB 1986)</p> 	<p>Holds a Master's degree from University of Eldoret, and a B.Sc Environmental Science (with IT) from Maseno University. He has served as Director at the Department of Lands, Environment, Natural Resources and Climate Change of the County Government of Nandi. He has done Senior Management course at Kenya School of Government and is registered Environmental Impact Assessment (EIA) expert. Has vast experience on matters environmental conservation, climate change adaptation and mitigation.  He is the CEO of the Company and Secretary to the Board of Directors.</p>	Seconded September 2023

# Kapsabet Nandi Water and Sanitation Company Ltd





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For the year ended June 30, 2025

### 4. KEY MANAGEMENT TEAM

In line with the Company's governance documents, the Board delegates the day to day operations and management of the Company to the Managing Director.

Structurally, the company is headed by the Managing Director, who reports to the Board of Directors. The Managing Director provides overall leadership and chairs the Management meeting which comprises all heads of departments of the company as follows:

NO	Name	Title	Qualification and Experience
1	 <b>ALFAYO LEL</b>	Managing Director	<p>Holds a Master's degree from University of Eldoret, and a B.Sc Environmental Science (with II) from Maseno University.</p> <p>He has served as Director at the Department of Lands, Environment, Natural Resources and Climate Change of the County Government of Nandi.</p> <p>He has done Senior Management course at Kenya School of Government and is registered Environmental Impact Assessment (EIA) expert. Has vast experience on matters environmental conservation, climate change adaptation and mitigation.</p> <p>He is the CEO of the Company.</p>
2	 <b>GILBERT ROTICH</b>	Technical Manager	<p>Diploma in Water Engineering</p> <p>Senior Inspector and Area Manager in the National Water Conservation &amp; Pipeline Corporation</p> <p>Representative - Augmentation of Kapsabet Water Supply project funded by JICA.</p> <p>Currently, Technical Manager – KANAWASCO.</p>
3	 <b>JOYCE JEPKOECH</b>	Finance Manager	<p>MBA - Finance from Masinde Muliro University</p> <p>BBM - Accounting Option from Moi University.</p> <p>Certified Public Accountant of Kenya</p> <p>Strategic Management Course from KSG</p> <p>Senior Management course from KSG</p> <p>She is a member of ICPAK in good standing</p> <p>She previously worked with Local Authority and County Government of Nandi as Principal Accountant</p> <p>She is the Finance Manager of the Company</p>
4	 <b>JULIUS TANUI</b>	Human Resource Officer	<p>He is a Certified Human Resource Practitioner in Kenya.</p> <p>Has a Bachelor's Degree in Business Management (Catholic University of Eastern Africa – CUEA), Higher Diploma in Human Resource Management (Alexandria Training Institute – Eldoret), Advanced Diploma in Business Management and a Diploma in Business Administration (Eldoret Polytechnic).</p> <p>Has served as Payroll Manager at the County Government of Nandi.</p> <p>Currently, the Human Resource Officer – KANAWASCO.</p>

# Kapsabet Nandi Water and Sanitation Company Ltd

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## 5. CHAIRMAN'S STATEMENT

### National Overview

Water is integral to every facet of life, deeply interwoven with the three pillars of sustainable development—social, cultural, economic, and political. Its significance spans multiple Sustainable Development Goals (SDGs), linking closely with climate action, energy, urban development, environmental sustainability, food security, poverty alleviation, gender equality, and health. The challenges posed by climate change intensify the urgency of addressing water-related issues, which are pivotal to achieving the 2030 Agenda for Sustainable Development.

UN Secretary General António Guterres aptly highlighted in his 2023 address to the UN Water Conference that water transcends various global challenges. It embodies essential elements of health, sanitation, hygiene, disease prevention, peace, sustainable development, poverty reduction, food security, job creation, human rights, and gender equality. Thus, water must be central to the global political agenda. The Government of Kenya must engage all stakeholders, including small-scale service providers, to increase the population's access to safely managed water services.

### Water and Sanitation Subsector Overview

Kenya has made notable strides in enhancing access to clean drinking water across urban and rural areas through various service providers, including utilities, private entities, and community-based organizations. Despite progress, challenges persist, particularly with water quality in densely populated areas. Sustainable financing is crucial for expanding and maintaining water and sanitation services. Kenya's commitment under Sustainable Development Goal 6 is to achieve universal and equitable access to safe and affordable water, adequate sanitation, and end open defecation by 2030, with special attention to women, girls, and vulnerable groups.

### Company's Performance

In the 2024/2025 financial year, the company experienced a 25% revenue increase, from Kshs 79.9 million in 2023/24 to Kshs 99.6 million. A profit of Kshs 20.3 million was recorded for 2024/25. This is due to increase internally generated revenue in grants from key partners, including the County Government and the Water Sector Fund.

Despite financial challenges, there were notable improvements in billing, collection, and operational efficiency. Like many medium size water companies in Kenya, KANAWASCO faces significant obstacles, including limited financial resources for infrastructure development, frequent breakdowns of old pipelines and pumps, high electricity costs averaging Kshs 2.5million per month, high Non-Revenue Water (NRW) rate, and high chemical prices. Efforts to reduce water losses continue, although levels remain above the 25% benchmark set by WASREB.

Addressing these challenges requires a multifaceted approach: increased infrastructure investment, capacity building, enhanced revenue collection systems, and strong partnerships with stakeholders. Regulatory support and tailored policies are also crucial to navigating these issues and improving service delivery.

In conclusion, the Board and Management, with support from the Stakeholders, are committed to enhancing the company's internal controls, risk management, integrity, and ethical standards to better serve our customers and achieve our mission.



Joseph Ng'elich

BOARD CHAIR

# Kapsabet Nandi Water and Sanitation Company Ltd

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### 6. REPORT OF THE MANAGING DIRECTOR

#### Introduction

Water service provision is a cornerstone of Kenya's infrastructure, crucial for ensuring access to clean and safe drinking water. Over the years, Kenya has made significant progress in this sector, reflecting its commitment to public health, economic development, and environmental sustainability. Aligning with international development goals, including Sustainable Development Goal 6 (SDG 6) for clean water and sanitation, the Kenyan government has made considerable investments to enhance infrastructure, improve service delivery, and foster efficient water resource management. The focus also includes addressing climate resilience and disaster preparedness amid evolving weather patterns. Despite these efforts, challenges persist, including water scarcity, aging infrastructure, revenue collection issues, and the need for sustainable financing.

The Water Act of 2016 established the Water Services Regulatory Board (WASREB), which regulates water service providers, sets standards, and ensures the quality and affordability of services. Nonetheless, Kenya's water sector continues to face significant challenges, such as water scarcity, outdated infrastructure, and revenue collection difficulties, compounded by waterborne diseases in areas with inadequate sanitation.

#### Commercial and Technical Sections Management

The Company has been actively working to strengthen its commercial and technical operations to enhance meter reading, revenue collection, and service coverage. Our goal is to reduce Non-Revenue Water (NRW). However, managing the old distribution lines has been a significant challenge, particularly in the lower parts of the town where high pressure exacerbates issues. Frequent road grading, urban development, and climate change-related factors like erratic rainfall and droughts have further complicated the situation, leading to increased operational and maintenance costs due to frequent repairs and high NRW.

In response, we have rehabilitate old lines and construct elevated tanks in low-pressure areas in the financial year 2024-25

Water bill arrears exceeding 60 days amounted to Kshs. 19 million, reflecting ongoing issues with revenue collection. The revenue team continues to engage with non-compliant consumers to encourage payment or establish part-payment plans. Timely and consistent revenue collection remains a challenge, impacting the company's financial stability. Operating at a scale where achieving economies of scale is difficult results in higher operational costs per unit of water produced and distributed.

#### Financial Management

The Company is committed to sound financial management, ensuring efficient utilization of funds in line with the approved budget. Our financial management system adheres to government rules and regulations, including the Public Financial Management (PFM) Act 2012 and international financial reporting standards (IFRS). Quarterly and annual financial reports are prepared and submitted to the County Government of Nandi, National Treasury, and the Office of the Auditor-General. We strive to ensure all income and expenses are accounted for as required by law.

#### Human Resource

Attracting and retaining a skilled workforce is crucial for delivering high-quality services. Despite financial constraints, we have made efforts to maintain a competent team. We appreciate the County Government of Nandi for seconding several staff members to enhance our human resource capacity, leading to notable improvements in service delivery. As of the end of the review period, the Company employed fifty-four staff members, including both County and Company personnel. We operate under an approved scheme of service and a Human Resource manual that guides daily operations.

#### Future Plans and Going Concern

The Company has faced substantial costs related to electricity bills. To address this, we are exploring partnerships with the County Government of Nandi, Lake Victoria North Development Works Authority, and other development partners to consider a gravity-driven project that could significantly reduce operational and maintenance costs.

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Additionally, we completed a tariff review process, which was implemented in September 2023. The Central Rift Valley Development Water Works Development Authority, in collaboration with the County Government of Nandi and the Company, undertook an augmentation for the Nandi Hills Water Supply System. This project includes rehabilitating old treatment works, constructing a new intake, treatment facilities, additional storage, and rehabilitating main and service lines. These efforts will enhance our capacity to provide reliable water services and address NRW challenges effectively.

### Conclusion

As we continue to navigate the complexities of water service provision, the Company remains committed to improving infrastructure, managing resources efficiently, and delivering high-quality services to our customers. We look forward to ongoing support from all stakeholders as we work towards achieving our goals and enhancing our service delivery.



Alfayo Lel

**MANAGING DIRECTOR**

# Kapsabet Nandi Water and Sanitation Company Ltd

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## 7. STATEMENT OF THE COMPANYS' PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024-25

Before the commencement of the financial year, the Company had operational and financial objectives to be met. These include;

- Increasing water and sanitation coverage
- Striving to achieve financial sustainability
- Ensuring operational effectiveness and efficiency; Strengthening institutional capacity
- Mainstreaming cross – cutting issues: gender, youth, HIV/AIDS, disability, poverty and environment.

Implementation strategies have been identified with accompanying activities and timelines to actualize the objectives.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Water and sanitation coverage	100 % water and sanitation coverage	- Coverage area	- Extension of new lines - Registration of customers	- 3% increase in water coverage from 72% to 75% - 329 new customers registered
Financial sustainability	To achieve financial sustainability	- Increase in Water sales from 79m to 103 m - Increase in Collection efficiency from 90% to 95% - Reduction of NRW to 35% - Increase in Profitability - Attractiveness and ability funds to meet conditions for grants	- Correct meter readings - Effective collection exercise - Quick response to bursts and leakages and installation of zonal meters - Implement cost management practices - Ensure compliance with donors and funders - Ensure efficient operations to lower the cost of doing business	- Increase in water sale from 79million to 99 million - Increase of Collection efficiency from 90% to 95%
Operational effectiveness and efficiency; Institutional capacity	To ensure operational effectiveness	- Effective staff Recruitment; - Staff training	- Conduct effective staff recruitment	- 85 no of staff attended training during the year - Timely payment of

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	<p>and efficiency; To Attract, develop and retain adequate Qualified and competent staff</p> <p>To strengthen institutional capacity</p>	<p>- Capacity building of and staff motivation</p>	<p>- Ensure staff training need are assessed and addressed</p> <p>- Ensure staff motivation and capacity building initiatives are fully implemented</p> <p>- Implementation of the scheme of service</p>	<p>salaries and statutory deductions</p> <p>- Formation of sections and departments</p> <p>-</p>
Cross – cutting issues	<p>To mainstream cross – cutting issues; gender, youth, HIV/AIDS, PWDs, poverty &amp; environment</p>	<p>- Company's involvement in gender, youth, HIV/AIDS, PWDs, poverty &amp; environmental issues.</p>	<p>- Engagement of youth (both male and female) in casual works, attachment and internships</p> <p>- Water sources conservation</p>	<p>- Through engagement of casuals and attaches, the company rehabilitated company planted trees at the intake and upstream</p>

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### 8. CORPORATE GOVERNANCE STATEMENT

The Company regards corporate governance as pivotal to the success of its operations and the Board as the essential and responsible organ is committed to ensure that good governance is practiced. The Board supports the best practices in corporate governance and adhere to its guide lines. As the policy maker, the Board is responsible for establishment of short-, medium- and long-term goals and the strategic plans to achieve them.

The Board ensures that the Company follows the Constitution, laws, regulations of the Government of Kenya, Nandi County Government and other bodies and its Articles and Memorandum of Association

#### a) Appointment and Induction of the Board

The current boards consist of six directors representing Professionals, business community and county government of Nandi. The board members are recruited competitively, taking into account the skill mix to ensure persons with key specialization such as finance, human Resource, Engineering etc. are included in the board.

The Chairman of the Boards is appointed during the First Board Meeting. The Board serves for a term of 3 years renewal once. The board members representing the County Government of Nandi were appointed in November 2022. The county appointed the County Executive Committee for Finance & Economic planning and Lands, physical planning, Housing, Natural Resources, Water and Climate Change but are represented by their Chief officers

The Company provides appropriate information to the board, so that, they can maintain full and effective control on their strategic role, Boards Induction was conducted during the year

#### b) Board Meetings

The Board and Committee meetings during the years were held as follows:

S/No	Type of meeting	No of meeting
1	Full board	4
2	Special full Board	3
3	Finance, HR and ICT	4
4	Technical	3
5	Audit, Risk and Governance	3

#### c) Board Committees

The Board has three Committees, which are:

##### i) Finance, Human Resource & ICT Committee

The Committee is responsible for the policy on financial and human resource.

It also reviews strategic & business plans, financial statements, Budget & procurement plans, investment, staff welfare and recruitment. The attendance was as follows:

S/No	Name	Designation	No of meeting attending out 4
1	CPA Abraham Tarbei	Chair	4
2	Michael Chebii	Member	4
3	Jonah Biwott	Member	4
4	CPA Priscah Mulgei	Member	4

##### ii) Audit & Risk Management Committee

The Committee is responsible for establishment and review of efficient internal controls, effective risk management policy, external auditors' queries and Nandi County Assembly Public Investment Committees recommendations.

The Board discharges its supervisory and oversight responsibility through this committee.

The Committee once during the year and membership are as follows:

S/No	Name	Designation	No of meeting attending out 3
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1	Michael Chebii	Chair	3
2	Jonah Biwott	Member	3
3	CPA Priscah Muigei	Member	3

### III) Technical Committee

The Committee is responsible for establishment and review of quality standards for civil, structural and operational works in the Company.

S/No	Name	Designation	No of meeting attending out 3
1	Michael Chebii	Chair	3
2	CPA Abraham Tarbei	Member	3
3	Jonah Biwott	Member	3
4	CPA Priscah Muigei	Member	3

### c) Role of the Board

The role of the board is to give strategic direction to the company as outline in the board charter

### d) Board Remuneration

The Remuneration of the Board is as prescribed as follows

S/No	Type of payment	Chairman	Member
1	Honoraria	Ksh 20,000	Nil
2	Travelling Reimbursement	Ksh 10,000	KSh 10,000
3	Sitting Allowance	KSh 10,000	KSh 8,500
4	Accommodation (As necessary)	KSh 16,800	KSh 16,800

### e) Conflict of interest

Conflict of interest may arise where a Board member or close family member such as a spouse child, and parent has private interest that could improperly influence the performance of the board member's official duties and responsibilities

All Transactions with all parties are carried out at arm's length

Board's members are obliged to disclose to the board any real potential of the conflict of interest which may come to the attention

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### 9. MANAGEMENT DISCUSSION AND ANALYSIS

#### a) Company's Operational and Financial Performance

During the year the Company improved in its operational and financial performance

In the operational performance, the Company increased its capacity by strengthening essential sections like Procurement & Stores, ICT, Revenue and Meter reading that enabled increased service delivery to the consumers.

The Company also reviewed some operational policies that provided clear working structures of the Company

The Company performed well financially during the year as it increased its billing, collection and assets portfolio.

#### b) Company's Compliance with Statutory Requirements

The Company paid all NHIF, NSSF, Pension and PAYE due by the close of the financial year

#### c) Key Projects and Investment Planned/Implemented

The company did not implement any project during the year

#### d) Major Risks

The major risks facing the Company are:

- Alternate source of water to residents eg Shallow wells, boreholes, roof catchment & streams
- High water loss-39% during the period
- High operational costs e.g., electricity, fuel and levies

#### e) Financial Probity and Governance

The Company has no financial probity and governance issues.

The new Board of Directors was appointed in November 2024 for a period of three years



Alfayo Lei  
MANAGING DIRECTO

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Kapsabet Nandi WASCO Ltd exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the pillars: putting the customer first, delivering relevant goods and services, and improving operational excellence.

Below is a brief highlight of our achievements in each pillar

### **1. Sustainability Strategy and Profile**

The Company management has put in place strategies that will ensure the organization breaks even by increasing connections and reduction of water loss

The Company has a HR policy where staff should be non-political

The Company also engages in HR, Financial and Technical best practice as per the International Standards

### **2. Environmental Performance**

The Company as at now does not deal with the sanitation component; however, it engages Water Resource Authority to ensure all water sources are safe

The Company also does weekly water quality tests to ensure that water is of the required standard quality

### **3. Employee Welfare**

The Company has a comprehensive scheme of service which entails staff establishment & recruitment (merit & gender), promotion, training and welfare. The staff welfare includes a medical scheme, staff protective equipment and a group insurance cover

The Company has stake holders for a where their opinions are considered; these include AGMs, Tariff review and Water distribution meetings. The Company has a dedicated Customer and Public Relations office which receives views and concerns from the stakeholders through social media and a mobile line

### **4. Market Place Practices**

- i. On responsible competition practice, the Company engages in responsible completion and respect its competitors
- ii. On responsible Supply chain and supplier relations- the Company follows the Procurement ACT on suppliers of services and goods. The Company strives pays its suppliers on time as per the supply contract.
- iii. On responsible marketing and advertisement, the Company provides quality piped water to contracted consumers within its jurisdiction hence no much marketing and advertisement
- iv. On product stewardship, the Company has contracts with its consumers on water provision where their rights are spell out

### **5. Community Engagements**

The Company as the integral part of the community was able to provide and facilitate industrial attachment to over 100 students during the period

The Company with the assistance from the County Government of Nandi also was able to supply water free of charge using its water bowser to the community during functions like public holidays and funerals

The water bowser is also used during the County Government of Nandi sports events.

Members of public and other public organizations held meetings free of charge in the Board room hall.

# Kapsabet Nandi Water and Sanitation Company Ltd

## Annual Reports and Financial Statements

### For the year ended June 30, 2025

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#### 11. REPORT OF THE DIRECTORS

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

##### Principal Activities

The principal activities of the Company is provision water and sanitation.

##### Results

The results of the Company for the year ended June 30, 2025 are set out on pages 1 – 25.

##### Dividends

Though the Company made an operational profit/surplus of Kshs. 20,368,408 and the Directors ploughing back of profit to building of asset and increase water coverage of the company


##### Directors

The members of the Board of Directors who served during the year are shown on page vii-viii in accordance with Regulation of the Company's Articles of Association, were recruited in November 2024 for a term of three years. The members representing the County Government of Nandi were appointed in Nov 2022

##### Auditors

The Auditor General will be responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025

By Order of the Board

  
Alfayo Le

SECRETARY TO THE BOARD

Dated

29<sup>th</sup> August 2025

# Kapsabet Nandi Water and Sanitation Company Ltd

## Annual Reports and Financial Statements

### For the year ended June 30, 2025

#### 12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Company financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Company;
- v. selecting and applying appropriate accounting policies;
- vi. Making accounting estimates that are reasonable in the circumstances.

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

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

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

#### Approval of the financial statements

The Company's financial statements were approved by the Board on 29<sup>th</sup> August 2025 and signed on its behalf by:



Joseph Ng'etich  
BOARD CHAIR



Alfayo Lei  
MANAGING DIRECTOR

# REPUBLIC OF KENYA



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

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

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kapsabet Nandi Water and Sanitation Company Limited set out on pages 1 to 25, which comprise of the statement

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*Report of the Auditor-General on Kapsabet Nandi Water and Sanitation Company limited for the year ended 30 June, 2025*

of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapsabet Nandi Water and Sanitation Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Public Finance Management Act, 2012, the Company's Act and the Water Act, 2016.

### **Basis for Qualified Opinion**

#### **Lack of Ownership Document for Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.42,006,268 as disclosed in Note 14 to the financial statements. The balance was made up of buildings, motor vehicles, furniture and fittings, motor cycles, computers and printers, office equipment and plant and meters. However, documents of ownership of assets amounting to Kshs.706,977,432 owned by Lake Victoria North Water Service Board which had not been transferred at close of the year were missing. The documents included land title deeds and motor vehicle log books.

In the circumstances, the completeness and ownership of property, plant and equipment balance of Kshs.42,006,268 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kapsabet Nandi Water and Sanitation Company Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects revenue budget of Kshs.162,186,247 and actual receipt of Kshs.154,399,236 respectively resulting to under collection of Kshs.7,787,010 or 5% of the budget. Similarly, the Company spent an

amount of Kshs.136,169,504 against actual receipts of Kshs.154,399,236 resulting to an under-utilization of Kshs.18,229,732 or 11% of the actual receipts.

The underfunding underutilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

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

In the audit of the previous year, one (1) issue was raised under the Report on Financial Statements, one (1) issue under Emphasis of Matter and four (4) issues under Report on Lawfulness and Effectiveness in the Use of Public Resources. However, the issues remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding. See **Appendix I**

### **Other Information**

The Directors are responsible for the Other Information set out on page (ii) to (xviii) which comprise of Acronyms and Glossary of terms, Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director Statement of Performance Against Predetermined Objectives, Report of the Corporate Governance statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Board Expenses**

The statement of profit or loss and other comprehensive income reflects Board expenses amount of Kshs.2,036,520 as disclosed in Note.12 to the financial statements. However, review of records for Board expenses submitted revealed that the Board did not carry out governance audit during the year. This was contrary to Governance Parameter 1.9 of Mwongozo Code, 2015 which states that Board Members should ensure the development of an annual Board Work Plan. Parameter 1.13(1) states that the Board, in consultation with the Oversight Office, should ensure that it subjects the Organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

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

### **2. Non-Appointment of a Substantive Managing Director**

Examination of the Company's operations revealed that the Board failed to appoint a substantive Managing Director contrary to Paragraph 2.0 of The Kapsabet Nandi Water and Sanitation Company Limited Human Resource Policy on recruitment and appointments. In addition, it was noted that the current Managing Director had been acting for the last two years.

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

### **3. Non-Compliance with Public Procurement Capacity Building Levy order 2023**

Examination of the Company's procurement documents and payment vouchers revealed that the Company had not paid 0.003% levy on all the signed contracts to Public Procurement Regulatory Authority (PPRA) contrary to Paragraph 3(1) of Levy Order 2023 which provides that there shall be a paid levy by the supplier and a Procuring Entity at a rate of zero-point zero three (0.003%) percent of the value of the signed contract exclusive of the applicable taxes. In addition, it states that the commencement date of the Levy Order 2023, was to be 1 September, 2024.

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

#### **4. Non-Compliance with the Law on Ethnic Balance**

Review of the Human Resource records revealed that the Company has a total of twenty-five (25) employees out of whom twenty-one (21) were from the dominant ethnic community translating to (84%) of the Company's workforce. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

The statement of financial position reflects trade and other payables balance of Kshs.31,072,110 as disclosed in Note 28 to the financial statements. Included in the balance is Kshs.25,147,628, Kshs.2,152,000 and Kshs.3,772,482 in respect of trade payables, audit fees for the Office of the Auditor-General, staff/directors payables respectively. In addition, ageing analysis of the trade payables revealed that trade and other payables amounting to Kshs.8,919,619 had been outstanding for over one (1) year. Management did not provide a settlement plan to be followed to settle the debts. Further, there was no evidence that the Company had engaged the creditors for non-payment of the debts.

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

#### **6. Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.22,887,409 as disclosed in Note 21 to the financial statements. However, review of the ageing analysis provided revealed that debts totalling Kshs.15,654,687 representing 62% of the balance had remained outstanding for over ninety (90) days indicating that their recoverability was doubtful. This was contrary to Section 6.3 of the Company's Financial Policy Manual that allows up to sixty (60) days moratorium before payment for monthly bill or any other amounts due on contractual obligation. In addition, Management did not demonstrate tangible efforts towards recovery of the long outstanding debts or write off of the overdue debts.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect 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 else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Excess Non-Revenue Water

The statement of profit or loss and other comprehensive income reflects total revenue amount of Kshs.154,399,236 which includes operations revenue amount of 99,647,246 as disclosed in Note 6 to the financial statements. Analysis of the water production and billing records of the Company revealed that the Company produced a total of 1,238,156 cubic meters (M3) but billed a total of 774,127 cubic meters (M3) leaving a total of 464,029m<sup>3</sup> unaccounted for representing 37% of the total production which is above the maximum 25% acceptable level of non-revenue water in accordance with schedule E of Water Service Regulatory Board (WASREB) guidelines.

In the circumstances, effectiveness of internal controls, and management of revenue water could not be confirmed.

#### 2. Non-Compliance with Statutory Licensing Obligations-Water Resources Authority (WRA) License

During the year under review, it was noted that the Company had been operating and providing water services without a valid WARMA/WRA license. No documentary evidence (permit or license certificate) was provided to confirm compliance with WRA licensing requirements. This was contrary to Section 36(1) of the Water Act, 2016 requiring that "a person shall not abstract water from any water resource or operate water works unless authorized by a permit or license issued by the Water Resources Authority (WRA)." In addition, the Section 143(2) mandates that all water service providers must comply with all legal and regulatory requirements, including possession of valid licenses.

In the circumstances, effectiveness of internal controls, and governance in respect of statutory licensing could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

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

- I. I have obtained all the information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of my audit.
- II. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those books, and
- III. The Company's financial statements are in agreement with those records and returns.

### Basis for Conclusion

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**28 November, 2025**

## Appendix I: Unresolved Prior Year Matters: 2023-2024

	<b>Issues</b>
	<b>Report on the Financial Statements</b>
1	Property, Plant and Equipment
	<b>Emphasis of Matter</b>
2	Budgetary Control and Performance
3	Report on Lawfulness and Effectiveness in the Use of Public Resources
4	Non-Revenue Water
5	Trade and Other Receivables
6	Long Outstanding Payables



**Kapsabet Nandi Water and Sanitation Company Ltd**  
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**14. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025**

	Notes	2025 kshs	2024 kshs
<b>REVENUE</b>			
Operation Revenue	6	99,647,246	79,963,956
Grants	7	48,363,449	35,106,076
Other Income	8	6,388,541	3,279,789
<b>TOTAL REVENUE</b>		<b>154,399,236</b>	<b>118,349,821</b>
<b>EXPENSES</b>			
Operation Expenses	9	39,442,883	32,303,794
Staff Expenses	10	32,862,130	34,637,574
General Expenses	11	46,335,242	23,080,687
BOD Expenses	12	2,036,520	2,566,908
Repair & maintenance Expenses	13	7,840,945	5,883,558
Provision for Depreciation	14	5,078,382	2,393,830
Provision for Amortisation	15	-	-
<b>TOTAL EXPENSES</b>		<b>133,596,101</b>	<b>100,866,351</b>
<b>PROFIT/(LOSS)</b>		<b>20,803,135</b>	<b>17,483,470</b>
<b>PROFIT (LOSS) BEFORE TAXATION</b>	16	<b>(22,481,932)</b>	<b>(25,283,170)</b>
<b>INCOME TAX EXPENSE/(CREDIT)</b>		-	-
<b>PROFIT/(LOSS) AFTER TAXATION</b>	16	<b>(22,481,932)</b>	<b>(25,283,170)</b>
<b>DIVIDEND PER SHARE</b>		<b>NIL</b>	<b>NIL</b>
<b>OTHER COMPEHENSIVE INCOME</b>			
Profit/Loss after Taxation		-	-
Surplus/Deficit on Revaluation of PPE		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>



**Kapsabet Nandi Water and Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
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**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

	Notes	2025 kshs	2024 kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	14	42,006,268	22,793,308
Intangible Assets	15	-	-
<b>Sub Total</b>		<b>42,006,268</b>	<b>22,793,308</b>
<b>Current Assets</b>			
Prepayment (Payables)	17	15,989	-
Inventory	18	765,791	1,272,898
Electricity Deposits	19	311,000	311,000
License Performance Guarantee	20	1,097,245	1,097,245
Trade & Other Receivables	21	22,887,409	25,008,529
Bank & Cash Balances	22	30,422,007	12,852,921
<b>Sub Total</b>		<b>55,499,441</b>	<b>40,542,593</b>
<b>TOTAL ASSETS</b>		<b>97,505,719</b>	<b>63,335,901</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital	23	100,000	100,000
Retained Earnings	24	32,351,030	11,547,895
Capital Grants	25	26,672,763	26,672,763
<b>Capital and Reserves</b>		<b>59,123,793</b>	<b>38,320,658</b>
<b>Non-Current Liabilities</b>			
Water Deposits	26	6,950,000	6,077,500
<b>Sub Total</b>		<b>6,950,000</b>	<b>6,077,500</b>
<b>Current Liabilities</b>			
Prepayment (Receivables)	27	359,807	243,346
Trade & Other Payables	28	31,072,110	18,694,397
<b>Sub Total</b>		<b>31,431,917</b>	<b>18,937,743</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97,505,709</b>	<b>63,335,901</b>

The Financial statements were approved by the board on 29th August 2025 and signed on its behalf by:

  
 Alfayo Le  
 MANAGING DIRECTOR

  
 CPA Joyce Jepkoech  
 FINANCE MANAGER- ICPAK NO 10163

  
 Joseph Ng'etich  
 BOARD CHAIR

**Kapsabet Nandi Water and Sanitation Company Ltd**  
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**16. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2025**

	ORDINARY SHARE	CAPITAL GRANTS	RETAINED EARNINGS	TOTAL
AS AT JULY 1 2023	100,000	26,672,763	(5,935,575)	20,837,188
Profit/Loss for the year			17,483,470	17,483,470
AS AT JUNE 30,2024	100,000	26,672,763	11,547,895	38,320,658
				-
AS AT JULY 1,2024	100,000	26,672,763	11,547,895	38,320,658
Profit for the year	-	-	20,803,135	20,803,135
Capital Grants	-	-	-	-
AS AT JUNE 30,2025	100,000	26,672,763	32,351,030	59,123,793

**Kapsabet Nandi Water and Sanitation Company Ltd**  
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**17. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2025**

	Notes	2025 kshs	2024 kshs
<b>Net Cash generated from / used In Operating activities</b>	30 (i)	41,860,428	15,447,371
<b>Investing Activities</b>			
Acquisition of Property, Plant & Equipment	14	(24,291,342)	4,244,840
<b>Net Cash generated from / used In Investing Activities</b>		(24,291,342)	4,244,840
<b>Financing Activities</b>			
<b>Net Cash generated from / used In Financing Activities</b>		-	-
<b>INCREASE /DECREASE IN CASH &amp; CASH EQUIVALENT</b>		17,569,086	11,202,532
<b>CASH &amp; CASH EQUIVALENT AT BEGINNING OF THE YR</b>		12,852,921	1,650,389
<b>CASH AND CASH EQUIVALENT AT END OF THE YR</b>	22	30,422,007	12,852,921

# Kapsabet Nandi Water and Sanitation Company Ltd

Annual Reports and Financial Statements

For the year ended June 30, 2025

## 18. STATEMENT OF COMPARISON OF BUDGET & ACTUALS AMOUNTS FOR FY 2024/25

ACCOUNT	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUALS	PERFORMANCE	UTILIZATION	
					DIFFERENCE	%	
<b>Revenue</b>							
Water Sales	133,398,000	25,584,203	107,813,798	99,647,246	8,166,551	92	
Other Income	6,009,000		6,009,000	6,388,541	(379,541)	106	
Grants	106,151,090	(57,787,641)	48,363,449	48,363,449	-	100	
<b>TOTAL INCOME</b>	<b>245,558,090</b>	<b>(32,203,438)</b>	<b>162,186,247</b>	<b>154,399,236</b>	<b>7,787,010</b>	<b>95</b>	
<b>Expenditure</b>							
Electricity	32,300,000	(3,993,805)	28,306,195	25,826,195	2,480,000	91	
Chemicals	5,145,000	(1,038,626)	4,106,374	3,774,640	331,734	92	
Operations & Maintenance	8,793,000	200,000	8,993,000	9,842,048	(849,048)	109	
Salary and Wages	Company	29,872,476	(7,267,566)	22,604,910	22,604,910	-	100
	county	19,053,840	(11,107,523)	7,946,317	7,946,317	-	100
Employers' Statutory Contr.	3,439,045	(1,128,142)	2,310,903	2,310,903	(0)	100	
Staff Travelling, Lunch & Subs.	6,000,000	2,876,410	8,876,410	9,576,410	(700,000)	108	
Staff Training & Workshop	3,120,000	(1,929,160)	1,190,840	1,081,840	109,000	91	
Professional Fees	105,000	41,400	63,600	63,600	-	100	
Uniform & Protective Equip.	883,500	(785,305)	98,195	101,195	(3,000)	103	
Fuel & Lubricants	4,152,800	450,000	4,602,800	4,670,834	(68,034)	101	
Water Quality	1,142,000	(974,090)	167,910	177,910	(10,000)	106	
Printing & Stationery	1,065,160	93,736	1,158,896	1,178,896	(20,000)	102	
Communication Services	1,108,000		1,108,000	1,029,950	78,050	93	
Advertisement & Publicity	1,229,000		1,229,000	1,115,988	113,012	91	
Welfare & Hospitality	1,788,000	828,840	2,616,840	2,756,840	(140,000)	105	
Subscription Fees	250,000		250,000	185,000	65,000	74	
License & Network	690,000	(373,850)	316,150	316,180	(30)	100	
Audit Fees	232,000		232,000	232,000	-	100	
Security	2,604,000	(1,086,500)	1,517,500	1,517,500	-	100	
Insurance	186,000		186,000	-	186,000	-	
Staff Medical Cover	5,000,000	(5,000,000)	-	-	-	-	
AGM	144,000		144,000	-	144,000	-	
Regulatory Levy	5,465,520	(1,125,433)	4,340,087	4,050,087	290,000	93	
Abstraction Fees	448,000		448,000	444,960	3,040	99	
NRW	Company	1,430,000	(1,190,000)	240,000	240,000	-	100
	WSF	10,692,450	8,683,055	19,375,505	19,375,505	-	100
Ownership Documentation	250,000		250,000	-	250,000	-	
Legal Fees	150,000		150,000	-	150,000	-	
CSR	200,000	(140,500)	59,500	59,500	-	100	
Stake holders Exp	200,000	80,000	280,000	280,000	-	100	
Consultancy Fees	1,050,000	(1,040,000)	10,000	10,000	-	100	
Bank Charges	90,000	100,000	190,000	193,547	(3,547)	102	
Provision for Bad Debts	180,000		180,000	250,902	(70,902)	139	
Provision for Depreciation amortization	2,946,000	1,448,570	4,394,570	5,078,382	(683,812)	116	
	8,333,333	(8,333,333)	8,333,333				
BOD Allo. & Honoraria	1,304,000	(500,000)	804,000	720,000	84,000	90	
BOD Expenses	3,070,000	(1,753,480)	1,316,520	1,316,520	-	100	
Repairs & Maintenance	8,140,000	(2,025,380)	6,114,620	7,840,945	(1,726,325)	128	
<b>TOTAL EXPENSES</b>	<b>172,252,124</b>	<b>(35,990,682)</b>	<b>144,511,975</b>	<b>136,169,504</b>	<b>9,138</b>	<b>94</b>	

### NOTES

The Company did not do any adjustment to the original approved budget. The variances of income and expenses of more than 10 % have been explained below;

- ❖ Subscription (+26%)

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### For the year ended June 30, 2025

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The company did not subscribe to WASPA Benchmarking activities and WASCA Games for Fy 2024-25

❖ **Provision for Bad Debt (-39%)**

Provision for bad and doubtful debts increase with a small margin

❖ **AGM (-100%)**

The Company did not conduct the AGM during the year

❖ **Legal (-100%)**

The company did not have any legal issue

❖ **Insurance (-100%)**

The company was assisted by the Nandi County government to insure its vehicles.

❖ **Ownership Document (-100%)**

The company is at the tail end of title deed acquisition

❖ **Depreciation (-28%)**

This due increase in Non-current Asset

❖ **BOD Allowance & Honoraria (+10%)**

This is due to Governance training and Board Induction During the year

❖ **Repairs & maintenance (-28)**

Due to operationalization of Exhausters transferred from the municipality of Kapsabet

Overall, the Company was within the budget on income and expenditure

# Kapsabet Nandi Water and Sanitation Company Ltd

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## 19. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kapsabet Nandi Water & Sanitation Company Ltd is established by and derives its authority and accountability from Company Act.

The Company is wholly owned by the County Government of Nandi and is domiciled in Kenya, Kapsabet Town

The Company's principal activity is provision of water and sanitation.

For Kenyan Companies Act reporting purposes, the Balance Sheet is represented by the statement of Financial Position and the Profit or 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. The 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 the Company policy

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

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

### 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.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)

The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period T

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted

Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)

The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

# Kapsabet Nandi Water and Sanitation Company Ltd

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Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)

The amendments, applicable to annual periods beginning on or after 1st 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.

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

IFRS 18 Presentation and Disclosure in Financial statements

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

#### iii. Early adoption of standards

The Company did not early – adopt any new or amended standards in year 2023/2024

## 4. ACCOUNTING POLICIES

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

### a. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost convention

The financial statements shall be prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company.

The financial statements have been prepared in accordance with the PFM Act and the State Corporations Act

The accounting policies adopted have been consistently applied to all the years presented

### b. Revenue Recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the Company's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Company's activities as described below.

- i. Revenue from the sale of goods and services has been recognized in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii. Grants from National Government and County Government have been recognized in the year in which the Company actually receives such grants. Grants for acquisition of fixed assets shall be measured at fair value less costs to sell and recognized in the income statement as the asset is depreciated or amortized but recurrent grants are recognized in the income statement. The granted fixed assets shall be recognized as capital grants in the financial position statement. Any un used grant has been recognized as un expended grant in the financial position statement as a liability
- iii. Other incomes have been recognized as they accrue.

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#### c. Expenditure Recognition

Expenditure is recognized on an accrual basis.

#### d. Translation of Foreign Currencies

All assets and liabilities expressed in foreign currencies are converted into Kenya Shillings at the exchange rate ruling at the balance sheet date.

Transactions in foreign currencies during the year shall be converted at the rates ruling at the date of the transaction. The resulting exchange differences are recognized in the statement of financial performance.

#### e. Reporting in Foreign Currencies

Financial statements may be translated into a foreign currency for the purposes of Development Partner reporting where required.

#### f. Segmental Reporting

Segment information has been presented in respect of the Company's geographical segments and will be based on the location over which the Company has jurisdiction.

Segment results, assets and liabilities include items directly attributable to a segment.

#### g. Property, Plant and Equipment

Items of property, plant and equipment have been stated at historical cost less accumulated depreciation and impairment.

Fixed assets donated to the Company are included in the accounts at the amount attributed to them by the Development partners.

Fixed assets received from Development partners whose values have not been determined will be valued by a recognized valuer before inclusion in the asset register.

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

Property, plant and equipment shall include granted fixed assets by Government, development partners and those acquired by the Company but shall exclude all fixed assets leased and owned by Lake Victoria North Water Services Board unless they have been transferred to the Company

The Company will service, maintain and insure all granted and leased fixed assets.

#### h. Intangible Assets

Intangible assets comprise purchased software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

#### i. Depreciation & Impairment of Property, Plant and Equipment

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

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

A full year's depreciation charge has been recognized both in the year of asset purchase and in the year of asset disposal.

The annual rates of depreciation used are as follows:

Buildings	5%
Land	NIL
Water Supply infrastructure	2.5%

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Plant, machinery and equipment	12.5%
Office Equipment	12.5%
Computer Equipment	30%
Motor vehicles	25%
Furniture and fittings	12.5%

**j. Amortization and Impairment of Intangible Assets**

Amortization has been calculated on the straight-line basis over the estimated useful life of computer software of three years.

All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount

**k. Operating Lease Rentals**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement account on a straight-line basis over the period of the lease.

**l. Inventories**

Inventories have been stated at the lower of cost and net realizable value. Cost includes all costs of purchase and other charges incurred in bringing the inventories to their present location and condition.

The cost of inventories is based on the weighted average cost. If the purchase cost is higher than the net realizable value, stocks are written down to net realizable value.

**m. Trade and Other Receivables**

Trade and other receivables have been recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis.

The Company's receivables include but not limited to amounts due on sale of water, water boozier service, among other fees and staff advances.

Debtors may arise from amounts due to the Company from another party resulting from contractual obligations or other transactions.

The Company shall maintain a separate account for each debtor. Debtors' accounts shall be maintained by the Accountant and Debtors ageing analysis shall be prepared monthly.

**Recoverability**

The Company may allow up to 60 days moratorium before payment for monthly bill or any other amounts due on contractual obligation.

This period may however be revised by the MD and Board of Directors, if deemed necessary.

Outstanding debts shall be followed up through phone call, physical visits and subsequently in writing to notify the debtor to honor the debt.

The Company shall recover water debts by:

- ❖ Disconnecting the consumer
- ❖ Disconnecting any other connection(s) related to the consumer
- ❖ Transferring any credit in connection(s) related to the consumer

**Bad Debts Provision /Write off Policy**

The Head of Finance shall review all outstanding debts which are under dispute, on a monthly basis, before any bad

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### For the year ended June 30, 2025

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debt provisions are made.

Provisions shall be made for bad and doubtful debts at 10 % of the outstanding amount:

For individual arrears in excess of Kshs. 5,000 the bad debts should only be written off on the authority of the Board of Directors. Debts will be written off only after all reasonable steps have been taken to recover the debt and the Company is satisfied that:

- ❖ All legal and other measures have been exhausted, but there is still a balance of the debt remaining; and
- ❖ Recovery of the debt would be uneconomical.

The Head of Finance presents the list of debts to be written off to the GM with the full details of the debt and the reasons for being irrecoverable

The list will be forwarded to the relevant Board committee for discussion and adoption and finally to the BOD for approval

#### **n. Trade and Other Payables**

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

Payments are made as per the aging analysis of the payables and if the Company has a reason of nonpayment, the creditor is informed in advance by letters or phone calls

#### **o. Prepayments**

These are advance payment to suppliers or by water consumers

The Company shall maintain a prepayment schedule for all prepayments

#### **p. Consistency**

Consistency accounting methods have been applied and changes made reported and the effect on reported results disclosed in accordance with generally accepted Accounting Principles.

#### **q. Related Party Disclosures**

Related party disclosures are persons and entities that have control or joint control, significant influence, and members of the key management. It does not include providers of finance, trade unions, public utilities or agencies of government that do not control, jointly or significant influence in the Company.

The Company has recognized related party transactions when there is transfer of resources, services or obligations between related parties regardless of whether a price is charged.

The Company has disclosed the nature of relationship, information of transaction and balance for understanding of the potential effect of the relationship on the financial statements.

#### **r. Financial Instruments**

These are contracts that give to a financial asset or liability when the Company becomes a party to contractual provisions of the instrument.

A financial asset is an asset that is in cash, an equity instrument of another entity, a contractual right or contract that will or may be settled in the entity own equity instrument.

The financial instruments shall initially be recognized at fair value on the statement of financial position when the entity becomes party to the contractual provisions of the instrument and measured initially at fair value but subsequently measured on the category into which the instrument is classified.

#### **s. Taxation**

The purpose of this section is:

- i. To ensure that the Company is in compliance with the Tax regulations;
- ii. To ensure that proper accounting procedures are followed in the processing of tax transactions; and

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### For the year ended June 30, 2025

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- iii. To ensure that proper documentation is maintained for tax purposes.

#### **Withholding Tax Deductions**

The Company deducts withholding tax for every consultancy and contractor and shall remit the same to the Income Tax Department of the Kenya Revenue Authority as prescribed by the Income Tax Act. The consultants and contractors will be required to provide their PIN.

The applicable withholding tax rates for payments to residents and nonresidents are provided in the Income Tax Act and it is the responsibility of the Company to ensure compliance with Kenyan tax legislation.

The deducted Withholding tax will be accumulated in a liability account and paid promptly on or before the 20<sup>th</sup> day of the month following that in which the deduction is made and filled through the i-tax portal.

The Company will issue withholding tax certificates to the consultants and contractors accordingly.

#### **PAYE (Pay as you Earn)**

The Company deducts PAYE from every employee of the Company. The amount shall be computed based on the advised KRA income tax schedule and shall include tax on all income related allowance.

PAYE returns are submitted, together with supporting payroll documentation to the Income Tax Department i tax portal by the 9<sup>th</sup> day of the subsequent month.

The Company issues P9 certificates to all employees at the end of the year.

#### **Accounting for VAT on Purchases**

The Company is not registered for VAT neither is it exempt from paying VAT and It therefore suffers VAT on supplies of goods and services.

However reverse VAT will be computed and paid for all imported goods and services

#### **Tax on the Company Income**

The Company enjoys an income tax exemption status which is renewable every five years on application. However nil tax returns will be made before 30<sup>th</sup> June of every year.

Current income tax assets and liabilities for the current period shall be measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

#### **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.

#### **f. Cash and Cash Equivalent**

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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### u. Retirement Benefit Obligations

The Company operates a defined contribution scheme for all full-time employees from with National Water Pipeline Corporation. The scheme shall be contributory and shall be by contributions from both the Company and its employees at 15 % to 12 % of the basic salary.

The Company also contributes to the statutory National Social Security Fund (NSSF) for all staff. This is a defined contribution scheme registered under the National Social Security Act.

The Company's obligation under the scheme shall be limited to specific contributions legislated from time to time

### v. Provisions for Staff Leave Pay

Employees' entitlements to annual leave were recognized as they accrue at the employees.

A provision is made for the estimated liability for annual leave at the reporting date.

### w. Budget Information

The budget was approved by Board of Directors and any additional appropriations made to the approved budget. The Company's budget was prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements will be prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements will be 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, will be presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements will be made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget

### x. Comparative figures

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

### y. Subsequent events

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

## 5. Significant Judgment and Sources of Estimation Uncertainty

The preparation of the Company's financial statements is 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.

The Company shall state all judgments, estimates and assumptions made: e.g.

### 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.

### 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

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### For the year ended June 30, 2025

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value from disposal:

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

#### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions were determined by the management based on the information available and shall be measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The management has provided 10 % for bad and doubtful debts

#### Contingent Liabilities and Assets

A current liability is a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured. eg pending law suits by employees and third parties

The Company shall recognize current liabilities if they are present obligations assumed in a business combination. They are disclosed in the notes to the financial statements unless the like hood of an outflow of resources is remote.

Contingent assets are not recognized in the financial position statement.

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**NOTES TO THE FINANCIAL STATEMENTS**

	Notes	2025 kshs	2024 kshs
<b>6 OPERATING REVENUE</b>			
Scheme	Kapsabet	66,164,633	65,902,487
	Nandi Hills	13,805,167	14,061,469
Sewer		19,677,446	
<b>Total</b>		<b>99,647,246</b>	<b>79,963,956</b>
<b>7 GRANTS</b>			
Nandi County Govt:	Electricity Salary & Wages	5,643,982	11,446,878
		8,122,117	14,061,848
Water Sector Fund	CLSG lia	34,597,350	9,597,350
<b>Total</b>		<b>48,363,449</b>	<b>35,106,076</b>
<b>8 OTHER INCOME</b>			
Meter Rent			421,650
Fees & Charges		1,958,089	1,248,385
Exhauster		2,117,458	-
Water Bowser		1,515,276	1,163,465
Fittings		546,816	446,289
Decrease in Provision for Debts	31	250,902	
<b>Total</b>		<b>6,388,541</b>	<b>3,279,789</b>
<b>9 OPERATION EXPENSES</b>			
Electricity		25,826,195	26,126,370
Chemicals		3,774,640	3,359,766
Operation & Maintenance		9,842,048	2,817,658
<b>Total</b>		<b>39,442,883</b>	<b>32,303,794</b>
<b>10 STAFF EXPENSES</b>			
Salaries and Wages	Company	22,604,910	18,287,996
	County	7,946,317	14,061,848
Employers' Statutory Contribution		2,310,903	2,287,729
<b>Total</b>		<b>32,862,130</b>	<b>34,637,574</b>
<b>11 GENERAL EXPENSES</b>			
Travelling, Lunches & Subsistence		9,576,410	6,436,400
Staff Training & Workshops		1,081,840	557,374
Professional Fees		63,600	32,400
Staff Uniform & Protective Equipment		101,195	245,850
Fuel & Lubricants		4,670,834	3,528,364

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Water Quality		177,910	71,924					
Printing & Stationery		1,178,896	698,995					
Communication Services		1,029,950	1,053,396					
Advertisement & Publicity		1,115,988	164,400					
Welfare & Hospitality		2,756,840	2,030,767					
Subscription Fee		185,000	170,000					
Annual License Fee		316,180	116,295					
Audit Fees		232,000	232,000					
Security		1,517,500	1,302,000					
Insurance		-	-					
Provision for Bad & Doubtful Debts	31		786,232					
Annual General Meeting		-	-					
Regulatory Levy(WASREB)		4,050,087	3,314,061					
Abstraction Fees(WRMA)		444,960	444,960					
Non Revenue Water		17,293,005	474,000					
Stakeholders Exp.		290,000	339,860					
Consultancy		10,000	190,700					
CSR		59,500	25,000					
Ownership Documentaion		-	721,000					
Bank Charges		193,547	144,710					
<b>Total</b>		<b>46,335,242</b>	<b>23,080,687</b>					
<b>12 BOD EXPENSES</b>								
Directors Allowances & Honoraria		720,000	1,277,428					
Directors' Expenses		1,316,520	1,289,480					
<b>Total</b>		<b>2,036,520</b>	<b>2,566,908</b>					
<b>13 REPAIR &amp; MAINTENANCE EXPENSES</b>								
Motor Vehicles		3,386,474	1,490,375					
Plant & Equipment		1,034,998	557,893					
Computers & Network		19,500	12,250					
Furniture		37,535	51,020					
Buildings		3,362,438	3,772,020					
<b>Total</b>		<b>7,840,945</b>	<b>5,883,558</b>					
<b>14 PROPERTY, PLANT &amp; EQUIPMENT</b>								
	<b>ASSET</b>	<b>PLANT &amp;</b>	<b>MOTOR</b>	<b>BUILDINGS</b>	<b>FURNITURE</b>	<b>COMPUTERS</b>	<b>OFFICE</b>	<b>TOTAL</b>

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	METERS	VEHICLES		FIXTURES	& PRINTERS	EQUIPMENT	
<b>Cost or Valuation</b>							
As at July 1,2023	12,088,660	1,134,400	18,142,197	1,691,888	3,477,106	1,608,092	38,142,343
Additions	2,610,500	-	914,340	365,000	-	355,000	4,244,840
As at June 30,2024	14,699,160	1,134,400	19,056,537	2,056,888	3,477,106	1,963,092	42,387,183
As at July 1,2024	14,699,160	1,134,400	19,056,537	2,056,888	3,477,106	1,963,092	42,387,183
Additions	19,018,150	-	2,507,100	1,066,500	804,132	895,460	24,291,342
As at June 30,2025	33,717,310	1,134,400	21,563,637	3,123,388	4,281,238	2,858,552	66,678,525
<b>Depreciation</b>							
As at July 1,2023	5,600,244	830,724	6,598,189	828,431	2,666,508	675,949	17,200,045
Charge for the Yr	1,137,365	75,919	622,917	153,557	243,179	160,893	2,393,830
As at June 30,2024	6,737,609	906,643	7,221,106	981,988	2,909,687	836,842	19,593,875
As at July 1,2024	6,737,609	906,643	7,221,106	981,988	2,909,687	836,842	19,593,875
Charge for the Yr	3,372,463	56,939	717,127	267,675	411,465	252,714	5,078,382
As at June 30,2025	10,110,071	963,582	7,938,233	1,249,663	3,321,152	1,089,556	24,672,257
<b>Net Book Value</b>							
As at June 30,2025	23,607,239	170,818	13,625,404	1,873,725	960,086	1,768,996	42,006,268
As at June 30,2024	7,961,552	227,757	11,835,431	1,074,900	567,418	1,126,250	22,793,308

**15 INTANGIBLE ASSETS**

	2025 kshs	2024 kshs
<b>Cost</b>		
As at July 1,2023	3,000,000	3,000,000
Additions	-	-
As at June 30, 2024	3,000,000	3,000,000
As at July 1,2024	3,000,000	3,000,000
Additions	-	-
As at June 30, 2025	3,000,000	3,000,000
<b>Amortisation</b>		
As at July 1,2023	3,000,000	3,000,000
Charge for the year	-	-
As at June 30, 2024	3,000,000	3,000,000
As at July 1,2024	3,000,000	3,000,000
Charge for the year	-	-
As at June 30, 2025	3,000,000	3,000,000
<b>Net Book Value</b>		
As at June 30, 2025	-	-

**16 TAXATION**

Profit /(Loss) for the year	20,803,135	17,483,470
Add-Non Allowable Expenses		
Depreciation/Amortisation	5,078,382	2,393,830
Provision for Bad & Doubtful Debts	-	786,232
<b>Sub Total</b>	<b>25,881,517</b>	<b>20,663,532</b>
<b>Less:Non Taxable Income</b>		

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Grants		48,363,449	35,106,076
Wear & Tear Allowance			-
<b>Sub Total</b>		<b>48,363,449</b>	<b>35,106,076</b>
Taxable Income		(22,481,932)	(14,442,544)
<b>17 PREPAYMENT (Payables)</b>			
Kenya Power		15,989	-
<b>Total</b>		<b>15,989</b>	<b>-</b>
<b>18 INVENTORIES</b>			
Stationery		67,020	270,410
O & M materials		313,651	818,280
Chemicals		385,120	184,208
<b>Total</b>		<b>765,791</b>	<b>1,272,898</b>
<b>19 ELECTRICITY DEPOSITS</b>			
AC NO 115673531		3,000	3,000
AC NO 115673590		5,000	5,000
AC NO 115673582		3,000	3,000
AC NO 118247945		300,000	300,000
<b>Total</b>		<b>311,000</b>	<b>311,000</b>
<b>20 LICENCE PERFORMANCE GUARANTEE</b>			
WASREB Performance Guarantee		1,097,245	1,097,245
<b>Total</b>		<b>1,097,245</b>	<b>1,097,245</b>
<b>21 TRADE &amp; OTHER RECEIVABLES</b>			
Water Debtors		25,252,307	27,761,329
Less: Provision of Bad Debts (10%)		(2,525,231)	(2,776,133)
Staff Advances		160,333	23,333
<b>Total</b>		<b>22,887,409</b>	<b>25,008,529</b>
<b>Water Debtors Aging Analysis</b>			
Less than 30 days		7,320,002	10,112,559
31 - 60 days		2,277,617	3,143,746
61 - 90 days		4,807,530	1,694,784
over 90 days		10,847,157	12,810,242
<b>Total</b>		<b>25,252,307</b>	<b>27,761,330</b>
<b>22 CASH &amp; CASH EQUIVALENT</b>			
Cash at Hand			-
Cash at Bank			
Account NO	A/C Name	Bank	
113111826	Revenue	KCB	22,208
			219,146

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1166504891	Expenditure	KCB	211,723	61,380
1166504514	Deposit	KCB	400,243	2,411,268
1177900262	Bowser	KCB	20,413	129,609
1314355198	CLSG II	KCB	24,812,645	9,597,879
1314355279	ESCROW	KCB	4,517,429	349,382
<b>Sub Total</b>			<b>30,181,599</b>	<b>12,571,726</b>
<b>Pay Points</b>				
0744130011694	Revenue	Post Bank	163,860	60,080
<b>Cash at M PESA</b>				
<b>Pay Bill NO</b>				
990720	Revenue	Safaricom	76,548	221,115
<b>Total</b>			<b>30,422,007</b>	<b>12,852,921</b>
<b>23 SHARE CAPITAL</b>				
<b>Authorized Share Capital:</b>				
5,000 ordinary shares at kshs 20@			100,000	100,000
<b>Issued and Paid up Shares Capital:</b>				
5,000 ordinary shares at kshs 20@			100,000	100,000
<b>24 RETAINED EARNINGS</b>				
<b>Balance B/F</b>			11,547,895	(5,935,575)
<b>Profit/(Loss) for the year</b>			20,803,135	17,483,470
<b>Balance C/F</b>			<b>32,351,030</b>	<b>11,547,895</b>
<b>25 CAPITAL GRANTS</b>				
<b>i Water Sector Fund</b>	<b>Asset</b>	<b>NO</b>		
	Public Sanitation Facilities	3	14,123,848	14,123,848
<b>Bal B/F</b>	Water Kiosks	4	2,735,015	2,735,015
	Tablets	4	155,400	155,400
	Computer	1	53,500	53,500
<b>Additions</b>	Water Meters		-	-
<b>Bal C/F</b>			<b>17,067,763</b>	<b>17,067,763</b>
<b>ii Nandi County Government</b>				
	Water Meters	1,590	6,455,000	6,455,000
<b>Bal B/F</b>	Smart Phones	10	150,000	150,000
	Billing software	1	3,000,000	3,000,000
<b>Additions</b>			-	-
<b>Bal C/F</b>			<b>9,605,000</b>	<b>9,605,000</b>
<b>Total</b>			<b>26,672,763</b>	<b>26,672,763</b>
<b>26 WATER DEPOSITS</b>				
<b>Balance B/F</b>			<b>6,077,500</b>	<b>5,579,000</b>

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	Additions	872,500	498,500
	Less: Refunds	-	-
	<b>Balance C/F</b>	<b>6,950,000</b>	<b>6,077,500</b>
<b>27</b>	<b>PREPAYMENT (Receivables)</b>		
	Water Consumers	359,807	243,346
	<b>Total</b>	<b>359,807</b>	<b>243,346</b>
<b>28</b>	<b>TRADE &amp; OTHER PAYABLES</b>		
	Trade Payables	25,147,628	15,872,147
	OAG Kenya	2,152,000	1,920,000
	Staff/Directors Payables	3,772,482	902,250
	<b>Total</b>	<b>31,072,110</b>	<b>18,694,397</b>
<b>29</b>	<b>NOTES TO STATEMENT OF CASH FLOWS</b>		
<b>i</b>	<b>Reconciliation of operating profit to cash generated from(used in) operations</b>		
	Operating Profit/(Loss)	20,803,135	17,483,470
	Provision for Depreciation 13	5,078,382	2,393,830
	<b>Operating Profit / (Loss) before Working Capital</b>	<b>25,881,517</b>	<b>19,877,300</b>
	Increase/Decrease in Prepayment (Payables) 17	(15,989)	1,192
	Increase/Decrease in Inventories 18	507,107	(1,001,196)
	Increase/ Decrease in License Gurantee 20	-	(236,895)
	Increase/Decrease in Trade & other Receivables 21	2,121,120	(7,041,086)
	Increase in Water Deposits 26	872,500	498,500
	Increase/Decrease in Prepayment (Receivables) 27	116,461	(200,112)
	Increase /Decrease In Trade & other Payables 28	12,377,712	3,549,668
	<b>Cash generated from/used in Operations</b>	<b>15,978,911</b>	<b>(4,429,929)</b>
	<b>Net Cash generated from /used in Operating activities</b>	<b>41,860,428</b>	<b>15,447,372</b>
<b>ii</b>	<b>Analysis of changes in Loans</b>		
	<b>Balance B/F</b>	-	-
	Receipts during the year	-	-
	Repayments during the year	-	-
	<b>Balance C/F</b>	-	-
<b>iii</b>	<b>Analysis of changes of Cash and Cash Equivalent</b>		
	Short term Deposits	-	-
	Cash at Bank	30,181,599	12,571,726
	Cash at Paybill	240,408	281,195
	Cash at Cash	-	-
	<b>Balance at end of the Year</b>	<b>30,422,007</b>	<b>12,852,921</b>
<b>30</b>	<b>PROVISION FOR BAD &amp; DOUBTFUL DEBTS</b>		

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Water Debtors	25,252,307	27,761,329
Provision for Bad & Doubtful Debts (10%) for the year	2,525,231	2,776,133
<b>Accumulated Provision Balance C/F</b>	<b>2,525,231</b>	<b>2,776,133</b>
<b>Accumulated Provision Balance B/F</b>	<b>2,776,133</b>	<b>1,989,901</b>
Increase /Decrease in Provision	(250,902)	786,232

**County Government of Nandi**

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

Other related parties include:

- County Government of Nandi
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

**31 RELATED PARTIES DISCLOSURE**

	2025 kshs	2024 kshs
<b>i County Government of Nandi</b>		
<b>a Grants</b>		
Electricity	5,643,982	11,446,878
Salaries & Wages	34,597,350	14,061,848
<b>Sub Total</b>	<b>40,241,332</b>	<b>25,508,726</b>
<b>b Water Bills</b>		
Receivables	7,977,518	4,980,416
<b>Sub Total</b>	<b>7,977,518</b>	<b>4,980,416</b>
<b>ii Water Sector Fund</b>		
<b>a Conditional Liquidity Support Grants</b>		
CLSG -II	34,597,350	9,597,350
<b>Sub Total</b>	<b>34,597,350</b>	<b>9,597,350</b>
<b>iii Government Institutions</b>		
Water Bills	7,977,518	518,160
<b>Sub Total</b>	<b>7,977,518</b>	<b>518,160</b>
<b>iv Lake Victoria North Water Works Authority</b>		
Value of Assets with the Company	895,309,336	895,309,336

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NBV of the Assets	706,977,432	706,977,432
<b>v Directors &amp; Key Management Compensation</b>		
Directors' Allowances	720,000	1,277,428
Directors' other Expenses	1,316,520	1,289,480
Compensation to Key Management	5,635,124	6,207,828
<b>Sub Total</b>	<b>7,671,644</b>	<b>8,774,736</b>

**33 CAPITAL COMMITMENTS**

There were no capital commitments or work in progress at the close of the year.

**34 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 minimize 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 Company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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 recognized 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 the past due category. 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.

Below is the credit risk analysis:

ACCOUNT	Total Amount	Fully Performing	Past Due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Receivables from Exchange Transactions	25,252,307	9,597,619	15,654,688	-
Bank Balances	30,422,007	30,422,007	-	-
<b>Total</b>	<b>55,674,314</b>	<b>40,019,626</b>	<b>15,654,688</b>	<b>-</b>
<b>At 30 June 2024</b>				

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Receivables from Exchange Transactions	27,761,329	13,256,304	14,505,025	-
Bank Balances	12,852,921	12,852,921	-	-
<b>Total</b>	<b>40,614,250</b>	<b>26,109,225</b>	<b>14,505,025</b>	<b>-</b>

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.

Below is the liquidity risk analysis:

### LIQUIDITY RISK ANALYSIS

ACCOUNT	Less than 3 months	Between 3-12 months	Over 1 yr	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Trade Payables	6,858,520	2,916,259	8,919,619	18,694,398
Provisions	5,078,382	-	-	5,078,382
Deferred Income	-	-	-	-
<b>Total</b>	<b>11,936,902</b>	<b>2,916,259</b>	<b>8,919,619</b>	<b>23,772,780</b>
<b>At 30 June 2024</b>				
Trade Payables	6,858,520	2,916,259	8,919,619	18,694,398
Provisions	3,180,062	-	-	3,180,062
Deferred Income	-	-	-	-
<b>Total</b>	<b>10,038,582</b>	<b>2,916,259</b>	<b>8,919,619</b>	<b>21,874,460</b>

### 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 Company's income or the value of its holding of financial instruments. The Company's Finance Department 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.

#### a) Foreign currency risk

The Company has no foreign risk as it does not deal with foreign currency.

#### b) Interest rate risk

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

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

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**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. The Company did not keep any deposits that could earn interest but maintained current account only

**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 monitors capital using the gearing ratio calculated as net debt divided by total capital. Net debt is the total of interest-bearing loans and borrowings, trade and other payables less cash and cash equivalents.

The Company capital structure comprises of the following funds:

**CAPITAL RISK ANALYSIS**

ACCOUNT	2024-25	2023-24
	kshs	kshs
Revaluation Reserve	-	-
Retained Earnings	32,351,030	11,527,895
Capital Reserves	26,672,763	26,672,763
Share Capital	100,000	100,000
<i>Total Funds</i>	<b>59,123,793</b>	<b>38,300,658</b>
Total Borrowings	-	-
Trade Payables	31,072,110	18,694,397
Less: Cash and Bank Balances	(30,422,007)	(12,852,921)
Net debt/(excess Cash and Cash Equivalents)	650,103	5,841,476
Gearing Ratio-%	1	15

**35. INCORPORATION**

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

**36. EVENTS AFTER THE REPORTING PERIOD**

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

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**20. APPENDIX**

**APPENDIX I PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The financial statements and reports for FY 2023-24 for the Company were audited and the draft report had a qualified opinion due to the following issues

NO	QUERY	COMMENTS	FOCAL PERSON	STATUS	TIME FRAME
1	Property, Plant & Equipment Ownership	The assets (land) to be transferred have been mapped out and the transfer process is on going	MD	Work in progress	Progressive
2	Unbalanced Budget	The company has balanced budget	FM	Resolved	Resolved
3	Unresolved prior YR issues	The unresolved issues are being addressed progressively	GM	Partly resolved	Progressive
4	Non-Revenue water	Measures have been put in place to reduce water loss e.g., Master meters, quality pipes and urgent attendance to water bursts and leakages	CM/TM	Has reduced	Progressive
5	Noncompliance with staff Ethnic Diversity Law	The company will observe the rule in future recruitment	HRM	Future recruitment will follow the rule	Progressive
6	Long term Receivables	The company has put in place strategies to reduce on arrears.	CM	Grew	Progressive
7	Long outstanding Trade & other payables	The company has paid majority of its creditors	CM	Reduced significantly	Progressive

Name: **Alfayo Let**

Signature: 

Managing Director

Date: **28/10/2025**