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REPORT

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OLOOLAISER WATER AND SEWERAGE
COMPANY LIMITED

FOR THE YEAR ENDED
30 JUNE, 2025

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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

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Oolaiser Water

OLOOLAISER WATER AND SEWERAGE COMPANY LIMITED

ANNUAL REPORT 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)

Oololaiser Water and Sewerage Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

A. Acronyms

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFMA</i>	<i>Public Financial Management Act</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>DTF</i>	<i>Decentralized Treatment Facility</i>
<i>NRW</i>	<i>Non-Revenue Water</i>
<i>NSTWSP</i>	<i>Nairobi Satellite Towns Water and Sanitation Project</i>
<i>IAS</i>	<i>International Accounting Standards</i>
<i>ICS</i>	<i>Institute of Certified Secretaries</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>IASB</i>	<i>International Accounting Standards Board</i>

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

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2. Key Entity Information

Background information

Oololaiser Water and Sewerage Company Limited was established by the Company's Act (CAP 486) of Parliament on the Thirtieth day of June, Two Thousand and Six. At County level, the Company is represented by the County Executive Member responsible for water and sanitation, who together with the Board of Directors are responsible for the general policy and strategic direction of the Company. The Company is domiciled in Kenya, Kajiado County.

Principal Activities

The principal activity of the Company is to provide safe, affordable and reliable water services to customers.

Vision

To be the industry leader and water services provider of choice.

Mission

To provide safe, affordable and reliable water and sewerage services to our customers using environmentally sound technologies for social-economic development.

Core Values

Integrity, Team work, Customer Focus, Professionalism, creativity and innovativeness.

Company Secretary

Wanjau and Wanjao Advocates
P.O. Box 15382-00100
Nairobi

Registered Office

Oololaiser Water Plaza
Gataka Road, Ongata Rongai
P.O. Box 333 – 00206
Kiserian.

Corporate Headquarters

P.O. BOX.333-00206
Oololaiser Water Plaza
Gataka Road
Ongata Rongai.

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Corporate Contacts

Telephone: (+254)724310714
(+254)202012075
(+254)780310714
E-mail: info@oloolaiserwatercompany.co.ke
Website: www.oloolaiserwatercompany.co.ke

Corporate Bankers

Kenya Commercial Bank
Ongata Rongai
Private Bag
Ongata Rongai

Equity Bank Limited
Ongata Rongai
P.O. Box 281-00511
Ongata Rongai.

Independent Auditors

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

Principal Legal Advisers

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

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Directors

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


1. Julius Ries Kaakua - Chairman - Appointed onJune 2021
2. Gladys Seleina Marima - Managing Director - Appointed onDecember 2024
3. Patrick Githaiga - Vice Chairman - Appointed onJune 2021
4. Meshack Ngare - Member - Appointed on.....June 2021
5. Purity Simaloi - Member - Appointed on.....June 2021
6. Joan Metian - Member - Appointed on.....June 2021
7. Michael Semera - CECM Water, Environment and Natural Resources
8. Kerika ole Ndere - Director Accounting Services, County Government of Kajiado

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3. The Board of Directors

No	Directors	Details
1.		<ol style="list-style-type: none"> 1. Name: Julius Ries Kaakua 2. Position: Chairman of Board 3. DoB: 1974 4. Qualification: Bachelor in Law, Post graduate diploma in law 5. Work Experience: Has vast experience in litigation having practised law for over 20 years
2.		<ol style="list-style-type: none"> 1. Name: Patrick Githaiga 2. Position: Vice Chairman of Board 3. DoB: 1991 4. Qualification: Bachelor of Business Information Technology, MSC Information Technology, MBA – Marketing 5. Work Experience: Has vast knowledge in Information and Communication Technology
3.		<ol style="list-style-type: none"> 1. Name: Meshack Ngare 2. Position: Chairman Audit & Risk Management Board Committee 3. DoB: 1955 4. Qualification: MSC in Business Administration (Finance and Accounting), Diploma in Business Administration, CPA 1 5. Work Experience: Over Twenty-four (24) years working in private and public sectors as tax consultant.

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4.		<ol style="list-style-type: none"> 1. Name: Joan Metian Pertet (FCCA) 2. Position: Chair Technical Board Committee 3. DoB: 1987 4. Qualification: MBA in Business administration, Bachelor's degree in Finance and Accounting and Fellow Association of Chartered Certified Accountants. 5. Work Experience: Has vast experience in finance and administration in both large corporate and medium sized enterprises.
5.		<ol style="list-style-type: none"> 1. Name: Purity Simaloi 2. Position: Chair Finance Board Committee 3. DoB: 1993 4. Qualification: Bachelor's degree in commerce – Finance, Diploma in Business Administration 5. Work Experience: Has vast experience in finance and administration
6.		<ol style="list-style-type: none"> 1. Name: Michael Semera 2. Position: Member (CECM – Water, Environment, Natural Resources and Climate change) 3. DoB: 1970 4. Qualification: Bachelor of accounting Work Experience: Over 20 years of experience in banking Industry. 5. Work Experience: Over 20 years of experience in banking Industry and public sector
7.		<ol style="list-style-type: none"> 1. Name: Kerika Ole Ndere 2. Position: Member (Director Accounting Services - Kajiado County) 3. DoB: 1968 4. Qualification: MBA-Finance, Bachelor of Commerce, CPA-K 5. Work Experience: Has vast experience in finance and accounting in private and public sector.

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8.		<ol style="list-style-type: none">1. Name: Gladys Seleina Marima2. Position: Managing Director3. DoB: 19744. Qualification: Master of Arts, Bachelor of Science in Communications and Public Relations, Diploma in Mass Communication5. Work Experience: Has vast experience having served as a CECM and in other capacities in the private and public sector
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4. Key Management Team

Ref.	Managers	Details
1.		<ol style="list-style-type: none"> 1. Name: Gladys Seleina Marima 2. Position: Managing Director 3. Qualification: Master of Arts, Bachelor of Science in Communications and Public Relations, Diploma in Mass Communication
2.		<ol style="list-style-type: none"> 1. Name: Antony Muriuki 2. Position: Finance Manager 3. Academic Qualification: BBM (Finance and Banking), Member of ICPAK
3.		<ol style="list-style-type: none"> 1. Name: Wilson Munguti 2. Position: Commercial Manager 3. Academic Qualification: Diploma in water engineering, currently pursuing degree, B.Com in Operations Management.
4.		<ol style="list-style-type: none"> 1. Name: Peter Juma 2. Position: Technical Manager 3. Academic Qualification: Bachelor of Technology Civil (Construction)

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5.		<ol style="list-style-type: none"> 1. Name: Solomon Saruni 2. Position: NRW & Project Liaison Manager 3. Academic Qualification: BA (Economics and Statistics)
6.		<ol style="list-style-type: none"> 1. Name: Jedidah Soila 2. Position: Ag. Human Resource and Administration Manager. 3. Academic Qualification: Bachelor of Business Administration (Human Resource Management)
7.		<ol style="list-style-type: none"> 1. Name: Gideon Sane 2. Position: Ag. Procurement Manager 3. Academic Qualification: Bachelors in Supply Chain Management
8.		<ol style="list-style-type: none"> 1. Name: Regina Mutunga 2. Position: Internal Auditor 3. Academic Qualification: K.A.T.C FINAL, C.P.A (K) and a Member of ICPAK.

5. Chairman's Statement

With great pleasure, I offer the company's annual report and financial statements for the financial year that concluded on June 30, 2025. When I reflect on the journey we have taken during these trying times, I am inspired by the directors', management and other staff's efforts to keep us on course; this has been our backbone during the many difficulties we have faced in providing water services.

Our cherished goal is to offer a sustainable service to satisfy the ever rising demand for water. This alone presents a significant obstacle to the current supply-demand imbalance. We have established ambitious goals for ourselves, and with the dedication of all parties involved, I am optimistic that we will attain the status of an industry leader. Throughout the years, the Company has consistently faced challenges related to water demand surpassing the available supply, aging and deteriorating infrastructure, limited pipeline coverage, rapid population growth, urban expansion, and high operational and maintenance expenses.

The swift urban development in our service area indicates that the future will be just as challenging as the past. Therefore, the Board of Directors is dedicated to upholding, implementing, and practicing the principles of good governance to address the unavoidable difficulties. The Board will continue to steer and evolve the Company into a dynamic, proactive, and consumer-focused organization in order to overcome current and future challenges and achieve its vision of becoming the leader in the industry and preferred water service provider.

Thank you



Julius R. Kaakua

Chairman-Board of Directors.

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6. Report of the Managing Director

The Water Services Regulatory Board has granted the company a license, allowing it to function as a Water Services Provider in accordance with the Water Act of 2016.

The corporation is required under this service provision license to supply water and waste water services to a coverage area of roughly 248 km² within Kajiado North and portions of Kajiado West Sub Counties.

Residents of the service area look to us as the utility responsible for providing water services within the license area, and I am happy to say that we have set high performance standards that will continuously guide the company to meet these standards.

The past few years have been particularly difficult, though, because of rising operating and maintenance expenses that have outpaced available income, insufficient water supply distribution networks, and a lack of sufficient water source capacity in the face of rapidly growing urbanization and population growth.

According to national requirements, each person serviced by a water supply system must receive a minimum of 40 litres of water per day; nevertheless, the company has implemented an equity-based water restriction plan under the water for all mission due to inadequate source capacity.

The current water coverage is 52%, which is less than the 80% target set by the National Water Services Strategy (NWSS).

High costs, particularly for certain operating expenses, have made the fiscal year 2024–2025 particularly difficult. High non-revenue water levels continue to be a problem. Age-related problems, failing reticulation systems, poor designs with improper pipe sizing, and subpar materials have all contributed to physical water losses.

In addition, there have been cases of water theft, meter by passes, illegal reconnections, faulty consumer meters, improper meter placement, and inefficient meters.

Additional part of the NST-

WSDP projects, which are scheduled to be completed and put into service by December 2025, an estimated 205 kilometers of HDPE pipeline and an estimated 8,240 metered consumer water Meters will be built in order to address the high levels of Non-revenue water caused by system failure and degradation.

It is anticipated that the NRW will gradually decrease to 30% by the end of June 30, 2026, and further decrease to less than 25% in the Financial Year 2026/2027. This reduction will include connections and the construction of a storage tank, all of which will replace existing components. By pledging to give high-

quality service that pleases our clients, we continue to execute initiatives targeted at enhancing Our service delivery, efficiency, and customer convenience in keeping with our objective

"To be the industry leader and water service provider of choice."

Customer satisfaction surveys conducted by impartial, outside organizations will be used to

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gauge our effectiveness in this area.

The results and comments we receive from the surveys will be utilized to enhance our procedures and guide in

delivering a full, highquality water supply management cycle that ensures population public hygiene depends on a strong and sufficient waste water management infrastructure.

The business is nearing the end of a comprehensive sewerage system design for the townships of Ongata Rongai, Ngong, Matasia, and Kiserian in collaboration with water works development organizations.



Gladys Seleina Marima

Managing Director

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

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County government entity's performance against predetermined objectives.

Oloolaiser Water and Sewerage Company Limited has 6 strategic pillars and objectives within its Strategic Plan covering the next five years. These strategic pillars are as follows:

- Pillar 1: Water and sewerage infrastructure
- Pillar 2: Non-revenue water
- Pillar 3: Customer service
- Pillar 4: Operational efficiency
- Pillar 5: Financial sustainability
- Pillar 6: Institutional capacity

Oloolaiser Water and Sewerage Company Limited develops its annual work plans based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on an annual basis. Oloolaiser Water and Sewerage Company Limited achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Water and Sewerage Infrastructure	1. To increase amount of water available for distribution from 8,000m ³ per day in 2022 to 18,000m ³ per day by 2027	Increased in quantity of water produced Increase in population served Increase in water production sources	Development of 20 no. additional boreholes to provide 5000m ³ Additional 5000m ³ bulk supply from the Nairobi	20 no boreholes drilled with anticipated equipping and commissioning by October 2025 Bulk supply complete, anticipated uptake of 5000m ³ by October 2025
	2. Ensure compliance with water quality standards	Water quality analysis report Tests conformity results	Weekly sampling and analysis Water Treatment processes	Weekly surveillance through Sampling and analysis undertaken Conventional treatment undertaken at treatment works

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	<p>3. Increase total population served from 56% in 2022 to 75% by 2027.</p> <p>4. Enhance waste management</p>	<p>Increased service area</p> <p>Increased consumer connections</p> <p>Consumer sewerage connections</p> <p>Number of exhaustion to the Decentralised Treatment Facility</p>	<p>Prioritized expansion of water supply network to unserved area</p> <p>Enhance access of water in LIAs</p> <p>Design and Construct waterborne sewerage system by 2027</p> <p>Operationalization of DTF</p>	<p>Ongoing construction of additional water sources for 11,000m³ Commissioning by October 2025</p> <p>Augmentation of supply network, reconstruction of 205km, testing ongoing</p> <p>Designs for Sewerage System done</p>
Pillar 2: Non-Revenue Water	Reduce non-revenue water from 39% in 2023 to 22% in 2027	Non-Revenue Water level below sector benchmark	<p>Reconstruction of 205kms of pipeline within Ongata Rongai and Kiserian areas by November 2025 under NST-WSDP</p> <p>Establish and institutionalize a NRW unit</p> <p>Enhance meter efficacy by progressive installation of DMA meters</p>	<p>Reconstruction works estimated at 90% complete and testing ongoing</p> <p>NRW Unit established and appointed Non-Revenue Water Manager and team</p> <p>Demarcation of 28 DMAs done and testing ongoing, completion by October 2025</p>
Pillar 3: Customer Service	Increase customer satisfaction index from 75% in 2023 to 85% in 2027	Improved customer satisfaction	Streamline new connection process, Ensure adherence to service charter timelines	Training of customer service team which has improved customer relationship. Appointed a public relations officer and head of customer care personnel.

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Pillar 4: Operational Efficiency	Enhance operational efficiency	Reduction of costs, Improved use of ICT	Use of solar power in pumping, Provision of adequate office space	Construction of an office block completed with enhanced internet connectivity Solarization of 12 pumping sites ongoing
Pillar 5: Financial Sustainability	<ol style="list-style-type: none"> Increase annual revenue from 163.7m in 2023 to 621m in 2027 Increase collection efficiency from 96% in 2023 to 98% in 2027 	<p>Increase in active connections,</p> <p>Improved revenue collection</p>	<p>Activation of inactive accounts Commercialization of DTF</p> <p>Enhance accurate and timely billing, Enhance debt management.</p>	<p>Proposed expansion of DTF treatment capacity</p> <p>Augmentation of the water source and distribution capacity for increase in consumption and consumer base and consequently revenues by December 2025</p> <p>Implementation of a more efficient billing system done; Mobile meter reading with auto billing and dispatch, pictorial support for meter reading</p>
Pillar 6: Institutional Capacity	<ol style="list-style-type: none"> To attract and retain skilled, motivated and productive staff 	Reduction on staff turnover, increased staff motivation	<p>Review the organization structure, scheme of service and grading structure</p> <p>Enhance staff management</p>	<p>Ensuring monthly remuneration of staff</p> <p>Reviewing the operation structure</p> <p>Improved staff management through performance targeting</p>

8. Corporate Governance Statement

The Board of Directors is unwaveringly committed to making sure that, as a public service institution, the Company's choices are informed by the fundamental principles outlined in the code of conduct. The Board of Directors views corporate governance as crucial to the Company's performance. As a result, the Board of Directors and the appointed Board Committees routinely assess the quality of service in order to consistently carry out our mandate and maintain a sustainable and viable institution. During the financial year three Directors retired and recruitment process for replacement initiated which will be completed in coming financial year.

The Company's board consists of three committees namely: -

- i) Finance and Administration- Three (3) Members
- ii) Business and strategic – Three (3) Members
- iii) Audit and risk Management- Three (3) Members.

The Board of Directors that served in 2024/2025 was chosen through a competitive hiring process, and the appointments were confirmed at the Company's annual general meeting held during the financial year 2021/2022.

9. Management Discussion and Analysis

Over the years, the Company has experienced challenges mainly caused by drought, high non-revenue water,

During the year, the Company's operations were adversely affected by reduced production of water which was brought about by high turbidity during rainy season and frequent burst on the main pipeline from Kiserian dam due to its poor quality and dilapidation. This adversely affected revenue generation and collection.

The Dilapidated water supply infrastructure, that is sources, treatment works, storage, pipelines and consumer meters had both lead to high costs of operation and maintenance and high levels of Non-Revenue Water at **48.9%** being above the sector benchmark.

Currently the Company through technical and financial support from Athi Water Works Development Agency is implementing a comprehensive construction of additional water sources and pipe networks under the Nairobi Satellite Towns Water and Sanitation Programme, which is objected to ensure financial and operational sustainability of the Company.

The project is anticipated to increase the water source capacity by an estimated 10,260 cubic meters per day, reduce Non-Revenue Water to below 25% and expand the consumption base. Additional institutional improvements and enhancements include; procurement of equipment, procurement of an Enterprise Resource Planning. Staff underwent training on key business operation areas under the project during the financial year.

Through the County Government of Kajiado and Athi Water Works Development Agency the Company has undertaken a feasibility study towards solarisation of all of its production sites which is anticipated to reduce cost of production significantly.

After implementation of the said strategies the Company's revenues are anticipated to be and hence turnaround the utility to a profit making entity.

10. Environmental and Sustainability Reporting

Life transformation is the purpose of Oloolaiser Water and Sewerage Company Limited. This is the reason behind all we do; it is our purpose. It is what directs us in executing our plan, prioritising the client/citizen, providing pertinent products and services, and enhancing operational excellence. The organization's sustainability-related policies and initiatives are outlined below

i) Sustainability strategy and profile -

The Company is in the process of reviewing its five-year strategic plan for the period 2023 to 2028 which is geared towards improving services given. In the plan are strategic themes and strategic objectives aimed at the mitigating and/or reducing some of the negative factors like non-revenue water, dilapidated pipeline and also reduce other inefficiencies through employing technology in billing, revenue collection and customer service to improve on accuracy and response to customer enquiries and complains. The Company is also working on increasing amount of water source capacity and in effect more water available for distribution to our customers by bulk water importation and development of additional boreholes under the Nairobi Satellite Towns Water and Sanitation Programme. This is a flagship project for the utility as it is a sustainable pillar for assured turnaround in the immediate and mid-term horizon.

ii) Environmental performance

In line with the President's tree planting initiative to plant 15 billion trees by 2032. The Company was engaged planting trees in Ngong Forest, administrative offices, schools within Kajiado North and Kiserian dam. The Company adhered to National Environmental Management Authority guidelines in regard to discharge of waste water and disposal of harmful and hazardous products.

iii) Employee welfare

The Company has a human resource manual which guides in the handling of issues relating to staff. It recruits its staff based on merit giving consideration to gender, regional, age and

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ethnic balance. It endeavours to retain, reward and develop the best talent to help it achieve its goal. Further, it continually seeks to improve its employees through structured programs for personal and professional development. This is usually informed by the appraisal system which is conducted biannually. The Company has a staff advisory and an occupational safety and health committee in place to deal with staff matters and safety of staff at work respectively

iv) Market place practices-

The Company is committed to:

a) Responsible competition practice.

Water Services Regulatory Board (WASREB) is mandated in regulating the pricing through a tariff, operating area on which the Company should operate within through licensing. The Company is responsible in making sure it adheres to the conditions set by the regulator.

b) Responsible Supply chain and supplier relations

The Company makes sure that all its procurement is guided by the Public Procurement and Assets Disposal act and regulations. Through encouraging fair competition and openness in all its procurement. The Company also endeavour to ensure that the relationship between it and its supplier is well maintained for mutual benefit.

c) Responsible marketing and advertisement

The Company does its marketing and advertisement through signed boards, on social media through one on one engagement with its current and prospective customer. During these engagements it always maintains high ethical standards and avoid material both visible and audio that would bring conflict and misleading information.

d) Product stewardship

Core mandate of the Company is to supply safe and adequate water to citizens within its area of jurisdiction. This is met through making sure that quality of water distributed

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to customers is treated and quality tested at the source and consumption points to make sure it meets the set standards.

v) Corporate Social Responsibility / Community Engagements

The Company endeavours to improve the wellbeing of the stakeholders and members of the society in its area of operations. This is done through coming up with projects, giving material and cash geared towards improving the welfare of the community.

12. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012, companies Act 2015, and section 208 of the Public Finance Management County regulations act require the Directors to prepare financial statements in respect of Oloolaiser Water and Sewerage Company Limited, which give a true and fair view of the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

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

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

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Statement of Directors' Responsibilities (Continued)

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

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

Approval of the financial statements

The company financial statements were approved by the Board on 20th Nov 2025 and signed on its behalf by:



.....
Julius Ries Kaakua
Chairman of the Board



.....
Gladys Seleina Marima
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 OLOOLAISER WATER AND SEWERAGE 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 Oloolaiser Water and Sewerage Company Limited set out on pages 1 to 40, which comprise of the statement of financial

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

In my opinion, 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 Oololaiser Water and Sewerage Company Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Water Act, 2016, the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Debtors

The statement of financial position and as disclosed in Note 18 to the financial statements reflect trade and other debtors balance of Kshs.147,906,249 which is net of provision for doubtful debts of Kshs.25,896,975. Review of the gross trade receivables of Kshs.172,646,500 revealed that receivables amounting to Kshs.135,253,644 have been outstanding for more than one hundred and twenty (120) days casting doubt on their recoverability and adequacy of the provisions. Management did not provide measures put in place to recover the debts.

In the circumstances, the accuracy and recoverability of the trade and other debtors balance of Kshs.135,253,644 could not be confirmed.

2. Customers' Deposits

The statement of financial position and as disclosed in Note 20 to the financial statements reflect customers' deposits balance of Kshs.784,418. As previously reported, the deposit money is refundable on demand for those terminating their service contracts with the Company without outstanding bills. However, the Company had cumulatively borrowed funds totalling Kshs.21,024,450 from the deposits account for operations which had not been settled as at the time of audit in November, 2025.

In the circumstances, the accuracy and completeness of customers' deposits balance of Kshs.784,418 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Oololaiser Water and Sewerage 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.

Material Uncertainty Related to Going Concern

The statement of financial position reflects current liabilities balance of Kshs.409,291,831 against current assets of Kshs.150,568,404 resulting in a negative working capital of Kshs.258,723,427. In addition, trade and other payables increased by Kshs.22,106,534 from Kshs.335,430,098 in the previous year to Kshs.357,536,632 an indication of the Company's inability to settle its obligations as and when they fall due.

In the circumstances, the ability of the Company to continue to sustain its services is dependent on continued support from the County Government and other stakeholders.

My opinion is not modified in respect of this matter.

Emphasis of Matter

Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.357,536,632 as disclosed in Note 19 to the financial statements. Included in the balance are payables totalling Kshs.304,605,962 or approximately 85% of the total payables which have been outstanding for more than one hundred and twenty (120) days and no measures had been put in place to settle the debts.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on pages iii to xxix which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the

Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Excessive Non-Revenue Water

Review of water sales and production records revealed that the Company produced 1,919,552 cubic meters (M³) of water out of which only 980,036 M³ were billed to customers. The balance of 939,516 M³ or appropriately 49% of total production represents Non-Revenue Water (NRV). The NRW for the Company exceeded the allowable loss of 25% by 24%. This is contrary to the Water Services Regulatory guidelines which require water service providers to ensure that commercial losses in respect of water produced do not exceed 25% of total production.

Although Management attributed the loss to ageing and deteriorating reticulation systems, instances of illegal connections, meter bypasses and defective consumer meters, no measures had been put in place to address the issues.

In the circumstances, Management was in breach of law.

2. Non-Compliance with the Law on Fiscal Responsibility Principles

The statement of profit or loss and other comprehensive income and as disclosed in Note 9 to the financial statements reflect staff costs of Kshs.84,819,125 which is approximately 49% of the total revenue of Kshs.172,594,975. This is contrary to the

provisions of Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015, which states that the County Executive Committee Member with the approval of the County Assembly shall set out a limit of County Government expenditure on wages and benefits for its public officers which shall not exceed thirty-five percent (35%) of the County Government's total revenue.

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 effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Staff Medical Expenses

As previously reported, the statement of profit or loss and other comprehensive income reflects staff costs totalling Kshs.84,819,125 which includes staff medical expenses of Kshs.1,025,686 as disclosed in Note 9 to the financial statements. However, the Company did not have a medical cover Policy for the employees and there was no guidance on how the medical vote was run including the Hospitals that were appointed and the exceptions on medical services to be received.

In the circumstances, the effectiveness of internal controls on management of staff medical expenses could not be confirmed.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xii to xiii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on pages 20 and 29 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting (Accrual Basis) 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

Oloolaiser Water and Sewerage Company Limited.
Annual Report and Financial Statements for the year ended June 30, 2025

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


	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	172,594,975	119,537,399
Other Income	8	267,000.00	286,000
Total Revenue		172,861,975	119,823,399
Expenses			
Staff Costs	9	84,819,125	96,989,784
General and Operations expenses	10	76,520,054	70,160,424
Board Expenses	12	1,453,258	1,991,090
Maintenance Expenses	11	3,703,075	5,799,756
Depreciation and Amortization	13	1,505,751	1,985,199
Finance Costs	14	672,750	595,685
Total Expenses		168,674,012	177,521,937
Profit/(Loss) Before Taxation		4,187,963	(57,698,538)
Income Tax Expense/(Credit)		-	-
Profit/(Loss) After Taxation		4,187,963	(57,698,538)

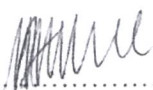
Oloolaiser Water Sewerage Company Limited.
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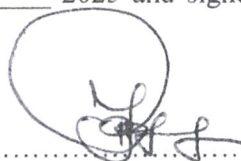
15. Statement of Financial Position as at 30 June 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
ASSETS			
Non current assets			
Property Plant & Equipment	15	19,516,605	20,545,896
Intangible Assets		0	0
		19,516,605	20,545,896
Current assets			
Trade & Other Debtors	18	147,906,249	121,591,036
Cash & Cash Equivalent	16	2,662,155	2,010,580
		150,568,404	123,601,616
Total assets		170,085,009	144,147,512
EQUITY AND LIABILITIES			
Share Capital	17.(a)	100,000	100,000
Capital Reserve	17.(b)	3,817,836	3,817,836
Revenue Reserve	17.(b)	-259,113,466	-263,301,429
Total Equity		-255,195,630	-259,383,593
Non Current Liabilities			
Capital Grant	22	15,988,810	15,988,810
Total Non Current Liabilities		15,988,810	15,988,810
Current Liabilities			
Trade and Other Payables	19	357,536,632	335,430,098
Customer Deposits	20	784,418	1,141,418
Contigent Liability	21	50,970,780	50,970,780
Total Current Liabilities		409,291,831	387,542,297
Total Equity and Liabilities		170,085,009	144,147,513

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


.....
Name : Gladys S. Marima
Managing Director


.....
Name: CPA Antony Muriuki
Head of Finance
ICPAK M/No. 24229


.....
Name: Mr. Julius Kaakua
Chairman of the Board

Ololaiser Water and Sewerage Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

	Note	Share Capital	Revenue Reserve	Capital Reserve	Total
		Kshs	Kshs	Kshs	Kshs
As at 30th June 2023		100,000	-205,602,891	3,817,836	-201,685,055
Prior year adjustments					
Restated Balance					
Amortization					
Additions for the year					
Profit/(loss) for the year			-57,698,538		-57,698,538
As at 30th June 2024	17. A&B	100,000	-263,301,429	3,817,836	-259,383,593
As at 30th June 2024		100,000	-263,301,429	3,817,836	-259,383,593
Prior year adjustments					
Restated Balance					
Accumulated Amortization					
Additions for the year					
Profit/(loss) for the year			4,187,963		4,187,963
As at 30th June 2025	17. A&B	100,000	-259,113,466	3,817,836	-255,195,630

Oloolaiser Water and Sewerage Company Limited
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17. 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 Receipts		138,118,106	
Other Income		1,397,100	
Customer deposits		1,043,000	
Total Receipts		140,558,206	
Payments			
Staff Costs		64,045,554	
General And Operation Expenses		70,695,803	
Board Expenses		878,290	
Maintenance Expenses		3,137,775	
Finance Costs		672,750	
Total Payments		139,430,171	
Net Cash From/ (Used In) Operating Activities	23	1,128,035	
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)	15	-476,460	
Net Cash From/ (Used In) Investing Activities		-476,460	
Cash Flows from Financing Activities			
Net Cash From/(Used In) Financing Activities			
Increase/(Decrease) In Cash and Cash Equivalents		651,575	
Cash And Cash Equivalents At Beginning of Year		2,010,575	
Cash And Cash Equivalents At End of the Year	16	2,662,155	

Oololaiser Water and Sewerage Company Limited
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18. Statement of Comparison of Budget & Actual Amounts for the Period Ended 30 June 2025

ITEM	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance Difference	% of utilization
Total Income Projection	189,945,232.14	-	189,945,232.14	172,861,974.91	(17,083,257.23)	91%
EXPENDITURE						
TOTAL PERSONNEL AND OTHER COSTS	100,110,728.27	-	100,110,728.27	84,819,124.73	15,291,603.54	85%
Total General and Operational expenses	90,547,123.60	-	90,547,123.60	76,520,053.59	14,027,070.01	85%
Total Board Expenditures	4,122,220.00	-	4,122,220.00	1,453,258.00	2,668,962.00	35%
Total Maintenance Expenditures	9,473,860.00	-	9,473,860.00	3,703,075.00	5,770,785.00	39%
Finance cost						
Total Finance Cost	800,000.00	-	800,000.00	672,749.78	127,250.22	84%
Depreciation	1,962,643.53		1,962,643.53	1,505,750.83	456,892.70	77%
GRAND TOTAL EXPENDITURE	207,016,575.40	-	207,016,575.40	168,674,011.93	38,342,563.47	81%
INCOME LESS TOTAL RECURRENT EXPENDITURE	(17,071,343.27)	-	(17,071,343.27)	4,187,962.98		
APPROVED CAPITAL BUDGET FOR THE FY 2024/2025						
ITEM						
Capital Grant						
Capital Expenditure						
Total Capital Expenditure	2,130,000.00		2,130,000.00	476,460.00	1,653,540.00	22%
Total	2,130,000.00		2,130,000.00	476,460.00	1,653,540.00	22%

Oloolaiser Water and Sewerage Company Limited
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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 (PUBLIC SECTOR ACCOUNTING STANDARDS BOARD) 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.

19. Notes to the Financial Statements

1. General Information

Oololaiser Water and Sewerage Company Limited is established by and derives its authority and accountability from Water Act No. 43 of 2016. The Company is wholly owned by the Kajiado County Government and is domiciled in Kenya. The Company's principal activity is to provide safe and reliable water services to customers in Rongai, Kiserian, Ngong and Kimuka Towns and their environs. 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. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

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

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

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Notes to the financial statements (continued)

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

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

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

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.

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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 2025.

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

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

iii. Early adoption of standards

Oloolaiser Water did not early – adopt any new or amended standards in year under review.

Notes to the Financial Statements (Continued)

4. Summary of 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 Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a 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	Rates
Intangible assets	33.3%
Water meters	33.3%
Computers	30%
Office furniture and equipment	12%
Pumps and equipment	30%
Water tanks	30%

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

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and

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amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

f) Amortization and impairment of intangible assets

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

g) 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.

h) Trade and other receivables

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

i) Cash and cash equivalents

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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.

j) 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.

k) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2012. The scheme is administered by Lap trust and Standard Chartered and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 12% Employee contribution and 15% Employer contribution per employee per month for the lap trust and at 7.5% Employee and 15% Employer for the Standard chartered.

l) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 28th 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 Company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded budget reallocation on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. Both the financial

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statements and the budget are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. 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.

m) Comparative figures

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

n) 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.

Below are the statements of all judgements, estimates and assumptions made.

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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing

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circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Oloolaiser Water and Sewerage Company made provisions based of the approved policies as follows:-

- i) Provision for bad debts at the rate of 15 % of the total outstanding debt, general provision type to ensure the financial statements reflect a realistic valuation of receivables and account for expected credit losses.
- ii) Provision for gratuity as the rate of 31% of basic salary, for the contracted staff members.
- iii) Provision for fixed assets depreciation at the rates provided in these reports and statements, applicable rates vary from asset to another.

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Notes to the Financial Statements (Continued)

6. Operating Revenue

	2024/2025	2023/2024
Billings	171,464,875	118,889,499
Connection fees	1,130,100	647,900
Total	172,594,975	119,537,399

7. Grants Income

The Company has not been receiving any grant for the last two financial years.

8. Other Income

8. Other Income		2024/2025	2023/2024
Staff rent		267,000	286,000
Total		267,000	286,000

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Notes to the financial statements (continued)

9. Staff Costs

9.STAFF COSTS			
		2024/2025	2023/2024
		Kshs.	Kshs.
Staff Salary		65,917,781	78,260,273
Employer Pension Contribution NWC		338,712	684,254
Leave and Passage		1,283,262	1,515,425
Staff Welfare		279,460	100,000
Staff Medical		1,025,686	1,762,817
N S S F(Employer Contribution)		3,024,338	2,108,620
Gratuity provision		2,880,439	3,019,834
Employer Contribution to laptrust		6,294,738	6,958,631
Standby Allowances		52,780	
Casual Wages		2,713,832	1,679,333
Hosing Levy		1,008,096	900,597
Total		84,819,125	96,989,784

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Notes to the financial statements (continued)

10. General and Operational Expenses

	2024/2025	2023/2024
	Kshs.	Kshs.
Consultancy & Professional fees	230,000	637,176
Auditor's Remuneration	232,000	232,000
Telephone, Postage and Telegram	1,564,677	1,034,639
Travel & Accommodation	3,530,644	1,950,250
Office Electricity & Water	136,624	152,572
Membership to professional bodies	262,000	532,948
Advertising & Promotions	160,080	340,180
Insurance	62,350	12,000
Library Expenses	180	
Office Tea & Cleaning	364,848	321,415
Office Stationery	282,187	346,495
Printing and Photocopying	12,445	16,560
Provision for doubtful debts	7,031,556	
Security Services	3,880,000	
General Office Expenses	256,992	147,915
Office Rent	120,000	165,000
IT Expenses	1,388,869	1,250,854
Maintenance of Office Equipment	105,100	56,800
Stakeholders Forums	235,540	451,240
Annual General Meeting		225,987
Legal Fees	982,832	
Staff Training	65,950	1,172,480
Power costs	28,455,103	38,090,961
Chemicals	12,932,388	16,307,266
M/Vehicle Fuel Expenses	554,343	602,100
Regulatory levy	6,858,594	4,755,580
Permit and Abstraction Fee	963,465	943,516
Water quality tests		60,000
Bulk Water	5,383,648	
Hire of Motor Vehicles/Plant & Equipment	336,938	254,150
Generator Fuel	130,701	100,340
Total	76,520,054	70,160,424

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Notes to the financial statements (continued)

11. Maintenance Expenses

		2024/2025		2023/2024
		Kshs.		Kshs.
Maintenance of W/Supplies		2,761,890		3,622,115
Maintenance of buildings & Stations		37,680		
Maintenance of pumps and equipment		695,021		1,925,759
Maintenance of M/Vehicles		208,484		251,882
Total		3,703,075		5,799,756

12. Board Expenses

		2024/2025		2023/2024
		Kshs.		Kshs.
Board Allowances		1,007,116		1,476,912
Chairman's Honoraria		342,852		342,852
Other Board Expenses		103,290		171,326
Total		1,453,258		1,991,090

Valuation

The Company did not carry out any asset valuation during that period.

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13. Depreciation and Amortization

		2024/2025		2023/2024
		Kshs.		Kshs.
Property, plant and equipment		1,505,751		1,985,199

14. Finance Costs

		2024/2025		2023/2024
		Kshs.		Kshs.
Bank Charges		269,628		252,411
Revenue Collection Expenses		403,122		343,274
Total		672,750		595,685

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Notes to the financial statements (continued)

15. Property, plant and equipment

	Intangible Assets	Water Meters	Furniture & Office Equipment	Computers	Tanks	Pumps & Equipment	Work in Progress	Total
Rate	33.30	33.30	12.00	30.00	30.00	30.00		
COST		Kshs.	Kshs.	Kshs.				Kshs.
As at 1 July 2024	295,471	26,245,754	1,896,320	2,393,606	1,108,854	14,546,225	15,986,562	62,472,792
Additions at cost				476,460				476,460
Disposal								0
As at 30 June 2025	295,471	26,245,754	1,896,320	2,870,066	1,108,854	14,546,225	15,986,562	62,949,252
DEPRECIATION								
At 1 July ,2024	295,471	23,948,821	1,447,508	2,200,076	955,960	13,079,059	-	41,926,896
Charge for Year	-	764,879	53,857	200,997	45,868	440,150		1,505,751
As at 30 June,2025	295,471	24,713,700	1,501,365	2,401,073	1,001,828	13,519,209	0	43,432,646
NET BOOK VALUE								
As at 30 June,2024	-	2,296,933	448,812	193,530	152,894	1,467,165	15,986,562	20,545,896
As at 30 June,2025	-	1,532,054	394,955	468,993	107,026	1,027,016	15,986,562	19,516,605

2024	Intangible Assets	Water Meters	Furniture & Office Equipment	Computers	Tanks	Pumps & Equipment		Total
Rate	33.3	33.30	12	30	30	30		
COST		Kshs.	Kshs.	Kshs.				Kshs.
As at 1 July 2023	295,471	25,909,754	1,896,320	2,359,606	1,108,854	14,546,225	15,986,562	62,102,792
Additions at cost		336,000.00		34,000.00				370,000
Disposal								-
As at 30 June 2024	295,471	26,245,754	1,896,320	2,393,606	1,108,854	14,546,225	15,986,562	62,472,792
DEPRECIATION								
At 1 July ,2023	295,471	22,802,076	1,386,306	2,117,135	890,434	12,450,274	-	39,941,697
Charge for Year	-	1,146,745	61,202	82,941	65,526	628,785		1,985,199
As at 30 June,2024	295,471	23,948,821	1,447,508	2,200,076	955,960	13,079,059	-	41,926,896
NET BOOK VALUE								
As at 30 June,2023	-	3,107,678	510,014	242,471	218,420	2,095,951	15,986,562	22,161,095
As at 30 June,2024	-	2,296,933	448,812	193,530	152,894	1,467,165	15,986,562	20,545,896

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Notes to the financial statements (continued)

16. Cash and Cash Equivalents

16. Cash Balances				
Cash at Bank				
			2024/2025	2023/2024
			Kshs	Kshs.
K.C.B. Expenditure Account			823,404	-
K.C.B. Deposit Account			737,293	1,094,523
Posta Corporation			82,480	222,540
Post Bank			90,486	70,926
MPESA			533,030	311,184
Equity Bank CLSG account			5,532	5,532
Equity Bank collection account			378,400	295,985
			2,650,626	2,000,691
Cash In Hand				
Office Petty Cash			11,530	9,890
			11,530	9,890
			2,662,155	2,010,580

17. Ordinary Share Capital, Retained Earnings and Reserves

	2024/2025	2023/2024
	KShs.	Kshs.
17. (a) Authorized		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
Issued:		
5000 Ordinary shares of Kshs. 20 each	100,000	100,000
17.(b) Reserves		
Capital Reserve	3,817,836	3,817,836
Revenue Reserve	(259,113,466)	(262,679,043)
	(255,195,630)	(258,761,207)

General reserves/Retained Earnings

The retained earnings represent amounts available for distribution to Oloolaiser Water and Sewerage Company limited shareholders. Undistributed retained earnings are utilised to finance the Company's business activities.

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Notes to the financial statements (continued)

18. Trade and other receivables

	2024/2025	2023/2024
	Kshs.	Kshs.
Trade Receivables (Water Supply Debtors) note 18 (a)	172,646,500	139,366,542
Provision for doubtful debts	(25,896,975)	(18,865,419)
Electricity Deposit	2,500	2,500
Rent Deposit	296,040	296,040
Water Deposit	24,000	1,500
W.S.T.F Accounts	6,000	6,000
Staff Debtors (note 18(b))	828,183	783,873
	147,906,249	121,591,036

18 (b) Staff Debtors		
Gross staff advances	828,183	783,873
Provision for impairment loss	-	0
Net staff advances	828,183	783,873
Less: Amounts due with one year	(828,183)	(783,873)
Amounts due after one year	-	-

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Notes to the financial statements (continued)

19. Trade and Other Payables

Trade Creditors	73,472,610	78,233,415
Net Salaries	38,009,532	41,605,000
N.H.I.F	2,475,309	2,584,959
N.S.S.F	10,868,444	4,855,600
Board Allowances Net	835,712	880,000
NITA	444,320	378,370
Paymaster General	20,535,254	17,624,967
Laptrust	103,662,520	92,331,991
Honoraria Net	960,000	720,000
KCGWU	1,347,200	1,087,600
OWSWA Welfare Association	1,940,500	1,640,000
Liberty Life Assurance	4,851	4,851
COTU	880,695	783,045
ICEA Lion Insurance	7,635	7,635
Pan African Insurance	653	653
Gratuity	11,759,270	8,878,831
Sanlam life assurance	4,991	4,991
Agencies Unreceipted Deposits	3,214,923	2,295,256
Standard Chatered	9,997,247	10,496,561
Ukulima Sacco	445,143	3,218,803
Staff creditors	1,023,129	983,615
Auditor General	2,494,000	2,262,000
KRA Withholding	1,047,137	1,054,973
Loan from Deposit account	21,024,450	19,624,450
Prepaid Water	1,650,650	1,974,386
WASREB	38,232,639	31,574,045
W.R.M.A	8,367,421	7,403,956
Commissioner of Income Tax	2,214,980	2,214,980
K.C.B. Ongata Rongai -Revenue (Overdrawn)	615,418	703,709
K.C.B. Expenditure Account (Overdrawn)		1,459
	357,536,632	335,430,098

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Notes to the financial statements (continued)

20. Refundable customer Deposits

	2024/2025	2023/2024
	Kshs.	Kshs.
Customers' Deposits	784,418	1,141,418

21. Contingent liability

	2024/2025	2023/2024
	Kshs.	Kshs.
Tanathi Water Servises Board-Licensee's remuneration	50,970,780	50,970,780

22. Capital Grant

	2024/2025	2023/2024
	Kshs.	Kshs.
Grant	15,988,810	15,988,810
Liquidated	-	-
Balance Carried Forward	15,988,810	15,988,810

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Notes to the financial statements (continued)

23. Notes to Statement of cash flows

		2024-2025	2023-2024
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations			
Operating Profit (loss)		4,187,962.98	(57,076,152.38)
Depreciation		1,505,750.83	1,362,812.83
Operating loss before working capital changes		5,693,713.81	(55,713,339.55)
Increase in receivables		(26,315,212.73)	(7,280,093.65)
increase in payables		22,106,533.96	64,889,245.00
Customer deposits		(357,000.00)	
Cash generated from/(used in) operations		1,128,035.04	1,895,810.80
(b) Analysis of cash and cash equivalents			
Cash at bank		2,650,625.59	2,000,690.52
Cash in hand		11,529.56	9,889.56
Balance at end of the year		2,662,155.15	2,010,580.08

Notes to the financial statements (continued)

24. Retirement Benefit Obligations

Retirement benefit Asset/ Liability

Oolaiser Water operates a defined contribution scheme for all full-time employees from July 1, 2012. The scheme is administered by Lap trust and Standard Chartered and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 12% Employee contribution and 15% Employer contribution per employee per month for the lap trust and at 7.5% Employee and 15% Employer for the Standard chartered.

Other Disclosures

25. Related Party Disclosures

County Government of Kajiado

The County Government of Kajiado is the principal shareholder of the Company, holding 100% of the Company's equity interest.

Other related parties include:

- The Ministry of Water-Kajiado county
- Athi Water Works Development Agency

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- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Grants		
1. Grant from County Government of Kajiado	0	0
Total	0	0
b)Key management compensation		
1. Directors' emoluments	1,349,968	1,819,764
2. Compensation to Managing Director	2,825,000	4,080,000
3. Compensation to key management	8,934,738	9,882,000
Total	13,109,706	15,781,764

26. Financial Risk Management

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

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(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	146,749,525	30,361,300	116,388,225	
Other Receivables	1,156,724	1,156,724		
Bank balances	2,662,155	2,662,155		
Total	150,568,404	34,180,179	116,388,225	
At 30 June 2024				
Trade Receivables	120,501,122	17,295,388	103,205,734	
Other Receivables	1,089,913	1,089,913		
Bank balances	2,010,580	2,010,580		
Total	123,601,615	20,395,881	103,205,734	

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

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

ii) Liquidity risk management

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

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025 current year				
Trade payables	3,848,213.84	7,273,788.39	62,350,607.77	73,472,610
Other payables	13,322,084.38	28,486,584.71	242,255,353.91	284,064,023
Total	17,170,298.22	35,760,373.10	304,605,961.68	357,536,633
At 30 June 2024				
Trade payables	3,457,602	7,815,799.85	66,960,013.00	78,233,414.85
Other payables	12,041,061.00	25,863,258.56	219,292,364.00	257,196,683.56
Total	15,498,663.00	33,679,058.41	286,252,377.00	335,430,098.41

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The Company has no transactional currency exposures.

b) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises from interest rate movements on the company's deposits. To mitigate this risk, the Management has endeavoured to bank with institutions that offer favourable interest rates.

c) 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.

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	2024-2025	2023-2024
	Kshs	Kshs
Retained earnings	(259,113,466)	(263,301,429)
Capital reserve	3,817,836	3,817,836
Total funds	(255,295,630)	(259,483,593)
Less: cash and bank balances	2,662,155	2,010,580
Gearing	0%	0%

27. Going Concern

The financial statements reflect a negative working capital of Kshs 258,723,426 and negative revenue reserves of Kshs 259,113,466 which was due to accumulated losses over the years. The main course of the Company reporting losses was due to dilapidation of its pipeline network which led to high non-revenue water, drought, outdated tariffs, and destruction of pipeline by road construction agencies among others. Some of the measures the Company has put in place to mitigate/revert the position in coming months are as listed below

- i. *Renewal of pipeline in Ongata Rongai and Kiserian under Nairobi Satellite Towns Water and Sanitation Project which is anticipated to be complete by December 2025. The renewal is expected to reduce non-revenue water to below 20%. Under the*

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- project the Company will also get additional water of 10,000 cubic meters from the northern collector and newly developed boreholes.*
- ii. The Company has an approved and reviewed tariff which match up water charges with the operating costs. It was approved during the Financial Year 2024/2025 the same was gazetted and already implemented.*
 - iii. The Company in conjunction with stakeholders like the Kajiado County Government, Athi Water Works Development Agency is in the process of identifying some boreholes which will be solarized to cut on power costs. A number of boreholes has already been solarized.*
 - iv. The Company has acquired and implemented a new billing system which automates meter reading, billing and revenue collection, this is aiming at improvement of operational efficiency. There is a NRW team addressing the water loss cases currently.*

Based on the above measures put in place to reverse the current position, the Company has no doubt on its going concern.

28. Incorporation

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

29. Events After the Reporting Period

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

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20. Appendices

Appendix 1: progress on follow up of auditor recommendations.

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

2023/2024					
1.	Customer deposits	The accuracy and completeness of customer deposits could not be confirmed due to variances and unsettled borrowings from the deposit account.	The borrowings from the deposit account were Board-approved, variances mainly arose from bank charges and mispostings, and repayment plans have been initiated subject to improved revenues.	Ongoing	
2	Receivables and Provision for Doubtful Debts	The accuracy and completeness of trade and other debtors could not be confirmed due to long-outstanding receivables, inadequate provisions, and lack of an effective debt	The debt accumulation was attributed to COVID-19 directives and economic hardship, noted inherited dormant accounts, and indicated that debt recovery	Ongoing	

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		collection and provisioning policy.	measures and a new debt management policy have been put in place.		
3	Budgetary Control and Performance	There was underfunding against the approved budget, which may affect planned activities and service delivery.”	The reported revenue challenges were attributed to drought, supply disruptions and power costs, and outlined measures including tariff adjustments, Solarisation of boreholes, pipeline reconstruction, and completion of new water projects to enhance revenues.	Ongoing	
4.	Material Uncertainty Relating to Going Concern	The Company’s ability to continue as a going concern due to continued losses, negative working capital, and growing payables, making it reliant on County	Underperformance was attributed to infrastructure deterioration, drought, and low tariffs, and outlined corrective measures including pipeline renewal, increased water supply, tariff adjustments, solarization, NRW	Ongoing	

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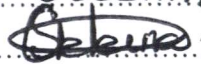
		Government and stakeholder support.	management, and improved billing systems, expressing confidence in the Company's going concern.		
5.	Excessive NRW	Non-Revenue Water exceeded the regulatory threshold, and no effective measures had been put in place to address the losses, resulting in non-compliance with the law	Water losses resulted from network defects and it was reported that that ongoing pipeline renewal and meter replacement projects are expected to reduce NRW below 20% when completed.	Ongoing	
6.	Non-compliance with the law on Fiscal Responsibility Principles	Staff costs were excessively high relative to revenue, contrary to the Public Finance Management Regulations, resulting in non-compliance with the law.	This was brought about by operational demands, contract-related gratuity costs, and low revenues, but reported staff reductions and expects costs to decline in future.	Ongoing	

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7.	High Electricity Costs	Power costs formed a disproportionately high share of operating expenses, negatively affecting profitability and service sustainability	Solarisation process is in progress and is already operational in some boreholes.	Ongoing	
8.	Long Outstanding Trade and Other Payables	A significant portion of payables were long outstanding contrary to the Public Finance Management Act, and no measures had been put in place to clear them.	Accumulated debts resulted from losses through high NRW, drought, and inadequate tariffs, but noted that ongoing projects and tariff adjustments are expected to boost revenues and improve liquidity, with staff salary arrears already reducing.	Not resolved	

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9.	Medical expenses	The effectiveness of internal controls over staff medical expenses could not be confirmed due to lack of a formal medical cover policy and clear guidelines.	Due to financial constraints, staff medical costs are reimbursed under set limits with Board oversight, but a formal medical policy is being developed and a medical cover is budgeted for in year 2025/2026.	Ongoing	
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Name **GLADYS SELEINA MARIMA**
Signature..... 
Managing Director
Date..... **20/11/2025**