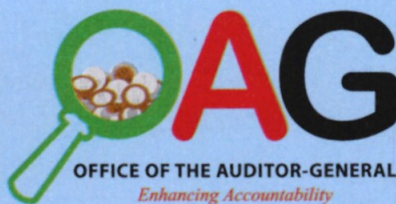


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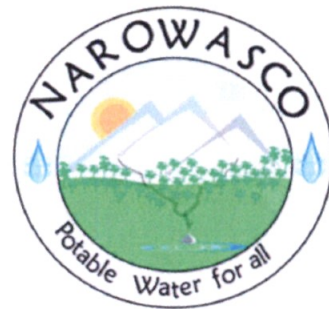
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NAROMORU WATER AND SANITATION
COMPANY LTD

FOR THE YEAR ENDED
30 JUNE, 2025

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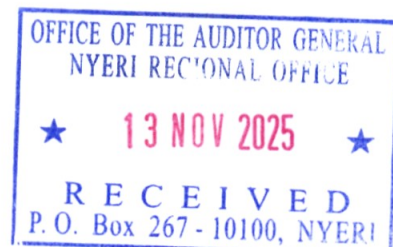
NAROMORU WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards



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

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1. Acronyms and Glossary of Terms

A. Acronyms

ICPAK	Institute of Certified Public Accountants of Kenya
IFRS	International Financial Reporting Standards
MD	Managing Director
CM	Commercial Manager
HRM	Human resources Manager
IA	Internal Auditor
PFMA	Public Financial Management Act
PSASB	Public Sector Accounting Standards Board
WASREB	Water Services Regulatory Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Institute of Certified Secretaries

B. Definition of Key Terms

Fiduciary Management

Members of the Management team serving in Fiduciary Capacities Include:

1. Managing Director (MD)
2. Commercial Manager (CM)
3. Internal Auditor (IA)
4. Human resource Manager (HRM)

2. Key Entity Information

Background information

The Naromoru Water and Sanitation Company Ltd was established by the Company Act of Parliament (Cap 468) on 30th July, 2012. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya and has one office in Naromoru Town, in Kieni-East Sub County.

Principal Activities

The principal activity of the Company is to provide Water and Sanitation Services to residents of Naromoru Town and its immediate environs in Nyeri County and lower parts of Lamuria Location in Tigithi Sub-Location in Laikipia County.

Mission

“To ensure provision of quality, affordable, Reliable and Sustainable Water and Sanitation Services by operating and maintaining Water and Sanitation facilities

Vision

“To be a company where every individual has access to reliable, safe water and sanitation service”

Core Values

- Team work
- Innovations
- Professionalism
- Integrity
- Customer Focus

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Board of Directors

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

1. Eng. Eliud Kiura Gicheru - Chairperson - Appointed on29th July, 2022 and
(Left on27th June 2025)
2. Mrs. Josphine Waruguru Gitonga - Director - Appointed on14th July, 2023
3. Ms. Nancy Wanjiru Kabuchi - Director - Appointed on14TH July, 2023
4. Ms. Jane Njeri Maina -Director - Appointed on14th July, 2023
5. Dr. Nyoike Wamwea -Director - Appointed on16th Jan,2023
6. Mr. David Wambugu Gathuku -Director - Appointed on7th July,2021
7. Mr. Bernard Kiama - Director -Appointed on12th April 2023
8. Ms. Gladys Njeri Warugongo -MD - Appointed on30th July,2021
9. Mr. Richard Gikuhi Kiana - Company Secretary

Company Secretary

Mr. Richard Gikuhi Kiana

Kimathi Street, Kang'aru Annex Building

P.O Box 271-10100

Nyeri

KENYA

Registered Office

Naromoru Town, Kanyua Building.

Hospital Road.

P.O. Box 234-10105

Naromoru, KENYA

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Corporate Headquarters

Naromoru Town, Kanyua Building.
Hospital Road.
P.O. Box 234-10105
Naromoru, KENYA

Corporate Contacts

Telephone: (254) 791151094
E-mail: narowasco@gmail.com
Website: www.naromoruwater.co.ke

Corporate Bankers

Naromoru Water and Sanitation Company Limited
Kenya Commercial Bank
P.O Box 393-10105
Branch- Naromoru

Independent Auditor

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

Principal Legal Adviser

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

3. The Board of Directors

	Details
	<p>Eng. Eliud Kiura Gicheru Professional Engineer registered by Engineering Board of Kenya (A 2557), Members Institute of Engineers of Kenya (M-3806), Holds a Bachelor of Science Agriculture Engineering (Soil Water (1996) from Egerton University, Diploma in Agriculture Engineering Power and Machinery from Egerton College (1981). Has over 40years experience in Engineering works. Represents Institute of Engineering of Kenya. Currently the chairman of the BOD. (66yrs)</p>
	<p>Mr. David Wambugu Gathuku Holds a Bachelor of Arts (Economics)from Egerton University (1991), Post Graduate Diploma (PGDE)- Catholic University of East Africa (1996) Diploma in Senior Management (KEMI-2009) Has over 30 years' experience in the Education Sector as Curriculum Implementer and Administrator. He is currently The School Principal at Matu Secondary School in Murang'a (57yrs). He is the chairperson to the Finance Committee and a member to the Technical Service Committee.</p>
	<p>Ms Nancy Wanjiru Kabuchi Holds a Degree in Education (arts) from Moi University. Has over 8 years' experience in the Education Sector. She is Currently working with Naromoru Boys Secondary school (34yrs). She is a member to the Technical Service Committee.</p>

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

	<p>Ms Jane Njeri Maina Holds Bachelor of Education (Arts) from Kenya Methodist University (2015). Diploma in Education at Kagumo Teachers College. Has worked with Kamuri Secondary School (Kirinyaga), St. Joseph the worker Secondary School in Thika and Naromoru Boys Secondary School in Nyeri County until retirement. She is a member of KUPPET registration number 271881. Currently she is the Chairperson in the Education Department in A.C.K ST.Philip church. Has more than 35yrs of experience in Education Sector. (62yrs). She is a member to the Finance Committee.</p>
	<p>Mrs Josphine Waruguru Gitonga Holds Master of Education (In Education Administration) from University of Nairobi (2012). Holds Bachelor of Education (Arts) from University of Nairobi (2008). Diploma in Education Management from Kenya Education Management Institute (KEMI-2013), Has served as a teacher for more than 30yr and as a head teacher for more than 7yrs. Currently working with Irigithathi Primary School as the Head Teacher. (55yrs) She is a member to the Finance Committee.</p>
	<p>Mr Bernard Kiama Kariuki Lecturer in Analytical Chemistry MSc Analytical and Environmental Chemistry (JKUAT), Bachelor In Education Sciences (CUEA), O Level Chief Officer Water, Irrigation, Environment and Climate Change He is the chairperson for the Technical Service Committee (43yrs)</p>

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	<p>Dr. Nyoike Wamwea; PhD (Economics) Finance Macroeconomics, Masters of Arts in Economics (First Class) Agriculture Economics, Bachelor of Arts in Economics (First Class) Masters of Arts in the International Studies, Public Finance Management IMF Institute Washington DC, Microeconomic Policies and Management Harvard University Special Advisor and Director. Performance Based Management and Measurement Governor Delivery Unit Nyeri County. (69 yrs)</p>
	<p>Ms Gladys Njeri Warugongo Holds Bachelor’s degree in Business Administration (Finance) from Kenya Methodist University She also holds a Professional Certificate in Certified Public Accountants (CPA) by KASNEB Has worked in Tetu Aberdare Water & Sanitation Company (TEAWASCO) as an Accountant Assistant for seven (7) years and has worked with NAROWASCO as the Commercial Manager and Head of Commercial Department for (7) years. Currently she is the Managing Director for Naromoru Water & Sanitation Company. (42yrs)</p>
	<p>FCS Richard Gikuhi Kiana. Gikuhi is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya (ICPSK) Reg No285. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University. He is currently the Managing Partner at Gikuhi Kiana & Company, Certified Secretaries. For over 25 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building. (69yrs)</p>

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4. Key Management Team

Managers	Details
	<p>Ms Gladys Njeri Warugongo</p> <p>Holds Bachelor’s degree in Business Administration (Finance) from Kenya Methodist University</p> <p>She also holds a Professional Certificate in Certified Public Accountants (CPA) by KASNEB</p> <p>Has worked in Tetu Aberdare Water & Sanitation Company (TEAWASCO) as an Accountant Assistant for seven (7) years and has worked with NAROWASCO as the Commercial Manager and Head of Commercial Department for (7) years. Currently she is the Managing Director for Naromoru Water & Sanitation Company</p>
	<p>Mr. Herman Mwangi Waruru</p> <p>K.C.S.E, CPA (K) Registered with ICPAK. More than fifteen years (15yrs) of working experience. He ensured that all financial resources of the company are well managed and fully accounted for and reported efficiently. Currently he is the Commercial Manager for Narowasco. (44yrs)</p>
	<p>Mr. Eric Karoki Maina</p> <p>CPAK and registered with ICPAK, More than nine year of working experience. He ensures the company assets are safeguarded and resources efficiently utilized. He also liaises with the External Auditors to facilitate the process of easy flow of successful Audit. He is currently the Internal Auditor Naromoru Water & Sanitation Company. (35yrs)</p>

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	<p>Ms Eunice Nyokabi Miano</p> <p>She is a holder of diploma in Hospitality Management Air Travel and Related Study Centre (ICM) and Human Resource Management from Kenya Institute of Management. Has worked in Hospitality Industry in different management capacity for over ten years. Currently she is the Human Resource Officer for Naromoru Water and Sanitation Company Limited.</p> <p>She is a member of an associate member of IHRM. (44yrs)</p>
	<p>FCS Richard Gikuhi Kiana.</p> <p>Gikuhi is a Certified Secretary and a Fellow of the Institute of Certified Secretaries of Kenya (ICPSK) Reg No285. He is an Accredited Governance Auditor, holds a Master of Business Administration Degree with a major in Strategic Management from Moi University and an Advanced Practical Course in Management of Urban Development from Birmingham University. He is currently the Managing Partner at Gikuhi Kiana & Company, Certified Secretaries. For over 25 years he has worked with various Water and Sanitation Companies as a Company Secretary and advises in the area of Corporate Governance. His stint at the European Union contributes to his knowledge in Project Management and Capacity building. (69yrs)</p>

5. Chairman's Statement

I am happy to report that 2024/2025 was a successful year for the Naromoru Water and Sanitation Company Limited.

Economic Performance, Water and Sanitation Subsector Overview

Access to safe water and sanitation is a human right. Governments are the duty bearers of the progressive realization of this right in their jurisdictions. Kenya, under Sustainable Development Goal has committed itself to achieve by 2030 universal and equitable access to safe and affordable water for all; access to adequate and equitable sanitation and hygiene for all and an end to open defecation, paying special attention to the needs of women, girls and those in vulnerable situations.

As is typical in depressed economies, disposable incomes in the whole world continued to decline resulting in reduced consumers spending. This greatly constrained our volumes and hindered growth in turnover during the year under review. Despite the very difficult economic conditions the Company water billing increased from Kshs 14,004,200 in 2023-2024 to Kshs 19,879,880 in 2024-2025. (Kshs. 5,875,680 increase).

The company will strive to provide a 24 hours Water and Sanitation Service and I believe this position shall be achieved in our expansion programmes.

Our effort to grow and improve as a company would not be possible without the leadership of the County Government of Nyeri, Board of Directors, Tana Water Works Development Agency, the Management, Staff, our esteemed customers, Sub County Water Officer- Kieni East and Water Sector Trust Fund (WSTF).

The results presented in this report would not have been achieved without the support of the directors and for this I wish to thank my colleagues in the board.

On behalf of the board, I wish to record our gratitude to our consumers for their continued loyalty and support and to all our employees in the company for their hard work and dedication without which the results would not have been possible.

We urge all the stakeholders to maintain and enhance the support and collaboration with our clarion call being 'Water for All' with respect to access and 'All for Water' from responsibility point of view.


Eng. Eliud Kiura Gicheru

CHAIRPERSON

6. Report of the Managing Director.

One of the main principles of the Water Act 2002 and Water Act 2016 was that Water and Sanitation Services were to be managed at the lowest level possible. In line with this principle the Ministry of Water, Natural Resources and Irrigation transferred the provision of Water and Sanitation Services to Water Services Boards with effect from July 2005. The Water Act 2002 stipulates that the Water Service Boards shall contract agents, known as Water Service Providers, (WSP) for provision of Water and Sanitation Services. Under the new constitutional dispensation and Water Act 2016, Water and Sanitation services are functions of the County Government. Therefore, Narowasco is an agent of County Government of Nyeri.

History and Legal Establishment

In compliance with the above Water Sector Reforms Act, Naromoru residents registered Naromoru Water and Sanitation Company. The Company was incorporated under the Companies Act (Cap.486) and that the Company is limited by Guarantee on 30th July 2012 (Certificate of Incorporation for the Company No. CPR/2012/79833.) The Company's mandate is to be responsible for the provision of Water and Sanitation Services in Naromoru and its environs.

NAROWASCO as a Company has been given the responsibility to take charge of the Management of all the assets that were previously under the Management of both Ministry of Water and Irrigation and County Council of Nyeri. Over the years all the existing water systems handed over to the Company have passed their ultimate design period, and in the process, they have been dilapidated and outlived their economic life. Hence, they need to be rehabilitated and augmented.

In order to be able to achieve sustainability there is need to develop and implement the infrastructure involving various components. However, these undertakings require huge amount of money which is beyond the capability of the Company to generate internally, therefore demanding external funding. In view of the above, the company is working closely with Nyeri County Government, Tana Water Works Development Agency, Water Sector Trust Fund and Sub County Water Office in developing capital works.

Development Plans

The Company has earmarked to undertake the following activities in our future development programmes.

- √ Improvement of water quality by completing a conventional treatment plant which is almost to completion

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√ Constructing of storage facilities/reservoirs including rehabilitation and augmentation of existing water systems.

√ Water Catchment conservation and protection programme.

√ Construction of office block.

Construction of sewerage system for waste water disposal

Project Proposal

For the purpose of improving service delivery at the same time achieve sustainability there is an urgent need to augment the existing systems through development of the infrastructure by implementing the activities outlined in the company's project proposal document.

Water Catchment Conservation

The company has joined hands with other stakeholders concerned in planting indigenous trees in the water Catchment area.

Financial Status.

In the financial year 2024/2025 the total turnover for water sales was **Kshs 19,879,880** an increase from **Kshs 14,004,200** financial year 2023/2024 which translates to Kshs 5,875,680 increase in billing. New number connections also increased from 2784 to 2964 resulting to 180 new connections in the billing system.

Staff

The company has 22 employees: - All are recruited by the Board of Directors. The company aims to develop policies to enable it recruit its own staff guided by the transfer plan. The ultimate goal is to make the company an enterprising entity. In this regard the company has in place Human Resource Policy and Procedure manual that includes health and safety, work injury benefits HIV/Aids awareness to enable staff deliver services.

Gratitude

I would like to take this opportunity to thank County Government of Nyeri, Tana Water Works Development Agent, Sub County Water Officer Kieni East Sub County, Water Sector Trust Fund and

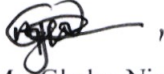
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NAROWASCO Board of Directors for their support during the year, also our esteemed customers and our suppliers who were all instrumental to our success this year. I am also grateful to our staff for their commitment and effort in striving to ensure the company meets its objectives.

Conclusion

With the implementation of Vision 2030 there is great demand for water supply in all sectors contributing to economic development. This is a great opportunity for the company's bright future that depicts a company as a going concern. The company therefore, strives to meet the ever-growing water service demand.



Ms. Gladys Njeri Warugongo

MANAGING DIRECTOR

Naromoru Water and Sanitation Company Ltd.
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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Naromoru Water and Sanitation Company has 4 strategic objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic objectives are as follows:

- Metering.
- Revenue Collection.
- Non- Revenue Water.
- Water Coverage.

Naromoru Water and Sanitation Company develops its annual work plans based on the above four (4) pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Company achieved its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic metering Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Metering	100%	Increase Revenue	Metering programme Procured customer meters 281 No worth Kshs.502,990	100% Metering, Reduced Non- Revenue Water
Revenue Collection	95% and above	Meet Obligations when they fall due.	Collection efficiency	91.37%
Non-Revenue Water	Reduce NRW	To attain the sector Benchmark of below 25%	1. Procurement of meters for new water connection and replacing malfunctioning ones. 2. Recruitment of NRW Staff. 3. Application of GIS in mapping our infrastructure network.	NRW 28.68%

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			4. Training and bench marking with other companies.	
Water Coverage Area	Increase area of water service coverage	To attain 100% coverage	Pipeline Extensions in Kandara Ngutik Scheme and Township	Attained 83 %

Naromoru Water and Sanitation Company Ltd.
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8. Corporate Governance Statement

i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

1. Board appointments are transparent and competitive so as to ensure the public served has an opportunity to participate in decision-making in-service delivery that affects them.
2. Vacant positions are advertised in the media and on the website of the company and the criteria set out by WASREB is used.
3. An ad hoc nominating committee of the board of directors comprising county and select committee from two or three primary/key stakeholders normally assess applications and ensure that not only is the Leadership and Integrity criteria met but shall perform a background check to ensure the candidates add value to the entity.
4. The select committee receives the applications, vet them to ensure that they comply with the Fit and Proper Test plus the eligibility criteria and where necessary conduct interviews.
5. The Report of the selection committee is submitted to the stakeholders who is required as stakeholders and function owner to ensure that only persons who add value to the company are appointed.
6. The Fit and Proper Test Form must be filled by all applicants and appointees.
7. The copy of the Fit and Proper Test Forms of each of the appointed directors is sent to WASREB.
8. A letter of appointment issued by the county secretary that adheres to the articles of association of the company is given after ratification of names of the accepted directors at annual general meeting by the stakeholder.
9. The letter contains a termination clause on poor performance and misconduct and ensure that it captures that unless the board is retired due to poor performance a third of the members shall retire every year from the third year.
10. Board members serve a maximum of six (6) years based on the approval of the stakeholder and on performance issues.
11. Before a board member begins to serve, he must be inducted in governance training customized for the water services sector and sign a code of ethics based on the Leadership and Integrity Act 2012 and the Public Officer Ethics Act 2003.
12. The list of ratified board members and the stakeholder group they represent shall be maintained on the website of the company and shall be communicated to WASREB.

ii. Roles and functions of the board

The role of the Board of Directors is to:

1. Appointment of the CEO
2. Formulation of Strategy and Values
3. Evaluating the company performance
4. Ensuring Balance of Power
5. Enhancing a smooth relationship with Stakeholders

iii. Induction, training, and development

During the year 2024/2025 that is under review, Induction of the Board of Directors was held from 24th to 26th July 2024.

iv. Board and members' performance

The board of Directors for Narowasco is committed to upholding high standards of corporate governance, transparency, and accountability in line with WASREB guidelines, Mwongozo Code and other legislation Authorities. An annual Self-Assessment of the Board was conducted during the year on 15th to 16th May 2025. The evaluation focused on; Strategic oversight, Risk Management, Finance Stewardship, Ethical Leadership and Committee Effectiveness

v. Number of Board meetings held and the attendance to those meetings by members.

In ensuring that corporate governance is enhanced and that the power of Naromoru Water and Sanitation Company limited is exercised in the stewardship of the company total portfolio of assets and resources with the objective of maintaining stakeholder value, the Boards of Directors have constituted the following committees:

- **Finance, Administration and Human Resources.**
- **Risk and Audit Committee.**
- **Technical Committee.**

Naromoru Water and Sanitation Company Ltd.
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These committees met in the year under review on the following occasions:

S N.O	Date	Meeting Description	No. Of Members
1.	13/09/2024	Finance, Admin and Human Resource Committee	4
2.	23/09/2024	Full Board Committee	8
3.	27/11/2024	Finance, Admin and Human Resource Committee	5
4.	24/01/2025	Special Full Board Committee	7
5.	14/04/2025	Finance, Admin and Human Resource Committee	4
6.	28/04/2025	Full Board Committee	7
7.	16/05/2025	Full Board Committee	7

vi. Succession plan

To effectively plan and execute a seamless implementation of the board mandate, the board in the year under review implemented recruitment of substantive HR and Administration Manager.

The company has implemented the board charter, which defines the roles of the board. The board undertakes an annual evaluation of the board performance in line with the Charter and realigns itself to meet its mandate.

The company Memorandum and Articles of Association have defined the process of appointment and removal of directors. The MAA recognizes the role of stakeholders in effective appointment and retirement of directors. As a Policy the company recognizes the need for gender balance in appointment of board. The company undertook a review of the MAA to align it with the changes of the company ACT 2015 and Water Act 2016. This is stressed in the advertisement & filling the position of the Board of Directors where women and Persons Living with Disability are encouraged to apply.

The Board of Directors has ensured that proper management structures that maintain integrity, reputation and responsibility are in place.

The major roles of the BOD are to protect and promote the interest of the organization and this includes;

1. Taking due care of asset and liabilities of the organization.
2. Oversight role: the BOD is responsible for policy matters and major undertakings.

Naromoru Water and Sanitation Company Ltd.
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3. The Board of Directors have a fiduciary relationship to treat the organization as its own and take prudent measures to grow the organization.

vii. Policy to manage conflict of interest.

During the financial year, ended June 30, 2025 there was no interest declared or registered in any of the committee or the Board of Directors.

viii. Board remuneration

The company operates in a regulated sector. To provide efficiency and act as an incentive to improve performance at oversight level, the limit for sitting allowance and other expenditure of the Board of Directors and its committees is capped at the higher of 5% of the turnover or Kshs 4 million per annum.

ix. Ethics and Conduct

The Board of Directors has identified Internal and External stakeholders on which they agree in policy on how to relate to them especially relation to appointing the Directors and monitoring the performance of the company. All directors are signatories to the code of conduct that guides them in operations.

x. Governance audit

The Board of Directors has ensured that Naromoru Water and Sanitation Company Limited is managed in a responsible, transparent, and accountable manner especially as it deals with the public resources and service delivery. To ensure compliance, the company has complied with regulatory authorities, the company has a Strategic Plan, Risk Management to mitigate internal controls, Engaged on Stakeholder Forum, has a Performance Contract with the County Government which has been cascaded to Internal Performance Contract.

xi. Communication policy

The policy provides a framework for effective transparent, timely communication of the company corporate governance practices, ensuring accountability to stakeholders and compliance with legal and regulatory requirements such as WASREB, CMA and PFMA.

To achieve this, the company has various communication channels which includes, Annual reports and audited financial statements, Company website, Stakeholders forums and Public Barazas, Regulatory Submissions to WASREB, Ministry of Water and County Government, Internal Memos and Staff Bulletins.

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xii. Terms of Reference of Committees

To align with good governance practices and regulatory expectations, NAROWASCO has various Terms of Reference (ToRs) for committees which include:

1. Finance, Administration and Human Resources. This committee provide financial guidance and oversight of the company financial planning, budgeting and long-term investment strategies.
2. Technical Services and Operation Committee. Its main objective is to support the Board in overseeing operations efficiency, Infrastructure development and service delivery.
3. Audit and Risk Committee. The purpose of this committee is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of financial reporting, Compliance with the law, risk management and internal controls.

xiii. Policy on related party transactions;

As per the company policy all the dealings with the Board of Directors and senior management are conducted fairly, transparent and at arm's length. It's also the Board and senior management to regularly monitor and disclose financial reports to promote accountability and compliance with the laws and governance standards.

Naromoru Water and Sanitation Company Ltd.
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9. Management Discussion and Analysis

The Management's Discussion and Analysis of Financial condition and result of operating provides information that management believes is relevant to an assessment and understanding of the financial condition and results of operations of Naromoru Water and Sanitation Company Limited. This should be read in conjunction with the Company's Financial Statements and related notes for the year ended 30th June 2025, which are prepared in accordance with International Financial Reporting Standards (IFRS), Policies and best practices.

The company has complied with statutory requirements including Pension, NHIF, NSSF and payment of taxes. The taxes remitted to KRA includes Withholding and corporation taxes.

NAROWASCO's Billing, Revenue and Debt position:

Year	Total Billing Kshs.	Total Revenue Collection Kshs.	Outstanding Debts Kshs.
2017/2018	9,477,979	9,948,369	1,894,606
2018/2019	11,623,368	12,354,260	2,106,298
2019/2020	11,376,646	10,489,578	2,360,177
2020/2021	12,180,835	12,880,033	3,303,487
2021/2022	13,126,100	13,972,878	2,910,784
2022/2023	13,236,035	13,606,666	3,085,131
2023/2024	14,004,200	14,315,099	3,458,870
2024/2025	19,879,880	18,164,987	5,147,028

Naromoru Water and Sanitation Company Ltd.

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CONNECTION				
Year	Registered connections	Active connection	Inactive connection	New water connections
2017/2018	1625	1460	165	414
2018/ 2019	1865	1661	204	240
2019/ 2020	2000	1792	208	135
2020/2021	2199	2019	180	199
2021/2022	2464	2190	274	265
2022/2023	2542	2245	297	78
2023/2024	2784	2474	310	242
2024/2025	2964	2664	300	180

Challenges Faced During the Year

During the year, the company experienced the following challenges during implementation of the financial management process.

Area of operation	Challenges	Interventions
Budgeting and Planning	Inaccurate revenue projection due to fluctuating water sales	The company is planning to introduce real-time metering and quarterly forecasting reviews.
Donor Fund Management	Delay in fund disbursement from donor	Management has created a dedicated donor fund reporting template and has ensured regular updates.
Transport	Lack of enough medium of Transportation of employees and materials	There is need to purchase a new Motor Bike in the financial year budget (this was included in the financial year budget)

Naromoru Water and Sanitation Company Ltd.
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Drought	Lack of enough water for supplying to the customers.	Equitable water distribution was employed to ensure the little commodity was shared among all consumers
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Major risks facing the organisation; the following matrix represents the risks facing the company and the mitigating factors.

No.	Risk Factor	Level Of Risk	Mitigation Measure
(i)	Inadequate resources	Medium	Efficiency in resource utilization through Proper annual work plans & budgets. Documentation and reporting on resource utilization. Increase generation and collection efficiency
(ii)	Staff turnover	Medium	· Build Capacity-Trainings, Personal development · Enhance staff incentive programs like payment of bonuses. · Improvement of working environment -Commendation letters and certificates
(iii)	Consumers with huge debts	Rising account receivables and unpaid bills from institutions	· Negotiate with customers on Part payment modalities Timely disconnection of defaulters to manage accumulation of debts · Engage debt collectors · Liaison with other agencies e.g. County Government of Nyeri. Debt policy
(iv)	Climate Change	High	· Build storage facilities · Participation in Conservation of the environment

Naromoru Water and Sanitation Company Ltd.
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			Create public awareness
(v)	Corruption	Low	<ul style="list-style-type: none"> · Good corporate governance · Building strong ethical practices · Enforce/ invoke the law
(vi)	Irrigation, boreholes and wells	Medium	<ul style="list-style-type: none"> · Creation of public awareness · Provision of reliable treated water supply.
(vii)	Safety of valves installations	Medium	<ul style="list-style-type: none"> · Secure the valves by cementing. · Sensitize the community on the need of ownership
(ix)	Communication breakdown	Medium	<ul style="list-style-type: none"> · Enhance communication through improving medium /channels of communication · Regular open staff meetings · Cultivate the good culture through sticking to the chain of command.
(x)	Water shortages	High	<ul style="list-style-type: none"> Invest in water storage Diversified water sources
(xi)	Evaluation of overall risks	Medium	<ul style="list-style-type: none"> ·Set the performance targets.

10. Environmental and Sustainability Reporting

Introduction

The mandate of the Company is to provide Water and Sanitation Services to residents of Naromoru Town and its immediate environs in Nyeri County and lower parts of Lamuria Location in Tigithi Sub-Location in Laikipia County. To ensure Company sustainability reporting, we have ensured

Naromoru Water and Sanitation Company Ltd.
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provision of reliable, safe, affordable and environmentally sound water, while safeguarding the interest of future generations.

i) Sustainability strategy and profile

The Company main goal is to be self-sustaining; this can only be achieved through collection of revenue at optimal level to cater for operations and maintenance, personnel costs and any other incidental costs that may occur during day to day running of the Company. Strategies must be put in place for a Company to continue being a going concern. Being a small company, some of global political and macroeconomic trends affecting our sustainability priorities include, Climate Policy and International Agreements such as tensions being caused by Russian-Ukraine war, Economic Uncertainty and Inflation, Technology and Innovation Trends.

During the year under review the company budget was to increase the customer base by installing 281 new connections, in its area of supply. The Company equally has to consider cost benefit analysis while coming up with methods of collecting revenue and cost of supplying water services to the customers. During the year under review the company managed to increase its revenue by 3,849,888 which is 21% increase. This was as a result of changed water tariff which was also an achievement during the year under audit. During the year we also achieved staff capacity building where we conducted three staff training on technical operations and customer service and Governance.

The company has a service charter and some of key information is; Installation of water meter is free and should be done within two days minimum, Interruption of water supply for a normal planned activity is free and should take a minimum of one day.

The Company introduced cashless mode of Revenue Collection, which is effective and reliable. Provision of water is through gravity, which is very economical since no power is required, equally water is abstracted from Aberdare Forest where pollution is minimal.

ii) Environmental performance

Environmental Performance indicators condense data into relevant information that allows monitoring, target setting, tracing performance improvements, benchmarking and reporting. Environmental Performance indicators supply the operational level as well as top management with the information required for decision-making. The Company has been conserving the environment through planting trees to protect water catchment areas and preventing soil erosion and also water treatment by ensuring efficient use of chemicals to avoid overuse and pollution. The Company has also constructed gabions along the intake to preserve our abstraction point from landslides and erosion

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iii) Employee welfare

The Company operates one defined retirement benefit schemes for its employees; which is the NSSF for its staff.

iv) Market place practices-

• **Responsible competition practice.**

The Company's major objective is to gain return on its investments and therefore benefit financially by achieving the maximum value while leaving the customers with the feeling that they are definitely receiving their money's worth in service and quality. To do this the Company offers service at a price consistent with the customers' perception of the value received which is friendly. The company has also been preparing tentative calendar of events of the Board meeting guided by the articles and memorandum of association. Internal controls have also been put in to place to deal with fraudulent and risk. Other ways that the company has implemented to ensure responsible competition practices is by implementing clear policies and control in the following key areas:

- Conflict of Interest declaration
- Due diligence on partners
- Disciplinary actions
- Audit and Risk Committee's
- Staff training and development
- Policies and Framework
- Public advertisement of tenders and
- Monitoring and reporting.

• **Responsible supply chain and supplier relations**

Naromoru Water and Sanitation Company Limited has been advertising its tender through County public portal, county government website, company website and local dailies done. Upon receipt of all tenders the company ensures that the procurement processes are done as guided by the public procurement and disposal act 2015 and its regulations 2022.

The company has been responsibly honouring contracts and respecting payment plans. The company has ensured that all contractual obligation is fulfilled as agreed including quality standards, timelines and service levels. To ensure transparency of terms, the company has provided a clear, fair and understandable terms in contract to avoid disputes or confusion.

Naromoru Water and Sanitation Company Ltd.
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- **Responsible marketing and advertisement or Responsible engagement with the citizens.**

Naromoru Water and Sanitation Company Limited has been advertising its tender and employment vacancies via County public portal, county government website, company website and local dailies done. To maintain ethical marketing practices and ensuring its outreach and sensitization practices are responsible and ethical, the company has done the following mitigation measures:

- Marketing messages are carefully crafted to uphold societal values.
- Providing adequate and transparent information to our customers (Service Charter).
- Holding consultative forums and public barazas.
- Monitoring and Accountability.
- Use of regular media and website brief.

- **Product stewardship or Awareness creation**

The Company has been engaging its consumers through various forums, which include public baraza, holding clinic days and open days for customers, and the engaging the consumers through CSR.

There are other activities where the Company engages its consumers to safeguard their rights as well as interests which include; -

- Public participation on project proposals
- Stakeholders Conferences
- Conservation of catchment areas
- Demonstrating and encouraging rain water harvesting
- Customer clinic days
- Provision of Hand washing points

To ensure protection of health and safety for our consumers, the company has established the following mitigation measures:

- Ensure consistent supply of clean and safe water.
- Conduct regular water quality testing.
- Implementing safety procedures during pipeline repairs and new installations.

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

v) Corporate Social Responsibility / Community Engagements

Naromoru Water and Sanitation Company Ltd Practices Corporate Social Responsibility within its area of jurisdiction. Consumer within its area of jurisdiction, the community in liaison with the office of the assistant chief has identified persons living with disabilities.

The company has connected such identified persons with water.

Other works in respect to CSR include: -

1. Free cost of installation for metered service lines.
2. Construction of Water Point.
3. Water Conservation awareness forums. Example is one held next to the post office.
4. Free water consumption and maintenance. E.g. Two number connections (Connection No 625 & 351)
5. Offering free Exhaust services. E.g. Baraka children Home and the Office of Public Health Officer.
6. Offering public address during public holidays. E.g. Madaraka Day Celebration
7. Participating with other WSP and other stakeholders through tree planting. E.g. Kibo Forest

11. Report of the Directors

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

i) Principal activities

The principal activities of the Company are to provide Water and Sanitation Services to residents of Naromoru Town in Nyeri County and its immediate environs and lower parts of Lamuria Location in Tigithi Sub-Location in Laikipia County

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page 1 up to page 71. Below is summary of the profit or loss made during the year.

FY2024/ FY2025	FY2023/ FY2024
Kshs	Kshs
1,129,658	554,120

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iii) Dividends

The company is limited by guarantee and does not pay dividends. Any surplus realised is ploughed back to finance capital expenditure

iv) Directors

The members of the Board of Directors who served during the year are shown on page iv in accordance with Regulation of the company's Articles of Association retire by rotation and that eligible offer themselves for re-election.

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

Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Name: FCS Richard Gikuhi Kiana.

Company Secretary/Secretary to the Board

Date: 15/08/2025
.....

Naromoru Water and Sanitation Company Ltd.
Annual Report 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. 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 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) – Company Act 2015.


Statement Of Directors' Responsibilities (Continued)

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

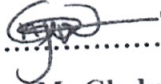
In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The company financial statements were approved by the Board on __ 15th August ____ 2025 and signed on its behalf by:


.....

Name: Eng. Eliud Kiura Gicheru
Chairperson of the Board


.....

Name: Ms Gladys Njeri Warugongo
Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAROMORU WATER AND SANITATION COMPANY LTD 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Naromoru Water and Sanitation Company Ltd set out on pages 1 to 66, which comprise of the statement 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, the financial statements present fairly, in all material respects, the financial position of Naromoru Water and Sanitation Company Ltd 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 the Company Act (Cap 468) and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Issues

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the County Executive in 2024/2025 revealed that the matter on Non-revenue water and Lack of staff ethnic diversity matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxiii which comprise of 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 Corporate Governance Statement,

Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, 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 and 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. Ethnic Staff Diversity

The statement of profit or loss and other comprehensive income reflects staff cost amount of Kshs.7,972,476 as disclosed in Note 11 to the financial statements. Review of employee records revealed that all 22 employees (100%) of the Company belong to the same ethnic community, exceeding the one-third threshold by 67%. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Outstanding Water Services Regulatory Board Levies

The Statement of Financial Position reflected trade and other payables balance of Kshs.4,273,147, as disclosed in Note 43 to the financial statements. Included in this

amount was Kshs.2,930,937 being outstanding levies due to Water Services Regulatory Board (WASREB) that had remained unpaid for more than one year.

In the circumstances, the continued delay in remitting the outstanding levies exposes the Company to regulatory penalties and possible sanctions from WASREB, which may affect the company's operational licensing status and financial sustainability.

3. Non-Revenue Water

In the financial year under review, the Company produced 358,460 cubic meters (m³) of water, out of which only 256,195 cubic meters (m³) of water was billed to customers. The balance of 102,265 cubic meters (m³) or approximately 29% of the total volume of water produced represented unaccounted for water (UFW) which was over and above the allowable water loss of 25% as per the Water Service Regulatory Board guidelines.

In the circumstances, the abnormal water loss of 29% may have resulted to loss of sales estimated to Kshs.7,669,875 when computed at the rate of Kshs.75 per M³ which is the minimum tariff for water sale as per the water Act No.43 of 2016.

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act (Cap 486) I report, based on my audit, that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xxix to xxxi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration has been properly prepared in accordance with the Companies Act (Cap 486).

Basis for Conclusion

The Companies Act (Cap 486) 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 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 is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

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

14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2025.

	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	22,014,251	15,491,000
Grants Income (WSTF)	7	8,707,575	1,650,468
Other Income	8	82,500	212,200
Finance income	9	10,057	15,258
Other gains/(losses)	10	-	-
Total Revenue		30,814,383	17,368,926
Expenses			
Staff Costs	11	7,972,476	7,801,887
General and Operations expenses	12	9,813,202	5,623,964
Board Expenses	13	1,247,108	747,250
Maintenance Expenses	14	9,740,041	1,724,159
Depreciation and Amortization expenses	15	889,888	894,454
Finance Costs	16	22,010	23,092
Total Expenses		29,684,725	16,814,806
Profit/(Loss) Before Taxation		1,129,658	544,120
Income Tax Expense/(Credit)	17	-	-
Profit/(Loss) After Taxation		1,129,658	554,120
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		1,129,658	554,120
Surplus or deficit on revaluation of PPE		-	-
Remeasurements of net defined benefit liability		-	-
Fair Value Gain/(Loss) On Investments in Equity Instruments Designated as At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
Total Comprehensive Income for The Year		1,129,658	554,120

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

15. Statement Of Financial Position As at 30 June 2025

	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	21,416,058	21,649,123
Intangible assets	21	-	-
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		21,416,058	21,649,123
Current assets			
Inventories	28	2,735,879	2,998,910
Trade and receivable	29	7,353,594	3,458,870
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Prepayments	32	-	-
Bank and cash balances	33	808,622	461,500
Total current assets		10,898,095	6,919,280
Total Assets		32,314,152	28,568,403
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	34	-	-
Revaluation reserve	35	-	-
Fair value adjustment reserve	36	-	-
Retained earnings	37	14,720,120	12,326,822
Capital and Reserves		14,720,120	12,326,822
Non-current liabilities			
Deferred liability	45	8,845,481	10,109,121
Borrowings	39	-	-
Lease liability	40	-	-

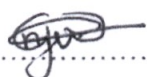
Naromoru Water and Sanitation Company Ltd.
Annual Report and Financial Statements for the year ended June 30, 2025

	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Provisions	41	-	-
Retirement benefits	42	-	-
Total non-current liabilities		8,845,481	10,109,121
Current liabilities			
Borrowings	39	-	-
Lease liability	40	-	-
Provisions	41	-	-
Retirement benefit obligations	42	-	-
Trade and other payables	43	4,325,661	1,848,050
Refundable deposits and Prepayments	44	3,159,250	2,840,250
Deferred Liability.	45	1,263,640	1,444,160
Dividends payable	46	-	-
Taxation	47	-	-
Total current Liabilities		8,748,551	6,132,460
Total Equity and Liabilities		32,314,152	28,568,403

NB:

- i) Increased Trade Receivable was as a result of delayed disbursement from (WSTF) Water Sector Trust Fund amounting to Two million, two hundred and twenty-nine thousand, three hundred and sixty-five shillings. (Kshs, 2,229,365), which was later disbursed in the month July 2025

The financial statements were approved by the Board on __15th August__ 2025 and signed on its behalf by:



Name: MS Gladys Njeri
 Warugongo
 Managing Director



Name: Mr. Herman Mwangi
 Waruru
 Head of Finance
 ICPAK M/No:



Name: Eng. Eliud Kiura
 Gicheru
 Chairman of the Board

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16. Statement Of Changes in Equity for the Year Ended 30 June 2025

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Fund	Total
As at July 1, 2023		-	-	-	4,636,110	-	5,692,432	10,328,542
New capital issued		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	554,120	-	-	554,120
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	1,444,160	1,444,160
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2024		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
As at July 1, 2024		-	-	-	5,190,230	-	7,136,592	12,326,822

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	Notes	Ordinary share Capital	Revaluation reserve	Fair value adjustment reserves	Retained earnings	Proposed dividends	Capital/ Developme nt Fund	Total
Issue of new share capital		-	-	-	5,190,230	-	7,136,592	12,326,822
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Profit for the year		-	-	-	1,129,658	-	-	1,129,658
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	1,263,640	1,263,640
Dividends paid – prior year		-	-	-	-	-	-	-
Interim dividends paid – current year		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
At June 30, 2025		-	-	-	6,319,888	-	8,400,232	14,720,120

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

	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash Flows from Operating Activities			
Receipts			
Operating Receipts		18,164,987	15,491,000
Grants Income		5,034,050	-
Finance Income		10,057	15,258
Other Income		3,060,073	1,862,668
Customer Deposits		326,000	258,000
Total Receipts		26,595,167	17,626,926
Payments			
Staff Costs		(7,972,476)	(7,801,887)
General And Operation Expenses		(6,730,437)	(5,623,964)
Board Expenses		(1,247,108)	(747,250)
Maintenance Expenses		(9,612,191)	(1,724,159)
Finance Costs		(22,010)	(23,092)
Refund Of Customer Deposits		(7,000)	(17,750)
Total Payments		(25,591,222)	(15,938,102)
Working Capital Adjustments		-	(1,362,655)
Net Cash From/ (Used In) Operating Activities	48	1,003,945	326,169
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(656,823)	(401,380)
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		(656,823)	(401,380)
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		-	-
Repayment Of Borrowings		-	-
Dividends Paid		-	-
Net Cash From/ (Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		347,122	(75,211)
Cash And Cash Equivalents at Beginning of Year		461,500	536,711
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents at End of the Year		808,622	461,500

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*						
Receipts						
Operating Revenue	18,805,179	-	18,805,179	18,164,987	640,192	97%
Non-Operating Revenue					-	
Grants	12,000,000	-	12,000,000	5,030,050	6,969,950	42%
Finance Income	10,000	-	10,000	10,057	-57	101%
Other gains	3,308,500	-	3,308,500	3,060,073	248,427	92%
Total Receipts	34,123,679	-	34,123,679	26,269,167	7,854,512	77%
Payments						
Staff Costs	8,155,253	-	8,155,253	7,972,476	182,777	98%
Board Expenses	1,300,000	-	1,300,000	1,247,108	52,892	96%
General and operations Expenses	11,954,936	-	11,954,936	6,730,437	5,224,499	58%
Maintenance	10,220,500	-	10,220,500	9,612,191	608,309	94%
Finance costs	30,000	-	30,000	22,010	7,990	73%
Total Recurrent Expenditure	31,660,689	-	31,660,689	25,584,222	6,076,467	82%
Total Payments	34,123,679	-	34,123,679	26,241,045	7,882,634	78%
Capital Expenditure Payments	2,462,990	-	2,462,990	656,823	1,806,167	27%
Surplus		-		345,122	-345,122	

UNDER PERFORMANCE BY THE COMPANY (BUDGET AGAINST ACTUAL)

During the year 2024/ 2025, we projected to get Kshs, 7,000,000 from Water Service Trust Fund (WSTF) and Kshs 5,000,000 from Tana Water Works Development Agency (TWWDA) amounting to a total of Kshs,12,000,000. However, the company only received Kshs7, 263,415 from WSTF and did not receive any fund from TWWDA. This shortfall resulted in significant underperformance in the company total receipts for the financial year.

The variance between the projected and actual funds had a direct impact on the company's planned development programs and overall financial performance. This calls for strategic measures to enhance resource mobilization and ensure timely follow-up with the funding agencies to avoid recurrence in subsequent financial years.

19. Notes To the Financial Statements

1. General Information

Naromoru Water and 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 Nyeri and is domiciled in Kenya. The Company's principal activity is Water and Sanitation Services provision. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

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

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

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

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Notes to the financial statements (continued)

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

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	1 January 2026

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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year under review.

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Notes to the financial statements (continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

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

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- ii) Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** No dividend was declared during the year under review, reason being the company is limited by guarantee.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land	2024/ 2025	-
Leasehold Land	2024/ 2025	-
Buildings and civil works	2024/ 2025	-
Infrastructure works	2024/ 2025	-
Pipes	2024/ 2025	2.5%
Plant and machinery	2024/ 2025	12.5%
Motor vehicles, including motorcycles	2024/ 2025	25%

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Computers and related equipment	2024/ 2025	30%
Office equipment, furniture and fittings	2024/ 2025	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

f) Amortization and impairment of intangible assets

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

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized. (08)

Summary of Accounting Policies

h) Right of Use Asset

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

i) Biological Assets

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

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

Summary of Accounting Policies

l) Unquoted investments

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

m) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method/ FIFO. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

n) Trade and other receivables

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

o) Taxation.

i) Current income tax

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

p) Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

q) Borrowing costs

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

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

s) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2024. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

v) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue. A provision is made for the estimated liability for annual leave at the reporting date.

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 15th, August 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company had no additional appropriations added to the original budget. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis

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and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under section 8 of these financial statements.

y) Service concession arrangements

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

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

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Notes to the financial statements (continues)

6. Operating Revenue

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Water sales	19,879,880	14,004,200
Sewerage Services	1,842,871	1,178,000
Billing for other services*	291,500	308,800
Total	22,014,251	15,491,000

7. Grants Income

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Operational grants from Government entities	-	-
Recurrent/operational grants from other agencies	-	-
Capital grants amortised (balance b/f)	1,444,160	1,650,468
Donations from County Governments	-	-
In Kind contribution/donations from other agencies (WSTF)	7,263,415	-
Total	8,707,575	1,650,468

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs	2024/2025 FY Kshs
Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

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Notes to the financial statements (continued)

8. Other Income

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Sale of Tender	-	-
Fine and penalties and surcharge	82,500	212,200
Rental income	-	-
Insurance compensation	-	-
Miscellaneous income (speciFY)	-	-
Total	82,500	212,200

9. Finance Income

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
Description	Kshs	Kshs
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions (KCB)	10,057	15,258
Interest on staff loans	-	-
Dividends	-	-
Total	10,057	15,258

Finance income is generated from interest earned from customer deposits account.

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10. Other Gains and Losses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Foreign exchange gains / (losses)	-	-
Loss/gain on disposal on sale of investments	-	-
Gain on sale of fixed assets	-	-
Fair value gain/loss on biological Assets	-	-
Fair value gain or losses on revaluation of investment property	-	-
Revaluation losses on inventory	-	-
Unrealized foreign exchange gains/(losses)	-	-
Total	-	-

11. Staff Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Gross Salary and Allowances	7,330,866	7,373,905
Casual workers' Wages	641,610	427,982
Medical insurance schemes	-	-
Employer's contributions to social security schemes	-	-
Employer's contributions to pension scheme	-	-
Provisions for Leave pay	-	-
Gratuity provisions	-	-
Fringe Benefit tax	-	-
Staff welfare	-	-
Other allowances	-	-
Total	7,972,476	7,801,887
The average number of employees during the year	22	24

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12. General and Operations Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chemicals	791,504	-
Electricity	77,118	62,673
Fuel, oil, lubricants, and gases	1,417,500	961,730
Bulk water Costs	-	-
Office supplies	249,175	280,905
Uniform and protective clothing	39,200	-
Telecommunication	288,462	268,987
Postage and courier	9,450	9,450
Water and sewerage	-	-
Insurance	208,706	221,204
Rent and Rates	660,000	660,000
Hire of Equipment and vehicles	-	-
Claims and compensation	-	-
Domestic Traveling and subsistence	416,800	401,750
Foreign travel and accommodation	-	-
Staff training and development	-	-
Security services	-	27,000
Agency commissions	-	-
Publicity and advertising	306,992	164,400
Provision for Audit fees	116,000	-
Legal fees	-	-
Consultancy fees	164,000	307,873
Licensing and levies	-	-
Sports and recreation	-	-
Stakeholders' expenses	150,000	118,750
Donations/CSR	34,100	65,200
Hospitality expenses	-	-
Research and Development	-	-
Conservation expenses	-	-
Provision for doubtful debts	-	-
Others (SpeciFY) Printing and Stationery	129,697	54,111
Internet connection	69,588	74,958
Workshop	618,000	475,600
Conference meetings	176,200	124,285
Development of business plan and proposals	72,800	40,000
Managing director meetings	37,000	51,100

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Deposit Refund	7,000	17,750
Maintenance of computer software	-	-
Computer & copier expenses	60,600	98,400
Library expenses	13,740	8,760
9% T.W.W.D. A	-	-
4% WASREB	3,096,470	660,168
WRA Permit	100,100	200,050
AGM Forum	200,000	216,860
WRUA	48,000	52,000
Tuition Fee	100,000	-
WASPA	155,000	-
Total	9,813,202	5,623,964

Notes to the financial statements (continued)

13. Board Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman Honoraria	-	-
Sitting allowances	513,600	297,250
Medical Insurance	-	-
Induction and Training	733,508	450,000
Travel and accommodation	-	-
Other allowances	-	-
Total Board Expenses	1,247,108	747,250

14. Maintenance Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Plant and Equipment	-	-
Buildings	144,830	14,330
Infrastructural networks	-	-
Grounds	-	-
Motor vehicles	253,070	8,100
Motor Bike	58,900	17,145
Software	-	-
ICT (Information Communication Technology)	104,000	-
Furniture	-	-

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Water Meter maintenance costs	-	-
Maintenance of access roads	-	-
Pipes & Fittings	371,085	91,200
General Maintenance	1,172,620	978,479
Improvement of Water Supply	1,155,570	291,670
Maintenance Of DTF/ Exhauster	374,458	113,235
Maintenance of Small Lines	1,074,900	210,000
WSTF Grant	5,030,608	-
Total Maintenance Expenses	9,740,041	1,724,159

15. Depreciation and Amortization Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant, and equipment	889,888	894,454
Right of Use Assets	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation and Amortization	889,888	894,454

16. Finance costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
	-	-
Interest expense on loans	-	-
Interest expense on bank overdrafts	-	-
Interest on lease liabilities	-	-
Others (speciFY) Finance Cost	22,010	42,384
Total	22,010	42,384

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17. Income Tax Expense/(Credit)

Current taxation

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

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

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Profit before taxation	1,129,658	554,120
Tax at the applicable tax rate of 30%	(338,897)	(166,236)
Current tax	-	-
Prior year under-provision	-	-
Tax effects of expenses not deductible for tax purposes	889,888	894,454
Tax effects of income not taxable	(1,263,640)	(1,444,160)
Tax effects of excess capital allowances over depreciation/amortization	(889,888)	(894,454)
Deferred tax prior year over-provision	-	-
Total	(472,879)	(1,056,276)

18. Earnings Per Share

No share that was distributed at the end of financial year.

19. Dividend Per Share

No dividend that were shared during the closure of the year.

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20. Property, Plant and Equipment

FY 2023/ 2024	Pipes	Buildings & civil works	Plant and Machinery & Water Meters	Motor vehicles, including, motorcycles	Computers & related equipment	Office equipment , furniture & fittings	Capital work in progress	Total
Depreciation rate	2.5%		12.5%		30%	12.5%		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July 2023	36,073,652	-	5,299,550	-	330,248	143,870	-	41,847,320
Additions	-	-	318,700	-	-	82,680	-	401,380
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024	36,073,652	-	5,618,250	-	330,248	226,550	-	42,248,700
Depreciation And Impairment		-	-	-	-	-	-	-
At 1July 2023	16,799,793	-	2,535,979	-	308,005	61,347	-	19,705,123
Depreciation	481,846	-	385,284	-	6,673	20,650	-	894,454
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As At 30th June 2024	17,281,639	-	2,921,263	-	314,678	81,997	-	20,599,577
Net Book Value as at 30 th June 2024	18,792,013	-	2,696,987	-	15,570	144,553	-	21,649,123

20 Property, Plant and Equipment

FY 24/2025	Pipes	Buildings & civil works	Plant and Machinery & Water Meters	Motor vehicles, including, motorcycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	2.5%		12.5		30%	12.5%		
Depreciation rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
		-		-				
As At 1 July 2024	36,073,652	-	5,618,250	-	330,248	226,550	-	42,248,700
Additions	218,783	-	438,040	-			-	656,823
Disposals	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
As at 30th June 2025	36,292,435	-	6,056,290	-	330,248	226,550	-	42,905,523
Depreciation And Impairment		-		-			-	
At 1 July 2024	17,281,639	-	2,921,263	-	314,678	81,997	-	20,599,577
Depreciation	475,270	-	391,878	-	4,671	18,069	-	889,888
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As At 30th June 2025	17,756,909	-	3,313,141	-	319,349	100,066	-	21,489,465
Net Book Value as at 30 th June 2025	18,535,526	-	2,743,149	-	10,899	126,484	-	21,416,058

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Valuation

Land and buildings are under the defunct County Government of Nyeri

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant and machinery	-	-	-
Motor vehicles, including motorcycles			
Computers and related equipment	330,248	319,349	10,899
Office equipment, furniture, and fittings	226,550	100,066	126,484
Pipes	36,292,435	17,756,909	18,535,526
Water meters	6,056,290	3,313,141	2,743,149
Total Net Book Value	42,905,523	21,489,468	21,416,058

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

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motorcycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

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21. Intangible Assets

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

22. Investment Property

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

23. Right-of-use assets

	<i>Buildings</i>	<i>Plant</i>	<i>Equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at 30 June 2025	-	-	-	-
Additions	-	-	-	-
As at 30 June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2025	-	-	-	-
Charge for the year	-	-	-	-
As at 30 June 2025	-	-	-	-
Carrying Amount				
As at 30 June 2025	-	-	-	-
As at 30 June 2025	-	-	-	-

24. Biological Assets

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others speciFY	-	-
Total	-	-

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25. Fixed Interest Investments (Bonds)

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

[The movement in investment during the year is as follows:]

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

(state whether these investments are carried at amortized cost or at FVTOCI or at FVTPL). Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

26. Quoted Investments

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

[Provide short appropriate explanations as necessary, including make-up of the investments in the table below] Disclose also the amount of dividends received with respect to quoted investments and the valuation methodology).

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

27. Unquoted Investments

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

Provide short appropriate explanations as necessary, including make-up under the table below]. Disclose any dividends received with respect to unquoted investments and the valuation methodology. [OEU]

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

28. Inventories

	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
General stores	908,168	565,185
Chemicals & Laboratory items	16,000	-
Water fittings and Accessories		-
Water meters	952,400	2,351,000
Uniform and protective clothing		-
Fuel, oil and lubricants		-
Motor vehicle spare parts		-
Goods in transit		-
Stationery and general stores	4,130	82,725
Finished goods		-
Others speciFY		-
Work in progress		-
Less: Impairment of stocks		-
Total Tangible Assets	1,880,698	2,998,910
Others – Water Inventory	855,181	-
Total	2,735,879	2,998,910

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28. a) Inventory movement details

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

29. Trade and Other Receivables

	FY 2024/2025	FY 2023/2024
	KShs	KShs
Trade receivables (note (29a))	7,353,594	3,458,870
Deposits and prepayments	-	-
VAT (Value Added Tax) recoverable	-	-
Staff receivables (note 29 (c))	-	-
Other receivables	-	-
Gross trade and other receivables	7,353,594	3,458,870
Provision for bad and doubtful receivable	-	-
Net trade and other receivables	7,353,594	3,458,870
Analysed as:	-	-
Short- Term Trade and Other Receivables.	6,397,505	2,499,838
Long- Term Trade and Other Receivables.	956,089	959,032

29. (a) Trade Receivables

	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Gross trade receivables	5,124,229	3,458,870
Other Trade Receivables	2,229,365	
Provision for doubtful receivables	-	-
Net trade receivables	7,353,594	3,458,870
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	4,265,778	1,097,605
Between 30 and 60 days	947,943	651,980
Between 61 and 90 days	697,985	750,253
Between 91 and 120 days	419,375	450,677
Over 120 days	1,022,513	508,355

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Total	7,353,594	3,458,870
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29. (b) Reconciliation of Impairment Allowance for Trade Receivables

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

29. (c) Staff Receivables

	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Gross staff loans and advances	-	-
Provision for impairment loss	-	-
Net staff loans	-	-
Less: Amounts due within one year	-	-
Amounts due after one year	-	-

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

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

30. Tax Recoverable

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

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31. Short Term Deposits

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Commercial banks		
Cooperative Bank of Kenya	-	-
Kenya Commercial Bank	-	-
Barclays Bank of Kenya	-	-
Others (speciFY)	-	-
	-	-

32. Prepayments

Description	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others speciFY	-	-
Total	-	-

33. Bank and Cash Balances

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Cash at bank	808,622	461,500
Cash in hand	-	-
Mobile money account	-	-
	808,622	461,500

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Detailed analysis of the cash and cash equivalents

		<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
Financial institution	Account number	KShs	KShs
a) Current account			
Commercial banks	1137612517	198,787	108,629
Others			-
Sub- total		198,787	108,629
b) On – call deposits			
Commercial banks	1137612711	18,490	10,829
Others			-
Sub- total		18,490	10,829
c) Fixed deposits account			
Other Commercial banks	1137612576	578,696	342,042
Others			-
Sub- total			-
Sub- total		578,696	342,042
d) WSTF Fund			
Commercial Bank	1330258703	3,316	
e) Others(speciFY)			-
Cash in transit			-
Cash in hand			-
Mobile money account	399,699	9,333	-
Sub- total		9,333	-
Grand total		808,622	461,500

34. Ordinary Share Capital

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Authorized:		
ordinary shares of Kshs. par value each	-	-
Issued and fully paid:		
ordinary shares of Kshs. par value each	-	-

35. Revaluation Reserve

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

36. Fair Value Adjustment Reserve

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

37. Retained Earnings

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

RETAINED EARNINGS	2024/2025	2023/2024
	Kshs	Kshs
Reserves	12,326,822	10,328,542
Surplus/Loses for the period	1,129,658	554,120
Other reserves /prior	1,263,640	1,444,160
TOTALS	14,720,120	12,326,822

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38. Deferred Tax Liability

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

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

The movement on the deferred tax account is as follows:

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

39. Borrowings

Description	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic Borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
C) Total Balance at end of the period c = a+b	-	-

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

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	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx Organization'	-	-
Sterling Pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

Description	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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40. Lease Liability

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

Maturity analysis	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
On wards	-	-
	-	-
Less: unearned interest	-	-
	-	-
Analysed as:		
Non-Current	-	-
Current	-	-

41. Provisions

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

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Provisions details

Description	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Current Portion of Provisions	-	-
Long-term portion of Provisions	-	-
Total	-	-

42. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

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

Recognition of Retirement Benefit Asset/ Liability

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

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

b) Amounts recognised in the Statement of Financial Position

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

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The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred

43. Trade and Other Payables

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Trade payables	4,325,661	1,848,050
Accrued expenses		-
Employee payables		-
Other payables		-
Total	4,325,661	1,848,050

Aging Analysis for Trade and other Payables

	Insert FY 2024/2025	% of the total	Insert FY 2023/2024	% of the total
Under one year	1,387,919	32%	912,360	50%
1-2 years	1,299,871	30%	178,000	18%
2-3 years	1,415,871	33%	116,000	6%
Over 3 years	232,000	5%	641,690	26%
Total	4,325,661	100%	1,848,050	100%

44. Refundable Deposits and Prepayments

	<i>FY</i> <i>2024/2025</i>	<i>FY 2023/2024</i>
	<i>Kshs</i>	<i>Kshs</i>
Customer deposits B/F	2,840,250	2,600,000
Addition During the year	326,000	258,000
Deposit refunds during the year	(7,000)	(17,750)
Prepayments by customers		-
Retention/Contract deposits		-
Others (SpeciFY)		-
Total	3,159,250	2,840,250

Aging Analysis for Refundable Deposits and Prepayments

	<i>FY 2024/ 2025</i>	<i>% of the total</i>	<i>FY 2023/2024</i>	<i>% of the total</i>
Under one year	346,000	11%	258,000	9.08%
1-2 years	258,000	8%	154,500	5.44%
2-3 years	154,500	5%	340,500	11.99%
Over 3 years	2,400,750	76%	2,087,250	73.49%
Total	3,159,250	100%	2,840,250	100%

45. Deferred Liability

<i>Description</i>	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	<i>KShs</i>	<i>KShs</i>
National/County government	8,845,481	10,109,121
International funders	-	-
Public contributions and donations	-	-
Total deferred income	8,845,481	10,109,121

The deferred income movement is as follows:

	County government	International funders	Public contributions and donations	Total
Balance brought forward	10,109,121	-	-	
Additions	-	-	-	
Transfers to Capital fund (12.5%)	(1,263,640)	-	-	
Transfers to income statement	-	-	-	
Other transfers	-	-	-	
Balance carried forward	8,845,481	-	-	

46. Dividends Payable

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

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

Dividend Payable analysis

	FY2024/2025		% of the total	FY 2023/2024	% of the total
Under one year	-	-	-	-	-
1-2 years	-	-	-	-	-
2-3 years	-	-	-	-	-
Over 3 years	-	-	-	-	-
Total	-	-	-	-	-

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47. Taxation

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

48. Notes to The Statement of Cash Flows

	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	1,129,658	554,120
Depreciation	889,888	894,454
Amortization		
(Gain)/loss on disposal of property, plant and equipment		
Operating profit/(loss) before working capital changes		
Working capital changes:	2,019,546	1,448,574
(Increase)/decrease in inventories	263,031	(628,633)
(Increase)/decrease in trade and other receivables	(3,894,724)	(373,739)
Increase/(decrease) in trade and other payables	2,477,611	(153,975)
Increase (Decrease) in Customer Deposits	319,000	240,250
Increase (Decrease) in differed liability	(180,520)	(206,308)
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/ (used in) operation	684,944	326,169
(b) Analysis of changes in loans		
Balance at beginning of the year	461,500	326,169
Receipts during the year		-
Repayments during the year		-
Repayments of previous year's accrued interest		-
Foreign exchange (gains)/losses		-
Accrued interest		-

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	<i>FY 2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Balance at end of the year	461,500	326,169
(c) Analysis of cash and cash equivalents		
Short term deposits	808,622	461,500
Cash at bank		-
Cash in hand		-
Balance at end of the year	808,622	461,500
(d) Analysis of interest paid		
Interest on loans		-
Interest on bank overdraft		-
Interest on lease liabilities		-
Interest on loans capitalised		-
Balance at beginning of the year		-
Balance at end of the year (note 35(b))		-
Interest paid		-
(e) Analysis of dividend paid		
Balance at beginning of the year		-
20xx dividends paid		-
20xx dividends paid		-
20xx interim dividends paid		-
Balance at end of the year		-
Dividend paid		-

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Notes to the financial statements (continued)

Other Disclosures

49. Related Party Disclosures

County Government of Nyeri

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

Other related parties include:

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

Transactions with related parties

	<i>FY</i> <i>2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Interest income from Govt Commercial Banks	-	-
Interest income from T-bills and Bonds	-	-
Others (SpeciFY)	-	-
Total	-	-
b) Purchases from related parties		
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-

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	<i>FY</i> <i>2024/2025</i>	<i>FY 2023/2024</i>
	Kshs	Kshs
Bank charges paid to Govt Commercial banks	-	-
Interest expense to investments by other govt. entities	-	-
Others (speciFY)	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt Agencies	-	-
Grants from County Government	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

50. Capital Commitments

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

	<i>FY 2024/2025</i>	<i>FY</i> <i>2023/2024</i>
	Kshs	Kshs
Amounts authorised and contracted for	-	-
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	-	-
	-	-

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51. Contingent Assets and Liabilities

Contingent Assets

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

Contingent Liabilities

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

52. Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below:

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(i) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025	-	-	-	
Trade Receivables	7,353,594	6,397,505	956,089	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
Bank balances	808,622	808,622	-	-
Total	8,162,216	7,206,127	956,089	-
At 30 June 2024				
Receivables	3,085,131	1,972,251	1,112,880	-
Other Receivables	-	-	-	-
Investments	-	-	-	-
	-	-	-	-
Bank balances	536,711	536,711	-	-
Total	3,621,842	2,508,962	1,112,880	-

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Credit Risk (Continued)

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

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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(iii) Market risk (*Tailor as appropriate*)

The board has put in place an internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Department in charge of risk management is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

a) Foreign currency risk

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

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities			

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Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial assets			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Financial Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

b) Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-
USD	10%	-	-

c) Interest rate risk

The company has not borrowed money and thus not affected by interest rate risk

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

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

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

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At 30 June 2025	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-
At 30 June 2024				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	-	-	-	-
	-	-	-	-

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

Financial instruments not measured at fair value

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

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Notes to the financial statements (continued)

iv) Capital Risk Management

The objective of the Company's capital risk management is to safeguard the Board's ability to continue as a going concern. The Company's capital structure comprises of the following funds:

	FY 2024/ 2025	FY 2023/ 2024
	Kshs	Kshs
Revaluation reserve	13,908,120	12,326,822
Retained earnings	-	-
Capital reserve	-	-
	-	-
Total funds	13,908,120	12,326,822
Total borrowings	-	-
Less: cash and bank balances	(808,628)	(461,500)
Net debt/ (excess cash and cash equivalents)	7,353,594	3,458,870
Gearing	47.06	24.31

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53. Incorporation

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

54. Events After the Reporting Period

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

20. Appendices

Appendix 1: progress on follow up of auditor recommendations.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Budgetary Control and Performance	The company realized an under funding in its Budget due to shortfall in targeted billing. This was attributed to the prolonged dry spell that resulted to the company.	Resolved	
2	Un-Resolved Prior Year Audit Issues	Prior-year audit issues on ethnicity and non-revenue has been solved through continuous monitoring and verification of staff records to ensure compliance.	Resolved	
3	Non- Revenue Water	The company had NRW of 29%. This is also anticipated to reduce to 27% in the financial year 2024/2025 Meanwhile, the following measures have been taken to reduce NRW	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> • Rapid result Initiative was put place for close supervision on servicing of water meters and attendance of bursts and leaks without delay. • Installation of zonal meters • Installation of water strainers • Sealing of all consumer meters • Ensuring 100% metering ratio 		
4	Lack of Approved Water Charging Tariff	The new tariff was dully gazetted in March 2025 and is now in full implementation.	Resolved	
5	Failure to file Annual Returns with Register of Companies.	The company has contracted a Company Secretary who offers advises on matters Company Law. In reference to this Audit finding, the Company Secretary files a return after every Annual	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>General Meeting for compliance.</p> <p>During the year under Audit, three members were retiring and hence we had to recruit new directors to the company which resulted to delaying failing the return since we had to renew the company CR12 and forward the same to the company secretary for filing purpose. This was resolved and update.</p>		
6	Lack of Staff Ethnic diversity	<p>The company upon filing of a vacant position advertises through the Company's website, County Government website and in the Dailies. Being in a small rural area, the company presumably attracts interest from applicants from nearby towns and surrounding counties who upon interviewing are recruited.</p>	Not-Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7	Lack of ICT Policy and Strategic Plan	The company has drafted the IT strategic plan and Policy which is in the draft stage awaiting Board of Directors approval for adoption. The company is in the process of formulating an I.T Committee for compliance of the same.	Resolved	

Guidance Notes:

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

Gladys Njeri Warugongo



Managing Director

Date 15/08/2025.....

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Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
Name Sign Date

Head of Accounts Department - Beneficiary Entity:
Name Herman WADUKU Sign [Signature] Date 15/08/2025

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting Disaster Management Expenditure

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

(Attach forms from each transferring Government entity.)

Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Others - must be specific	Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables			
Ministry/County department of Water	-	Recurrent	-	-	-	-	-	-	-	
Ministry/County Department of water.	-	Development	-	-	-	-	-	-	-	
USAID	-	Donor Fund	-	-	-	-	-	-	-	
name of Development partner/County department etc.	-	Direct Payment	-	-	-	-	-	-	-	
	-		-	-	-	-	-	-	-	
Total			-	-	-	-	-	-	-	