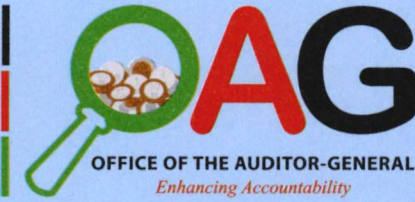


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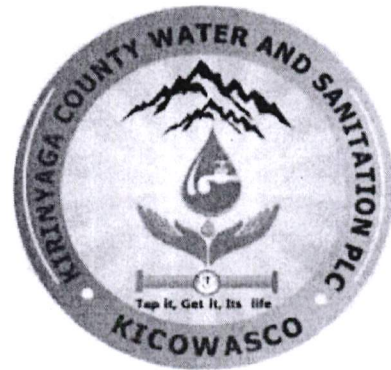
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KIRINYAGA COUNTY WATER AND
SANITATION PLC

FOR THE YEAR ENDED
30 JUNE, 2025

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KIRINYAGA COUNTY WATER AND SANITATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Kirinyaga County Water and sanitation PLC
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>CEO</i>	<i>Chief Executive Officer</i>
<i>DG</i>	<i>Director General</i>
<i>IAS</i>	<i>International Accounting Standards</i>
<i>IASB</i>	<i>International Accounting Standards Board</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>ICS</i>	<i>Institute of Certified Secretaries</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFMA</i>	<i>Public Finance Management Act.</i>
<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>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>
<i>KICOWASCO</i>	<i>Kirinyaga County Water and Sanitation PLC</i>
<i>NRW</i>	<i>None Revenue water</i>
<i>WSTF</i>	<i>Water Sector Trust Fund</i>
<i>KERRA</i>	<i>Kenya Rural Roads Authority</i>
<i>KENHA</i>	<i>Kenya National Highways Authority</i>
<i>KURA</i>	<i>Kenya Urban Roads Authority</i>
<i>DTF</i>	<i>Decentralised Treatment Facility</i>
<i>CLSG</i>	<i>Conditional Liquidity Support Grant</i>
<i>WRA</i>	<i>Water Resources Authorities</i>
<i>TWWDA</i>	<i>Tana Water Works Development Agency</i>
<i>EGM</i>	<i>Extra Ordinary General Meeting</i>
<i>NEMA</i>	<i>National Environment Management Authority</i>
<i>OCCR</i>	<i>Operating Cost Coverage</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.

2. Key Entity Information

Background information

Kirinyaga County Water and Sanitation PLC (KICOWASCO) is a water and sanitation services provider established under the company's Act 2015 of the law of Kenya. The company was registered and established on 11th October 2023 by the County Government of Kirinyaga. The company is wholly owned by the County Government of Kirinyaga through shareholding. The company effective 24th January 2024 took over all the operations including all assets and liabilities for Kirinyaga Water and sanitation Company Ltd. The company is mandated to supply water and sanitation services in Kirinyaga Central, Kirinyaga West, Mwea West and Mwea East sub counties within Kirinyaga County and Parts of Mbeere South in Embu County.

Principal Activities

The principal activity of the Company is provision of water and sanitation services in efficient and economical way within its area of jurisdiction.

Main Business Operating Objectives

The Company's main business operating objectives include, but not limited to, the following:

- (a) Increase stake holder's awareness on water sector reforms
- (b) Improve access to sustainable and safe water
- (c) Increase the demand for available safe water
- (d) Increase the access to improved sanitation
- (e) Achieve operational financial sustainability

(a) Vision

'To be a reputable water and sanitation service provider'

(b) Mission

'To provide sustainable, safe and affordable water and sanitation services to our customers through expertise, technology and innovation'

Strategic Objectives

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company's financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

Directors

1. Mr. Dickson Kinyua	-Chairman	Appointed on 17th February 2023
2. Hon. James Mutugi	-CECM	Appointed on 22nd January 2024
3. Mr. Peter Murimi	-Chief Officer	Appointed on 6th September 2023

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4. Mr. Erastus Waihura	-Member	Reappointed on 21st February 2025
5. Ms. Ivy Prisca Wangari	-Member	Appointed on 17th February 2023
6. Ms. Ziphora Wambugu	-Member	Appointed on 23rd February 2024
7. Ms. Mary Kiura	-Member	Appointed on 23rd February 2024
8. Ms. Ann Joseph Wanjiru	-Member	Appointed on 21st February 2025
9. Mr. George Murimi	-Member	Appointed on 21st February 2025
10. Mr. Kelvin Ndung'u	-Member	Left on 21st February 2025

Company Secretary

Gikuhi Kiana & company

P.O Box 10100

NYERI

Registered Office/Headquarters

Kirinyaga County Water and Sanitation PLC

P O Box 360-10300

Kerugoya. opposite Kerugoya Stadium

Corporate Contacts

Telephone:(254) 0746555368/0715413591

Website: www.kicowasco.co.ke

Email: info@kicowasco.co.ke

Corporate Bankers

Co-operative Bank of Kenya

Kerugoya Branch

P O Box 635-10300

Kerugoya

Equity Bank

Kerugoya Branch

P.O Box 1056-10300

Kerugoya

Sidian Bank

Kerugoya Branch

P.O Box 1041-10300

Kerugoya 1020-10300

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

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Nairobi, Kenya

Principal Legal Advisers

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

Magua & Mbatha Advocates

P.O Box 2159-10100

Nyeri





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3. The Board of Directors




Directors	Details
 <p>Mr. Dickson Kinyua Ngari</p>	<p>Chairman Full Board</p> <p>Date of Birth: 9th May 1989 He was appointed on 17th February 2023 as a Director representing the Special Interest Group and has nine-year experience in Business Administration. Holds a Bachelors of International Business Administration. He is an independent Director</p>
 <p>Mr. James Kinyua Mutugi</p>	<p>Member, Technical Committee</p> <p>Date of Birth: 1973 He was appointed on 22nd January 2024 as a Director representing County Government of Kirinyaga. He is the CECM, Environment, Energy, Climate Change, Natural Resources, Water & Irrigation. Holds Bachelor of Education (Early Childhood Education).</p>
 <p>Mr. Peter Murimi</p>	<p>Member, Fin,HR&Admin and Proc.Committee</p> <p>Date of Birth: 10th September 1986 He was appointed on 6th September 2023 as a Director representing County Government of Kirinyaga. He is the Chief Officer, Water & Irrigation. Holds Bachelor of Education (Arts).</p>
 <p>Mr. Erastus Waihura</p>	<p>Chairman, Fin,HR&Admin and Proc.Committee</p> <p>Date of Birth: 7th April 1965 He was appointed on 5th November 2021 as a Director representing Religious organisation. Holds Master of Education in Educational Administration Has over 22 year working experience in teaching profession. He is an independent Director.</p>

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 <p>M/s Ziphorah Wambugu</p>	<p>Chairperson, Audit Committee Date of Birth: 10th August 1973</p> <p>She was appointed on 23rd February 2024 as a Director representing Commercial Consumers. Holds Bachelor of Business Administration (Accounting and Finance). Has 25 years working experience in Banking and Finance profession. She is an independent Director.</p>
 <p>M/s Ivy priscah Wangari Karanja</p>	<p>Chairperson, Technical Committee Date of Birth: 17th April 1998</p> <p>She was appointed on 17th February 2023 as a Director representing Women Organisation. She holds Bachelor of Agribusiness management. Has nine years working experience in Business Administration. She is an independent Director.</p>
 <p>M/s Mary Kiura</p>	<p>Member, Fin,HR&Admin and Proc. Committee Date of Birth: 29th August 1990</p> <p>She was appointed on 23rd February 2024 as a Director representing Farmers. Holds Bachelor of Business Management (Purchasing and Supplies Management Option) Has 12 years working experience in procurement. She is an independent Director.</p>
 <p>Ms. Ann Joseph Wanjiru</p>	<p>Member, Audit Committee Date of Birth: 16/08/1979</p> <p>She was appointed on 21st February 2025 as a Director Professional bodies. Holds Bachelor of Arts- sociology, Higher Diploma in Human Resource Management Has 20 years working experience in human resource management. She is an independent Director</p>




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 <p>Mr. George Murimi</p>	<p>Member, Audit Committee. Committee Date of Birth: 24/11/1982</p> <p>He was appointed on 21st February 2025 as a Director Commercial Consumer. Holds Bachelor of Agricultural Economics & resource management. Has 18 years working experience in Administration. He is an independent Director</p>
 <p>Dr. Cyrus Munyua Ph.D.</p>	<p>Managing Director Date of Birth: 5th April 1968</p> <p>He is an executive director in charge of the overall business strategy and directions. He is also the Managing Director and Secretary to the Board of Directors. He holds a Ph.D in Business Management (Finance), Master's degree in Business Administration finance, Bachelor of Business Administration (Finance) and CPA Part II. He is a member of the Kenya Institute of Management, membership No.M-63565 and also a member of the Institute of Certified Financial consultant, membership no.1948.He has over 32 years working experience in Public Service as an Accountant.</p>
 <p>Mr. Richard Gikuhi</p>	<p>Company Secretary Date of Birth: 1952</p> <p>He is the Company Secretary and has Master's degree in Business Administration and Certified Public Secretary with wide range of experience in corporate governance and management of over forty years.</p> <p>He is a member of the institute of Certified Public Secretaries of Kenya and a member of Kenya institute of Management.</p> <p>ICPSK No. 285</p>

4. Key Management Team

Managers	Details
 <p data-bbox="140 707 464 741">Dr. Cyrus munyua Ph.D.</p>	<p data-bbox="738 300 1201 333">Responsibility: Managing Director</p> <p data-bbox="738 340 1426 752">Qualification: PhD in Business Management (Finance), Master’s degree in Business Administration finance and Bachelor of Business Administration (Finance) and CPA II. He is also a member of the Kenya Institute of Management, membership number M-63565 and Institute of certified Financial Consultant member no.1948.He is in charge of the overall business strategy and directions as the Managing Director. He also the Secretary to the Board of Directors.</p>
 <p data-bbox="140 1193 400 1227">Mr. Richard Gikuhi</p>	<p data-bbox="738 815 1209 848">Responsibility: Company Secretary</p> <p data-bbox="738 855 1431 931">Qualification: Master’s degree in Business Administration and certified public Secretary.</p> <p data-bbox="738 978 1431 1097">He is a member of the institute of certified public secretaries of Kenya and a member of Kenya institute of management</p> <p data-bbox="738 1144 951 1178">ICPSK No. 285</p>
 <p data-bbox="140 1686 437 1720">CPA. Caxton Waweru</p>	<p data-bbox="738 1296 1431 1373">Responsibility: Finance & Resource Mobilization Manager</p> <p data-bbox="738 1379 1431 1456">Qualification: Bachelor of Science in Statistics, CPA(K).</p> <p data-bbox="738 1509 1420 1585">In charge of finance and revenue/debt collection and Information technology.</p> <p data-bbox="738 1639 979 1673">ICPAK No.33369</p>

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 <p>Mr. Stephen Ndung'u Gatundu</p>	<p>Responsibility: Technical Services Manager Qualification: Bachelors of Science (In Civil Engineering) In charge of the technical Services which encompassed water production, treatment, waste water treatment, design & construction and quality control. EBK No: B17485</p>
 <p>Mr. David Ndegwa Mwangi</p>	<p>Responsibility: Distribution and sales Manager Qualification: Bachelors of Science (In Civil Engineering) In charge of the operations and maintenance of the water distribution systems, NRW and meter reading IEK No: G10701</p>
 <p>Ms. Susan Wacuka Ngatia</p>	<p>Responsibility: Human Resource & Administration Manager Qualification: Bachelor of Arts in International Relations, Diploma in Human Resource Management. In charge of Human resource and administration IHRAM No:16871</p>
 <p>Mr. Peterson Murage</p>	<p>Responsibility: Procurement Manager Qualification: MSC procurement &Logistics Bachelor of Purchasing and supplies management In charge of procurement and supply chain. KISM/M/169035</p>

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Mr. Erick Njeri Munene

Responsibility: Internal Audit and Risk Manager

Qualification: Bachelor of Science in Financial Engineering, Certified public accountants.

In charge of Internal Audit and Risk management.

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5. Chairman's Statement



It is with great pleasure that I present a brief overview of the key developments, achievements, and challenges experienced by Kirinyaga County Water and Sanitation Company PLC (KICOWASCO) during the financial year ended 30th June 2025.

As part of our ongoing commitment to long-term service improvement, the company reviewed its 2021–2026 Strategic Plan in September 2024. This Strategic Plan continues to guide our operations, with targets to increase water coverage from 56% to 75% and to introduce sewerage services with a goal to increase coverage from 0% to 11% by 2026.

Key Successes during the Year:

- **Revenue Growth:** Total revenue increased from Kshs. 164 million in FY 2023/24 to Kshs. 173 million in FY 2024/25, demonstrating steady financial progress.
- **Water Service Expansion:** Water coverage improved from 64.77% in FY 2023/24 to 66%, in FY 2024/25 enhancing access to clean water for our residents.
- **Sewerage Services Initiation:** Sewerage coverage rose from 0% in FY 2023/24 to 1% in FY 2024/25, marking an important first step towards our sanitation goals.
- **Reduction in Non-Revenue Water (NRW):** NRW decreased from 52% in FY 2023/24 to 48.99% in FY 2024/25 reflecting ongoing improvements in operational efficiency and loss control.
- **Infrastructure Milestone:** The Kerugoya/Kutus Water and Sanitation Project reached 99% completion, representing a major investment in the county's water and sanitation infrastructure.
- **Strengthened Governance:** The **Board of Directors** underwent a performance evaluation in September 2024, reinforcing our commitment to good corporate governance

Challenges faced:

Despite notable achievements, the company continues to face several challenges, including:

- **High Non-Revenue Water:** Persistent levels of NRW remain a concern, largely due to aging infrastructure and system inefficiencies.
- **Limited Financial Resources:** Constraints in funding have affected the timely implementation of planned projects and our ability to meet rising demand.
- **Low Sewerage Coverage:** The current sewerage coverage is still below expectations and will require substantial investment and coordinated stakeholder engagement to improve.

Looking ahead, KICOWASCO will focus on consolidating the gains made so far while striving for enhanced service delivery. Key priorities include:

- Further reducing system losses and NRW
- Enhancing customer satisfaction through improved service delivery
- Strengthening financial sustainability
- Completing ongoing and planned infrastructure projects

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The continued support and collaboration of all stakeholders including the County Government of Kirinyaga, our development partners, and the community will be critical in driving the success of our mission.

Finally, I extend my sincere appreciation to the County Government of Kirinyaga, our Board of Directors, management, employees, and stakeholders for their dedication and commitment throughout this transformative year.

Thank you.



Dickson Kinyua

CHAIRMAN BOARD OF DIRECTORS

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6. Report Of the Managing Director



It is my pleasure to present the Managing Director’s report for the financial year ended 30th June 2025. This period marked a phase of consistent growth, operational improvement, and enhanced service delivery for **Kirinyaga County Water and Sanitation Company PLC (KICOWASCO)**, as we continue to pursue our mission of providing reliable, safe, and affordable water and sanitation services across Kirinyaga County.

Performance during the Year

In alignment with our 2021–2026 Strategic Plan, the Company continued to implement key initiatives aimed at increasing coverage, improving efficiency, and strengthening financial sustainability. Notable highlights include:

- **Revenue Growth:** Total revenue increased by 5.5%, from Kshs. 164,020,552 in FY 2023/24 to Kshs. 173,005,034 in FY 2024/25, reflecting increased service uptake and improved collections.
- **Customer Base Expansion:** Active connections rose from 33,527 in FY 2023/24 to 35,114 in FY 2024/25, expanding our service reach and customer footprint.
- **Water Coverage Expansion:** Overall water coverage increased to 66%, supported by line extensions and new projects in previously underserved areas.
- **Reduction in Non-Revenue Water (NRW):** NRW levels dropped from 52% in FY 2023/24 to 48.99% in FY 2024/25 attributed to infrastructure upgrades and operational improvements.
- **Tariff Implementation:** The cost-recovery tariff structure continued to be implemented, ensuring sustainability of service provision.

Summary of the company performance

No.	ITEM	2022/2023	2023/2024	2024/2025
1	Revenue (Ksh)	162,556,627	164,020,552	173,005,034
2	Billing (Ksh)	163,526,626	167,215,378	177,386,463
3	Water production (m ³)	6,042,151	5,302,481	5,223,308
4	Non- Revenue Water (%)	55	52	48.99
5	Number of active connections (nr)	32,846	33,527	35114
6	Creditors (Ksh)	91,309,829	127,313,607	209,742,355
7	Debtors (Ksh)	161,875,160	179,654,712	195,641,245

Guided by its Strategic Plan 2021–2026, the company remains committed to enhancing and expanding access to both water and sanitation services. Management will continue to uphold strong governance practices to ensure the efficient and responsible use of company resources in service improvement.

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Development Projects

The Company, through internally generated funds and support from partners including the County Government of Kirinyaga, Water Sector Trust Fund (WSTF), and Tana Water Works Development Agency, undertook various infrastructure development projects aimed at improving water access and sanitation. These include:

Completed and ongoing projects

	Project	Total project Cost	Sources of funds	Actual
1	Conditional Liquidity Support Grant II	29,049,250	WSTF	Increase Coverage, improve mobility, Reduce NRW
2	Kimbimbi public sanitation facility project	6,199,219	WSTF	Improve sanitation
3	Rurie Water supply project	19,361,580	WSTF	Increase water Coverage
4	Rurumi Household Sanitation Project	5,250,485	WSTF	Increase sanitation Coverage
5	Construction of Kerugoya Kutus sewerage infrastructure	500M	TWWDA	To improve sanitation level for Kerugoya and kutus town
6	Construction of Kerugoya Kutus Water supply infrastructure	1.17B	TWWDA	To improve water quality and quantity
7	Line extensions	27,753,820	Internal	Increase Water Coverage

KICOWASCO remains steadfast in its mission to provide inclusive and sustainable water and sanitation services. Moving forward, we will focus on:

- Further reducing NRW through targeted interventions
- Expanding sewerage coverage
- Improving customer service delivery
- Enhancing financial sustainability and project implementation efficiency

We will continue to work closely with the County Government, our development partners, and local communities to deliver impactful services and ensure that no resident of Kirinyaga is left behind in access to clean water and proper sanitation.

In conclusion, I wish to sincerely thank the County Government of Kirinyaga for its unwavering support and oversight. I also extend my appreciation to the Board of Directors for their strategic leadership, to our dedicated management and staff for their hard work, and to all our stakeholders and customers for their continued trust and collaboration.

Thank you,



Dr. Cyrus Munyua Ph.D.
MANAGING DIRECTOR

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7.Statement Of Performance Against Predetermined Objectives for FY 2024/25

Kirinyaga County Water and Sanitation PLC has seven strategic pillars and objectives within the current Strategic Plan for FY 2021/2022 - FY 2025/2026. These strategic pillars/ themes/ issues are as follows:

1. Increased water coverage
2. Increased sewerage coverage
3. Reduced NRW levels
4. Grow the company’s financial position and commercial position
5. Strengthen institutional capacity
6. Enhance customer service and stakeholder engagement
7. Research and Development

Kirinyaga County Water and Sanitation PLC develops its annual work plans based on the above seven pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The company achieved its performance targets set for the FY 2024/2025 period for its seven strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/ Issues	Objective	Key Performance Indicators	Activities	Achievements
Increased Water Coverage	To increase the population accessing clean and safe drinking water supply through an increase in water coverage from 56% to 65.3% to serve 52,696 people by 2025	Increase the number of customer connections and water coverage	Construction of Kerugoya-Kutus water supply last mile connectivity <ul style="list-style-type: none"> • Activate 9,553 dormant connections translating to a population of 38,212. • 450 households to be connected along Kianjege Kiaga pipeline (8.5km of Kianjege kiaga pipeline to be extended). • 311 households to be connected along Ngaru Gatuto pipeline (9.32km of Ngaru Gatuto 	<ul style="list-style-type: none"> • Increased water coverage from 58% to 66% • Increased the number of active connections from 33,527 to 35,114 • Reinstated Ngaru-Gatuto pipeline

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			<p>pipeline to be extended).</p> <ul style="list-style-type: none"> • 200 households to be connected along Kandongu-Mutithi pipeline (8.6km of Kandongu Mutithi pipeline to be extended). 	
Increased sewerage coverage	To increase urban population accessing sewerage services from 1.49% to 6.3% to benefit 15,208 people by 2025	<p>No. of connections</p> <p>Design Report</p> <p>Proposal</p>	Do the last mile connectivity on sewer.	<p>-The company has developed proposals to TTWDA for last mile connectivity for kerugoya kutus sewerage project</p> <p>-Connected 63 accounts</p>
Reduced NRW levels	To reduce NRW levels from 59% to 44.6% by 2025	<p>No. of line extension done</p> <p>No of Meters replaced</p> <p>No. of master meter installed</p> <p>No. of installed benches</p>	<p>Rehabilitation of old water supply system. They include:</p> <ul style="list-style-type: none"> • 3km asbestos Githioro Kerugoya pipeline; • 1.5km asbestos Ndiriti-Mukangu pipeline; • 9km Kerugoya town distribution network; • 7km Kagio town distribution network; • 4km of wanguru town distribution network. <p>Replacement of 7,500 faulty consumer meters.</p> <p>Installation of 11 master meters and 23 zonal meters</p>	<p>Reduced NRW from 52% to 48.99 %</p> <p>Replaced 270 No. faulty meters</p>

**Kirinyaga County Water and sanitation PLC
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		No. of flow meters No. of leak equipment procured	Installation one meter testing bench Procurement of one clamp on ultrasonic flow meter Procure one of leak detection equipment	
Grow the company's financial and commercial position	Enhance efficiency and innovativeness in revenue generation and collection and ensure prudent management of funds	BCP plan Training reports Billing system upgraded No. of proposals No. of connections Audit Revenue	<ul style="list-style-type: none"> • Implement our business continuity plan • Capacity build our ICT in the integration of the current software with compatible systems in the company • Upgrade the current billing system • Seek the support of development partners through actively writing proposals for project development • Increase the water connections to match projected demand every year • Ensuring the company complies with good accounting practices • Expand the company's revenue base through networks and other services 	<ul style="list-style-type: none"> • Upgraded the meter reading application. • Awarded two projects by WSTF (CLSGII and Rurumi Household sanitation project.) • Increased water connections from 33527 to 35,114. • Audit is done annually. • Increased revenue from 167M to 177M
Strengthen institutional capacity	Improve the organisational structures, processes and capacity building to	No of trainings No. of Policies developed	<ul style="list-style-type: none"> • Initiate the process of certification towards ISO 9001-2015 QMS in order to streamline 	

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	<p>enhance operational efficiency, and organizational sustainability</p>	<p>Performance management system</p> <p>No. of trainings & Training reports</p> <p>No. of team building activities undertaken</p> <p>No of qualified and experienced staff</p> <p>List of procured tools and equipment</p> <p>No. of motorcycles and motor vehicles procured</p>	<p>procedures so as to allow efficiency.</p> <ul style="list-style-type: none"> • Develop and review 15No. Policies to suit the strategic intent of better communication, resource mobilization, ICT, pro-poor, metering, NRW, procurement, CSR, water safety, stakeholder engagement and finance; • Development a performance management system to ensure activity implementation and monitoring • Implement annual staff training plans • Train the Board of Directors on corporate governance annually • Conduct staff training on change management annually • Undertake team building activities annually • Retain and source for talented Human Resource • Procure and renewal of tools and equipment annually • Procure 30No. Motorcycles and 3No. motor vehicles 	<ul style="list-style-type: none"> • Trained Board of directors on corporate governance annually. • Procured tools and equipment. • Held a stakeholders engagement forum.
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Kirinyaga County Water and sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025

Customer service and stakeholder engagement	Enhance customer service and stakeholder engagement	<p>Communication strategy developed</p> <p>Developed stakeholder engagement framework</p> <p>No. of CSR activities</p> <p>Customer relations report</p> <p>Recognition program</p>	<ul style="list-style-type: none"> • Develop and implement communication strategy • Develop stakeholder engagement framework • Undertake CSR activities • Develop innovative ways of enhancing service delivery, obtaining and acting on customer's feedback • Develop and implement customer recognition program 	<ul style="list-style-type: none"> • Under taken CSR activities (tree planting and donation of drinking water. • Have media platform where customers can launch their complaint. • Held customer care Barazas
Research and development	Gather, store and analyse adequate data and information for planning for growth.	<p>Database</p> <p>No of activities compliance</p>	<ul style="list-style-type: none"> • Gather, store and use reliable data and information for planning for growth • Proactively participate in water sector activities to benchmark and compete with other water services providers • Improve on regulatory compliance 	<ul style="list-style-type: none"> • Benchmarked with other water companies. • Implementation of water tariff and licence conditions

8. Corporate Governance Statement

The company is committed to upholding the highest standards of corporate governance, ensuring accountability, transparency, integrity, and responsible management in all aspects of its operations. The governance framework aligns with national legal requirements and sector-specific regulations, including guidelines from WASREB.

The Company has a Board of Directors Charter (the Charter) which defines the roles and responsibilities of the Board as well as functions and structures in a way that supports the members in carrying out their strategic oversight function as listed below:

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

Board appointments must be transparent, competitive, and inclusive, allowing public participation in service delivery decisions. Vacancies are publicly advertised and filled through a rigorous process involving a nominating committee of county officials and key stakeholders who assess candidates for integrity, leadership, and value addition.

A selection committee vets applicants using eligibility criteria and the Fit and Proper Test, with final recommendations approved by the shareholder. Appointees receive appointment letters from the CECM for Water Affairs after AGM ratification. These letters must include performance-based termination clauses and adhere to rotation rules requiring a third of board members to retire annually from the third year unless due to poor performance.

Size of the Board

Large and Very Large companies shall have 9 board members where two shall be from the county government executive.

Removal of Director:

- (a) Serves the Chairperson with a written notice of resignation or
- (b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- (c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months; or to a fine exceeding twenty thousand shillings; or
- (d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- (e) Conducts himself in a manner deemed by the Chairperson to be inconsistent with membership of the Board.

Term limit

Board members shall hold office for a period not exceeding three (3) years, and are eligible for reappointment for one more term not exceeding three (3) years. A Board member may be appointed for a cumulative term not exceeding six (6) years. The renewal of Board Member's tenure for a second term should be subject to an acceptable evaluation as determined during Board evaluations.

In determining which directors are to retire at the Annual General Meeting the process shall be guided by provisions of the Memorandum and Articles of Association as amended from time to time.

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ii. Roles and functions of the board

- a) Approve an annual procurement plan in accordance with the Public Procurement and Asset Disposal Act 2015 and ensure it receives quarterly reports on its implementation.
- b) Ensure that there is an annual work plan that shows on annual basis how it will implement its strategic plan.
- c) Ensure that there is a service charter created that is communicated to its stakeholders and consumers in the service area, showing the standards of service to be delivered and how complaints will be addressed.
- d) Ensure that the signed code of ethics for board and staff is a living implemented.
- e) Ensure that effective processes and systems of risk management and internal controls are in place.
- f) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- g) Review, evaluate and approve the remuneration structure of the organization.
- h) Adopt, implement and monitor compliance with the organizations Code of Conduct.
- i) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the County Government of Company Kirinyaga;
- j) Review periodically the organization's strategic objectives and policies relating to sustainability and social responsibility investment.
- k) Protect the rights of shareholders and optimize shareholder value.

iii. Induction, training, and development

All directors in the Company receive formal induction on their role, duties, responsibilities and obligations as well as board practices and procedures on first appointment before they begin business. This is particularly critical for those with no previous Board experience.

Subsequent trainings involve improving understanding of the water service sector operations, deepening oversight skills in financial management different compliance.

iv. Board and members' performance

The Board evaluates its performance once every year and set up achievable action points to achieve assess its performance as a whole and that of individual members including the Managing director. The report shall be presented to the CECM in charge of water affairs as function owner and at the general meeting of the shareholders in the Chairperson's report

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

Board meetings will be held at least four (4) times a year, and not more than 4 months shall elapse between the date of one meeting and the date of the next meeting. A schedule of dates of the meetings will be agreed upon by the Board members and set out in the Board work plan.

To effectively discharge its mandate, the Board shall establish committees with specific terms of reference.

The Board has established the following standing committees: -

- Human Resources & Administration, Finance and Procurement
- Audit

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- Technical

vi. Succession plan

The shareholder must avoid a situation where all Board members retire at the same time in order to ensure institutional memory. In order to avoid this situation, one third of the Board members other than those from the County Governments, shall retire from office by rotation every year starting from the third year after appointment. The retiring members shall be determined on the basis of those who have served longest and, if they have served for the same period of time, then the retirement will be determined by lot. The retiring members shall be required to reapply for their positions if they are eligible for reappointment. The county water department as function owner is advised to use annual performance evaluation of the board of directors and WSP to assess suitability of reapplying members and the need to make changes to improve performance.

vii. Policy to manage conflict of interest.

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Managing Director should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

viii. Board remuneration

To provide efficiency and act as an incentive to improve performance at oversight level, the following are the limits for sitting allowances and other expenditures of the board and its committees.

Annual Turnover	Board Expenditure Limit
>5B	0.4% of turnover or Kshs. 30 million, whichever is Lower
>1B-5B	1.4% of turnover or Kshs. 20 million, whichever is Lower
>500M-1B	2.1% of turnover or Kshs. 14 million, whichever is Lower
>250M-500M	2.8% of turnover or Kshs. 10 million, whichever is Lower
>100-250M	4% of turnover or Kshs. 7 million, whichever is Lower
<=100M	5% of turnover or Kshs. 4 million, whichever is Lower

ix. Ethics and Conduct

Kicowasco's Board Code of Ethics outlines key ethical principles to guide the conduct of its Board of Directors. It ensures that board members handle company matters with integrity, aligning their actions with the principles of Corporate Governance. The Code promotes understanding, acceptance, and adherence to these principles to help the organization achieve its goals and objectives.

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x. Governance audit

Subject to the provision of Kenya Constitution 2010, at least in every year the accounts of the company shall be examined and the correctness of the balance sheet ascertained by the Auditor General or an Auditor appointed by the Auditor General.

xi. Communication policy

The Board Ensures that;

- There is a communication strategy that reaches all stakeholders and there is at least one well publicized annual stakeholders forum in the service area of the Company where the WSP prepares the public on the appointment of new directors, reports to the public on the gains, challenges and upcoming plans for the progressive realization for the right to water in the area served.
- That it receives the annual investment report from the Water Works Development Agency, the county government and any investor undertaking water service projects within its area.
- Ensure the company maintains a website that provides customer relevant information in the service area and maintains its annual report and last audited accounts on the website.

xii. Terms of Reference of Committees

KICOWASCO has established Terms of Reference that outline the roles, responsibilities, structure, and operational procedures of its Board across three committees: Human Resources & Administration, Finance and Procurement, Audit, and Technical.

xiii. Policy on related party transactions

This policy aims to ensure transparency, accountability, and integrity in all transactions involving related parties. It is designed to prevent conflicts of interest, promote fair dealing, and protect the interests of the Company and its stakeholders.

9. Management Discussion and Analysis

Financial Performance of the Organization

During the Financial year 2024/2025, the Company performed fairly well despite the effects of inflation.

A comparative analysis of the Company performance for the last 3 years is tabulated below;

Financial Year	Operating Revenue (Ksh)
2022/2023	171,166,079
2023/2024	178,077,035
2024/2025	187,567,185

The revenue growth is attributed to increased customer connections, improved billing efficiency, and moderate tariff adjustments.

Operational performance

(i) Achievements

During the year under review, the Company achieved 1,587 new water connections and 63 sewer connections, resulting in a 5% increase in the total customer base, which reached 35,114 active connections. This growth was primarily attributed to the successful completion of the ADB-funded project implemented through Tana Water Works Development Agency (TWWDA).

Additionally, the Company undertook several initiatives to extend and upgrade the existing water network. A customer satisfaction survey was also conducted during the year, aimed at strengthening brand loyalty, which is expected to contribute to sustained business growth.

Infrastructure development

In the year under review the Company achieved the following milestones:

- a. Extended 13km of new water pipeline within the service area
- b. Connected 63 Sewer connections
- c. Provided Water without major interruption
- d. Mapped approximately 40% of all customer connections point on GIS
- e. Use HDPE pipes on new lines and reinstatement

ICT Environment

- a. Installed CCTV cameras for security surveillance of the Company premises and property
- b. Biometric identification logging systems for managing daily staff attendance

Capital Expenditure

In the financial year the company incurred capital expenditure of Ksh **37,054,595** comprising of the following:

Investment	Ksh
Water Meters	5,913,553
Computers, Accessories and meter reading phones	2,105,964
CCTV Cameras	674,868

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Office Equipment & Furniture	126,603
Staff Attendance System	479,787
Line extensions-	27,753,820

(ii) challenges

Key challenge includes the following: -

- a. **High Non-Revenue Water:** Persistent levels of NRW remain a concern, largely due to aging infrastructure and system inefficiencies.
- b. **Limited Financial Resources:** Constraints in funding have affected the timely implementation of planned projects and our ability to meet rising demand.
- c. **Low Sewerage Coverage:** The current sewerage coverage is still below expectations and will require substantial investment and coordinated stakeholder engagement to improve.
- d. **Debtors:** The outstanding debts stands at Ksh 195,617,405
- e. Rampant illegal connections

(iii) Compliance with statutory requirements,

1. **Statutory Compliance:** Fully compliant with KRA, NEMA, WASREB, and other regulatory agencies
2. **Financial Obligations:**
 - a) **Outstanding Debtors:** Ksh 195,617,405
 - b) No material arrears in statutory obligations, though some delays in project funding affected timelines

(iv)Sector Review and Economic Environment

a) Macroeconomic Trends

During the FY 2024/25, the national economy experienced moderate inflation and rising energy costs. These factors increased operational costs, especially in water treatment, distribution, and maintenance.

b) Water Sector Trends

- Continued support from national agencies like TWWDA and WSTF
- Increasing emphasis on sanitation access in urban and peri-urban areas
- Regulatory enforcement improving across the country with stricter compliance audits

(v)Future Outlook and Development Priorities

The Company remains focused on:

- **Reducing Non-Revenue Water** to below 40% by 2026
- **Increasing Sewerage Coverage** toward the 11% target in the Strategic Plan
- **Completing Infrastructure Projects** including major pipeline and treatment upgrades
- **Strengthening Financial Sustainability** through improved billing and collections
- **Leveraging ICT** for smart metering, digital customer engagement, and asset management

(iv) Major risks facing the entity

The major risks facing the entity are: -

(a) Strategic

Risks that are associated with achieving the strategic objectives of the company as a whole. This threatens an organisation's ability to deliver expected outcomes which can harm the organisations' ability to grow.

(b) Liquidity

Low Revenue Collection due to inadequate billing systems, non-payment by consumers, lead to revenue shortfalls, High Operational Costs due to rising energy prices, chemical costs, and maintenance expenses can strain budgets, Limited Access to Capital due to difficulty in securing funds for infrastructure expansion and upgrades.

(c) Market risk

The company is exposed to market risk due to unhealthy competition from the Community water projects. This has effects on reduction in revenue

(d) Environmental risk

Prolonged dry spells and decreased rainfall can lead to droughts and water shortages, severely reducing the availability of water resources. Conversely, extreme weather events like heavy rainfall and flooding can harm infrastructure and pollute water systems. Furthermore, contamination from industrial, agricultural, and household waste deteriorates water quality, leading to higher treatment expenses and potential health hazards.

(e) Technological risk

Inadequate technological skills and fast emerging technology. This has impact in inefficiency in performance and lack of competitive edge.

(f) Non-revenue Water

High levels of water loss through leaks due to old dilapidated infrastructure and theft.

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10. Environmental And Sustainability Reporting

The main mandate of KICOWASCO is to ensure the efficient, safe, and reliable delivery of clean water and sanitation services to all citizens. This mandate encompasses the planning, development, operation, and maintenance of water supply and wastewater systems, with a strong emphasis on public health, environmental protection, and equitable access. To fulfil this mandate over the long term, KICOWASCO adopt sustainability strategies that balance economic viability, environmental stewardship, and social responsibility. These strategies include investment in resilient infrastructure, promotion of water conservation, use of renewable energy sources, reduction of non-revenue water, and community engagement. By embedding sustainability into their operations, WSPs aim to ensure the continuous provision of quality services, even in the face of growing demand, climate change, and resource constraints.

i) Sustainability strategy and profile

Water Service Providers (WSPs) in Kenya face growing challenges from global and national trends, including climate change, inflation, and limited public funding. These pressures threaten water availability and infrastructure. Nationally, droughts, floods, population growth, and urbanization are straining systems and raising costs. In response, WSPs align their strategies with Kenya's Vision 2030, the National Water Master Plan 2030, and the Climate Change Act (2016) to ensure long-term, sustainable water service delivery.

Entity's Sustainability Priorities and Policy Framework

KICOWASCO has established a Sustainability Policy Framework based on four key pillars: Environmental Sustainability (e.g., watershed protection and reducing non-revenue water), Social Inclusion (ensuring equitable access and support for vulnerable groups), Economic Viability (enhancing revenue and operational efficiency), and Governance and Accountability (transparent reporting and regulatory compliance).

Key achievements during the reporting period include a 2% increase in water access, reduction of non-revenue water from 52% to 48.99%. However, the Company faced challenges such as infrastructure damage from floods, customer resistance to paying arrears, and aging infrastructure.

To address these, the Company developed a Disaster Risk Reduction Plan, enhanced community engagement, and partnered with organizations like TWWDA and WSTF to fund projects.

Service Delivery Charter and contracts management

The company Service Delivery Charter commits to prompt and quality service, including responding to pipe bursts within 24 hours, resolving complaints within 7 working days, ensuring water quality meets the recommended standards, and publishing annual reports. The charter emphasizes customer engagement, feedback mechanisms, and compliance with the Water Act 2016 and Kenya's Constitution (Article 232).

In contracts management, the Company follows the Public Procurement and Asset Disposal Act (2015), promoting inclusivity when awarding contracts to suppliers, special interest groups Youth, Women and PWDs.

ii) Environmental performance

The WSP's Environmental Policy focuses on sustainable resource use, climate resilience, and pollution prevention, aligning with Kenya's EMCA (1999), the National Environmental Policy, and global goals like SDG 6 (Clean Water and Sanitation) and SDG 13 (Climate Action). Key objectives include protecting water catchment areas, promoting resource efficiency, managing waste and emissions, adopting climate-smart technologies, and ensuring compliance with environmental standards.

The Company has actively implemented its Environmental Policy through several initiatives:

- **Waste Management and Pollution Control:** Introduced waste segregation bins, digitized billing to reduce paper use by 60%.
- **Biodiversity Conservation:** Planted over 8,000 indigenous trees in catchment areas and protected riparian zones to preserve ecosystems.
- **Energy Efficiency and Emissions Reduction:** Maintained vehicle fleet for fuel efficiency, installed solar-powered systems at pumping stations.
- **The Company has also constructed 200 SafiSan toilets in Wang'uru under the Rurumi Household Project, significantly enhancing sanitation for the Rurumi community.**

iii) Employee welfare

The Company recruitment process is merit-based, transparent, and inclusive, aligning with the Employment Act, Constitution of Kenya (2010), and HR policy. It promotes equal opportunity, considers the two-thirds gender rule, and actively includes youth and PWDs. The process involves stakeholder engagement and HR policy are reviewed every three years to ensure fairness, compliance, and diversity.

In Skills Development and Career Management, the Company supports continuous professional growth through regular training, partnerships with WSTF and KEWI, and education support such as study leave. It also promotes succession planning and internal promotions to retain talent and encourage career advancement.

The Company uses an annual Performance Appraisal System (**PAS**) tied to individual and departmental goals, with quarterly reviews and feedback. High performers are rewarded through bonuses, certificates, recognition events, and access to leadership training and key projects.

The Company follows the Occupational Safety and Health Act (2007) by conducting regular risk assessments, providing PPE, enforcing safety standards, and offering staff training.

iv) Market place practices-

a) Responsible competition practice.

The Company commits to integrity, transparency, and fairness, guided by laws like the Leadership and Integrity Act (2012) and the Anti-Corruption Act (2003). Key anti-corruption measures include a zero-tolerance policy, anonymous reporting channels, ethics training, and conflict of interest declarations. Procurement follows open, competitive bidding with e-procurement platforms, ensuring fair evaluation and respect

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for competitors. The Company maintains political neutrality, keeping staff impartial and avoiding political use of resources.

To improve service delivery, the company has a publicly accessible Service Charter, regularly reviewed with stakeholders. It offers automated self-service options like online portals and SMS notifications, supports cashless payments, and conducts public outreach to raise awareness on water use and billing. Brand protection efforts focus on combating illegal connections and ensuring prompt complaint handling, fostering customer trust and organizational integrity

b) Responsible supply chain and supplier relations

The Company maintains good business practices by ensuring transparency, fairness, and accountability in all its dealings, especially with suppliers. It honours its contracts by adhering strictly to agreed terms, including timely payments according to the stipulated schedules, which builds trust and long-term partnerships. The Company follows competitive procurement processes, guided by public procurement laws and internal policies, to allow equal opportunity for suppliers to compete fairly. This includes clear tendering procedures, open bidding, and evaluation based on merit and value for money. By respecting suppliers and maintaining ethical procurement and payment practices, the Company fosters reliable supplier relationships that contribute to consistent and quality service delivery.

c) Responsible marketing and advertisement *or* Responsible engagement with the citizens.

The company upholds high ethical standards in its public engagement and communication efforts by ensuring transparency, inclusivity, and respect for all stakeholders. The company avoids false claims and regularly updates accurate information across platforms. It conducts inclusive consultations, especially for community-impacting projects, and provides accessible information to all audiences. Company avoids biased or culturally insensitive content, promotes ethical advertising, and integrates community feedback into its strategies to maintain accountability and continuous improvement.

d) Product stewardship or Awareness creation

The Company is dedicated to ethical practices that protect citizens' rights, health, and interests in all service areas. The company provides clear and timely service information, ensures strict health and safety standards, offers accessible dispute resolution channels, and upholds strong data privacy protections. These efforts reflect Company's commitment to transparency, accountability, and respect for individual rights.

v) Corporate Social Responsibility / Community Engagements

During the reporting period, the Company carried out CSR activities aligned with sustainable infrastructure and environmental stewardship, positively impacting local communities. The company supported environmental conservation through tree planting in Thiba dam and Kangaita forest. The Company also engaged communities through consultative forums, civic education, and awareness campaigns to encourage public participation in development and governance. These efforts demonstrate Company's commitment to responsible corporate citizenship and community empowerment.

11. Report Of the Directors

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

i) Principal activities

The principal activity of the Company is provision of water and sanitation services in efficient and economical way within its area of jurisdiction

ii) Results

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

iii) Dividends

The company has not declared dividends for the year ended 30th June 2025 due to the Nature of the Company. All profits made should be ploughed back to the Company in accordance with the law and sector guidelines.


iv) Directors

The members of the Board of Directors who served during the year are shown on page iii-iv In accordance with Regulation of the company's Articles of Association.

v) Auditors

The Auditor General is responsible for the statutory audit of the Company in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Company for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....P.....
RICHARD KIANA GIKUHI
Certified Secretary
R/NO. 285
P.O. Box 1271 - 10100, NYERI

FCS Richard K. Gikuhi
Company Secretary/Secretary to the Board
Date: 28/08/2025

12. Statement Of Directors' Responsibilities

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

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

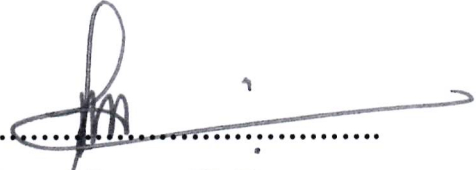
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



.....
Mr. Dickson Kinyua Ngari
Chairperson of the Board



.....
Dr. Cyrus Munyua Ph.D
Managing Director

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY WATER AND SANITATION PLC 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 Kirinyaga County Water and Sanitation PLC set out on pages 1 to 50, which comprise of the statement of financial

position as at 30 June, 2025 and the statement of profit and 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kirinyaga County Water and Sanitation PLC 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 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long outstanding Trade Receivables

The statement of financial position as at 30 June, 2025 and as disclosed in Note 29 to the financial statements reflects net trade and other receivables of Kshs.179,081,391. Further Note 29(a) to the financial statements reflects gross trade and other receivables balance of Kshs.195,641,055. During the financial year under review, the Company made a general provision of Kshs.19,564,106 representing 10% of gross trade receivable of Kshs.195,641,055 indicating an inability of recoverability. Further, examination of records and schedules provided for audit review revealed debts of Kshs.153,652,126.27 have been outstanding for a long time and appear unrecoverable, with some outstanding for more than four years.

In the circumstances, the accuracy and recoverability of the trade and other receivables amount of Kshs.179,081,391 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kirinyaga County Water and Sanitation PLC 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.

Key Audit Matters

Budget Control and Performance

The statement of comparison of budget and actual amounts for the period ended 30 June, 2025 reflects a final approved budget revenue of Kshs.290,623,405 and actual on

comparable basis of Kshs.194,642,162 resulting to a performance difference of Kshs. 95,981,243 or 33% of the final budget.

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

My opinion is not modified in respect of this matter.

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

Other Matter

The report of the Auditor-General on the financial statements for the prior year had five (5) unresolved audit issue including; Long Outstanding Receivables, Budgetary Control and Performance issues, High level of Non-Revenue Water (NRW), Non-compliance with the Law on Ethnic Composition, Non-Remittance of Statutory Deductions. All the issues remained unresolved.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects 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. High Non-Revenue Water Threshold

During the financial year under review, the Company produced a total of 5,223,308 M3 of water out of which only 2,664,603 M3 (Kshs.177,673,948) was billed (sold). A total of 2,558,705 M3 or approximately 48.99% represented non-revenue water. However, the unaccounted-for water loss was by 23.99% higher than the recommended ratio of 25% by the WASREB guidelines.

In the circumstances, the abnormal water loss of 23.99% may have resulted in a loss of sales estimated at Kshs.170,534,079 when computed at the current billing rate.

2. Non-Compliance with the Water Services Regulatory Board Regulations on Personnel Costs

The statement of profit or loss and other comprehensive income reflects personnel costs of Kshs.134,917,215 representing about 55% of the total expenditure of Kshs. 243,922.834. The amount is higher than the recommended threshold of 35% in accordance with the Water Services Regulatory Board (WASREB) guidelines.

In the circumstances, the excess personnel costs may negatively impact on the Company's profitability and sustainability of services if measures are not put in place to contain the cost within the acceptable level.

3. Lack of Staff Ethnic Diversity

Review of human resource records revealed that during the year under review, the Company had 159 employees. It was, however, noted that 145 members of staff which translates to 91 % are from the dominant ethnic community. Additionally, the whole of core management and all newly recruited employees during the year were from the same dominant community. This contravenes the provisions of Section7(2) of the National Cohesion and Integration Act, 2008 and Section 65(e) of the County Government Act, 2012 which requires County Governments to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

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

4. Non-compliance to Affirmative Action on Youth, Gender on Persons with Disabilities

Review of human resource records revealed that the Company had only 5 or 3% of total employees with disability which was in contravention of Persons with Disability Act, 2025

Part II Section 5(e) which states that the Council shall endeavour to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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

5. Non-Compliance with Public Procurement Capacity Building Levy order, 2023

The Management of the Company did not cause to be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes contrary to Paragraphs 5 and 6 of Public Procurement Regulatory Authority Circular No 01/2024.

Further, Management did not remit the Levy amounts to the Authority through the eCitizen payment platform by the 20th day of the subsequent month. In addition, the entity did not file monthly returns by the 20th day of the subsequent month on all levy amounts deducted and remitted to the Authority through the Public Procurement Information portal contrary to Paragraph 5&6 of Public Procurement Regulatory Authority Circular No 01/2024.

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

6. Non-Remittance of Statutory Deductions

The financial statements and as disclosed in Note 43 reflects Kshs.46,123,998 in respect of employee payables. The amount represents statutory deductions unremitted to their various administrative bodies as at the end of the audited financial year. This is contrary to Section 19(4) of Employment Act 2007, which states that an employer who deducts an amount from employee's remuneration in accordance with subsection 19 (1) (a), (f), (g) and (h) shall pay amount so deducted in accordance with time period and another requirement specified in law, agreement, court order or arbitration as the case may be.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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.

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 page xxxi is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 24 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 the Management and the Board of Directors

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2025

Kirinyaga County Water and Sanitation PLC.

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	187,567,185	178,077,035
Grants Income	7	3,605,620	25,119,676
Other Income	8	3,469,357	4,430,954
Finance income	9	-	-
Other gains/(losses)	10	-	-
Total Revenue		194,642,162	207,627,665
Expenses			
Staff Costs	11	134,917,215	128,080,627
General and Operations expenses	12	64,731,750	53,475,791
Board Expenses	13	6,993,345	6,999,660
Maintenance Expenses	14	21,194,684	24,273,450
Depreciation and Amortization expenses	15	16,155,075	11,814,389
Finance Costs	16		
Total Expenses		243,992,069	224,643,917
Profit/(Loss) Before Taxation		(49,349,907)	(17,016,252)
Income Tax Expense/(Credit)	17	(49,349,907)	(17,016,252)
Profit/(Loss) After Taxation		(49,349,907)	(17,016,252)
Earnings Per Share – Basic and Diluted	18	-	-
Dividend per share	19	-	-
Other Comprehensive Income			
Profit/ (Loss) After Taxation		(49,349,907)	(17,016,252)
Surplus or deficit on revaluation of PPE		-	-
Remeasurement of net defined benefit liability		-	-
Fair Value Gain/(Loss) On Investments In Equity Instruments Designated As At FVTOCI (Fair Value Through Other Comprehensive Income)		-	-
Total Comprehensive Income for The Year		(49,349,907)	(17,016,252)

Kirinyaga County Water and Sanitation PLC.
Annual Report and Financial Statements for the year ended June 30, 2025

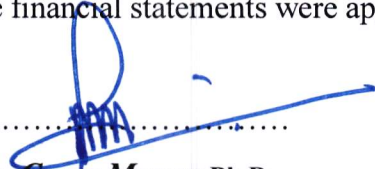
15. Statement Of Financial Position As at 30 June 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Non-current assets			
Property, plant and equipment	20	126,506,807	99,542,437
Intangible assets	21	729,539	1,093,762
Investment property	22	-	-
Right- of -use assets	23	-	-
Biological assets	24	-	-
Fixed interest investments	25	-	-
Quoted investments	26	-	-
Unquoted investments	27	-	-
Total non-current assets		127,236,346	100,636,199
Current assets			
Inventories	28	20,865,588	10,116,372
Trade and receivable	29	179,081,391	164,700,789
Tax recoverable	30	-	-
Short-term deposits	31	-	-
Prepayments	32	-	-
Bank and cash balances	33	26,272,020	23,833,409
Total non-current assets		226,218,999	198,650,570
Total Assets		353,455,345	299,286,769
Equity and liabilities			
Capital and Reserves			
Ordinary share capital	34	-	-
Revaluation reserve	35	43,587,914	43,587,914
Fair value adjustment reserve	36	50,594,398	52,958,755
Retained earnings	37	(71,126,676)	(21,626,094)
Capital and Reserves		23,055,636	74,920,575
Non-current liabilities			
Deferred tax liability	38	-	-
Borrowings	39	-	-
Lease liability	40	-	-


Kirinyaga County Water and Sanitation PLC.
Annual Report and Financial Statements for the year ended June 30, 2025

	Note	2024/2025	2023/2024
		Kshs	Kshs
Provisions	41	-	-
Retirement benefits	42	-	-
Total non-current liabilities		-	-
Current liabilities			
Borrowings	39	-	-
Lease liability	40	-	-
Provisions	41	8,605,243	5,758,722
Retirement benefit obligations	42	58,818,677	42,442,338
Trade and other payables	43	209,742,356	127,313,607
Refundable deposits and Prepayments	44	53,233,432	48,851,527
Deferred income	45	-	-
Dividends payable	46	-	-
Taxation	47	-	-
Total current Liabilities		330,399,708	224,366,194
Total Equity and Liabilities		353,455,345	299,286,769


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



Dr. Cyrus Munya Ph.D.
Managing Director



Caxton Waweru
Head of Finance
ICPAK M/No 33369



Dickson Kinyua Ngari
Chairman of the Board

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

	Notes	Capital reserve /Revaluation reserve	Revenue Reserve/Retained earnings	Capital grant /	Total
As at July 1, 2023		43,587,914	5,708,510	55,695,267	104,991,691
Profit for the year			(17,016,252)		(17,016,252)
Capital/Development grants received during the year		-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings				(2,736,512)	(2,736,512)
Prior year adjustments			(10,318,353)		(10,318,353)
As at June 30, 2024		43,587,914	(21,626,094)	52,958,755	74,920,575
As at July 1, 2024		43,587,914	(21,626,094)	52,958,755	74,920,575
Profit for the year		-	(49,349,907)	-	(49,349,907)
Capital/Development grants received during the year		-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	(2,364,357)	(2,364,357)
Prior year adjustments		-	(150,675)	-	(150,675)
At June 30, 2025		43,587,914	(71,126,676)	50,594,398	23,055,636

Prior year adjustment relates to: -

Date	Description	Adjusted mount	
01-Jul-24	Opening balance		(21,626,094)
01-Jul-24	Insurance cover for Motor cycles	80,360.00	Being correction on omission of invoices No. 22067 & 22041 for insurance cover
01-Jul-24	Insurance cover for KAT 355x	70,315.00	
	Total prior year adjustment		(150,675)
	Restatement of the opening balance		(21,776,769)

Kirinyaga County Water and sanitation PLC

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

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		172,977,170	160,615,437
Grants Income		3,605,620	25,119,676
Finance Income			
Other Income		782,500	834,500
Customer Deposits		4,349,000	3,378,500
Total Receipts		181,714,290	189,948,113
Payments			
Staff Costs		84,486,606	107,377,567
General And Operation Expenses		30,466,199	32,114,532
Board Expenses		6,993,345	7,024,903
Maintenance Expenses		14,512,806	23,486,086
Finance Costs			
Refund Of Customer Deposits		61,500	59,500
Total Payments		136,520,456	170,062,588
Net Cash From/ (Used In) Operating Activities	48	45,193,834	19,885,525
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(42,755,223)	(13,810,179)
Proceeds From Disposal Of PPE		-	-
Purchase Of Intangible Assets		-	-
Purchase Of Investment Property		-	-
Purchase Of Quoted Investments		-	-
Proceeds From Disposal of Quoted Investments		-	-
Net Cash From/ (Used In) Investing Activities		(42,755,223)	(13,810,179)
Cash Flows from Financing Activities			
Proceeds From Issues of New Share Capital		-	-
Proceeds From Borrowings		-	-
Repayment Of Borrowings		-	-
Dividends Paid		-	-
Net Cash From/(Used In) Financing Activities		-	-
Increase/(Decrease) In Cash and Cash Equivalents		2,438,611	6,075,346
Cash And Cash Equivalents At Beginning of Year		23,833,409	17,758,062
Effects Of Foreign Exchanges Rate Fluctuations		-	-
Cash And Cash Equivalents At End of the Year		26,272,020	23,833,409

Kirinyaga County Water and sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=a+b	d	e= c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*	-	-	-	-	-	
Receipts						
Operating Revenue	249,250,000	34,433,407	283,683,407	187,567,185	96,116,222	66%
Non-Operating Revenue	1,500,000	1,864,357	3,364,357	3,605,620	(241,263)	107%
Grants	16,541,515	(12,965,874)	3,575,641	3,469,357	106,284	97%
Finance Income	-	-	-	-	-	-
Other gains	-	-	-	-	-	-
Total Receipts	267,291,515	23,331,890	290,623,405	194,642,162	95,981,243	67
Payments						
Staff Costs	135,515,598	(590,160)	134,925,438	134,917,215	8,223	100%
Board Expenses	7,000,000	-	7,000,000	6,993,345	6,655	100%
General and operations Expenses	50,146,835	14,502,001	64,648,836	64,731,750	(82,914)	100%
Maintenance	44,954,082	(22,281,642)	22,672,440	21,194,684	1,477,756	93%
Depreciation and Amortization	5,200,000	10,990,223	16,190,223	16,155,075	35,148	100%
Finance costs	-	-	-	-	-	-
Total Recurrent Expenditure	242,816,515	2,620,422	245,436,937	243,992,069	1,444,868	99
Customer Deposit Repayment	4,800,000	-4,800,000	-	-	-	-
Accrued deduction, creditors	7,000,000	(1,500,000)	5,500,000	4,948,859	551,141	90
Capital Expenditure Payments	12,675,000	27,011,468	39,686,468	42,755,223	(3,068,755)	108
Total Payments	267,291,515	28,131,890	290,623,405	291,696,151	(1,072,746)	100%
Surplus	24,475,000	20,711,468	45,186,468	(49,349,907)	94,536,375	

**Kirinyaga County Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025**

Budget notes: *Provide explanation of differences between actual and budgeted amounts (10% difference over/ under). Provide an explanation of changes between original and final budget, indicating whether the difference is due to reallocations or other causes.*

Notes on difference actual and budgeted amounts

- 1. Operating Revenue:** *Didn't attain the estimated revenues due to delay in completion of the Bulk water project and sewer which we expected to be complete by September 2024. This would have increased the number of new connections thus increase the consumption. There is also a challenge with the current tariff due to inflation it's not being able to meet the operation cost.*
- 2. Grant:** *We anticipated to receive the balance of the ongoing projects from WSTF but there was delay in disbursement of funds.*
- 3. Capital expenditure:** *Due to shortfall in revenue, most of the capital projects were not realised.*

Notes on changes between original and final budget

- 1. Revenue:** *There was shortfall in revenue projected.*
- 2. Expenditure:** *There was reallocation of funds from votes that were underutilized to over utilized votes in the financial year.*
- 3. Capital expenditure:** *Due to low income most of the investments were not done during the year thus being moved to the next financial year.*

19. Notes To the Financial Statements

1. General Information

Kirinyaga County Water and Sanitation PLC is established by and derives its authority and accountability from Companies Act Cap 486 of the laws of Kenya. The Company is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The Company's principal activity is through Service provision agreement (SPA) to carry out water and sewerage services in both urban and rural areas of Kirinyaga County. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

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

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

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

Kirinyaga County Water and sanitation PLC

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

Notes to the financial statements (continued)

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

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

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: 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.

Kirinyaga County Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

(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

Kirinyaga County water and Sanitation PLC 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 straight-line/reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Item	Years	Rates
Buildings and civil works	50	2%
Water Infrastructure works	5	20%
Water Tank	10	10%
Water Meters	5	20%
Plant and machinery	8	12.5%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%

Office equipment, furniture and fittings, dozers	8	12.5%
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A full year's depreciation charge is recognized both in the year of asset purchase and none in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment and accounted for in line with the provisions in the standard.

e) Intangible assets

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

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

Summary of Accounting Policies

h) Right of Use Asset

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

i) Biological Assets

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

j) Fixed interest investments (bonds)

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

k) Quoted investments

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

Summary of Accounting Policies

l) Unquoted investments

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

m) Inventories

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

n) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted and when the necessary approval to write off is granted. A report on losses and write offs is disclosed on note 29 this report.

o) Taxation

i) Current income tax

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

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tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

p) Deferred tax

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off

current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument

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to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

t) Trade and other payables

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

u) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 25th April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Ksh 20,711,468 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. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of profit or loss, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Comprehensive income has been presented under page 1 of these financial statements.

y) Service concession arrangements

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

z) Comparative figures

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

aa) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 41.

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.

The company has estimated provision for bad debts at 10% of closing receivables. The estimated provision for bad debts based on historical growth for the last 7 years in the amount of debtors.

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Notes to the financial statements (continues)

6. Operating Revenue

	2024/2025	2023/2024
	Kshs	Kshs
Water sales	177,386,464	167,215,378
Sewerage Services	287,483	-
Billing for other services: -		
Reconnection fee	3,873,900	5,050,600
Surcharges/Illegal connections	1,631,838	2,711,057
Capital works-water	4,007,500	3,100,000
Capital works-sewer	380,000	
Total	187,567,185	178,077,035

7. Grants Income

	2024/2025	2023/2024
	Kshs	Kshs
Compensation of pipe damaged (KERRA)	596,600	2,206,800
WSTF UPC 8th Call-Kimbimbi sanitation facility project	1,983,750	-
Compensation of pipe damaged (KURA)	129,200	259,635
Tie one work	-	4,554,010
WSTF Rurumi household sanitation project	-	3,574,606
Installation of water & sewer to affordable HSE.	896,070	
Conditional Liquidity Grant II	-	14,524,625
Total	3,605,620	25,119,676

Analysis of grants received from the Government in the table below

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2024/2025 KShs
KERRA	596,600	-	-	596,600	596,600
KURA	129,200	-	-	129,200	129,200
WSTF	1,983,750	-	-	1,983,750	1,983,750
QUEST	896,070	-	-	896,070	896,070
Total	3,605,620	-	-	3,605,620	3,605,620

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Notes to the financial statements (continued)

8. Other Income

	2024/2025	2023/2024
	Kshs	Kshs
Exhauster services	782,500	834,500
Amortization of capital grants	2,364,357	2,736,512
Cost variance stock adjustment	322,500	859,942
Total	3,469,357	4,430,954

9. Finance Income

	2024/2025	2023/2024
Description	Kshs	Kshs
Interest from commercial banks and financial institutions	-	-
Total	-	-

10. Other Gains and Losses

	2024/2025	2023/2024
Description	Kshs	Kshs
Amortization of capital grants	-	-
Total	-	-

11. Staff Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross Salary and Allowances	100,060,007	100,362,375
Casual workers' Wages	2,661,400	103,200
Medical insurance schemes	10,918,507	9,731,399
Employer's contributions to social security schemes	4,644,989	2,850,969
Employer's contributions to pension scheme	9,410,142	8,577,445
Gratuity provisions	2,846,521	3,057,654
National industrial Training	101,550	95,150
Leave allowance	3,301,529	2,811,724
Staff Welfare	972,570	490,711
Total	134,917,215	128,080,627
The average number of employees during the year	159	159

Kirinyaga County Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the financial statements (continued)

12. General and Operations Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chemicals	7,291,247	5,751,144
Electricity for productions	1,424,075	407,549
Electricity for Lighting	1,058,190	982,714
Transport fuels and diesel	10,196,753	10,109,898
Library expenses	118,500	134,760
Stationery	1,181,587	968,142
Uniforms & Other PPES	36,300	75,150
Telephone Expenses	1,504,084	1,389,962
Postage & Telegram Expenses	2,255,456	1,644,390
Email & Internet Expenses	1,045,320	1,128,664
Water bill	2,400	40,567
Insurance of Motor Vehicles & Other assets	541,757	319,220
Rental/leases	66,000	309,000
Transport hire and machinery	14,000	55,000
Travelling & Accommodation	3,223,389	2,982,270
Training Allowances(Capacity Building)	898,140	598,200
Subscription fees to Professional Bodies	161,750	54,400
Bank Charges	618,197	484,202
Security Expenses	7,918,293	6,921,000
Revenue collection	53,642	91,390
Public Relations	137,745	263,370
Advertising and publicity	553,764	289,380
Provision for Audit fees	464,000	464,000
legal charges	606,160	936,542
Consultancy	813,500	34,000
Water Regulatory Board Levies	7,533,987	7,183,557
Subscription to (WASPA)/NEMA/WRUA	168,199	180,000
Water Permits and subscriptions (WARMA Levy)	5,456,870	1,978,281
Sports & games	1,970,130	1,106,900
AGM expenses	1,316,448	1,743,322
Corporate Social Responsibilities	80,500	31,075
Office consumable	797,545	815,038
Staff Meetings	393,710	98,400
End year party	1,879,378	1,614,689

Kirinyaga County Water and Sanitation PLC
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the financial statements (continued)

Description	2024/2025	2023/2024
	KShs	KShs
External Debt	-	123,300
Increase/(Decrease) in Provision for bad debts	1,598,634	1,777,955
(Occupational Health	10,200	186,760
water safety plan, metering policy, NRW policy development	42,500	
Company transition)	-	201,600
Customer satisfaction survey	82,500	
External water and waste test analysis	139,300	
Meter Mapping	1,077,600	
Total	64,731,750	53,475,791

13. Board Expenses

Description	2024/2025	2023/2024
	KShs	KShs
Board meetings & conferences	4,167,102	4,218,326
Board Tour & Training	1,649,283	2,171,628
Other board Expenses	387,153	609,706
Board Medical cover	789,807	-
Total Board Expenses	6,993,345	6,999,660

14. Maintenance Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance of plant equipment	370,506	35,135
Office Repairs, Painting & Renovation	206,029	330,387
Branding & Painting of Offices	1,461,011	
Water supplies rehabilitation augmentation & maintenance works	13,107,558	11,402,719
Project Extensions - Kimicha -Kangai water pipeline extension	-	1,548,600
Tie one work	-	4,357,536
Rerouting of pipeline	-	136,150
Rerouting of pipeline network (KERRA)	756,000	2,137,000
Rerouting of pipeline network (KENHA)	129,200	259,600
WSTF - Thiba primary school	-	161,000

Kirinyaga County Water and Sanitation PLC
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Notes to the financial statements (continued)

	2024/2025	2023/2024
Description	Kshs	Kshs
Computer Expenses	449,268	363,655
Computer software maintenance	1,650,288	1,375,371
Upgrading of LAN and maintenance of Website	450,000	-
Maintenance of furniture and fittings	-	11,300
Transport operating expenses	1,835,796	1,446,791
Cleaning Materials	779,028	708,206
Total Maintenance Expenses	21,194,684	24,273,450

15. Depreciation and Amortization Expenses

	2024/2025	2023/2024
Description	KShs	KShs
Property, plant, and equipment	15,790,852	11,268,328
Intangible assets	364,223	546,061
Total Depreciation and Amortization	16,155,075	11,814,389

16. Finance costs

The company had no existing loan or interest in the current financial year.

17. Income Tax Expense/(Credit)

Current taxation

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

18. Earnings Per Share

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

19. Dividend Per Share

There were no dividend per share in the financial year as all the profits made by the Company shall be ploughed back to the Company in accordance with the law and sector guidelines.

20. Property, Plant and Equipment

Description	Buildings & civil works	Water & Sewer Infrastructure	Water Meters	furniture , plant & equipment	Water Storage	Motor vehicles, including, motorcycles	Computers & related equipment	Capital work in progress	Total
Depreciation rate	2%	20%	20%	12.5%	10%	25%	33%	x%	
	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs
As At 1July 2023	28,108,140	16,045,200	56,012,609	18,929,610	15,851,640	11,616,495	9,408,149	13,674,156	169,645,999
Additions	-	-	3,748,462	-	-	-	1,123,248	8,938,469	13,810,179
As at 30 th June 2024	28,108,140	16,045,200	59,761,071	18,929,610	15,851,640	11,616,495	10,531,397	22,612,625	183,456,178
Additions	-	-	5,913,553	126,603	-	-	3,156,819	33,558,247	42,755,222
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments		21,563,651						(21,563,651)	-
As at 30 th June 2025	28,108,140	37,608,851	65,674,624	19,056,213	15,851,640	11,616,495	13,688,216	34,607,221	226,211,400
Depreciation And Impairment									
At 1July 2023	3,623,894	3,209,040	41,254,783	5,723,402	1,585,164	9,224,234	8,024,895	-	72,645,412
Depreciation	489,685	2,567,232	3,701,258	1,650,776	1,426,648	598,065	834,665	-	11,268,329
As At 30 th June 2024	4,113,579	5,776,272	44,956,041	7,374,178	3,011,812	9,822,299	8,859,560	-	83,913,741
Depreciation	479,891	6,366,516	4,143,717	1,460,254	1,283,983	448,549	1,607,942	-	15,790,852
Disposals	-	-	-	-	-	-	-	-	-
As at 30 th June 2025	4,593,470	12,142,788	49,099,758	8,834,432	4,295,795	10,270,848	10,467,502	-	99,704,593
As at 30 th June 2024 (NBV)	23,994,561	10,268,928	14,805,030	11,555,432	12,839,828	1,794,196	1,671,837	22,612,625	99,542,437
As at 30 th June 2025 (NBV)	23,514,670	25,466,063	16,574,866	10,221,781	11,555,845	1,345,647	3,220,714	34,607,221	126,506,807

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The Capital Work in Progress relate; -

No.	Details	Opening Balance	Additional	Transferred to	Closing Balance
1	Line Reinstatement	5,160,411		(5,160,411)	-
2	Kutus-Kiarie Line	2,519,020		(2,411,220)	107,800
3	Smart meters	3,965,000			3,965,000
4	Bottling Plant	122,878			122,878
5	WSTF – Rurrie water supply project	7,338,440			7,338,440
6	WSTF- Kimbimbi public sanitation facility	2,414,309	2,688,127		5,102,436
7	WSTF- Rurumi public sanitation facility	1,092,567	3,116,300		4,208,867
8	Kimicha to Kangai Pipeline		1,508,560	(1,508,560)	-
9	Kirima Area -Gatuto		176,780	(176,780)	-
10	Kang'aru - Governors' line Sagana Scheme		749,760	(749,760)	-
11	Kibugi St Paul Line		240,315	(240,315)	-
12	Kemri - Wang'uru (Tie In Works)		390,800	(390,800)	-
13	Riambui – Kutus Line		411,250	(411,250)	-
14	Ucheru line		179,800	(179,800)	-
15	Baricho Boys - Kathaka at the sleeve crossing - repair works		403,700	(403,700)	-
16	Njegas junction line		116,000	(116,000)	-
17	Kiandieri town/Dispensary line		687,780	(687,780)	-
18	Kiamwenja-Ngaru (Tie in works)		59,600	(59,600)	-
19	Kiangwaci Interconnection		599,150	(599,150)	-
20	MIAD Kandongu-makutano (Interconnection)		321,745	(321,745)	-
21	Gitooni - Line - Sagana Scheme		1,316,785		1,316,785
22	Ndaba Distribution Line		1,204,740	1,204,740)	-
23	Kangaru tie in		207,420	(207,420)	-
24	Makutano tie in		102,260	(102,260)	-

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No.	Details	Opening Balance	Additional	Transferred to	Closing Balance
25	Upper sagana		301,850	(301,850)	-
26	Sagana Kariti		420,000	(420,000)	-
27	Kanjata		190,800	(190,800)	-
28	Gakoigo line		105,900	(105,900)	-
29	Kiania kariini		113,400	(113,400)	-
30	Ndia kiaga		320,000	(320,000)	-
31	Makutano Round about		662,600	662,600	-
32	Rundu water project distribution		2,305,970		2,305,970
33	Gacharu Line (KERRA) Relocation		1,566,000	(1,566,000)	-
34	Gacharu Line) Relocation		1,313,500	(1,313,500)	-
35	Karima line extension - Kerra		1,118,840		1,118,840
36	Extension 2" from Makutano to Total Petrol Station		757,360	(757,360)	-
37	Upper sagana		538,490	(538,490)	-
38	Sagana Makutano tie in Works		205,260	(205,260)	-
39	Kimandi		137,200	(137,200)	-
40	Kathiru Pipe extension		1,599,675		1,599,675
41	Technical -Kibaratani		6,882,040		6,882,040
42	Kingero/Kamuthanga/Western Line		538,490		538,490
		22,612,625.00	33,558,247.00	(21,563,651.00)	34,607,221.00

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Valuation

The valuation of Property, Plant and Equipment was not carried out in the current financial year.

20 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings & civil works	28,108,140	4,593,470	23,514,670
Water & Sewer Infrastructure	37,608,851	12,142,788	25,466,063
Water Meters	65,674,624	49,099,758	16,574,866
furniture , plant & equipment	19,056,213	8,834,432	10,221,781
Water Storage	15,851,640	4,295,795	11,555,845
Motor vehicles, including, motorcycles	11,616,495	10,270,848	1,345,647
Computers & related equipment	13,792,016	10,502,068	3,289,948
	191,707,979	99,739,159	91,968,820

21. Intangible Assets

	2024/2025	2023/2024
	Kshs	Kshs
Cost		
At July 1	6,908,112	6,908,112
Additions	-	-
Disposals	-	-
At June 30	6,908,112	6,908,112
Amortization		
At July 1	5,814,350	5,268,289
Charge for the year	364,223	546,061
Disposals	-	-
Impairment loss	-	-
At June 30	6,178,573	5,814,350
Net book value		
At June 30	729,539	1,093,762

Intangible assets constitutes the Billing software, meter reading software, printer software and accounting software

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22. Investment Property

The company did not undertake investment.

23. Right-of-use assets

Not applicable

24. Biological Assets

Not applicable

25. Fixed Interest Investments (Bonds)

The company did not invest in Fixed bonds.

26. Quoted Investments

The company did not invest in Quoted Investment.

27. Unquoted Investments

The company did not invest in unquoted Investment

28. Inventories

	2024/2025	2023/2024
	Kshs	Kshs
Chemicals	478,557	1,044,080
Motor Vehicle/Cycles Spares	927,445	441,169
Meter Maintenance/Scrap	2,723,733	2,258,155
Water Supply Rehabilitation	15,370,222	5,184,900
Buildings Repair & Renovation	510,917	556,216
Stationery	490,352	605,752
Cleaning materials	364,362	26,100
Less: Impairment of stocks	(-)	(-)
Total	20,865,588	10,116,372

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29. Trade and Other Receivables

	2024/2025	2023/2024
	KShs	KShs
Trade receivables (note (29a))	195,641,055	179,654,712
Co-op Bank(water supply)-Collateral for SPA	2,511,061	2,511,061
Minimum tax	408,132	408,132
Staff Debtors	-	7,109
BOD debtors	34,000	34,000
Purchase accrual, Inventory Issues Accrual, Inventory Take on	51,248	51,246
Gross trade and other receivables	198,645,496	182,666,260
Provision for bad and doubtful receivable	(19,564,105)	(17,965,471)
Net trade and other receivables	179,081,391	164,700,789
Analysed as:		
Short- Term Trade and Other Receivables	51,989,119	52,291,950
Long- Term Trade and Other Receivables	143,651,936	127,362,762

29. (a) Trade Receivables

	2024/2025	2023/2024
	Kshs	Kshs
Gross trade receivables	195,641,055	179,654,712
Provision for doubtful receivables (10% of closing receivables)	(19,564,106)	(17,965,471)
Net trade receivables	176,076,949	161,689,241
As at June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	9,401,272	7,951,283
Between 30 and 60 days	3,416,417	3,699,503
Between 61 and 90 days	3,375,503	3,151,184
Between 91 and 120 days	3,918,446	3,910,403
Over 120 days	175,529,417	160,942,339
Total	195,641,055	179,654,712

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29. (c) Staff Receivables

	2024/2025	2023/2024
	Kshs	Kshs
Gross staff loans and advances	-	7,109
Provision for impairment loss	-	-
Net staff loans	-	7,109
Less: Amounts due within one year	-	-
Amounts due after one year	-	7,109

30. Tax Recoverable

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

[Provide short appropriate explanations as necessary]

31. Short Term Deposits

Not applicable

32. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Rent	-	-
Water	-	-
Total	-	-

33. Bank and Cash Balances

	2024/2025	2023/2024
	Kshs	Kshs
Cash at bank	22,962,966	21,438,457
Cash in hand	-	-
Mobile money account	3,309,054	2,394,952
	26,272,020	23,833,409

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Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2024/2025	2023/2024
		KShs	KShs
a) Current account			
Savings Account (Cooperative Bank)	01100035120700	1,188,870	1,504,057
Current Account (Cooperative Bank)	01120035120700	1,453,261	432,307
Rurie Water Supply account (Cooperative Bank)	01192035120701	44,971	47,971
Kimbimbi Public Sanitation account (Cooperative Bank)	01192035120700	14,182	721,236
Coop Collection account (Cooperative Bank)	01100035120702	2,628	76,103
Current Account (Equity Bank)	0100291489991	(1,114,480)	(182,954)
CLSG Account (Equity bank)	0100280407693		
Current Account (Equity Bank-KERRA)	0100277709818	73,883	148,525
Rurumi project (Equity Bank)	0100284372508	15,962	3,133,841
ESROLL CLSG Account (Equity bank)	0100184372466	6,535,890	629,382
CLSG II Account (Equity bank)	0100284372412	14,524,625	14,524,625
Post bank	0744130011342	127,786	182,259
Sidian bank account-Current	01013090014941	95,388	221,106
Current account (Family Bank-K-Wash)	057000044558	-	-
Sub- total		22,962,966	21,438,457
b) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile money account	Paybill No.350850	3,309,054	2,394,952
Sub- total		3,309,054	2,394,952
Grand total		26,272,020	23,833,409

34. Ordinary Share Capital

The company is wholly owned by the county government of Kirinyaga through shareholding.

35. Capital Reserve

Capital reserves represent net assets capitalized at the formation of the company and represent the book values of those assets.

36. Capital Grants

G.O.K capital grants relates to Motor bikes and water meters donated by Tana Water Services Board and also an amount of subsidy on a loan given to the organization under the “Maji ni Maisha” World Bank funded project and also funds from Water Sector Trust Fund (WSTF) for various projects as depicted in note 19. Amortization on these grants is calculated on reducing balance basis on cost over the life of the asset.

37. Revenue Reserves/Retained Earnings

Revenue reserves represent the excess of the income over recurrent expenditure. This is as a result accumulation of surplus and deficits over the years.

38. Deferred Tax Liability

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

39. Borrowings

No borrowing was done in the financial year.

40. Lease Liability

There was no lease agreement done in the financial year

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41. Provisions

Description	Leave Provision	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	5,758,722	-	5,758,722
Additional Provisions	-	-	2,846,521	-	2,846,521
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Balance at the end of the year	-	-	8,605,243	-	8,605,243

Provisions details

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Portion of Provisions	8,605,243	5,758,722
Long-term portion of Provisions	-	-
Total	8,605,243	5,758,722

42. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	58,818,677	-	-	58,818,677	42,442,338
Non-current benefit obligation	-	-	-	-	-
Total	58,818,677	-	-	58,818,677	42,442,338

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2018. The scheme is administered by in-house team and is funded by contributions from both the company and its employees.

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% of Gross Salary per employee per month and the company contribute the same. Other than NSSF the

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entity also has a defined contribution scheme operated by County Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

43. Trade and Other Payables

	2024/2025	2023/2024
	Kshs	Kshs
Trade payables	163,618,356	106,718,147
Accrued expenses	-	-
Employee payables	46,123,998	20,595,460
Other payables	-	-
Total	209,742,354	127,313,607

Aging Analysis for Trade and other Payables

	2024/2025	% of the total	2023/2024	% of the total
Under one year	76,320,113	46%	31,672,036	30%
1-2 years	23,870,569	15%	24,919,644	23%
2-3 years	15,990,939	10%	12,626,441	12%
Over 3 years	47,436,734	29%	37,500,026	35%
Total	163,618,358		106,718,147	

44. Refundable Deposits and Prepayments

	2024/2025	2023/2024
	Kshs	Kshs
Customer deposits	49,545,470	45,257,970
Prepayments by customers	3,686,451	3,593,557
Staff debtors	1511	-
Others (Specify)	-	-
Total	53,233,432	48,851,527

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Aging Analysis for Refundable Deposits and Prepayments

	2024/2025		% of the total	2023/2024	% of the total
Under one year	4,349,000		%	3,378,500	%
1-2 years	3,377,000		%	2,353,000	%
2-3 years	2,350,000		%	2,714,500	%
Over 3 years	39,469,470		%	36,826,970	%
Total	49,545,470			45,257,970	

45. Deferred Income

Description	2024/2025	2023/2024
	KShs	KShs
Deferred income	-	-
Total deferred income	-	-

46. Dividends Payable

The company had not issued any shares thus no dividend to declare.

47. Taxation

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

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Notes to the financial statements (continued)

48. Notes to The Statement of Cash Flows

	2024/2025	2023/2024
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations		
Profit or loss before tax	(49,349,907)	(17,016,252)
Depreciation	15,790,852	11,268,328
Amortization	364,223	546,061
Provisions for Bad Debts	1,598,633	1,777,955
Amortization of capital Grants	(2,364,357)	(2,736,512)
Gain on disposal		
Prior year adjustment	(150,675)	(10,318,353)
(Gain)/loss on disposal of property, plant and equipment	-	-
Operating profit/(loss) before working capital changes	(34,111,231)	(16,478,773)
Working capital changes:		
(Increase)/decrease in inventories	(10,749,216)	(1,019,189)
(Increase)/decrease in trade and other receivables	(15,979,237)	(17,679,094)
Increase/(decrease) in trade and other payables	106,033,515	55,062,581
Increase/(decrease) in retirement benefit obligations	-	-
Increase/(decrease) in provision for staff leave pay	-	-
Cash generated from/ (used in) operation	45,193,831	19,885,525
(b) Analysis of cash and cash equivalents		
Mobile money	3,309,054	2,394,952
Cash at bank	22,962,966	21,438,457
Cash in hand	-	-
	<u>26,272,020</u>	<u>23,833,409</u>
Balance at end of the year	-	-

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Notes to the financial statements (continued)

Other Disclosures

49. Related Party Disclosures

County Government of Kirinyaga

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

Other related parties include:

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

Transactions with related parties

	2024/2025	2023/2024
	Kshs	Kshs
a) Sales to related parties		
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	8,426,573	7,129,565
Others (Specify)	-	-
Total	8,426,573	7,129,565
b) Purchases from related parties		
Water Regulatory Board Levies	7,533,987	7,183,557
Subscription to Water Services Providers Association (WASPA)/NEMA/WRUA	168,199	180,000
Water Permits and subscriptions (WRA Levy)	5,456,870	1,978,281
Total	13,159,056	9,341,838
b) Grants from the Government		
WSTF-Funding	1,983,750	18,099,231

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	2024/2025	2023/2024
	Kshs	Kshs
TWWDA-Funding	-	4,554,010
Donations in kind	-	-
Total	1,983,750	22,653,241
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Management Salaries	12,647,821	12,128,069
Gratuity	2,846,521	3,057,654
Directors' emoluments	6,993,345	6,999,660
Total	24,487,687	22,185,383

50. Capital Commitments

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

	2024/2025	2023/2024
	Kshs	Kshs
Amounts authorized and contracted for	33,207,168	34,299,735
Amounts authorized but not contracted for	-	-
Less: Amounts included in Work in progress	(3,116,300)	(1,092,567)
	30,090,868	33,207,168

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Notes to the financial statements (continues)

51. Contingent Assets and Liabilities

There were no contingent assets and liabilities in the financial years

52. Financial Risk Management

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

(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.

Credit Risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The company has significant concentration of credit risk on amounts due from 1,000.

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

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Notes to the financial statements (continued)

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June current year				
Trade payables & accruals	14,625,147	8,954,201	140,039,009	163,618,356
Payroll deduction	9,428,916	8,673,512	28,021,570	46,123,998
Gratuity	236,530	613,397	7,755,316	8,605,243
Deferred income	-	-	-	-
Employee benefit obligation (pension)	1,500,269	4,492,004	52,826,405	58,818,677
Total	25,790,862	22,733,114	228,642,298	277,166,274
At 30 June previous year				
Trade payables & accruals	7,723,988	8,577,832	90,416,327	106,718,147
Payroll deduction	9,250,030	2,352,513	8,992,917	20,595,460
Gratuity	276,435	525,497	4,956,790	5,758,722
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	17,250,453	11,455,842	104,366,034	133,072,329

(iii) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments.

The company had no any interest bearing the financial instrument or obligation as at the end of financial year and there was no significant currency risks as no foreign transaction ensued during the year.

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Notes to the financial statements (continued)

iv) Capital Risk Management

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

	2024/2025	2023/2024
	Kshs	Kshs
Capital Grants	50,594,398	52,958,755
Revenue reserve/Retained earnings	(71,057,441)	(21,626,094)
Capital reserve	43,587,914	43,587,914
Total funds	23,124,871	74,920,575
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

53. Incorporation

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

54. Events After the Reporting Period

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

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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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Long Outstanding Receivables</p> <p>The statement of financial position reflects Kshs. 182,666,260 in respect of gross trade and other receivables as disclosed in Note 29 to the financial statement, which includes Kshs.179,654,712 in respect to trade receivables, out of which debtors amounting to Kshs 127,357,061 are aged above one year. In addition, the trade receivables aged over one year includes an amount of Kshs. 28,190,878 in respect of debtors who had terminated their services with the company but remained unremitted during the financial year under review for which the Company has not demonstrated any efforts in its attempts to recover the outstanding amounts.</p> <p>Further, the management have made a provision for bad and doubtful debts of Kshs.17,965,471 for the trade debtor balance, the provision appears inadequate to cover the amount that is doubtful.</p> <p>In the circumstances, the validity, completeness and recoverability of the long outstanding debtors amount of Kshs 127,357,061 could not be confirmed</p>	<p><i>Out of Ksh179, 654,712 outstanding debts, Ksh 28,190,878 are debts on terminated accounts, Ksh 91,033,273 are debts on disconnected accounts and ksh 60,430,560.83 are debts on active accounts where Ksh 20,581,277.13 in active accounts are debts owed by Government institutions.</i></p> <p><i>The Company has made the following efforts on debt recovery:</i></p> <ul style="list-style-type: none"> • <i>Sending demand letters to Government institutions</i> • <i>Sending reminder messages and entering in to part payment plans with domestic and commercial customers.</i> • <i>Sensitization of terminated customers to revive their accounts and clear their debts through payment plans.</i> 	Not Resolved	June 2028

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects total budgeted revenue of Kshs.254,768,129 and actual revenue of Kshs.207,627,665 resulting in an underfunding of Kshs.47,140,464 representing 19% of the budget.</p> <p>The underfunding affected the implementation of the planned activities and may have impacted negatively on service delivery to the public.</p>	<p><i>The projected budgeted revenue during the year under review was done in anticipation that Kerugoya Kutus Water supply project would have been completed by November 2023. This would have injected 30,000 m³ per day thus increase water supply and revenue but this was not realised within the financial year.</i></p>	Not resolved	June 2026
3	<p>High level of Non-Revenue Water (NRW)</p> <p>During the financial year under review, the Company produced a total of 5,302,481 M3 of water out of which 2,545,191 M3 was billed (sold). A total of 2,757,290 M3 (equivalent to Kshs.181,149,993.) or approximately 52% represented non-revenue water forming 27% (equivalent to Kshs. 94,058,650) over and above the allowable 25% in accordance with Water Services Regulatory Board Guidelines. This translates to an estimated total revenue loss of Kshs. 94,058,650. The significant level of non-revenue water may negatively impact the Company's profitability and its ability to keep as a going concern.</p> <p>In the circumstances, the high level of NRW may negatively impact on the company's profitability and</p>	<p><i>The company has a well elaborate NRW reduction plan, which has been aligned with company's strategic plan 2021-2026 and tariff conditions gazette on 3rd February 2023 which has identified critical areas and contributors of NRW, action plans, resources required, responsible persons and target results.</i></p> <p><i>The 5,302,481 cubic meters (m³) has been based on design capacity and the company is in the process of ascertaining the accuracy in production by installing production meter.</i></p> <p><i>NRW has also been attributed by old dilapidated infrastructure and the Company has made a Proposal to TWWDA requesting for funding on Rehabilitation of water distribution infrastructure in Kerugoya, and Kutus town to minimizing illegal connections, leakages and burst.</i></p>	Not Resolved	June 2030

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	ability to sustain delivery to the public.	<i>Currently the company has reduced NRW from 59% as at 30th June 2022 to 47 % as at 28th February 2025.</i>		
4	<p>Non-compliance with the Law on Ethnic Composition The statement of profit or loss and other comprehensive income for the year ended 30 June, 2024 reflects staff costs balance of Kshs 128,080,627 as disclosed in Note 11 to the financial statements. Examination and analysis of personnel records revealed that the Company has one hundred and sixty-one (161) staff members out of which one hundred and forty-six (146) or 91% of the staff members are from the dominant ethnic community. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community. In the circumstances, Management was in breach of the law.</p>	<p><i>Most of our staff were recruited during the company's inception in year 2006 when the Company was being incorporated.</i></p> <p><i>Currently the company is complying with the recruitment procedure through advertising for the vacant positions in order to enhance conformity with the National Cohesion and Integration Act, 2008, as evidence during the recruitment of senior management as per the.</i></p>	Not Resolved	
5	<p>Non-Remittance of Statutory Deductions The statement of financial position as at 30 June,2014 reflects retirement benefit obligations balance of Kshs. 42,442,338 as disclosed in Note 41 to the financial statements and these obligations are in respect to statutory deductions unremitted to their various administrative bodies. These balances include amounts owed to</p>	<p><i>LAPTRUST Funds and pension fund arrears are as a result of accrued arrears that started from 2008. In order to settle the arrears, the company has an MOU between Kicowasco & CPF. The MOU includes a payment plan which will run for</i></p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>LAPTRUST, NWPC Pension and Pension Fund for contract staff of Kshs. 39,744,338.20, Kshs. 583,848.90 and Kshs.2, 114,150.47 respectively.</p> <p>In the circumstances, Management failed to remit statutory deductions within the set time frame and the Company may be prone to litigation.</p>	<p><i>a period of 57 months starting from October 2023 with a monthly instalment of Ksh. 550,000. However, the plan has not been fully implemented due to financial constraints. The Company has managed to pay Ksh2,300,000 to CPF and has put measures in place to increase revenue in order to meet the financial obligations and also allocated fund in the budget 2024/25 to cater for the CPF arrears</i></p>		
6	<p>High personnel Costs</p> <p>The statement of profit or loss and other comprehensive income reflects staff costs of Kshs. 128,080,627 representing about 57% of the total expenditure of Kshs. 224,643,917 which is higher than the recommended threshold of 35% in accordance with the Water Services Regulatory Board (WASREB) guidelines. The percentage was 22% higher than the recommended threshold of 35% by the Water Services Regulatory Board (Section 3.9.10 of the Corporate Governance Guidelines, 2018) for the category</p>	<p><i>The high wage bill is largely due employees that joined the company back in the year 2011 under unstandardized salary remuneration. Currently any new recruitment is being done when necessary and as per SRC guidelines. To improve on wage bill proportion to total revenue, the company has taken measures to increase revenue collection and comply with the SRC remuneration guideline. Through a Board meeting held on 28th January 2025 it was resolved that further employment should be freezed until further notice.</i></p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>of large companies under which the Company falls. According to the guidelines, the total staff expenditure for each financial year must not exceed 35% for large companies</p> <p>The high level of personnel costs may negatively impact on the Company's profitability and sustainability of services. In addition, Management was in breach of the Water Services Regulatory Board Corporate Governance Guidelines, 2018.</p>			
	<p>Non implementation of Audit recommendations.</p> <p>The Company was called upon for discussions to consider the Auditor General Reports on the financial statement for the three (3) Financial Years running up to 2020/2021 by the County Public Investments and Special Fund Committee via a letter dated 12 April 2023 Ref: SEN/DGAC/CPICSF/2023/046 and for the financial year 2021/2022 and 2022/2023 vide letter dated 11 November 2024 Ref SEN/DGAC/CPICSF/2024/204 respectively. The audit examination of the invitation letter further revealed the committee requested to submit written responses, including supporting documentation to the specific issues raised in the said reports of the Auditor General to respective auditors from the Office of the Auditor General. In addition, Appendix I to the financial statements on the Progress on follow up of Auditors</p>	<p><i>The company received Implementation Resolutions of County Public Investments and Special Funds Committee resolutions letter on 5th June 2023 which required implementation to be carried out within 60 days. The management submitted a written Implementation Resolutions of County Public Investments to the County Public Investments Committee on 13th July 2024 which was within 60 days as required by Public Investments and Special Funds Committee. All the issues in the recommendations had been acted upon.</i></p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Recommendations reflects outstanding issues as raised in the prior year certified audited report.</p> <p>In the circumstances, repeated findings from previous audits signals lack of corrective action and Management commitment in the implementation of audit recommendations.</p>			

Guidance Notes:

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

Name Dr. Cyrus Mungira Ph.D.
 Signature 
 Managing Director
 Date.....

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Appendix II: Projects Implemented by the Company
Projects

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Conditional Liquidity Support Grant II	WSTF	12 Months	29,049,250	yes	yes
2	Kimbimbi public sanitation facility project	WSTF	12 Months	5,207,343.88	yes	yes
3	Rurie Water supply project	WSTF	12 Months	16,263,727.20	yes	yes
4	Rurumi Household Sanitation Project	WSTF	12 Months	5,250,485	yes	yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Ngaru gatuto Line	5,160,411	5,160,411	100%	5,160,411	5,160,411	Internal
2	Kutus-Kiarie Line	2,411,220	2,411,220	100%	2,411,220	2,411,220	Internal
3	Kimicha to Kangai Pipeline	1,508,560	1,508,560	100%	1,508,560	1,508,560	Internal
4	Kirima Area -Gatuto	176,780	176,780	100%	176,780	176,780	Internal
5	Kang'aru - Governors' line Sagana Scheme	749,760	749,760	100%	749,760	749,760	Internal
6	Kibugi St Paul Line	240,315	240,315	100%	240,315	240,315	Internal

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7	Kemri - Wang'uru (Tie In Works)	390,800	390,800	100%	390,800	390,800	Internal
8	Riambui – Kutus Line	411,250	411,250	100%	411,250	411,250	Internal
9	Ucheru line	179,800	179,800	100%	179,800	179,800	Internal
10	Baricho Boys - Kathaka at the sleeve crossing - repair works	403,700	403,700	100%	403,700	403,700	Internal
11	Njegas junction line	116,000	116,000	100%	116,000	116,000	Internal
12	Kiandieri town/Dispensary line	687,780	687,780	100%	687,780	687,780	Internal
13	Kiamwenja-Ngaru (Tie in works)	59,600	59,600	100%	59,600	59,600	Internal
14	Kiangwaci Interconnection	599,150	599,150	100%	599,150	599,150	Internal
15	MIAD Kandongu- makutano (Interconnection)	321,745	321,745	100%	321,745	321,745	Internal
16	Ndaba Distribution Line	1,204,740	1,204,740	100%	1,204,740	1,204,740	Internal
17	Kangaru tie in	207,420	207,420	100%	207,420	207,420	Internal
18	Makutano tie in	102,260	102,260	100%	102,260	102,260	Internal
19	Upper sagana	301,850	301,850	100%	301,850	301,850	Internal
20	Sagana Kariti	420,000	420,000	100%	420,000	420,000	Internal
21	Kanjata	190,800	190,800	100%	190,800	190,800	Internal
22	Gakoigo line	105,900	105,900	100%	105,900	105,900	Internal
23	Kiania kariini	113,400	113,400	100%	113,400	113,400	Internal
24	Ndia kiaga	320,000	320,000	100%	320,000	320,000	Internal

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25	Makutano Round about	662,600	662,600	100%	662,600	662,600	Internal
26	Gacharu Line (KERRA) Relocation	1,566,000	1,566,000	100%	1,566,000	1,566,000	Internal
27	Gacharu Line) Relocation	1,313,500	1,313,500	100%	1,313,500	1,313,500	Internal
28	Extension 2" from Makutano to Total Petrol Station	757,360	757,360	100%	757,360	757,360	Internal
29	Upper sagana	301,850	301,850	100%	301,850	301,850	Internal
30	Sagana Makutano tie in Works	205,260	205,260	100%	205,260	205,260	Internal
31	Kimandi	137,200	137,200	100%	137,200	137,200	Internal
32	Conditional Liquidity Support Grant II	29,049,250	-	0%	29,049,250	-	WSTF
33	Kimbimbi public sanitation facility project	6,199,219	4,945,193	99%	6,199,219	4,945,193	WSTF
34	Rurie Water supply project	19,361,580	7,350,735	40%	19,361,580	7,350,735	WSTF
35	Rurumi Household Sanitation Project	5,250,485	3,936,642	99%	5,250,485	3,936,642	WSTF
36	Karima line extension - Kerra	1,118,840	1,118,840	96%	1,118,840	1,118,840	Internal
37	Gitooni - Line - Sagana Scheme	1,316,785	1,316,785	97%	1,316,785	1,316,785	Internal
38	Rundu water project distribution	2,305,970	2,305,970	99%	2,305,970	2,305,970	Internal
39	Kathiru Pipe extension	1,599,675	1,599,675	98%	1,599,675	1,599,675	Internal
40	Kingero/Kamuthanga/ Western Line	548,390.00	548,390.00	98%	548,390.00	548,390.00	Internal
41	Technical -Kibaratani	6,882,040	6,882,040	100%	6,882,040	6,882,040	Internal

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Appendix III- Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

Appendix IV: Reporting of Climate Relevant Expenditures

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

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Appendix V: Reporting Disaster Management Expenditure

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

(Attach forms from each transferring Government entity.)

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Appendix VI: Recording of Transfers from Other Government Entities

Name of the County/MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Others - must be specific	Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables			
Water Sector Trust Fund (Kimbimbi Project)	March 2023 & Aug 2024	Donor Fund	2,967,500	1,983,750	-	-	-	-	1,983,750	
Water Sector Trust Fund (Rurie Water Project)	May 2023	Donor Fund	6,195,706	6,195,706	-	-	-	-	-	
Water Sector Trust Fund (Rurumi Project)	Jan 2024	Donor Fund	3,574,606	-	-	-	-	-	-	
Water Sector Trust Fund (CLSG II)		Donor Fund	14,524,625	14,524,625						
Total			27,262,437	27,262,437	-	-	-	-	1,983,750	

