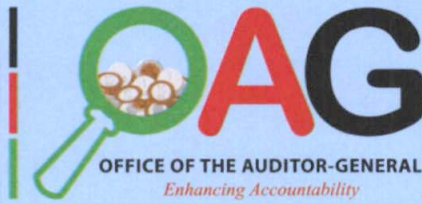


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REPORT

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OF

THE AUDITOR-GENERAL

ON

BWASCO WATER AND SEWERAGE PUBLIC
LIMITED COMPANY

PAPERS LAID	
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FOR THE YEAR ENDED
30 JUNE, 2025

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BWASCO

Maji Safi Maisha Poa!!!

BWASCO WATER AND SEWERAGE PUBLIC LIMITED COMPANY

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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

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

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1. Acronyms and Glossary of Terms

<i>BOD</i>	Board of Directors
<i>ICPAK</i>	Institute of Certified Public Accountants of Kenya
<i>IFRS</i>	International Financial Reporting Standards
<i>LVNWWDA</i>	Lake Victoria North Water Works Development Agency
<i>LVSWWDA</i>	Lake Victoria South Water Works Development Agency
<i>MD</i>	Managing Director
<i>NEMA</i>	National Environmental Management Authority
<i>PFM</i>	Public Financial Management
<i>PSASB</i>	Public Sector Accounting Standards Board
<i>SPA</i>	Service Provision Agreement
<i>WASREB</i>	Water Services Regulatory Board
<i>WRA</i>	Water Regulatory Authority
<i>WSP</i>	Water Service Providers
<i>WSTF</i>	Water Sector Trust Fund

2. Key Entity Information

a) Background Information:

BWASCO Water and Sewerage Public Limited Company was incorporated under the Companies Act, 2025 on 22nd October 2024. The shareholding in the Company is comprised of the County Government of Bungoma holding 4997 shares, CECM Water Affairs, CECM Finance and Economic Planning and County Secretary holding 1 share each. The Company is wholly owned by the County Government of Bungoma in compliance with the Water Act 2016, Companies Act 2015 and other relevant legislations.

The company is semi -autonomous with powers to own property, transact business for which it was incorporated, sue and be sued.

The Board of Directors is responsible for the general policy and strategic direction of the Company including engagement of staff and provision of oversight on prudent management of financial affairs of the Company.

The company operates seven (7) water treatments works namely; Nabuyole, Matisi, Kapkateny, Kamtiong', Kapkerwa, Terem and Chesikaki and two (2) waste water treatment plants in Bungoma and Webuye towns.

b) Principal activities

The principal activity of BWASCO Water and Sewerage Public Limited Company is to provide adequate water and sanitation services efficiently, economically and in a sustainable manner to all consumers in areas under its jurisdiction.

Company Vision:

To be a world class water service provider.

Company Mission:

To provide quality potable water and sanitation services in a sustainable manner using world class practices for the satisfaction of customers and stake holders.

Core Values:

These values form the foundation on which we perform our work and conduct ourselves. The values underlie our work, how we interact with each other, and the strategies we employ to fulfill our mission. They are the practices we use every day in everything we do and are a constant description of who we are. Our core values include the following:

- Team work,
- Integrity,
- Competence,
- Innovation,
- Customer focus and
- Excellence.

The mandates of the Company are as follows:

- To ensure that it possesses and retains all the necessary expertise necessary to the technical, commercial, financial and administrative functions.
- To provide the services within its Defined Service Area.
- To obtain all necessary licenses, permits and warranties necessary to carry out its obligations in accordance with statutes in force.
- To maintain the assets in good working condition and not to dispose of any assets without the authorization of the Licensee.
- To prepare proposals for improvement of the assets so as to enhance service delivery.
- To propose tariff adjustments to the Licensee and Regulator.

c) The Water Sector in Kenya

The Water Act 2016 created different but complimentary institutions to carry out functions in the sector. These include:

- **Ministry of Water and Sanitation** –Responsible for overall policy direction on water and sanitation services in the country.
- **The Water Services Regulatory Board (WASREB)** -Responsible for regulation of water and sewerage services in the country.
- **Water Works Development Agencies (WWDAs)** – Responsible for development, maintenance and management of the national public water works within their areas of jurisdiction.
- **Water Service Providers (WSPs)** – Are agents of County Government. BWASCO Water and Sewerage Public Limited Company is an agent of Bungoma County Government and is responsible for provision of water and sanitation services in the jurisdiction of Bungoma, Webuye, Kimilili and Chwele.
- **Water Resources Authority (WRA)**- Responsible for regulation, management and use of water resources.
- **National Water Harvesting Authority**- Responsible for the development and management of national public water works for water resources storage and flood control.
- **Water Sector Trust Fund**- Responsible for the provision of conditional and unconditional grants to counties in addition to the equalization fund and to assist in financing the development and management of water services in marginalized areas/ underserved areas.
- **County Governments**- Under the constitution 2010, water and sanitation services are a devolved function under the County Governments.

d) The Board of Directors

The Company has a Board which is responsible for:

- a) The efficient management of the human, physical, and financial resources of the Company;
- b) Making policies for the Company;
- c) Approving Strategic and Business plans for the Company;
- d) Any other matters related to the management of the Company;

Members of Board of Directors who held office during the year under review were the following:

Mr. David Kibiti	Chairperson	Non-Executive	Appointed on May 2025
CPA Mathew Maruti Wakhungu	Managing Director	Executive	Appointed on 1 st July 2020
Mr. Benard Kimachas	Director	Non-Executive	Appointed on May 2025
Dr. Brian Singoro	Director	Non-Executive	Appointed on May 2025
Ms. Scholastica Masika	Director	Non-Executive	Appointed on May 2025
Ms. Jemimah Kikechi	Director	Non-Executive	Appointed on May 2025
CPA Oscar Ojwang	Director	Non-Executive	Appointed on May 2025
Mr. Stephen Makhanu	Director	Non-Executive	Appointed on May 2025

Corporate Secretary:

Pamphil Matsekhe Oundo,
 P.O Box 1005-50205
WEBUYE.

Corporate Headquarters:

BWASCO Water and Sewerage Public Limited Company,
 P.O Box 1005 – 50205,
WEBUYE

Corporate Contacts:

Telephone: (254) 721333320
 E-Mail: info@bwasco.co.ke
 Website: www.bwasco.co.ke

Corporate Bankers:

Equity Bank Limited,
 Bungoma Branch,
 P.O Box 801 – 50205,
BUNGOMA.

Kenya Commercial Bank,
 Webuye Branch,
 P.O Box 332 – 50205,
WEBUYE




Independent Auditors:




Office of the Auditor General,
Anniversary Towers, University Way,
P.O Box 30084- 00100 GPO,
NAIROBI.




Principal Legal Advisers:

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

3. The Board of Directors

Directors	Details
 <p>Mr. David Barasa Kibiti, <i>MED (KIBU); B.ED (UoN), Dip. Ed. Management (KEMI), Global Educ linkages (MMUST) SMC (KSG)</i></p>	<p>QUALIFICATIONS The Chairman has Masters and Bachelor’s Degree in Education from Kibabii University and the University of Nairobi respectively. He holds other relevant trainings and competency in management and administration.</p> <p>EXPERIENCE The Board Chairman has vast experience of over 30 years in Administration, Education and Corporate Governance with a very strong foundation in Strategic Leadership and Financial Management. He has served in various capacities including, Chief Officer, Public Service Management and Administration, County Government of Bungoma. He has also served in various Boards. He’s currently the Chief Executive Officer, Kahawa Roots Ltd, a vibrant company in the agricultural sector.</p>
 <p>Dr. Brian W. Singoro <i>PhD, Econ. (NMU), PhD DMHA (MMUST), MEcon (MU), BA (KU)</i></p>	<p>QUALIFICATIONS He is the Chairman of the Audit and Risk Committee and an independent member of the Board. He holds a PhD in Economics from Nelson Mandela University, PhD in Disaster Management and Humanitarian Assistance from Masinde Muliro University of Science and Technology, Master of Arts in Economics from Makerere University and Bachelor of Arts from Kenyatta University.</p> <p>EXPERIENCE He is a lecturer of Economics and Coordinator (CESPAS), Chairman emeritus of Economics, Finance and Accounting Dept, Chairman, National Cohesion and National Values, Kibabii University. He has been a part time lecturer at Technical University of Kenya and University of Nairobi. A veteran teacher with over 25 years teaching experience.</p>
 <p>Ms. Scholastica Masika <i>Chairperson- Finance, Commercial, Human</i></p>	<p>QUALIFICATIONS She is the Chairperson of the Finance, Commercial, Human Resource and Establishment Committee and an independent member of the Board. Mrs. Masika holds a Bachelor’s Degree in Business Management from Masinde Muliro University of Science and Technology, a Diploma in Business Management from Strathmore College and a Diploma in Secretarial Studies from Christian Industrial Center in Kisumu.</p> <p>EXPERIENCE She has vast experience gained working in the water sector in various</p>

<p><i>Resource and Establishment Committee BBM, MMUST, Dip BM, Strathmore Univ, Dip Secretarial Studies</i></p>	<p>capacities, Audit and Accounting consultancy, manufacturing industry and the church fraternity. Currently, she is engaged in business and community work within Bungoma County.</p>
 <p>Ms Kikechi Colletah <i>Jemimah- Independent Director MSc Project Mgt, JKUAT, BSc (Food Nutrition and Dietetics, KU, Member of Kenya Nutritionists and Dieticians Institute (KNDI).</i></p>	<p>QUALIFICATIONS She is an independent member of the Board. She holds a Masters in Project Management from Jomo Kenyatta University of Agriculture and Technology, a degree in Food Nutrition and Dietetics from (indicate university), a Postgraduate Diploma in Project Management from Kenya Institute of Management. She is also a member of Kenya Nutritionists and Dieticians Institute (KNDI).</p> <p>EXPERIENCE She has worked as a Nutrition Officer in Bungoma County Referral Hospital, Lugulu Friends Hospital and Kenyatta National Hospital. She has also served in various capacities in reputable organizations such as Family Bank and AMREF (K).</p>
 <p>Mr. Bernard Kimachas Cheshari- Chairman, Technical Committee <i>Master of Education in Mgt and Policy Studies, MMUST, B.ED (Science), KU</i></p>	<p>QUALIFICATIONS He is the Chairman of the Technical Committee and an independent member of the Board representing stakeholders. He holds Masters of Education Management and Policy Studies from Masinde Muliro University of Science and Technology and Bachelor of Education from Kenyatta University.</p> <p>EXPERIENCE He is a teacher at heart and has served in various capacities in the education sector as either, the County Director of Education, District Inspector of Schools or Inspector of Schools.</p>
	<p>QUALIFICATIONS He serves on the Board as an alternate member to CECM Water, Natural Resources, Tourism, Environment and Climate Change. He holds a Master of Arts degree in Project Planning and Management, University of Nairobi and Bachelor of Arts (Anthropology), Moi University.</p>




<p>Mr. Stephen Wamalwa Makhanu- Alternate member to CECM, Water, Natural Resources, Tourism, Environment and Climate Change</p>	<p>EXPERIENCE He is currently the Chief Officer, Department of Water and Natural Resources, County Government of Bungoma.</p>
 <p>CPA Mathew Maruti Wakhungu Former Managing Director</p>	<p>QUALIFICATIONS He has Master of Business Administration with a bias in Finance from Kenyatta University and a Bachelor of Business Administration from Kenya Methodist University. He is also a Certified Public Accountant of Kenya and a member of ICPAK.</p> <p>His contract came to an end on 30th June 2025.</p>
 <p>CPA Oscar Ojwang, Ag. Managing Director EMBA (MU), B.Com (KU), CPA (K), Member of ICPAK No. 3387</p>	<p>QUALIFICATIONS He holds a Master's degree in Business Administration (MBA) from Moi University and Bachelor of Commerce degree (Accounting option) from Kenyatta University. He is a Certified Public Accountant of Kenya and a member of ICPAK. He is currently the Ag. Managing Director with effect from 1st July 2025.</p> <p>EXPERIENCE He has worked in various capacities within the County Government of Bungoma ranging from Chief Finance Officer during the transition to County Government period, a Town Clerk and Town Treasurer in the former local authorities and served in the Board of Water Service Providers such as Limuru Water and Sewerage Company Ltd and Nzoia Water and Sewerage Company.</p>
 <p>CS. Pamphil M. Oundo, Esq Ad. LLM (Environmental Law) UoN, LLB (Moi Univ), Dip (KSL), CPS (K) KASNEB.</p>	<p>QUALIFICATIONS He holds master's degree in environmental law from the University of Nairobi. He holds Bachelor of Law Degree (LLB) from Moi University. He holds a Diploma in Law from Kenya School of Law. He is an Advocate of the High Court of Kenya and a Certified Public Secretary of Kenya, CPS (K). His other trainings and certification include an award of the Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K), Corporate Governance Trainings by KSG and Legal and Compliance Audit Training by Kenya School Law. He is a member of Law Society of Kenya (LSK) and East Africa Law Society (EALS).</p>




	<p>EXPERIENCE</p> <p>He has over ten (10) years' vast experience and expertise in the public sector's corporate governance, litigation, environmental matters, conveyancing, legal drafting, probate and administration, alternative dispute resolutions and others. He is currently the Ag. Secretary with effect from June, 2018. He worked as the Legal officer and in other capacities at Lake Victoria North Water Works Development Agency from February 2015 – May, 2021. During the period, he was co-opted on the Board of Nzoia Water Services Company Ltd (now BWASCO Water and Sewerage PLC, and Busia Water and Sewerage Company Ltd to offer both legal and secretariat services to the Board and management. He has successfully handled several court matters in defense of the government and the Company He worked also in the firm of N. A. Owino & Co. Advocates, 2013-2015, Ashioya & Co. Advocates, 2008-2009, and Naleep – Kenya, 2011 dealing with drafting, court attendance and dispute resolutions.</p>
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4. Key Management Team

The day-to-day operations of the Company are run by Corporate Management Team (CMT) headed by a Managing Director.

The following are the Corporate Management Team:

Managers	Details
 <p>CPA Mathew Maruti <i>Wakhungu- Former Managing Director</i></p>	<p>He has Master of Business Administration with a bias in Finance from Kenyatta University and a Bachelor of Business Administration from Kenya Methodist University. He is also a Certified Public Accountant of Kenya and a member of ICPAK.</p> <p>His contract ended on 30th June 2025.</p>
 <p>CPA Oscar Ojwang - Ag. Managing Director <i>EMBA, MU, B.Com (KU), CPA(K), Member of ICPAK</i></p>	<p>He is responsible for:</p> <ul style="list-style-type: none"> • day to day operations of the company, • provide leadership, • budget preparation, • establishment of internal controls and execution of Board strategies, decisions and policies, • preparation of company business plan, • putt working organizational structure in place, • information provider and • spearhead stakeholder engagement.
 <p>Eng. Kennedy Wamalwa – Ag. Head of Technical Services <i>BSc (Water and Environmental Engineering) Egerton Univ.</i></p>	<p>His responsibilities include:</p> <ul style="list-style-type: none"> • overseeing all designs, • project implementation, • monitoring and evaluation, • operation of waste water and water supply, • quality control and • is in charge of all the mechanical and electrical works.

 <p>Mr. Isaac Simiyu – Ag. Head of Commercial and Corporate Affairs B.Com (Finance), Member of IEA</p>	<p>He responsibilities include:</p> <ul style="list-style-type: none"> • revenue collection, • implementation of the strategic plan, • implementation of approved tariff and • implementation of commercial budget.
 <p>Ms. Jackline Milly Oqubay – Ag. Head of Human Resource and Administration BA (Arts) KU, HDHRM, Member of IHRM</p>	<p>Her responsibilities include:</p> <ul style="list-style-type: none"> • to plan, develop and implement HR strategies, • policies and programs, • payroll management, • performance management and • general administrative duties.
 <p>Ben Juma, M.K.I.S.M – Ag. Head of Procurement and Supplies MSC (Procurement and Logistics) JKUAT, BBM (Purchasing and Supplies) MU, Member of KISM in good standing</p>	<p>His role in the company include:</p> <ul style="list-style-type: none"> • He is in charge of supply chain management function, • advises on procurement and disposal matters, • oversee and evaluate the performance management process, • prepare and submit all monthly, quarterly and annual reports, • conduct market surveys, inventories and disposals.

 <p>CPA Vane Kerubo- Former <i>Ag. Head of Finance and Accounting</i> <i>B.Com (Accounting) MKU,</i> <i>CPA(K), Member ICPAK</i></p>	<p>Responsibilities:</p> <p>She performed the duties of Head of Finance and Accounting Services during the Financial Year 2024/ 2025. She has since been relieved of these duties with effect from 1st July 2025.</p>
 <p>CPA. Texline Temko Ndiwa- <i>Ag. Head of Finance and Accounting</i> <i>B.Com (Finance) MMUST,</i> <i>CPA (K), Member of ICPAK</i></p>	<p>Her responsibilities include:</p> <ul style="list-style-type: none"> • oversee the overall finance function of the company • budgeting and planning, • analysis and accounting, • ensuring compliance with the laws and • directing financial strategies to achieve company goals. <p>Her appointment became effective from 1st July 2025.</p>
 <p>CS. Pamphil M. Oundo, Esq <i>Ad.</i> <i>LLM (Environmental Law)</i> <i>UoN, LLB (Moi Univ), Dip</i> <i>(KSL), CPS (K) KASNEB.</i></p>	<p>His role as the Company Secretary includes;</p> <ul style="list-style-type: none"> • Provision of advisory to the Board and management on legal and governance issues. • Attend to litigation in matters affecting the Company. • Recording Board minutes and guiding Board meetings. • Circulate Board papers and minutes. • Assist the board training and development • Assist the Board in the annual evaluations on performance.

5. Chairperson's Statement

The past year has reaffirmed the vital role water plays not just in sustaining life, but in shaping livelihoods, economic development, and environmental balance. It is with deep appreciation and purpose that I reflect on our journey as an institution entrusted with this essential public service.

Operating Environment

The company operates in a regulated, stable business environment which complies with the provisions of the constitution, applicable laws and regulations in ensuring commercial viability. The company understands its strategic role to the achievement of the Sustainable Development Goals (SDG) in water and sanitation by the year 2030 and to the Government of Kenya in attainment of the big four (4) agendas. In the water industry, the cost of electricity which is the most common input, remained high due to electricity tariff thus becoming the highest component in the cost of water production.

Strategic Direction and Sustainability

As a board, our guiding principle has been stewardship ensuring that the company operates transparently, efficiently, and in aligning with our long-term mission to deliver equitable access to clean water. This year, we closely monitored management's execution of strategic priorities and are encouraged by the positive strides in infrastructure investments, customer service enhancements, and financial accountability.

External conditions from climate variability to population growth continue to challenge water utilities nationwide. Yet, our resilience has been bolstered by sound governance, prudent financial oversight, and sustained collaboration with policy makers, regulators, and communities.

Corporate Governance

We continuously review our corporate governance structures in line with existing and emerging regulatory requirements. Every year, we undertake board evaluation which has led to clarity of roles and responsibilities, improved teamwork, accountability, decision-making, communication and efficient board operations.

Dividends

In order to sustain optimum achievement of service coverage as a public utility company, the Board of Directors does not propose payment of a dividend. The reserves are to be utilized to support water development projects within the area of jurisdiction of the water Company in line with the regulator's guidelines.

Appreciation

We are proud of the progress made and remain steadfast in our resolve to uphold public trust, advocate for sustainable water resource management, and empower the company to meet future demands, leadership that is future-focused, inclusive, and responsive to the evolving needs of our stakeholders.

Looking to the future, we will deepen our focus on transparency, environmental stewardship, and inclusive growth and other key pillars for lasting impact. We will also continue to work closely with our partners, regulators, and communities to shape policies that enable sustainable water resource management. I extend heartfelt thanks to all our partners, staff, and the communities we serve. Together, we are not just managing water we are securing the future.

Thank you and stay blessed.



DAVID KIBITI
CHAIRPERSON, BOARD OF DIRECTORS

6. Report of the Managing Director

It is my pleasure to present the company's annual report and financial statement for the period 2024-2025 which covers the activities performed during this period. We are in the process of developing of our current five-year strategic plan that will see the company effect a strategic shift in its operations. Our strategy is firmly on course and we have been able to establish a strong footing in the provision of Water and sewerage services. The company performance in the year under review was underpinned by a continued focus on operational efficiency, adoption of new technologies, sound corporate governance and a strong control framework.

a) Achievements

During the financial year the company made several achievements. The following achievements were realized during the year;

- i) Performance targets are derived from the strategic plan, which is linked to the budget as well as departmental work plans. Performance management framework has seen transformation in the day-to-day operations.
- ii) In the year under review, the company maintained a positive cash flow. It realized a turnover of Kshs 11,699,977 before taxation.
- iii) The company is operating under an interim License thus operating on a valid license issued by the regulator.
- iv) The company has continued to embrace automation of its processes. Some of these include GIS mapping of water pipelines and consumer meters, instant billing technology whose outcome reduced the turnaround time and improved efficiency.

b) Challenges

The company operated in an environment with challenges and other emerging issues. In the financial year under review, there were key challenges as highlighted below;

- i) Inadequate funding to improve and rehabilitate old infrastructure in an effort to reduce the high Non-Revenue Water currently at 52% and initiate new expansion development programs.
- ii) The net outstanding debt stands at Kshs 251,854,237 (water & cleansing) for the reporting period.
- iii) Drop in Revenues due to frequent pump breakdowns and disconnection by KPLC .

c) The general outlook

BWASCO Water and Sewerage Public Limited Company reaffirms its commitment to achieving the aspirations of the vision to be a world class water service provider in Kenya.

Despite budgetary constraints and unforeseeable risks, the company undertakes to do various activities as envisaged in the strategic plan as stated below;

- Project reduction of Non- Revenue Water to 30% by June 2026
- Continue to automate processes in the company
- Extend and rehabilitate water and sewer network within the service areas.
- Collaborate with development Partners with a view of improving water and Sewerage sources and supply infrastructure.
- Improvement of sanitation at the low-income areas.
- Collaborate with development Partners in regard to improving water sources and supply infrastructure.

d) Staff development

During the period, the company continued to improve staff competence in an effort to maintain good service delivery.

The Managers who are members of various professional bodies were able to attend seminars, workshops and symposiums for the purpose of improving their skills, networking and job satisfaction. On Industrial Relations a healthy and cordial relationship was maintained.

On employee retention, motivation and welfare, the company ensured total compliance with all policies, staff involvement and participation through staff meetings across all departments; as a result, risks of high labor turnover rates were mitigated.

On Learning and Development, the employees across all cadres attended various trainings/workshops for performance and skill enhancement as guided by a comprehensive Learning and Development plan.

e) Conclusion

I extend my deepest appreciation to our Board, team members, donors, and citizens whose collaboration and trust drive our progress. Water is life and we remain steadfast in our mission to provide quality potable water and sanitation services in a sustainable manner using world-class practices for the satisfaction of customers and other stakeholders.

Thank you, God bless BWASCO Water and Sewerage Public Limited Company.



**CPA OSCAR OJWANG
AG MANAGING DIRECTOR**

7. Statement of Performance Against Predetermined Objectives For FY 2024-2025

BWASCO Water and Sewerage PLC has six strategic pillars and objectives within the current Strategic Plan for the FY 2024-2028. These strategic pillars are as follows:

- Enhance Coverage
- Improve operational efficiency
- Improve Financial Sustainability
- Improve Employee Productivity
- Effective Corporate Governance
- Improve Customer Satisfaction

Sustainability Excellence

- Ensure a reliable, high-quality water supply for the future.
- Meet or surpass environmental standards and protect public trust values.
- Ensure Long-Term Financial Stability by managing the finances to meet funding needs and maintain fair and reasonable water tariffs

Service Delivery Excellence

Maintain and enhance service excellence through continuous improvement.

Infrastructure Growth

Maintain and improve the infrastructure in a cost-effective manner to ensure sustainable delivery of reliable, high-quality service now and in the future, and addressing economic, environmental, and social concerns.

Technology Excellence

Implement technologies that improve the efficiency and effectiveness of business processes

People excellence

Create an environment that attracts, retains and engages a high performing diverse workforce in support of the BWASCO Water and Sewerage PLC's mission and core values.

BWASCO Water and Sewerage PLC develops its annual work plans based on the above five pillars. 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 five strategic pillars.

8. Corporate Governance Statement

The Board of Directors of BWASCO Water and Sewerage PLC is responsible for the overall management of the Company and is committed to ensuring that its business and operations are conducted with integrity, professionalism, and in compliance with the law, internationally accepted principles and best practices in corporate governance.

In the recent years, various recommendations have been made in several legal and professional publications in an attempt to determine the most appropriate way for companies to be structured to achieve the highest standards of corporate governance. The Board is committed to full compliance of all the relevant laws including the Guidelines on Corporate Governance issued by the Regulator, WASREB

The Corporate Governance of BWASCO Water and Sewerage PLC takes place within a framework, which exists to regulate and/or guide the conduct of Board members, staff, customers and members of public in assessing the Company's facilities and services. The objective of the framework is to provide for the effective, ethical and accountable governance and management of the Company. The key instruments within the governance framework are:

- The Kenya Constitution
- The Water Act 2016
- WASREB guidelines and Standards
- The Companies Act, 2015
- The Public Financial Management Act 2012
- The Public Financial Management Regulation 2015
- The Public Procurement and Asset Disposal Act 2015
- Employment Act 2007
- BWASCO Water and Sewerage PLC Service Charter
- BWASCO Water and Sewerage PLC's approved policies and procedures

For the sake of coherence and legitimacy, it is in the best interest of the Company that the most appropriate type of governance instrument regulates its conduct.

The Board of Directors

The Company Board of Directors are appointed in accordance with number 73 of the Company's Articles of Association

The Board of Directors is responsible for the following: -

- Implementation of Memorandum and Articles of Association
- Provision of guidelines and control function of the Company
- Approval of the organization structure and maintenance of staff terms and conditions of service
- Approval of business plans and budgets
- Provision of management guidelines
- Approval of major contracts/projects
- Approval of tariff adjustment
- Prudent investment of funds to ensure continuity of service

- Appointment of Corporate Management Team

The Board is responsible for drawing and implementing strategies for the long-term success of the company as well as carrying out the fiduciary duty of monitoring and overseeing the activities of management. The Board meets regularly and has a formal schedule of meetings to discuss matters reserved for its decision with a view of determining and reviewing the strategies of the Company and overseeing the Companies compliance with statutory and regulatory obligations.

Notices and agenda for all Board meetings are circulated to all Directors on a timely basis together with the respective documents for discussion.

Composition of the Board

The Board has 7 non-executive members and 1 executive member who double up as the Managing Director. Out of the 7 non – executive directors, two (2) represent the County Government of Bungoma and are appointed by the County Executive Committee Member in Charge of Water Affair and Finance respectively. Their term of office is dependent on the discretion of the appointing authority. The other five (5) members are competitively appointed and required to serve for a period of 3years renewable once based on satisfactory performance.

One (1) director represents the duly registered Business and Manufacturing community, one (1) represents professionals and people living with disability, one (1) represents the company’s area of service and two (2) represent women and duly registered resident organizations.

Under the manual, the company shall have a minimum of seven independent directors. director is considered independent if he holds no interests or relationship with the company that may hinder his independence from the company or its management, which should interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Board Committees

Three (3) Committees support the Board namely: Technical Committee, Finance, Human Resources Establishment Committee and Audit and Risk Committee.

All committees are required to report to the Full Board, a summary of the actions taken at committee level.

Technical Committee	Benard Kimachas-Chairman Scholastica Masika Dr. Brian Singoro Jemimah Kikechi
Finance- Human Resources and Establishment Committee	Scholastica Masika - Chairman Oscar Ojwang Stephen Makhanu Jemimah Kikechi
Audit and Risk Committee	Dr. Brian Singoro-Chairman Benard Kimachas Stephen Makhanu Oscar Ojwang

BWASCO Board Meetings

The Board met as follows the year under review:

Meetings	David B. Kibiti, - Chairman	Brian Singoro – Member	Scholastica Masika – Member	Jemimah Kikech – Member	Benard Kimachas –Member	Stephe Makhanu – Rep. CECM Water Affairs	Oscar Ojwang – Rep. CECM Finance	Anthony Kisaka – Rep. CEO- LVNWWDA
Board Induction Training held from 3 rd to 6 th June 2025	√	√	√	√	√	√	√	x
1 st special Board Meeting held on 16 th June, 2025	√	√	√	√	√	√	√	x
2 nd Special Board Meeting held on 30 th June, 2025	√	√	√	√	√	√	√	√

NOTE: √ - Indicates attendance/present

X - Indicates that the director was not present/in attendance

Board Committees

The Board has constituted 3 committees namely Finance- Human Resources and Establishment, Technical; and Audit and Risk. Each committee meets 4 times in one financial year.

The Board appoints other committees as and when necessary.

Board Remuneration

By resolution of the Board, each director shall receive a gross of Ksh 19,000 as sitting allowance subject to tax of 35% and Ksh 2,000 lunch allowances if lunch is not served during the meeting. The Chairman receives monthly honoraria allowance of Ksh 25,000 subject to 35% tax. As compensation, the Board shall allocate an amount not more than 4% of the total revenue of the company.

Audit and Risk Committee

The company has an Audit and Risk Committee composed of four directors. The Audit and Risk Committee is to provide assurance to the Board, ensure internal controls are in place, checks and balances to bring positive results in the company. It is responsible for ensuring that there's compliance, periodic review of corporate governance policies and practices in the company.

Conflict of interest and declaration of interest

The Board has a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. They sign conflict of interest register before the start of a Board meeting.

Board Charter

BWASCO Water and Sewerage PLC has a Board Charter. It outlines powers and responsibilities of the Board and its members, appointment, remuneration, terms of the Board members, conduct of meetings, Committee 'terms of reference, conflict of interest among others. The charter is premised on the Mwongozo Code of Conduct and best Corporate Governance Practices.

Board Induction Training

The Board of Directors are given appropriate information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. During the year ,Board members were inducted through all operations of the company, they visited the sites/ location of offices and were also trained for five (5) days on Financial and Non-Financial aspects.

Board and member performance

BWASCO Water and Sewerage PLC acknowledges the need to assess performance of Board members. The Board is expected to undertake annual self Board evaluation. However, there was no Board self assessment/ evaluation considering that the Board was recently constituted and hence does not meet eligibility criteria for annual evaluation.

9. Management Discussion and Analysis

Over the past financial year, we have made significant progress in fulfilling our mandate to provide safe, reliable, and sustainable water services to the public. Our journey has been shaped by a deep sense of responsibility to safeguard water resources, ensure equitable access, and promote efficiency and innovation in service delivery.

a) Achievements

i. Financial performance

During the year ended 30th June 2025 the company achieved total revenue of Ksh 281.2 million. Our major streams of revenue are water sales and provision of sewerage services contributing to over 90% of the total revenue.

ii. Service Delivery

On Service Delivery, this past year marked a period of both progress and perseverance as we navigated operational challenges and the effect of de-clustering while driving forward our mission to provide reliable, safe, and affordable water services to our communities. Despite operational challenges, including climate-related pressures and aging infrastructure, our organization has remained resilient.

iii. Regulatory performance

The company fully complied with the existing regulatory and statutory requirements hence no sanctions and penalties against the company.

iv. Infrastructural Development

In the year under review, the company achieved the following milestones:

- a) Provided water and sewerage services without major interruptions.
- b) Mapped approximately 85% of all customer connection points on GIS for ease of identification and management of all customers for continuous update of customer database.
- c) Carried out Customer identification Survey
- d) Launched KOICA II (Kapkerwa Water Treatment Plant)
- e) Use of HDPE pipes for all new connections and replacements

v. ICT Environment

The company implemented and used the following software solutions in an effort to automate its internal processes;

- a) Smart People Africa 'Pick Pay' software for billing and customer relationship management.
- b) Sage 300 ERP software for accounting and financial reporting.
- c) Sage 300 People software for Human Resource and Payroll processing.
- d) Chlorine dosing at the company's water treatment plant

vi. Capital expenditure

- Capital projects were financed through the WSTF, internally generated funds, received in the financial year 2024-2025.

b) Challenges

The key challenges include the following:

1. Water demand

Water demand continues to outstrip supply hence necessitating the need for continuation of the water-rationing program. There is a shortage of over 13,000m³/day in Bungoma town and its environs. This situation is further aggravated by increased infrastructural developments including construction and rehabilitation of roads, laying of fiber optic cables, among others. These activities have caused widespread damages of water and sewerage infrastructure, thus resulting in huge losses to the company.

2. Debtors

The net outstanding debt stands at Kshs 251,854,237 (water & sanitation) for the reporting period. A significant proportion of these outstanding debts relate to the standing charges. The company has a robust program to follow up on the debts and has categorized the debtors for ease of follow up. Various other strategies have been developed including the enhancement of collection efforts, exploring more innovative approaches, to bring debt collectors on board among others. Provision for doubtful debts is Kshs. 12.5 million and the company had previously initiated the process of writing off bad debts.

3. Non- Revenue Water

In the period under review, NRW stood at an average of 52% and the company has put a lot of emphasis on it with a view of achieving the benchmark target of 25%. We have established NRW unit, budget allocation enhanced, disciplinary action taken on errant employees, constant raids and arrests, asset management programs, training, inspection and surveillance of all our existing distribution lines. We have also undertaken installation of HDPE pipes to replace old ones. The company will also continue to invest on any emerging technologies and materials in an effort to alleviate the effects of NRW. We believe that reduction of NRW will lead the company to positively influence quality of services, increase in revenue collection, service coverage and essentially long-term commercial viability.

c) Obligations

The company was able to attend to all its financial requirements and obligations in meeting its stakeholders' expectations despite budgetary constraints. The company continued to achieve key performance indicators as stipulated by the license application, which will be issued by the regulator.

d) Operations

The greatest desire of BWASCO Water and Sewerage PLC is the improvement of access to water and sewerage services to the residents of Bungoma County and its environs. Currently, water demand continued to outstrip supply hence necessitating the continuation of rationing program. The company in its effort to meet the mandate has put in place plans with a view of

increasing the water supply. On the basis of work done so far, there has been a significant improvement in the provision of Water and Sewerage services that have seen hours of supply improve to 19 hours per day. For the company to continue building on these gains, there is need now, for a comprehensive investment plan indicating the investment necessary to achieve the progressive realization of the right to water and sanitation for the residents. Efforts to increase access have to be reinforced by translating investments into value for money.

e) Risk management

The organization's overall risk management program focuses on unpredictability of changes in the operating environment and seeks to minimize the potential of adverse effects of such risks on its performance by setting acceptable level of risk. The company has a risk Management policy in place and has undertaken risk assessment. The major types of risks faced by the organization are

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk
- iv) Operational risk

f) The outlook

BWASCO Water and Sewerage PLC reaffirms its commitments to be a world class water service provider. In spite of budgetary constraints, the company undertakes to do the following;

- Development and expansion of water sources and supply especially from Kapkateny
- Completion of the GIS mapping of water and sewerage infrastructure and customer points
- Improvement of existing water supply network within Bungoma county
- Automation of billing and accounting processes

g) Future plans

The company has however faced many challenges that include infrastructure and facility support due to low funding. However, these will be addressed through Performance Management and other mechanisms that include partnering with both Bungoma County, the National Government and other Development partners through Lake Victoria North Water Works Development Agency.

The company will continue partnering with WSTF for funding projects in the low-income areas.

h) Assurance

For the period under review there is no major financial improbity. The Board of Directors as constituted is providing the oversight role effectively.

Appreciation

I take this opportunity to thank the County Government of Bungoma, Shareholders, Board of Directors, Management, Staff and other stakeholders for their mutual cooperation, trust and support.



CPA OSCAR OJWANG'
AG. MANAGING DIRECTOR

10. Environmental and Sustainability Reporting

The Company's Corporate Social Responsibility (CSR), policy sets out the guiding principles by which the organization is run in order to fulfill its core mission. This policy brings together the ways in which the Company ensures, at corporate level, that its activities are carried out ethically, sustainably and for the public benefit.

The company has formed a strong belief which helps to maximize the level of Corporate Social Responsibility (CSR) by making a number of key initiatives to effect and encourage employee responsibility through embracing CSR which has positively impacted customers, employees and the community at large.

The company CSR Policy is made up of three central pillars:

1. People and Community
2. Finance and Economic Activity
3. Environmental Sustainability

1. People and Community

The Company as an employer

The Company is committed to being a good employer, and contributes positively to the creation of employment in the Country together with the County Government of Bungoma. Our mission is to foster an environment where employees feel recognized for their contributions, appreciated for their individuality, and challenged to do their best. As an employer, the Company is committed to ensuring that all the employees are fully supported in their work, have a decent working environment, are fairly rewarded, and maintain a good work-life balance. The Company recognizes staff trade unions that represent and protect their interests. The Company currently offers competitive terms and conditions of service to its employees. The Company has in place two retirement benefits schemes (LAP Trust Lap Fund and NSSF) for its staff that provide earnings during the retirement period. In addition, the Company has a medical and accident cover for its staff.

The Company also carries out employee satisfaction survey after every two years with a view of improving the conditions and working environment of its employees and keep in touch with emerging employee issues. In addition, the Company has put in place many ways to contribute to positive changes to its employees including on-job trainings, participation at the Water Companies Sports Organization (WASCO) games and benchmarking sessions that develop the employees and ensure that the company vision is achieved.

Local Community

The Company has always ensured that the water available is distributed equitably to all the customers and sewer systems are maintained.

The company in partnership with Water Sector Trust Fund has been able to provide services to informal settlements of Bungoma, Webuye, Kimilili and Chwele through construction of water Kiosks, yard taps and most recently Webuye toilets. The residents of the informal settlements are able to access clean portable water at an affordable price of Ksh 2 per 20 liters Jeri can.

The company from time to time makes donations to women and youth groups upon request from the said entities.

2. The Customers

To the Customers who are the pillar of the Company's existence, great concern is put in place to ensure their satisfaction. Annually, the company conducts a customer satisfaction survey to ascertain whether the efforts put in place by the Company are felt by the customers and any issues raised are addressed promptly. During the year, the company with the help of a consultant conducted a Customer Satisfaction Survey in which the company managed to attain a Customer Satisfaction Index of 57%. The noted Key improvement was on Communication to Customers on issues affecting them.

The Company is committed to service delivery to its customers by creating a customer friendly environment. The Company does this activity by use of customer voice and choice system which records all customer complaints and they are assigned a ticket number for provision of feedback once the complaints are resolved.

3. Finance and Economic Activities

The Company recognizes the fact that the way in which it conducts its activities financially has a bearing on those with an interest in its work. The Company's Financial Regulations reinforce its core values in informing policy, practice and guidance to staff of the Company to ensure fair and ethical financial practices.

The Company's financial activity is undertaken with reference to the following guidelines and policies:

- Directors and staff code of conduct
- Public Procurement and Assets Disposal Act and Regulations
- Public Finance Management and Regulations

As part of their conditions of employment, all staffs are required to follow such policies and guidelines to ensure the Company conducts its activities in an appropriate manner.

The Company also commits to the following as a good organizational citizen:

- Providing clear information where required to organizations with whom we engage financially
- Incorporating corporate social responsibility (CSR) considerations in tender submission reviews from potential suppliers in line with government policy on women, youth and the disabled
- Furthering the use of electronic data to reduce paper use and environmental degradation

4. Environmental Sustainability

The Company recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts.

The Company participates in the conservation of the environment by planting trees at its water catchment area. The Company also ensures that discharge to river Nzoia meets the required standards by conducting regular tests through its laboratory, which is ISO, certified.

The Company supports initiatives that minimize our impact on the environment and help create a sustainable community by working closely with NEMA and various county departments such as the Environment and Public Health to enhance and protect the environment around us.

11. Report of The Directors

The Board of Directors has the pleasure to submit the annual report and financial statements for the year ended 30th June 2025 in accordance with International Financial Reporting Standards and the company's Act which discloses the affairs of the company.

Principal activity

The principal activity of BWASCO Water and Sewerage Public Limited Company is to provide adequate water and sanitation services efficiently, economically and in a sustainable manner to all consumers in areas under its jurisdiction.

Results

The results of the entity for the year ended June 30, 2025 are set out on page 1 to page 23.

Dividends

The company does not pay dividends rather uses the surplus to enhance its principal mandate.

Directors

The members of the Board of Directors who served during the year are shown on page ix to xii. The directors will retire in lots after 3 years.

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.

By Order of the Board

Name: Pamphil Matsekhe Oundo

Signature: 

Date: 25/11/2025

Corporate Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

Section 164 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of BWASCO Water and Sewerage Public Limited Company, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that BWASCO Water and Sewerage PLC keeps proper accounting records which disclose with reasonable accuracy the financial position of BWASCO Water and Sewerage PLC. The Directors are also responsible for safeguarding the assets of BWASCO Water and Sewerage PLC.

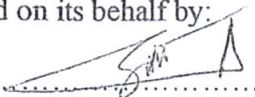
The Directors are responsible for the preparation and presentation of BWASCO Water and Sewerage PLC's financial statements, which give a true and fair view of the state of affairs of BWASCO Water and Sewerage PLC for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for BWASCO Water and Sewerage PLC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012, Water Act 2016 and the State Corporations Act. The Directors are of the opinion that BWASCO Water and Sewerage PLC's financial statements give a true and fair view of the state of BWASCO Water and Sewerage PLC's transactions during the financial year ended June 30, 2025, and of the BWASCO Water and Sewerage PLC's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of BWASCO Water and Sewerage PLC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the BWASCO Water and Sewerage PLC 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 entity's financial statements were approved by the Board on 25/11/2025 and signed on its behalf by:

.....


David Kibiti

Chairperson of the Board

.....


CPA Oscar Onyango Ojwang'

Managing Director

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BWASCO WATER AND SEWERAGE PUBLIC LIMITED COMPANY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of BWASCO Water and Sewerage Public Limited Company set out on pages 1 to 23, which comprise of the statement of

Report of the Auditor-General on Bwasco Water and Sewerage Public Limited Company for the year ended 30 June, 2025

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of BWASCO Water and Sewerage Public Limited Company at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015, the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Revenue From Other Income

The statement of profit or loss and other comprehensive income reflects other income amount of Kshs.15,399,301 as disclosed in Note 6 to the financial statements. However, the supporting ledgers include revenue transactions earned in months of July to October, 2024 amounting to Kshs.392,650, before the company came into existence on 22 October, 2024. The revenue earned before inception comprises illegal consumption of Kshs.240,000, disconnection/reconnection fees of Kshs.90,000 and other charges of Kshs.62,650.

Further, the supporting ledger for revenue from other charges amounting to Kshs.1,722,398 does not indicate the description and source of revenue.

In the circumstances, the accuracy and completeness of revenue from other income amount of Kshs.15,399,301 could not be confirmed.

2. Unconfirmed Opening Balances for Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.109,161,172 as disclosed in Note 13 to the financial statements. The balance includes an opening balance of Kshs.128,658,604 as at 01 July, 2024. However, the company was registered on 22 October, 2024 resulting in unexplained and unsupported opening balances which were held three months before the Company's existence. Further, the intercounty agreement between Trans Nzoia and Bungoma Counties indicating the sharing of assets and liabilities for the defunct Nzoia Water Services Company was not provided for audit review.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.109,161,172 could not be confirmed.

3. Unconfirmed Trade and Other Receivables Balance

The statement of financial position reflects trade and other receivables balance of Kshs.240,687,349 as disclosed in Note 15 to the financial statements. However, the supporting general ledgers indicating the dates, invoice number and amount due were not provided for audit review, and in its place, an ageing analysis for trade receivables was used to support the balance.

In the circumstances, the accuracy and completeness of trade and other receivables balance of Kshs.240,687,349 could not be confirmed.

4. Unconfirmed Cash and Bank Balance

The statement of financial position and Note 16 to the financial statements indicates cash and bank balance of Kshs.5,405,657. However, out of a total of fourteen (14) bank accounts, nine (9) belonged to the defunct Nzoia Water Services Company Limited and not BWASCO Water and Sewerage PLC. Further, the intercounty agreement between Trans Nzoia and Bungoma Counties indicating the sharing of assets and liabilities for the defunct water company was not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and bank balance of Kshs.5,405,657 could not be confirmed.

5. Unsupported Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.129,959,352. However, the disclosure Note 19 to the financial statements discloses payables balance of Kshs.130,860,662, resulting in an unreconciled variance of Kshs.901,310. The payables comprise of consolidated balances for trade payables of Kshs.107,873,564, water deposit NWCPD of Kshs.1,045,560, payroll liabilities for June, 2025 salaries of Kshs.12,726,108, other trade liabilities of Kshs.3,026,876, and water deposits of Kshs.6,332,804.

Further, the general ledgers, invoices, fees demand notices, payrolls to support the payables were not provided for audit verification.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.129,959,352 could not be confirmed.

6. Unsupported Balances Due to Related Parties

The statement of financial position reflects balances due to related parties of Kshs.109,302,534 which comprises of consolidated balances due to County Government of Kshs.47,152,530, Lake Victoria North Water Works Development Agency of Kshs.51,368,017 and to Water Services Regulatory Board of Kshs.10,781,987 as disclosed in Note 21 to the financial statements, However, the general ledgers indicating the individual transactions, dates and amounts for the liabilities, and supporting demand notices from the named creditors were not provided for audit review.

In the circumstances, the accuracy and completeness of the balances due to related parties of Kshs.109,161,172 could not be confirmed.

7. Unsupported Share Capital and Reserves

The statement of financial position reflects ordinary share capital balance of Kshs.100,000, and general reserves balance of Kshs.40,000,000. However, the shares certificate, articles of association, and supporting documents for the general reserve balance were not provided for audit review.

In the circumstances, the accuracy and completeness of ordinary share capital and general reserves balances of Kshs.100,000 and Kshs.40,100,000 respectively could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on a comparable basis of Kshs.363,895,184 and Kshs.281,182,310 respectively, resulting in an under-funding of Kshs.82,712,874 or 22% of the approved budget. Similarly, the Company spent Kshs.262,208,970 against actual receipts of Kshs.281,182,310 resulting in an under-utilization of Kshs.65,172,224 or 20% of the budget.

The under-funding and under-utilization affected the implementation of planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page v to xxxi which comprise of Key Entity Information, 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 Directors, and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information 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. Non-Allowable Non-Revenue Water (NRW)

The Management discussion and analysis statement indicate that NRW stood at an average of 52%. This was contrary to the requirements of Table 3.1 of the Water Services Regulatory Board (WASREB) Impact Performance Report No.14/2022 for the 2020/2021

financial year, the acceptable sector benchmark for Non-Revenue Water (NRW) is between 20% and 25%. Further, it was observed that the company's water meters lacked special seals, which were essential for ensuring the integrity of utility measurements. The company did not provide a clear strategy or plan to address or mitigate the high level of water loss.

In the circumstances, internal controls over the Non-Revenue Water were weak and may lead to loss of water sales revenue either due to fraud, error or poor controls.

2. Non-Compliance With Employment Act on Deductions From Employees

Review of payroll records revealed that during the year under review, the Company made salary deductions exceeding two-thirds of basic pay for five (5) employees. This was

contrary to Section 19(3) of the Employment Act, 2007 which provides that, notwithstanding any other written law, the total amount of deductions an employer may make from an employee's wages at any one time shall not exceed two-thirds of such wages, unless otherwise prescribed by the Cabinet Secretary either generally or in relation to a specific employer, employee, or class thereof.

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

3. Staff In Acting Capacity For More Than Six Months

Review of personnel records revealed that five (5) staff had served in acting capacity for periods exceeding six months. This was contrary to Section B.19 of the Public Service Commission Human Resource Policies and Procedures Manual (2023) stipulates those acting appointments shall not exceed a period of six months, unless exceptional circumstances are justified and formally approved. Additionally, the State Corporations Act (Cap. 446) and relevant circulars require that substantive appointments be made in a timely manner to ensure operational stability and compliance with approved staff establishment.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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, 2015, I report, based on my audit, that except for the matters described in the Basis for Qualified Opinion, I confirm that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Information given in the Directors' report on pages xxx is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 14 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal control 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 control, risk management and overall 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 the Management is aware of the intention to liquidate the Company or to cease its 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 are

in compliance 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

11 December, 2025

Report of the Auditor-General on Bwasco Water and Sewerage Public Limited Company for the year ended 30 June, 2025

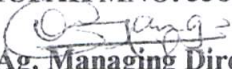
**14. Statement of Profit or Loss & Other Comprehensive Income for the year Ended
 30th June 2025**

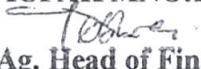
	Note	2025 Kshs
Operating Revenue		
Water sales	5	265,783,009
Other Income	6	15,399,301
Total Revenue		281,182,310
Expenses		
Staff costs	7	80,184,767
General and operations expenses	8	162,638,437
Board Expenses	9	5,229,350
Maintenance expenses	10	14,156,418
Depreciation and Amortization expenses	11	7,273,361
Total Expenses		269,482,333
Profit/(loss) before taxation		11,699,977
Income tax expense	12	(3,509,993)
Profit/(loss) after taxation		8,189,984
Total Comprehensive Income for the Year		8,189,984

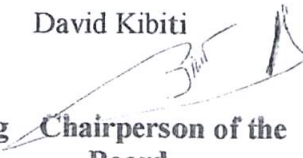
15. Statement of Financial Position as at 30th June 2025

	Note	2025 Kshs
Assets		
Non-Current Assets		
Property and equipment	13	109,161,172
Total Non-Current Assets		
Current Assets		
Inventories	14	1,782,476
Trade and other receivables	15	240,687,349
Cash and bank balances	16	5,405,657
Total Current Assets		247,875,482
Total assets		357,036,654
Equity and Liabilities		
Capital and Reserves		
Ordinary share capital	17	100,000
General Reserves	18	40,000,000
Retained earnings		8,189,984
Total Capital and Reserves		48,289,984
Current Liabilities		
Trade and other payables	19	129,959,352
Retirement benefit obligations	20	69,484,784
Due to Related Parties	21	109,302,534
Total Current Liabilities		308,746,670
Total Equity and Liabilities		357,036,654

The financial statements were approved by the Board on 25/11/2025 and signed on its behalf by:

CPA Oscar Ojwang
ICPAK MNO. 3387

Ag. Managing Director

CPA Teblin Temko Ndiwa
ICPAK MNO.12161

Ag. Head of Finance and Accounting

David Kibiti

Chairperson of the
Board

16. Statement of Changes in equity for the Year Ended 30th June 2025

	Ordinary Share Capital Ksh	Retained Earnings Ksh	General Reserves Ksh	Total Ksh
Balance as at July 1, 2024	100,000	-	40,000,000	40,100,000
Total comprehensive income		8,189,984		8,189,984
Balance as at June 30, 2025	100,000	8,189,984	40,000,000	48,289,984

Note:

- * Ordinary share capital as per the Memorandum & Articles of Association is Ksh 100,000
- * Ksh 40,000, 000 lease fees owed to county government of Bungoma was converted into share capital and shareholding distributed as under general reserves.
- * The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilized to finance the entity's business activities.

17. Statement of Cashflows for the Year ended 30th June 2025

	Note	2025 Kshs
Operating Receipts	5	265,783,009
Other Income	6	15,399,301
Customer Deposits	19(a)	6,428,951
Total Receipts		287,611,261
Staff Costs	7	80,184,767
General and Operation Expenses	8	162,638,437
Board Expenses	9	5,229,350
Repair and Maintenance Expenses	10	14,156,418
Refund Of Customer Deposits	19(a)	96,147
Total Payments		262,305,119
Net Cash From/ (Used In) Operating Activities		25,306,142
Purchase Of Property, Plant and Equipment (PPE)	13	(4,923,261)
Investment to fixed account		0
Net Cash From/ (Used In) Investing Activities		(4,923,261)
Cash Flows from Financing Activities		
Net Cash From/(Used In) Financing Activities		
Increase/(Decrease) In Cash and Cash Equivalents		20,382,881
Cash And Cash Equivalents at Beginning of Year		14,977,224
Cash And Cash Equivalents at End of the Year		5,405,657

18. Statement of Comparison Budget and Actual amount the year ended 30th 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	
Receipts						
Sale of Water	240,360,000	-	240,360,000	237,194,283	(3,165,717)	(99)
Sewer & Sanitation	24,715,184	-	24,715,184	28,588,726	3,873,542	116
Grant	36,000,000	-	36,000,000	-	36,000,000	0
Other income	14,820,000	-	14,820,000	15,399,301	579,301	104
Collection of arrears	48,000,000	-	48,000,000	-	48,000,000	0
Total receipts	363,895,184	-	363,895,184	281,182,310	(82,712,874)	(77)
Payments						
Staff costs	116,719,869	-	116,719,869	80,184,766	36,535,103	69
General and operations expenses	176,578,325	-	176,578,325	162,638,436	13,939,889	92
Board Expenses	5,850,000	-	5,850,000	5,229,350	620,650	89
Maintenance expenses	28,233,000	-	28,233,000	14,156,418	14,076,582	50
Total payments	327,381,194	-	327,381,194	262,208,970	65,172,224	80
Surplus/Deficit for the period	36,513,990	-	36,513,990	18,973,340	17,540,650	52

In the receipts, sewer and sanitation the Actual amount was more than we budgeted for by Ksh 3,873,542 and also in other income the actual amount received was more than what was budgeted for by Ksh 579,301.

The company did not realize the total budget expenditure of Ksh 363,895,184 compared to the total budgeted receipts of amount 327,381,194 giving percentage of utilization of -52%.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	18,973,340
1	Depreciation of assets	7,273,361
2	Income tax (30%)	3,509,993
3	Reason for differences	2,784,329
	Closing Cash and Cash Equivalent as per the statement of Cash flows	5,405,657

19. Notes to the financial statements for the year Ended 30th June, 2025

1. General information

BWASCO Water and Sewerage Public Limited Company is established by and derives its authority and accountability from Water Act 2016. The company is wholly owned by the county government of Bungoma and is domiciled in Kenya. The principal activity of BWASCO Water and Sewerage PLC is to provide adequate water and sanitation services efficiently, economically and in a sustainable manner to all consumers in areas under its jurisdiction.

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 judgment in the process of applying the company’s accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are Significant to the financial statements, are disclosed in note 3 and 4 on international financial reporting standards.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the company.

The financial statements have been prepared in accordance with the PFM Act 2012, the Water Act 2016, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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

- i. *New and amended standards and interpretations in issue 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 2025, 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, 2025. 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 2025, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application is permitted.

Title	Description	Effective Date
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2025, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2025. Earlier application is permitted.
Title	Description	Effective Date

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 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.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024-2025

4. Summary of Significant accounting policies:

The significant accounting policies adopted in the preparation of these Financial Statements are set below.

a) Revenue Recognition

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

- i) Revenue from the sale of goods and services** they are recognized in the year in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. BWASCO Water and Sewerage PLC recognizes revenue from sale of water and sewerage services upon reading the consumer meters and billing of customer.
- ii) Grants from National Government** 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) Other income** is recognized as it accrues.

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 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.

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 revalued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from revaluation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to Profit or loss in the income statement

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

Notes to the Financial Statements (continues)

d) Depreciation and impairment of property, plant and equipment IAS 16

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

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

Item	Years	Rates
Buildings and civil works	25	25%
Infrastructure works	25	25%
Plant and machinery	4	12.5%
Motor vehicles, including motor cycles	4	12.5%
Computers and related equipment	3	33.3%
Intangible assets		25%
Office equipment, furniture and fittings	4	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

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

Amortisation 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 recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling

Notes to the Financial Statements (continues)

price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Stock valuation is determined by First in First out (FIFO).

h) Trade and other receivables

Trade and other receivables are recognized at fair values 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.

i) Taxation

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 asset and not in the statement of financial performance.

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.

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 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.

j) Cash and cash equivalents. IAS 7

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 and M PESA at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized staff held as petty cash at regional offices.

k) 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

Notes to the Financial Statements (continues)

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

l) Trade and Other Payables

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

m) Retirement Benefits Obligations

The company staffs were deployed from municipal councils of Webuye and Kimilili, Ministry of Water and Irrigation and National Water Conservation and Pipeline Corporation (NWCPC). 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.

n) Provision for staff leave pay

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

o) Budget Information.

The original budget for FY 2024-2025 was approved by the Board of Directors on 1st July 2024. 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 financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 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 financial performance has been presented on page 5 to 8 of these financial statements.

p) 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.

Notes to the Financial Statement (continues)

5	Operating Revenue	2025
		Kshs
	Water sales	237,194,283
	Sewerage charge	28,588,726
	Total	265,783,009

- Operating revenue represents the core income generated from the company's primary activities. It is a key indicator of financial sustainability, as it reflects the organization's ability to fund operations without relying excessively on external support.

6	Other Income	2025
		Kshs
	New Connection Fee	8,496,139
	Illegal consumption	1,402,500
	Meter Replacement Charge	192,500
	Dis/Reconnection Charge	3,042,500
	Water Bowser	258,254
	Exhauster Services	285,000
	Other Charges	1,722,398
	Total	15,399,301

- The company derives additional operating revenue from a range of ancillary charges and services beyond the core water and sewerage tariffs. These include fees for new customer connections, meter replacement due to tampering, disconnection and reconnection of accounts in arrears, and specialized services such as water bowser deliveries and exhauster services. Collectively, these charges serve both as deterrents against non-compliance.

7	Staff Costs	2025
		Kshs
	Staff costs(i)	71,158,274
	National Social Security Fund	3,691,827
	Employer deduction Lapfund	2,138,711
	Employer deduction Laptrust	1,249,586
	Terminal dues	1,261,665
	Training levy NITA	101,900
	Wages	582,804
	Total	80,184,767
	Staff costs(7i)	Kshs
	Basic pay	46,764,189
	House allowances	11,128,050
	Commuter	5,819,964
	Extraneous	1,286,591
Monthly airtime	1,530,863	
Transfer	198,462	

Leave compensation	1,690,691
Hazardous	377,000
Overtime	1,097,060
Acting	1,265,404
Total	71,158,274

- Staff costs constitute a significant portion of the company's operating expenditure, reflecting the organization's commitment to maintaining a skilled and motivated workforce. These costs encompass salaries and allowances for permanent staff, wages for temporary staff, and leave entitlements. In addition, terminal dues and gratuity payments are made to contractual staff at the end of their service period, ensuring compliance with employment agreements.
- Other employee-related expenses include statutory contributions such as the training levy payable to NITA, as well as pension and social security obligations under schemes like NSSF, Laptrust, and Lapfund

8	General and Operations Expenses	2025
		Kshs
	Electricity costs	79,116,164
	Chemicals	32,380,044
	Office maintenance	108,836
	Office Electricity and water	286,663
	Postage and Courier Services	970,402
	Communication Services and supplies-Internet	2,564,313
	Communication Services and supplies-Airtime	73,508
	Printing, Stationery and Photocopy	2,163,131
	Advertising and Publicity and Newspaper	1,596,253
	Hospitality Supplies and Services	4,187,144
	Bank Charges and Commissions	460,211
	Insurance Costs	487,776
	Fuel cost generator	95,000
	Provision for doubtful debts (8 (i))	-
	Stakeholders and Marketing	1,391,400
	Staff subscription to professional bodies	330,705
	Security Services	3,860,773
	Staff training	907,200
	Travelling and accommodation	15,393,070
	Staff welfare and sports	276,796
	Staff uniforms	150,000
	Annual fees WASPA	417,121
	Legal services	1,816,974
	Audit fees	-
	Consultancy	740,000
	Motor vehicle fuel	2,082,966
	WASREB	10,781,987
	Total	162,638,437

Notes to the Financial Statement (continues)

- The company's administrative and operating expenses comprise a broad spectrum of costs incurred in the delivery of water and sewerage services, as well as in maintaining effective governance and stakeholder engagement. These include direct production inputs such as water treatment chemicals and electricity for both production and office use, alongside routine office maintenance, communication, postage, and stationery.
- Other expenses reflect governance and compliance obligations, including costs for Annual General Meetings, stakeholder sensitization, advertising, and statutory levies payable to WASREB. Staff-related expenditures—such as training, welfare, protective gear, and travel—demonstrate the company's investment in human capital and workplace safety. In addition, consultancy services, subscriptions to professional bodies, meter audits, and legal fees highlight the organization's commitment to strategic planning, regulatory compliance, and risk management.

8(i)	Provision for Bad and Doubtful Debts	2025
		Kshs
	Gross receivables	251,854,237
	Provision for bad and doubtful debts (5%)	(12,592,712)
	Total	239,261,525

- The company computes a general provision of 5% of outstanding receivable at the close of the financial year. Provision for bad and doubtful debts was Ksh 12,592,712

9	Board Expenses	2025
		Kshs
	Sitting allowance & Honorarium	1,059,359
	Secretarial Services	659,317
	Board Travelling & Entertainment	2,180,278
	Board training	227,400
	Board expense	1,102,996
	Total	5,229,350

- Board expenses represent costs incurred in facilitating the effective functioning of the Board of Directors. These typically include allowances, sitting fees, travel, accommodation, training, and other logistical support necessary for board meetings and governance activities.
- The expenditure is aimed at ensuring that the Board can discharge its oversight, strategic, and fiduciary responsibilities in line with statutory and regulatory requirements.

Notes to the Financial Statement (continues)

10	Repair and Maintenance	2025
		Kshs
	Pipeline & sewer repairs and maintenance	4,737,991
	Plant and Treatment works repairs	3,944,032
	Motor Vehicle & Cycle Repairs	2,543,192
	Water meter maintenance	1,730,603
	Sewer line repair	12,500
	Computer and Equipment repairs	1,188,100
	Total	14,156,418

- Repairs and maintenance expenses reflect the company's ongoing commitment to sustaining operational efficiency and service reliability. These costs cover essential activities such as pipeline and sewer repairs, plant and treatment works maintenance, motor vehicle and cycle servicing, and repairs to office equipment. Adjustments for opening and closing technical stock ensure accurate recognition of materials consumed in pipeline and sewer works.
- Such expenditures are critical to safeguarding infrastructure, minimizing service interruptions, and prolonging the useful life of company assets. They also demonstrate proactive asset management, ensuring that water production, distribution, and sewerage services remain consistent and compliant with regulatory standards.

11	Depreciation of Assets	2025
		Kshs
	Network	394,833
	Water Meters	6,867,207
	Mobile phones	11,321
	Total	7,273,261

Notes to the Financial Statements (continues)

13 PROPERTY PLANT AND EQUIPMENT

Cost or Valuation	Furniture & Fittings	Computer & Related Equipment	Network (Water Pipeline and Infrastructure)	Water Meters	Water Pump – Matisi T/W	Motor Cycles	Mobile Phones	Total
2024-2025	12.50%	33.30%	12.50%	12.50%	12.50%	25%	33.30%	
At July 1, 2024	1,447,090	933,600	73,984,209	42,051,376	9,530,336	600,000	111,993	128,658,604
Additions	-	-	3,158,660	1,730,603	-	-	33,998	4,923,261
Total	1,447,090	933,600	77,142,869	43,781,979	9,530,336	600,000	145,991	133,581,865
Depreciation								
Depreciation	180,886	310,889	9,642,859	5,472,747	1,191,292	300,000	48,659	17,147,332
Charge for the year	-	-	394,833	6,867,207	-	-	11,321	7,273,361
Acc Depreciation	180,886	310,889	10,037,692	12,339,954	1,191,292	300,000	59,980	24,420,693
Netbook Value								
As at 30th June 2025	1,266,204	622,711	67,105,177	31,442,025.00	8,339,044	300,000	86,011	109,161,172

Notes to the Financial Statements (continues)

12	Income Tax Expense	2025
		Kshs
	Profit before tax	11,699,977
	Depreciation charge	7,273,361
	Taxable profit	18,973,338
	Less wear and tear	7,273,361
	Adjusted profit	11,699,977
	Net tax liability (30%)	3,509,993
	Profit before Taxation.	
	Tax at the applicable tax rate of 30%	3,509,993
	Tax effects of expenses not deductible for tax purposes	-
	Tax effects of income not taxable	-
		3,509,993

14	Inventories	2025
		Kshs
	Technical Stock	939,580
	Chemicals	842,896
	Total	1,782,476

- Technical stock represents the closing value of essential operational materials such as water meters, pipes, and fittings, which are critical for service expansion, maintenance, and customer connections.

15	Trade and Other Receivables	2025
		Kshs
	Trade receivables (Note 15(a))	239,261,525
	Other receivables	
	Deposit and prepayments-KPLC	1,365,849
	Staff receivables	59,975
	Total	240,687,349

- Overall, deposits, prepayments, and staff receivables are classified as current assets, and their recognition enhances the accuracy of financial reporting by aligning expenditures with the period in which benefits are realized.

15(a)	Trade Receivables	2025
		Kshs
	Gross receivables	251,854,237
	Provision for bad and doubtful debts(5%)	(12,592,712)
	Total	239,261,525

The provided a general provision of 5%

	Aging of Trade Receivables	
	Bungoma	108,131,031
	Webuye	63,828,770
	Kimilili	49,323,843
	Chwele	30,570,593
	Total	251,854,237

16	Cash and Bank balances	
		2025
		Kshs
	Revenue accounts	
	Equity Bungoma (A/C No 0486291148425)	77,447
	Equity Kitale (A/C No 033029145916)	193,169
	Equity Bungoma (A/C No 0480285681840)	206,540
	M-pesa working capital account-A/C No.548600	23,115
	M-pesa working capital account-A/C No.4954000	246,888
	M-pesa Account -A/C No.4954000	895
	Operations Accounts	
	Equity Operations Kitale A/C No 033029337641	127
	Equity Operations Kitale A/C No 0480285681813	16,658
	KCB – Operations Webuye A/C No 1107155924	38,002
	KCB – Operations Webuye A/C No 1333347405	19,072
	Deposit and Savings Accounts	
	KCB (Bungoma (Materials (A/C No 1128241358)	19,799
	Project Accounts	
	Cooperative Bank of Kenya-Kitale A/C No 01141745828500	219,623
	Cooperative Bank of Kenya-Bungoma A/C No 01141745816100	6,285
	NCBA KENYA ACC 8997360018	4,338,037
	Total	5,405,657

17	Ordinary Share Capital	2025
		Kshs
	Authorized 5,000,000 shares at ksh 20 par value	100,000
18	General Reserves	40,000,000

19	Trade and Other Payables	2025
		Kshs
	Trade Payables	107,873,564
	Other payables	
	Water Deposit NWCPC	1,045,560
	VAT WHT	-
	Payroll Liabilities (Un paid salaries as at June 2025)	12,726,108
	Other trade liabilities	3,026,876
	Water Deposit (19a)	6,332,804
	Total	130,860,662

Notes to the Financial Statement (continues)

19(a)	Other Payables	2025
		Kshs
	Water Deposit	6,428,951
	Deposit refund	(96,147)
	Total	6,332,804

20 Retirement Benefits Obligation

The company operates a defined benefit scheme (Laptrust and Lapfund) for all full-time employees. The scheme is based on 15% basic pay of employee. The liability at the end year is as follows.

	Retirement Benefits Obligation	2025
		Kshs
	Laptrust	24,903,896
	Lapfund	39,977,055
	NSSF	4,603,833
	Total	69,484,784

21 Related Party Disclosures

a)	Key Management Compensation	2025
		Kshs
	Directors' emoluments	5,229,350
	Compensation to the CEO	-
	Compensation to key management Gratuity	1,261,665
	Total	6,491,015

Compensation to CEO during the year under audit the company is inclusive to Key management where the cost is under Gratuity.

b)	Due to Related Parties	2025
		Kshs
	County Governments	47,152,530
	Lake Victoria North Water Works Development Agency	51,368,017
	Water Services Regulatory Board	10,781,987
	Water Resource Management Authority	-
		109,302,534

During the period under review, the company is to pay a portion of the collected revenue for the services provided.

22	Contingent Liability	2025
		Kshs
	Legal Claims against the Company	6,500,000

Notes to the Financial Statements (continues)

As at 30th June, 2025 BWASCO Water and Sewerage PLC had pending lawsuits which relate to legal claims by former employees and customers estimated at Kshs 6.5 million. Judgment in respect of these cases had not been determined as at 30th June, 2025. The amount has been disclosed in these financial statements as it was not possible to accurately quantify the potential liability arising from all of them. The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or results of the company.

24. Audit fees

As at 30th June 2025 the outstanding audit fee amount was Kshs.3,492,000 which is disclosed under trade and other payables.

25. Financial Risk Management

The company's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below;

i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows.

	Fully Performing	Past due	Impaired	Total amount
As at 30 June, 2025	Kshs	Kshs	Kshs	Kshs
Receivable from exchange transactions	75,556,271	163,705,254	12,592,712	251,854,237
Receivable from non exchange transactions	0	1,425,824	0	1,425,824
Bank Balances	5,405,657	0	0	5,405,657
Total	80,961,928	165,131,078	12,592,712	258,685,718

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

Notes to the Financial Statements (continues)

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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short-, medium- and long-term funding and liquidity management requirements. The entity 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
At 30 June 2025	Kshs	Kshs	Kshs
Trade Payables	30,534,578	95,464,800	125,999,378
Other payables	53,983,624	-	-
Employee benefit obligation	9,851,152	10,052,054	-
Total	94,369,354	105,516,854	125,999,378

iii) Market Risk

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

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Committee

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

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

iv) Interest Risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank

Notes to the Financial Statements (continues)

deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

v) Management of interest rate risk

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

vi) 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 entity's capital structure comprises of the following funds.

	2025
	Kshs
Ordinary share capital	100,000
General Reserves	40,000,000
Retained earnings	8,189,984
Total Funds	48,289,984
Total borrowings	-
Less: Cash and Bank balances	5,405,657
Net debt (excess cash and cash equivalent)	5,405,657
Gearing	0.11%

26. Declustering of Nzoia Water Services Company Ltd was effected from 1st July 2024 leading to incorporation of BWASCO Water and Sewerage PLC.

A task force was established by the county governments of Bungoma and Trans-nzoia to trace and confirm all assets and liabilities, compile assets register and give a report on the sharing of the assets and liabilities between Trans-nzoia and Bungoma Counties.

27. Incorporation

The company is incorporated in Kenya under the Kenya's Companies Act and it is domiciled in Kenya.

28. Events after the reporting period

There were no material adjusting and none adjusting events after the reporting period.

29. Currency

The financial statements are presented in Kenyan Shillings (Kshs).

Appendix I: Projects Implemented by The Entity

The Company purchased operational assets amounting Ksh 4,923,261 as outlined in note 11

Appendix II: Inter Party Transfers

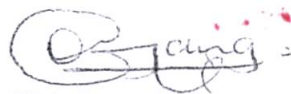
During the year under review there was no interparty transfer.

Appendix III: Recording of Transfer from Other Government Entities

During the year under review there was no inter-government transfer.



David Kibiti
CHAIRPERSON



CPA Oscar Ojwang
AG. MANAGING DIRECTOR

