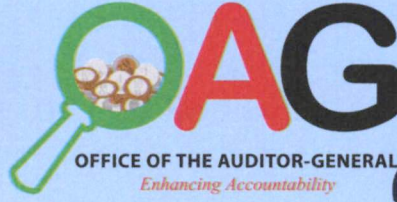


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REPORT

OF

THE AUDITOR-GENERAL

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**GATUNDU WATER AND SANITATION
COMPANY LIMITED**

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

200





GATUNDU WATER AND SANITATION COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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

Table of Contents	Page
1. Acronyms and Glossary of Terms.....	iv
2. Key Entity Information	v
3. The Board of Directors.....	viii
4. Key Management Team	xii
5. Chairman’s Statement	xv
6. Report Of the Managing Director	xvi
7. Statement Of Performance Against Predetermined Objectives for FY 2024/2025	xviii
8. Corporate Governance Statement.....	xxiii
9. Management Discussion and Analysis.....	xxvi
10. Environmental And Sustainability Reporting	xxxii
11. Report Of the Directors	xxxix
12. Statement Of Directors’ Responsibilities.....	xl
13. Report of the Independent Auditor on the Financial Statements of Gatundu Water and Sanitation Company Ltd.....	xlii
14. Statement Of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2025.	1
15. Statement of Financial Position As at 30 June 2025	2
16. Statement of Changes in Equity for the Year Ended 30 June 2025	3
17. Statement of Cash Flows for the Year Ended 30 June 2025.....	4
18. Statement of Comparison of Budget & Actual Amounts for The Period Ended 30 June 2025	5
19. Notes To the Financial Statements.....	8
20. Appendices	38

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

1. Acronyms and Glossary of Terms

A. Acronyms

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>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>AWWDA</i>	<i>Athi Water Works Development Agencies</i>
<i>CO</i>	<i>Chief Officer</i>
<i>GATWASCO</i>	<i>Gatundu Water and Sanitation Company Limited</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.

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

2. Key Entity Information

Background information

The Gatundu Water and Sanitation Company Ltd was established by the Company's Act of Parliament on 8th October 2014 vide certificate number CPR/2014/149082. In accordance with the articles and Memorandum of association the company which is fully owned by the Kiambu county government is represented by the County Executive Member responsible for water and sanitation and the CECM finance, who together with the board of Directors are responsible for the general policy and strategic direction of the Company. The Company head office is domiciled in Gatundu and has branches in Gatukuyu, Kamwangi, Kiganjo, Karatu, Ituramiro and Gituamba.

Principal Activities

The principal activity of the Company is to Provide domestic, industrial and institutional water services, plus sewerage and sanitation services.

Gatundu Water Company coverage includes Gatundu South, Gatundu North, parts of Githunguri and Juja sub-counties.

In terms of water service provision, the situation in the area can be categorized as

- ❖ Areas that are well served receive water 24/7
- ❖ Areas that are under served receive water on rationing basis
- ❖ Areas that are served through community water projects

In terms of sewerage services, the situation is wretched since

- ❖ All areas are not sewered
- ❖ Some centers depend on septic tanks
- ❖ Rural areas depend on pit latrines and VIP.

In terms of storage and conservation

- ❖ The area has two dam, Theta dam and Karimenu II dam
- ❖ Treatment plants
- ❖ A lot of soil is lost through erosion
- ❖ A lot of water is lost to the Indian ocean through river flow

Vision

To be the best in provision of potable rural water and sanitation services in the region and beyond.

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

Mission

To promote good health standards and raise economic level of our community through provision of quality, reliable, adequate and affordable water and sanitation services in an environmentally friendly manner while meeting expectations of our customers and other stakeholders.

Core Objectives

The following are strategic objectives that GATWASCO will be aiming to achieve:

- i. Attain Financial Sustainability
- ii. Enhance Service Delivery
- iii. Institutional Strengthening and support
- iv. Increase Water Production and Distribution
- v. Increase Sewerage Coverage
- vi. Enhance management of Non-Revenue Water

Directors

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

- | | | |
|----|--|---|
| 1 | Martin Ndungu Kahura- Chairman | -Appointed on 14 th February 2022 Left in February 2025 |
| 2 | Jenifer Musyoki - CO Water and Irrigation | - Appointed on 14 th February 2022 left in December 2024 |
| 3 | Edmund Njihia Njoroge | - Ag CO Water and Irrigation-Appointed on January 2025 |
| 4 | Stephen Karau Kangethe | -Appointed on 14 th February 2022 Left in February 2025 |
| 5 | Joyce Wanjiku Kangara | -Appointed on 14 th February 2022 Left in February 2025 |
| 6 | Stephen N Mungai (Alternate for CO Finance)- | -Appointed on 14 th February 2022 |
| 7 | Geoffrey Jomo Muita | -Appointed on 23 rd June 2024 |
| 8 | Jacqueline Wangari Murigi | -Appointed on April 2023 Left in December 2024 |
| 9 | Fredrick Karanja Mwangi | -Appointed on September 2024 |
| 10 | James Muiruri Njoroge | -Appointed on December 2023 left September 2024 |

Company Secretary

Jacqueline Wangari Murigi

Registered Office

Gatundu Water Office
Gatundu Karinga Road
P.O. Box 140
Gatundu, KENYA

Corporate Headquarters

P.O. Box 140

Gatundu Water and Sanitation Company Ltd

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

Gatundu Water office Building

Gatundu Karinga Road

Nairobi, KENYA

Corporate Contacts

Telephone: (254) 0115122379

E-mail: gatwasco@gmail.com

Website: www. Gatunduwater.co.ke

Corporate Bankers

1. Co-operative Bank of Kenya
P.O. Box 82-01030,
Gatundu Branch.
2. Equity Bank of Kenya
P.O Box 528-01030
Gatundu Branch
3. Kenya Commercial Bank
P O Box 420-00232
Gatundu Branch
4. Family Bank
P O Box 481-01030
Gatundu Branch
5. Safaricom Limited
M-pesa money transfer service
Paybill No. 893400,919400

Independent Auditor

Auditor General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office, Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

Nyokabi Waiganjo, Omungala




Hazina Towers 12th floor

Monrovia street

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

P O Box 1874-00100 Nairobi




3. The Board of Directors

Directors	Details
 <p>Rev. Martin Ndungu Kahura</p>	<p>DOB : 1967</p> <p>Qualification: Bachelor of Ministry, Diploma In Education, Dip In Theology</p> <p>Work Experience: Pastoral Leadership Christian Church International, Teaching in Gikindu Primary School, Mukurwe Primary School, Mukurwe Primary and Nembu Primary school</p> <p>Position: Chairman of the Board</p>
 <p>Jennifer Kanini Musyoki</p>	<p>DOB: 1984</p> <p>Qualification: MBA (Strategic Management); BSc Civil Engineering</p> <p>Work Experience: Previously worked as a Water & Sanitation Engineer in planning and design of urban and rural water and sanitation infrastructure; formulating national and county government water and sanitation policies, strategies and plans; conducting out technical assessments, socio-economic studies and surveys with H.P. Gauff Ingenieure, GIZ International Water Stewardship programme and Authentic Living Int. Co. Ltd. Currently working as the Chief Officer in the Department of Water, Environment, Energy and Natural Resources.</p> <p>Position: Chief Officer-Dept of Water, Environment, Energy and Natural Resources</p>
 <p>Edmund Njihia Njoroge</p>	<p>DOB: 18/03/1976</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Environmental Studies (Science), 2nd Class Honours –Upper Division, Kenyatta University, 1996-2000 • Advanced Diploma in Purchasing & Supply Management, Chartered Institute of Purchasing & Supply (CIPS), May 2007-December 2008 • NEBOSH International Technical Certificate in Oil and Gas Operational Safety.



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

	<p>Work Experience</p> <ul style="list-style-type: none"> • Chief Officer - Department of Water, Environment, Energy and Natural Resources. • December 2014 – March 2015: - HSE Advisor at Royal Oilfield Logistics Services & Supplies Limited (ROLSS) • January 2014 to December 2014: - Consultant Trainer affiliated to Mile-view College /ABSQE Africa, Nairobi) • April 2011-December 2013: -Procurement Manager Tea- (Shipment and Logistics); Unilever Kenya Limited Tea Division Mombasa; • July 2004-March 2011: -Safety, Health, Environmental, Quality (SHEQ) Officer, Unilever Kenya Limited, Mombasa. <p>October 2001-March 2003: -Environmental Management Coordinator; Home-grown (K) Ltd, Flamingo Farm Naivasha Position: Ag. Chief Officer-Dept of Water, Environment, Energy and Natural Resources</p>
 <p>Stephen Karau Kangethe</p>	<p>DOB : 1960</p> <p>Qualification: Bachelor of Arts Economics , Cert In Industrial Relations</p> <p>Work Experience: Retired Human Resource Manager wells Fargo Ltd, Over 40years experience in different position to as General manager Binti Apparels Ltd, HR manage Mirage fashionware EPZ Ltd, Personnel manager Barclays Bank, Personnel manager Magadi Soda Company</p> <p>Position: Chairman Finance Committee</p>
 <p>Joyce Wanjiku Kangara</p>	<p>DOB : 1985</p> <p>Qualification: Bsc Acturial Science, Pursuing Mba Accounting And Finance, Investment and Security Analyst, Certificate in Automated Trading System Operations</p> <p>Work Experience: Executive Director Foundation of Reaching and Transforming (NGO) Team leader Fort Credit Limited, Project manager Al-Eman Technology, Sales support and Investment advisor Chase Bank, Ministry of health Industrial attachment.</p>



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

	<p>Position: Chair Audit Committee</p>
 <p>Stephen Ndichu Mungai</p>	<p>DOB : 1984</p> <p>Qualification: MA Economics (Uon), CPAK</p> <p>Work Experience: Over 10 years’ experience in national and county government on economic planning & finance</p> <p>Position: County representative Finance</p>
 <p>Geoffrey Jomo Muita</p>	<p>DOB :1972</p> <p>Qualification: Master of Divinity, BA Anthropology (2 class upper) Doctorate of Theology and counselling ongoing</p> <p>Work Experience: Over ten years in AIPCA church handling different responsibilities Deputy general secretary, Education secretary, Bishop, Bible college principal, part time lecturer in education theology at AIPCA church.</p> <p>Position: Chairperson Audit Committee</p>
 <p>Fredrick Mwangi</p>	<p>Position: Managing Director</p> <p>DOB: 1982</p> <p>Qualification: Post graduate in Human Right and Gender Equality in climate and Disaster Displacement: Sweden</p> <p>BSC Computer Science- Kampala University, IMIS – Diploma- Kenya School of Monetary Studies</p> <p>Work Experience: Over ten years of corporate management experience in the production sector. He has led the Company through various processes (transition from old tariff to new tariff, implementation of CLSG II, CVF, County Government of Kiambu, & National Government programs), infrastructure improvements and built strong corporate relationships.</p>

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

<p>James Muiruri Njoroge</p> 	<p>Position: Technical Manager (Ag. Managing Director December 2023-September 2024)</p> <p>DOB: 1985</p> <p>Professional Qualification Water & Environmental Engineering</p> <p>Academic Qualifications B.Sc. Environmental Science, Dip. in Water Engineering & M.Sc. Environmental Engineering & Management</p> <p>Experience 14 yrs. Experience in management of Water and Sanitation Services in Rural and Urban WSPs.</p>
<p>Jacqueline Wangari Murigi</p> 	<p>Position: Company Secretary</p> <p>DOB: 1989</p> <p>Qualifications: Holds a Bachelor’s Degree in Law (LLB) from the Catholic University of Eastern Africa, Post Graduate Diploma from the Kenya School of Law, a Masters Degree in Public Policy and Administration from Kenyatta University, a Diploma in Human Resource management, a registered Certified Secretary (CS) and a certified mediator (CPM).</p> <p>Membership: a member of the Law Society of Kenya, Institute of Certified Secretaries and Associate Member of the Institute of Human Resource Management.</p> <p>Work Experience An advocate of the high court with over nine years’ experience serving as the Director – Legal Services, Department of Water. Currently supporting the Board of Directors of Gatundu Water & Sanitation Services in offering secretarial services.</p>

4. Key Management Team

Managers	Details
<p>Fredrick Mwangi</p> 	<p><u>Managing Director</u></p> <p>Professional Qualification Computer Science-</p> <p>Academic Qualification Post graduate in Human Right and Gender Equality in climate and Disaster Displacement: Sweden</p> <p>BSC Computer Science- Kampala University, IMIS – Diploma- Kenya School of Monetary Studies</p> <p>Experience: Over ten years of corporate management experience in the production sector. He has led the Company through various processes (transition from old tariff to new tariff, implementation of CLSG II, CVF, County Government of Kiambu, & National Government programs), infrastructure improvements and built strong corporate relationships.</p>
<p>James Muiruri Njoroge</p> 	<p><u>Technical Manager (Ag Managing Director Dec2023-September 2024)</u></p> <p>Professional Qualification Water & Environmental Engineering</p> <p>Academic Qualifications B.Sc. Environmental Science, Dip. in Water Engineering & M.Sc. Environmental Engineering & Management</p> <p>Experience: Over fifteen years of experience in overseeing water production improvements, distribution, maintenance, water treatment and effluent management in both rural and urban WSPs.</p>

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

Emmah W. Chege



Finance Manager

Professional Qualifications:

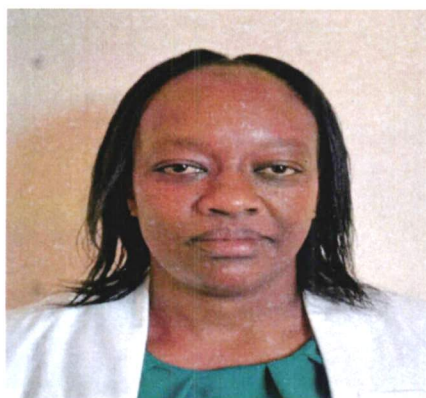
Accountancy

Academic Qualifications:

CPA K, Bachelors of commerce & M.Sc. Finance and Accounting ongoing

Experience: Over fifteen years of experience in the water sector, particularly in revenue collection and financial management.

Eunice Wambui Njenga



Commercial Manager

Professional Qualifications:

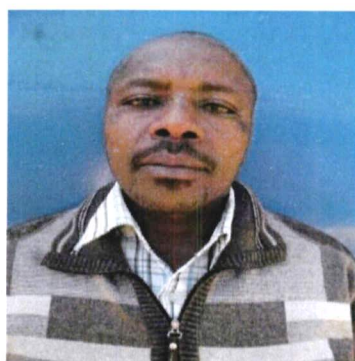
Accountancy

Academic Qualifications:

CPA K, Bachelors of commerce

Experience: Over ten years' experience in revenue collection and financial management, and one year experience in billing and customer care management.

David G. Muigai



Administration Manager

Professional Qualifications:

Water Engineering

Academic Qualifications:

Diploma in water technology

'O' Level Division two

Experience: Over 30 years' experience in water sector ministry of water & Gatundu South Water company, Gatundu Water

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

Nancy N. Waweru



Human Resource Officer

Professional Qualifications:

Human Resource Management

Academic Qualifications:

Diploma in Human Resources & Management

Experience: Over 10 years' experience in water sector, particularly in staff performance management, recruitment and personnel administration.

Jessica N. Peter



Procurement Officer

Professional Qualifications:

Procurement

Procurement Officer

Academic Qualifications:

Bachelors of purchasing & Supplies

Experience: Over ten years of experience in the water sector, mainly in purchase and supply, inventory management and disposal of assets.

Newton Mwangi



ICT Manager

Professional Qualifications:

Bachelors of Computer technology

Academic Qualifications:

Engineering

Experience: Over seven years of experience in ICT practices, particularly server and computer systems management, programming, data backup and security, and system administration.

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

5. Chairman's Statement

I am pleased to present the Annual Report and Financial Statements for the year ending 30th June 2025. During this period, Gatundu Water and Sanitation Company Ltd (GATWASCO) remained committed to delivering safe, reliable, and high-quality water and sanitation services. Our dedicated team upheld the highest standards in water treatment and distribution, surpassing regulatory requirements and embracing best practices. While we made meaningful progress, the year was not without challenges. A prolonged dry spell in the second quarter reduced water production. These factors adversely impacted revenue and raised repair costs. Despite these setbacks, we achieved significant milestones:

- *Infrastructure Development:* In collaboration with Athi Water Works Development Agency (AWWDA) and the County Government of Kiambu, we expanded our network through new water schemes and the rehabilitation of aging pipelines to boost efficiency and service coverage.
- *Customer Service Enhancements:* We strengthened engagement by opening customer service centers, holding market-day clinics, and launching a weekly Customer Outreach Program where staff directly interact with consumers.
- *Environmental Conservation:* We collaborated with communities and the county government to implement tree planting in watershed areas, mark riparian reserves, and educate farmers on sustainable land use practices.

Looking ahead, we remain optimistic. Our strategic priorities include expanding coverage, reducing Non-Revenue Water (NRW), and adopting cost-effective solutions. Projects such as the Gatundu Water & Sewerage Project and WSTF CLSG II will support these efforts.

I sincerely thank our shareholders, Board, management, and staff for their continued commitment to serving our communities.



BOARD CHAIRPERSON

6. Report Of the Managing Director

I am pleased to present the Managing Director's Report for the financial year ending 30th June 2025. This reporting period has been marked by a combination of formidable challenges and remarkable achievements that have significantly shaped the trajectory of Gatundu Water and Sanitation Company Ltd (GATWASCO) as it continues its journey toward operational excellence, improved resilience, and enhanced service delivery to the communities we serve.

Throughout the year, GATWASCO remained steadfast and focused on its core mandate of providing safe, reliable, and affordable water and sanitation services to our customers. Our commitment to service excellence and customer satisfaction guided every decision and initiative we undertook, even as we encountered numerous external pressures. Unfortunately, we were not immune to the adverse impacts of unpredictable climate patterns and environmental disruptions. A prolonged dry spell during the second quarter severely affected water availability and reduced production capacity, leading to constrained supply.

The compounded effect of these weather extremes resulted in operational disruptions, service delays, and a dip in revenue performance. To cushion the company from these adverse effects and maintain continuity of services, we undertook a series of strategic measures. These included company-wide cost-cutting initiatives, streamlining of internal processes, prioritization of efficiency, and the reallocation of limited resources toward the most critical operational and repair needs. Despite these efforts, several challenges persist:

- **Escalating operational costs** due to the maintenance of aged and dilapidated infrastructure.
- **Inadequate resources** for the timely rehabilitation of water treatment plants, augmentation of pipelines, and implementation of comprehensive metering systems.
- **Widespread customer non-payment**, often triggered by disconnection, with many resorting to rivers or community-managed projects.
- **Illegal connections and bypasses**, which contribute to high levels of Non-Revenue Water (NRW) and revenue loss.

Despite these setbacks, the company registered notable accomplishments:

- We achieved an NRW level of 39%, supported by deliberate interventions such as increased metering accuracy, improved leak detection, and the automation of customer services through our ERP system.
- **Infrastructure development** progressed impressively. In collaboration with the Athi Water Works Development Agency (AWWDA), the County Government of Kiambu, and other

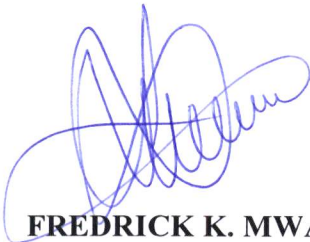
Gatundu Water and Sanitation Company Ltd
Annual Report and Financial Statements for the year ended June 30, 2025

partners, we completed 99% of new water schemes, rehabilitated 40km of aging pipeline networks, and extended 10km of last-mile connections. These investments are essential to strengthening service delivery, expanding coverage, and improving system reliability.

- In the area of customer service, we operationalized and synchronized customer care centers, held regular market-day customer clinics, and engaged clients through digital platforms. Our Weekly Customer Outreach Program—conducted every Wednesday—has helped us resolve complaints in real-time and strengthen community relations.
- We remained committed to environmental conservation, planting 30,000 indigenous and agroforestry trees across critical watershed areas, marking 30km of riparian reserves, and conducting farmer training on climate-resilient agricultural practices.

Looking forward, our strategic focus will be on the completion of flagship projects such as the Gatundu Water and Sewerage Project, the implementation of Water Sector Trust Fund CLSG II interventions, and the implementation of a cost-recovery tariff. These measures are expected to improve financial sustainability, boost operational efficiency, and extend our reach to unserved populations.

In conclusion, I express my sincere appreciation to the Board of Directors for their guidance, to our dedicated team for their unwavering commitment, and to our shareholders and development partners for their continued support. Together, we are building a stronger, more resilient Gatundu Water and Sanitation Company that delivers lasting value to the communities we serve.



FREDRICK K. MWANGI
MANAGING DIRECTOR

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

7.Statement Of Performance Against Predetermined Objectives for FY 2024/2025

GATWASCO has 9 strategic themes and objectives within the current Strategic Plan for the FY2019/20- FY2024/25. These strategic themes are as follows:

- Theme 1: Water Sources, Production and Treatment
- Theme 2: Operation and Maintenance (Water Distribution)
- Theme 3: Operation and Maintenance (Wastewater Collection and Treatment)
- Theme 4: Commercial Operations
- Theme 5: Financial Stewardship
- Theme 6: Human Resource Management
- Theme 7: Information Communication & Technology (ICT)
- Theme 8: Management of Non-Revenue Water
- Theme 9: Brand Equity

GATWASCO develops its annual work plans based on the above 9 Themes. 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 2024/25 period for its 9 strategic themes, as indicated in the diagram below:

Strategic Themes	Objectives	Key Performance Indicators	Activities	Achievements
Water Sources, Production and Treatment:	Increase water production from 27,400m3/day to 52,40m3/day	Increased production capacity	- Increase surface water abstraction - Undertake master plan study for water - Carry out feasibility study for re-use of wastewater - Conduct energy audit every two years - Improve water treatment efficiency	Not achieved
Water Sources, Production and Treatment:	Establish a water Quality Reference laboratory	Laboratory established	- Develop a water reference laboratory - Develop laboratory for each production unit	Yet to be realized.
Water Sources, Production and Treatment:	Build a partnership with development agencies on water supply and Sewerage Infrastructure development	- Improved water infrastructure	Development of favorable proposals to prospective financiers.	Not achieved

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

		- Sewerage infrastructure developed		
Water Sources, Production and Treatment:	Allocate 0.5% of the operational budget to watershed conservation.	Partnerships developed with conservation agencies	- Partner with relevant agencies in watershed conservation - Active participation in water resource user associations (WRUAS) - Growing of trees in various watersheds	Planted approximately 30,000 trees
Operation and Maintenance (Water Distribution)	To increase water coverage from the current 68% to 85%	Increased water coverage	- Extension of 115km distribution network assorted sizes (DN90 to DN25) in upcoming estates along Kenyatta Road. - Increase water storage capacity in the distribution system by 500m ³ to serve Kenyatta Road and Gachika Gichogochogo areas. - Upgrade 5km DN90 to DN160 water transmission pipeline from Kairini to Gatitu B to serve more people downstream	- Water coverage increased from 68% to 74%,
Operation and Maintenance (Wastewater Collection and Treatment)	Increase sewer coverage from 0% to 8% by 2024	Increased sewer coverage	- Undertake master plan study for sewerage development in the county - Develop four decentralized wastewater treatment facilities at Kamwangi, Kiganjo, Kigumo and Gatukuyu towns - Procure one exhaustor vehicle - Extension of 1.5km sewer networks to upcoming estates along Kenyatta Road	Sewerage coverage remains at 0%.

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

			<ul style="list-style-type: none"> - Develop and implement a maintenance schedule for sewerage infrastructure - Construction of improved toilet at Gatundu and Kamwangi DCC compounds -Construction of Gatundu Sewer to increase sewer coverage by 5% 	
Commercial Operations	Reduce the average age of consumer meters to eight years by 2024	Average age of meters is 8 years or below	<ul style="list-style-type: none"> - Carry out census of consumer meters - Replace all meters older than 10 years or have clocked over - Establish a meter calibrating laboratory 	The average age of consumer meters currently stands at 6 years.
Commercial Operations	Automate the billing system to attain 100% billing efficiency and 100%-meter reading efficiency.	Achievement of 100% billing and meter reading efficiencies	<ul style="list-style-type: none"> - Automating billing system 100% - Streamlining customer contracting process - Procure 100 smart phones for meter reading 	Billing efficiency stands at 61% and meter reading efficiency stands at 96%.
Financial Stewardship	Increase revenue collection efficiency from 85% to 95%	Achievement of 95% collection efficiency	<ul style="list-style-type: none"> - Increase number of pay points - Integrate on real time the pay points and billing systems - Make Billing systems interactive - Apply for cost recovery tariff 	- Achieved was 103%
Financial Stewardship	Reduce credit days to Ninety days by 2024	Credit days reduced to 90 days	Queuing of Creditors for payments.	Credit days have been reduced to ninety days.
Financial Stewardship	Attain unqualified audit reports by 2024.	Attainment of unqualified audit reports	<ul style="list-style-type: none"> - Adherence to the provisions of annual budget. - Adherence to the Annual Procurement plan. 	Not achieved since the report was qualified.

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

			- Adherence to policies and procedures of the Company.	
Human Resource Management	Improve staff satisfaction level by 5%	Staff satisfaction levels improved by 5% or more	- Conduct annual refresher course for each member of staff. - Improve staff terms and Conditions. - Develop a performance contracting culture. - Provide Personal Protective Equipment to staff members. - Develop innovations to improve on efficiencies.	Survey Not done
Human Resource Management	Ratio of personnel costs to Operation & Maintenance cost is reduced from 55% to 40% by 2024	Personnel costs to O&M cost is reduced to 40%	- Increase staff productivity from 190m3 per staff per day to 275m3 per day per staff. - Align job descriptions to staff establishment.	- Achieved 43%
Human Resource Management	Reduce work related accidents and near miss incidents to nil by 2024	Reduced work-related accidents	- Comply with OSHA policy.	Work-related accidents are currently at 2%.
Information Communication and Technology	Make the company paperless by 2023	Digital operations of the company	- Establish a wide area network connectivity for the Company by 2023. - Attain the ratio of computers to management & Supervisory staff of 1:1	- Achieved 90%
Information Communication and Technology	Acquire an Enterprise Resource Planning system (ERP) by 2022	Acquirement of the system	Install an ERP System	Achieved
Information Communication and Technology	Attain 100% security of data and operations	Achievement of 100% security	Establish two data recovery sites	Achieved 55%
Management of Non- Revenue Water	Establish NRW teams	NRW team established	Establish an active NRW team	Achieved

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

Management of Non- Revenue Water	Profile the NRW in the distribution network	NRW profiled in the distribution network	<ul style="list-style-type: none"> - Establish intelligent DMAs of a maximum 500 connections. - Implement pressure management in the transmission and distribution network. 	GIS mapping of the distribution network and consumer meters has been conducted.
Management of Non- Revenue Water	Eradication of illegal connections by 2024	Reduced levels of illegal connections	Leverage on existing laws to impose heavy penalties for illegal connections	- Identification and disconnection of illegal connections are continuously being carried out.
Management of Non- Revenue Water	GIS mapping all water and sewer network by 2024	Water and Sewer network mapped	- Mapping of the pipe networks and appurtenances.	GIS mapping for all our water connections was conducted. There are no sewer connections since the Gatundu Sewer project is yet to be completed.
Brand Equity	Increase visibility to 85%	Increased visibility	<ul style="list-style-type: none"> - Branding of all assets. - Create staff brand identity. - Establish an interactive website. - Provide marker posts for all pipes and sewer networks. - Acquire ISO certification in all areas. - Attain accreditation of the water/ waste water reference Laboratory. 	Achieved 80%
Brand Equity	Increase customer satisfaction to 80% by 2024 from 65%	Attain 80% customer satisfaction levels	<ul style="list-style-type: none"> - Establish a customer care desk. - Develop Customer Service Charter. - Establish an interactive customer call centre. 	Achieved 75%
Brand Equity	Integration of Asset management	Assets integrated into the company operations	Conduct assets audit and undertake asset tagging of all Company assets.	Not achieved.

8. Corporate Governance Statement

Appointment and Removal of Directors

As a water service provider, GATWASCO is regulated by the Water Services Regulatory Authority (WASREB) and therefore bound to comply with the Corporate Governance Guidelines for the Water Services Sector, 2018. In line with these guidelines, the board is composed of 7 members, three being nominees representing the County Government's Departments responsible for Finance and Water matters; and also, the County Secretary. The other four members are competitively sourced in line with the qualification criteria specified and also ensuring that there is representation from the community within the company's area of service.

Roles and responsibilities, board charter, conflict of interest and ethical conduct

The board is responsible for governance, oversight, and major decision making, representing the interests of stakeholders and the shareholder. In execution of this role, the board approves the company's strategic plan, an annual budget and annual procurement plan. In addition, the company ensures that there is a business plan and annual plans to implement the strategic plan. The board of directors signs a performance contract with the Managing Director who in turn cascades it to the management team and all staff. The board of directors also ensures that there is an audited set of accounts prepared in accordance with the Public Finance Management Act which contains an audit opinion, which is made available to them every 12 months.

In terms of compliance, the board also ensures that the company complies to all laws, regulations through the assistance of the company secretary. The board is also responsible for communication with stakeholders through a well-publicized annual stakeholders' forum and holding an annual general meeting.

All board roles and functions are spelled out in the Board Charter. This charter also requires all board members to familiarize themselves with the Code of Ethics and sign it.

The board of directors approved an Anti-Corruption Risk Management Policy which has a clause on conflict of interest, where a Conflict of Interest Register is maintained. Members are required to declare any conflict of interest in any matters in the Board agenda in advance before meetings are held.

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

Board succession policies and period in office

Gatundu Water and Sanitation Company Ltd avoids a situation where all Board members retire at the same time; in that, two thirds of the Board members other than those from the County Government, retire from office by rotation every three years. The retiring members are determined on the basis of those who have served longest.

Number and nature of meetings held in the financial year 2024/2025

No.	Nature	Frequency (No. of times)
	Full Board Meetings	
A	Regular Full Board meetings	3
	Other meetings attended by all Board members	
B	Special meeting	1
C	Board field visit, Retreat, Public Participation, AGM	2 (Two) AGM
	Sub- total	6
	Committee Meeting	
	Regular committee meetings	
A	Finance and Administration Committee	3
B	Technical committee	3
C	Audit Committee	3
	Special Committee meetings	
D	Select Committees, Special Committees	1
	Sub-total	10
	Grand Total No. of meetings held	16

Board and member performance and Governance Audit

The Corporate Governance Guidelines for the Water Services Sector of 2018 provide that the board shall evaluate 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

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

A governance audit is scheduled to be carried out in the current financial year in order to evaluate the company's leadership and strategic management, transparency and disclosure, compliance with laws and regulations, communication with stakeholders, board independence and governance, board systems and procedures, shareholder and stakeholder value enhancement and Corporate Social Responsibility.

The County Government of Kiambu appoints an Independent board of directors. The duties and role of the Board of Directors are as stipulated in the Board Charter which includes the following:

- Strategic Management
- Identification and management of risks
- Company's financial oversight
- Succession planning and evaluation of management performance
- Oversight of communications and public disclosure
- In charge of corporate Governance

The following Board committee have been established with specific duties and meet quarterly as minimum

- Audit & Risk Management Committee
- The Finance and Administration Committee
- Technical Committee;

The remuneration of Directors is determined by the annual general meeting within the maximum approved by shareholders guided by the Government of Kenya Regulations (Water Services Regulatory Board) from time to time. The Chairman is paid a monthly honorarium of Kshs. 15,000/-, monthly telephone allowance of Kshs. 2,000/-. The Chairman is paid a sitting allowance of Kshs. 18,572 while attending Board meetings and other functions, workshops and trainings sponsored by the Company. While attending a meeting or such function within Kiambu County and its environs, the Chairman is paid a lunch allowance of Kshs. 1,000 and transport allowance of Kshs. 2,000/-. Directors will be paid a sitting allowance of Kshs 14,286 while attending Board and committee meetings, and other functions, workshops and trainings sponsored by the Company. Where the meeting or function is within Kiambu County, the Directors are entitled to a lunch allowance of Kshs 1,000.00 (where no lunch is provided) and transport allowance of Kshs 2,000.00.

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

9. Management Discussion and Analysis

Operational and financial performance are as illustrated in the table below;

NO	PARAMETER	2020/21	2021/22	2022/23	2023/24	2024/2025
1	Water Production (m3)	7,169,376	7,415,508	5,216,907	3,906,486	3,741,896
2	Billing (Kshs)	125,391,473	137,620,852	131,408,018	115,361,751	194,681,897
3	Miscellaneous Income (Kshs)	3,489,957	4,956,755	10,310,829	9,171,171	11,878,228
4	NRW (%)	34%	35%	33%	33%	39%
5	Operational Expenditure (Kshs)	136,367,667	146,932,368	160,508,253	184,309,290	238,513,056

Development Projects

- a) Africa Development bank in partnership with Government of Kenya through Athi Water Works Development Agency is implementing a project under the Kenya Towns Programme.

Under the programme, we have the following projects as one project:

- Gatundu Sewerage project
- Handege water project
- Ruabora water project
- Ngenda water project

The projects are at 81.5% implementation stage.

- b) Through AWWDA, we have reinstated pipelines of HDPE and sizes ranging from 160mm to 25mm in areas that were destroyed during roads construction works. There areas include Gatei, Gateiguru and Mundoro.

Company's compliance with statutory requirements

The company fully acknowledges and upholds the importance of complying with all statutory, legal, and regulatory requirements as a cornerstone of its governance and operational integrity. This commitment extends across various domains, including but not limited to, compliance with water quality standards set by regulatory authorities, timely remittance of taxes, adherence to third-party deduction deadlines (such as pension contributions, loan repayments, and statutory deductions), and upholding labour and employee relations regulations.

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

To ensure continuous compliance, the Internal Audit Department is tasked with the responsibility of monitoring all relevant legal and regulatory frameworks applicable to the company's operations. Its role involves ensuring timely interpretation and implementation of new laws, monitoring compliance with existing statutes, providing guidance to all departments, and submitting periodic compliance reports to senior management and relevant oversight bodies.

The company has instituted internal checks and controls to support compliance, including regular audits, staff sensitization programs on regulatory matters, and the integration of compliance requirements into departmental operational plans. Through these mechanisms, the company ensures that all its activities align with the prevailing legal and regulatory frameworks. This consistent adherence to statutory and regulatory obligations not only protects the company from legal and financial risks but also enhances its reputation among stakeholders, regulators, and the public at large.

Major risks facing the entity

The Board of Directors holds the overall and ultimate responsibility for overseeing the company's risk management practices. In fulfilling this mandate, the Board is supported by the Internal Audit and Risk Committee, which plays a key advisory role. This committee is tasked with monitoring, assessing, and guiding the management of both current and emerging risks, ensuring they are addressed in alignment with the risk appetite and tolerance levels that have been formally approved by the Board.

Throughout the reporting period, the Board of Directors has remained actively engaged in reviewing the company's risk profile. It has consistently evaluated various risk exposures and, where necessary, issued appropriate directives and recommendations aimed at mitigating those risks. As part of this ongoing process, the company continues to identify and assess a range of risks that could impact its strategic objectives, service delivery, and operational sustainability. These risks include, but are not limited to, the following categories:

- **Environmental Risks**

Environmental risks refer to external ecological and climatic factors that negatively impact the availability and sustainability of water resources in the company's catchment areas. These risks pose a serious threat to the company's ability to effectively deliver on its core mandate of supplying safe and adequate potable water to the residents within its service area.

A key concern is the reduction of water levels in rivers, streams, and other natural water sources due to environmental degradation. This may be caused by deforestation, unsustainable agricultural practices, land encroachment, or pollution of catchment areas. As a result, the reliability and quality of

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

raw water inputs for treatment and distribution are significantly compromised.

To mitigate these risks, the company continuously monitors environmental trends, collaborates with stakeholders on catchment protection, and actively participates in environmental conservation initiatives such as tree planting and community education on sustainable land use practices.

- **Financial Risks**

Financial risks refer to the potential threats that could affect the company's ability to maintain financial stability and meet its short-term and long-term financial obligations as they fall due. These risks have a direct impact on the company's operational sustainability, investment capacity, and service delivery. One of the primary financial risks arises from non-payment by customers and consumers, which leads to cash flow challenges. Delayed or defaulted payments reduce the company's ability to generate sufficient revenue to cover its operational expenses, maintain infrastructure, and invest in system improvements.

Another significant contributor to financial risk is the loss of revenue through illegal water connections. These unauthorized connections result in unbilled and uncollected water usage, depriving the company of income while simultaneously increasing strain on the system.

Additionally, bursts, leakages, and aging infrastructure contribute to high levels of Non-Revenue Water (NRW), which result in reduced efficiency and unnecessary production costs, further straining financial resources.

The company is also exposed to rising costs of production, driven by inflation, increased energy prices, and the cost of water treatment chemicals and equipment. These increased expenses, if not matched by corresponding increases in revenue, can erode profit margins and limit reinvestment in infrastructure and service delivery.

To mitigate these financial risks, the company continuously monitors its financial performance, strengthens its revenue collection strategies, invests in reducing non-revenue water, and advocates for fair regulatory practices. It also implements prudent financial planning and budgeting to ensure resilience and adaptability in a dynamic economic environment

- **Operational Risk**

Operational risks refer to the potential challenges and disruptions that may hinder the company's ability to effectively perform its day-to-day core functions. These include the treatment and supply of clean water, distribution through the pipe network (reticulation), and the safe treatment and discharge of wastewater into the natural environment, in compliance with regulatory and environmental standards.

Several key factors contribute to operational risks:

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

- Over-reliance on a single energy source: The company's dependence on electricity to power critical operations such as water treatment poses a major risk. Power outages, rising costs, or system failures can severely disrupt services. The absence of backup energy sources like solar or diesel generators increases this vulnerability.

- Aging infrastructure: The water treatment and distribution systems are largely outdated and prone to frequent breakdowns and leaks. This results in high maintenance costs, service interruptions, and increased non-revenue water.

- Human resource capacity: Limited staffing, skills gaps, and high turnover among technical personnel affect operational efficiency, emergency response, and the adoption of new technologies.

Together, these operational risks pose a threat to the company's ability to provide continuous, safe, and reliable water and sanitation services. To mitigate these risks, the company is exploring diversification of energy sources, investing in infrastructure upgrades, enhancing preventive maintenance programs, and strengthening staff capacity through training, succession planning, and performance management systems.

- **ICT Failure and Cybersecurity Risks**

As the company becomes increasingly reliant on Information and Communication Technology (ICT) for its daily operations, the risks associated with system failures and cybersecurity threats have grown significantly. ICT plays a central role in various functions including billing, customer service, data management, financial transactions, communication, and operational monitoring. Any disruption in these systems can severely impact business continuity.

ICT failure can result from hardware malfunctions, software errors, network outages, or human error such as poor handling or lack of proper system maintenance. Such failures may lead to data loss, delays in service delivery, and operational inefficiencies.

In addition, the growing sophistication and frequency of cybersecurity threats—including hacking, ransomware, phishing, and other forms of cyber-attacks—pose a real and ongoing threat to the organization. These threats could result in unauthorized access to sensitive data, financial losses, disruption of services, reputational damage, and non-compliance with data protection laws and regulations.

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

To mitigate these risks, the company is continually working to strengthen its ICT infrastructure, implement secure data backup systems, enforce strict user access controls, conduct regular staff training on cybersecurity awareness, and comply with relevant ICT governance and data protection policies.

- **Legal risk.**

Legal risk refers to the possibility of the company facing legal actions, penalties, or other liabilities due to failure to comply with applicable laws, regulations, or contractual obligations. This type of risk can arise in various forms and has the potential to negatively affect the company's financial position, reputation, and operational effectiveness.

One key area of exposure is the risk of litigation from suppliers or service providers, particularly in cases where the company may be accused of breaching contractual terms, such as delays in payment, non-performance, or failure to meet agreed service levels. Such disputes can lead to costly legal proceedings, settlement payments, or damaged business relationships.

Additionally, the company may face regulatory sanctions or surcharges imposed by oversight bodies if it is found to be in violation of statutory requirements, including procurement laws, employment regulations, tax obligations, environmental laws, or water sector-specific regulations. Failure to meet these legal obligations may result in fines, loss of operating licenses, or other administrative penalties. To manage legal risk effectively, the company relies on the Company Secretary to provide ongoing legal advisory support, review contracts, monitor compliance, and ensure that all business practices are conducted in accordance with the law. Regular staff training on legal and regulatory matters, as well as implementation of internal compliance controls, also form part of the company's risk mitigation strategy.

Material arrears in statutory /financial obligations

By the close of the financial year, the company had successfully met its statutory obligations with no outstanding arrears in areas such as taxation, employee deductions (e.g., PAYE, NHIF, NSSF), and other government-mandated remittances. This reflects the company's commitment to maintaining financial discipline, accountability, and compliance with all legal and regulatory frameworks. However, it is important to note that material arrears remained outstanding in relation to obligations owed to key sector institutions, specifically:

Gatundu Water and Sanitation Company Ltd

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

1. Athi Water Works Development Agencies (AWWDA): Although AWSB has since been dissolved following sector reforms, the company still carries historical financial obligations related to infrastructure development and service agreements that were in place prior to the transition. These arrears are subject to ongoing discussions with relevant government authorities regarding reconciliation and settlement.
2. Water Services Regulatory Board (WASREB): The company has outstanding payments linked to regulatory fees or levies that support the Board's oversight functions. WASREB plays a critical role in regulating water service provision, and efforts are being made to address the arrears in consultation with the regulator.
3. Water Resources Authority (WRA): The company also has pending financial obligations to the WRA, which is mandated to manage and protect water resources in the country. These arrears may relate to abstraction permits, water use charges, or penalties arising from delayed remittances.

The company is actively engaging with each of these institutions to develop structured repayment plans where applicable and ensure resolution in line with regulatory expectations. In addition, internal financial controls have been strengthened to prevent the accumulation of future arrears and to enhance the company's long-term financial sustainability.

10. Environmental and Sustainability Reporting

Gatundu Water and Sanitation Company (GATWASCO) is a public utility mandated to provide reliable, safe, and affordable water and sanitation services to the residents of Gatundu and its surrounding areas. Operating under the regulatory framework of the Water Services Regulatory Board (WASREB), GATWASCO's primary objective is to ensure access to clean water and proper sanitation for improved public health and socio-economic development. As part of its long-term vision, the company has adopted a sustainability strategy focused on maintaining and enhancing service delivery for present and future generations. This involves prudent resource management, infrastructure investment, environmental conservation, stakeholder engagement, and continuous innovation—ensuring that the provision of water and sanitation services remains uninterrupted, efficient, and resilient to changing environmental and socio-economic conditions.

i) Sustainability strategy and profile

To strengthen its long-term sustainability and improve water service delivery, GATWASCO, in collaboration with the Athi Water Works Development Agency (AWWDA), has successfully implemented several key infrastructure and operational improvement initiatives over time. These initiatives are aimed at improving water abstraction, treatment, transmission, distribution, and staff welfare. The notable achievements include:

- *Ongoing Water Projects:* Through continued support from AWWDA, three major water infrastructure projects are currently underway—Ngenda Water Project, Ruabora (Wamuguma) Water Project, and Handege Water Project. In addition, Gatundu Town Sewerage Works is also in progress, aiming to improve sanitation services and enhance environmental sustainability. The project level of implementation is at 81.5%
- *Improved Staff Working Conditions:* In line with sustainability goals, the company has also invested in improving the working environment for its employees. This includes better office facilities, provision of personal protective equipment (PPE), capacity-building programs, and other staff welfare initiatives aimed at enhancing productivity and job satisfaction.

Through these projects and improvements, GATWASCO continues to position itself as a reliable and sustainable provider of water and sanitation services, ensuring resilience in service delivery and long-term benefits for the communities it serves.

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

However, the company continues to face several significant challenges that hinder its ability to provide efficient and uninterrupted water and sanitation services to its customers. These challenges include:

- **Aging and Dilapidated Infrastructure:** A major concern for the company is the presence of old and deteriorating water distribution pipes across its network. These outdated pipelines frequently experience leakages and bursts, leading to water loss and service interruptions. The situation calls for urgent rehabilitation and replacement to ensure efficient water delivery and to reduce non-revenue water.
- **Water Theft through Illegal Connections:** The company is also grappling with the issue of water theft, primarily through unauthorized and illegal connections. These unlawful practices not only result in substantial revenue loss but also compromise water quality and pressure, affecting legitimate consumers.
- **Insufficient Funding for Expansion and Rehabilitation:** Limited financial resources continue to impede the company's efforts to extend its pipeline network to underserved areas and to rehabilitate aging infrastructure. This financial constraint slows down progress toward achieving universal access to safe and reliable water services.
- **Damage from landslides occasioned by heavy rains and down pour** led to the destruction of underground water pipelines. This not only disrupts supply but also increases maintenance costs and delays in service restoration.
- **Vandalism of Infrastructure:** Acts of vandalism targeting water infrastructure, including meters, valves, and pipes, further strain the company's operations. These incidents often result in service interruptions, increased operational costs, and pose safety risks to communities.

Addressing these challenges requires a coordinated approach involving increased investment, stakeholder collaboration, community engagement, and stronger enforcement of laws against illegal connections and vandalism.

ii) Environmental performance

GATWASCO is committed to delivering safe and reliable water services while ensuring environmental sustainability and regulatory compliance. The company undertakes the following measures to uphold water quality and protect natural resources:

- **Water Quality Assurance:**

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

GATWASCO maintains high water quality standards by performing daily jar tests at its treatment facilities to monitor coagulation efficiency and chemical dosage. Additionally, the company regularly collects water samples, which are sent to registered and accredited laboratories for comprehensive testing to ensure compliance with public health and water safety standards.

- **Timely Response to Leakages and Bursts:**

The company has put in place an efficient fault reporting and response mechanism to ensure that any reported leaks or pipe bursts are promptly attended to. This not only minimizes water loss and service interruptions, but also helps prevent secondary environmental impacts, such as soil erosion and landslides, especially in hilly or flood-prone areas.

- **Catchment Protection through Tree Planting:**

During the rainy season, GATWASCO works in collaboration with Water Resource Users Associations (WRUAs) to implement tree-planting initiatives near critical water sources. These efforts aim to stabilize soil, reduce surface runoff, enhance groundwater recharge, and protect the long-term sustainability of catchment areas.

- **Environmentally Responsible Wastewater Handling:**

As part of its environmental protection practices, the company ensures that backwash water from the treatment process is not discharged directly into natural water bodies. Instead, it is safely channeled through a constructed lagoon system, which helps in settling suspended solids and reducing pollutant loads before any potential release.

- **Ongoing Community Engagement in Conservation:**

Throughout the year, GATWASCO has actively partnered with local communities and WRUAs to plant indigenous tree seedlings across various catchment zones. These initiatives form part of a broader strategy to conserve biodiversity, restore degraded landscapes, and reinforce community ownership in protecting shared water resources.

iii) Employee welfare

The Human Resource (HR) Policy serves as a key guiding document for GATWASCO's people management practices. It outlines the framework for recruitment, development, and staff welfare, ensuring that the company operates in a fair, transparent, and inclusive manner.

As part of its recruitment policy, the company emphasizes gender balance, clearly specifying targets and strategies to promote equal opportunities for both men and women across all levels of the organization.

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

To enhance employee capacity and performance, GATWASCO supports staff participation in short professional courses, often in collaboration with accredited training institutions. These programs are aimed at upgrading employees' technical and managerial skills in line with evolving industry demands and operational needs.

In addition, the company prioritizes staff well-being through regularly organized medical clinics, where employees can voluntarily undergo relevant health screenings and medical tests. These initiatives not only promote a healthy workforce but also reflect the company's commitment to employee welfare and preventive health care.

Together, these HR practices reflect GATWASCO's broader commitment to building a skilled, motivated, and healthy workforce capable of delivering high-quality water and sanitation services.

iv) Market place practices

GATWASCO is committed to ensuring a consistent and reliable supply of clean, safe, and treated water to all its customers. To achieve this, the company operates and maintains its water treatment and distribution systems with a strong focus on quality control, operational efficiency, and timely service delivery. Routine monitoring and preventive maintenance are carried out to minimize service disruptions and guarantee uninterrupted access to water.

In support of its operations, GATWASCO works closely with a network of qualified and dependable suppliers who provide essential goods and services such as treatment chemicals, spare parts, pipes, fittings, and technical equipment. The company adheres strictly to all established procurement regulations and procedures, including competitive bidding, transparency, and value-for-money principles, as outlined in the Public Procurement and Asset Disposal Act and other relevant guidelines.

Furthermore, GATWASCO places great emphasis on building and maintaining strong, mutually respectful relationships with its suppliers. This involves timely communication, fair contract management, and prompt payment processing, which fosters trust, reliability, and long-term partnerships. Such collaborative engagement ensures that critical supplies are delivered on time, and in the required quality and quantity, supporting the company's mission of delivering high-quality water services to the public.

By combining operational discipline with strategic supplier management, GATWASCO continues to uphold its mandate of providing clean and treated water while promoting accountability, service reliability, and stakeholder confidence.

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

a) Responsible competition practice.

GATWASCO operates under a regulated tariff structure that is approved by the Water Services Regulatory Board (WASREB), ensuring fair and transparent pricing for water services.

In addition to its core mandate, the company actively engages in Corporate Social Responsibility (CSR) initiatives aimed at promoting social welfare and environmental conservation. These initiatives include community tree planting, water access support for vulnerable groups, and partnerships with local stakeholders for sustainable development.

As an employer, GATWASCO is committed to maintaining fair labour practices. The company provides:

- Fair and competitive wages
- A safe and healthy working environment
- Full compliance with national labour laws and employment regulations

Furthermore, GATWASCO upholds ethical business practices and does not engage in monopolistic or anti-competitive behaviour. The company supports open competition, transparency, and integrity in all its operations and interactions with customers, partners, and the public.

b) Responsible Supply chain and supplier relations

The company recognizes the essential role suppliers play in supporting its operations—providing critical goods and services such as treatment chemicals, construction materials, technical equipment, and other operational inputs necessary for the delivery of reliable water and sanitation services.

To maintain a high level of trust and cooperation, GATWASCO ensures that all supplier engagements are guided by principles of transparency, accountability, and fairness. One of the ways the company demonstrates this commitment is by maintaining open communication regarding financial matters. In cases where unforeseen financial constraints delay payment beyond the agreed timelines, the company takes proactive steps to formally notify the affected suppliers in a timely manner.

Rather than allow payment delays to disrupt service delivery or strain business relationships, GATWASCO works collaboratively with suppliers to develop structured payment plans. These plans are designed to ensure that outstanding obligations are met progressively, while also allowing suppliers to continue fulfilling their contractual obligations without financial hardship.

This approach not only helps preserve supplier confidence and continuity of supply but also enhances the company's reputation as a reliable and responsible business partner. By handling financial obligations with honesty and professionalism, GATWASCO promotes long-term partnerships that are

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

essential for sustaining service delivery, improving procurement efficiency, and supporting local economic development.

c) Responsible marketing and advertisement

GATWASCO is committed to providing excellent customer service and ensuring clear, accessible communication with the public. To enhance transparency and promote ease of access to information, customer service information is prominently displayed in GATWASCO offices. This includes service charters, contact details, complaint handling procedures, office hours, and other relevant notices that help customers understand their rights and the services offered.

In addition, the company ensures that public advertisements and notices are disseminated through multiple platforms to reach a wider audience. All official adverts, including tenders, job vacancies, public participation notices, and service updates, are published on the company's official website, ensuring accessibility to tech-savvy and remote users.

For broader public outreach, especially on matters that require public participation or awareness, such as procurement opportunities or regulatory announcements, GATWASCO also places advertisements in mainstream national media, such as the Daily Nation newspaper. This dual-platform approach enhances transparency, ensures compliance with legal and regulatory requirements, and promotes inclusivity by reaching diverse segments of the public.

Through these efforts, GATWASCO demonstrates its commitment to open communication, customer responsiveness, and public accountability.

d) Product stewardship

GATWASCO is committed to promoting customer satisfaction, data privacy, and consumer empowerment as part of its core service delivery principles. To ensure that customer concerns are addressed promptly and effectively, the company maintains a toll-free customer service number that allows consumers to report complaints, service interruptions, leaks, illegal connections, or other issues at no cost. This channel ensures that customers have unrestricted access to support, regardless of their location or income level, thereby enhancing transparency and responsiveness.

In addition to customer care, GATWASCO prioritizes the protection of consumer information. The company adheres to data privacy standards and ensures that all personal data collected from customers—such as billing details, meter readings, and contact information—is handled with strict confidentiality. Internal controls and access protocols are in place to prevent unauthorized access, sharing, or misuse of customer data.

Furthermore, the company actively engages the public through Consumer Education and Awareness Programs, which are conducted regularly to enhance understanding of water and sanitation services.

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

These educational initiatives are delivered through community meetings, printed materials, radio programs, and digital platforms, ensuring that consumers are well-informed, empowered, and able to make responsible decisions regarding water use and service expectations.

Through these combined efforts, GATWASCO strengthens trust, promotes customer satisfaction, and fulfils its public service mandate

v) Corporate Social Responsibility / Community Engagements

The company is deeply committed to environmental preservation and protection, with a special focus on engaging the youth in these efforts. To promote environmental sustainability, the company actively involves young people in monthly tree planting activities and regular cleaning of local market places. These initiatives not only help to enhance green spaces and maintain cleanliness but also foster a culture of environmental responsibility within the community.

In addition to these ongoing activities, the company demonstrated its support during key national celebrations by providing mineral water to participants on significant public holidays, including Mashujaa Day on 20th October 2024, Jamhuri Day on 12th December 2024, and Madaraka Day on 1st June 2025. This contribution highlights the company's commitment to community welfare during important cultural events.

During the reporting period, the company undertook a significant project focused on securing and conserving water catchment areas within Kiambu County, specifically targeting the Kinare forest region. As part of the tree planting initiative, the company procured 5,000 Graverian tree seedlings, investing a total of Ksh 100,000 to support reforestation efforts. To diversify the vegetation and enhance ecological balance, the company also purchased indigenous tree species, as well as Hass avocado and bamboo seedlings.

Moreover, the company received generous support in the form of a donation of 3,000 seedlings from Mama Ngina University. This contribution was given both as physical tree seedlings and related resources, further bolstering the company's reforestation and environmental conservation efforts.

As part of its Corporate Social Responsibility initiatives, the company participated in the Kiganjo Cultural Day by sponsoring the event with a contribution of Ksh 40,000

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

11. Report Of the Directors

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

i) Principal activities

The principal activities of the Company is to ensure efficient and effective provision of water and sanitation Services in its area of jurisdiction

ii) Results

The results of the company for the year ended June 30, 2025 are set out on page. 1-4

iii) Directors

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

iv) 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.

12. Statement of Directors' Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires 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 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)


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

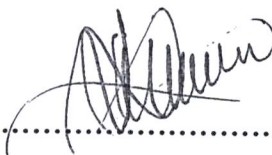
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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


.....

Chairman of the Board


.....

Fredrick K. Mwangi
Managing Director

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 Gatundu Water and Sanitation Company Limited set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of

Report of the Auditor-General on Gatundu Water and Sanitation Company Limited for the year ended 30 June, 2025

comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Long Outstanding Trade and Receivables

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and receivables balance of Kshs.170,814,439 which is net of provision for specific and general doubtful receivables balance of Kshs.12,869,571 and Kshs.18,726,905 respectively. However, the balance includes receivables balance of Kshs.163,832,428 which has been outstanding for over one hundred and twenty (120) days and whose recoverability is doubtful.

Further, the specific provision for doubtful receivables balance of Kshs.12,869,571 represents debts of Kshs.3,488,789 inherited from the Ministry of Water and Kshs.9,380,782 inherited from Gatundu Water Company. The balances have been outstanding for more than ten (10) years with no movement over the years. No satisfactory explanation was provided on why the debts have not been recovered.

In the circumstances, the accuracy, completeness and full recoverability of trade and receivables balance of Kshs.170,814,439 could not be confirmed.

2. Failure to Revalue Fully Depreciated Assets Still in Use

The statement of financial position and as disclosed in Note 15 to the financial statements reflects property, plant and equipment balance of Kshs.31,875,392. However, review of records provided revealed that the Company's asset register has some fully depreciated assets that are still in use. The Company has not revalued these assets in order to recognize their current operating value.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.31,875,392 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Gatundu Water and Sanitation Company Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I

believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure amount of Kshs.167,543,331 against actual receipts of Ksh.299,785,915 resulting to an underutilization of Kshs.132,242,584 or 44% of actual revenue.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the report of the previous year, several issues were raised under the Report on the Financial Statements and Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Gatundu Water and Sanitation Company Limited in 2024/2025 revealed that the following matters remained unresolved;

	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Trade and Other Receivables
2	2023/2024	Long Outstanding Trade and Other Payables
3	2023/2024	Inconsistencies in Financial Statements
4	2023/2024	Failure to Revalue Fully Depreciated Assets Still in Use
5	2023/2024	Violation of the Principles of Ethnicity and Regional Balancing
6	2023/2024	Excess Non-Revenue Water
7	2023/2024	Non-Compliance with Fiscal Responsibility Principles

Other Information

Board of Directors is responsible for the Other Information set out on page v to xli, which comprise of Key Entity Information, the Board of Directors, Key Management team, Chairman's Statement, Report of the Managing Director, Statement of Performance

against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.199,387,410 as disclosed in Note 22 to the financial statements and increase by Kshs.73,379,584 or 58% from the prior year balance of Kshs.126,007,826. The balance includes payables totalling Kshs.72,646,582 that have been outstanding for over two (2) years. In addition, analysis of payables ledger revealed that, trade payables from previous and current years did not form the first charge. No satisfactory explanation was provided for the non-compliance with Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates'.

In the circumstances, the Company Management was in breach of the law and is exposed to the potential risk of nugatory costs arising from interest payments and penalties on overdue costs.

2. Unaccounted for Non-Revenue Water

During the year, the Company produced a total of 3,741,896 cubic meters (m³) of water. However, only 2,266,154 m³ were billed to customers resulting to unbilled volume of 1,475,742 m³ or 39% of the total water produced. The unbilled volume of 1,475,742 m³, with a sale price of Kshs.123,519,605 at an average price of Kshs.83.70 per m³ represents the Non-Revenue Water (NRW). This is over and above the allowable loss of 25% as provided by schedule E of Water Service Regulatory Board (WASREB) guidelines.

The high non-revenue water if not addressed, will negatively impact on the Company's profitability and its long-term sustainability.

3. Non-Compliance with Fiscal Responsibility Principles on Wage Bill

The statement of profit or loss and other comprehensive income and as disclosed in Note 10 to the financial statements reflects staff costs amount of Kshs.96,175,344. This expenditure amounts to 46% of the total revenue of Kshs.207,785,915 received during the year which was above the recommended rate of 35%. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the limit set shall not exceed thirty-five (35) percent of the total revenue.

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

4. Non-Compliance with Employment Quotas for Persons with Disability

Review of personnel records and payroll database provided for audit revealed that the Company employed one hundred and thirty-nine (139) members of staff. However, there was no representation of persons with disability. This was contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which provides that employers with 20 or more employees must ensure that at least 5% of their workforce consists of persons with disabilities.

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

5. Non-Compliance with Affirmative Action on Gender, Staff Ethnicity and Regional Balance

Review of personnel records and payroll database provided for audit revealed that the Company employed one hundred and thirty-nine (139) members of staff out of which one hundred and thirty-five (135) or 97% were from the same ethnic community. This was contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from the same ethnic community. Further, employees' records revealed that one hundred and eight (108) or 78% of the members of staff were male while 22% were female.

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

6. Non-Compliance with Statutory Meeting Frequency by the Audit Committee

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.4,904,167 in respect of Board expenses. However, review of the Audit Committee minutes of meetings held during the year under review revealed that the Committee met only three (3) times on 18 September, 2024, 3 December, 2024 and 30 January, 2025. This was contrary to Parameter 1.8.1(b) of the Mwongozo which require the Board to meet as regularly as required and at least quarterly in order to effectively lead the organization.

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

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

1. Lack of Land Ownership Document

The property, plant and equipment net book value of Kshs.31,875,392 includes land with a balance of Kshs.11,239,518. Review of records provided for audit revealed that the land was registered in the name of Karimenu Water and Sanitation Company Limited instead of Gatundu Water and Sanitation Company Limited. The Company has not provided satisfactory explanation on why the ownership documents have not been registered in the Company's name and whether the process of transfer has been initiated. Further, ownership documents for the parcel of land where the Company offices are located and the basis for the valuations were not provided for the audit.

In the circumstances, the ownership of the parcel of land could not be confirmed.

2. Non-Compliance on Governance and Composition of Board

The statement of profit or loss and other comprehensive income and as disclosed in Note 12 to the financial statements reflects Board expenses amount of Kshs.4,904,167. Review of the Board composition revealed that four (4) Board Members left the Board

during the year. However, no replacements were made to ensure full representation of all the interest groups in the Board during the year under audit. Further, Management did not provide the gazette notices for the appointment of Board Members and it was not possible to confirm the legitimacy of the governing organ of the Company. In addition, the Board annual workplans and annual performance evaluation were not provided for audit review.

In the circumstances, the effectiveness of internal controls on governance could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, except for matters reported in the Basis for Qualified Opinion, 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 xxxix is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration on page 23 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 on the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 December, 2025

Gatundu Water and Sanitation Company Ltd.

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

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

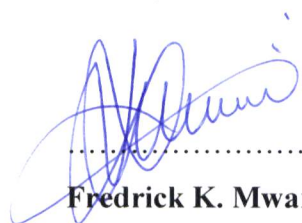
	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Operating Revenue	6	195,864,397	117,827,251
Grants Income	7	1,225,790	7,693,429
Other Income	8	5,895,699	2,954,844
Finance income	9	4,800,029	3,750,827
Total Revenue		207,785,915	132,226,351
Expenses			
Staff Costs	10	96,175,344	95,761,670
General and Operations expenses	11	121,807,089	71,843,271
Board Expenses	12	4,904,167	2,631,530
Maintenance Expenses	13	10,322,066	8,859,046
Depreciation and Amortization expenses	14	5,304,391	5,213,773
Total Expenses		238,513,056	184,309,290
Total Comprehensive Income (Loss) For The Year		(30,727,141)	(52,082,940)

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

15. Statement of Financial Position As at 30 June 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	15	31,875,392	27,664,192
Intangible assets	16	3,773,808	5,391,154
Total Non-Current Assets		35,649,200	33,055,347
Current Assets			
Inventories	17	2,564,665	1,885,177
Trade and receivable	18	170,814,439	156,807,156
Bank and cash balances	19	118,841,391	84,653,862
Total Current Assets		292,220,495	243,346,195
TOTAL ASSET		327,869,695	276,401,542
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital and capital reserve	20	19,542,952	19,542,952
Retained earnings	21	18,531,594	49,258,734
Capital and Reserves		38,074,546	68,801,686
Current Liabilities			
Trade and other payables	22	199,387,410	126,007,826
Customer Deposits	23	44,345,808	41,804,308
Deferred Income	24	46,061,931	39,787,721
Total Current Liabilities		289,795,149	207,599,855
TOTAL EQUITY AND LIABILITIES		327,869,695	276,401,541


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



Fredrick K. Mwangi
Managing Director



Emmah W. Chege
Head of Finance
ICPAK M/No: 7827



Chairman of the Board

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

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

	Notes	Ordinary share capital	Capital reserve	Retained earnings	Total
As at July 1, 2024		100,040	19,442,912	49,258,734	68,801,686
Profit/(Loss) for the year				(30,727,141)	(30,727,141)
Balance At June 30, 2025		100,040	19,442,912	18,531,593	38,074,545
As at July 1, 2023		100,040	19,442,912	101,341,674	120,884,626
Profit/(Loss) for the year		-	-	(52,082,940)	(52,082,940)
Balance As At June 30, 2024		100,040	19,442,912	49,258,734	68,801,686

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

	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash Flows From Operating Activities	25		
Receipts			
Operating Revenue		184,057,796	117,968,129
Other Income		2,080,643	616,444
Finance Income		4,800,029	3,750,827
Grants		7,500,000	44,400,000
Customer Deposits		2,541,500	1,070,000
Total Receipts		200,979,968	167,805,400
Payments			
Staff Costs		(97,229,758)	(87,457,866)
Board Expenses		(5,545,634)	(2,555,658)
General And Operation Expenses		(9,008,955)	(35,376,377)
Maintenance		(7,495,128)	(7,716,880)
Payment to suppliers		(39,614,721)	
Total Payments		(158,894,196)	(133,106,781)
Net Cash From/(Used In) Operating Activities	25	42,085,773	34,698,619
Cash Flows from Investing Activities			
Purchase Of Property, Plant And Equipment (PPE)		(7,898,244)	(821,050)
Net Cash From/(Used In) Investing Activities		(7,898,244)	(821,050)
Increase/(Decrease) In Cash And Cash Equivalents		34,187,529	33,877,569
Cash And Cash Equivalents At Beginning Of Year		84,653,862	50,776,293
Cash And Cash Equivalents At End Of The Year		118,841,391	84,653,862

Gatundu Water and Sanitation Company Ltd
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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2024-2025	2024-2025	2024-2025	2024-2025		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Operating Revenue	204,500,000	1,500,000	206,000,000	194,681,897	11,318,103	5
Grants	44,000,000	49,225,790	93,225,790	93,225,790	-	-
Finance Income	4,800,000	-	4,800,000	4,800,029	(29)	(0)
Other gains	16,699,000	(9,600,000)	7,099,000	7,078,199	20,801	0
Total Revenue	269,999,000	41,125,790	311,124,790	299,785,915	11,338,875	4
Expenses					-	
Staff Costs	107,650,000	(11,300,000)	96,350,000	94,261,632	2,088,368	2
Board Expenses	4,430,000	1,000,000	5,430,000	4,904,167	525,833	10
General and operations Expenses	145,852,790	46,198,790	192,051,580	56,258,305	135,793,275	71
Maintenance	6,552,000	(2,100,000)	4,452,000	4,220,984	231,016	5
Total Recurrent Expenditure	264,484,790	33,798,790	298,283,580	159,645,087	138,638,493	
Profit or Loss	5,514,210	7,327,000	12,841,210	140,140,828		
Capital Expenditure	5,900,000	2,350,000	8,250,000	7,898,244	351,756	4
Total Expenditure	270,384,790	36,148,790	306,533,580	167,543,331	138,990,249	

VARIANCE ANALYSIS

Operating Revenue:

- The Company had budgeted to bill Kshs. 206,000,000 for Water Services and Meter rent during 2024/2025 financial year but only achieved the actual billing of Kshs. 194,681,897 which is 5% less of the budgeted billing.. The company had **anticipated** a tariff review in the first quarter, However, the tariff was gazetted in the second quarter thus not able to meet the anticipated billings. The company had also expected implementation of the CLSG 2 grant during the financial year, However, there was delay in release of the Environmental and Social Impact Assessment (ESIA) report and procurement process thus project were not implemented during the financial year.

Staff Cost

- The company incurred a cost of Kshs. 94,261,632 against a budget of Kshs. 96,350,000 resulting to a variance of 2 %. This was attributed to staff turnover in the second quarter after verification of documents where it was determined some certificate were not authentic they opted to resign. Five employees were affected.

Board Expenses

- The company had budgeted to incur a total cost of Kshs 5,430,000 but the actual amount incurred during the year was Kshs. 4,904,167 resulting in underutilization by 10% of the budgeted amount. This was attributed to expiry of three board members contract in February 2025 thus meetings which was scheduled to take place in the next financial year were not effected. Board remuneration was at 1.6% of total turnover.

General and Operational Expenses

- During the year the company had budgeted to spend Kshs. 192,051,580 but the actual amount incurred under administration expenses was Kshs. 56,258,305 resulting in an underutilization by 71%. Which was attributed to:
- The Company incurred Bulk Water costs amounting to Ksh 70 million. However, due to financial constraints, only Ksh 5.8 million was settled. A repayment plan has since been documented with AWWDA

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

- The company had budgeted for a medical cover for the employees, which was not achieved during the financial year due to financial constraints.
- The company had budgeted to spend Ksh 77Million under CISG 2 grant however despite disbursement of additional Ksh 7.5Million in the fourth quarter the cost was not incurred in the financial year due to procurement process.
- The company had budgeted to buy uniform for staff but due to financial constraints, this was not achieved.

Maintenance Cost

- The cumulative cost of maintenance was Kshs 4,220,984 as compared to budgeted amount of Kshs 4,452,000. The variance was attributed to:
- The cost of maintenance of plant and equipment was underutilized by 29% since there were fewer incidences of plant breakdown.

19. Notes To the Financial Statements

1. General Information

Gatundu Water and Sanitation Company Ltd is established by and derives its authority and accountability from Company's Act cap 486 and Water Act 2018. The Company is wholly owned by the Kiambu County Government and is domiciled in Kenya. The Company's principal activity is to ensure and efficient effective provision of water and sanitation Services in its area of jurisdiction.

2. Statement of Compliance and Basis of Preparation

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

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.

Gatundu Water and Company Ltd
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 recognize any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> i. When a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. New or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	1 January 2026

(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.)

Gatundu Water and Company Ltd
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*

Gatundu water and Sanitation company ltd did not early – adopt any new or amended standards in year under review.

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

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) Other income** is recognized as it accrues.

Notes to the financial statements (continued)

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

d) Depreciation and impairment of property, plant and equipment

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

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

Item	Years	Rates
Freehold Land		Nil
Buildings and civil works	10	10%
Infrastructure works	8	12.5%
Plant and machinery	10	10%
Motor vehicles, including motor cycles	4	25%
Computers and related equipment	3.3	30%
Office equipment,	3.3	30%
Furniture and fittings	8	12.5%
Computer software	3.3	30%

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

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) Inventories

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

i) Trade and other receivables

Trade and other receivables are recognized at 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.

j) Taxation

i) Current income tax

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

k) 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

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

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.

l) 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.

m) 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 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.

n) 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.

o) Retirement benefit obligations

The Company operates a defined contribution scheme for all full-time employees from July 1, 2015. 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 since February 2024.

p) 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.

q) 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.

r) Budget information

The original budget for FY 2024-2025 was approved by the Board of Directors on 21st June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the company upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Company recorded additional appropriations of Ksh 97,150,000 on the 2024-2025 budget following the governing body's approval. The Company's budget is prepared on a

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

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 section 18 of these financial statements.

s) 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.

t) Comparative figures

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

u) 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.

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.

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

Provisions shall be made for bad and doubtful debts at a rate of 10% on general doubtful debts. A specific provision of doubtful debts was made of Ksh 12,869,571 for debts inherited from ministry. The bad debts should only be written off on the authority of the County Treasury in consultation with the National Treasury through the Board of Directors. Recommendation to write off any bad debt shall only be made only after all reasonable steps have been taken to recover the debt and the GATWASCO is satisfied that:

- a. All legal and other measures have been exhausted, but there is still a balance of the debt remaining; and
- b. Recovery of the debt would be uneconomical.

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

Notes to the financial statements (continues)

6. Operating Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Water sales	194,681,897	115,361,751
Billing for other services*	1,182,500	2,465,500
Total	195,864,397	117,827,251

Billing for other services refers to income generated from services such as reconnection fees.

7. Grants Income

	2024-2025	2023-2024
	Kshs	Kshs
Recurrent/operational grants from other agencies	1,225,790	7,693,429
Total	1,225,790	7,693,429

[Provide a detailed 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
County Government of Kiambu	1,225,790	-	-	1,225,790	1,225,790
Water Trust Fund	-	46,000,000	-	7,500,000	46,000,000
Total	1,225,790	46,000,000	-	8,725,790	47,225,790

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

Notes to the financial statements (continued)

8. Other Income

	2024-2025	2023-2024
	Kshs	Kshs
Fine and penalties	1,410,000	1,590,000
Miscellaneous income	4,485,699	1,364,844
Total	5,895,699	2,954,844

9. Finance Income

	2024-2025	2023-2024
Description	Kshs	Kshs
Interest from commercial banks	4,800,029	3,750,827
Total	4,800,029	3,750,827

[Interest earned for fixing of Ksh 40Million customer deposit at a rate of 12%]

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

10. Staff Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Gross Salary and Allowances	82,831,227	85,235,296
Casual workers' Wages	737,450	-
Employer's contributions to social security schemes	3,676,851	2,457,067
Employer's contributions to pension scheme	5,645,554	5,928,869
Employer Contribution to Housing Levy	1,173,432	992,478
Gratuity provisions	197,118	367,960
Staff welfare	1,913,712	780,000
Total	96,175,344	95,761,670
The average number of employees during the year	139	143

11. General and Operations Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chemicals	6,135,297	9,998,600
Electricity	1,036,796	1,291,525
Fuel, oil, lubricants, and gases	6,895,594	6,434,766
Bulk water Costs	70,414,904	22,617,764
Office supplies	491,221	337,663
Uniform and protective clothing	176,800	25,370
Telecommunication	1,620,235	724,002
Postage and courier	9,953	18,900
Water Quality	416,600	195,550
Insurance	556,771	906,633
Claims and compensation	914,358	834,397
Domestic Traveling and subsistence	3,883,066	2,318,450
Staff training and development	1,581,900	139,550
Bank Charges	531,636	401,109
Security services	2,280,977	2,184,000
Publicity and advertising	537,184	88,106
Audit fees	255,200	302,485
Legal fees	78,000	-
Consultancy fees	2,000,000	950,040
Licensing and levies	17,588,665	12,724,561
Stakeholders' expenses	-	527,415
Donations/CSR	77,365	49,420

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

Hospitality Expenses	1,006,242	528,663
Conservation expenses	530,370	119,200
Planning and Design	-	211,920
Provision for doubtful debts	1,562,165	219,752
Project Cost Karimenu II	-	3,081,150
County Grant-Nature Park and drainage clearing	1,225,790	3,774,210
Farmers compensation at Githobokoni	-	838,069
Total	121,807,089	71,843,271

12. Board Expenses

Description	2024-2025	2023-2024
	Kshs	KShs
Chairman Honoraria	120,000	180,000
Sitting allowances	2,918,936	2,415,185
Induction and Training	525,550	2,950
Travel and accommodation	1,047,150	-
Other allowances	292,531	33,395
Total Board Expenses	4,904,167	2,631,530

13. Maintenance Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Plant and Equipment	105,760	30,180
Buildings	1,095,472	159,040
Infrastructural networks	2,761,070	4,688,665
Motor vehicles	1,354,154	440,539
Software	2,302,109	1,970,094
ICT	2,703,501	1,570,528
Total Maintenance Expenses	10,322,066	8,859,046

14. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	3,687,044	2,903,279
Intangible assets	1,617,347	2,310,495
Total Depreciation and Amortization	5,304,391	5,213,773

15. Property, Plant and Equipment

2024-2025	Freehold land	Water Infrastructure	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Water meters	Total
COST OR VALUATION							
As at 1 July 2024	9,796,058	7,730,057	1,493,542	2,190,501	5,813,740	32,661,801	59,685,699
Additions	1,443,480				654,764	5,800,000	7,898,244
As at 30th June 2025	11,239,538	7,730,057	1,493,542	2,190,501	6,468,504	38,461,801	67,583,943
DEPRECIATION							
At July 1, 2024	-	5,147,234	1,466,778	1,649,739	4,927,530	18,830,226	32,021,507
Charge for the year		368,975	8,921	178,355	510,235	2,620,558	3,687,044
As at 30th June 2025	-	5,516,209	1,475,699	1,828,094	5,437,765	21,450,784	35,708,551
NET BOOK VALUE							
At June 30, 2025	11,239,538	2,213,848	17,843	362,407	1,030,739	17,011,017	31,875,392

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

2023-2024	Freehold land	Water Infrastructure	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Water Meters	Total
Cost Or Valuation							
At July 1, 2023	9,796,058	7,730,057	1,493,542	2,012,501	5,813,740	32,018,751	58,864,649
Additions	-	-	-	178,000		643,050	821,050
At June 30, 2024	9,796,058	7,730,057	1,493,542	2,190,501	5,813,740	32,661,801	59,685,699
Depreciation							-
At July 1, 2023	-	4,778,259	1,457,857	1,417,984	4,609,842	16,854,287	29,118,228
Charge For The Year	-	368,975	8,921	231,755	317,688	1,975,939	2,903,279
At June 30, 2024	-	5,147,234	1,466,778	1,649,739	4,927,530	18,830,226	32,021,507
Net Book Value At June 30, 2024	9,796,058	2,582,823	26,764	540,762	886,210	13,831,575	27,664,192

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

16. Intangible Assets

	2024-2025	2023-2024
	Kshs	Kshs
COST		
At July 1	11,505,100	11,505,100
Additions		-
Disposals		-
At June 30	11,505,100	11,505,100
AMORTISATION		
At July 1	6,113,946	3,803,451
Charge for the year	1,617,346	2,310,495
At June 30	7,731,292	6,113,946
NET BOOK VALUE		
At June 30	3,773,808	5,391,154

17. Inventories

	2024-2025	2023-2024
	Kshs	Kshs
Chemicals & Laboratory items	1,470,729	1,414,024
Water fittings and Accessories	885,297	245,635
Water meters	-	9,750
Stationery and general stores	208,640	215,768
Total	2,564,665	1,885,177

18. Trade and Other Receivables

	2024-2025	2023-2024
	KShs	KShs
Trade receivables (note (18a))	168,542,143	154,482,661
Deposits and prepayments	106,000	106,000
Other receivables	2,166,296	2,218,495
Net trade and other receivables	170,814,439	156,807,156

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

18. (a) Trade Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Gross trade receivables	200,138,619	184,516,972
Specific Provision for doubtful receivables	(12,869,571)	(12,869,571)
General Provision for doubtful receivables	(18,726,905)	(17,164,740)
Net trade receivables	168,542,144	154,482,661

As at June 30, the ageing analysis of the gross trade receivables was as follows:

Less than 30 days	19,971,720	1,122,416
Between 30 and 60 days	7,253,494	2,979,697
Between 61 and 90 days	4,513,808	2,448,352
Between 91 and 120 days	4,567,169	2,200,429
Over 120 days	150,962,857	162,896,507
Inherited Debts	12,869,571	12,869,571
Total	200,138,619	184,516,972

19. Bank and Cash Balances

	2024-2025	2023-2024
	Kshs	Kshs
Cash at bank	118,326,593	84,551,290
Cash in hand	570	3,930
Mobile money account	514,228	98,642
	118,841,391	84,653,862

Detailed analysis of the cash and cash equivalents

Cash & Bank Balances	Account number	2024-2025	2023-2024
Co-operative Expenditure (Main Account)	01136555600000	807,946	43,129
Equity Collection-GASWASCO	0660293772335	6,904,228	165,629
KCB Collection	1102762105	7,837	4,143
Co-op Collection	01100073009101	100,056	362,236
Mpesa	893400	417,081	17,298
Mpesa	919400	97,147	81,344
Petty Cash		570	3,930
Co-operative Deposits	01100073009100	45,151,291	42,610,501
Family Bank Act	004000030000	283,508	257,815
CLSG Escrow Account	01692555600000	19,073,046	2,609,157
CLSG Project Account	01192555600000	45,998,680	38,498,680

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

TOTALS		118,841,391	84,653,862
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20. Ordinary Share Capital

	2024-2025	2023-2024
	Kshs	KShs
Capital and Reserves		
Share Capital	100,040	100,040
Capital Reserves	19,442,912	19,442,912
	19,542,952	19,542,952
	2024-2025	2023-2024
	Kshs	KShs
Authorized:		
5,000ordinary shares of Kshs. 20.00 par value each	100,000	100,000
Issued and fully paid:		
2 ordinary shares of Kshs 20 par value each	40	40

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

21. Retained Earnings

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

	2024-2025	2023-2024
	Kshs	Kshs
Retained Income / (Accumulated Loss)	49,258,735	101,341,674
Net Profit/Loss this year	(30,727,141)	(52,082,940)
Retained Earnings	18,531,594	49,258,734

22. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	175,229,053	106,414,729
Accrued expenses	21,853,700	10,288,840
Employee payables	2,304,657	9,304,257
Total	199,387,410	126,007,826

Aging Analysis for Trade and other Payables

	2024-2025	% of the total	2023-2024	% of the total
Under one year	73,379,584	39%	52,761,244	42%
1-2 years	53,361,244	28%	6,765,572	5%
2-3 years	5,965,803	2%	14,904,642	12%
Over 3 years	66,680,779	36%	51,576,368	41%
Total	199,387,410		126,007,826	

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

23. Refundable Deposits and Prepayments

	2024-2025	2023-2024
	Kshs	Kshs
Opening Balance	41,804,308	40,734,308
Add: deposits received during the year	2,541,500	1,070,000
Less: Refunded deposits during the year	-	-
Closing balance	44,345,808	41,804,308

Aging Analysis for Refundable Deposits and Prepayments

	2024-2025	% of the total
Under one year	2,541,500	6%
1-2 years	1,070,000	2%
2-3 years	1,355,000	3%
Over 3 years	39,379,308	89%
Total	44,345,808	

24. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
AWWDA	61,931	61,931
CLSG 2 Project	46,000,000	38,500,000
County Government of Kiambu	-	1,225,790
Total deferred income	46,061,931	39,787,721

The deferred income movement is as follows:

	County government	AWWDA	Water Trust Fund	Total
Balance brought forward	1,225,790	61,931	38,500,000	39,787,721
Additions	-	-	7,500,000	7,500,000
Transfers to Capital fund	(-)	(-)	(-)	(-)
Transfers to income statement	(1,225,790)	(-)	(-)	(1,225,790)
Balance carried forward	-	61,931	46,000,000	46,061,931

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

25. 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	(30,727,141)	(52,082,940)
Depreciation	3,687,044	2,903,279
Amortisation	1,617,346	2,310,495
Adjustment on Retained income	-	-
Operating profit/(loss) before working capital changes	(25,422,750)	(46,869,166)
(Increase)/decrease in inventories	(679,488)	(167,776)
(Increase)/decrease in trade and other receivables	(14,007,283)	(1,951,899)
Increase/(decrease) in trade and other payables	82,195,294	91,137,815
Cash generated from/(used in) operations	42,085,773	42,148,974
(b) Analysis of cash and cash equivalents		
Cash at bank	118,840,821	84,649,932
Cash in hand	570	3,930
Balance at end of the year	118,841,391	84,653,862

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

Notes to the financial statements (continued)

Other Disclosures

26. Related Party Disclosures

County Government of Kiambu

The County Government of Kiambu is the principal shareholder of the Company, holding 100% of the Company's equity interest. The County of Government of Kiambu 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 Kiambu
- Water works Agencies
- WASREB (Water Services Regulatory Board)
- WARMA
- Water Sector Trust Fund
- Key management
- Board of directors
- Others water servise provision within Kiambu

Transactions with related parties

	2024-2025	2023-2024
	Kshs	Kshs
a) Sales to related parties		
Interest income from Co-operative Banks	4,800,029	3,750,827
Total	4,800,029	3,750,827
b) Purchases from related parties		
Bank charges paid to Commercial banks	244,048	265,278
Total	244,048	265,278
c) Key management compensation		
Directors' emoluments	4,904,167	2,631,530
Compensation to key management	13,342,596	10,666,557
Total	18,246,763	13,298,087
d) Due to Related parties		
Due to WASREB	20,238,491	12,951,981
Due to Athi Water Services Board	125,815,284	61,100,382
Due to WARMA	11,594,204	12,352,854
Total	157,647,979	86,405,217

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

27. Financial Risk Management

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

Notes to the financial statements (continued)

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due but not Impaired Kshs	Past due and Impaired Kshs
At 30 June 2025				
Trade Receivables	200,138,619	168,542,143	18,726,905	12,869,571
Other Receivables	2,272,296	2,272,296	-	-
Bank balance	118,841,391	118,841,391	-	-
Total	321,252,306	289,655,830	18,726,905	12,869,571

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

At 30 June 2024				
Trade Receivables	184,516,972	20,120,593	151,526,808	12,869,571
Other Receivables	2,324,495	2,324,495		-
Bank balance	84,653,862	84,653,862		-
Total	271,495,329	107,098,950	151,526,808	12,869,571

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	
				Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025 current year	2,730,180	11,525,165	172,665,559	186,920,904

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

At 30 June 2024				
Trade payables	6,928,654	9,230,643	109,848,529	126,007,826
Total	6,928,654	9,230,643	109,848,529	126,007,826

(iii) Market risk

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

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

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

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

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

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
Retained earnings	30,998,099	49,258,734
Capital reserve	19,542,952	19,542,952
Total funds	50,541,051	68,801,686
Less: cash and bank balances	118,841,391	84,653,862
Net debt/(excess cash and cash equivalents)	(68,300,340)	(19,852,176)
Gearing	135%	30%

28. Incorporation

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

29. Events After the Reporting Period

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

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	Trade and other receivables	<p>The majority of outstanding debts originated from consumers affected by water interruptions due to the destruction of water pipelines during road construction in various areas within our jurisdiction. Consequently, the delay in reinstating the damaged pipes, owing to resource constraints, prompted consumers to seek alternative water sources such as shallow wells, boreholes, community irrigation projects, and direct extraction from rivers.</p> <p>Concerted efforts have been made to engage consumers who have been inactive or dormant for extended periods. These efforts include the reinstatement of damaged pipes, public awareness campaigns regarding the risks of consuming untreated water, and the establishment of partial payment</p>	Not resolved	2030

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

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>agreements. For consumers who fail to comply, demand notices are issued, and for those who persistently refuse reconnection, mains disconnections are implemented pending further legal actions for debt recovery.</p> <p>To address the issue of uncollectible debts, management compiled a list totaling Ksh. 12,869,571 in accordance with the company's debt policy. This list was submitted to the board, which resolved to write off the debts. Management is currently following due process to formally write off these bad debts.</p>		
2	Trade and Other payables	<p>The company is currently facing financial challenges and is unable to fully meet its regular operating costs. However, with the recent tariff implementation and the upcoming CLSG project, management anticipates an increase in revenue that will allow the company to break even and begin settling outstanding payables. To prevent legal action, management has arranged repayment plans with certain suppliers, such as Kel Chemicals AWWDA, and Spenomatic, to ensure their</p>	Resolved	

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

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>continued services. In addition we have entered into an agreement with WRA for payment of water use arrear. All other suppliers have been informed of the tariff implementation and are awaiting financial improvements for payment resumption.</p> <p>The management ensures that all statutory deductions are paid promptly to avoid penalties. The referenced statutory deductions pertain to June 2024 and were paid within the due date in July 2024. Regarding staff salaries, the management has established an overdraft arrangement with Cooperative Bank, ensuring all net salaries are disbursed by the 30th of each month.</p>		
3	Inconsistencies in the Financial statement	The issue was not raised in any of the queries, nor was it included in the draft financial statements.	Resolved	
4	Failure to Revalue Fully	The management have initiated a comprehensive revaluation process for all assets. We have already engaged mechanical valuer for the revaluation of motorcycles.	Resolved partly	

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

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)
	Depreciation Asset still in use	The company has allocated a budget to progressively revalue the remaining assets over the course of the financial year. This process will enhance the accuracy of our financial statements and ensure compliance with relevant accounting standards.		
5	Violation of the Principle of Ethnicity and Regional Balancing	Gatundu Water & Sanitation Co. Ltd. is an equal opportunity employer and does not discriminate against any person on the basis of gender, race, religion, ethnicity or any other form of discrimination in the recruitment and selection process. However, being situated in a rural area, primarily draws its workforce from the local community. Moreover, a portion of our employees transitioned from both the former local and national governments. However, it's important to note that our company policy allows for the employment of personnel from any region, as demonstrated in our recent advertisement published in a nationally distributed newspaper.	Not Resolved	2030
6	Excess Non Revenue Water	The Water Services Regulatory Board (WASREB) issues guidelines outlining specific conditions as part of our Service Provision Agreement (SPA). These conditions include	Not resolved	2030

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

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>targeted timelines for reducing Non-Revenue Water (NRW) levels progressively to 28% by the end of the FY 2028/2029. During the period under review, the company achieved a Non-revenue water (NRW) of 33%, which falls within the acceptable range set by WASREB. This achievement is regardless of the significant challenges beyond our control that include:</p> <ul style="list-style-type: none"> a) Dilapidated water infrastructure inherited from the Ministry of Water, dating back to the 1970s, which contributes to frequent bursts and leaks b) Lack of NRW reduction equipment, such as measuring and control devices. <p>To address these challenges and reduce NRW levels to the acceptable target, the company has implemented several strategies aligned with our SPA commitments. These measures include:</p> <p>Utilization of the performance matrix- The monitoring/NRW unit employs this matrix to continuously</p>		

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>monitor NRW levels at the walk route level, ensuring consistent oversight.</p> <p>Mapping water infrastructure through GIS-This facilitates high-level monitoring and quick identification of issues contributing to water loss. In FY 2023/2024, 1,379 bursts and leaks were identified and repaired, and 3.81 km of pipelines of various sizes were rehabilitated.</p> <p>Development of funding proposals-To address lack of measuring and control equipment gap, the Company successfully secured approximately KES 44.9 million under the CLSG II conditional grant project for the procurement and installation of measuring and control devices in the FY 2024/2025. Planned activities include replacing 8,472 faulty consumer meters and installing 348 sectional meters to monitor NRW at the walk-route level.</p> <p>Daily water flow monitoring-Ultrasonic flow meters are used to measure water flow in major distribution pipelines at strategic locations, enabling early detection of bursts and leaks.</p>		

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> . Meter servicing and replacement-In FY 2023/2024, 483 faulty meters were serviced, and 130 were replaced to improve accuracy in water measurement. . Relocation of consumer meters-A total of 116 meters were relocated closer to the main pipelines during FY 2023/2024 to minimize losses and enhance monitoring. . Elimination of illegal connections-The company disconnected 324 illegal connections and 141 dormant connections from the mains during FY 2023/2024. 		
7	Non-Compliance with Fiscal Responsibility Principles	<p>It is noted that staff costs, comprising approximately 63% of total revenue, exceed the recommended threshold of 35%. While this variance may raise concerns, it is crucial to understand that the approved salary schedule aligns with market rates, and the main challenge stems from operating under a low tariff implemented 15 years ago.</p> <p>To address the observed high percentage of staff costs, we have initiated projects aimed at increasing revenue e.g. development of three water schemes under ADB to yield additional 17,000m³ of</p>	Resolved	

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

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>water per day and have applied for a tariff review to address the cost per unit of production. These measures are strategically designed to alleviate the impact on our financial sustainability.</p> <p>In an effort to mitigate personnel costs, we have actively pursued cost reduction over the past three years, refraining from implementing staff salary increments to improve our financial position. However, the tariff has since been approved, and we anticipate increased revenue to support the company in meeting its operational needs. Additionally, through the CLSG 2 project, the company secured a Ksh 77 million contract, which will contribute to projects aimed at improving revenue generation.</p>		

Name: Fredrick Mwangi

Signature:

Managing Director

Date: 28th Aug 2025

Appendix II: Projects Implemented by the Company

Status of Projects completion

<i>No</i>	<i>Project/Scheme</i>	<i>Ward</i>	<i>Activity</i>	<i>Cost, Kshs.</i>	<i>Population Served</i>	<i>Timelines</i>	<i>Project implementation status</i>
1.	Ruabora water project	Ruabura	a) Construction of a new intake on Ruabura River using a 6m weir b) Laying of 1.0km (250mm diameter) raw water main c) Construction of a treatment plant with a production capacity of 4,280m ³ /day d) Laying of 8.2m (280mm to 200mm diameter) and 18km (160mm to 110mm diameter) treated water main		42,000	2020-2022	-Overall project progress at 85%,
2.	Ngenda Water Supply Scheme	Ngenda	a) Construction of a new intake on Theta River using a 6m weir b) Laying of 0.7km (350mm diameter) raw water main	1.75Billion	42,000	2020-2022	-Overall project progress at 89%

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

			<p>c) Construction of a treatment plant with a production capacity of 4,280m³/day</p> <p>d) Laying of 14.8m (315mm diameter) treated water main</p>			
3.	Handege Water Scheme	Ng'enda	<p>a) Augmentation of the existing intake on Thiririka River using a 6m weir</p> <p>b) Laying of 87m (450mm diameter) raw water main</p> <p>c) Construction of a treatment plant with a production capacity of 9,667m³/day</p> <p>d) The Scheme will utilize an already laid 225mm diameter pipeline as the treated water main delivering water to a storage reservoir in Gatundu town, Mutomo, and the area along Kenyatta Road</p>	90,000	2020-2022	-Overall project progress at 90%
4.	Gatundu Sewer Project	Ng'enda, Theta Wards	<p>a) Laying of 58km (25km trunk, 33km Laterals) of sewers ranging in diameter from DN250 (reticulation) PVC to DN400 (Trunk)</p>	2,000	2020-2022	-Overall project progress at 62%,

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

			<p>Double Wall Corrugated pipes.</p> <p>b) 2000 domestic sewer connections</p> <p>c) Construction of 2no. ablution blocks</p> <p>d) Construction of Office block</p>				
5.	Kariua/Dry	Gituamba	<p>Construction of Weir, installation of transmission pipes, and construction of CFU to yield 600m³/day</p>	5 Million	1,000	2021-2023	<p>Installation of transmission pipeline complete. Major remaining components that were not factored in the current scope include; Cross weir & CFU.</p>
6.	CLSG II projects	All Wards	<p>The project is aimed at improving water production, and operational efficiency, increasing coverage, and improving the Company's billing and revenue collection. The projects to be undertaken in four packages as shown below;</p> <ol style="list-style-type: none"> 1. Supply and installation of 5,935 DN15 consumer meters and 270 bulk meters ranging from ¾ inch to 10 inches. 2. Supply and installation of 2,528 DN15 consumer 	92 Million	278,000	April 2024 to October 2025	<p>-Tender for package 1 (the procurement of 5,935 consumer meters and 270 bulk meters) construction of 80 out of 120 manhole chambers, for small diameter sectional meters undertaken. Consumer meters delivered in May 2025.</p>

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

			<p>meters, 87 bulk meters, and the installation of 38 km HDPE pipes of assorted sizes</p> <p>3. Desilting of Ndarugu and Thiririka intakes</p> <p>4. Customer identification survey and mapping of water infrastructure</p>				<p>-For packages 2 & 3, tender advertisement was undertaken on 28th November 2024 after getting ESIA report from WSTF. Opening of tender done on 19th December 2024. Evaluation was done and report forwarded to WSTF for clearance in order to proceed with the award to winning bidders</p> <p>- For Package 4, the tender was advertised in June 2025 with opening projected in July 2025</p>
7.	Kiambu County Grant	All Wards	<ul style="list-style-type: none"> - Clearing of open drainage channels - Development of Gatundu Nature park - Laying of 22km HDPE water distribution pipes 	5 Million		FY2023/2024	<p>-Development of park ongoing- 95% complete</p> <p>-Clearing of drainage channels at Gatundu town done.</p> <p>-Installed 22km out of 22km HDPE pipeline of assorted sizes at Gatono, Nguna, Magumu, Githiurure,</p>

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

							Gatina & Gathiru completed.
8.	AWWDA pipeline project	All Wards in Gatundu North	-Supply & installation of 52km HDPE pipes of assorted sizes ranging from DN25 to DN160 -Supply of 4,296no. last mile DN15 Meters(R200) - Supply of 400no. last mile DN20 Meters(R200)	Funded by AWWDA	27,000	FY2023/2024	-HDPE pipes delivered & 60% installed in various areas.
9.	Mariani Borehole project	Gituamba Ward	Drilling and equipping of Borehole. The Borehole to yield approx. 240m ³ /day	Funded by Kiambu County Government	1,200	FY 2023/2024 to FY 2024/2025	Borehole drilled and capped
10.	Gatundu North and Lari water supply project	All Wards in Gatundu North	- Supply and installation of HDPE pipes(25mm to 160mm) complete - Supply and delivery of 1,200no. consumer meters - Desilting of intakes and lagoons-Thiririka, Ndarugu & Kairi	Funded by AWWDA	2,000	FY 2024/2025	Contractor handed over site on 16 th January 2025
11	Consumer Meters upgrading	All Wards	- Installation of 1,000, DN15(R160) consumer meters	Funded from interest earned from Customer deposit	1,000	FY 2024/2025	Fully implemented

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

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					Total Transfers during the Year
				Statement of Comprehensive income	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Water Trust Fund	31 st March 2025	Recurrent	7,500,000	-	-	7,500,000	-	-	7,500,000
Total			7,500,000	-	-	7,500,000	-	-	7,500,000

