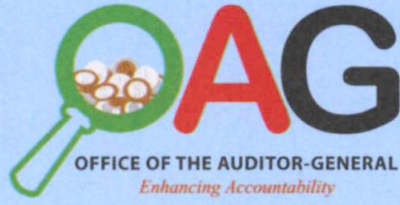


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REPORT

OF

THE AUDITOR-GENERAL

ON

SIBO WATER AND SANITATION
COMPANY LIMITED

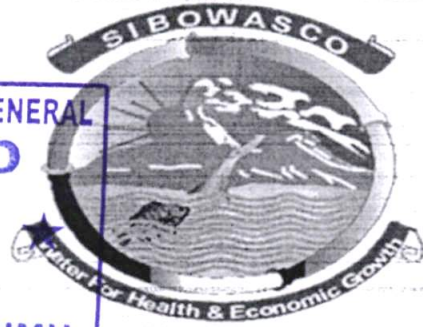
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SIBO WATER AND SANITATION COMPANY LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

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Table of Contents

I. Key Entity Information	iv
II. The Board of Directors.....	vii
III. Management Team	x
IV. Chairman’s Statement	xii
V. Report of the Managing Director	xiii
VI. Statement of Performance against Predetermined Objectives for FY 2024/2025	xv
VII. Corporate Governance Statement.....	xvi
VIII. Management Discussion and Analysis.....	xx
IX. Environmental and Sustainability Reporting	xxv
X. Report of the Directors	xxvii
XI. Statement of Directors’ Responsibilities.....	xxviii
XII. Report of the Independent Auditors	xxx
XIII. Statement of Profit or Loss & Other Comprehensive Income for The Year Ended 30 June 2025	1
XIV. Statement of Financial Position as at 30 June 2025	2
XV. Statement of Changes in Equity for the Year Ended 30 June 2025	3
XVI. Statement of Cash Flows for the Year Ended 30 June 2025	5
XVII. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025	6
XVIII. Notes : Notes to the Financial Statements.....	7
XIX. Appendices	50

I. Key Entity Information

Background information

The SIBO Water and Sanitation Company Ltd was established by the 2006 Act of Parliament on 12th June, 2006. The company was formed by Lake Victoria South Water Works Development Agency and initially mandated to provide water and sanitation services within 2 districts of Siaya and Bondo, this has since been enhanced to cover Siaya County as a whole, represented as follows,

1. Siaya area
2. Bondo area
3. Ugenya area
4. Yala area

At the County level, the Company is represented by the County Executive Member responsible for water and sanitation and the County Executive Member responsible for Finance, who together with the other members of the board of Directors are responsible for the general policy and strategic direction of the Company.

Principal Activities

The principal activity of the company is to provide water and sanitation services within the county of Siaya.

Vision

To be the leader in the provision of water and sewerage services in Kenya.

Mission

To provide quality, reliable and affordable water and sewerage services to our customers guided by our Company values, using modern technology and motivated staff to ensure sustainable growth.

Our Mandate

The core responsibilities and mandate of SIBOWASCO as a water service provider are stipulated in Section 78. (1) Of the Water Act 2016 and they include:

- The provision of water services within the area specified in the license; and
- The development of county assets for water service provision.

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

Directors

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

- | | | |
|----------------------------------|---------------------|-------------------------------|
| 1. Mr. Steven Oyucho | - Chairperson | - Appointed in March 2024 |
| 2. CPA. Isaiah Wasonga Adipo | - MD | - Appointed in July 2023 |
| 3. Mrs. Linda Ogutu | - Member | - Re - appointed in June 2025 |
| 4. Ms. Rosella Otieno Njaya | - Member | - Appointed in March 2024 |
| 5. Mr. Makanda Victor Omondi | - Member | - Appointed in March 2024 |
| 6. Frost Josiah | - Member | - Re - appointed in June 2025 |
| 7. Mr. George Odhiambo Nying'iro | - Member | - Appointed in October 2024 |
| 8. Prof. Jacqueline Oduor | - Member | - Appointed in March 2024 |
| 9. Mr. Cornel Otieno Odhiambo | - Alt. Member | - Appointed in October 2024 |
| 10. Solomon Okeyo Awino | - Company Secretary | - Appointed in July 2023 |

Registered Office

Company Headquarters
Sibo Water and Sanitation Co. Ltd
P.O. Box 214, 40600
Opposite Siaya Police Station
Off Siaya - Boro Road
Siaya, KENYA

Company contacts

Telephone: (254)708558944
E-mail: sibowasco@gmail.com
: info@sibowasco.co.ke

Company Bankers

1. KCB Bank Kenya Limited,
Siaya Branch
P. O. Box 52
SIAYA
2. The Kenya Post Office Savings Bank
Siaya Branch
3. Safaricom PLC
Mpesa pay bill number 233491

Independent Auditors

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

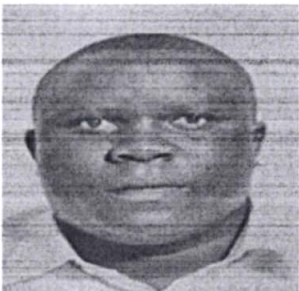

Principal legal advisers

The Attorney General
Office of the Attorney General and State Law Office and Department of Justice
Sheria House, Harambee Avenue.
P.O. BOX 40112 – 00100,
City Square
Nairobi, Kenya.





Equity Secretaries & Registrars

Certified Public Secretaries
P.O. Box 104759- 00100
NAIROBI, KENYA.



II. The Board of Directors

Ref	Directors	Details
Board Chairperson	1. Mr. Mr. Steven Oyucho 	Age :44 years Academic /Professional Qualification: <ul style="list-style-type: none"> ▪ Bachelor of Education Arts (Mathematics and Business studies) Work Experience January 2020 to date – Regional Business Manager SBM Bank May 2013 - 2020 - Branch Manager Co – Operative Bank
Managing Director	2. CPA. Isaiah Wasonga Adipo 	Age: 42 years Academic Professional Qualification: <ul style="list-style-type: none"> ▪ B. Com ▪ CPA(K) Work Experience 2018 – 2023 - Senior Accountant - County Government of Siaya
Board Member	3. Mr. George Odhiambo Nying'iro	Age :48 years Academic /Professional Qualification: <ul style="list-style-type: none"> ▪ Finance Work Experience September 2022 – to date i) CECM Lands & Housing ii) Acting CECM Finance & Economic Planning – County Government of Siaya
Alternate Board member for the CECM finance and Planning	4. Cornel Otieno Odhiambo	Age :38 years Academic /Professional Qualifications: <ul style="list-style-type: none"> ▪ BCOM ▪ C.P.A Work Experience 2022 to date – Deputy Director Accounting Services County Government of Siaya

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

<p>Board member</p>	<p>5. Frost Josiah</p> 	<p>Age: 60 years</p> <p>Academic /Professional Qualification:</p> <ul style="list-style-type: none"> ▪ Corporate Governance ▪ Diploma in international Legal Instruments ▪ Post Graduate Diploma in international Relations & Diplomacy ▪ Bachelor of arts, Political Science <p>Work Experience</p> <p>2012 to date - Chief of Protocol Office of the Director General UNON</p> <p>2008 – 2012 - Chief, Host County relations Unit</p>
<p>Board Member and Chairperson Technical Committee</p>	<p>6. Victor Makanda</p> 	<p>Age: 50 years</p> <p>Academic /Professional Qualification:</p> <ul style="list-style-type: none"> ▪ Bachelor of Arts Education ▪ Master of Educational Planning <p>Work Experience</p> <p>March 2023 to date – Senior Principal at St Mary’s Yala</p> <p>December 2017 - 2023 - Principal St Anthony’s Boys Kitale</p>
<p>Board member and chairperson Finance, Commercial and Human Resource Committee</p>	<p>7. Ms. Rosella Otieno Njaya</p> 	<p>Age: 42 years</p> <p>Academic/Professional Qualification:</p> <ul style="list-style-type: none"> ▪ Bachelor of Arts – Communication Science ▪ Diploma – Journalism <p>Work Experience</p> <p>April 2018 to date - Patron and Founder - Nyathi en Mwandu</p> <p>2015 – 2016 - County Information Officer Ministry of Information and Communication</p>
<p>Board Member and Chairperson Audit Committee</p>	<p>8. Mrs. Linda Ogutu</p> 	<p>Age :32 years</p> <p>Academic/Professional Qualification:</p> <ul style="list-style-type: none"> ▪ BCOM - procurement and Supply chain Management <p>Work Experience</p> <p>2018 to date – Procurement Officer NG – CDF Rarieda Constituency</p>

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



Board Member	<p>9. Prof. Jacqueline Oduor</p> 	<p>Age :56 years Academic/Professional Qualification:</p> <ul style="list-style-type: none"> ▪ PHD – Linguistics and African Languages ▪ Masters – Arts, Linguistics <p>Work Experience October 2023 to date – CECM Water, Environment and Natural Resources 2017 – 2022 - Nominated Member of Parliament</p>
Company secretary	<p>10. CS. Solomon Okeyo Awino</p> 	<p>Age :60 years ICS Membership No: 0800 Category: practicing member Work Experience 2008 – November 2008 – Company Secretary AGRO Chemical and Food Company Ltd 2002 – 2005 - Personnel and Administration Manager Africa Retail Traders Ltd</p>

COMMITTEE	COMPOSITION
1. FINANCE, COMMERCIAL & HUMAN RESOURCE COMMITTEE	I. Rosella Otieno Njaya - Chairperson
	II. Frost Josiah - Member
	III. Cornel Otieno Odhiambo - Atl. Member
2. TECHNICAL COMMITTEE	I. Victor Makanda - Chairperson
	II. Frost Josiah - Member
	III. Prof. Jacqueline Oduor - Member
3. AUDIT COMMITTEE	I. Linda Ogutu - Chairperson
	II. Rosella Otieno Njaya - Member
	III. Victor Makanda - Member

III. Management Team

<p>1. CPA. Isaiah Wasonga Adipo</p> 	<p><u>Qualification:</u> B. Com CPA(K)</p> <p><u>Responsibility:</u> Managing Director</p>
<p>2. CPA. Okundi Kevin</p> 	<p><u>Qualification:</u> B. Com - Finance CPA(K) PGD – Tax and Revenue Administration</p> <p><u>Responsibility</u> Finance Manager Appointed in December 2020</p>
<p>3. CPA. George Keter</p> 	<p><u>Qualification:</u> MBA(Finance) B. Com-Accounting CPA(K)</p> <p><u>Responsibility</u> Commercial Manager Appointed in August 2018</p>
<p>4.Eng. Mark Shaban</p>	<p><u>Qualification</u> BSC Civil Engineering</p> <p><u>Responsibility:</u> Ag. Technical Manager Appointed in November 2024</p>

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

<p>6. Liz Omollo</p> 	<p><u>Qualification:</u> Certified Human Resources Professional (CHRP-K) MSc. Science Human Resource Management Bachelor of Science in Human Resources Management Diploma in Public Relations</p> <p><u>Responsibility:</u> Human Resource & Admin Manager Joined in June 2024</p>
<p>7. Leonard Ogutu</p> 	<p><u>Qualification:</u> MBA cont. (Finance) B. Com – Accounting</p> <p><u>Responsibility:</u> Audit and Risk Manager Appointed in March 2021</p>
<p>8. Lillian Oluoch</p> 	<p><u>Qualification:</u> Bachelor Degree in Business Management (Procurement)</p> <p><u>Responsibility:</u> Assets Manager Appointed in July 2023</p>
<p>9. CS. Solomon Okeyo Awino</p> 	<p><u>Qualification:</u> Law Degree Law Diploma from KSL CPS Advocate of the high court and certified secretary (advocate: P105 / 13261) (CS: 1739)</p> <p><u>Responsibility:</u> Company Secretary Appointed in June 2023</p>

IV. Chairman's Statement

SIBO Water and Sanitation Company Ltd Was established by the 2006 Act of Parliament on 12th June, 2006. The company was formed by Lake Victoria South Water Works Development Agency and initially mandated to provide Water and Sanitation Services within the 2 districts of Siaya and Bondo, this has since been enhanced to cover Siaya County.

We are gradually improving water and sanitation services provision, through the support received from the County Government of Siaya, Lake Victoria South Water Works Development Agency, The National Government of Kenya and other Development partners like Water Services Trust Fund, Water Services Regulatory Board, Water Resources Authority, Water Services Providers Association, USAID and UNICEF among others, who have played a key role in our continued growth as a water service provider.

I wish to sincerely thank all the stakeholders, development Partners/Donors for their most kind heart in providing financial and material help. The company has received in the past, mobile water tanker, exhauster trucks, motor bikes, cold water consumer meters and master meters (DMA's) to mention but a few, courtesy of our development partners.

The anticipated Commissioning of the AFDB (African Development Bank) funded, Ugunja, Ukwala, Sega water supply project in Ugenya area, will go a long way in improve our daily water production levels, thus improving water service delivery to residents of Ugenya area, in addition the utilization of turbines for pumping purposes will greatly reduce the high electricity power bills incurred by the company, making our operations more sustainable and reliable.

The company has been growing from leaps and bounds since we took over as members of the Board of Directors. However, we have experienced several challenges including, huge pending bills, owed by the company to suppliers, high level of non-revenue water, poor and dilapidated infrastructure and limited resources, despite all these hurdles, we as a Board of Directors, have made every effort within our means to sail through the difficulties up to this level.

The Board remains positive that with the implementation of the company's strategic plan and NRW reduction strategies, a turnaround of the company's fortunes will be achieved. And propel it to greater heights of sound management systems, financial and operational stainability.

We are still working hard and hopefully, we shall achieve our core mandate of providing efficient, clean, safe, affordable drinking water and sanitation services to residents of Siaya County.
Thank you.



.....
Steven Oyicho
CHAIRPERSON – BOARD OF DIRECTORS

V. Report of the Managing Director

I am delighted to present the Annual Report and financial statements for the year ended 30th June 2025. The company posted an operating loss of Kshs. -26,868,092.41 this resulting from the rise in operating costs, in terms of compliance with the new laws and regulations, price increases as a result of inflationary pressures and the devaluation of the Kenyan shilling against the US dollar.

The company's internal revenue base grew by 18.98% (Kshs.30,101,815.44) from Kshs.158,635,730 in the financial year 2023 / 2024 to Kshs.188,737,545.44 by close of the financial year 2024/2025.

On budgetary attainment of internally generated revenues, there was a miss of Kshs. 56,256,745 from the annual budgeted target of Kshs.244,994,290, to realize a total of Kshs.188,737,545, translating to a 77.04% budgetary attainment rate for own source revenues.

The company also received external funding of Kshs.15,347,189 from the County Government of Siaya and the ECO RURAL Project, in the form of recurrent budgetary support / grants. A total of Kshs.14,000,000.00 being received from the CGS in the form of payment of power bills, with a further Kshs.1,347,189 being received from the ECO RURAL Project to support the company in mentoring other small scale and community-based water providers within its area of service.

The corresponding operating expenses stood at Kshs.230,952,827.00 as at 30th June 2025, as compared to Kshs.186,006,775.75 recorded in the previous financial year ended 30th June 2024. This against a budgeted target of 251,901,897 translating to a 91.68% budgetary attainment rate.

The company's net non-current assets stood at a net book valuation of Kshs.236,964,766 as at 30th June 2025. As compared to Kshs.112,644,527 as at 30th June 2024.

During the year, our connections grew from an average of 18,898 to 20,031, connections and the billing figure increased from Kshs. 11.181 million averagely per month to a monthly average of Kshs.15,717,028.75 as at 30th June 2025, this against a budgeted target of Kshs.19,243,659.58 per month.

On the customer satisfaction front, in terms of reliability and hours of supply, we still have room for improvement, however we continue to align our efforts aimed at ensuring that the company's water treatment plants operate in their most efficient and effective way.

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

Thank you very much.



CPA. Isaiah Wasonga Adipo

Managing Director

VI. Statement of Performance against Predetermined Objectives for FY 2024/2025

Strategic objectives as espoused in the company's Strategic Plan (2023 – 2028) with revised targets as per our Performance improvement plan and Performance Contract.

1. Increase water supply coverage from 62% to 75% by the year 2028
2. Increase sanitation coverage from 30% to 100% by the year 2028 and increase sewerage coverage from current 114 connections to 2528 connections by 2028.
3. Maintain water quality standards at 95% and above
 - Towards this end the company has budgeted to acquire a multipara meter spectrophotometer machine in addition to cleaning our sedimentation tanks and overhaul of filter media in all our treatment plants.
4. Reduce Non-Revenue Water (technical and commercial water losses) from the current annual average of 48.3% to 38%
5. To ensure 100% safety and optimal utilization of company resources
 - Towards this end management has budgeted for the cost of valuing the company's assets with priority given to assets that have been depreciated to zero value (to be achieved by the end of the financial year 2025 / 2026).
6. Ensure 100% automation and integration of all business processes by June 2028
 - The company has so far installed an ERP system, however only the billing and HR modules are currently active, the system has a technical, finance / Accounting and Procurement modules that are pending activation, and the finance department is currently using quick book software despite the lack of integration between the two systems.
7. To increase customer satisfaction level from 65% to or above 85% by 2028
8. Improve O&M cost coverage from current level of 82% as at close of FY 2024 /2025 to above 100%
9. Increase revenue collection ratio from 95% to 100%.
 - The company currently attains a collection efficiency of above 95% as at 30th June 2025, this is however inclusive of current billing and old debts component recovered within the month.
10. To increase current Revenue base from an average monthly of Kshs. 15.7M to Kshs. 24M per month.
11. Reduce accounts receivables by 78% from Kshs. 117.3 million to Ksh.34 million by 2027.
12. Strengthen financial, human resource & procurement management systems
13. Ensure staff alignment to optimum productivity ratio-staff metering ratio of 8 to 1000 connections.
14. Improve SIBOWASCO's image and visibility through branding.
15. Improve stakeholder relations.

VII. Corporate Governance Statement

Company Governance is a system of rules practices and process by which a company is directed and controlled.

Company Governance involves many stakeholders e.g., shareholders, senior management, customers, suppliers, financiers, the government and the Community. It also provides framework for attaining SIBOWASCO objectives and includes practically every sphere of management from action plans and internal controls to performance measurement and Company disclosure.

The Board of Directors is pivotal in governance, and can have major ramifications for equity valuation. Communicating a company's Company governance is a key component of community and investor relations. The company outlines its Company leadership, constitutive documents, Board charter, committee charter and articles of incorporation.

Good Company governance creates a transparent set of rules and controls in which Shareholders, Directors and Officers have aligned incentives.

For this purpose, we have considered some areas of Company governance in Sibowater and Sanitation Company Limited as follows: -

1. Number of Board meetings

Committees	–	Twelve (19)
Full Board	–	Four (4)
Special Board Meetings	–	Seven (4)
Annual General Meeting	–	One (1)
Extra ordinary General Meeting	-	One (1)
Consultative	–	Five (5)

2. Attendance to Board meetings

Committees	–	99%
Full Board	–	100%
Average for both	–	99%

3. Succession plan

Article 93 B of the Company's Articles of Association deals with Board succession policies and period in office.

The Article specifically provides for retirement of two thirds of the stakeholder Directors. This then leaves a third for institutional memory and succession.

4. Existence of a Board charter

A Board Charter is a policy document that clearly defines the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and the control of the organization.

5. Process of appointment and removal of Directors

The Procedure for appointment and removal of Directors are clearly stated in the Company's Act No. 17 of 2015 and the Company's Articles of Association.

The procedure under Article 68 (i), (ii), (iii) and (iv) clearly spells out the size of the Board, background of the Directors, eligibility criteria and stakeholder participation

6. Procedure. Further, Article 84 deals with disqualification of Directors. The Companies Act further provides procedures for removal of Director.

7. Roles and functions of the Board

Article 73 of the Company's Articles of Association spells out the powers, duties, functions and authorities of SIBOWASCO Board. It states that the Board of Directors shall adhere to the Memorandum and Articles of Association whose first object is to be an agent of the Water Services Board. Specifically, the Board of Directors shall:

- i. Before commencing business sign the code of ethics as circulated by WASREB.
- ii. Have a schedule of full Board meetings at the end of every year for the next year.
- iii. Have only one full Board meeting in every quarter.
- iv. Inform the respective County Government (CECM in charge of water services) of other meetings not within the schedule of Board meetings.
- v. Employ and define the limits of authority of the Managing Director and other top executives in a schedule of duties.
- vi. Approve an Annual budget, Procurement plan and Annual work plans.
- vii. Devote sufficient time to their responsibilities.
- viii. Have an approved organizational structure and adhere to the staff productivity ratio guideline by WASREB.
- ix. Have a performance management and appraisal system in place.
- x. Map out communication strategy for both internal and external liaisons.
- xi. Embark on benchmarking with other WSP to constantly monitor management performance and the financial progress of the company.
- xii. Evaluate its own performance at least once every year based on the Service Provision Agreement.
- xiii. Ensure that the company is properly managed and for the attainment of lawful objectives.

- xiv. Ensure that the company's affairs are not managed or conducted in a manner oppressive to any of its shareholders or for fraudulent purposes.
- xv. Ensure that the company complies with all statutory requirements including directives issued by WASREB.
- xvi. Ensure that sitting allowances and other expenditures of the Board and its committees do not exceed two percent of the annual recurrent budget for a WSP for efficiency purposes;

8. Induction and training

An induction program is a structured way of providing Board members with all the information and the support they need to be confident and productive in their role.

The aim is to help new members to understand the organization, the environment in which it operates, and their role in making the organization a success.

Continual training and development keep's Board members abreast of acceptable activities, policies, rules and regulations impacting the organization. This also involves training them on the ever-changing business environment, new technology and their challenges.

9. Board and member performance

Article 73 (i) of the Company's Articles of Association clearly states that the Board shall evaluate its performance once every year and set up achievable action points to assess its performance as a whole and that of individual members including the Managing Director.

The resultant report is then presented to the shareholders.

10. Conflict of interest

Conflict of interest is a transaction or relationship which presents or may present a conflict between a Board member's obligations to the Company and the Board member's personal, business or other interests.

The Company has a conflict-of-interest register.

The Companies Act No. 17 of 2015 and the Company's Articles of Association clearly spell out the provisions and sanctions of non-compliance with the same.

Board remuneration

Article 73 (h) (5) clearly states that the Board shall set up an independent ad Hoc Committee to fix the remuneration of Directors which must remain within the benchmark set by WASREB.

The total Board expenditure for the financial year was Kshs.3, 598,273.50.00

Ethics and conduct

The Code of conduct and ethics defines business conduct of the Directors of SIBOWASCO and embodies their commitment to pursue the highest standards of ethical conduct. The code is intended to describe areas of ethical risk, provide guidance to Directors and helps foster a culture of honesty, transparency and accountability.

Article 68 (IV) (7) of the Company's Articles of Association clearly states that Directors

Must sign the code of ethics before commencing the day's business. The Directors signed a code of ethics and conduct.

Governance Audit

A Governance Audit is an independent assessment of an organization with a view to expressing an opinion on the adequacy and effectiveness of the organization's policies, systems, practices and processes. It is an objective assurance engagement.

Equity Secretaries & Registrars
Certified Public Secretaries
P.O. Box 104759- 00100
NAIROBI, KENYA.

VIII. Management Discussion and Analysis

PERFORMANCE OVERVIEW

1.1 INTRODUCTION

The management of SIBOWASCO hereby presents to the shareholders and stakeholders reports and statements on the financial performance of the company for the financial year ended 30th June 2023.

1.2 REVENUES

The company achieved a total income of **Kshs.204,084,734.59** against a budgeted figure of **Kshs.298,794,290** representing a **68.30%** budget attainment rate or a **Kshs.94,709,555** short fall from the budgeted projections. On a year-to-year comparison, there was a **16.79%** increase on the total incomes realized as compared to the previous year's total income which stood at **Kshs.174,750,328.75**. These incomes were made up of company water sales at **Kshs.166,334,864.99** sewerage sales at **Kshs.13,428,979.30** Bowser, Excavator and Exhauster services at **Kshs.4,022,501.00** meter rent at **Kshs.100.00**, grants from County Government of Siaya at **Kshs.14,000,000.00** {being in support of recurrent expenses – payment of electricity bills}, additionally the company received a total of **Kshs.1,347,189.15** from the ECO – RURAL Project towards the mentorship of other small scale water providers within our service area, other miscellaneous income stood at **Kshs.4,951,100.00**.

	2024 / 2025	2023 / 2024	VARIANCE	%
Water sales	166,334,864.99	117,586,150.50	48,748,714.49	41.46
Sewerage Sales	13,428,979.30	9,137,712.50	4,291,266.80	46.96
Excavator, Exhauster & Bowser services	4,022,501.00	4,253,570.00	(231,069.00)	(5.43)
Meter rent	100.00	7,453,100.00	(7,453,000.00)	(100.00)
Grants from County Government	14,000,000.00	24,910,530.00	(10,910,530.00)	(43.80)
Other Incomes	4,951,100.15	8,138,297.00	(3,187,196.85)	(39.16)
Grants from other external donors	1,347,189.15	3,270,968.75	(1,923,779.60)	(58.81)
	204,084,734.59	174,750,328.75	29,334,405.84	16.79

The Company also achieved an average monthly billing of **Kshs.15.717Million**, as compared to **Kshs.11.181Million** achieved in the previous financial year, translating to a **Kshs.4.536M** or a 40.57% increase in average monthly billing.

The average prevailing rate of Non-Revenue Water level stood at 51.2% in the financial year ended 30th June 2025, against a sector benchmark of <25%. The management has developed performance improvement plan as outlined on page xiv under the report of the managing director.

1.3 EXPENDITURES

The company incurred a total expenditure of **Kshs.245,051,596**, both recurrent and development expenditures, as compared to **Kshs.192,550,967.00** incurred in the FY 2023 / 2024.

Translating to a deficit of **Kshs. -40,966,861** (204,084,734.59 – 192,550,967).

The total expenditure of **Kshs.245,051,596** comprised of **Kshs.230,952,827** in recurrent expenses (being 94.25% of total expenditures), with capital expenditures amounting to **Kshs.14,098,769.00** (being 5.75% of the total expenditures).

In Comparison to the budget (budgetary absorption rate), the performance was as below.

	Budgeted figures	Actual Expenditures	Variance	%
Capital expenditures	45,840,000.00	14,098,768.87	31,741,231.13	30.76
Recurrent expenditures	251,901,897.00	230,952,827.00	20,949,070.00	91.68
Total	297,741,897.00	245,051,595.87	52,690,301.13	82.30

With a cost recovery rate (internally generated funds / total operating expenses) of 82% {188,737,545.44 / 230,952,827 (page 1)}, being an increase of 3.21% from last year's rate of 72.208%, against a sector benchmark of >_150%.

1.4 FINANCIAL POSITION

The company attained net fixed assets of **Kshs.236,964,766** in the financial year ended 30th June 2025. The current assets stood at **Kshs.143,314,345** against current liabilities of **Kshs.170,912,283**, giving a current ratio of **0.84:1** against a recommended ration of **2:1**.

1.5 COMPLIANCE WITH STATUTORY REQUIREMENTS

The company is committed to paying all statutory obligations as and when they fall due. These levies and fees are WASREB, WRMA and LVSWSB levies. There has been a cash flow challenge crippling this commitment over the past and presently. The company will strive to pay current continuous liabilities to such bodies as and when they fall due in the subsequent years.

Amounts owed to these bodies as at 30 June 2025 stood as follows;

WASREB -	37,629,137.99
WARMA -	7,416,785.69
OAG -	3,880,000
WCSO -	325,000
WASPA -	282,100
LVSWWDA -	<u>35,083,930</u>
TOTAL	<u>84,616,953.68</u>

1.6 RISKS

The company faces several risks that might impede the achievement of its objectives. The major risks identified are; -

- i. Harsh economic conditions prevailing in the country
- ii. Credit risk resulting from debtors not paying all their bills as and when they fall due.
- iii. Water pollution due to human activities such as farming, disposal of grease and oil into storm Water drainage system.
- iv. Flooding resulting from global warming and climate change, this has brought operational Challenges as a result of submerged treatment works at South Sakwa Asembo bay and Bondo Treatment plants.
- v. Destruction of water supply and sewerage network during road constructions and Rehabilitations.
- vi. Inadequate funds for network expansion and maintenance.
- vii. Delay in receiving support from Development partners
- viii. High maintenance costs owing to the dilapidated status of supply networks and treatment Plants.
- ix. High inflation rates against constant approved tariff from WASREB.

1.7 DEVELOPMENTS

During the period under review, the company undertook the following capital projects.

Below is a summary listing of the company's projects.

PROJECT NAME	FINANCIER	STATUS
2 Ugunja, Segwa and Ukwala water supply and Sanitation project	<p>this is a Nation Government project being implemented through CRVWWDA and LVSWWDA</p> <p>The project is funded through a loan from Africa Development Bank to the tune of Kshs.1.1 billion</p>	<p>Project is currently about 100% complete the turbines have been installed and are currently under test runs over the DLP Period</p> <p>all the other components of the project have been and completed handed over to the Employer (CRVWWDA)</p>
3 Mauna - obet water project	<p>This is a co - funded project between WSTF and SIBOWASCO</p> <p>The total project cost is Kshs.19,527,952.50, with WSTF contributing Kshs.16,403,480 and SIBOWASCO contributing Kshs.3,124,472.40</p> <p>as at close of Quarter 2 (31st December 2024) a total of kshs.17,957,055 had been spent on the project</p> <p>the balance majorly relates to 10% suppliers retention fees, to be released upon final joint inspection with WSTF</p>	<p>project is 99% completed</p>

The company still expects to have more development partnerships that can provide interventions towards, Non-Revenue Water reduction through plant and network rehabilitations and increased metering efficiency so as to achieve sustainable operations.

1.8 CHALLENGES

The company still experiences several challenges crippling its smooth operations. The following are some of the challenges:

- i. High level of outstanding bills due to lack of attainment of 100% collection efficiency and poor service levels which results into customer apathy towards water bills payment.
- ii. Low levels of budgetary attainment, especially with regards to projected revenues, this largely resulting from the impacts of the prevailing high cost of living.
- iii. Low-cost recovery due to old dilapidated system which increases operational costs.
- iv. Vandalism of existing infrastructure by the public especially on the clear water and waste water pipelines and manhole covers.
- v. Poor commercial financing access due to poor Asset ratio since most of the assets are developed and owned by Lake Victoria Water Works Development Agency hence the Company's Balance sheet cannot offer loan security.
- vi. High Non-Revenue Water levels occasioned by both commercial and technical losses due to old network system and illegal connections.
- vii. Low network coverage hence low service coverage within the service area High staff turnover rate
- viii. Destruction of water catchment area thereby threatening sustainability of water sources
- ix. Non-reliable power supply from the KPLC grid.
- x. Mushrooming of boreholes within our area of jurisdiction.

IX. Environmental and Sustainability Reporting

SIBO Water and Sanitation Company Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

Sustainability strategy and profile

An effective external monitoring system is necessary for directors and core management team, in order to ensure that sustainable development policies, objectives and management systems are appropriate for the complex and rapidly changing world in which their business operates. SIBOWASCO gathers

Information on key subjects, including:

- New and proposed legislation;
- Industry practices and standards;
- Competitors' strategies;
- Community and special interest group policies and activities;
- Trade union concerns;
- Technical developments, such as new process technologies.

i) Environmental performance

SIBOWASCO has developed an Environmental policy which contains laws and policies addressing water and air pollution, chemical and oil spills, smog, drinking water quality, land conservation and management, and wildlife protection, such as the protection of endangered species

ii) Employee welfare

SIBOWASCO has a Human resource policy that guides the hiring process and whether company takes into account the gender ratio, stakeholder's engagements and the company usually as annual salary increment to improve welfare of its employees. The company also has an annual training plan to improve skills and managing careers of its employee. Appraisal is done on yearly basis and the company rewards employees who have shown great improvement. The company currently drafting a policy on safety and compliance with occupational Safety and Health Act of 2007, (OSHA)

iii) Market place practices-

The organisation should outline its efforts to:

Responsible competition practice.

a) The company recruits the right personnel, train to develop their skills and retain them through a competitive reward system to tame issues like anti-corruption. Staff are encouraged to be neutral politically, we ensure we provide fair competition and respect our competitor's (i.e., water vendors and water bowser) by selling and distributing water at fair prices

b) Responsible Supply chain and supplier relations

The company maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

SIBOWASCO gives the market products that are of high quality and increased publicity that meet the standards set by various regulatory bodies. The company endeavours to reduce customer response time to complain.

Product stewardship

SIBOWASCO endeavors to use water in a way that is socially equitable, environmentally sustainable and economically beneficial. This is achieved through a stakeholder inclusive process that involves site and catchment-based action.

Corporate Social Responsibility / Community Engagements

Community engagement is one of the key pillars of corporate social responsibility (CSR), alongside the concern with the workplace, the marketplace and the environment.

Sibowasco will involve itself in Community involvement by:

- support a local charity with financial contributions
- sponsor a local event
- organize clean-up events
- volunteer in local schools or community projects

X. Report of the Directors

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

i) Principal activities

The principal activity of the company is to provide water and sanitation services within Siaya County.

ii) Results

The results of the company for the year ended 30 June 2025 are set out on page 1 – 44.

iii) Dividends

The Directors do not propose any dividend for the year ended 30 June 2025 due to the losses made by the company in the year.

iv) Directors

The members of the Board of Directors who served during the year are shown on page iii in accordance with the regulation of the company's articles of association.

v) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Constitution of Kenya, Chapter 12, Part 6, Article 229(4), and the Public Audit Act 2015.

Which states that

Within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year, on: -

- The accounts of the national and county governments;
- The accounts of all funds and authorities of the national and county governments;
- The accounts of all courts;
- The accounts of every commission and independent office established by this Constitution;
- The accounts of the National Assembly, the Senate and the county assemblies;
- The accounts of political parties funded from public funds;
- The public debt and the accounts of any other entity that legislation requires the Auditor-General to audit.

By Order of the Board

Name.....

Signature.....

Date.....

Corporate Secretary/Secretary to the Board

XI. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 68 of the State Corporations Act, require the Directors to prepare financial statements in respect of that company at the end of the financial year/period. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs 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 while ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safe guarding the assets of the company.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Company'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 and the States Corporations act.

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

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

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

The financial statements were presented to the Board on 28th August 2025 and signed on its behalf by:

Approval of the financial statements

The company financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:

Signature 

Name STEVEN OYUKHO

Chairperson of the Board

Signature 

Name ADIPA ISIAH WASANO

Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIBO WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of SIBO Water and Sanitation Company Limited set out on pages 1 to 71, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 SIBO water and Sanitation Company as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty on Going Concern

The statement of financial position reflects a balance of Kshs.143,314,345 and Kshs.170,912,283 in respect of total current assets and total current liabilities respectively resulting to a negative working capital of Kshs.27,597,938 rendering the Water Company technically insolvent. Further, this fact has not been disclosed in the Notes to the financial statements as required under IAS 1:25 on presentation of financial statements. In addition, during the year under review, the Water Company made losses amounting to Kshs.26,868,092 and (Kshs.27,371,045 in 2024) implying that the continued operations of the Company are dependent on the continued financing by the County Government of Siaya and its creditors.

In the circumstances, these conditions alongside other matters on profitability are indicative of the Company's inability to continue as a going concern.

2. Unreconciled Balance in Customer Deposits

The statement of financial position reflects a balance of Kshs.29,531,798 in respect of customer deposits representing an increase in customers deposits by Kshs.3,382,322 from Kshs.26,149,476 reported in the previous year. However, review of the deposit account bank statements revealed a balance of Kshs.6,193,501 resulting to unexplained variance of Kshs.23,338,297.

In the circumstances, the accuracy and completeness of customers deposit balance of Kshs.29,531,798 could not be confirmed.

3. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 20 to the financial statements reflects a balance of Kshs.117,311,125 in respect of trade receivables. Review of the aging analysis schedule reflects an amount of Kshs.105,674,893 or 90% of the customers debts remained uncollected for a period of over 120 days. Management did not provide evidence on follow up on the outstanding debtors, casting doubt on the ability of the Company to recover all the outstanding debts.

Further, the movements in Headquarter (HQ) suspense account opening balance from Kshs.2,213,213 to closing balance of Kshs.3,289,475 has not been supported.

In the circumstances, recoverability of the Kshs.105,674,893 and accuracy of HQ suspense account balance of Kshs.3,289,475 could not be confirmed.

4. Long Outstanding Payables

The statement of financial position and as disclosed in Note 26 to the financial statements reflects a balance of Kshs.141,380,484 in respect of trade and other payables. Review of the schedule provided for the audit revealed that trade and other payables amounting to Kshs.133,830,766 have been outstanding for more than four (4) years contrary to the Paragraph 22 of the Treasury circular No.7/2021 which requires accounting officers to ensure that all payments emanating from the previous periods are treated as the first charge against the current financial year budgetary allocation before entering into new commitments.

In the circumstances, the obligation to pay the long outstanding payables balance of Kshs.133,830,766 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual receipts on comparable basis an amount of Kshs.298,794,290 and Ksh.204,084,735 respectively resulting in underfunding of Ksh.94,709,555 or 32% of the budget. Similarly, the Company expended Kshs.245,051,596 against the approved expenditure budget of Kshs.297,741,897 resulting to an under expenditure of Kshs.52,690,310 or 18 % of the total approved expenditure budget.

The under absorption and underfunding may have negatively impacted on service delivery to the public

My opinion is not qualified 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 Matter

Unresolved Prior Year Matters

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the SIBO Water and Sanitation Company Ltd in 2024/2025 revealed that the following twelve (12) issues remained unresolved:

S/No	Financial Year	Audit Issue
1.	2023/2024	Material Uncertainty Related to Going Concern
2	2023/2024	Unreconciled Balance in Customer Deposits
3	2023/2024	Long Outstanding Payables
4.	2023/2024	Long Outstanding Receivables
5	2023/2024	Budgetary Control and Performance
6	2023/2024	Use of Expired Water Tariffs to Bill Customers
7	2023/2024	Excess Non–Revenue Water
8	2023/2024	Unremitted Statutory Deductions
9	2023/2024	Non-Compliance with Gender and Ethnicity Balance
10	2023/2024	Failure to Obtain Asset Ownership Documents
12	2023/2024	Incomplete Fixed Assets Register

Other Information

The Management is responsible for the Other Information set out on page iii to xxxi which comprise of Chairman's Statement, Report of the Managing Director, Corporate Governance Statement, Management Discussion Analysis, Report of the Directors, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting 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 SIBO Water and Sanitation Company Limited financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Excess Non-Revenue Water

During the year under review, the Company produced a total of 2,078,420 cubic meters(m³) of water, out of which 1,071,803 cubic meters(m³) was sold (billed) to customers resulting to non-revenue water of 1,006,617 cubic meters or 48% which is

23% above the allowable loss contrary to Water Services Regulatory Board (WASREB) schedule 'E' which provides for a Non-Revenue Water level of under 20% as 'good'; 20-25% as 'acceptable'; while above 25% as 'not acceptable'. The significant level of Non-Revenue Water is an indication of inefficiency and ineffectiveness in the use of public and water resources, which may negatively impact on the Company's profitability and its going concern.

In the circumstances, Management was in breach of the WASREB guidelines.

2. Non-Compliance with Law on Ethnic and Gender Composition

Review of payroll records revealed that the Company had a staff establishment of one hundred and thirty-five (135) employees out of which one hundred and twenty - one (121) or 89% were from the dominant ethnic community in the County contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community. In addition, one hundred and one (101) or 78% employees were of same gender contrary to paragraph B.22(2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2015 which states that the Government will endeavor to have a gender balanced Civil Service by ensuring that not more than two-thirds (2/3) of positions in its establishment are filled by either gender.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Tag Assets

The statement of financial position and as disclosed in Note 16 to the financial statements reflects a balance of Kshs.236,964,766 in respect of property, plant and equipment. Included in the amount is additions to assets balance of Kshs.29,534,934 comprising of Building and Civil Works Kshs.3,450,690, plant and machinery amounting to Kshs.2,770,260, motor vehicles Kshs.14,666,162, computers,

Kshs.41,000 and furniture and fittings Kshs.272,000 and Water Meters Kshs.8,334,822. A physical site inspection of the assets conducted in the month of October 2025, revealed that the additional assets were not tagged for ease of ownership, identification and tracking.

In the circumstances, the effectiveness of internal controls over the management of fixed assets could not be confirmed.

2. Lack of Motor Vehicle Ownership Documents

The statement of financial position reflects a balance of Kshs.236,964,766 in respect of property plant and equipment and as disclosed in Note 16 to the financial statements which includes two (2) motor vehicles valued at Kshs.13,000,000 acquired through donation. However, review of the ownership documents revealed that the vehicles are registered under a different organization, M/s Shanxi Geological Engineering and not in the name of the Water Company.

In the circumstances, ownership of the two (2) vehicles could not be confirmed.

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

Responsibilities of the Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accrual basis of accounting method under the International Financial Reporting Standards (IFRS) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

SIBO Water and Sanitation Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2025

III. Statement of Profit or Loss & Other Comprehensive Income for The Year Ended 30 June 2025.

	NOTE	2024 - 2025	2023 - 2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	187,776,051.29	144,288,125.00
Grant Income	7	15,347,189.15	12,066,900.00
Other Income	8	961,494.15	2,280,705.00
Total Revenues		204,084,734.59	158,635,730.00
Expenses			
Staff Costs	9	78,418,276.55	66,659,686.34
General and Operational Expenses	10	97,498,286.33	79,816,727.79
Board Expenses	11	3,598,273.50	3,348,894.00
Maintenance Expenses	12	20,673,296.99	15,184,108.00
Depreciation and Amortization Expenses	13	30,764,693.63	20,997,359.62
Total Expenses		230,952,827.00	186,006,775.75
Profit / (Loss) Before Taxation		(26,868,092.41)	(27,371,045.75)
Income Tax Expense / (Credit)		-	-
Profit / (Loss) After Taxation		(26,868,092.41)	(27,371,045.75)
Other Comprehensive Incomes			
Profit / (Loss) After Taxation		(26,868,092.41)	(27,371,045.75)
Total Comprehensive Income for the Year		(26,868,092.41)	(27,371,045.75)

The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by :



Managing Director
CPA. Isaiah Wasonga Adipo



Head of Finance
Okundi Kevin
26225



Chairperson of the Board
Steven Oyuch


SIBO Water and Sanitation Company Ltd.

Annual Report and Financial Statements for the year ended June 30, 2025

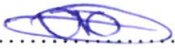
XIV. Statement of Financial Position as at 30 June 2025

		2024 / 2025	2023 / 2024
		Kshs	Kshs
ASSETS			
Non-Current Assets	Note		
Property, plant and equipment	16	236,964,766	112,644,527
Intangible assets	17	-	-
Total Non - Current Assets		236,964,766	112,644,527
Current Assets			
Inventories	19	16,584,909	8,747,480
Trade and other receivables	20	117,311,125	114,147,749
Bank and cash balances	21	9,418,311	15,295,899
Total Current Assets		143,314,345	138,191,128
Total Assets		380,279,111	250,835,654
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	22	100,000	100,000
Revaluation Reserves	23	161,910,865	36,360,865
Retained Earnings	25	(111,067,620)	(84,199,528)
Capital reserve	34	88,301,930	62,667,765
Capital and Reserves		139,245,174	14,929,102
Non-Current Liabilities			
Deferred Income Liability	28	70,121,654	72,621,654
Total Non-Current Liabilities		70,121,654	72,621,654
Current Liabilities			
Trade and other payables	26	141,380,484	137,135,422
Customer deposits	27	29,531,798	26,149,476
Total Current Liabilities		170,912,283	163,284,899
TOTAL EQUITY AND LIABILITIES		380,279,111	250,835,655


The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:



CPA Isaiah Wasonga Adipo
Managing Director



Okundi Kevin
Head of Finance



Steven Oyicho
Chairman of the Board

26225

XV. Statement of Changes in Equity for the Year Ended 30 June 2025

	Ordinary share capital	Revaluation reserves	Capital Reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
At July 1, 2023	100,000	36,360,865	62,257,235	-	(56,828,482)	-	56,917,585	98,807,203
Issue of new share capital	-							
Revaluation gain								
Transfer to capital Reserves (bowser handed over from CRVWDA)	-			-		-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-	-
Revaluation								-
Deferred tax on excess depreciation	-		-	-	-	-	-	-
Prior Year Adjustment								-
Prior Year Adjustment - Omitted depreciation on JCB								-
Prior Year Adjustment - decrease in inventories								-
Prior Year Adjustment - reinstatement of corporation tax credit								-
Fair value adjustment on quoted investments	-		-	-	-	-	-	-
Profit for the year	-		-	-	(27,371,046)	-	-	(27,371,046)
Capital/Development grants received during the year (note 7)	-		-	-	-	-	16,114,599	16,114,599
Transfer of depreciation/amortisation from capital fund to retained ear	-		-	-	-	-	-	-
Transfer from income liability a/c to capital reserves a/c			410,530				(410,530)	
under statement of trade and other payables								-
Dividends paid – prior year	-		-	-	-	-	-	-
Interim dividends paid – current year	-		-	-	-	-	-	-
Proposed final dividends	-		-	-	-	-	-	-
At June 30, 2024	100,000	36,360,865	62,667,765	-	(84,199,528)	-	72,621,654	87,550,756

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

At July 1, 2024	100,000	36,360,865	62,667,765	-	(84,199,528)	-	72,621,654	87,550,756
Issue of new share capital	-		-	-	-	-	-	-
Revaluation gain								-
Transfer to capital reserves (Physical assets received from Partners in the FY 24 / 25) - note 34	-		23,134,165	-	-	-	-	23,134,165
Transfer of excess depreciation on revaluation	-		-	-	-	-	-	-
Revaluation (note 23)		125,550,000						125,550,000
Deferred tax on excess depreciation	-		-	-	-	-	-	-
Prior Year Adjustment	-			-		-	-	-
Prior Year Adjustment - Omitted depreciation on JCB								-
Prior Year Adjustment - decrease in inventories								-
Prior Year Adjustment - reinstatement of corporation tax credit								-
Fair value adjustment on quoted investments	-		-	-	-	-	-	-
Profits for the year	-		-	-	(26,868,092)	-	-	(26,868,092)
Capital/Development grants received during the year (note 7)	-					-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-		-	-	-	-	-	-
Transfer from deferred income liability a/c to capital reserves a/c (note 28)			2,500,000				(2,500,000)	-
under statement of trade and other payables								-
Dividends paid – prior year	-		-	-	-	-	-	-
Interim dividends paid – current year	-		-	-	-	-	-	-
Proposed final dividends	-		-	-	-	-	-	-
At June 30, 2025	100,000	161,910,865	88,301,930	-	(111,067,620)	-	70,121,654	209,366,828.31

The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by :



.....
 Managing Director
 CPA. Isaiah Wasonga Adipo



.....
 Head of Finance
 Okundi Kevin



.....
 Chairperson of the Board
 Steven Oyucho

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

XVI. Statement of Cash Flows for the Year Ended 30 June 2025

	Note	2024 / 2025	2023 / 2024
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Revenues	35	175,957,242	144,288,125
Non - Operating Revenue			
Other incomes	37	1,228,793	2,280,705
Grants	36	1,347,189	12,066,900
Customer deposits	27	3,382,322	2,049,591
Total Receipts		181,915,546	160,685,321
Payments			
staff costs	38	68,645,863	66,659,686
board Expenses	39	3,598,274	3,348,894
General and Operations Expenses	41	90,089,838	79,816,728
Maintenance	40	19,349,049	15,184,108
Total Payments		181,683,023	165,009,416
Net Cash from / (used in) Operating Activities		232,523	(4,324,095)
Cash Flows from Investing Activities			
Purchase of Property, plant and Equipments (PPE)	42	(6,110,110)	(6,544,191)
Net cash from / (used in) investing Activities		(6,110,110)	(6,544,191)
Cash flows from Financing Activities			
Capital Grants		-	16,114,599
Net Cash From / (Used in) Financing Activities		-	16,114,599
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,877,588)	5,246,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21	15,295,899	10,049,587
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		9,418,311	15,295,899

The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by :



Managing Director
 CPA. Isaiah Wasonga Adipo



Head of Finance
 Okundi Kevin



Chairperson of the Board
 Steven Oyucho

XVII. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Operating Revenue	230,923,915		230,923,915	187,776,051	43,147,864	81.32
Non - Operating Revenue	14,070,375		14,070,375	961,494	13,108,881	6.83
Grants	53,800,000		53,800,000	15,347,189	38,452,811	28.53
Finance Income			-	-	-	
Other Gains		-	-	-	-	
Total Revenues	298,794,290	-	298,794,290	204,084,735	94,709,555	68.30
Expenses						
Staff Costs	92,769,152		92,769,152	78,418,277	14,350,875	84.53
Board Expenses	5,031,062		5,031,062	3,598,274	1,432,788	71.52
General and Operations Expenses	124,054,115		124,054,115	97,498,286	26,555,829	78.59
Maintenance	22,047,569		22,047,569	20,673,297	1,374,272	93.77
Depreciation and Armortization	8,000,000		8,000,000	30,764,694	(22,764,694)	384.56
Finance Costs			-	-	-	
Total Recurrent Expenditure	251,901,897		251,901,897	230,952,827	20,949,070	91.68
Profit or Loss	46,892,393		46,892,393	(26,868,092)	73,760,485	
			-	-	-	
Capital Expenditure	45,840,000		45,840,000	14,048,769	31,791,231	30.65
Total expenditure	297,741,897	-	297,741,897	245,001,596	52,740,301	82.29

The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by :



Managing Director
CPA. Isaiah Wasonga Adipo



Head of Finance
Okundi Kevin
26225



Chairperson of the Board
Steven Oyuchu

XVIII. Notes: Notes to the Financial Statements

Non - realization projected Water sales

1. Lack of last mile connectivity for the Ugunja, Sega, Ukwala water Project.

in projecting its annual water sales figures / volumes, the management had incorporated production figures from the Sega, Ugunja and Ukwala water project, which had been anticipated to begin production test runs within the 2nd quarter of the FY 2024 / 2025, a daily production design capacity of 8,000 meter cubic, however owing to the lack of last mile connectivity for the project, the plant has operated at less than 25% of its design production capacity.

Note: PFM Act section 164(2) ii and iv requires a County Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.

However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Budget notes: Provide explanation of differences between actual and budgeted amounts (10% over/under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

Notes to the Financial Statements

1. General Information

SIBO Water & Sanitation Company Ltd is established by and derives its authority and accountability from the Company's Act 2015. The Company is wholly owned by the Government of Kenya, through the County Government of Siaya and is domiciled in Kenya. The Company's principal activity is provision of water & sanitation services.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note* 3, 4 and 5.

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, the State Corporations Act, and international Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022*

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when	The amendments are effective for annual periods beginning on or after

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

Title	Description	Effective Date
cent' Test for Derecognition of Financial Liabilities	assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, 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, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

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

Title	Description	Effective Date
(issued in February 2021)		
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption 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 OR The directors have elected to early adopt xxx and they expect xx to be the impact of the adoption of the entity financial statements.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021

NOTES TO THE FINANCIAL STATEMENTS (Continues)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

- i) Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- ii) Grants from Government Entities** are recognized in the year in which the Company actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

Increases in the carrying amounts of assets arising from re-valuation 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 (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land		%
Leasehold Land		%
Buildings and civil works		4%
Infrastructure works		4%
Plant and machinery		25%
Motor vehicles, including motor cycles		25%
Computers and related equipment		30%
Office equipment, furniture and fittings		12.5%
Water meters and leak detection equipment's		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 recognised so that the asset is written down immediately to its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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. These costs are amortized over the estimated useful life of intangible assets from the year that they are available for use, usually over three years.

f) Amortization and impairment of intangible assets

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

g) Investment property

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

h) Inventories

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

i) 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, at 25%. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

j) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Company operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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 Entity operates and generates taxable income.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 entity or not, less any payments made to the suppliers.

m) Provision for staff leave pay

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

n) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 29th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of 000 on the 24-25 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and

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

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 the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented on page 1 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

o) Comparative figures

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

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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in

outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note .

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Operating Revenue

	2024 / 2025	2023 / 2024
	Kshs	Kshs
Water Sales	166,334,865	117,586,151
Sewerage Services	13,428,979	9,137,713
Billing for other Services	8,012,207	17,564,262
Total	187,776,051	144,288,125

6a. Billing for Other Services	2024 / 2025	2023 / 2024
Meter Rent	100	7,453,100
Commercial Trucks (Exhauster,Bowser, Excavator)	4,022,501	4,253,570
Miscellaneous Water Income	226,068	481,550
Mileage Charge	55,000	2,466,360
Meter sales	24,000	613,442
Reconnection Fees	606,200	476,880
Statement Fees	6,200	8,400
Change of Tenancy	9,800	7,800
Convenience Fees	6,200	80,760
New Connection Charges	2,507,088	1,424,000
Sale of Sludge/ Refuse	41,250	-
Sewer Connection	325,000	255,000
Disconnected by request	2,800	7,400
stolen meters	180,000	36,000
TOTAL	8,012,207	17,564,262

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

7. Grants Income

7. GRANTS INCOME	2024 - 2025	2023 - 2024
	Kshs	Kshs
Operational grants from Government entities	14,000,000	12,066,900
Recurrent / Operational grants from other agencies	1,347,189	
Capital grants amortized	-	16,114,599
Donations from County Governments		
In Kind contributions/ donations from other agencies	-	-
Total	15,347,189	28,181,499

Name of Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2023-2024 KShs
County Government of Siaya	14,000,000	-	0	14,000,000	24,910,530
ECO RURAL - PROJECT	1,347,189	-		1,347,189	3,270,969
Total	15,347,189	-	0	15,347,189	28,181,499

As at 30th June 2025, the company had received a total of Kshs.14,000,000 from the County Government of Siaya in form of recurrent budgetary support towards payment of electricity bills.

An additional kshs.1,347,189 was received under the ECO Rural water project towards administrative costs to facilitate SIBOWASCO in mentoring Small scale and community based water providers within its area of coverage.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Other Income

8 OTHER INCOME	2024 / 2025	2023 / 2024
	Kshs	Kshs
late payment penalty	-	-
levy	-	-
illegal connection penalties	828,294	2,210,955
Sale of tender documents	-	-
Company House Rent	54,000	63,750
Staff Surcharges and Penalties	79,201	6,000
Total	961,494	2,280,705

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Staff Costs

9. Staff Costs

Description	2024 / 2025	2023 / 2024
	Kshs.	Kshs.
Gross Salaries and allowances	58,658,996	52,797,414.97
Casual Workers Wages	6,621,319	3,555,036.25
Employer's Contributions to National Social Security Schemes	2,543,564	1,866,126.00
Employers Contributions to pension scheme	860,013	793,623.31
Provision for Leave Pay		
Gratuity Provisions	8,775,042	6,985,189.82
Fringe Benefit tax		
NITA Levies	79,400	75,000.00
Housing Levy employer contribution	879,941	587,295.99
Staff welfare		
Total	78,418,277	66,659,686
The average number of employees during the year	135	125

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. General and Operations Expenses

Description	2024 / 2025 Kshs.	2023 / 2024 Kshs.
Chemicals	11,606,960	12,522,990.00
Electricity	42,048,698	22,937,571.00
Fuel, Oil, Lubricants and Gases	10,282,171	11,521,798.00
Bulk water Costs		
Office Supplies[printing and stationery]	1,094,697	555,483.00
Uniform and Protective Clothing		
Telecommunication / Internet charges	1,663,566	1,497,204.00
Postage and Courier	8,803	15,205.00
Water, Sewerage and Office Electricity	572,618	412,038.00
Insurance	879,442	653,604.00
Rent and Rates	168,000	130,500.00
Hire of Equipments and Vehicles	180,000	
Claims and Compensations	194,300	-
Domestic Travelling and Subsistence	9,929,914	6,041,213.00
Driver subsistence allowance (bowser Driver Night out)	69,300	80,750.00
Staff Training and Development		
Bank charges	259,720	171,907.20
Security Services	7,594,008	6,550,033.00
Agency Commissions		
Publicity and Advertising	941,744	441,038.00
Audit Fees	464,000	232,000.00
Legal Fees	930,000	912,833.81
Consultancy Fees	1,901,000	1,022,028.00
Licensing and Levies	463,194	390,900.00
Sports and Recreation		
Stakeholders's expenses	561,275	584,750.00
Donations / CSR	141,270	-
Hospitality Expenses	542,809	604,825.00
Research and Development		
Conservation Expenses		
Increase / (decrease) Provision for bad and doubtful debt	1,075,459	(566,018.90)
Others [specify]		
Water quality testing	102,080	94,765.00
WARMA - abstraction charges	-	-
WASREB Regulatory Levies	8,845,887	5,347,413.68
Taxes on Kiwash donated pick - up truck	-	-
WASREB License renewal application fees	-	139,134.00
Penalties and interest charges	-	-
Staff welfare	1,949,585	7,225,878.00
Decrease / (increase) in inventories	(7,837,429)	
Monitoring and Evaluation cost (CMT Monitoring facilitation)	96,420	296,885.00
Special project team	768,797	
Total	97,498,286	79,816,728

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Board Expenses

Description	2024 / 2025 Kshs	2023 / 2024 Kshs
Chairman Honoraria	512,616	289,980
Sitting Allowances	1,586,371	2,045,716
Medical Insurance		
Induction and Training	-	193,200
Travel and Accommodation	1,499,287	819,998
Other allowances		
Total Board Expenses	3,598,274	3,348,894

12. Maintenance Expenses

Description	2024 / 2025 Kshs	2023 / 2024 Kshs
Plant and Equipments	8,112,054	5,505,168
Buildings	355,055	71,460
Infrastructural Networks	5,454,284	4,196,790
Grounds	-	-
Motor vehicles	5,396,350	3,519,499
Software	1,355,554	1,891,191
ICT		
Furniture		
Water meters		
Access roads		
Total Maintenance Expenses	20,673,297	15,184,108

13. Depreciation and Amortization Expenses

	2024 / 2025	2023 / 2024
Description	Kshs	Kshs
Property, Plant, and Equipments (note 16)	30,764,694	20,997,360
Right of Use Assets		
Intangible Assets	-	-
Investment Property carried at cost		
Total Depreciation and Amortization	30,764,694	20,997,360

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax of Kshs. (26,868,092.41) by the average number of ordinary shares in issue during the year of 5,000 shares.

There were not dilutive or potentially dilutive ordinary share as at the reporting date.

15. Dividend Per Share

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM held on 13th June 2025 no dividends were declared, a final dividend in respect of the year ended June 30, 2025 of Kshs. 00 (2024: Kshs. 00) for every ordinary share of par value of Kshs. 20 is to be proposed. An interim dividend of Kshs. 00 (2024: Kshs. 00) for every ordinary share of par value of Kshs. 20 was declared and paid during the year. This will bring the total dividend for the year to Kshs. 00(2024: Kshs. 00).

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Property, Plant and Equipment

2023 / 2024	Freehold land	Buildings & civil works 4%	Plant and machinery 25%	Motor vehicles, including, motor cycles 25%	Computers & related equipment 30%	Office equipment, furniture & fittings 12.5%	Capital work in progress	Water Meters 12.5%	TOTAL
COST OR VALUATION									
At July 1, 2023	-	48,533,226	14,329,888	51,450,758	4,269,774	267,568	32,744,389	27,372,653	178,968,256
Additions	-	-	3,110,530	-	49,500	87,000	2,241,160	1,056,001	6,544,191
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	0	0	0	0	-	-	-
At June 30, 2024	-	48,533,226	17,440,418	51,450,758	4,319,274	354,568	34,985,549	28,428,654	185,512,447
DEPRECIATION									
At July 1, 2023	-	6,107,639	8,195,880	23,506,232	3,728,516	222,068	-	10,110,226	51,870,561
Charge for the year	-	1,941,329	3,288,544	11,857,161	339,118	17,625	-	3,553,582	20,997,359
Impairment loss	-	-	0	0	0	0	-	-	-
Eliminated on disposal	-	-	0	0	0	0	-	-	-
At June 30, 2024	-	8,048,968	11,484,424	35,363,393	4,067,634	239,693	-	13,663,808	72,867,920
NET BOOK VALUE									
At June 30, 2024	-	40,484,258	5,955,994	16,087,365	251,640	114,875	34,985,549	14,764,846	112,644,527

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Property, Plant and Equipment (Continued)

	2024 / 2025	Freehold land	Buildings & civil works 4%	Plant and machinery 25%	Motor vehicles, including, motor cycles 25%	Computers & related equipment 30%	Office equipment, furniture & fittings 12.5%	Capital work in progress	Water Meters 12.5%	TOTAL
COST OR VALUATION										
At July 1, 2024	-	48,533,226	17,440,418	51,450,758	4,319,274	354,568	34,985,549	28,428,654	185,512,447	
Additions	-	3,450,690	2,770,260	14,666,162.33	41,000	272,000.00		8,334,822	29,534,934	
Revaluation Adjustment		125,550,000							125,550,000	
Transfers	-	-	0	0	0	0			-	
Disposals	-	-	0	0	0	0			-	
At June 30, 2025	-	177,533,916	20,210,678	66,116,920	4,360,274	626,568	34,985,549	36,763,476	340,597,381	
DÉPRECIATION										
At July 1, 2024	-	8,048,968	11,484,424	35,363,394	4,067,635	239,693	-	13,663,807	72,867,921	
Charge for the year	-	7,101,357	3,402,856	15,405,582	207,839	51,625		4,595,434	30,764,694	
Impairment loss	-	-	0	0	0	0			-	
Eliminated on disposal	-	-	0	0	0	0			-	
At June 30, 2025	-	15,150,324	14,887,281	50,768,976	4,275,474	291,318	-	18,259,242	103,632,614	
NET BOOK VALUE										
At June 30, 2025	-	162,383,592	5,323,397	15,347,945	84,800	335,250	34,985,549	18,504,234	236,964,766	

Work in progress relates to the Bar kowino and the Obet – Mauna water projects funded by WSFT

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings, were valued by Dansal & Associates Ltd (independent valuer) on 27/05/2025 on market rate basis of valuation. These amounts were adopted on 27/05/2025.

16 (b) Property, Plant and Equipment at Cost

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

	COST	ACCUMULATED DEPRECIATION	NBV
	KSHS	KSHS	KSHS
Land			
Buildings	177,533,916	15,150,324	162,383,592
Plant and machinery	20,210,678	14,887,281	5,323,397
Motor vehicles, including motor cycles	66,116,920	50,768,976	15,347,945
Computers and related equipment	4,360,274	4,275,474	84,800
Office equipment, furniture and fittings	626,568	291,318	335,250
Water meters	36,763,476	18,259,242	18,504,234
Software	3,420,000	3,420,000	-
	309,031,832	107,052,614	201,979,217

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

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	6,599,252	1,649,813
Motor vehicles, including motor cycles	472,480	
Computers and related equipment	3,188,880	956,664
Office equipment, furniture and fittings	213,568	26,696
Software	3,420,000	1,140,000
	13,894,180	3,773,173

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Intangible Assets

	2024 / 2025	2023 / 2024
	Kshs	Kshs
COST		
At July 1	3,420,000	3,420,000
Additions		
Disposals	-	-
At June 30	3,420,000	3,420,000.00
AMORTISATION		
At July 1	3,420,000	3,420,000
Charge for the year	-	-
Disposals	-	-
Impairment loss	-	-
At June 30	3,420,000	3,420,000.00
NET BOOK VALUE		
At June 30	-	-

This relates to the company's billing and ERP system – pick pay system

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Right-of-use assets

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Inventories

	2024 / 2025	2023 / 2024
	Kshs	Kshs
Water treatment Chemicals	232,683.12	631,089
Meters	8,171,002	
Motor vehicle spare parts (tyres and parts)	368,793.00	519,364
Stationery and general stores	383,850.00	230,970
Pipes & Fittings	5,405,601.00	7,176,221
Water Tanks		
Solar Batteries	44,430.00	44,430
Electrical Fittings	27,950.00	27,950
Motorbikes Tyres		
Loose Tools		117,456
Pump set	1,950,600	
	16,584,909	8,747,480
	=====	=====

19b Decrease / Increase in inventories

FINANCIAL YEAR		(INCREASE) / DECREASE
2024 - 2025	2023 - 2024	
16,584,909	8,747,480	7,837,429

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20.) Trade and Other Receivables

	2024 - 2025	2023 - 2024
	Kshs	Kshs
Trade receivables (note 20a)	117,260,201	114,033,825
Deposits and prepayments		
VAT recoverable	-	-
Staff receivables (note 20b)	50,923	113,923
Other receivables	-	-
	117,311,125	114,147,749
Gross trade and other receivables	117,311,125	114,147,749
Other: Provision for bad and doubtful receivable	-	-
Net trade and other receivables	117,311,125	114,147,749

20 (a) Trade Receivables

	2024 / 2025	2023 / 2024
	Kshs	Kshs
Siaya Area	49,162,763	48,345,503
Bondo Area	66,938,002	63,010,732
Yala Area	27,352,022	26,811,187
Ugenya Area	16,183,622	16,090,891
HQ Suspense Account	(3,289,475)	(2,213,213)
Gross trade receivables	156,346,935	152,045,100
Provision for bad and doubtful receivables	(39,086,734)	(38,011,275)
Net trade receivables	117,260,201	114,033,825
At June 30, the ageing analysis of the gross trade receivables was as follows:		
30 days and below	45,340,611	44,093,079.00
Between 31 and 60 days	2,173,222	2,113,426.89
Between 61 and 90 days	2,048,145	1,991,790.81
Between 91 and 120 days	1,110,063	1,079,520.21
Over 120 days	105,674,893	102,767,283.00
Gross trade receivables	156,346,935	152,045,100
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 (b) Staff Receivables

Staff Receivables	2024 - 2025	2023 - 2024
	Kshs	Kshs
Gross staff loans and advances	50,923	113,923
Provision for impairment loss		
Net staff loans		
less: Amounts due within one year		
Amounts due after one year		

staff receivables were made up of staff imprest account at 10,000 and staff salary advance at Kshs 40,923.40

21. Bank and Cash Balances

	2024 - 2025	2023 - 2024
	Kshs	Kshs
Cash at bank	9,085,447	15,154,602
Office Petty cash (cash in hand HQ petty cash float)	-	-
Mobile Money account (Mpesa paybill - 233491)	332,864	141,297
	9,418,311	15,295,899
	=====	=====

BANK BALANCES AS AT 30TH JUNE 2025			
BANK	DETAILS	BALANCE (KSHS)	REMARKS
KCB,Siaya - 1108257674	Customer Deposits Account	6,193,501.45	Customer Deposits
KCB,Siaya - 1106893026	Expenditure account	887,004.58	Current Account
Post Bank	Revenue Collection Account	3,655	Mainly used for revenue collection
KCB,Siaya - 1108257437	Revenue Collection Account	14,785	Main Account for receiving water billing Revenue
KCB Grant account - WSTF - 1282782533	conditional liquidity support	298,380	
Cooperative bank - 01141259793100	Obet Mauna Water Project	898,586	
KCB,Siaya - 1235073211	Bar Kowino -Nyawita water Project	789,535	Current Account
Total		9,085,446.74	

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2024 -2025 KShs	2023 - 2024 KShs
a) Current account			
Kenya Commercial bank		9,085,447	15,154,601.77
Equity Bank, etc			0
Sub- total		9,085,447	15,154,601.77
b) On - call deposits			
Kenya Commercial bank			0
others			
Sub- total			0
c) Fixed deposits account			
Kenya Commercial bank			0
Sub- total			0
d) Staff car loan/ mortgage			
Kenya Commercial bank			0
Bank B			0
Sub- total			0
e) Others(specify)			0
Cash in transit			0
cash in hand		-	
M pesa		332,864	141,297.00
Sub- total		332,864	0
Grand total		9,418,311	15,295,899

22. Ordinary Share Capital

	2024 / 2025 Kshs	2023 / 2024 Kshs
Authorised:		
5000 ordinary shares of Kshs.20 par value each	100,000	100,000
	=====	=====
Issued and fully paid:		
5000 ordinary shares of Kshs.20 par value each	100,000	100,000
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Revaluation Reserve

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

The Company carried out a valuation exercise for its buildings in the FY 2024 / 2025 in an effort to improve on its financial reporting and update its assets register.

The revaluation exercise was conducted on 27th May 2025, by Dansal & Associates Ltd Limited.

FY 2024 /2025			
BAL B/F	36,360,865.00		
Narations	DR BUIDLING & CIVIL WORKS	CR Revaluation Reserve A/C	
Being revaluation for :			
bondo treatment plant	6,000,000.00	6,000,000.00	27-05-25
bondo town station	2,200,000.00	2,200,000.00	27-05-25
south sakwa station	4,800,000.00	4,800,000.00	27-05-25
asembo bay station	4,400,000.00	4,400,000.00	27-05-25
nyayiera pump station	2,800,000.00	2,800,000.00	27-05-25
sibo technical station	6,600,000.00	6,600,000.00	27-05-25
abura station	5,500,000.00	5,500,000.00	27-05-25
abura dam site	2,600,000.00	2,600,000.00	27-05-25
ugunja pump house	50,000.00	50,000.00	27-05-25
ugunja site office	10,000,000.00	10,000,000.00	27-05-25
ugunja treatment plant	38,000,000.00	38,000,000.00	27-05-25
ugunja public toilets	1,800,000.00	1,800,000.00	27-05-25
sega station	2,200,000.00	2,200,000.00	27-05-25
mauna dam site	3,200,000.00	3,200,000.00	27-05-25
ukwala station	3,000,000.00	3,000,000.00	27-05-25
yala town station	2,400,000.00	2,400,000.00	27-05-25
yala treatment plant	20,000,000.00	20,000,000.00	27-05-25
sibo head office	10,000,000.00	10,000,000.00	27-05-25
		125,550,000.00	
BAL C/F		161,910,865.00	

24. Fair Value Adjustment Reserve

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

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

25. Retained Earnings

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

	Retained earnings
At July 1, 2023	(56,828,482)
Issue of new share capital	
Revaluation gain	
Transfer to capital Reserves (bowser handed over from CRVWDA)	
Transfer of excess depreciation on revaluation	-
Revaluation	
Deferred tax on excess depreciation	-
Prior Year Adjustment	
Prior Year Adjustment - Omitted depreciation on JCB	
Prior Year Adjustment - decrease in inventories	
Prior Year Adjustment - reinstatement of corporation tax credit	
Fair value adjustment on quoted investments	-
Profit for the year	(27,371,046)
Capital/Development grants received during the year (note 7)	-
Transfer of depreciation/amortisation from capital fund to retained ear	-
Transfer from income liability a/c to capital reserves a/c	
under statement of trade and other payables	
Dividends paid – prior year	-
Interim dividends paid – current year	-
Proposed final dividends	-
At June 30, 2024	(84,199,528)
At July 1, 2024	(84,199,528)
Issue of new share capital	-
Revaluation gain	
Transfer to capital reserves (Physical assets received from Partners	
in the FY 24 / 25) - note 34	
Transfer of excess depreciation on revaluation	
Revaluation (note 23)	
Deferred tax on excess depreciation	-
Prior Year Adjustment	
Prior Year Adjustment - Omitted depreciation on JCB	
Prior Year Adjustment - decrease in inventories	
Prior Year Adjustment - reinstatement of corporation tax credit	
Fair value adjustment on quoted investments	
Profits for the year	(26,868,092)
Capital/Development grants received during the year (note 7)	
Transfer of depreciation/amortisation from capital fund to retained	
earnings	-
Transfer from deferred income liability a/c to capital reserves a/c	
(note 28)	
under statement of trade and other payables	
Dividends paid – prior year	-
Interim dividends paid – current year	-
Proposed final dividends	-
At June 30, 2025	(111,067,620)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Trade and Other Payables

	2024 - 2025	2023 / 2024
	Kshs	Kshs
Trade payables	21,930,967	24,099,686
Accrued expenses - Statutory Levies	84,616,954	78,079,174
Revenues received in advance		
Retention / contract Monies		
Employee Payables		
Other payables	34,832,564	34,956,562
	141,380,484	137,135,422
At June 30, the ageing analysis of the gross trade payables was as follows:		
30 days and below	4,453,485	4,319,766
Between 31 and 60 days		
Between 61 and 90 days	3,096,233	3,003,266
Over 91 days	133,830,766	129,812,391
Gross trade Payables	141,380,484	137,135,422
NB:		
Accrued Statutory Levies relate to amounts owed to water sector statutory bodies i.e WARMA, LVSWB, WASPA, WASREB and OAG		

27. Customer Deposits

	2024 - 2025	2023 - 2024
	Kshs	Kshs
Opening Balance	26,149,476	24,099,885
Add: deposits received during the year	3,382,322	2,049,591
Less: refunded deposits during the year	-	-
Closing balance	29,531,798	26,149,476
	-	-

These are funds held as security for issuance of cold-water meters to customers, as such they are refundable to the customers upon cessation of being a customer to the company.

The funds are recognized under non-current liabilities in the company's books.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Deferred Income

	2024 / 2025	2023 - 2024
	Kshs	Kshs
National / County Government	70,121,654	72,621,654
International Funders		
Public contributions and donations		
Total deferred income	70,121,654	72,621,654
	-	-

The deferred income movement is as follows:

	County government and WSTF	International funders	Public Contributions and donations	Total
Balance brought forward	72,621,654			72,621,654
Additions	-			-
Transfers to Capital fund / reserves	(2,500,000)			(2,500,000)
Transfer to income statement				-
Other transfers				-
Balance carried forward	70,121,654			70,121,654
	-	-	-	-

DEFERRED INCOME LIABILITY ACCOUNT FY 2024 - 2025

Date	Amount	Naration
1st July 2024 - Bal b/f	72,621,654	
Additions during the year		
less : funds received from the CGS in the (FY 2022 - 2023) towards purchase of pump set (pump set acquired in the FY 2024 - 2025)	(2,500,000)	
30th June 2025 bal c/f	<u>70,121,654</u>	

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Notes to The Statement of Cash Flows

	2024 / 2025	2023/ 2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		-
Operating profit/(loss)	(26,868,092)	(27,371,046)
Depreciation	30,764,694	20,997,360
Amortisation	-	
(Gain) / loss on disposal of property, plant and Equipments		
Operating profit/(loss) before working capital changes	3,896,601	(6,373,686)
(Increase)/decrease in inventories	(7,837,429)	159,326
(Increase)/decrease in trade and other receivables	(3,163,376)	(1,939,159)
Increase/(decrease) in trade and other payables	4,245,062	(17,271,043)
Increase/(decrease) in retirement benefit obligations		
Increase/(decrease) in provision for staff leave pay		
Cash generated from/(used in) operations	(2,859,142)	(25,424,562)
	=====	=====
(c) Analysis of cash and cash equivalents		
Short term deposits	-	-
Cash at bank	9,418,311	18,771,616
Cash in hand		271
Balance at end of the year	9,418,311	18,771,887

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other Disclosures

30. Financial Risk Management

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

The company's financial risk management objectives and policies are detailed below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(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:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from 000

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

ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

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

a) Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

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

Going concern risk

The company currently cannot break even owing to the high operation cost, coupled with a lack of a cost reflect tariff, leading to the company selling water at rates well below its production costs.

With the company majorly depending on subsidies and good will from both the county government and suppliers to sustain its operations. As part of its turnaround strategy the company has applied for an upwards review of its operating tariff to reflect the rise in its cost of operations.

The company has also formed an NRW reduction team, to curtail case of water theft and other technical losses.

a) Adoption of Green Energy / solarization

the company with the support with county Government of Siaya has so far solarized two water treatment plant (Abura and South Sakwa treatment). With plans to solarize Mauna treatment plant in the current financial year, additionally the management is also currently engaging the private sector on modalities of solarizing Bondo treatment plant.

b) Reduction of the high prevailing NRW rates

the management has adopted a raft of strategies aimed at reduction of NRW, these measures include:

Adopted strategies towards NRW reduction.

1. Involvement of the water police unit to curb cases of illegal connection and vandalisms of water infrastructure.
2. Customer identification surveys – aimed at updating customer data base, identification of illegal connections, identification of bursts and leaks, replacement and servicing of faulty and stuck meters.
3. Repair / rehabilitation of water storage tanks; - works have been done to Nyasanda, Segga, Siaya technical and South Sakwa clear water tanks, aimed at eliminating water losses from leakages of such tanks.
4. Adoption of smart meters, this is aimed at:
 - improving meter reading accuracy
 - reduced cases of billing disputes
 - improvement of customers willingness to pay for water bills
 - reduction of costs associated with manual meter reading such as motor bike running costs
 - timely meter reading and sending out of customers' bills
 - 100% collection of billed revenue.
5. Establishment of a billing Analysis team; - Monitoring of consumption trends, to flag off any unexplained drop / rise on a customer's monthly consumption and those with low / zero billings being earmarked for field visits as this may be indicative of bypasses or meter tampering.
6. 100% metering of accounts; - aimed at ensuring all customers are billed for actual volumes consumed, thus eliminating cases of over and under billing.
7. Gate locked: - Customers with gate locked cases are reached on phones, or plans to read them over the weekends are made to capture the actual consumption, alternatively they are enlightened to self-read their meters and send photos for actual billings.
8. Impromptu field inspections / audit; - meter reading audits / inspections to verify the data shared by the meter reader against the actual status on the ground. (Dormant, active, cut off).

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

9. Identification of unread accounts: - Attempt to reduce the number of unread accounts that is informed by the task allocated to the meter readers vis-a-vis the actual accounts read are noted and meter readers informed of the locations for actual meter reading and billing of the said accounts. In addition, stringent measures are taken on meter readers who do not meet their reading targets and are inconsistent in reading particular accounts.

10. GIS mapping of all our accounts.

11. Routine Servicing of Meters; - servicing of invisible / faulty meters is being done on a continuous process. Aimed at enhancing accuracy of water meters and eliminate cases of estimated billings.

12. Installation of DMA's and servicing of Bulk production meters; - to better account for water that is channelled to each area / zone and also better calculate the volume of water produced.

13. Prompt response to Bursts / leaks: -

- Staff and customers are encouraged to report any burst / leak observed on the company's WhatsApp platform and direct phone calls to our customer care desks.
- Formulation of SOPs to guide our repair works and adaptation of high -quality materials (HDPE pipes) for repair works.
- Reduced turnaround time from the date the burst / leak is reported to the date it is repaired.

31. Incorporation

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

32. Events After the Reporting Period

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

33. Currency

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

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

34. Capital reserves

	Capital Reserve
At July 1, 2023	62,257,235
Issue of new share capital	
Revaluation gain	
Transfer to capital Reserves (bowser handed over from CRVWWDA)	
Transfer of excess depreciation on revaluation	-
Revaluation	
Deferred tax on excess depreciation	-
Prior Year Adjustment	
Prior Year Adjustment - Omitted depreciation on JCB	
Prior Year Adjustment - decrease in inventories	
Prior Year Adjustment - reinstatement of corporation tax credit	
Fair value adjustment on quoted investments	-
Profit for the year	-
Capital/Development grants received during the year (note 7)	-
Transfer of depreciation/amortisation from capital fund to retained ear	-
Transfer from income liability a/c to capital reserves a/c	410,530
under statement of trade and other payables	
Dividends paid – prior year	-
Interim dividends paid – current year	-
Proposed final dividends	-
At June 30, 2024	62,667,765
At July 1, 2024	62,667,765
Issue of new share capital	-
Revaluation gain	
Transfer to capital reserves (Physical assets received from Partners in the FY 24 / 25) - note 34	23,134,165
Transfer of excess depreciation on revaluation	-
Revaluation (note 23)	
Deferred tax on excess depreciation	-
Prior Year Adjustment	
Prior Year Adjustment - Omitted depreciation on JCB	
Prior Year Adjustment - decrease in inventories	
Prior Year Adjustment - reinstatement of corporation tax credit	
Fair value adjustment on quoted investments	-
Profits for the year	-
Capital/Development grants received during the year (note 7)	
Transfer of depreciation/amortisation from capital fund to retained earnings	-
Transfer from deferred income liability a/c to capital reserves a/c (note 28)	2,500,000
under statement of trade and other payables	
Dividends paid – prior year	-
Interim dividends paid – current year	-
Proposed final dividends	-
At June 30, 2025	88,301,930

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

35. ACTUAL RECEIPTS FROM OPERATING REVENUE SOURCES		
	2024 / 2025	2023 / 2024
	Kshs	Kshs
Water Sales	153,950,895	
Sewerage Services	12,207,530	
Billing for other Services	9,798,816	
Total	175,957,242	-

35a. RECEIPTS FROM OTHER BILLED SERVICES

	2024 / 2025	2023 / 2024
Meter Rent	2,731,405	
Commercial Trucks (Exhauster, Bowser, Excavator)	3,470,760	
Miscellaneous Water Income	151,565	
Mileage Charge	270,319	
Meter sales	30,720	
Reconnection Fees	288,881	
Statement Fees	4,600	
Change of Tenancy	6,725	
Convenience Fees	14,830	
New Connection Charges	2,514,040	
Sale of Sludge/ Refuse	37,500	
Sewer Connection	182,527	
Disconnected by request	2,680	
stolen meters	92,265	
TOTAL	9,798,816	-

36. GRANTS RECEIPTS IN THE YEAR

Name of Entity sending the grant	Amount recognized in the Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income received during the year	2023-2024
	KShs	KShs	KShs	2024 / 2025 KShs	KShs
County Government of Siaya		-	0	-	
ECO RURAL - PROJECT	1,347,189	-		1,347,189	
Total	1,347,189	-	0	1,347,189	

An additional kshs.1,347,189 was received under the ECO Rural water project towards administrative costs to facilitate SIBOWASCO in mentoring Small scale and community based water providers within its area of coverage

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

37. RECEIPTS FROM OTHER INCOME SOURCES

OTHER INCOME	2024 / 2025	2023 / 2024
	Kshs	Kshs
late payment penalty	270,997	-
levy	14,477	-
illegal connection penalties	943,319	
Sale of tender documents	-	
Company House Rent		
Staff Surcharges and Penalties		
Total	1,228,793	-

38. STAFF / PERSONEL RELATED PAYMENTS

	2024 / 2025
GRATUITY	507,434.83
NSSF	5,170,622.00
NITA	72,250.00
PENSION (CPF & NATIONAL WATER)	1,284,016.00
HOUSING LEVY	1,832,492.00
STAFF SALARIES	54,159,735.06
TEMPORARY STAFF	5,619,312.91
TOTAL PERSONELL RELATED PAYMENT MADE DURING THE FY 2024/2025	68,645,862.80

39. Board Related cash payment made

	2024 / 2025	2023 / 2024
Description	Kshs	Kshs
Chairman Honoraria	512,616	
Sitting Allowances	1,586,371	
Medical Insurance		
Induction and Training	-	
Travel and Accommodation	1,499,287	
Other allowances		
Total Board Expenses	3,598,274	-

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

40. Maintenance Related cash payments made

	2024 / 2025	2023 / 2024
Description	Kshs	Kshs
Plant and Equipments	7,127,732	
Buildings	248,875	
Infrastructural Networks	5,064,177	
Grounds		
Motor vehicles	4,397,334	
Software	2,510,932	
ICT		
Furniture		
Water meters		
Access roads		
Total Maintenance Expenses	19,349,049	-

42. CAPITAL RELATED PAYMEN MADE DURING THE FY 2024 /2025

	2024 / 2025	2023 / 2024
Description	Kshs	Kshs
Land Buildings and Civil works	1,750,000.00	
Motor vehicles and Motor bikes	815,835.00	
Plant and Machinery	1,087,785.20	
Computers and related hardware	41,000.00	
Furniture	42,000.00	
Water meters	2,373,490.21	
ICT		
Furniture		
Water meters		
Access roads		
Total Maintenance Expenses	6,110,110.41	-

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

**41. General and Operations Expenses paid during the FY
2024 / 2025**

Description	2024 / 2025	2023 / 2024
	Kshs.	Kshs.
Chemicals	14,020,587	12,522,990.00
Electricity	31,500,000	22,937,571.00
Fuel, Oil, Lubricants and Gases	10,282,171	11,521,798.00
Bulk water Costs		
Office Supplies[printing and stationery]	1,094,697	555,483.00
Uniform and Protective Clothing		
Telecommunication / Internet charges	1,663,566	1,497,204.00
Postage and Courier	8,803	15,205.00
Water, Sewerage and Office Electricity	572,618	412,038.00
Insurance	879,442	653,604.00
Rent and Rates	168,000	130,500.00
Hire of Equipments and Vehicles	180,000	
Claims and Compensations	194,300	-
Domestic Travelling and Subsistence	9,929,914	6,041,213.00
Driver subsistence allowance (bowser Driver Night out)	69,300	80,750.00
Staff Training and Development		
Bank charges	259,720	171,907.20
Security Services	9,328,046	6,550,033.00
Agency Commissions		
Publicity and Advertising	941,744	441,038.00
Audit Fees		232,000.00
Legal Fees	930,000	912,833.81
Consultancy Fees	1,901,000	1,022,028.00
Licensing and Levies	463,194	390,900.00
Sports and Recreation		
Stakeholders's expenses	561,275	584,750.00
Donations / CSR	141,270	-
Hospitality Expenses	542,809	604,825.00
Research and Development		
Conservation Expenses		
Increase / (decrease) Provision for bad and doubtful debt	-	(566,018.90)
Others [specify]		
Water quality testing	102,080	94,765.00
WARMA - abstraction charges	1,540,500	-
WASREB Regulatory Levies		5,347,413.68
Taxes on Kiwash donated pick - up truck	-	-
WASREB License renewal application fees	-	139,134.00
Penalties and interest charges	-	-
Staff welfare	1,949,585	7,225,878.00
Decrease / (increase) in inventories	-	
Monitoring and Evaluation cost (CMT Monitoring facilitation)	96,420	296,885.00
Special project team	768,797	
Total	90,089,838	79,816,728

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

XIX. Appendices

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Period when you expect the issue to be resolved)
FY 2023 -2024 Basis for Qualified Opinion 1. Material Uncertainty Related to Going Concern	The statement of financial position reflects a balance of Kshs.138,191,128 and Kshs.163,284,899 in respect of total current assets and total current liabilities respectively resulting to a negative working capital of Kshs.25,093,771	The negative working capital faced by the company is as a result of the following factors: 1. High prevailing NRW rate; The high prevailing NRW rate has a direct impact on the company's profitability, considering that costs have been incurred in the treatment and distribution of the water, in the form of chemical, electricity and personnel costs, with no resultant revenue being realized from the same, leading to cash	not resolved	By 30 th June 2028 – end of strategic plan

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

rendering the Water Company technically insolvent. Further, this fact has not been disclosed in the notes to the financial statements as required under IAS 1:25 on presentation of financial statements. In addition, during the year under review, the Water Company made losses amounting to Kshs.27,371,045 implying the continued operations of the Company are dependent on the continued financing by the County Government of Siaya and its creditors. In the circumstances, these conditions alongside other matters on profitability are indicative of the Company's inability to continue as a going concern

flow challenges and inability to fully settle the company's obligations.

2. High operating costs;

The company currently operates ten schemes out of which only three (Yala, Bondo and Siaya) breaks even, with the remaining seven experiencing higher monthly operational cost in terms of power, repairs and maintenance cost than their averagely monthly billings.

Scheme	Average monthly operational cost	Average monthly water billings
Asembo	1,081,396.00 (power only)	675,927.00
South Sakwa	628,336.00 (power only)	302,140.75
Mauna	236,292.00 (power only)	102,076.00

It's in this effort that the management has identified the high prevailing NRW rate, as the main risk to the company's continued operation as a going concerned. It's towards this end that the management has adopted a raft of strategies aimed at reduction of NRW, these measures have yielded positive results in terms of reduction of the average annual prevailing NRW rate from the 55% reported as at the close of the FY 2023/ 2024 (30th June 2024) to the current prevailing rate of

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

38.9% as at 30th September 2025. (See annex 4 – NRW report for the month of September 2025).

These measures have also had a positive impact on the company’s average monthly billing figure from average of Kshs.11,241,500.41 as recorded in the 1st eight months of the FY 2023 / 2024 to an average of kshs.15,795,635.88 for the 1st eight months of the FY 2024 / 2025, as highlighted in the table below.

BILLING	2023-2024	2024-2025
JULY	10,830,985.75	16,147,402.18
AUGUST	11,075,824.00	16,584,108.53
SEPTEMBER	11,107,187.25	16,812,372.66
OCTOBER	10,513,692.00	15,453,109.83
NOVEMBER	9,674,020.25	13,872,276.28
DECEMBER	10,330,487.50	12,066,265.64
JANUARY	13,111,284.25	16,290,713.92
FEBRUARY	13,288,522.25	19,138,838.01
TOTAL	89,932,003.25	126,365,087.05
Average	11,241,500.41	15,795,635.88

In addition, the NRW reduction strategies being employed by management, have also had a notable improvement on the company’s loss position from -37,839,284.49 as at close of the FY 2022 / 2023 to stand at -27,371,045 as at close of FY 2023 / 2024. (See annex 1a (ii)).

Adopted strategies towards NRW reduction.

5. Involvement of the water police unit to curb cases of illegal connection and vandalisms of water infrastructure. (See annex 1b)
6. Customer identification surveys – aimed at updating customer data base, identification of illegal connections, identification of bursts and leaks,

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

		<p>replacement and servicing of faulty and stuck meters (see annex 1c)</p> <p>7. Repair / rehabilitation of water storage tanks; - works have been done to Nyasanda, Segu, Siaya technical and South Sakwa clear water tanks, aimed at eliminating water losses from leakages of such tanks. (See annex- 1d)</p> <p>8. Adoption of smart meters, this is aimed at:</p> <ul style="list-style-type: none"> • improving meter reading accuracy • reduced cases of billing disputes • improvement of customers willingness to pay for water bills • reduction of costs associated with manual meter reading such as motor bike running costs • timely meter reading and sending out of customers' bills • 100% collection of billed revenue (see annex 1e) <p>5. Establishment of a billing Analysis team; - Monitoring of consumption trends, to flag off any unexplained drop / rise on a customer's monthly consumption and those with low / zero billings being earmarked for field visits as this may be indicative of bypasses or meter tampering.</p> <p>6. 100% metering of accounts; - aimed at ensuring all customers are billed for actual volumes consumed, thus eliminating cases of over and under billing.</p> <p>7. Gate locked: - Customers with gate locked cases are reached on phones, or plans to read</p>	
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

		<p>them over the weekends are made to capture the actual consumption, alternatively they are enlightened to self-read their meters and send photos for actual billings.</p> <p>8. Impromptu field inspections / audit; - meter reading audits / inspections to verify the data shared by the meter reader against the actual status on the ground. (Dormant, active, cut off). (See annex – 1f)</p> <p>9. Identification of unread accounts: - Attempt to reduce the number of unread accounts that is informed by the task allocated to the meter readers vis-a-vis the actual accounts read are noted and meter readers informed of the locations for actual meter reading and billing of the said accounts. In addition, stringent measures are taken on meter readers who do not meet their reading targets and are inconsistent in reading particular accounts.</p> <p>10. GIS mapping of all our accounts, from 65% as at 30th June 2024 to currently stand at 90% as at 31st December 2024. (See annex 1f (i))</p> <p>11. Routine Servicing of Meters; - servicing of invisible / faulty meters is being done on a continuous process. Aimed at enhancing accuracy of water meters and eliminate cases of estimated billings.</p> <p>12. Installation of DMA's and servicing of Bulk production meters; - to better account for water that is channeled to each area / zone and also better calculate the volume of water produced. (See annex 1f)</p> <p>13. Prompt response to Bursts / leaks: -</p> <ul style="list-style-type: none"> • Staff and customers are encouraged to 	
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>2. Unreconciled Balance in Customer Deposits</p>	<p>The statement of financial position and Note 27 to the financial statements reflects customer deposits balance of Kshs. 26,149,476 representing an increase in customers' deposits</p>	<p>report any burst / leak observed on the company's WhatsApp platform and direct phone calls to our customer care desks.</p> <ul style="list-style-type: none"> • Formulation of SOPs to guide our repair works and adaptation of high -quality materials (HDPE pipes) for repair works. • Reduced turnaround time from the date the burst / leak is reported to the date it is repaired. • Acquisition of motor bikes to enhance field inspections, line patrolling, meter reading and quick response to bursts and leaks. (See annex 1g) <p>With regards to the high operational costs, the company with the support with county Government of Siaya has so far solarized two water treatment plant (Abura, South Sakwa – ongoing). With plans to solarize the remaining four treatment plants (Kamito, Nyayiera, Mauna and Bondo) in the subsequent financial years.</p> <p>On non-disclosure - the management made full disclosure of the company's material uncertainty related to going concern on page 46 of the financial statement (see annex 1a (i) – extract of the notes to the financial statement).</p> <p>The noted variance, between the actual funds held in the bank and the amount stated in the financial statement, as a liability (customer deposits). Results from internal borrowings made from the customer deposit account to the tune of 19,480,413.80 and an amount totalling Kshs.4, 628,999.20 relating to customer deposit funds not remitted to the company during the transition from the National Government</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

by Kshs. 2,049,591 from Kshs. 24,099,885 held by the Company as at 30 June, 2023. However, review of the bank statement for deposit account revealed a balance of Kshs. 2,040,062.95 resulting to a variance of Kshs. 24,109,413. In addition, review of the bank statements for the customer deposit account show that the Management borrowed Kshs. 7,507,000 from deposit account but have not been refunded.

In the circumstances, the accuracy and completeness of customers deposit balance of Kshs. 26,149,476 could not be confirmed.

(National Water Cooperation) to the County owed water services providers.

Borrowings from the customer deposit account, are mainly utilized to mitigate emergency situations such as

- Power restoration following disconnection of our treatment plants by KPLC owing to accrued power bills.
- Purchase of new pump sets, to restore production following complete failure / break down of the existing pump sets.

It should be noted that all borrowings from the account, are only made upon obtainment of a prior approval from the board of directors.

As at 30th June 2024, a total of Kshs.23,130,413.80 had been borrowed from the account over the years, with an amount of Kshs.3,650,000.00 having been refunded back to the account, leaving a total of Kshs.19,480,413.80 as the outstanding amount yet to be repaid back to the account.

The balance of Kshs.4, 628,999.20 (24,109,413 – 19,480,413.80) relates customer deposits paid over the period the management of the company was under the National Water Corporation. The same not being remitted to the company during the transition from National Water to the County Government owed water services providers, with the company only taking over the customers at the time.

The management has communicated to the National Water Corporation on the status of customer deposits paid over the period they were responsible for water provision.

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

Opening liability as at 1st July 2024	26,149,476.00
additions (new customer deposits paid into the account 1st July 2024 to 28th February 2025)	2,462,001.00
closing liability as at 28th February 2025	28,611,477.00
Actual funds in the customer deposit account as at 28th February 2025	4,998,352.00
Variance between book liability and actual bank account balance	23,613,125.00
less : non remitted funds from National water Corporation	(4,628,999.20)
Outstanding balance (in the form of internal borrowings from the account)	18,984,125.80

a kshs.500,000 reduction from kshs.19,480,413.80 owed as at 30th June 2024

The management is currently implementing the board of directors’ directive of refunding a minimum of 100,000 every month back to the customer deposit account.

(See annex 2a – summary schedule of internal borrowings and refund

(See: annex 2a (i) – board approvals for borrowings

(See annex 2b - bank transfer remittance statements for refund to the customer deposit account

(See annex 2c – letter to National Water Corporation).

<p>3. Long Outstanding Payables</p>	<p>The statement of financial position and as disclosed in Note 26 to the financial statements reflects a balance of Kshs. 137,135,422</p>	<p>The long outstanding Trade and other payables balance, stood at Kshs.119,873,762.06 as at 31st May 2025, a reduction of kshs.9,938,628.94. from the reported figure of Kshs.129,812,391 as of 30th June 2024. A total of Kshs.73,625,373.67 out of the reported figure of kshs.129,812,391 as at 30th June 2024, in respect to outstanding trade and other</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

in respect of trade and other payables. Review of the schedule provided for audit reflect an amount of Kshs. 129,812,391 that have been outstanding between four (4) to six (6) years and it is not clear how management intends to settle the debt. In addition, the Management did not provide a response plan on actions being taken to clear these payables which may expose the Company to litigation charges resulting to additional costs and the risk of liquidation.

In the circumstances, the obligation to pay the long outstanding payables balance of Kshs. 129,812,391 could not be confirmed.

payables relates to regulatory levies owed to Lake Victoria South Water services board, Water Resources Authority (WRA) and Water Services Regulatory Board (WASREB), with efforts currently under way through the waters services providers association (WASPA) a lobby group / association for water companies, to have these debts written off as a way of easing the financial burden experienced by water companies in Kenya.

Additionally, the Management is currently implementing the below highlighted strategies geared towards recovery of the debts owed to the company, for purposes of utilizing the recovered funds to settle its pending bills.

- I. Negotiating and entering into part payment agreements with creditors for a spread-out monthly installment payout of the outstanding balances, while serving our current obligations as and when they fall due. This has been implemented successfully, with the company being able to attain full compliance status for NHIF and NSSF, following strict adherence by the company to the terms of the negotiated part payment agreements. (See annex 3a (ii) – sample part payment agreements with creditors).
- II. NRW reduction to improve on the company’s cash flow position and further enhance the company’s efforts towards attainment of full cost recovery and settlement of its pending bills. (Strategies towards this are highlighted from annex 1b – 1g)
- III. Adoption of cost reduction strategies (solarizing of plants to reduce on power

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

		cost, installation of smart and pre-paid meters to cut on costs associated with manual meter reading, expansion of internet connectivity and integration of our ERP system to all our schemes to cut on a paper work and administrative costs).		
4. Long outstanding Receivables	<p>The statement of financial position and as disclosed in Note 20 reflects an amount of Kshs. 114,147,749 in respect of trade and other receivables. Review of ageing analysis of receivables revealed amounts which are over 120 days totaling Kshs.102,767,283 whose recoverability appear doubtful.</p> <p>In the circumstances, the recoverability of Kshs. 102,767,283 owed by customers is in doubt and therefore could not be confirmed.</p>	<p>As at 31st May 2025 a total of Kshs.3,466,187 had been recovered in respect to the long outstanding debts, as illustrated in the table below.</p> <p>the management anticipates higher recoveries in the subsequent quarters, following the successful engagement of an external debt collector, formation of an internal debt recovery unit and adoption of smart pre-paid meters.</p> <p>Highlighted below are some of the strategies currently being employed by the management to further enhance the recovery of the debts owed to the company.</p> <ol style="list-style-type: none"> 1. Engagement of an external debt collector to go after our long outstanding debtors, while also offering training and advices, to the company's own internal debt recovery unit. <p>A total of Kshs.259,084 was recovered by the external debt collector in his 1st monthly of operation (April 2025), the first month focusing entirely on recovery from dormant, cut off and sealed accounts (customers no longer in the service of the company).</p> <p>(See annex 3a(iii) – Sample customers statements, external debt collector report for</p>	Not resolved	By 30 th June 2028

		<p>the month of April 2025, newspaper advert for debt collection services, Notification of award and acceptance letter)</p> <p>2. Issuance of demand letters / notices to customers with long outstanding debts. (Annex 3b - sample demand letters to customers)</p> <p>3. Entering into Part payment agreements with customers to ensure continued supply as the customer’s service their accrued water bills. (Annex 3b - sample part payment agreements with customers)</p> <p>4. Adoption of smart and pre-paid meters, (see annex -1e) this is aimed at:</p> <ul style="list-style-type: none"> • improving meter reading accuracy • reduced cases of billing disputes • improvement customers willingness to pay for water bills • reduction of costs associated with manual meter reading such as motor bike running costs • timely meter reading and sending out of customers’ bills • 100% collection of billed revenue <p>5. Purchase of motor bikes to facilitate movement of the debt recovery unit. (See annex 1g – Online transfer for acquisition of motor bike)</p> <p>6. Creation of schemes to enhance coordination and bring about closer engagement and follow up with customers. (See annex 3c - appointment letters of scheme and area managers)</p> <p>7. Establishment and decentralization of the internal debt collection unit to all areas to</p>		
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>5. Budgetary Control and Performance</p>	<p>The statement of comparison of budget and actual amount reflects final receipts budget of Kshs. 344,478,668 and actual on comparable basis amount of Kshs. 174,750,329 resulting in underfunding of Kshs. 169,728,339 or 49% of the budget. Similarly, the Company expended Kshs. 255,949,276 against the approved budget of Kshs. 344,478,668, resulting to an under expenditure of Kshs. 88,529,392 or 26 % of the total approved budget.</p> <p>The under absorption and underfunding may have negatively impacted on service delivery</p>	<p>ensure 100% collection efficiency of the company's current debt.</p> <p>(See annex 3c) - deployment letter of the internal debt collection coordinator).</p> <p>Owing to the need to ensure stable, predictable and reliable water supply to the residents of Siaya, the company endeavors to maintain a constant daily water production volume, leading to a relatively fixed production costs in terms of power, chemicals and personnel costs, not easily varied to tally to the revenue short comings. In the period under review, the Company was unable to realize its projected revenues and expenditure targets owing to the below stated factors:</p> <p>Non - realization of projected Water sales</p> <p>1.Delay in completion dates of National Government funded projects, in projecting our annual water sales figures / volumes for the FY 2023 / 2024, the company had incorporated production figures from:</p> <ul style="list-style-type: none"> the Ugunja, Sega and Ukwala water project, which had been anticipated to begin production test runs within the 3rd quarter of the FY 2022 / 2023, however owing unresolved land compensation issues and challenges in identification of suitable turbines for the source river water, leading to the project suffering considerable delays. The Partial hand over of the plant to company occurred in the month of July 2024, to begin test runs. Delays in completion of the last mile 	<p>Not resolved</p>	<p>By 30th June 2028</p>
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SIBO Water and Sanitation Company Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2025

		<p>connectivity project for Siaya – Bondo water project, coupled with long and frequent halt in works, (see annex 4b). The last mile connectivity project is a National Government funded project, which was earmarked to bring on board an additional 3000 customer connections. The project was to commence in August 2020 and run for one year to August 2021, however the project commenced date suffered considerable delays, resulting in non-attainment of the projected water sales.</p> <ul style="list-style-type: none"> • Lack of last mile connectivity for the Ugunja, Segal, Ukwala water project <p>(B) Unrealized transfers from external donors</p> <p>1. Transfers from WSTF</p> <p>The company had budgeted to receive a total of Kshs. 50,000,000 from WSTF for the various project proposals, shared with WSTF. However only a total of Kshs 3,270,969 was received for the obet mauna water project. (Noted under funding was occasioned by the delay in commencement of the GATSBY project).</p> <p>The underperformance in budgeted revenues lead to cut back on the planned activities to avoid accumulation of pending bills.</p>		
<p>6. Unresolved Prior Year Matters</p>	<p>In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of</p>	<p>The management has made great efforts towards resolution of prior years’ audit issues, with 7 issues being full resolved.</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>

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

	<p>Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, the Management had not resolved the issues as at 30 June, 2024.</p>	<table border="1"> <thead> <tr> <th>AUDIT ISSUES</th> <th>IMPLEMENTATION STATUS</th> </tr> </thead> <tbody> <tr> <td>1.1. Accuracies and Presentation of Financial Statements</td> <td>Resolved</td> </tr> <tr> <td>1.2. decrease in inventories</td> <td>Resolved</td> </tr> <tr> <td>1.3. income tax credit</td> <td>Resolved</td> </tr> <tr> <td>1.4. Prior year adjustment</td> <td>Resolved</td> </tr> <tr> <td>1.5. Property, Plant and Equipment</td> <td>Resolved</td> </tr> <tr> <td>1.6. Budgetary control and performance</td> <td>on going (various strategies being implemented)</td> </tr> <tr> <td>1.7. Late submission of Financial statements (FY 2022 / 2023)</td> <td>Submission date adhered to in the FY 2023 / 2024</td> </tr> <tr> <td>1.8. Doubtful Recoverability of receivables</td> <td>on going (various strategies being implemented)</td> </tr> <tr> <td>1.9. non-compliance with affirmative action</td> <td>Progressive realization</td> </tr> <tr> <td>2.0. irregular board meetings</td> <td>In full compliance in the FY 2023 / 2024</td> </tr> <tr> <td>2.1. National hospital insurance fund deduction</td> <td>all outstanding remittance have been remitted</td> </tr> <tr> <td>2.2. National Social Security Fund</td> <td>all outstanding remittance have been remitted</td> </tr> <tr> <td>2.3. Lack of Ownership of motor vehicles</td> <td>the issues affects all WSP's (the matter has been taken up with the Council of Governors for follow up with the National Government)</td> </tr> <tr> <td>2.4. Inaccuracies in the Financial Statements</td> <td>cashflow statement adjusted accordingly in the FY 2023 / 2024</td> </tr> <tr> <td>2.5. long outstanding receivables</td> <td>on going (various strategies being implemented)</td> </tr> <tr> <td>2.6. long outstanding trade and other payables</td> <td>on going (various strategies being implemented)</td> </tr> <tr> <td>2.7. Failure to disclose material uncertainty on Going concern</td> <td>Full disclosure made in the FY 2023 / 2024 Financial Statement</td> </tr> <tr> <td>2.8. lack of Information Technology (ICT) Policy</td> <td>policy developed and currently applied</td> </tr> </tbody> </table>	AUDIT ISSUES	IMPLEMENTATION STATUS	1.1. Accuracies and Presentation of Financial Statements	Resolved	1.2. decrease in inventories	Resolved	1.3. income tax credit	Resolved	1.4. Prior year adjustment	Resolved	1.5. Property, Plant and Equipment	Resolved	1.6. Budgetary control and performance	on going (various strategies being implemented)	1.7. Late submission of Financial statements (FY 2022 / 2023)	Submission date adhered to in the FY 2023 / 2024	1.8. Doubtful Recoverability of receivables	on going (various strategies being implemented)	1.9. non-compliance with affirmative action	Progressive realization	2.0. irregular board meetings	In full compliance in the FY 2023 / 2024	2.1. National hospital insurance fund deduction	all outstanding remittance have been remitted	2.2. National Social Security Fund	all outstanding remittance have been remitted	2.3. Lack of Ownership of motor vehicles	the issues affects all WSP's (the matter has been taken up with the Council of Governors for follow up with the National Government)	2.4. Inaccuracies in the Financial Statements	cashflow statement adjusted accordingly in the FY 2023 / 2024	2.5. long outstanding receivables	on going (various strategies being implemented)	2.6. long outstanding trade and other payables	on going (various strategies being implemented)	2.7. Failure to disclose material uncertainty on Going concern	Full disclosure made in the FY 2023 / 2024 Financial Statement	2.8. lack of Information Technology (ICT) Policy	policy developed and currently applied		
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<p>7. Use of Expired Water Tariffs to Bill Customers</p>	<p>The statement of profit or loss and other comprehensive income reflects an</p>	<p>The company has however since acquired a new Tariff effective July 1st 2024 to 30th June 2028</p>	<p>Resolved</p>																																							

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

	<p>amount of Kshs. 144,288,125 in respect of operating revenue, which as disclosed in Note 6 to the financial statements includes an amount of Kshs.117,586,151 received from water sales. However, review of records provided for audit revealed that the Company was charging water using expired tariffs that had been recommended by Gazette Notice No. 4427 of 8 November, 2019, and which were effective between 1 July, 2019 and 30 June, 2021.</p> <p>In the circumstances, Management was in breach of law.</p>			
<p>8. Excess Non—Revenue Water</p>	<p>Criteria The Water Services Regulatory Board (WASREB) schedule 'E' and the KPI's impact No.13 benchmarks, provide for a Non-Revenue Water level of under 20% as 'good'; 20-25% as 'acceptable';</p>	<p>The management acknowledges the audit observation regarding the high level of Non-Revenue Water (NRW) at approximately 55%, which exceeds the acceptable benchmark as per WASREB Schedule E. We recognize the financial impact of this loss and have already initiated measures to address the identified risks. These measures have yielded positive results in terms of reduction of the average annual prevailing NRW rate from the 55% reported as at the close of the FY 2023/</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>

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

while above 25% is 'not acceptable'.

Observation

Review of records provided for audit revealed that the Company produced a total of 2,509,311 cubic meters of water during the year under review out of which 1,138,969 cubic meters were made available for sale to customers while 1,370,342 cubic meters or approximately 55% was treated as non-revenue water resulting in a loss of Kshs. 102,775,650 at the rate of Kshs.75 per cubic meter

Risk(s)/Effect(s)/Implications

The company may have lost revenue through the unauthorized consumption.

Recommendation

Stringent measures should be put in place so as to reduce water wastages/non-revenue water and subsequent loss of revenue.

2024 (30th June 2024) to the current prevailing rate of 38.9% as at 30th September 2025. (See annex 4 – NRW report for the month of September, 2025).

1. **Ongoing NRW Reduction Strategy:**

The company has implemented an NRW reduction strategy aimed at identifying and mitigating both physical and commercial losses. This includes:

- Leak Detection and Repair: Deployment of leak detection equipment and teams to identify and promptly repair leaks across the network.
- Pipeline Rehabilitation: Replacement of aging pipelines prone to frequent bursts and leaks.
- Pressure Management: Introduction of district metered areas (DMAs) to monitor and regulate pressure in different zones, minimizing pipe stress and leakages.

2. **Addressing Unauthorized Consumption:**

Measures are being implemented to reduce unauthorized consumption, including:

- Regular Inspections: Increased field inspections to detect and curb illegal connections.
- Metering Enhancements: Acceleration of smart meter installations to improve consumption tracking and billing accuracy.

3. **Customer Engagement and Awareness Campaigns:**

The company is conducting customer awareness campaigns to educate the public on the importance of reporting leaks and illegal connections. Incentives are being

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

		<p>provided for customers who report such incidents.</p> <p>4. Enhanced Monitoring and Reporting:</p> <ul style="list-style-type: none"> ○ Real-Time Monitoring: Deployment of advanced systems for real-time water flow monitoring to detect anomalies promptly. ○ Performance Tracking: Establishing Key Performance Indicators (KPIs) specific to NRW reduction and reporting progress quarterly. <p>5. Financial Impact Mitigation: To mitigate revenue loss, we have introduced flexible debt recovery strategies and a focused effort on expanding the customer base to enhance revenue streams.</p> <p>We are committed to reducing NRW to below the WASREB acceptable benchmark within the next three years, with a short-term target of reducing NRW by 8% by the end of the current financial year. As at 30th September 2025, the prevailing NRW rate stood at 38.9% (See annex 4 – NRW report for the month of September 2025).</p>		
<p>9. Unremitted Statutory Deductions</p>	<p>The statement of financial position reflects a balance of Kshs. 137,135,422 in respect of trade and other payables and as disclosed in Note 26 to the financial statement which includes other payables amounting to Kshs. 34,956,562.</p>	<p>NSSF - the reported outstanding amounts of Kshs. 324,238 in respect to NSSF as at 30th June 2024, exclusively relates to accrued interest and penalties incurred as of 16/09/2019, with the principal outstanding amounts, having been fully settled by the company on 16th September 2019, preventing the company from incurring any further additional penalties and interest (See annex 6a (i)).</p>	<p>resolved</p>	

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

	<p>Included in the other payables is Kshs. 324,238 relating to NSSF which have not been remitted and was outstanding as at 30 June, 2024. These statutory deductions attract penalties and interest which management has not explained how they will account.</p> <p>In the circumstances, Management was in breach of law.</p>	<p>NHIF - the company is currently fully compliant, without any outstanding NHIF remittance (see annex 6a (ii))</p> <p>The management as since settled, all the outstanding amounts owed to NSSF (see annex 6b)</p>		
<p>10. Non-Compliance with Gender and Ethnicity Balance</p>	<p>An analysis of staff bio data of the recruitment for the year under review revealed that the SIBO Water and Sanitation Company Limited had a total of two hundred and twenty- seven (227) members of staff out of whom one hundred and thirteen (113) or 89% are from the dominant community in the County. In addition, the new recruitment</p>	<ul style="list-style-type: none"> • The current staff establishment is 128 out of which, female staff constitute 25% of the overall totals. • The company is committed to continue bridging the gender gap in the company by ensuring equal opportunities during recruitments. • The company currently has developed a gender mainstreaming policy through the support of USAID. <p>The management has always endeavored to place / announce all job vacancies occurring within the company publicly in the local dalties and posting the same on its website, all this aimed at attracting people from diverse backgrounds and ethnicities.</p> <p>In our external advertisement, we have always stressed that we are all-inclusive, and mentioned</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>

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

	<p>has employed two (2) staff, who are all from the dominant community in the County. This is contrary to Section B (5) of the PSC HR policies and procedures manual 2016, which provides that; "Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities".</p> <p>In the circumstances, Management was in breach of the law</p>	<p>that we give equal employment opportunity to all.</p> <p>Unfortunately, we only get majority of applicants from one ethnic group. Going forward the management undertakes to ensure compliance with the requirements of the Constitution of Kenya 2010 that requires representation of Kenya's diverse communities, on both gender balance, and people with disabilities, in all our new recruitment exercises.</p> <p>See Annex 7a – newspaper advert for vacant positions and appointment letters. (Advert for HRM position placed on the Daily Nation of 14th May 2024, Managing Director position – placed on the Daily Nation of 5th August 2024).</p> <p>Annex 7b – Staff establishment as at March 2025.</p>		
<p>11. Acting Beyond 6 Months</p>	<p>Review of human resource records revealed that SIBO Water Management appointed the following 3 officers to serve in various acting position. As at</p>	<p>On Acting management has noted the auditor's submission.</p> <p>These positions have since been filled substantially</p> <p>See annex 8 - appointment letter for NRW Officer.</p>	<p>Resolved</p>	

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

	<p>the time of audit on 22nd November 2024, they had been acting for more than six (6) months. It is therefore unclear why they have been acting for this long in contravention to the law.</p> <p>In the circumstances, the Management was in breach of the law.</p>			
<p>12. Failure to Obtain Asset Ownership Documents</p>	<p>A Physical inspection carried out in the Month of December, 2024 on Obet - Mauna Water Project revealed that the water tank was situated in a private school known as Rising Star Academy. However, the Management did not provide ownership documents for the land where the tank is situated. In addition, no explanations were provided as to why the land transfer process had not been initiated. Further, included in the property plant</p>	<p>The management is committed to ensuring that it protects the interest of the company in obtaining and maintaining the relevant documents concerning its Assets.</p> <p>Concerning the Obet Mauna Water Project land, the management is in possession of the land agreement from the owner, while the transfer process for the parcel of land having commenced, all the necessary documentations having been duly filled, signed and currently before the lands control board. (See Annex 9a and 9b)</p> <p>Most of the identified assets relates to the Siaya – Bondo water project, which is yet to be handed over officially to the company, this was a project developed by the National Government via Lake Victoria South Water works Development Agency, however with the coming of devolution under the new constitutions, provision of water services was devolved to the Counties, implying that water related assets and infrastructure developed by the National Government and its agencies should be handed over to the County Governments for onward assignment to the water service providers to run. However, following the folding up of the Transition Authority before</p>	<p>Not resolved</p>	<p>By 30th June 2028</p>

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

	<p>and equipment balance are motor vehicles valued at Kshs. 16,087,365 whose ownership documents are not in the name of the Company but are registered in the names of their original owners; private companies and other Government agencies.</p> <p>In the circumstances, ownership and security of the project on a private land and ownership of the motor vehicles valued at Kshs. 16,087,365 and could not be confirmed.</p>	<p>conclusion of its work and the partial implementation of its reports, the transfer of assets from the National to the County Governments has remained pending.</p> <p>The management has however on several occasions requested Lake Victoria South Water Works Development Agency, being the assets developer as per the new Water Act 2016, for transfer of the assets and handover of their corresponding ownership documents to no avail. (See annex 10).</p> <p>The company recognizes the assets on its books, in keeping with the accounting principles of prudence and substance over form, the company recognizes the assets under its books considering that it bears all the benefits and risks incidental to the ownership of the assets such as repair, maintenance, operational and insurance costs.</p>		
<p>13. Incomplete Fixed Assets Register</p>	<p>The statement of financial position reflects a balance of Kshs. 112,644,527 in respect of property, plant and equipment and as disclosed in Note 16 to the financial statements. However, the asset</p>	<p>The management is committed to maintaining a detailed asset register and has since updated its asset register to the required standards as attached (see annex 11)</p> <p>The management advertised for the tagging of the company's assets in the Daily Nation Newspaper (see annex 12) with the contract being awarded to Dansal and associates limited (see annex 13 – notification of award and acceptance letter).</p> <p>Asset's tagging is currently on going beginning with the Head office assets.</p>	<p>Not resolved</p>	<p>By 30th June 2027</p>

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

	<p>register maintained by the company is incomplete since it does not include asset tag number. Further, not all assets of the Company are included in the asset register</p>		
	<p>specifically furniture. In addition, physical verification carried out revealed that the assets were not tagged/coded upon purchase or construction</p> <p>In the circumstances, existence of effective internal controls on management of assets could not be confirmed.</p>		

Name ADIPD ISATIKH WISANAGA

Signature 

Managing Director

Date 28/07/2025

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

Appendix II: Projects Implemented by the Company

Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
2.Obet Mauna water supply project	2	Sibowasco and Water Sector Trust Fund (WSTF)	12months	19,527,952.50	yes	yes
3. Ugunja, Sega and Ukwala Water supply and sanitation project	3	Africa Development Bank – through the Ministry of Water and Irrigation via LVSWWDA and CRVWWDA	3years	1.1 billion	yes	no

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Ugunja, Sega and Ukwala Water supply and sanitation project	1.1 billion		99% pending Lapse of the DLP period for the turbines and hand over to the company through CGS and project commissioning			Africa Development bank
2	Obet Mauna water supply project	19,527,952.50	17,993,544	99% Pending branding and construction of chambers	19,527,952.50	19,527,952.50	Sibowasco and WSTF

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

Appendix III- Inter-Entity Confirmation Letter



SIBO WATER AND SANITATION COMPANY LTD
P.O. BOX 214 – 40600
SIAYA

SIBOWASCO wishes to confirm the amounts disbursed to us as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [SIBO WATER AND SANITATION CO LTD] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [COUNTY GOVERNMENT OF SIAYA] (Kshs.14,000,000.00) as at 30th June 2025				Amount Received by Sibowasco (KShs.14,000,000.00) as at 30 th June 2025 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	28 th May 2025	5,000,000.00			5,000,000.00	5,000,000.00	
	25 th March 2025	1,500,000.00			1,500,000.00	1,500,000.00	
	4 th December 2024	5,000,000.00			5,000,000.00	5,000,000.00	
	17 th September 2024	2,500,000.00			2,500,000.00	2,500,000.00	
Total		<u>14,000,000.00</u>			<u>14,000,000.00</u>	<u>14,000,000.00</u>	

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

Head of Accountants department of beneficiary entity:

Name Dkundi Kevin Sign [Signature] Date 28/08/2025