

NYASARE WATER SUPPLY AND SANITATION COMPANY LIMITED
P. O. BOX 529
MIGORI, KENYA

2024/2025
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS

Nyasare Water Supply and Sanitation Company Limited

Contents

For the period ended 30-6-2025

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Nyasare Water Supply and Sanitation Company Limited**Organization Details****For the period ended 30-6-2025**

Directors : Geoffry Ageyo Chairman
 Daniel Omwaga Director
 George Mwaya Director
 Prisca Onyango Director
 Phelegona Onyango Director

CEO : Pius Onwonga

Head office : Nyasare Water Supply and Sanitation Company Limited Premises
 Migori-Sirare Road
 P. O. Box 528, Telephone +254-0020-2110652
 E-mail: waternyasare@yahoo.com
 Suna-Migori

Auditors : Nokwe Adienge & Company
 Certified Public Accountants (K)
 P . O . Box 4607 - 40103, Tel. 0724-811866/0733-260422,
 E-mail: adienges@yahoo.com
 Kisumu, Kenya

Bankers : Kenya Commercial Bank Limited
 Migori Branch

Nyasare Water Supply and Sanitation Company Limited

Report of the directors

For the period ended 30-6-2025

The directors have pleasure in presenting their report together with audited financial statements for the period ended June 30, 2025 and the report of the auditors hereon.

Principal activities:

The principal activities of the Company during the period were on provision of safe water for domestic use to Migori town residents and its environs.

Results:

The results for the period are set out on page 7.

Board members:

Directors who served during the period have their names listed on page 1.

Auditors:

The Company's auditors, Nokwe Adienga & Company, are eligible to continue in office in accordance with the stipulations of the Companies Act of the Laws of Kenya.

Appreciation:

The directors sincerely appreciate staff members devoted service to the Company and support from the beneficiaries of the rendered services..

By: Order of the Board.

Secretary

Nyasare Water Supply and Sanitation Company Limited

Corporate governance statement

For the period ended 30-6-2025

Responsibilities of the directors

The directors are the governing body of Nyasare Water Supply and Sanitation Company. It is the policy making organ and is wholly responsible for implementation of the policies. It is responsible and accountable to members and ensures that the Company operates within the law and best practices of corporate governance as stipulated by relevant authorities.

Other specific roles of the directors include:

- a) Strategic leadership - reviewing, approving, monitoring and guiding the implementation of the Company's strategic plans.
- b) Performance evaluation - setting performance targets and reviewing of the Company's results so as to ensure delivery of high quality standards.
- c) Integrity of financial reporting - reviewing and monitoring controls, policies, and procedures put in place to ensure integrity in the Company's accounting records and financial statements.
- d) Risk management and compliance - monitoring and reviewing the policies and procedures put in place by management to ensure that the various risks facing the Company are effectively mitigated and compliance with various regulatory and legislative requirements.
- e) Stakeholders interests - guiding the Company so as to ensure the fulfillment of the interests of various stakeholders, besides reviewing and monitoring corporate governance and corporate social responsibility practices at the Company.
- f) Executive review - approving appointments of and remuneration of the chief executive and other staff.

Composition of the directors

The current directors' composition is governed by the memorandum and articles of Company and the Companies Act.

Meetings

The directors meet once quarterly, but special meetings may be called when need arises. Members of the committee are provided with relevant information at least seven days before any meeting. They are required to declare any conflicts of interest on matters before the directors and are disqualified from participating in deliberations where there is such a conflict. The directors have appointed an Executive Committee to assist executing its mandate.

Executive committee

The execution of the Executive Committee's responsibilities is vested in the Chief Executive who is appointed by the directors as provided by the Company's constitution. The CEO serves as a secretary to the Committee and is responsible for the effective performance of the management team which provides support and advice to the Committee. The Executive Committee which meets once monthly facilitates the discharge of the directors' functions. It serves as a forum through which issues affecting Company's members are resolved.

Specific functions of the Executive Committee include:

1. Effectiveness of the processes of corporate governance.
2. Scope and effectiveness of the external audit
3. Preparation and audit of the financial statements
4. Effectiveness of internal control and risk management systems
5. Compliance with requirements of external agencies and partners.

Corporate social responsibility

The Company has a social responsibility that is inbuilt in its overall mission of providing safe water for domestic use to Migori residents. It has also been keen in supporting staff for improved performance and benefits from their employment.

Nyasare Water Supply and Sanitation Company Limited

Statement of the management's responsibilities

For the period ended 30-6-2025

The Kenyan Companies Act requires the directors to prepare financial statements for each period that give a true and fair view of the state of affairs of the Company at the end of the period and of its profit or loss. It also requires the directors to ensure that proper accounting records are kept that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 30th June, 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors and signed on its behalf by:

Director PUSCA
ATIENO
ORIOLU Date 26/9/2025 P. M. Adieng'e

Director _____ Date _____
Geoffrey AGYEO SUBA Geoffrey 26/9/2025

Nyasare Water Supply and Sanitation Company Limited

Report of the independent auditors to the Company

For the period ended 30-6-2025

Opinion

We have audited the financial statements of Nyasare Water Supply and Sanitation Company Limited set out on pages 8 to 13, which comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Company's financial position as at 30 June 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements. Key audit matters are selected from the matters communicated with management but are not intended to represent all matters that were discussed with them. Our audit procedure relating to these matters were designed in the context of our audit of the Company's financial statements as a whole. Our opinion on the Company's financial statements is not modified with respect to the selected key audit matter described below, and we do not express an opinion on the matter;

Debtors written off

Services on credit is a major issue in providing services by the Company and makes 75% of the total revenue in a year. Hence, we reviewed debtors together with the management to determine the figure written off.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and financial and statistical information which we obtained prior to the date of this auditors' report, and reports of the chairman, supervisory committee, sustainability and corporate social investment committee which are expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report of the independent auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Nyasare Water Supply and Sanitation Company Limited

Report of the independent auditors to the Company

For the period ended 30-6-2025

When we read the other reports expected to be made to us after date of report of the independent auditors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of independent auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the independent auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

Nyasare Water Supply and Sanitation Company Limited

Report of the independent auditors to the Company

For the period ended 30-6-2025

conclusions are based on the audit evidence obtained up to the date of our report of the independent auditors. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

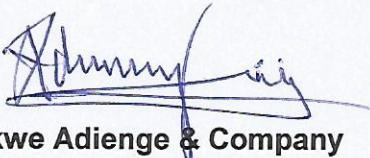
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our report of the independent auditors unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's balance sheet and income statement are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this report of the independent auditors is CPA Archelaus Nokwe Adiengen No 1355



Nokwe Adiengen & Company
Certified Public Accountants

Kisumu

15 | 08 | 2025



Nyasare Water Supply and Sanitation Company Limited

Balance sheet

At 30-6-2025

Assets	Notes	30-6-2025	30-6-2024
		Kshs	Kshs
Non-current assets	6	<u>70,526,753.00</u>	<u>70,725,370.00</u>
Currents assets:			
Stock		591,000	654,000
Debtors	7	6,606,796	5,724,473
Prepayments		-	-
Cash balances	8	<u>500,246.00</u>	<u>159,470.00</u>
Total current assets		7,698,042.00	6,537,943.00
Less: Current liabilities			
Creditors	9	<u>8,550,770.00</u>	<u>6,271,067.00</u>
Net current assets		<u>(852,728.00)</u>	<u>266,876.00</u>
Total value of net assets		<u>69,674,025.00</u>	<u>70,992,246.00</u>
Financed by:			
Share capital	10	15,000.00	15,000.00
Retained earnings	11	25,282,192.00	26,600,413.00
Capital reserves	12	<u>44,376,833.00</u>	<u>44,376,833.00</u>
Total shareholders funds		<u>69,674,025.00</u>	<u>70,992,246.00</u>

Director Geoffrey A. SUBA Date 26/9/2025
 Director Geoffrey A. ONYANGO Date 26/9/2025

Notes to the financial statements on pages 11 to 13 are part of this financial statement.

Nyasare Water Supply and Sanitation Company Limited

Statement of income and expenditure

For the period ended 30-6-2025

	30-6-2025	30-6-2024
	Kshs	Kshs
Income		
Water sales	7,457,985	7,737,551
Reconnection	73,450	94,490
Survey fees	-	9,558
Penalty fees	5,000	18,500
Other income	-	37,800
Total income	7,536,435.00	7,897,899.00
Expenditure		
Salaries and benefits (Note 13)	3,827,330	2,577,472
Staff welfare	16,000	-
Subsistence Allowances	123,000	-
Telephone/fax/e-mail	124,017	114,582
Postages and delivery	1,700	500
Printing and stationary	50,706	94,178
Computer expenses	97,500	81,630
Office supplies	3,940	4,653
Transport	63,550	103,470
Licenses and permits	21,000	96,000
Performance guarantee bond- WASREI	-	75,000
Electricity	2,208,657	1,213,077
Bank charges	11,797	12,062
Depreciation	263,077	294,989
Directors allowances	161,500	448,870
Hospitality	95,023	148,983
Operation and maintenance	368,190	427,675
Borehole expenses	82,810	180,000
Promotion and publicity	101,500	113,245
Audit fees	30,000	30,000
Training	188,400	101,047
Water treatment	135,600	104,000
Website design	19,000	-
Coporate social responsibility	114,300	78,000
Regulatory levy - WASREB	298,319	309,502
Abstraction fee - WRA	-	50,000
Professional fees	180,630	55,000
AGM expenses	232,100	-
Sundry	35,010	19,620.00
Total	8,854,656.00	6,733,555.00
Net income	(1,318,221)	1,164,344.00

Notes to the financial statements on pages 11 to 13 are part of this financial statement.

Nyasare Water Supply and Sanitation Company Limited

Statement of cash flow

For the period ended 30-6-2025

	30-6-2025	30-6-2024
	Kshs	Kshs
Operating activities		
<i>Cash generated from operations:</i>		
Surplus for the period	(1,318,221.00)	1,164,344.00
Adjustments:-		
Depreciation (note..)	263,077.00	294,989.00
Others		
<i>Changes in working capital</i>		
Increase in stock/debtors/prepayment	(819,323.00)	(1,154,639.00)
Increase/(decrease) in creditors	<u>2,279,703.00</u>	<u>(43,938.00)</u>
Net cash generated from operating activiti	<u><u>405,236.00</u></u>	<u><u>260,756.00</u></u>
Investing activities:		
Purchase of fixed assets	(64,460.00)	(169,980.00)
Capital reserves increase	<u>—</u>	<u>—</u>
Net cash from investing activities	<u><u>(64,460.00)</u></u>	<u><u>(169,980.00)</u></u>
Increase/(decrease) in cash	<u><u>340,776.00</u></u>	<u><u>90,776.00</u></u>
Movement in cash and cash equivalents		
Cash at beginning of period	159,470.00	68,694.00
Increase/(decrease) in cash	<u>340,776.00</u>	<u>90,776.00</u>
Cash at end of period	<u><u>500,246.00</u></u>	<u><u>159,470.00</u></u>

Notes to the financial statements on pages 11 to 13 are part of this financial statement.

Nyasare Water Supply and Sanitation Company Limited

Notes to the financial statements

For the period ended 30-6-2025

1. General information

The Company is a body corporate established under the provisions of the Companies Act of the Laws of Kenya and is domiciled in Kenya with its head office in Migori town, Kenya.

The principal activities of the Company during the period were on provision of safe water for domestic use to Migori town residents and its environs.

2. Summary of significant accounting policies

a) Basis of accounting:

The accounts are prepared under the historical cost convention.

b) Revenue recognition:

- i) Donations are recognized when received.
- ii) Water supply charges are recognized in the period earned.
- iii) Interest income is recognized in the period it is earned.

c) Translation of foreign currencies:

Transactions in foreign currencies during the period are converted into Kenya Shillings (functional currency) at rates ruling at the transaction dates. All balance sheet items expressed in foreign currencies if any are translated into Kenya Shillings at rates ruling on the balance sheet date.

d) Stocks:

Stocks are stated at the lower of cost and net realizable value in compliance with IAS No 2. Net realizable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. If a cash equivalent is impaired such that the carrying amount is greater than the estimated recoverable cost, then the drop in value is treated as a loss in the income and expenditure statement of the period when the drop is detected.

f) Property, plant, vehicles and equipment:

All property, plant, vehicles and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Subsequent costs are included in the assets carrying costs or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. All other repairs and maintenance costs are charged to the income and expenditure statement during the period in which they are incurred.

Depreciation is calculated to write off their cost over their estimated useful lives on a reducing balance basis at the following annual rates:

Land and buildings	nil
Furniture and equipment	12.5%
Motor cycles	25%

Nyasare Water Supply and Sanitation Company Limited

Notes to the financial statements

For the period ended 30-6-2025

Gains or losses on disposal of property, plant, furniture, vehicles, and equipment are determined by reference to their carrying amounts and proceeds and are taken into account in determining operating profit. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to accumulated fund.

g) Tax :

The Company's income is exemptable from income tax under provisions of the Income Tax Act Cap. 470 of the Laws of Kenya.

h) Employee entitlements:

Employees annual leave monetary value at the balance sheet date is recognized as expense for the period and accrued accordingly.

i) Comparatives:

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

j) Currency:

The Company's financial statements are presented in Kenya Shillings (Kshs).

3. International relations:

The Company has had its water works funded by Austrian Development Cooperation through its agent, Horizont 3000 Consultants.

4. Risk management objectives and policies:

The Company's activities expose it to financial , market, credit and liquidity risks.

i) Financial:

Funds flows from donors are hard to come by and hence not predictable and may not be relied on to finance the operational activities of the Company. Water sales income is significantly affected by the performance of the local and international economies. Consequently, management seeks to minimize potential adverse effects on the Company's financial performance. It identifies, evaluates and hedges financial risks in close cooperation with departmental heads so as to put proper measures for improving income.

ii) Credit risk:

Sales on credit and acquisition of goods and services are properly reviewed from time to time so as to avoid excesses that may cause losses in the form of bad debts and exposure to inability to pay creditors on due dates.

iii) Liquidity :

The Company has pursued prudent liquidity risk management by maintaining sufficient cash and cash equivalents to meet obligations as they fall due.

iv) General:

The Company has pursued prudent general risk management by ensuring that contracted service providers are responsible for their risk management, insurance obtained for assets and establishment of proper safe working environment for its employees.

5. Contingencies:

The Company has not guaranteed any liability to a third party and does not have any potential liability yet to come to reality as a result of legal suits or any similar situations.

Nyasare Water Supply and Sanitation Company Limited

Notes to the financial statements

For the period ended 30-6-2025

6. Non-current Assets

Cost	Land & buildings	Water structures	Motor bikes	Furniture, equipment & billing software	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1-7-2024	1,797,759	66,843,929	826,000	6,585,555	76,053,243
Additions	-	64,460	-	-	64,460
At 30-6-2025	<u>1,797,759</u>	<u>66,908,389</u>	<u>826,000</u>	<u>6,585,555</u>	<u>76,117,703</u>
Depreciation					
At 1-7-2024	-	-	805,069	4,522,804	5,327,873
Charge for period	-	-	5,233.00	257.844	263.077
At 30-6-2025	-	-	<u>810,302</u>	<u>4,780,648</u>	<u>5,590,950</u>
Net book value					
At 30-6-2025	<u>1,797,759</u>	<u>66,908,389</u>	<u>15,698</u>	<u>1,804,907</u>	<u>70,526,753</u>
At 30-6-2024	<u>1,797,759</u>	<u>66,843,929</u>	<u>20,931</u>	<u>2,062,751</u>	<u>70,725,370</u>

7. Debtors

	30-6-2025	30-6-2024
	Kshs	Kshs
Water users	<u>6,606,796.00</u>	<u>5,724,473.00</u>
Total	<u>6,606,796.00</u>	<u>5,724,473.00</u>

8. Cash and cash equivalents

Cash on hand	18,206.00	23,100.00
Current accounts	<u>482,040.00</u>	<u>136,368.00</u>
Total	<u>500,246.00</u>	<u>159,468.00</u>

9. Creditors

Audit fees	30,000	30,000.00
Water deposits	4,328,107	4,187,207.00
Water Service Regulatory Board (WASREB)	1,061,319	1,023,000
Water Resources Authority	624,118	624,118
Kenya Commercial Bank loan	-	189,330
KPL	643,429	-
Migori County Government	21,000	-
Gratuity	461,296	-
Sundry	<u>1,381,501.00</u>	<u>217,412.00</u>
Total	<u>8,550,770.00</u>	<u>6,271,067.00</u>

10. Share capital:

Nominal:		
1,000 ordinary shares of Kshs 100/= each	<u>100,000.00</u>	<u>100,000.00</u>
Issued:		
150 ordinary shares of Kshs 100/= each fully paid	<u>15,000.00</u>	<u>15,000.00</u>

11. Retained earnings:

Balance at 1-7-2024	26,600,413.00	25,436,069.00
Net profit	<u>(1,318,221.00)</u>	<u>1,164,344.00</u>
Balance at 30-6-2025	<u>25,282,192.00</u>	<u>26,600,413.00</u>

12. General reserves

Balance at 1-7-2024	44,376,833.00	44,376,833.00
Balance at 30-6-2025	<u>44,376,833.00</u>	<u>44,376,833.00</u>

13. Salaries and benefits

Basic salaries	2,391,933.00
House allowances	261,594.00
Leave allowances	21,000.00
Medical allowances	174,399.00
Gratuity	761,296.00
NSSF - employer's contributions	<u>217,108.00</u>
Total	<u>3,827,330.00</u>